
OFFICE OF THE ALBANY CITY TREASURER

DATE: September 20, 2023

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

FROM: Hon. Darius Shahinfar

CC: Ann Marie Salmon, Gideon Grande

RE: 2nd quarter 2023 Performance

The following is a summary of the unaudited results for the 2nd Quarter 2023.
Overall, fiscal performance was stable and within budgetary expectations for 2023.

Revenue in the second quarter of 2023 totaled \$121.7 million which was an increase of 14.0% or \$15.1M from last year at this time (most of this increase is related to reimbursing the General Fund for ARPA Grant related expenses which were mostly salary expenses. Expenses totaled \$101.9M which was an increase of 11.8% or \$10.7M compared to last year at this time.

REVENUE (Thousands)

	JUN	JUN		%	JUN	Annual		%
REVENUE	YTD 23	YTD 22	Variance		YTD 23	Budget	Variance	Budget
PROPERTY TAX	60,731	59,741	990	2%	60,731	60,548	183	100%
SALES/USE TAX	22,038	21,654	383	2%	22,038	46,951	-24,913	47%
PILOTS/19-a	11,494	11,548	-54	0%	11,494	19,674	-8,180	58%
OTHER LOCAL SOURCES	1,313	1,379	-66	-5%	1,313	3,866	-2,553	34%
LANDFILL	1,598	1,341	258	19%	1,598	3,558	-1,960	45%
OTHER DEPARTMENTS	4,132	4,281	-149	-3%	4,132	6,930	-2,798	60%
INTER GOVERNMENT	1,660	113	1,547	1374%	1,660	732	928	227%
FINES	2,256	2,819	-564	-20%	2,256	6,027	-3,771	37%
LICENSES AND PERMITS	1,661	1,600	62	4%	1,661	4,805	-3,144	35%
STATE AID	108	244	-137	-56%	108	32,024	-31,916	0%
SALE P/COMP/LOSS	202	71	131	185%	202	702	-499	29%
MISCELLANEOUS	1,564	1,720	-156	-9%	1,564	10,985	-9,421	14%
OTHER	12,923	55	12,868	23542%	12,923	21,508	-8,586	60%
TOTAL REVENUE	121,680	106,566	15,113	14%	121,680	218,310	-96,630	56%

The chart above summarizes the City's sources of revenue through June 30, 2023.

1. **Property Tax revenue** increased by \$990K from last year and is on budget at the end of the second quarter. This increase is related to the 2023 levy increase.
2. **Sales Tax revenue** the second quarter sales tax revenue was higher than last year by \$383K and totaled \$22.0M although it was below budget at 47%. This is fairly normal as the last 2 quarters of the year comprise 52-53% of collections.
3. **PILOTS/19-a revenue** was \$11.5M and almost even with last year.
4. **Other Local sources revenue** decreased 5% (\$66K) and was 34% of budget for the second quarter. All of the items in this category were slightly down: interest & penalties on property taxes, utilities gross receipts taxes, franchise fees and OTB receipt from 2022.
5. **Landfill revenue** increased 19% (\$258K) compared to the same period last year. The primary reason overall was tipping fees increased and the sale of methane gas was up. Coupon sales decreased \$104K most of this decrease is related to Ditunno & Sons had \$95K alone in coupon sales in the second quarter last year. This is a continuation of reducing inflow to the landfill.
6. **Other Departmental revenue** was 3% (\$149K) lower than last year at this time. Most of the decrease is from a decrease of \$189K in waste collection fees, partially because 2021 WCFs were higher because of delayed payments. Some of this decrease was offset by increases in Vital Statistic fees and golf course fees.
7. **Inter Government** increased \$1.5M from 2022. Almost all of the increase is the result of earning higher interest income on our invested funds.
8. **Fines and Forfeitures revenue** decreased by 20% (\$564K) from last year. The decrease is the result of a decrease of (\$427K) in parking violation fines, handicap parking fines decreased (\$27K) and parking violation surcharges decreased (\$194K). (This looks to be a timing issue, as these fines look to be on budget for the year.) These decreases were offset by increases in red light camera fines which increased (\$65K) and traffic violation fines increased (\$25K).
9. **Licenses and Permits revenue** increased 4% (\$62K) compared to the same period last year. Most of the increase was related to an increase of \$297K in stabilization & demo fees. There were small increases in occupation licenses \$15K, vacant building registry increased \$31K, residential parking permits increased \$33K and plumbing permits increased \$54K. These increases were offset by a decrease of \$171K in street opening

