
OFFICE OF THE ALBANY CITY TREASURER

DATE: September 4, 2019

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

FROM: Hon. Darius Shahinfar

CC: Rachel McEneny, Mike Wheeler

RE: 2nd quarter 2019 Performance

The following is a summary of the unaudited results for the 2nd Quarter 2019. Overall, fiscal performance was stable and within budgetary expectations for 2019, with the exception of expenditures related to the overtime.

Revenue in the second quarter of 2019 totaled almost \$117.0 million which was an increase of 13% or almost \$13.8M from last year at this time (most of this increase is related to billing NYS \$12.0M for the Capital City Funding money in June compared to July last year). Expenses totaled slightly more than \$88.3M which was an increase of 4.9% or (\$4.1M) compared to the second quarter of 2018.

REVENUE (Thousands)

	JUNE	JUNE		%	JUNE	Annual		%
REVENUE	YTD 19	YTD 18	Variance		YTD 19	Budget	Variance	Budget
PROPERTY TAX	58,516	58,312	204	0%	58,516	58,250	266	100%
SALES/USE TAX	17,905	17,477	428	2%	17,905	34,594	(16,689)	52%
PILOTS/19-a	11,904	11,669	235	2%	11,904	19,675	(7,771)	61%
OTHER LOCAL SOURCES	896	944	(48)	-5%	896	3,092	(2,196)	29%
LANDFILL	3,926	2,756	1,170	42%	3,926	6,030	(2,104)	65%
OTHER DEPARTMENTS	4,104	3,128	976	31%	4,104	6,948	(2,844)	59%
INTER GOVERNMENT	414	232	182	78%	414	532	(118)	78%
FINES	2,315	2,663	(348)	-13%	2,315	5,346	(3,031)	43%
LICENSES AND PERMITS	1,948	2,027	(79)	-4%	1,948	3,665	(1,717)	53%
STATE AID	12,361	7	12,354	176486%	12,361	29,377	(17,016)	42%
SALE P/COMP/LOSS	1,019	104	915	880%	1,019	359	660	284%
MISCELLANEOUS	1,647	3,845	(2,198)	-57%	1,647	8,647	(7,000)	19%
OTHER	31	33	(2)	-6%	31	1,291	(1,260)	2%
TOTAL REVENUE	116,986	103,197	13,789	13%	116,986	177,806	(60,820)	66%

The chart above summarizes the City's sources of revenue through June 30, 2019.

1. **Property Tax revenue** increased by \$204K from last year and is over budget at the end of the first quarter as a result of paying a small number of assessment reductions by the end of the quarter.
2. **Sales Tax revenue** the second quarter sales tax revenue was higher than last year, totaled almost \$18.0M and is exceeding budget at 52% for the year. This is a positive sign indicating the possibility of another over-budget year.
3. **PILOTS/19-a revenue** was higher than the same period last year. Most of the increase is due to the contracted increases in PILOT payments and earlier shelter rent payments. The largest payment was over \$7.0M for the first installment for the 19a properties billed to NYS.
4. **Other Local sources revenue** decreased from the second quarter of 2018. There was a slight decrease in Utility Gross Receipts (\$8K), OTB receipts decreased (\$15K) and penalties on property taxes decreased (\$27K).
5. **Landfill revenue** increased 42% compared to the same period last year. Tipping fees increased by almost \$754K from commercial customers and government customers and coupon sales increase by \$534K. Revenue is higher than budget for the year at 65%.
6. **Other Departmental revenue** was 31% (\$976k) higher than last year at this time. Most of the increase is the result of billing the waste collection fees which were \$1.1M more than last year. APD Event Security revenue decreased by almost \$110K.
7. **Inter-government revenue** increased by 78% (\$182K) from the same period last year. Most of the increase is related to an increase in interest rates on cash balances.
8. **Fines and Forfeitures revenue** decreased by 13% (\$348K) from last year. The decrease is due to not having the June revenue numbers by the time this report was prepared.
9. **Licenses and Permits revenue** decreased 4% (\$79K) compared to the same period last year. Safety Inspection permits revenue decreased \$78K, vacant building registries decreased \$25K, taxi medallions decreased \$26K and street opening permits decreased \$91K. While stabilization and demolition fees increased \$105K, occupational licenses increased \$17K and electrical permits increased \$21K.

