Office of the Treasurer

- City of Albany, New York -

Interim Financial Report

3rd Quarter – FY 2025

CITY OF ALBANY, NEW YORK
OFFICE OF THE TREASURER - INTERIM FINANCIAL REPORT
3rd QUARTER – FY 2025

Date: November 24th, 2025

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

From: Hon. Darius Shahinfar

CC: Gideon Grande

Re: 3rd Quarter 2025 Interim Financial Report

SYNOPSIS

Revenues through Q3 of FY 2025 are underperforming compared to budget, while expenditures are trending higher across multiple categories. Total revenues of $157.7M are down $16.2M, or 9.3%, from FY 2024 to date and are tracking at just over 70% of the annual budget. Economically driven revenues—mainly sales and other taxes—are underperforming budgetary predictions. Core taxes are mixed: property taxes are on target, while PILOTs, despite $7.7M received in October, will finish below budget. Locally managed revenues remain stable but insufficient to offset these declines, except for school zone fines, which are projected at just over $3M, or approximately $2.6M under budget.

On the expenditure side, personnel and fringe benefits continue to pressure the budget. Health insurance, retirement contributions, and overtime are running above prior-year levels. Non-personal services are projected to end the year near full appropriation, leaving minimal flexibility in the fourth quarter. Although certain costs are reimbursable (tree services, demolitions), receivable timing lags will constrain cash.

As the City enters the fourth quarter, cash on hand is approximately $7.45M dollars, indicating heightened liquidity risk. Reductions in discretionary and non-essential spending are necessary, and the allocation of debt reserve is being evaluated to offset revenue shortfalls and preserve cash for payroll and accounts payable.

The performance of revenues in FY 2024 and FY 2025 indicates that FY 2026 revenues will also likely fall short of expectations. Absent an increase in revenues or decrease in expenditures in 2026, the Treasurer's Office projects a gap between revenues and expenditures that would have to be filled with fund balances, expense reductions or increases in revenues.

Cash flow is, as always, monitored closely through year-end to assess the need for corrective actions to maintain operations and liquidity heading into FY 2026, and the administration has already taken measures to do so.

Management's Discussion & Analysis of City Revenues

- CITY OF ALBANY, NEW YORK -

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

REVENUES	**Q3 2025**	**Q3 2024**	**$O/(U)**	**O/(U)%**	**2025 Budget**	**% of Budget**
Real property taxes	62,447	61,705	742	1.2%	62,731	99.5%
Sales and use taxes	35,375	34,820	556	1.6%	49,973	70.8%
Other taxes	2,922	2,799	123	4.4%	6,376	45.8%
Payments in lieu of taxes	9,713	18,625	(8,913)	(47.9%)	19,393	50.1%
Intergovernmental revenue	24,889	36,304	(11,415)	(31.4%)	48,370	51.5%
Charges for services	10,074	10,483	(409)	(3.9%)	14,186	71.0%
Fines, interest and penalties	7,201	4,383	2,818	64.3%	12,317	58.5%
Use of money and properties	667	1,256	(589)	(46.9%)	1,332	50.1%
Licenses and permits	2,695	2,272	423	18.6%	3,480	77.4%
Other revenues	1,530	1,078	452	41.9%	5,032	30.4%
Total revenues	157,512	173,724	(16,213)	(9.3%)	223,190	70.6%

Evaluation of Core Tax Revenue

Core Tax Revenues consist of property taxes and payments in lieu of taxes (PILOTs). These are the City's most stable and predictable revenue sources, forming the foundation of long-term fiscal planning. They fund essential public services such as public safety, sanitation, and employee compensation and serve as the primary means of supporting recurring operational costs.

Unlike other revenue categories, Core Tax Revenues are largely insulated from fluctuations in economic conditions and consumer behavior. They are governed primarily by local levy decisions, statutory limits on levy growth, and the terms of existing PILOT agreements.

