



---

---

## OFFICE OF THE ALBANY CITY COMPTROLLER

---

---

**DATE:** JULY 31, 2006

**TO:** HON. GERALD D. JENNINGS  
MEMBERS OF THE COMMON COUNCIL

**FROM:** TOM NITIDO

**CC:** PHIL CALDERONE, CHRIS HEARLEY

**RE:** 2ND QUARTER 2006 PERFORMANCE

---

The following is a summary of results for the 2nd Quarter 2006.

<i>Expense Category</i>	<i>2006 Budget</i>	<i>2nd Q 2006</i>	<i>2nd Q 2005</i>	<i>Difference</i>	<i>% Budget</i>	<i>% Change</i>
Personal Service	\$ 65,068,441	\$31,607,596	\$30,306,773	\$1,300,823	49%	4.3%
Fringe Benefits*	\$ 39,415,244	\$16,444,355	\$16,430,733	\$ 13,622	42%	0.1%
Non-Personal Service	\$ 40,640,315	\$16,564,459	\$16,771,840	\$ (207,381)	41%	-1.2%
Interfund Transfers	0	\$ 4,909	\$ 4,792	\$ 117	NA	2.4%
<b>TOTAL</b>	<b>\$ 145,124,000</b>	<b>\$64,621,319</b>	<b>\$63,514,138</b>	<b>\$1,107,181</b>	<b>45%</b>	<b>1.7%</b>
Weeks		26	25			

### DISBURSEMENTS

**Disbursements increased from this time last year by approximately \$0.9 million.** Increased costs of *Personnel* (\$1.3 million) offset decreases in expense of *Fringe Benefits* (\$.2 million) and *Non-Personal Services* (\$.2 million). Year to date disbursements do not reflect budgeted Three percent wage increase for unionized employees, because collective bargaining agreements expired on 12/31/2005.

- 1. Personal Services spending increased by almost \$1.3 million.** There were 26 weeks through the 2nd quarter 2006, but only 25 weeks through the 2nd quarter in 2005. (Weekly payrolls typically total \$1.2 million.) However, payroll expenses have been reduced, because unionized employees, who make up the majority of payroll, have not received the budgeted three percent wage increase.

At mid-year, non-reimbursable overtime is at 63 percent of budget, but almost \$60K less than last year. The following is a breakdown of major overtime categories:

Department	Budget	2006 YTD	2005 YTD	2005 to 2006	% of Budget
Fire	\$ 350,000	\$ 269,983	\$ 213,576	\$ 56,407	77%
Street Cleaning	\$ 100,000	\$ 77,434	\$ 56,182	\$ 21,252	77%
Police	\$2,500,000	\$1,392,280	\$1,375,209	\$ 17,071	56%
Central Garage	\$ 15,000	\$ 26,951	\$ 18,204	\$ 8,747	180%
Landfill	\$ 22,000	\$ 79,460	\$ 74,481	\$ 4,979	361%
Special Events	\$ 25,000	\$ 19,065	\$ 14,420	\$ 4,645	76%
Central maintenance	\$ 25,000	\$ 75,169	\$ 71,749	\$ 3,420	301%
Recreation	\$ 25,000	\$ 14,540	\$ 18,494	\$ (3,954)	58%
Pub. Safety Com	\$ 9,000	\$ 68,989	\$ 77,417	\$ (8,428)	767%
Capital Hills	\$ 125,000	\$ 92,791	\$ 135,609	\$ (42,818)	74%
Parks Maintenance	\$ 120,000	\$ 76,122	\$ 119,865	\$ (43,743)	63%
Maintenance of Streets	\$ 175,000	\$ 62,391	\$ 115,414	\$ (53,023)	36%
Waste Collection	\$ 150,000	\$ 97,224	\$ 167,428	\$ (70,204)	65%

2. **Fringe Benefits expenses decreased by almost \$.2 million from the second quarter 2005.** Decreases in contributions to the State Retirement System offset increases in City health care costs.

Employee health care expenses increased since last year by \$355K and Retiree health care expense increased by \$509K. Health care for Police Officers and Fire Fighters increased by \$482K, while health care expense for other City employees declined by \$127K.

The City's retirement expenses declined from last year by approximately \$0.2 million. The City's contribution is based on two factors: the performance of the investment portfolio of the State Retirement System and the size of the City's overall payroll (including overtime). The retirement system's investment performance has improved, thereby lowering the City's overall contribution. However, City spending on salaries and overtime has increased, thereby offsetting some investment gains.

	2nd Q 2006	2nd Q 2005	Change	%
<b>Retiree</b>	\$ 4,104,597	\$3,595,334	\$ 509,263	14%
<b>Police</b>	\$ 2,558,958	\$2,162,102	\$ 396,856	18%
<b>Fire</b>	\$ 1,534,765	\$1,449,582	\$ 85,183	6%
<b>Other</b>	\$ 1,788,461	\$1,915,787	\$ (127,327)	-7%
<b>TOTAL</b>	\$ 9,986,782	\$9,122,806	\$ 863,975	9%

3. **Non-Personal Services spending decreased by \$0.2 million from the 2nd quarter 2005.** 2005 expenses included \$1.7 million for the purchase of a grant-funded new radio system, which makes 2006 expenses seem smaller than actual.
  - a. Snow removal expenditures declined by \$278K from 2005. Expense of Central Garage, while at 47% of the yearly budget are \$212K less than at this time in 2005.
  - b. Principal on debt increased by \$618K from last year, reflecting successive bond issues and rising interest rates.
  - c. Street maintenance expenses increased by \$105K due to the volume and cost of materials.
  - d. Motor Vehicle Expense of \$728K is at 67 percent of budget, but is \$255K less than last year. The decrease relative to 2005 may reflect more aggressive managing or repair expenses.
4. Encumbrances (funds reserved for purchases) at the end of the 2nd quarter total \$4.6 million, which is \$1.1 million less than at the end of the 2nd quarter 2005. A 2005 encumbrance for a portion of the funds for the police radio system partially explains this variance.

