
OFFICE OF THE ALBANY CITY TREASURER

DATE: June 9, 2023

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

FROM: Hon. Darius Shahinfar

CC: Rachel McEneny, Gideon Grande

RE: 1st quarter 2023 Performance

The following is a summary of the unaudited results for the 1st Quarter 2023. **Overall, fiscal performance was stable and within budgetary expectations for 2023.**

Revenue in the first quarter of 2023 totaled \$95.8 million which was an increase of 9.0% or \$7.9M 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 \$53.1M which was an increase of 22.2% or \$9.6M compared to the first quarter of 2022.

REVENUE (Thousands)

REVENUE	MAR	MAR	% Variance	MAR	Annual	%	Budget	
	YTD 23	YTD 22			YTD 23	Budget		
PROPERTY TAX	60,756	59,785	971	2%	60,756	60,548	208	100%
SALES/USE TAX	10,937	9,878	1,058	11%	10,937	46,951	-36,014	23%
PILOTS/19-a	11,099	11,086	13	0%	11,099	19,674	-8,575	56%
OTHER LOCAL SOURCES	461	459	2	1%	461	3,866	-3,405	12%
LANDFILL	685	567	119	21%	685	3,558	-2,873	19%
OTHER DEPARTMENTS	2,972	3,237	-265	-8%	2,972	6,930	-3,957	43%
INTER GOVERNMENT	816	28	788	2838%	816	732	83	111%
FINES	1,302	1,182	120	10%	1,302	6,027	-4,725	22%
LICENSES AND PERMITS	609	573	35	6%	609	4,805	-4,197	13%
STATE AID	13	3	10	353%	13	31,911	-31,898	0%
SALE P/COMP/LOSS	17	14	4	27%	17	702	-685	2%
MISCELLANEOUS	689	1,009	-321	-32%	689	11,003	-10,315	6%
OTHER	5,458	14	5,443	37778%	5,458	21,352	-15,895	26%
TOTAL REVENUE	95,812	87,835	7,977	9%	95,812	218,059	-122,247	44%

The chart above summarizes the City's sources of revenue through March 31, 2023.

1. **Property Tax revenue** increased by \$971K from last year and is on budget at the end of the first quarter. This increase is related to the 2023 levy increase.
2. **Sales Tax revenue** the first quarter sales tax revenue was higher than last year by \$1.0M and totaled \$10.9M although it was below budget at 23% for the first quarter.
3. **PILOTS/19-a revenue** was \$11.1M even with the same period last year.
4. **Other Local sources revenue** was \$461K increased 1% from the first quarter of 2022. Utilities gross receipts taxes increased slightly.
5. **Landfill revenue** increased 21% (\$119K) compared to the same period last year. The primary reason overall was tipping fees increased.
6. **Other Departmental revenue** was 8% (\$265K) lower than last year at this time. Most of the decrease is from a decrease of \$141K in waste collection fees. DGS fees decreased \$60K and APD Event Security revenue decreased by \$61K.
7. **Inter Government** increased \$788K from 2022. Almost all of the increase is the result of earning higher interest income on our invested funds.
8. **Fines and Forfeitures revenue** increased by 10% (\$120K) from last year. The increase is the result of an overall increase in parking violation fines, traffic court fines and parking violation surcharges.
9. **Licenses and Permits revenue** increased 6% (\$35K) compared to the same period last year. There were small increases in occupation licenses \$40K, plumbing permits increased \$33K, residential parking permits increased \$40K and electrical permits increased \$28K. These increases were offset by a decrease of \$117K in street opening fees.
10. **State aid** – increased \$10K by the end of the first quarter. The increase in revenue is related to a NYSERDA grant and a public safety grant. Some of the revenue in this category is grant related and can vary from year to year.
11. **Miscellaneous revenue** decreased 32% (\$321K) 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.

12. **Other revenue** increased by \$5.4M 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 is derived from federal government grants and the timing of these payments varies from one year to the next.

DISBURSEMENTS

Category/Account	MAR		%		Annual		% Budget	
	YTD 23	YTD 22	Variance		Budget	Variance	Budget	
Personal Benefits	22,182,723	20,393,517	1,789,207	8.8%	91,456,424	-69,273,701	24%	
Fringe Benefits	13,222,371	8,335,697	4,886,674	58.6%	56,993,352	-43,770,981	23%	
Non-Personal Service	17,725,881	14,746,389	2,979,492	20.2%	69,626,685	-51,900,804	25%	
Total	53,130,975	43,475,603	9,655,372	22.2%	218,076,461	-164,945,486	24%	
Number of weeks in period	13	12	1		52			25%

Total disbursements increased by \$9.6M or 22.2% compared to the same period last year. Spending overall is well within 2023 budgetary expectations at 24% although spending was up in Personal Benefits \$1.8M, Fringe Benefits \$4.9M and Non-Personal Services \$2.9M compared to 1Q 2022.