Real Property Taxes

Real property taxes remain the City's most stable and predictable source of revenue, forming the foundation of its annual operating budget. The levy is established each year through the budget process in accordance with New York State Real Property Tax Law and reflects the amount authorized to be raised through taxation on assessed property values. Because property tax revenue is driven primarily by assessed valuations, collection rates, and levy decisions rather than market volatility, it provides a steady base for funding essential municipal services and long-term obligations.

Payments in Lieu of Taxes (PILOTs)

Payments in Lieu of Taxes (PILOTs) provide a consistent and contractually defined revenue stream from tax-exempt properties that benefit from economic development or institutional agreements. These payments compensate the City for municipal services provided to entities that do not pay traditional property taxes, including state facilities, housing authorities, and projects administered through local development corporations.

The State of New York's annual 19-A payment, made under Real Property Tax Law §19-A for state-owned properties within the City, constitutes the majority of this revenue stream. PILOT revenues are governed by long-term agreements and remain stable from year to year, offering predictability within the City's overall revenue structure.

Core Tax Revenues account for approximately 37% of the City's total revenue budget:
• Property Tax Levy – 28%
• NYS 19-A PILOT – 7%
• Other PILOTs – 2%

Property tax revenue is $284K below budget, primarily due to an increased amount of tax-certiorari settlements via the State Supreme Court as a result of the recent reassessment. This has exceeded the budgeted expectation for tax-certs by over $284K, in part due to the inability of the State to timely process all of the Assessment appeals from 2024.

The second installment of 19-A from NYS was billed on October 1st, a timing difference from last year. That payment would bring PILOT revenues on the year to approximately $17.4M, which is almost $2M less than what was budgeted.

Core Tax Revenue

Line-Item	Actuals	Budget	% Realized	EoY Projection	Over/(Under)
Property Taxes	62,981	62,981	100%	62,981	-
Allowance for Tax Certs.	(534)	(250)	214%	(550)	(300)
PILOTs	9,713	19,393	50%	17,421	(1,972)
Total	**72,283**	**82,124**	**88%**	**79,952**	**(2,272)**

Evaluation of Economically-Driven Revenue

Economically Driven Revenues are those tied to external economic conditions. They include sales tax, indirect state aid, and other taxes such as utility, franchise, mortgage, and related excise taxes. These sources are highly sensitive to interest rates, inflation, real-estate activity, and consumer spending. The City has limited to no control over the amounts collected, as these revenues are governed by state law, market behavior, and regional trends.

Sales and Use Taxes

Sales and use tax revenue represent one of the City's largest and most economically sensitive funding sources. The State of New York collects a total sales tax rate of 8% within Albany County—of which 4% is retained by the State and 4% is distributed locally. Of the local portion, Albany County retains 60% and distributes the remaining 40% among municipalities based on population. The City's share, equal to just under one-seventh of total countywide receipts, fluctuates with consumer spending, inflation, and overall economic activity. Because it is driven by factors largely outside the City's control, sales tax revenue provides strong growth potential during expansionary periods but requires conservative budgeting to mitigate risk during economic downturns.

Other Taxes

Other taxes include all locally imposed taxes not classified elsewhere, such as the utilities gross receipts tax, franchise tax, mortgage recording tax, and smaller excise taxes including off-track betting (OTB) and cannabis excise distributions. These revenues provide supplemental funding for general operations but are sensitive to broader economic and regulatory conditions. Utility and franchise taxes fluctuate with energy consumption, service rates, and subscription trends; mortgage recording tax revenue reflects real-estate activity and interest-rate changes; and excise revenues like OTB and cannabis depend on consumer participation and market maturity. While modest in proportion to total revenue, these sources contribute important flexibility to the City's general fund and diversify the revenue base beyond property and sales taxes.

