

---



---

## OFFICE OF THE ALBANY CITY COMPTROLLER

---



---

**DATE:** JULY 28, 2005

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

**FROM:** TOM NITIDO

**CC:** PHIL CALDERONE, CHRIS HEARLEY

**RE:** 2<sup>ND</sup> QUARTER 2005 PERFORMANCE

---

The following is the 2nd Quarter profit and loss statement.

### DISBURSEMENTS

Category	2 <sup>nd</sup> Q 2005	2 <sup>nd</sup> Q 2004	Difference	% Change	2005 Budget	% Budget Expended
Personal Service	\$30,306,773	\$30,119,758	\$187,015	1%	\$63,635,969	48%
Fringe Benefits	\$16,430,811	\$13,278,593	\$3,152,218	24%	\$36,649,646	45%*
Non-Personal Service*	\$16,774,800	\$13,125,119	\$3,649,681	28%	\$36,522,797	46%
Interfund Transfers	\$4,792	\$6,880	(\$2,088)	-30%		
<b>TOTAL</b>	<b>\$63,517,176</b>	<b>\$56,530,350</b>	<b>\$6,986,826</b>		<b>\$136,808,412</b>	<b>46%</b>
Weeks	25	26				

\*Does not reflect annual pension payment.

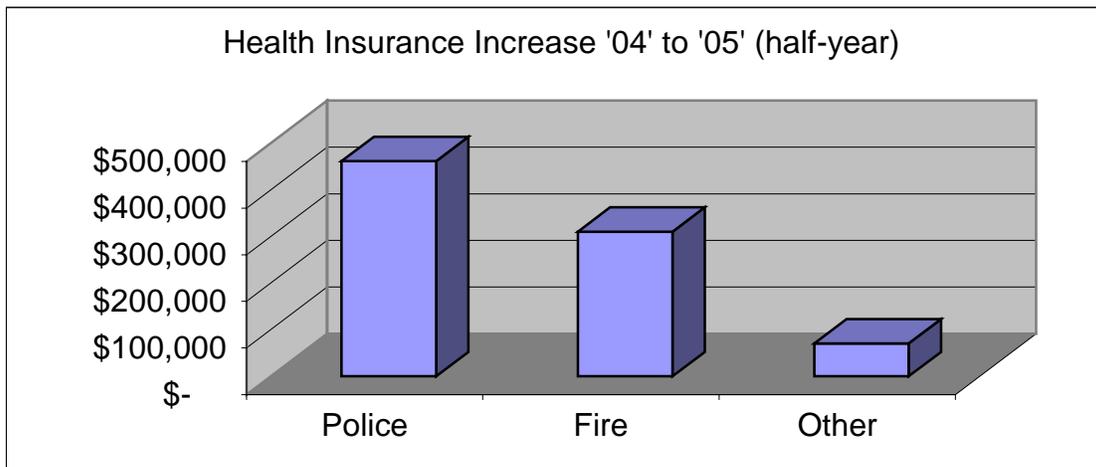
### **Disbursements increased from this time last year by almost \$7 million.**

Expenses of Fringe Benefits increased by \$3.2 million and Non-Personnel Services \$3.6 million. Spending on Personal Services increased by \$187K.

1. **Personal Services spending increased by only \$187K, largely because there were 25 weeks through the 2<sup>nd</sup> quarter 2005, but 26 weeks during the same period 2004.** (Weekly payrolls typically total \$1.2 million.) Overtime expenses of \$2.9 million are at 71% of the annual budget. Police overtime at mid-year totals \$1.9 million which is 66% of the \$2.9 million budgeted. Non-reimbursable police overtime is at 55% of budget and \$122K more than last year. Fire Department overtime is at 61% of budget and \$183K **less** than at this time last year.

2. **Fringe Benefits expenses are \$3.2 million more than in the 2nd quarter 2004.** Because of a one-time adjustment relative to the City and State's fiscal years, the City expensed \$2.4 million in pension payments made last year during the first quarter 2005. Employee Health Care expenses increased by \$894K from this time last year.

**Health care expenses for non-public safety employees increased by 4% from the second quarter 2004. However, health care expenses for police and fire department employees increased by 27% or \$770K for the first half of the year.** This increase is largely the result of collective bargaining provisions that beginning in 2005 require the City to pay 100% of the premiums for police officers and firefighters with 10 years of service. The City's premium costs are especially high because the public safety collective bargaining agreements specify a particular indemnity health plan that has no co-payments or deductibles for physician office visits, no provider network, and a \$2 employee co-payment for prescriptions.



**The Fringe Benefits category substantially under represents costs at this time of year, because retirement expenses (which total almost \$9.8 million) are paid in one lump sum in December. If these funds were apportioned throughout the year, expenditures at the end of the second quarter would total almost \$21.7 million and be approximately 59% of budget.**

3. **Non-Personal Services spending increased by \$3.6 million from the 2<sup>nd</sup> quarter 2004.** Other Equipment expenses total \$1.7 million for the purchase of a grant-funded radio system, which had no expenses at this time last year. Expense of Litigation is \$147K more than this time 2004. Snow removal expenditures exceeded last year's 2<sup>nd</sup> quarter total by \$359K, largely as a result of winter salt purchases. Central Garage expenses are \$368K more than in 2004 and are at 92% of budget. Of this increase, Motor Vehicle

