

Office of the Treasurer
- City of Albany, New York -
Interim Financial Report
3rd Quarter – FY 2024

CITY OF ALBANY, NEW YORK
OFFICE OF THE TREASURER - INTERIM FINANCIAL REPORT
2ND QUARTER – FY 2024

Date: November 12th, 2024

To: Hon. Kathy Sheehan, Members of the Common Council

From: Hon. Darius Shahinfar

CC: Ann Marie Salmon, Gideon Grande

Re: 3rd Quarter 2024 Interim Financial Report

SYNOPSIS

In Q3 2024, the City of Albany's General Fund revenues increased by 4.7%, primarily driven by a significant rise in Payments in Lieu of Taxes (PILOTs), which surged due to an early payment normally received in Q4, boosting revenue this quarter. Additionally, property taxes and sales taxes showed steady growth. However, intergovernmental revenue and investment income were slightly lower due to timing and market conditions. On the expenditure side, total spending for Q3 2024 was \$148.8 million, a 1.9% decrease from the previous year, mainly due to reduced costs in non-personal services as ARPA-funded projects wind down. Personnel and fringe benefits were in line with budget expectations, and overall, both revenues and expenditures are being carefully managed as the city stays on track to meet its annual financial goals. **Overall, fiscal performance remains stable and within budgetary expectations for 2024.**

- CITY OF ALBANY, NEW YORK -
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND MODIFIED
BUDGET FOR THE CITY OF ALBANY GENERAL FUND (THOUSANDS)

REVENUES	Q3 2024	Q3 2023	\$O/(U)	O/(U)%	2024 Budget	% of Budget
Real property taxes	62,192	60,960	1,232	2.0%	61,872	100.5%
Sales and use taxes	22,891	22,038	853	3.9%	48,629	47.1%
Other taxes	1,849	1,799	50	2.8%	3,226	57.3%
Payments in lieu of taxes	18,625	11,542	7,083	61.4%	19,496	95.5%
Intergovernmental revenue	37,239	39,726	-2,487	-6.3%	66,396	56.1%
Charges for services	9,021	7,967	1,054	13.2%	10,237	88.1%
Fines, interest and penalties	3,989	3,987	2	0.0%	5,892	67.7%
Use of money and properties	1,478	2,359	-881	-37.4%	2,758	63.4%
Licenses and permits	3,730	3,477	253	7.3%	4,968	75.1%
Other revenues	855	776	79	10.1%	3,479	24.6%
<i>Total revenues</i>	161,869	154,631	7,237	4.7%	226,954	71.3%

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In Q3 2024, the City of Albany's General Fund revenues showed strong growth, increasing by \$7.2 million, or 4.7%, compared to the same period last year. This brought total revenue for the quarter to \$161.9 million, positioning the city well to meet its full-year budget of \$226.9 million.

A major driver of this increase was a significant rise in **Payments in Lieu of Taxes** (PILOTs), which surged by 61.4%, or \$7.1 million, bringing in \$18.6 million for Q3. This increase was due to early PILOT payments, which are timing-based and will not recur in future periods. Despite this, Albany remains on track to meet or exceed its budgeted PILOT revenue of \$19.5 million for the year.

Real property taxes also showed steady growth, rising by 2.0%, or \$1.2 million, compared to Q3 2023, bringing in \$62.2 million for the quarter. This exceeded the budgeted target of \$61.9 million, reflecting a stable and reliable property tax base, though the excess is inclusive of interest penalties, omitted taxes and SCO reductions.

Sales and use taxes saw a 3.9% increase, or \$853,000, bringing in \$22.9 million for the quarter. While this is a positive outcome, it's important to note that the \$11.9 million in sales tax revenue collected in October 2024—for the 3rd quarter—will be included in Q4 2024 financials, rather than in this Q3 report.

The city's **intergovernmental revenue** showed a slight decrease of \$2.5 million, or 6.3%, compared to the same period last year, reaching \$37.2 million for the quarter. This variance is primarily due to timing differences in grant submissions and fluctuations in available funding, rather than any substantial reduction in state or federal support. These revenues are often dependent on when grants are awarded or when cities submit required reports, meaning this decrease is expected to be temporary and will likely stabilize as new funding cycles progress. Additionally **Landfill revenues** are up almost 8% over last year (\$203K) due to an increased usage from other municipalities.