Economically Driven Revenues comprise approximately 40% of the City's total revenue budget:
• Sales Tax – 22%
• Indirect State Aid (AIM, TMA, Capital City Funding) – 15%
• Other Taxes (Utilities, Franchises, Mortgages, etc.) – 3%

Sales Tax

Quarter	Actuals	Budget	% Realized	Over/(Under)
1st Quarter	11,206	12,493	90%	(1,287)
2nd Quarter	11,951	12,493	96%	(542)
3rd Quarter	12,218	12,493	98%	(275)
4th Quarter (Receiving 1/26)	-	*12,494*	-	-
Total	**35,375**	**49,973**	**70.8%**	**(2,104)**

Indirect State Aid

Line-Item	Actuals	Budget	% Realized	EoY Projection	Over/(Under)
Capital City Funding	20,000	20,000	100%	20,000	-
AIM	1,097	12,608	9%	12,608	-
TMA	1,464	1,464	100%	1,464	-
Total	**22,561**	**34,072**	**63%**	**34,072**	**-**

Other Taxes

Line-Item	Actuals	Budget	% Realized	EoY Projection	Over/(Under)
Utilities gross receipts tax	1,301	2,300	57%	1,900	(400)
Franchise tax	440	1,150	38%	880	(270)
Mortgage tax	940	2,200	43%	1,880	(400)
Cannabis excise tax	173	575	30%	400	(175)
OTB receipts	66	150	44%	100	(50)
Total	**2,920**	**6,375**	**46%**	**5,160**	**(1,295)**

For economically-driven revenues, the city is on pace to finish the year $3.4M under budget. Sales Tax is projected to finish between $47.5M - $48M, which will account for the majority of the deficit. Cannabis excise tax experienced considerable growth in its first several years of implementation, but that looks to be stabilizing with a realistic expectation of $400K. our 2nd quarter revenues were in line with last year, in which revenues totaled $375K for the year.

Evaluation of Locally Managed Revenue

Locally Managed Revenues encompass all sources of income generated directly through City operations, administrative policies, departmental services, and intergovernmental agreements. These revenues are collected across nearly every department and include enforcement-related fines, service charges, licenses and permits, investment earnings, reimbursements, and interfund transfers.

Most locally managed revenues are designed to recover costs rather than generate surpluses. Their primary purpose is to offset expenses and reduce reliance on general-fund tax revenues. For example, demolition fees help recover abatement and cleanup costs; licenses and permits support code enforcement and inspection activities; and the solid-waste collection fee recovers the cost of trash and recycling services.

While these revenues may fluctuate with operational capacity, enforcement activity, or collection efficiency, the City maintains greater control over rate-setting, policy implementation, and administrative practices than it does with economically driven revenues.

Locally Managed Revenues, which account for approximately 23% of the City's total revenue budget, include the following primary sub-categories:

- Fines, Interest, and Penalties
- Charges for Services
- Direct Intergovernmental Aid
- Licenses and Permits
- Use of Money and Properties
- Other Revenues

Charges for Services

Charges for services revenue is generated through departmental operations that recover the cost of specific municipal programs and activities. Major sources include the annual Waste Collection Fee and landfill operations. Additional revenues include emergency medical service (EMS) billing through the Fire Department, police billing for special event coverage, recreation and golf course fees, and administrative charges for services provided across departments or to external partners. These revenues are primarily cost-recovery in nature, offsetting the direct expenses of delivering municipal programs and reducing reliance on property tax support.

Charges for services account for the largest share of locally managed revenues, totaling $10.1M through the third quarter—nearly flat compared to FY 2024 but approximately $4.1M below budget. The primary driver of this variance is a reduction in DGS fees, which declined by more than $400K from the prior year due to the practice of rolling uncollected invoices to the property tax roll rather than recognizing them as current-year revenue. This approach improves long-term collection reliability but reduces near-term revenue performance.

Landfill revenue is also down $1.7M from budget as the City continues its deliberate effort to extend the operational life of the landfill by limiting disposal volumes. This reduction is consistent with the City's long-term sustainability goals but has created a short-term revenue impact. Smaller declines were also noted in public works billings and rental registry fees, both trailing historical averages.

