

Office of the Treasurer
- City of Albany, New York -
Interim Financial Report
1st Quarter – FY 2025

CITY OF ALBANY, NEW YORK
OFFICE OF THE TREASURER - INTERIM FINANCIAL REPORT
1st QUARTER – FY 2025

Date: July 2nd, 2025

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

From: Hon. Darius Shahinfar

CC: Ann Marie Salmon, Gideon Grande

Re: 1st Quarter 2025 Interim Financial Report

SYNOPSIS

As of March 31, 2025, the City of Albany's General Fund closed the first quarter with \$85.1 million in revenue (38.2% of budget) and \$56.87 million in expenditures (25.5% of budget), yielding a positive operating margin of \$28.2 million. Revenue performance was shaped by underperforming sales tax collections, the delayed receipt of the \$7.7 million 19A PILOT, and the notable absence of ARPA funding, which contributed \$4.6 million in Q1 FY2024. Real property tax receipts remained strong as compared to budget despite elevated tax certs from the citywide reassessment, while landfill fees and fines—particularly from school speed zone cameras—showed notable gains. On the expenditure side, growth was driven by higher fringe benefits and non-personal services, including interest on the City's bond anticipation notes (BANs). Overtime spending totaled \$3.79 million (26.9% of budget), with Police and Fire accounting for the majority due to staffing and backfill needs. Overall, financial activity is consistent with seasonal expectations and positions the City to meet full-year targets pending continued monitoring.

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

REVENUES	Q1 2025	Q1 2024	\$O/(U)	O/(U)%	2025 Budget	% of Budget
Real property taxes	62,788	61,832	956	1.5%	63,106	99.5%
Sales and use taxes	11,206	11,225	-19	-0.2%	49,973	22.4%
Other taxes	375	321	53	16.5%	4,176	9.0%
Payments in lieu of taxes	1,704	10,540	-8,836	-83.8%	19,393	8.8%
Intergovernmental revenue	622	4,977	-4,355	-87.5%	50,222	1.2%
Charges for services	3,392	3,939	-547	-13.9%	12,086	28.1%
Fines, interest and penalties	2,220	1,035	1,185	114.5%	11,942	18.6%
Use of money and properties	317	603	-286	-47.4%	2,087	15.2%
Licenses and permits	1,258	561	697	124.2%	5,580	22.5%
Other revenues	1,191	415	776	187.1%	4,237	28.1%
Total revenues	85,073	95,448	-10,376	-10.9%	222,803	38.2%

Revenue Summary

As of March 31, 2025, the City of Albany recorded **\$85.1 million in General Fund revenue**, or **38.2% of the amended FY2025 revenue budget** of \$222.8 million. This represents a **\$10.4 million (-10.9%) decrease** from the \$95.4 million collected during Q1 of FY2024.

The decline is largely attributable to **sales tax underperformance, delayed receipt of major PILOT payments**, and the **absence of ARPA revenue**, which contributed \$4.6 million to early FY2024 results. Despite this variance, the City's primary recurring revenue streams—**real property taxes, landfill operations, permits, and fines**—remain stable or have improved relative to prior-year pacing.

Several large budgeted categories, including **state and federal aid** and the **19A PILOT**, had not yet posted as of Q1 close but are expected to materially increase Q2 totals. Absent a downturn in economic activity or material collection disruptions, the City remains positioned to achieve budget targets by year-end.

Real Property Taxes

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Real property tax revenue totaled **\$62.79 million**, representing **99.5% of the \$63.11 million annual budget** and a 1.5% increase over Q1 FY2024. Collections remain strong, driven by high current levy compliance and timely billing.

However, the City experienced a **significant volume of tax certs** during the quarter, stemming from the recent **citywide property re-assessment**. These adjustments reduced net revenue and partially offset what would have otherwise been a favorable variance. The City has budgeted a \$250,000 allowance for tax certs (A.1000.1001.01), which is expected to be fully utilized or exceeded by year-end. Despite this pressure, the category remains fundamentally stable and is expected to meet its annual target.

Sales and Use Tax

Sales tax revenue for the first quarter totaled **\$11.21 million**, essentially flat compared to Q1 FY2024. However, the FY2025 budget reflects a **\$1.5 million increase** from the prior year, bringing the annual target to nearly \$50 million. With only **22.4% of budget realized** to date, this revenue line is underperforming relative to expectations.

The slowdown reflects broader **macroeconomic pressures**, including **tariffs, flattened consumer activity, and inflationary fatigue**, all of which have suppressed taxable sales growth. If this trend continues, the City may need to consider a midyear revenue adjustment or expense mitigation to maintain budget balance.

