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## OFFICE OF THE ALBANY CITY TREASURER

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**DATE:** December 11, 2023

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

**FROM:** Hon. Darius Shahinfar

**CC:** Ann Marie Salmon, Gideon Grande

**RE:** 3rd quarter 2023 Performance

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The following is a summary of the unaudited results for the 3rd Quarter 2023. **Overall, fiscal performance was stable and within budgetary expectations for 2023.**

Revenue in the third quarter of 2023 totaled almost \$164.7 million which was an increase of 11.0% or \$15.8M 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 \$151.6M which was an increase of 12.1% or almost \$16.4M compared to last year at this time.

### REVENUE (Thousands)

|                      | SEP            | SEP            |               | %          | SEP            | Annual         |                | %          |
|----------------------|----------------|----------------|---------------|------------|----------------|----------------|----------------|------------|
| REVENUE              | YTD 23         | YTD 22         | Variance      |            | YTD 23         | Budget         | Variance       | Budget     |
| PROPERTY TAX         | 60,606         | 59,724         | 883           | 1%         | 60,606         | 60,548         | 59             | 100%       |
| SALES/USE TAX        | 33,806         | 32,720         | 1,086         | 3%         | 33,806         | 46,951         | -13,145        | 72%        |
| PILOTS/19-a          | 11,512         | 11,483         | 28            | 0%         | 11,512         | 19,674         | -8,162         | 59%        |
| OTHER LOCAL SOURCES  | 2,146          | 1,968          | 178           | 9%         | 2,146          | 3,866          | -1,720         | 56%        |
| LANDFILL             | 2,215          | 2,087          | 128           | 6%         | 2,215          | 3,558          | -1,343         | 62%        |
| OTHER DEPARTMENTS    | 5,428          | 5,604          | -176          | -3%        | 5,428          | 6,930          | -1,502         | 78%        |
| INTER GOVERNMENT     | 2,131          | 398            | 1,733         | 435%       | 2,131          | 732            | 1,399          | 291%       |
| FINES                | 4,014          | 4,282          | -268          | -6%        | 4,014          | 6,027          | -2,013         | 67%        |
| LICENSES AND PERMITS | 3,471          | 2,450          | 1,021         | 42%        | 3,471          | 4,805          | -1,335         | 72%        |
| STATE AID            | 17,204         | 17,781         | -576          | -3%        | 17,204         | 32,453         | -15,249        | 53%        |
| SALE P/COMP/LOSS     | 225            | 128            | 97            | 76%        | 225            | 702            | -476           | 32%        |
| MISCELLANEOUS        | 2,607          | 2,340          | 266           | 11%        | 2,607          | 11,085         | -8,479         | 24%        |
| OTHER                | 19,325         | 7,902          | 11,423        | 145%       | 19,325         | 21,508         | -2,183         | 90%        |
| <b>TOTAL REVENUE</b> | <b>164,690</b> | <b>148,866</b> | <b>15,824</b> | <b>11%</b> | <b>164,690</b> | <b>218,839</b> | <b>-54,149</b> | <b>75%</b> |

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

1. **Property Tax revenue** increased by \$883K from last year and is on budget at the end of the third 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 almost \$1.1M and totaled almost \$34.0M although it was below budget at 72%. This is fairly normal as the last quarter of the year comprise 25 to 30% of collections.
3. **PILOTS/19-a revenue** was \$11.5M and almost even with last year.
4. **Other Local sources revenue** increased 9% (\$178K) and was 56% of budget for the third quarter. The revenue in this category is derived from interest & penalties on property taxes, utilities gross receipts taxes, franchise fees and OTB receipt which can fluctuate from year to year..
5. **Landfill revenue** increased 6% (\$128K) compared to the same period last year. The primary reasons overall were tipping fees and methane gas sales increased.
6. **Other Departmental revenue** was 3% (\$176K) lower than last year at this time. Most of the decrease is from a decrease of \$173K in waste collection fees partially because 2021 WCFs were higher because of delayed payments. Police details also decreased by \$167K. Some of these decreases were offset by increases in Planning Board fees and golf course fees.
7. **Inter Government** increased \$1.7M 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 6% (\$268K) from last year. The decrease is the result of a decrease of (\$173K) in parking violation fines and parking violation surcharges decreased (\$97K). (This looks to be a timing issue, as these fines look to be on budget for the year.)
9. **Licenses and Permits revenue** increased 42% (\$1.0M) compared to the same period last year. Most of the increase was related to an increase of \$1.1M in stabilization & demo fees. There were small increases in occupation licenses \$31K and vacant building registry increased \$33K. These increases were offset by a decrease of \$76K in street opening fees and safety inspection fees decreased \$148K.
10. **State aid** – decreased 3% or almost \$576K by the end of the third quarter. Most of the decrease in this category is related to a decrease of \$443K in Mortgage Tax revenue. Typically the revenue in this category is grant related and can vary from year to year.