Offsetting these shortfalls are moderate gains in electric vehicle charger fees, sprinkler program fees, and planning revenues, each performing slightly above budget. However, the overall category is expected to close the year below target, underscoring the sensitivity of cost-recovery operations to billing policy, enforcement capacity, and operational timing.

Fines, Interest, and Penalties

Fines, interest, and penalties are generated through the City's enforcement programs and delinquency charges across multiple departments. The largest components are traffic-related violations—such as school speed zone cameras, red light camera citations, and parking infractions—administered through City enforcement and adjudication processes. Additional revenues include building code enforcement fines issued by the Department of Buildings and Regulatory Compliance, as well as interest and penalties assessed on delinquent property tax payments. Together, these sources provide a consistent, locally controlled revenue stream that promotes compliance, offsets administrative costs, and supports the City's general operations.

Fines and penalties totaled $7.2M through the third quarter, an increase of $2.8M, or 64%, compared to FY 2024. Despite the improvement, the category remains well below the $12.3M budget. Parking and traffic enforcement programs continue to represent the largest share of this revenue stream. School speed zone camera revenues are projected to finish slightly above $3M, nearly $2.6M below budget, due to budgeting assumptions and a reduction in infractions and thus tickets. Parking violation fines and surcharges also remain below budget for now, but are expected to see a meaningful increase above budgeted expectations by year end, while interest and penalties on delinquent property taxes continue to outperform expectations.

Overall, enforcement-related revenues are inherently variable and sensitive to adjudication cycles, staffing, and compliance behavior. The underperformance relative to budget highlights the need for conservative forecasting and continued monitoring of fine-based revenues.

Licenses and Permits

Licenses and permits revenue is primarily generated through the City's Building and Regulatory Compliance Department and the Office of the City Clerk. The majority of collections come from building permits, inspection fees, and other code-related approvals associated with construction, renovation, and property maintenance activities. The Clerk's Office contributes additional revenue through the issuance of marriage and dog licenses, among other civic permits. These revenues fluctuate with development activity and enforcement volume but remain a steady and locally administered funding source that supports regulatory and administrative operations.

Licenses and permits totaled $2.7M through the third quarter, up from $2.3M in FY 2024 but roughly $785K below budget. Growth was driven by increased activity in the Department of Buildings and Regulatory Compliance, where codes licenses and permits exceeded the prior year by nearly $400K. Clerk-issued permits remain consistent with historical levels. Despite these gains, total collections remain below target due to slower-than-anticipated construction and permitting activity citywide.

Use of Money and Properties

Use of money and property revenues primarily reflect interest earnings on the City's cash and investment balances, along with smaller amounts from leases, rentals, and other property-related income. Interest income is driven by the City's cash position and prevailing market rates and is managed under a conservative investment policy that emphasizes security, liquidity, and compliance with New York State General Municipal Law §11. The City invests surplus cash in approved instruments such as the New York Cooperative Liquid Assets Securities System (NYCLASS) and maintains operating balances sufficient to meet daily obligations. Actual earnings fluctuate with interest rate trends, available cash reserves, and reimbursement timing for grant-funded or intergovernmental programs, making this category moderately sensitive to external financial conditions.

Revenues from interest and property use totaled $667K through the third quarter, down $589K, or 47% from FY 2024. The decline in interest income is directly tied to the spending down of American Rescue Plan Act (ARPA) funds and the resulting decline in the City's average daily cash balances throughout FY 2025. As ARPA resources are depleted and liquidity declines, the City's capacity to generate interest earnings correspondingly diminishes. Rental and lease income also softened modestly due to fewer active agreements and deferred renewals.

State and Federal Program Reimbursements

Intergovernmental revenues include both state and federal aid provided to support the City's operations and specific program initiatives. Indirect State Aid—comprising Aid and Incentives for Municipalities (AIM), Temporary Municipal Assistance (TMA), and Capital City Funding—represents a major recurring component of the City's budget and provides general fiscal support determined annually by the New York State Legislature. These funds are distributed later in the fiscal year, requiring careful cash-flow management.