Payments in Lieu of Taxes (PILOTs)

PILOT revenue totaled **\$1.70 million**, compared to \$10.54 million in Q1 FY2024. The difference is primarily due to timing. The **19A PILOT**, budgeted at **\$7.7 million**, was received on **April 9th**, just after the quarter's close, and will be reflected in Q2 results.

Overall, only **8.8% of the \$19.39 million PILOT budget** has been realized, but additional installments are scheduled throughout the fiscal year. No material non-compliance issues have been identified among PILOT-paying entities.

Intergovernmental Revenue

Intergovernmental revenue totaled **\$622,000**, a sharp decline from **\$5.0 million in Q1 FY2024**. However, **\$4.6 million of the prior-year total was related to ARPA**, which concluded in late FY2024. Excluding ARPA, current-year performance is broadly consistent with historical pacing.

Charges for Services

Charges for services generated **\$3.39 million**, representing **28.1% of the \$12.09 million budget** and a 13.9% decline from Q1 FY2024. This decrease is due to revenue timing and variability across departments.

The strongest performer was the **City Landfill**, which generated **\$824,000**, up from \$784,000 in Q1 FY2024. This increase is attributed to **higher governmental usage across the Capital Region**. Other fee-based programs (e.g., public works, facilities) are tracking closer to historical averages, with several expected to accelerate later in the year.

Fines, Interest, and Penalties

Revenue in this category totaled **\$2.22 million**, an increase of **114.5%** from Q1 FY2024. The **school speed zone camera program** accounted for **\$791,000** of Q1 receipts. While this reflects continued rollout success, it remains well below the **\$6.4 million full-year budget**, and revenue shortfalls are possible if enforcement volume or collections do not increase.

Parking fines contributed **\$916,000**, while traffic-related citations and red light fines totaled approximately **\$119,000**. Ancillary items, including surcharges and boot fees, rounded out the balance. The City will continue monitoring camera and citation-based revenues to assess budget risk.

Use of Money and Property

Revenue from interest earnings and property use totaled **\$317,000**, or **15.2% of the \$2.09 million budget**, representing a **47.4% decline from Q1 FY2024**. The primary cause is the **drawdown of ARPA balances**, which reduced available cash for investment. Lower fund liquidity has constrained earnings despite competitive short-term interest rates. Some budgeted categories also showed limited activity. Notably, **insurance recoveries** posted **\$6,000 revenue** against a **\$250,000 budget**, reflecting a lack of qualifying claims during the quarter.

Rental and lease-based subcategories—such as **cell tower income**—are performing steadily but are not sufficient to offset the decline in investable balances. Unless fund surpluses increase or timing shifts occur, this category may remain below budget.

Licenses and Permits

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Licenses and permits generated **\$1.26 million** in Q1, or **22.5% of the \$5.58 million budget**, and posted a **124.2% year-over-year increase**. Performance was driven by elevated activity in:

- Safety inspections
- Plumbing and electrical permitting
- Vacant property and commercial license renewals

This revenue reflects improved code enforcement and a stronger development pipeline. Seasonal trends will affect pacing, but the category is expected to meet or exceed its budget by year-end.

Other Revenues

Other revenues totaled **\$1.19 million**, or **28.1% of the \$4.24 million budget**, and rose **187.1%** over Q1 FY2024. Key contributors included **refunds of prior-year expenses** and **event-based revenues** such as Tulip Fest, Alive at Five, and Jazz Fest.

Conclusion and Outlook

As of Q1 close, the City of Albany has collected **38.2% of its FY2025 General Fund revenue budget**, compared to 42.9% in Q1 FY2024. The variance is explained by **sales tax softness**, **PILOT timing**, and the absence of **ARPA**, which accounted for a substantial portion of last year's early receipts.

Core categories—**real property taxes, landfill, licenses, and fines**—are all performing well. However, the City should closely monitor **sales tax, camera enforcement**, and **intergovernmental receipts**, which may impact full-year revenue realization if trends persist. Midyear projections will be revisited upon Q2 close to assess any necessary adjustments.

Barring major economic disruption, the City remains in a position to meet revenue targets through consistent collections, careful monitoring, and strategic revenue diversification.

EXPENDITURES	Q1 2025	Q1 2024	\$O/(U)	O/(U)%	2025 Budget	% of Budget
Personal benefits	24,510	23,217	1,293	5.6%	106,661	23.0%
Fringe benefits	14,111	13,150	961	7.3%	61,569	22.9%
Non-personal services	18,248	14,546	3,702	25.5%	54,572	33.4%
<i>Total expenditures</i>	56,870	50,913	5,956	11.7%	222,803	25.5%

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Expenditure Summary

As of March 31, 2025, the City of Albany's General Fund expenditures totaled **\$56.87 million**, or **25.5% of the \$222.8 million amended budget**. This represents an **11.7% increase** over Q1 FY2024 expenditures of \$50.91 million.