## REVENUES

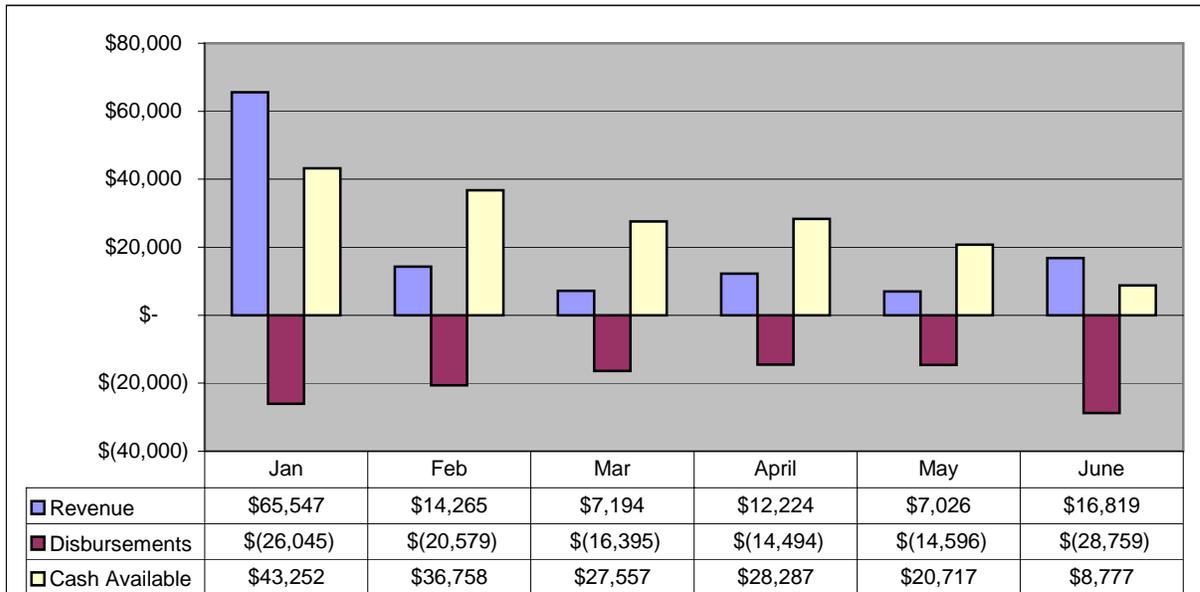
Revenues total \$76.1million, which is \$3.1 million more than at the end of the 2nd quarter 2005.

1. **Local Sources** of revenue increased by \$2.5 million. The property tax increase in 2006 makes up \$2.1 million of the increase in this category. Sales Tax revenue, which is received in the second quarter, totaled \$14.4 million, which is 49 percent of budget.
2. **Departmental Income** increased by \$1.0 million. Within this category, landfill usage charge is almost \$0.9 million more than this time last year and contaminated soil, \$0.2 million more. In 2005 a major waste disposal company stopped using the landfill, which caused a temporary reduction in revenue.
3. **Intergovernmental Income** increased by \$369K from the second quarter 2005 and is at 71 percent of budget. Interest income increased by \$371K as a result of rising interest rates.
4. **Fines and Forfeitures** increased by \$369K. Parking violation fines increased by \$118K, and Police court fines by \$102K.

5. **Miscellaneous** revenue decreased by \$321K and is at 50 percent of budget. Revenue in 2005 included a one-time settlement with Niagara Mohawk for a decade old street lighting dispute. However, 2006 revenue includes \$862K in additional funds for Refunds of Prior Year's Expense, most of which reflects costs of the Wellington Hotel, which were placed on taxes.
6. **State Aid** totals 19 percent of budget, because most state Aid is received during December. State Aid has is \$985K more than through the second quarter 2005 as a result of a homeland security grant (\$450K) and an increase in funds from the Mortgage Recording Tax (\$456K).

**CASH**

**The Cash position is \$11.3 million worse than at mid-year 2005.** Receipts year-to-date total \$123.1 million and disbursements \$118.0 million. In 2005 receipts totaled \$140.2 million and disbursements \$123.7 million. In 2005 the City sold \$10 million in Revenue Anticipation Notes in June. However in 2006 \$10 million in RANS were issued in July and therefore will be reflected in the third quarter's report. Additionally, at mid-year the City had paid out \$3.7 million more than it had received from the Water Board.



## CONCLUSION

Spending has been less than anticipated because unionized employees were budgeted for three percent wage increase, but funds have not been paid because contracts expired on 12/31/2005. Spending on overtime and health care continue to exert upward pressure on expenses.

Revenues have increased largely because of the property tax increase. However, loss of revenue from property tax challenges threatens to undermine gains.

Unbudgeted revenue from the State of New York makes the year's financial outlook brighter than in a typical year. However, funds paid on behalf of the Water Board, but not yet reimbursed have significantly undermined cash flow. Uncertainty as to timing of payments from the state of New York makes it critical that the City conserve cash for payroll and operating later in the year.