Charges for services showed strong growth, rising by 13.2%, or \$1.1 million, to a total of \$9.0 million for Q3. This increase reflects higher demand for city services. However, it's important to note that charges for services in Q3 did not yet include revenue from the newly implemented speed zone cameras. These cameras, expected to generate ticket revenue, will begin contributing in Q4 2024, providing a boost to revenues in the next quarter.

The **use of money and properties** category, which includes income from city investments and property-related revenue, underperformed significantly in Q3, with a 37.4% decline, or \$881,000, compared to Q3 2023. This category brought in just \$1.5 million for the quarter, well below the budgeted target of \$2.8 million. The underperformance can be attributed to lower interest rates, which have reduced returns on investments, as well as the fact that funds previously available for investment have been partially allocated to support ARPA (American Rescue Plan Act) projects. These projects have absorbed a portion of the city's liquidity, limiting the amount of funds available for investment income.

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Other revenue categories showed mixed results. **Fines, interest, and penalties** remained largely flat, showing only a minor increase of \$2,000, while **licenses and permits** saw a 7.3% increase,

reflecting ongoing business and development activity in the city. Licenses and permits brought in \$3.7 million for the quarter, a positive sign of local economic growth.

In total, Q3 2024 revenues for the City of Albany reached \$161.9 million, an increase of \$7.2 million (or 4.7%) compared to Q3 2023. This growth was driven by early PILOT payments, solid performance in sales taxes, property taxes, and charges for services. While there were declines in intergovernmental revenue and investment income due to timing and the implementation of ARPA projects, these are not expected to significantly affect the city's overall fiscal health.

Looking ahead, Albany is well-positioned to meet its full-year revenue target of \$226.9 million, with continued strength in sales taxes, property taxes, and charges for services, particularly as the speed zone cameras begin generating revenue in Q4 2024.

EXPENDITURES	Q3	Q3	\$O/(U)	O/(U)%	2024	% of
	2024	2023			Budget	Budget
Personal benefits	72,996	69,712	3,284	4.7%	97,596	74.8%
Fringe benefits	34,355	33,746	609	1.8%	61,055	56.3%
Non-personal services	41,486	48,322	-6,836	-14.1%	68,302	60.7%
<i>Total expenditures</i>	<i>148,836</i>	<i>151,780</i>	<i>-2,943</i>	<i>-1.9%</i>	<i>226,954</i>	<i>65.6%</i>

In Q3 2024, the City of Albany's total expenditures amounted to \$148.8 million, which is a \$2.9 million or 1.9% decrease compared to the same period in 2023. This decrease was primarily driven by a reduction in non-personal services expenditures, helping the city stay below its budgeted total expenditures of \$226.9 million for the year.

1. Personal Benefits

Expenditures in personal benefits (including salaries and wages) totaled \$73.0 million, reflecting a \$3.3 million increase, or 4.7%, compared to Q3 2023. This increase is due to salary adjustments and the continued efforts to fill vacant positions in city departments. This category remains aligned with the annual budget of \$97.6 million, indicating that personnel costs are being well-managed.

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2. Fringe Benefits

Fringe benefits, which cover health insurance, pension contributions, and other employee benefits, increased by \$609,000, or 1.8%, compared to Q3 2023, bringing total expenditures in this category to \$34.4 million. The increase is primarily due to rising costs in health benefits and pension obligations, which are consistent with the city's projected budget for fringe benefits of \$61.1 million.

3. Non-Personal Services:

The largest expenditure reduction was in non-personal services, which decreased by \$6.8 million, or 14.1%, from \$48.3 million in Q3 2023 to \$41.5 million in Q3 2024. This decrease reflects a reduction in project-related spending, as the city enters the waning phases of ARPA (American Rescue Plan Act) implementation. Many of the ARPA-funded projects are nearing completion or have been deferred, leading to lower-than-expected expenditures in areas like contracted services, materials, and capital projects. As a result, the city is on track to spend less than originally budgeted in non-personal services, which has helped offset some of the increases in personnel and benefits costs. The annual budget for non-personal services is \$68.3 million, and Albany is likely to remain under budget in this category by the end of the year.