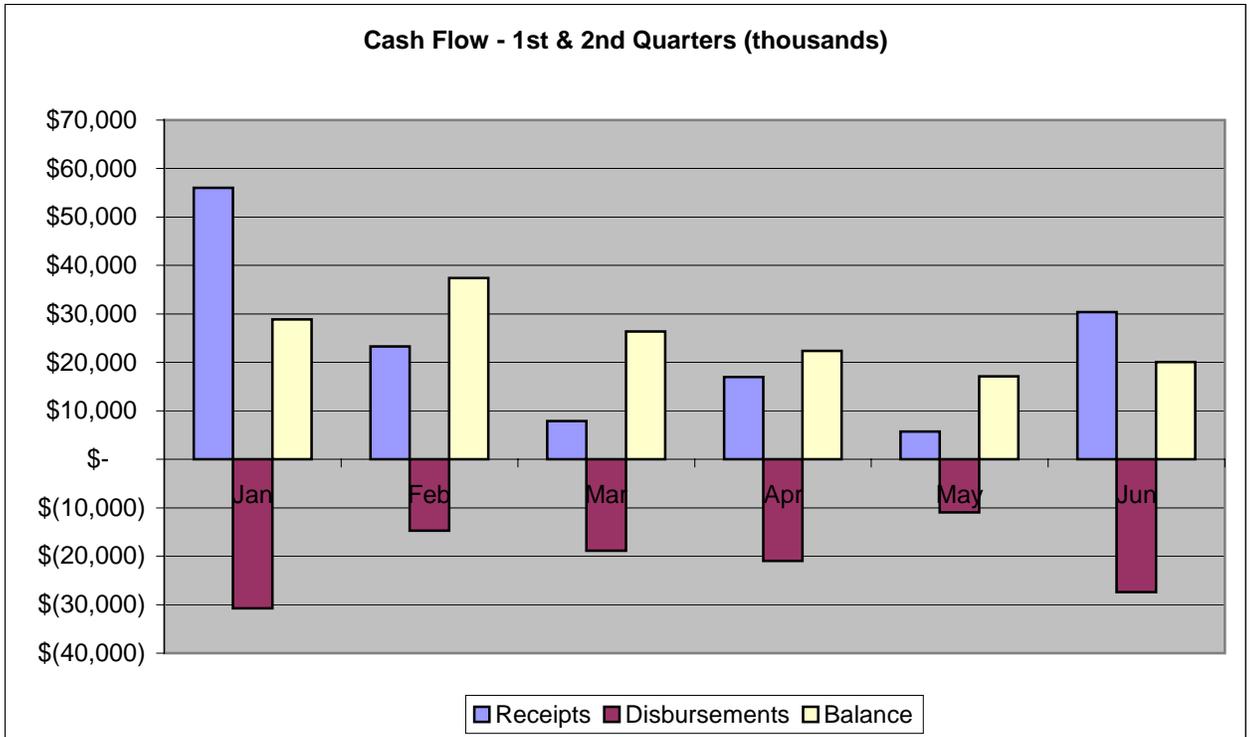
expenses are responsible for \$230K of the increase and are at 98% of budget. Demolition costs of \$185K are \$157K more than at the quarter's end in 2004. Snow removal costs are \$218K more than 2004.

4. Encumbrances at the end of the 2nd quarter total \$5.4 million, which is \$419K more than at the end of the 2nd quarter 2004. The increase in part reflects greater use of blanket (advance) purchase orders for contractual services. This practice encumbers (reserves) the funds in advance of the delivery of services.

## REVENUES

Revenues total \$73 million, which is \$8.7 million more than at the end of the 2nd quarter 2004.

1. **Local Sources** of revenue increased by \$3.4 million. Property tax increases account for \$2.3 million of the increase. Sales taxes (which are earned in the 2<sup>nd</sup> quarter, but received in the 3<sup>rd</sup> quarter) are at 49% of budget and \$461K more than in 2004.
2. **Departmental Income** declined by \$1 million. Within this category, landfill and other waste related activities declined by \$929K. This is largely a result of decreased use of the landfill by large commercial users.
3. **Intergovernmental Revenue** increased by \$110K. Use of the landfill by other governments increased by \$86K. Interest earnings increased by \$138K, which reflects rising interest rates.
4. **Miscellaneous Revenue** increased by \$1.2 million. \$1 million of the increase is the result of a settlement of a long-standing street lighting dispute with Niagara Mohawk.
5. **State Aid** increased by \$1.6 million as a result of a \$1.7 million homeland security grant for a police radio system.
6. **Federal Aid** increased by \$296K, reflecting \$138K from the Federal Emergency Management Agency (FEMA) for Fire Department equipment and \$154K for a grant from National Institute of Justice for GIS.
7. **Fines and Forfeitures** are down by \$72K. Traffic Violations/Police Court revenue is down by \$88K and parking ticket surcharges down by \$29K.



## CASH

**The Cash position is \$7.2 million better than this time last year.** Receipts year-to-date total \$140.2 million and disbursements \$123.7 million. In 2004 receipts totaled \$115.5 million and disbursements \$106.3 million. Increased property tax levy is responsible for most of the increase. Also, delays in billing by the Water Board resulted in significant uncollected bills, which are then reflected in property taxes.

## CONCLUSION

The City's cash and operating position has improved from this time last year. However, increased expenses, particularly health insurance for public safety personnel, threaten to erase gains. Additionally, the extra payroll paid by this time last year and the state retirement bill, which is due in December, makes our financial position look better than our actual position. Also, a significant portion of budgeted revenue is not received until late in the year or during the next fiscal year. This makes it critical that the City conserve cash for later in the year.