Direct Intergovernmental Revenues, by contrast, are reimbursement-based awards or claims tied to specific programs, typically from federal or county sources. Examples include FEMA's Staffing for Adequate Fire and Emergency Response (SAFER) Grant, American Forestry Grants for the Department of General Services, Gun Involved Violence Elimination (GIVE) Grants for the Police Department, and federally funded programs such as the American Rescue Plan Act (ARPA). While these revenues fluctuate with grant cycles and project activity, they play a vital role in supporting public safety, public works, and community development initiatives across City operations.

Indirect state and federal reimbursements have slowed considerably through the third quarter, driven by both the conclusion of ARPA-funded projects and delays in federal grant processing associated with the federal government shutdown. The reduction in reimbursable grant activity, combined with delayed cash receipts from federal and state partners, has placed additional pressure on near-term liquidity. These timing disruptions are expected to continue into early FY 2026 unless federal operations and reimbursement schedules normalize.

Other Revenues

Other revenues include prior-year refunded expenditures, insurance and other recoveries, special event income, and interfund transfers. These items are generally nonrecurring and budgeted conservatively due to their dependence on one-time or program-specific circumstances. A portion of this category consists of transfers from the City's Debt Reserve Fund, where restricted balances are periodically allocated to offset current-year principal and interest costs. Such transfers provide temporary relief to the General Fund while maintaining compliance with debt-service and financial management policies.

Summary and Outlook

Locally managed revenues are projected to close the fiscal year below budget. While several operational departments have improved cost recovery, the combination of declining cash balances, reduced investment income, and reimbursement delays continues to constrain the City's fiscal flexibility heading into FY 2026. These results emphasize the need for conservative revenue projections, timely billing, and improved intergovernmental reimbursement coordination to stabilize the City's locally managed revenue base.

Management's Discussion & Analysis of City Expenditures

EXPENDITURES	**Q3 2025**	**Q3 2024**	**$O/(U)**	**O/(U)%**	**2025 Budget**	**% of Budget**
Personal benefits	77,517	72,996	4,521	6.2%	106,030	73.1%
Fringe benefits	38,123	34,354	3,769	11.0%	61,576	61.9%
Non-personal services	28,216	26,576	1,640	6.2%	38,597	73.1%
Debt service	14,414	14,909	(495)	(3.3%)	16,987	84.9%
Total expenditures	158,271	148,836	9,435	6.3%	223,190	70.9%

Personal Benefits

Employee compensation appears to be on pace to finish around the budgeted amount of $106M, which is almost half (47%) of the General Fund's operating budget. Vacancy savings are offsetting a large portion of overtime expenditures, but there is a notable increase in OT as compared to FY 2024, particularly in APD.

Fringe Benefits

Fringe Benefits

Quarter	**Q3 - 2025**	**Q3 - 2024**	**$O/(U)**	**O/(U)%**
Social Security	5,791	5,446	344	6.3%
Retirement	4,981	4,156	825	19.9%
Compensation & Disability	2,806	3,066	(260)	(8.5%)
Health Insurance	23,602	20,847	2,755	13.2%
Medicare Refunds	800	689	111	16.1%
State Unemployment Insurance	129	140	(11)	(8.0%)
Other	14	10	4	40%
Total	**38,123**	**34,354**	**3,769**	**11%**

Fringe benefit costs through the third quarter of FY 2025 total $38.1M, an increase of roughly $3.8M or 11% as compared to the same period in FY 2024. The largest drivers of this growth are health insurance and retirement contributions, which rose by 13.2% and 19.9%, respectively. Health insurance costs continue to climb due to premium increases and higher enrollment, while retirement expenditures reflect higher employer contribution rates under the New York State Retirement System. Social Security costs also grew moderately in line with payroll growth. Offsetting these increases were declines in workers' compensation and state unemployment insurance, both trending slightly below prior year levels. Overall, fringe benefits remain on track with budgeted expectations but continue to exert upward pressure on total personnel costs heading into the final quarter of FY 2025.