11. **Sale of property, compensation, loss** increased \$76K. The increase is mostly related to an increase in insurance recoveries.

12. **Miscellaneous revenue** increased 11% (\$266K) compared to the same time last year. The increase is primarily related to an increase in health insurance rebates. 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 \$11.4M 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

| Category/Account          | SEP         | SEP         | Variance   | %<br>Variance | Annual      | Variance    | %<br>Budget |
|---------------------------|-------------|-------------|------------|---------------|-------------|-------------|-------------|
|                           | YTD 23      | YTD 22      |            |               | Budget      |             |             |
| Personal Benefits         | 69,711,983  | 66,053,442  | 3,658,540  | 5.5%          | 91,406,106  | -21,694,123 | 76%         |
| Fringe Benefits           | 33,581,030  | 29,577,711  | 4,003,319  | 13.5%         | 57,236,103  | -23,655,073 | 59%         |
| Non-Personal Service      | 48,327,428  | 39,620,957  | 8,706,471  | 22.0%         | 70,061,337  | -21,733,909 | 69%         |
| Total                     | 151,620,441 | 135,252,110 | 16,368,330 | 12.1%         | 218,703,546 | -67,083,105 | 69%         |
| Number of weeks in period | 39          | 39          | 0          |               | 52          |             | 75%         |

**Total disbursements increased by almost \$16.4M or 12.1% compared to the same period last year.** Spending overall is well within 2023 budgetary expectations at 69% which is a very good sign, even though spending was up in Personal Benefits \$3.7M, Fringe Benefits \$4.0M and Non-Personal Services \$8.7M compared to the third quarter of 2022.

1. **Salary expense increased by almost \$3.7M or 5.5% compared to the same period last year and slightly exceeding budget at 76%.** 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 \$1.2M higher than last year at this time. This category includes overtime which is almost \$664K higher than 2022.

2. **Benefits Expenses increased by \$4.0M or 13.5%** from the third quarter of last year however it was below budget for the third quarter at 59%. Most of the increase in this category was related to health insurance expense which increased almost (\$2.8M). 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 (\$287K) which is related to the salary increases, retirement expenses also increased (\$247K) and worker's comp expenses increased (\$509K).
3. **Non-Personal Service spending increased by \$8.7M or 22.0%**. Not including encumbrances this category was at 69% of budget by the end of the third 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 totaled \$4.9M. Last year they did not begin until later in 2022. There was a \$624K increase in contracted services expenses in the Police department. Most of these expenses are budget neutral since they are reimbursed with grant funds. Debt service expense increased by \$1.4M and demolitions and stabilization expenses increased by \$876K. Demolitions and stabilization expenses are budget neutral since the property owners are billed for these expenses.
4. **Encumbrances (funds reserved for purchases) increased by \$657K** compared to the same period last year. Encumbrances total \$7.7M by the end of the quarter.