The increase is primarily attributable to:

- Growth in **fringe benefit costs**, including **higher employer pension contributions**
- Increased **non-personal service expenditures**, particularly **interest on bond anticipation notes (BANs)**
- **Scheduled debt service payments** concentrated in Q1

Spending remains within budgeted appropriations and follows expected seasonal trends.

Personal Services

Expenditures for personal benefits (wages and salaries) totaled **\$24.51 million**, or **23.0% of the \$106.66 million budget**, reflecting a **5.6% increase** over Q1 FY2024. This increase is consistent with collective bargaining agreements, salary step increases, and partial restoration of previously vacant positions.

Fringe Benefits

Fringe benefit costs totaled **\$14.11 million**, or **22.9% of the \$61.57 million budget**, and rose **7.3%** from the prior year. The increase is driven largely by **higher employer contributions to the New York State Retirement Systems** and **rising health insurance premiums**. The City continues to remit pension obligations early in the calendar year, concentrating fringe costs in Q1.

Non-Personal Services

Non-personal service expenditures totaled **\$18.25 million**, representing **33.4% of the \$54.57 million budget**, and increased **25.5%** from Q1 FY2024.

The increase is largely attributed to **interest payments on the City's short-term Bond Anticipation Note (BAN)** which was scheduled for Q1 disbursement.

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While elevated, these costs were budgeted and reflect standard timing of procurement and financing activity. Expenditure pacing is expected to moderate in subsequent quarters.

Conclusion and Outlook

As of Q1 close, General Fund expenditures are progressing in line with budgeted expectations. The **\$5.96 million increase year-over-year** is due to **anticipated timing of fringe obligations, BAN interest, and contractual disbursements**, not unexpected overages.

The City will continue monitoring benefits, interfund activity, and departmental spending through Q2. At present, all major expenditure categories remain on track to meet FY2025 appropriations.

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OVERTIME REPORT FOR THE CITY OF ALBANY GENERAL FUND BY DEPARTMENT

NON-REIMBURSABLE	Q1 2025	Q1 2024	\$O/(U)	O/(U)%	2025 Budget	% of Budget
Police	2,186,913	1,814,056	372,857	20.6%	8,315,000	26.3%
Fire	394,156	363,372	30,784	8.5%	1,775,000	22.2%
Communications	180,907	130,815	50,092	38.3%	640,000	28.3%
Parks Maintenance	142,895	128,415	14,480	11.3%	500,000	28.6%
Waste Collection	130,494	117,832	12,662	10.7%	400,000	32.6%
Landfill	48,214	38,692	9,522	24.6%	175,000	27.6%
Central Maintenance	16,935	19,331	-2,396	-12.4%	75,000	22.6%
Street Maintenance	145,617	105,032	40,585	38.6%	400,000	36.4%
Recreation	1,131	1,505	-374	-24.9%	4,000	28.3%
Recreation Programs	89	244	-154	-63.3%	4,000	2.2%
Aquatics	17	0	17	-	3,000	0.6%
Bleeker/Facility Operations	1,547	1,994	-446	-22.4%	10,000	15.5%
Traffic Engineering	14,118	14,684	-566	-3.9%	100,000	14.1%
Capital Hills	9,419	15,720	-6,301	-40.1%	100,000	9.4%
Fleet Maintenance	32,128	18,425	13,704	74.4%	60,000	53.5%
Buildings	39,103	34,564	4,538	13.1%	100,000	39.1%
Personnel	0	0	0	-	2,000	0.0%
Engineering	11,004	15,069	-4,065	-	15,000	73.4%
DGS Administration	410	6,535	-6,125	-93.7%	20,000	2.1%
Control of Animals	5,165	3,576	1,588	44.4%	20,000	25.8%
Cultural Affairs	0	24	-24	-100.0%	6,000	0.0%
Legal	0	112	-112	-100.0%	0	-
Total overtime	3,360,263	2,829,998	530,265	18.7%	12,724,000	26.4%

REIMBURSABLE	Q1 2025	Q1 2024	\$O/(U)	O/(U)%	2025 Budget	% of Budget
Police	228,948	177,794	51,154	28.8%	890,000	25.7%
*Water Department	202,380	122,942	79,438	64.6%	468,000	43.2%
Total overtime	3,791,591	3,130,734	660,858	21.1%	14,082,000	26.9%

Overtime Expenditures

As of March 31, 2025, total General Fund overtime expenditures totaled **\$3.79 million**, or **26.9% of the \$14.08 million annual budget**, reflecting a **21.1% increase** compared to Q1 FY2024.