fees, safety inspection fees decreased \$121K and plumbing permits decreased \$54K.

10. **State aid** – decreased 56% or \$137K by the end of the second quarter. Most of the revenue in this category is related to the city receiving a NYS Grant for the South Waterfront District for \$67K. Typically the revenue in this category is grant related and can vary from year to year.
11. **Sale of property, compensation, loss** increased \$131K. The increase is mostly related to \$50K in property sales and \$76K in insurance recoveries.
12. **Miscellaneous revenue** decreased 9% (\$156K) 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.
13. **Other revenue** increased by \$12.9M compared to the same period last year. This increase is the result of reimbursing the general fund for ARPA grant related expenses. Most of this revenue in this category 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	JUN YTD 23	JUN YTD 22	Variance	%	Annual Budget	Variance	% Budget
Personal Benefits	45,104,962	41,677,381	3,427,582	8.2%	91,276,424	-46,171,462	49%
Fringe Benefits	23,773,430	18,635,626	5,137,804	27.6%	57,068,352	-33,294,922	42%
Non-Personal Service	33,042,840	30,860,460	2,182,380	7.1%	69,965,317	-36,922,477	47%
Total	101,921,232	91,173,467	10,747,765	11.8%	218,310,093	-116,388,861	47%
Number of weeks in period	26	25	1		52		50%

Total disbursements increased by \$101.9M or 11.8% compared to the same period last year. Spending overall is well within 2023 budgetary expectations at 47% which is a very good sign, even though spending was up in Personal

Benefits \$3.4M, Fringe Benefits \$5.1M and Non-Personal Services \$2.2M compared to the second quarter of 2022.

1. **Salary expense increased by \$3.4M or 8.2%** compared to the same period last year but below budget at 49%. This year the 2nd quarter includes 26 pay periods compared to 25 last year which means there is one additional payroll in this quarter's expenses. Most departments are showing salary increases this year. The rightsizing of salaries which were approved in the adopted budget provided pay increases to retain current employees and recruit new employees. The majority of the increase is related to Police department salaries expense which were \$961K higher and Fire department salaries which were \$829K higher than last year at this time. This category includes overtime which is \$491K higher than 2022.
2. **Benefits Expenses increased by \$5.1M or 27.6%** from the second quarter of last year however it was below budget for the second quarter at 42%. Most of the increase in this category was related to health insurance expense which increased almost (\$4.3M). Health insurance expense can fluctuate year to year. (The City is self- insured for Empire Blue Cross which means we pay the actual claims which can vary greatly from one period to the next). FICA expenses increased by (\$241K) which is related to the salary increases, retirement expenses also increased (\$145K) and worker's comp expenses increased (\$390K).
3. **Non-Personal Service spending increased by 2.2M or 7.1%.** Not including encumbrances this category was at 47% of budget by the end of the second quarter. This category includes utilities, contracted services, supplies, materials, small equipment, consulting fees and debt service. ARPA expenses related to payments made to sub-recipients for the second quarter totaled \$3.4M. Last year they did not begin until later in 2022. There was a \$1.2M increase in contracted services expenses in the Police department. Most of these expenses are budget neutral since they are reimbursed with grant funds. Some these increases were offset by an overall decrease of \$2.4M in debt service expenses. Payments on bond principal and interest actually increased \$2.6M while the expenses for the pay down and interest on the bond anticipation notes decreased by \$5.0M
4. **Encumbrances (funds reserved for purchases) increased by \$816K** compared to the same period last year. Encumbrances total almost \$10.5M by the end of the second quarter.