10. **State aid** – Increased \$12.3M by the end of the first quarter. The increase is the result of billing the State for the Capital City Funding money due to the City. We have received \$7m, but are still waiting on \$5m. The rest of the revenue for 2019 is primarily from police court security revenue. Most of this revenue in this category is derived from state grants and various state payments. The timing of these payments varies from year to year
11. **Sales of Property and Insurance recoveries revenue** increased 880% (\$915K) compared to the same period last year. Most of the increase (\$839K) is related to the sale of the Coeymans property.
12. **Miscellaneous revenue** decreased 57% (\$2.2M) 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.
13. **Other revenue** decreased by \$2K compared to the same period last year. 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	JUNE YTD 19	JUNE YTD 18	Variance	%	Annual Budget	Variance	% Budget
Personal Benefits	38,092,241	37,110,947	981,294	2.6%	77,901,512	(39,809,271)	49%
Fringe Benefits	17,120,299	17,161,483	(41,183)	-0.2%	36,015,149	(18,894,850)	48%
Retirement including est.	6,913,839	6,701,360	212,479	3.2%	14,312,840	(7,399,001)	48%
Total Benefits	24,034,139	23,862,843	171,296	0.7%	50,327,989	(26,293,850)	48%
Non-Personal Service	26,212,259	23,230,983	2,981,276	12.8%	49,576,637	(23,364,378)	53%
Total	88,338,638	84,204,772	4,133,866	4.9%	177,806,138	(89,467,500)	50%
Number of weeks in period	26	26	0		52		50%

Total disbursements increased by over \$4.1M or 4.9% compared to the same period last year. Spending was up in Personal Benefits (\$981K), Fringe

benefits (\$171K) and Non-Personal Services (\$3.0M) from 2018. However, overall Personal Service costs are currently below budget for 2019.

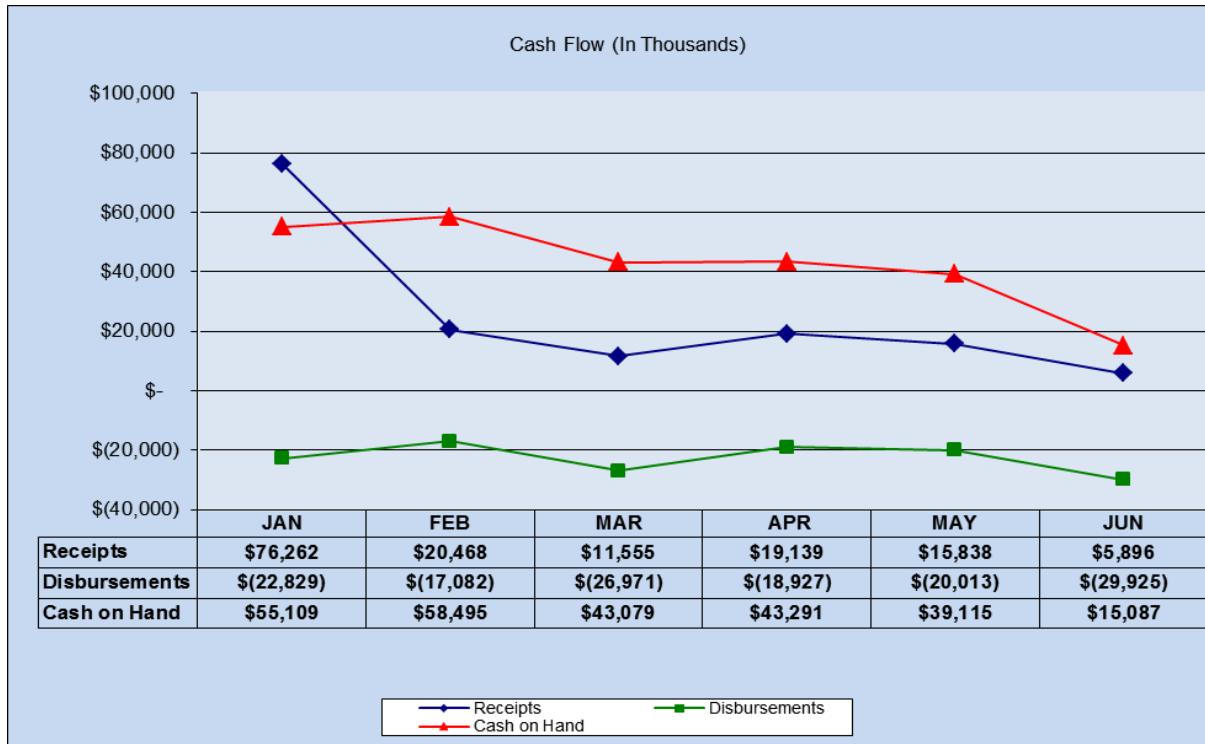
1. **Salary expense increased by 2.6%** compared to the same period last year but was slightly under budget at 49%. Increases in the Fire Department salary and related expenses were responsible for most of the increase in this category. The Fire Department code enforcement stipend \$175K was paid in the first quarter this year compared to the 3rd quarter last year and accumulated sick leave pay increased \$362K. This category also includes overtime expenses which ended the quarter more than \$570K higher than in 2018.
2. **Benefits Expenses increased by 0.7%** from the second quarter of last year but was below budget for the quarter at 48%. The second quarter saw increases in retirement expenses from NYS which increased (\$212K) and retiree health insurance increased (\$381K), while employee health insurance decreased (\$71k) and worker's compensation expenses decreased (\$314K).
3. **Non-Personal Service spending increased by 12.8% or almost \$3.0M.** Not including encumbrances this category was 53% of budget by the end of this 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 making the first debt service payments on the 2018 bonds which totaled almost \$2.2M The second quarter saw increases over last year in the following areas. Stabilizations and demolitions expense increased \$295K, gasoline expense increased \$139K and motor vehicle repair expense increased \$95K.
4. **Encumbrances (funds reserved for purchases) decreased by \$149K** compared to the same period last year. Encumbrances total slightly more than \$5.1M at the end of the second quarter.

