
OFFICE OF THE ALBANY CITY TREASURER

DATE: June 6, 2022

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

FROM: Hon. Darius Shahinfar

CC: Rachel McEneny, Nike Blais

RE: 1st quarter 2022 Performance

The following is a summary of the unaudited results for the 1st Quarter 2022. **Overall, fiscal performance was stable and within budgetary expectations for 2022**, with the exception of expenditures related to overtime.

Revenue in the first quarter of 2022 totaled \$87.7 million which was an increase of 7.0% or \$5.5M from last year at this time (most of this increase is related to billing the first installment of the 19a payment \$7.7M to NYS in January this year compared to May last year. Expenses totaled \$41.6M which was an increase of 0.8% or \$0.3M compared to the first quarter of 2021.

REVENUE (Thousands)

REVENUE	MAR	MAR	Variance	% 0%	MAR	Annual	Variance	% 100%
	YTD 22	YTD 21			YTD 22	Budget		
PROPERTY TAX	59,842	59,823	19	0%	59,842	59,550	292	100%
SALES/USE TAX	9,878	8,576	1,302	15%	9,878	38,608	(28,730)	26%
PILOTS/19-a	11,094	3,148	7,946	252%	11,094	19,376	(8,282)	57%
OTHER LOCAL SOURCES	450	297	153	52%	450	3,140	(2,690)	14%
LANDFILL	565	734	(169)	-23%	565	3,083	(2,518)	18%
OTHER DEPARTMENTS	3,232	2,867	365	13%	3,232	6,548	(3,316)	49%
INTER GOVERNMENT	28	24	4	17%	28	110	(82)	25%
FINES	996	1,311	(315)	-24%	996	5,360	(4,364)	19%
LICENSES AND PERMITS	565	1,180	(615)	-52%	565	4,606	(4,041)	12%
STATE AID	3	3,663	(3,660)	-100%	3	30,677	(30,674)	0%
SALE P/COMP/LOSS	13	17	(4)	-24%	13	702	(689)	2%
MISCELLANEOUS	1,030	583	447	77%	1,030	10,164	(9,134)	10%
OTHER	14	4	10	250%	14	10,169	(10,155)	0%
TOTAL REVENUE	87,710	82,227	5,483	7%	87,710	192,093	(104,383)	46%

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

1. **Property Tax revenue** increased by \$19K from last year and is on budget at the end of the first quarter.
2. **Sales Tax revenue** the first quarter sales tax revenue was higher than last year by \$1.3M and totaled almost \$9.9M and over budget at 26% for the year in the first quarter.
3. **PILOTS/19-a revenue** was higher than the same period last year. Almost all of the year-to-year increase is the result of billing the 19a properties \$7.7M to NYS in January this year compared to May last year.
4. **Other Local sources revenue** increased from the first quarter of 2021. Penalties on property taxes increased and utilities gross receipts taxes increased.
5. **Landfill revenue** decreased 23% (\$169K) compared to the same period last year. Tipping fees decreased by \$223K while coupon sales increased by \$42K.
6. **Other Departmental revenue** was 13% (\$365K) higher than last year at this time. Most of the difference is the result of billing \$260K more in waste collection fees. DGS fees increased \$105K and APD Event Security revenue increased by \$123K.
7. **Fines and Forfeitures revenue** decreased by 24% (\$315K) from last year. The decrease is due to traffic court fines which were lower by \$127K and parking violation surcharges which were lower by \$97K.
8. **Licenses and Permits revenue** decreased 62% (\$615K) compared to the same period last year. Stabilization and demolition fees decreased by \$417K, plumbing permits revenue decreased by \$110K and occupational licenses revenue decreased by \$61K.
9. **State aid** – decreased \$3.6M by the end of the first 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 at this time.
10. **Miscellaneous revenue** increased 77% (\$447K) 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 \$10K 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

	MAR	MAR		%	Annual		%
	YTD 22	YTD 21	Variance		Budget	Variance	Budget
Personal Benefits	20,391,870	19,336,490	1,055,380	5.5%	86,553,773	(66,161,903)	24%
Fringe Benefits	8,336,524	12,253,582	(3,917,058)	-32.0%	54,079,783	(45,743,259)	15%
Non-Personal Service	<u>12,911,895</u>	<u>9,705,604</u>	<u>3,206,290</u>	<u>33.0%</u>	<u>54,488,813</u>	<u>(41,576,918)</u>	<u>24%</u>
Total	41,640,288	41,295,677	344,612	0.8%	195,122,369	(153,482,081)	21%
Number of weeks in period	12	13	-1		52		23%

Total disbursements increased by \$0.3M or 0.8% 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 1Q 2021.