OVERTIME

Department	2023	2022	Change	%	2023	Budget	% of Budget
Police (non-reimbursable)	3,475,843	3,424,435	51,408	2%	3,475,843	6,542,909	53%
Fire	1,264,702	987,887	276,815	28%	1,264,702	2,000,000	63%
Communications	266,157	253,837	12,320	5%	266,157	465,455	57%
Parks Maintenance	292,311	201,177	91,134	45%	292,311	400,000	73%
Waste Collection	299,817	306,851	(7,034)	-2%	299,817	300,000	100%
Landfill	117,495	93,447	24,048	26%	117,495	200,000	59%
Central Maint.	63,684	38,165	25,519	67%	63,684	70,000	91%
Street Maintenance	252,935	277,915	(24,980)	-9%	252,935	400,000	63%
Recreation	3,579	886	2,693	304%	3,579	3,500	102%
Recreation Programs	203	0	203	2029900%	203	1,000	20%
Aquatics	0	0	0	0%	0	1,000	0%
Bleeker / Facility Operations	3,407	1,867	1,540	82%	3,407	10,000	34%
Traffic Engineering	34,951	28,455	6,496	23%	34,951	50,000	70%
Capital Hills	54,910	53,794	1,116	2%	54,910	25,000	220%
Fleet Maintenance	36,959	42,294	(5,335)	-13%	36,959	60,000	62%
Buildings	72,717	34,648	38,069	110%	72,717	125,000	58%
Personnel	1,432	4,610	(3,178)	-69%	1,432	5,000	29%
Engineering	0	85	(85)	-100%	0	1,000	0%
DGS Administration	13,201	9,618	3,583	37%	13,201	5,000	264%
Control of Animals	9,538	9,604	(66)	-1%	9,538	25,000	38%
Cultural Affairs	2,065	4,916	(2,851)	-58%	2,065	5,000	41%
General Fund	6,265,906	5,774,491	491,415	9%	6,265,906	10,694,864	59%
Police (reimbursable)	420,300	342,239	78,061	23%	420,300	795,000	53%
Fire (reimbursable)	0	0	0	0%	0	0	100%
Traffic Eng. (reimbursable)	0	0	0	0%	0	0	100%
Water	261,695	293,464	(31,769)	-11%	261,695	522,500	50%
Totals	6,947,901	6,410,194	537,707	8%	6,947,901	12,012,364	58%

General Fund overtime was over budget (59%) at the end of the quarter.

Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense was 9% (\$491K) higher than the same period last year. OT is consistently the largest over-budget expense. The Fire department had the biggest increase in OT payments which were up by almost \$277K. The majority of departments have higher OT expenses this year compared to than last year. Fortunately, most OT increases are offset by salary savings from open positions.

CASH

The City's cash position was 34% higher and increased by \$20.5M from the same period last year. Most of the increase is related to the ARPA money received last year. The City received the first \$42.4M payment in 2021. In 2022 the City received the second \$42.4M payment. The remaining ARPA funds total \$37.2M at the end of the quarter. The ARPA cash and General fund cash of \$24.0M combined total \$61.2M.

CONCLUSION

Thus far, there are no major surprises in the second quarter for 2023, as the City was largely moving forward as expected financially. The City saw an increase in overall revenue in the second quarter compared to 2022 from ARPA Grant reimbursements, interest earned on cash balances and the increase in the property tax levy. Expenses were up in the second quarter of 2023 compared to last year at this time, mostly as the result of salary increases and one additional pay period, ARPA payments made to sub-recipients, increases in retiree and employee healthcare and benefit costs, and higher OT expenses, but overall, were still 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.