
OFFICE OF THE ALBANY CITY TREASURER

DATE: September 23, 2022

TO: Hon. Kathy M. Sheehan; Hon. Sonia Frederick, Chair Fin. Committee; Members of the Common Council

FROM: Hon. Darius Shahinfar

CC: Rachel McEneny, Gideon Grande

RE: 2nd quarter 2022 Performance

The following is a summary of the unaudited results for the 2nd 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 second quarter of 2022 totaled \$105.9 million, which was a decrease of 1.0% or \$0.9M from last year at this time (most of this decrease is related to receiving a payment from NYS for Workers Compensation buy-outs last year and not this year). Expenses totaled almost \$93.5M which was an increase of 4.1% or \$3.6M compared to the second quarter of 2021.

REVENUE (Thousands)

REVENUE	JUNE			%	JUNE			Annual		%
	YTD 22	YTD 21	Variance		YTD 22	Budget	Variance	Budget	Budget	
PROPERTY TAX	59,841	59,807	34	0%	59,841	59,550	291	100%		
SALES/USE TAX	21,654	19,042	2,612	14%	21,654	38,608	(16,954)	56%		
PILOTS/19-a	11,546	11,298	248	2%	11,546	19,376	(7,830)	60%		
OTHER LOCAL SOURCES	1,382	1,007	375	37%	1,382	3,140	(1,758)	44%		
LANDFILL	1,159	1,752	(593)	-34%	1,159	3,083	(1,924)	38%		
OTHER DEPARTMENTS	4,270	3,967	303	8%	4,270	6,548	(2,278)	65%		
INTER GOVERNMENT	113	44	69	157%	113	110	3	103%		
FINES	2,237	2,391	(154)	-6%	2,237	5,360	(3,123)	42%		
LICENSES AND PERMITS	1,589	1,960	(371)	-19%	1,589	4,606	(3,017)	34%		
STATE AID	245	4,297	(4,052)	-94%	245	30,768	(30,523)	1%		
SALE P/COMP/LOSS	70	142	(72)	-51%	70	702	(632)	10%		
MISCELLANEOUS	1,755	1,124	631	56%	1,755	10,164	(8,409)	17%		
OTHER	55	25	30	120%	55	10,669	(10,614)	1%		
TOTAL REVENUE	105,916	106,856	(940)	-1%	105,916	192,684	(86,768)	55%		

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

1. **Property Tax revenue** increased by \$34K from last year and is on budget at the end of the second quarter.
2. **Sales Tax revenue** the second quarter sales tax revenue was higher than last year by \$2.6M and totaled \$21.6M and over budget at 56% for the year in the second quarter, a very positive trend for the annual revenue.
3. **PILOTS/19-a revenue** was higher than the same period last year by 2% or \$248K, and is on budget for the year.
4. **Other Local sources revenue** increased from the first quarter of 2021. Penalties on property taxes increased \$213K and utilities gross receipts taxes increased \$156K. The increase in utilities cost are directly related to the increase in the gross receipts tax.
5. **Landfill revenue** decreased 34% (\$593K) compared to the same period last year. Tipping fees decreased by \$448K and coupon sales decreased by \$159K. 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 8% (\$303K) 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 \$256K more in waste collection fees, most of which were in error and removed. DGS fees increased \$153K and APD Event Security revenue increased by \$134K. Golf fees and cart fees remained almost level at \$447K. EMS ambulance revenue decreased by \$78K and public work services revenue decreased by \$89K.
7. **Fines and Forfeitures revenue** decreased by 6% (\$154K) from last year. The decrease is due to traffic court fines which were lower by \$133K, parking violation surcharges which were lower by \$37K and handicapped parking fines decreased \$22K. While red light camera fines increased by \$66K.
8. **Licenses and Permits revenue** decreased 19% (\$371K) compared to the same period last year. The primary reason for this decrease is related to stabilization and demolition fees decreased by \$690K. 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 \$225K and street openings revenue increased by \$148K.
9. **State aid** – decreased 94% (\$4.0M) by the end of the second 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. The State also restored some of the revenue sharing money last year it

held back in 2020 due to the pandemic's impact on the State's finances which totaled \$630K.