Non-Personal Services

Non-personal service expenditures in FY 2024 closed the year at 80.2% of the amended budget, reflecting conservative spending patterns and delayed project timing. Through the third quarter of FY 2025, these costs are trending higher and are expected to finish much closer to budget than the prior year. As of September 30, 2025, only $10M in unexpended appropriations remain. While part of this increase is attributable to reimbursable activity such as tree services and demolitions, the timing of corresponding reimbursements is expected to create short-term cash flow challenges during the fourth quarter and into FY 2026, particularly within the demolition program where receivable collections typically lag expenditures.

Management's Discussion & Analysis of Overtime Expenditures

- CITY OF ALBANY, NEW YORK -
OVERTIME REPORT FOR THE CITY OF ALBANY GENERAL FUND BY DEPARTMENT

NON-REIMBURSABLE	Q3 2025	Q3 2024	$O/(U)	O/(U)%	2025 Budget	% of Budget
Police	8,129,236	6,883,819	1,245,417	18.1%	8,269,230	98.3%
Fire	1,442,225	1,252,004	190,221	15.2%	1,775,000	81.3%
Communications	652,549	456,984	195,566	42.8%	640,000	102.0%
Parks Maintenance	464,668	499,785	(35,117)	(7.0%)	500,000	92.9%
Waste Collection	416,265	426,341	(10,076)	(2.4%)	400,000	104.1%
Landfill	115,986	145,642	(29,656)	(20.4%)	175,000	66.3%
Central Maintenance	36,227	56,186	(19,959)	(35.5%)	75,000	48.3%
Street Maintenance	402,496	381,303	21,194	5.6%	400,000	100.6%
Recreation	5,761	3,971	1,790	45.1%	4,000	144.0%
Recreation Programs	986	4,730	(3,744)	(79.2%)	24,000	4.1%
Aquatics	6,586	5,218	1,367	26.2%	3,000	219.5%
Bleeker/Facility Operations	12,095	17,427	(5,331)	(30.6%)	10,000	121.0%
Traffic Engineering	34,449	93,868	(59,418)	(63.3%)	100,000	34.4%
Capital Hills	23,473	80,308	(56,835)	(70.8%)	100,000	23.5%
Fleet Maintenance	91,673	74,402	17,271	23.2%	60,000	152.8%
Buildings	134,273	131,632	2,642	2.0%	100,000	134.3%
Personnel	0	185	(185)	(100.0%)	2,000	0.0%
Engineering	24,810	12,338	12,473	101.1%	15,000	165.4%
DGS Administration	410	20,296	(19,886)	(98.0%)	1,000	41.0%
Control of Animals	21,398	11,067	10,330	93.3%	20,000	107.0%
Cultural Affairs	767	4,901	(4,134)	(84.3%)	6,000	12.8%
Legal	88	413	(325)	(78.8%)	0	-
Non-Reimbursable OT	12,016,422	10,562,820	1,453,602	13.8%	12,679,230	94.8%