1. **Salary expense increased by 5.5%** compared to the same period last year. The Police department salaries expense was \$443K higher than last year at this time. Most of the City departments are showing salary increases from last year. These increases were anticipated in the budget. This category includes overtime which is \$330K higher than 2021.
2. **Benefits Expenses decreased by 32%** from the first quarter of last year and was well below budget for the first quarter at 15%. Most of the decrease in this category was related to retiree health insurance which decreased (\$3.7M), an item that fluctuates year to year. In the first quarter some of the health insurance payments for Empire Blue Cross are for prior year claims. (The City is self- insured for Empire Blue Cross which means we pay the actual claims) These prior year claims are accrued back to 2021. Retirement expenses from NYS increased (\$181K).
3. **Non-Personal Service spending increased by 33% or \$3.2M.** Not including encumbrances this category was 24% of budget by the end of

the first 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 the bond anticipation notes required paydown which was \$2.2M higher than last year. Fleet maintenance costs increased by \$301K, utilities expenses related to street lights increased (\$165K) and snow removal in the first quarter increased (\$907K) from the 2021.

4. Encumbrances (funds reserved for purchases) increased by almost \$0.2M compared to the same period last year. Encumbrances total slightly more than \$9.2M at the end of the first quarter.

OVERTIME

Department	2022	2021	Change	%	2022	Budget	% of Budget
Police (non-reimbursable)	1,425,935	1,214,452	211,483	17%	1,425,935	4,372,500	33%
Fire	430,674	456,994	(26,320)	-6%	430,674	750,000	57%
Communications	139,557	104,487	35,070	34%	139,557	300,000	47%
Parks Maintenance	117,431	101,925	15,506	15%	117,431	200,000	59%
Waste Collection	172,693	141,250	31,443	22%	172,693	250,000	69%
Landfill	55,868	69,098	(13,230)	-19%	55,868	160,000	35%
Central Maint.	18,718	12,838	5,880	46%	18,718	55,000	34%
Street Maintenance	174,818	113,495	61,323	54%	174,818	365,125	48%
Recreation	0	0	(0)	-100%	0	2,333	0%
Traffic Engineering	13,721	9,523	4,198	44%	13,721	40,000	34%
Capital Hills	30,546	16,334	14,212	87%	30,546	25,000	122%
Fleet Maintenance	28,943	23,108	5,835	25%	28,943	35,000	83%
Bleeker / Facility Operations	657	0	657	6569900%	657	11,667	6%
Buildings	16,091	38,681	(22,590)	-58%	16,091	150,000	11%
DGS Administration	3,700	2,055	1,645	80%	3,700	2,500	148%
Personnel	2,945	0	2,945	29449900%	2,945	0	29450000%
Control of Animals	3,093	1,098	1,995	182%	3,093	15,000	21%
Cultural Affairs	0	0	0	0%	0	12,000	0%
General Fund	2,635,390	2,305,338	330,052	14%	2,635,390	6,746,125	39%
Police (reimbursable)	130,562	132,801	(2,239)	-2%	130,562	842,858	15%
Fire (reimbursable)	0	0	0	0%	0	0	100%
Traffic Eng. (reimbursable)	0	0	0	0%	0	0	100%
Water	175,196	153,300	21,896	14%	175,196	447,100	39%
Totals	2,941,148	2,591,439	349,709	13%	2,941,148	8,036,083	37%

General Fund overtime was over budget (39%) at the end of the first quarter. Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense was 14% (\$330K) 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 almost \$211K. The majority of departments have higher overtime expenses this year than last year.

CASH

The City's cash position was 7% lower than forecasted but \$17.0M higher than the same period last year. Most of the increase is related to the ARPA money received last year. Cash transfers from the Albany Water Board related to paying the expenses for the Long-Term Control Plan were \$2.7M higher than in 2021. There was also an increase of \$2.7M in Sales Tax revenue from the last quarter of 2021 received in the first quarter of 2022.

CONCLUSION

Thus far, there are no major surprises in the first quarter for 2022, as the City was largely moving forward as expected financially. The City saw an increase in overall revenue in the first quarter compared to 2022, but this was more an issue of timing. Expenses were up only slightly in the first quarter of 2022 compared to last year at this time, mostly as the result of debt service payments, increases in retirement costs, and higher OT expenses, but overall, 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.