Police Department

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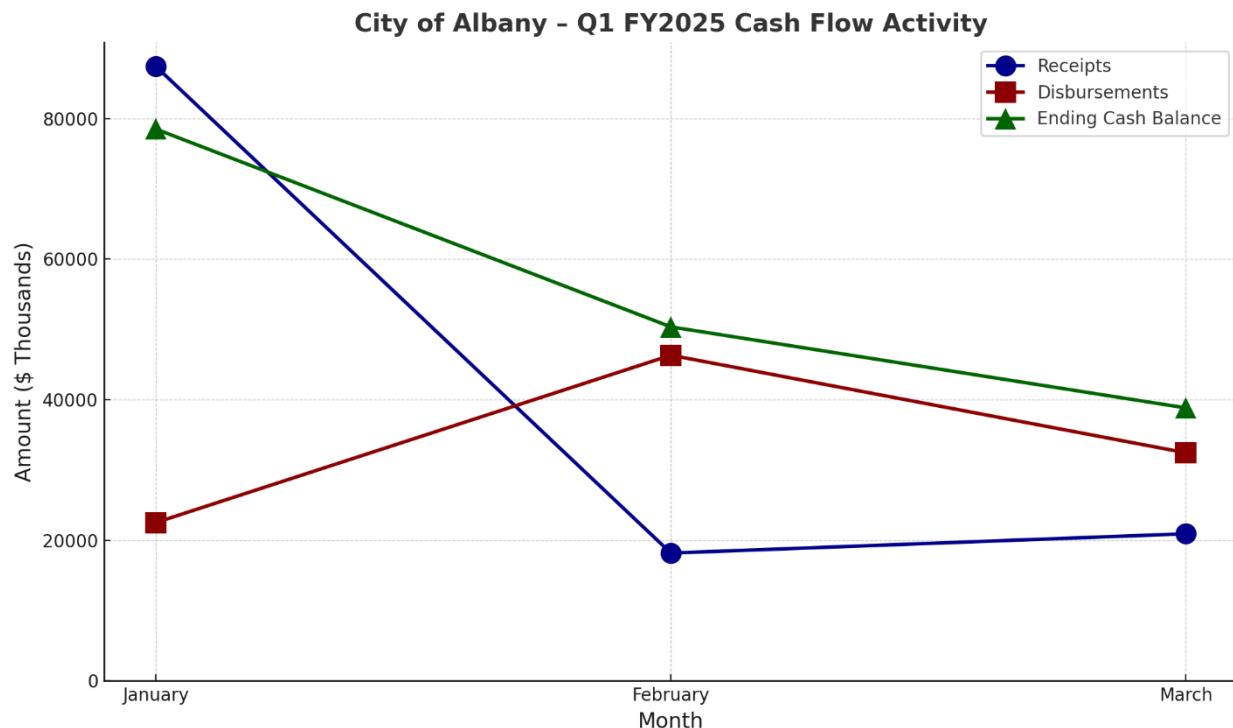
Police overtime totaled **\$2.19 million**, or **26.3% of the department's \$8.32 million overtime budget**, representing a **\$373K (+20.6%) increase** over the prior year. This growth continues to be driven primarily by **staffing shortages and required backfill**. Reimbursable police overtime added another **\$229K**, supported by external grant and event funding.

Fire Department

Fire overtime totaled **\$394K**, or **22.2% of the department's \$1.78 million overtime budget**, an **8.5% increase** compared to Q1 FY2024. The increase reflects **mandatory minimum staffing coverage, leave backfill, and training-related overtime**, which are typical of early-year operational activity.

Other Departments

All other departments combined accounted for **\$986K in overtime** during Q1. Notable contributors included **Communications, Street and Fleet Maintenance, Parks, and Waste Collection**, with drivers including **emergency response, winter operations, and infrastructure support**. These expenditures remain within expected ranges but will continue to be monitored for sustainability.



Q1 FY2025 Cash Flow Narrative

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City of Albany – General Fund

As of March 31, 2025, the City of Albany's General Fund reported an ending cash balance of **\$38.8 million**, following a typical first-quarter cash flow pattern. The cash position peaked at **\$78.5 million** in January and declined steadily through March, driven by scheduled disbursements and timing of receipts. While this progression is **consistent with historical performance**, the absence of federal relief funds and volatility in receipt timing requires **stricter cash management practices** moving forward.