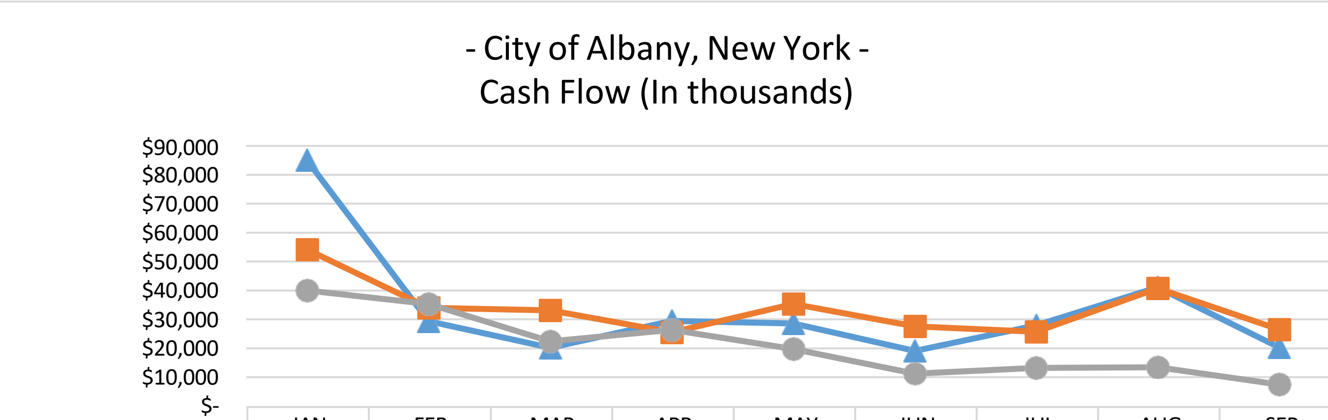
REIMBURSABLE	Q3 2025	Q3 2024	$O/(U)	O/(U)%	2025 Budget	% of Budget
*Police	663,872	762,113	(98,240)	(12.9%)	831,674	79.8%
**Water Department	507,779	375,730	132,049	35.1%	468,000	108.5%
Total overtime	13,188,074	11,700,663	1,487,411	12.7%	13,978,904	94.3%

Overtime costs across the General Fund continue to trend upward in 2025, with total spending through the third quarter reaching approximately $13.2M compared to $11.7M in 2024, an increase of $1.5M, or 12.7%. Non-reimbursable overtime totaled $12M, up 13.8% from the prior year, while reimbursable overtime declined slightly, down 12.9% for police but offset by higher water department costs.

Police overtime remains the primary cost driver, rising 18.1% year-over-year and reaching 98.3% of its annual budget by the end of the third quarter. Fire overtime also increased 15.2% but remains within budgeted expectations at 81.3% of appropriation. Other notable variances include elevated overtime in communications, fleet maintenance, engineering, and buildings, each exceeding 100%of their annual budgets, while divisions such as landfill, traffic engineering, and capital hills remain well below prior-year levels.

Overall, third-quarter trends suggest total overtime spending will likely exceed budget by year-end unless offset by reimbursement or cost containment measures in the fourth quarter. The concentration of growth in police and public safety divisions underscores the continued operational and staffing pressures within those departments, with secondary impacts in support divisions such as fleet and building maintenance.

Management's Discussion & Analysis of Cash Flow



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Receipts	$85,036	$29,332	$20,178	$29,465	$28,621	$19,092	$27,885	$41,039	$20,279
Disbursements	$54,143	$33,994	$33,082	$25,517	$35,297	$27,538	$25,706	$40,772	$26,523
Cash on Hand	$39,993	$35,331	$22,427	$26,375	$19,699	$11,253	$13,165	$13,432	$7,455

The City's cash flow position through September 2025 reflects a significant and worsening liquidity concern. While the seasonal pattern of large January receipts and mid-year declines is typical, the overall trend in 2025 shows both lower-than-expected revenues and higher sustained disbursements. As a result, cash on hand has fallen sharply to just over $7.4M by the end of the third quarter.

With the projected loss in revenues, combined with rising expenditures — including reimbursable activity with long collection cycles — the City faces a high risk of cash shortfalls entering the fourth quarter. It is imperative that the City take any and all actions to reduce discretionary and non-essential spending immediately. This includes evaluating the allocation of additional debt reserve funds to offset upcoming debt service payments and preserve sufficient cash to meet payroll and accounts payable obligations. Cash flow will continue to be closely monitored throughout the remainder of the year to assess the feasibility and timing of a potential Revenue Anticipation Note (RAN) issuance, should cash reserves deteriorate further.