OVERTIME

Department	2019	2018	Change	%	2019	Budget	% of Budget
Police (non-reimbursable)	2,539,297	2,403,765	135,532	6%	2,539,297	4,195,090	61%
Fire	631,807	324,025	307,782	95%	631,807	439,000	144%
Communications	236,097	149,953	86,144	57%	236,097	225,000	105%
Parks Maintenance	122,284	115,791	6,493	6%	122,284	185,000	66%
Waste Collection	168,846	110,655	58,191	53%	168,846	225,000	75%
Landfill	77,868	92,645	(14,777)	-16%	77,868	150,000	52%
Central Maint.	23,655	31,519	(7,864)	-25%	23,655	70,000	34%
Street Maintenance	206,616	228,284	(21,668)	-9%	206,616	270,000	77%
Recreation	4,956	5,006	(50)	-1%	4,956	12,000	41%
Traffic Engineering	21,534	16,918	4,616	27%	21,534	40,000	54%
Capital Hills	12,716	8,031	4,685	58%	12,716	26,000	49%
Fleet Maintenance	19,038	15,395	3,643	24%	19,038	18,000	106%
Bleeker Stadium	125	210	(85)	-40%	125	500	25%
Buildings	61,205	53,887	7,318	14%	61,205	92,400	66%
DGS Administration	2,747	352	2,395	680%	2,747	3,104	88%
Control of Animals	6,259	7,712	(1,453)	-19%	6,259	12,000	52%
Cultural Affairs	4,216	4,820	(604)	-13%	4,216	12,000	35%
General Fund	4,139,266	3,568,968	570,298	16%	4,139,266	5,975,094	69%
Police (reimbursable)	654,815	682,726	(27,911)	-4%	654,815	1,250,000	52%
Fire (reimbursable)	0	0	0	0%	0	110,000	0%
Traffic Eng. (reimbursable)	0	0	0	0%	0	500	0%
Water	246,325	267,269	(20,944)	-8%	246,325	502,250	49%
Totals	5,040,406	4,518,963	521,443	12%	5,040,406	7,837,844	64%

General Fund overtime was over budget (69%) at the end of the second quarter. Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense was 16% (\$570K) 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 \$308K and at 144% of budget. The majority of departments have higher overtime expenses this year than last year, but the over-budget OT costs are largely offset by vacancy savings.

CASH



The City's cash position was 1% higher than forecasted but 60% (\$9.0M) less than the same period last year. Most of the decrease is the result of the increase in contractor payments for the Albany Water Board related to the Long-Term Control Plan and less in the amount transferred to City from the AWB to pay these expenses. We expect this to even out over the course of the year.

CONCLUSION

Thus far, there are no major surprises for 2019, as the City is largely moving forward as expected financially. Although the City saw an increase in overall revenue in the second quarter compared to 2018, most of this increase (\$12.0M) is related to billing the State for the Capital City Funding money, \$7M of which was paid in July. Expenses were up in the second quarter of 2019 compared to last year, mostly as the result of Fire Department contracted benefit payments, increases in retirement costs, over-budget OT, debt service and demolitions expenses. However, the good news is that Personal Costs are under budget overall. **It is imperative to remember, that without the Capital City Funding, the City would be in dire financial straits.** Therefore, 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.