For Q3 2024, total expenditures came in at \$148.8 million, a \$2.9 million (or 1.9%) decrease from the same period in 2023. This reduction was primarily driven by decreased spending in non-personal services, as the city completes ARPA-funded projects. Despite this, the city's personnel and fringe benefit expenses have remained within expected ranges, and total expenditures are on track to meet the overall annual budget of \$226.9 million.

With ARPA projects entering their final phases, the city is experiencing a natural reduction in project-related spending, which has helped keep total expenditures lower than expected. Personal and fringe benefits expenditures are in line with budget projections, while the decrease in non-personal services will likely continue in the coming quarters. This careful management of expenses positions Albany to meet its expenditure goals for the year, while maintaining flexibility for future projects and initiatives.

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OVERTIME REPORT FOR THE CITY OF ALBANY GENERAL FUND BY DEPARTMENT

NON-REIMBURSABLE	Q3	Q3	\$O/(U)	O/(U)%	2024	% of
	2024	2023			Budget	Budget
Police	6,883,819	5,761,029	1,122,790	19.5%	7,510,000	91.7%
Fire	1,252,004	1,894,157	-642,153	-33.9%	2,225,000	56.3%
Communications	456,984	439,278	17,706	4.0%	557,000	82.0%
Parks Maintenance	499,785	451,476	48,309	10.7%	450,000	111.1%
Waste Collection	426,341	444,295	-17,954	-4.0%	400,000	106.6%
Landfill	145,642	153,345	-7,703	-5.0%	185,000	78.7%
Central Maintenance	56,185	92,559	-36,374	-39.3%	75,000	74.9%
Street Maintenance	381,303	371,118	10,185	2.7%	400,000	95.3%
Recreation	3,971	5,715	-1,744	-30.5%	4,000	99.3%
Recreation Programs	4,391	3,216	1,175	36.5%	2,000	219.6%
Aquatics	5,218	257	4,961	1930.4%	2,500	208.7%
Bleeker/Facility Operations	17,765	5,528	12,237	221.4%	10,000	177.7%
Traffic Engineering	93,869	52,377	41,492	79.2%	68,000	138.0%
Capital Hills	80,308	88,152	-7,844	-8.9%	75,000	107.1%
Fleet Maintenance	74,402	46,430	27,972	60.2%	60,000	124.0%
Buildings	131,632	108,822	22,810	21.0%	100,000	131.6%
Personnel	185	1,666	-1,481	-88.9%	5,000	3.7%
Engineering	12,338	0	12,338	-	20,000	61.7%
DGS Administration	20,296	17,480	2,816	16.1%	15,000	135.3%
Control of Animals	11,067	13,205	-2,138	-16.2%	25,000	44.3%
Cultural Affairs	4,901	3,374	1,527	45.3%	6,000	81.7%
Law Department	412	0	412	-	0	-
Total overtime	10,562,818	9,953,479	609,339	6.1%	12,194,500	86.6%

REIMBURSABLE	Q3	Q3	\$O/(U)	O/(U)%	2024	% of
	2024	2023			Budget	Budget
Police	762,113	583,639	178,474	30.6%	1,187,000	64.2%

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<i>*Water Department</i>	370,828	370,941	-113	0.0%	562,080	66.0%
<i>Total overtime</i>	11,695,759	10,908,059	787,700	7.2%	13,943,580	83.9%

The primary driver of the increase in overall overtime costs in Q3 2024 was the Albany Police Department's reliance on overtime to cover shifts due to vacancies. While overtime costs are higher in some departments like Police and Parks Maintenance, other departments like Fire have been successful in reducing their overtime expenditures. Overall, the city is managing its overtime expenses reasonably well, with total spending coming in at 83.9% of the budget, and adjustments can be made as the year progresses.

In 2024, the City of Albany experienced strong cash inflows in January, with property tax receipts contributing to \$87.4 million in receipts for the month. Subsequent months saw receipts ranging from \$18.2 million to \$44.8 million, with March and September reflecting higher collections due to quarterly payments. Disbursements remained relatively consistent, with notable increases in February and May at \$46.3 million and \$28.1 million, respectively. This led to a gradual decrease in cash on hand, from \$78.5 million in January to \$11.98 million by September, reflecting typical seasonal cash flow patterns. Despite the decline, the city's cash position remains sufficient to meet its obligations.