10. **Miscellaneous revenue** increased 56% (\$631K) 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 \$30K 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

City of Albany							
Category/Account	JUNE		JUNE		%	Annual	%
	YTD 22	YTD 21	Variance	Budget			
Personal Benefits	41,674,524	38,839,166	2,835,358	7.3%	86,609,213	(44,934,689)	48%
Fringe Benefits	15,196,158	17,971,581	(2,775,423)	-15.4%	38,168,938	(22,972,780)	40%
Retirement including est.	7,609,710	7,395,199	214,511	2.9%	15,901,781	(8,292,071)	48%
Total Benefits	22,805,868	25,366,780	(2,560,912)	-10.1%	54,070,719	(31,264,851)	42%
Non-Personal Service	28,993,942	25,626,388	3,367,554	13.1%	55,032,937	(26,038,995)	53%
Total	93,474,334	89,832,334	3,642,000	4.1%	195,712,869	(102,238,535)	48%
Number of weeks in period	26	26	0		52		50%

Total disbursements increased by \$3.6M or 4.1% 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 2Q 2021.

1. **Salary expense increased by 7.3%** compared to the same period last year. The Police department salaries expense was \$631K higher, Fire department salary expense increased \$196K and DGS salary expense increased \$1.10M for the second quarter due to a retroactive payout. 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 \$851K higher than 2021.

2. **Benefits Expenses decreased by 10%** from the second quarter of last year and was well below budget for the first quarter at 42%. Most of the decrease in this category was related to retiree health insurance which decreased almost (\$2.4M), 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 (\$214K).
3. **Non-Personal Service spending increased by 13.1% or almost \$3.4M.** Not including encumbrances this category was over budget at 53% 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 the General Fund transfer of \$1.2M to the Capital Projects Fund. Utilities expenses related to street lights increased \$368K and the DGS departments contracted services combined increased \$815K. The Police department's expenses in this category increased \$627K, although some of this increase is related to grants for which the City is reimbursed.
4. **Encumbrances (funds reserved for purchases) increased by \$2.2M** compared to the same period last year. Encumbrances total slightly more than \$9.6M at the end of the second quarter.

OVERTIME

Department	2022	2021	Change	%	2022	Budget	% of Budget
Police (non-reimbursable)	3,424,435	2,841,519	582,916	21%	3,424,435	4,372,500	78%
Fire	987,887	904,913	82,974	9%	987,887	750,000	132%
Communications	253,837	255,592	(1,755)	-1%	253,837	300,000	85%
Parks Maintenance	201,177	174,017	27,160	16%	201,177	200,000	101%
Waste Collection	306,851	259,822	47,029	18%	306,851	250,000	123%
Landfill	93,447	114,948	(21,501)	-19%	93,447	160,000	58%
Central Maint.	38,165	18,993	19,172	101%	38,165	55,000	69%
Street Maintenance	277,915	191,208	86,707	45%	277,915	365,125	76%
Recreation	886	0	886	88599900%	886	2,333	38%
Traffic Engineering	28,455	19,296	9,159	47%	28,455	40,000	71%
Capital Hills	53,794	28,445	25,349	89%	53,794	25,000	215%
Fleet Maintenance	42,294	29,602	12,692	43%	42,294	35,000	121%
Bleeker / Facility Operations	1,867	296	1,571	531%	1,867	11,667	16%
Buildings	34,648	75,594	(40,946)	-54%	34,648	150,000	23%
DGS Administration	9,702	2,090	7,612	364%	9,702	2,500	388%
Personnel	4,610	0	4,610	46099900%	4,610	7,500	61%
Control of Animals	9,604	5,350	4,254	80%	9,604	15,000	64%
Cultural Affairs	4,916	2,023	2,893	143%	4,916	12,000	41%
General Fund	5,774,490	4,923,708	850,782	17%	5,774,490	6,753,625	86%
Police (reimbursable)	342,239	322,597	19,642	6%	342,239	872,858	39%
Fire (reimbursable)	0	0	0	0%	0	0	100%
Traffic Eng. (reimbursable)	0	0	0	0%	0	0	100%
Water	293,464	227,971	65,493	29%	293,464	447,100	66%
Totals	6,410,193	5,474,276	935,917	17%	6,410,193	8,073,583	79%

General Fund overtime was over budget at 86% by the end of the second quarter. Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense was 17% (\$851K) 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 \$583K. 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 June was 4% (\$1.6M) lower than forecasted. Year-to-date cash is 32% (\$4.0M) lower compared to last year. Most of the decrease is related to an increases in payroll costs, employee benefits expenses and vendor payments.

CONCLUSION

Thus far, there are no major surprises in the second quarter for 2022, as the City was largely moving forward as expected financially. The City saw a slight decrease in overall revenue in the second quarter compared to 2021. Expenses increased in the second quarter of 2022 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 non-personal services) 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.