## OVERTIME

| Department                    | 2023              | 2022              | Change         | %         | 2023              | Budget            | % of Budget |
|-------------------------------|-------------------|-------------------|----------------|-----------|-------------------|-------------------|-------------|
| Police (non-reimbursable)     | 5,761,029         | 5,486,015         | 275,014        | 5%        | 5,761,029         | 6,542,909         | 88%         |
| Fire                          | 1,894,157         | 1,692,080         | 202,077        | 12%       | 1,894,157         | 2,000,000         | 95%         |
| Communications                | 439,278           | 379,089           | 60,189         | 16%       | 439,278           | 465,455           | 94%         |
| Parks Maintenance             | 451,476           | 345,457           | 106,019        | 31%       | 451,476           | 400,000           | 113%        |
| Waste Collection              | 444,295           | 470,237           | (25,942)       | -6%       | 444,295           | 300,000           | 148%        |
| Landfill                      | 153,345           | 123,668           | 29,677         | 24%       | 153,345           | 200,000           | 77%         |
| Central Maint.                | 92,559            | 65,747            | 26,812         | 41%       | 92,559            | 70,000            | 132%        |
| Street Maintenance            | 371,118           | 421,483           | (50,365)       | -12%      | 371,118           | 400,000           | 93%         |
| Recreation                    | 5,715             | 2,474             | 3,241          | 131%      | 5,715             | 3,500             | 163%        |
| Recreation Programs           | 3,216             | 487               | 2,729          | 560%      | 3,216             | 1,000             | 322%        |
| Aquatics                      | 257               | 183               | 74             | 40%       | 257               | 1,000             | 26%         |
| Bleeker / Facility Operations | 5,528             | 7,648             | (2,120)        | -28%      | 5,528             | 10,000            | 55%         |
| Traffic Engineering           | 52,378            | 43,225            | 9,153          | 21%       | 52,378            | 50,000            | 105%        |
| Capital Hills                 | 88,152            | 87,741            | 411            | 0%        | 88,152            | 25,000            | 353%        |
| Fleet Maintenance             | 46,430            | 49,669            | (3,239)        | -7%       | 46,430            | 60,000            | 77%         |
| Buildings                     | 108,822           | 70,749            | 38,073         | 54%       | 108,822           | 125,000           | 87%         |
| Personnel                     | 1,666             | 4,648             | (2,982)        | -64%      | 1,666             | 5,000             | 33%         |
| Engineering                   | 0                 | 703               | (703)          | -100%     | 0                 | 1,000             | 0%          |
| DGS Administration            | 17,480            | 13,793            | 3,687          | 27%       | 17,480            | 5,000             | 350%        |
| Control of Animals            | 13,205            | 17,531            | (4,326)        | -25%      | 13,205            | 25,000            | 53%         |
| Cultural Affairs              | 3,374             | 7,026             | (3,652)        | -52%      | 3,374             | 5,000             | 67%         |
| General Fund                  | 9,953,480         | 9,289,653         | 663,827        | 7%        | 9,953,480         | 10,694,864        | 93%         |
| Police (reimbursable)         | 583,639           | 679,282           | (95,643)       | -14%      | 583,639           | 974,682           | 60%         |
| Fire (reimbursable)           | 0                 | 0                 | 0              | 0%        | 0                 | 0                 | 100%        |
| Traffic Eng. (reimbursable)   | 0                 | 0                 | 0              | 0%        | 0                 | 0                 | 100%        |
| Water                         | 370,941           | 434,437           | (63,496)       | -15%      | 370,941           | 522,500           | 71%         |
| <b>Totals</b>                 | <b>10,908,060</b> | <b>10,403,372</b> | <b>504,688</b> | <b>5%</b> | <b>10,908,060</b> | <b>12,192,046</b> | <b>89%</b>  |

**General Fund overtime was over budget at (93%) at the end of the quarter.**

Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense was 7% (\$664K) higher than the same period last year. OT is consistently the largest over-budget expense.

The Police Department had the biggest increase in OT payments which were up by almost \$275K and the Fire Department was also higher by \$202K. 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 80% lower and decreased by \$33.1M from the same period last year.** Most of the decrease is related to the spend-down of the ARPA money. The City received a total of \$84.8M in ARPA. The first payment of \$42.4M in 2021 and in 2022 the City received the second \$42.4M payment. The remaining ARPA funds total \$28.1M at the end of the quarter. The ARPA cash and General fund cash of \$13.0M combined total \$41.1M. Additionally, with this excess cash on hand, we have delayed borrowing to save on interest costs, and we will see a jump back in cash when we borrow in March and reimburse City accounts.

## **CONCLUSION**

**Thus far, there are no major surprises in the third quarter for 2023, as the City was largely moving forward as expected financially.** The City saw an increase in overall revenue in the third 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 this quarter compared to last year, mostly as the result of salary increases and 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.