1. **Salary expense increased by 8.8%** compared to the same period last year but below budget at 23%. This year the 1st quarter includes 13 pay periods compared to 12 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 in related to Police department salaries expense which was \$900K higher than last year at this time. This category includes overtime which is \$183K higher than 2022.
2. **Benefits Expenses increased by 58.6%** from the first quarter of last year however it was below budget for the first quarter at 23%. Most of the increase in this category was related to retiree health insurance which increased almost (\$3.8M) this total also includes an April CDPHP invoice for \$546K so the actual increase is closer to \$3.2M. 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). Employee's health insurance expenses also increased (\$554K) and worker's comp expenses increased (\$281K).

3. Non-Personal Service spending increased by 20.2% or almost \$3.0M.

Not including encumbrances this category was at 25% 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 debt expense which increased \$1.3M. The \$50.6M in bonds issued from 2022 have a 10 year maturity which starts this year. This relatively short maturity increases the annual principal payments. ARPA expenses related to sub-recipients did not begin until later in 2022 for the first quarter this year they totaled \$1.2M.

4. Encumbrances (funds reserved for purchases) increased by \$3.5M

compared to the same period last year. Encumbrances total slightly more than \$13.9M at the end of the first quarter.

OVERTIME

Department	2023	2022	Change	%	2023	Budget	% of Budget
Police (non-reimbursable)	1,524,611	1,425,935	98,676	7%	1,524,611	6,542,909	23%
Fire	553,260	430,674	122,586	28%	553,260	2,000,000	28%
Communications	118,577	139,557	(20,980)	-15%	118,577	465,455	25%
Parks Maintenance	135,956	117,431	18,525	16%	135,956	400,000	34%
Waste Collection	150,707	172,693	(21,986)	-13%	150,707	300,000	50%
Landfill	72,283	55,868	16,415	29%	72,283	200,000	36%
Central Maint.	22,555	18,718	3,837	20%	22,555	70,000	32%
Street Maintenance	126,197	174,818	(48,621)	-28%	126,197	400,000	32%
Recreation	2,039	0	2,039	20389900%	2,039	2,500	82%
Recreation Programs	0	0	0	0%	0	1,000	0%
Aquatics	0	0	0	0%	0	1,000	0%
Bleeker / Facility Operations	2,227	657	1,570	239%	2,227	10,000	22%
Traffic Engineering	18,515	13,721	4,794	35%	18,515	50,000	37%
Capital Hills	24,948	30,546	(5,598)	-18%	24,948	25,000	100%
Fleet Maintenance	24,260	28,943	(4,683)	-16%	24,260	60,000	40%
Buildings	30,585	16,081	14,504	90%	30,585	125,000	24%
Personnel	880	2,945	(2,065)	-70%	880	5,000	18%
Engineering	0	0	0	0%	0	1,000	0%
DGS Administration	7,086	3,700	3,386	92%	7,086	5,000	142%
Control of Animals	3,920	3,093	827	27%	3,920	25,000	16%
Cultural Affairs	66	0	66	659900%	66	5,000	1%
General Fund	2,818,672	2,635,380	183,292	7%	2,818,672	10,693,864	26%
Police (reimbursable)	193,926	130,562	63,364	49%	193,926	795,000	24%
Fire (reimbursable)	0	0	0	0%	0	0	100%
Traffic Eng. (reimbursable)	0	0	0	0%	0	0	100%
Water	147,628	175,196	(27,568)	-16%	147,628	522,500	28%
Totals	3,160,226	2,941,138	219,088 ▲	7%	3,160,226	12,011,364	26%

General Fund overtime was over budget (26%) at the end of the first quarter. Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense was 7% (\$183K) higher than the same period last year. OT is consistently the largest over-budget expense. The Fire department had the biggest increase in overtime payments which were up by almost \$123K. The majority of departments have higher overtime expenses this year than last year.

CASH

The City's cash position was 23% higher and increased by \$19.4M 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 \$44.9M at the end of the first quarter. The ARPA cash and General fund cash combined total \$84.4M. Most of the General Funds is related to property tax collections this time of year.

CONCLUSION

Thus far, there are no major surprises in the first quarter for 2023, 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 from ARPA Grant reimbursements. Expenses were up in the first quarter of 2023 compared to last year at this time, mostly as the result of salary increases and one additional pay period, debt service payments, 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.