
OFFICE OF THE ALBANY CITY COMPTROLLER

DATE: APRIL 18, 2005

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

FROM: TOM NITIDO

CC: PHIL CALDERONE, CHRIS HEARLEY

RE: 1ST QUARTER 2005 PERFORMANCE

The following is the 1st Quarter profit and loss statement.

DISBURSEMENTS

	1st Q 2005	1st Q 2004	Difference	% Change	2005 Budget	% Budget Expended
Personal Service	\$14,942,604	\$15,359,009	(\$416,405)	-3%	\$63,635,969	23%
Fringe Benefits	\$9,139,172	\$6,697,969	\$2,441,203	36%	\$36,649,646	25%
Non-Personal Service*	\$9,490,080	\$6,415,613	\$3,074,468	48%	\$36,522,797	26%
Interfund Transfers	\$2,640	\$3,091	(\$451)	-15%		
TOTAL	\$33,574,496	\$28,475,682	\$5,098,814		\$136,808,412	25%
Weeks	12	13				

Disbursements increased from this time last year by \$5.1 million. Expenses of Fringe Benefits increased by \$2.4 million and Non-Personnel Services \$3 million. Spending on Personal Services declined by \$416K

- 1. Personal Services spending decreased by \$416K, despite contractual increases in salaries.** There were 12 weeks in the 1st quarter 2005, but 13 weeks during the 1st quarter last year. (Weekly payrolls typically total \$1.2 million.) Overtime expenses of \$1.3 million are at 32% of the annual budget. The most significant change from last year is Fire Department overtime, which is at 25% of budget and \$104K **less** than at this time last year. Non-reimbursable police overtime expenses total \$555K, which is \$34K more than last year, but 22% of budget. Police reimbursable overtime is at 59% of budget.

2. **Fringe Benefits¹ expenses are \$2.4 million more than in the 1st quarter 2004.** The City expensed \$2.4 million in pension payments made last year during the first quarter 2005, because of a one-time adjustment relative to the City and State's fiscal years. Employee Health Care expenses increased by \$434K from this time last year. **Health care expenses for non-police and fire employee increased by 6% from 2004. However, health care expenses for police and fire increased by 26% and 25% respectively.** This increase is caused by 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 costs are particularly 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, and \$2 employee co-payment for prescriptions.
3. Non-Personal Services spending increased by \$3.1 million from the 1st quarter 2004. Other Equipment expenses total \$1.7 million for the purchase of a grant-funded new radio system, which had no expenses at this time last year. Snow removal expenditures exceeded last year's 1st quarter total by \$359K, largely as a result of winter salt purchases. Motor Vehicle expenses are at 64 percent of budget and \$239K more than this time last year. The increase reflects the practice of encumbering funds needed for contracted services. Judgments and Claims are \$58K ahead of this time last year. Interest on debt is \$248K greater than last year, which is caused by increases from the 2004 bond issue.
4. Encumbrances at the end of the 1st quarter total \$5.7 million, which is \$1.3 million more than at the end of the 1st 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 \$52.9 million, which is \$1.3 million more than at the end of the 1st quarter 2004.

1. **Local Sources** of revenue increased by \$1.9 million. The property tax in increase in 2005 makes up virtually the entire increase in this category. [Sales tax, which are earned in the 1st quarter, but received in the 2nd quarter, increased from \$6.3 million in 2004 to \$6.6 million this year.]

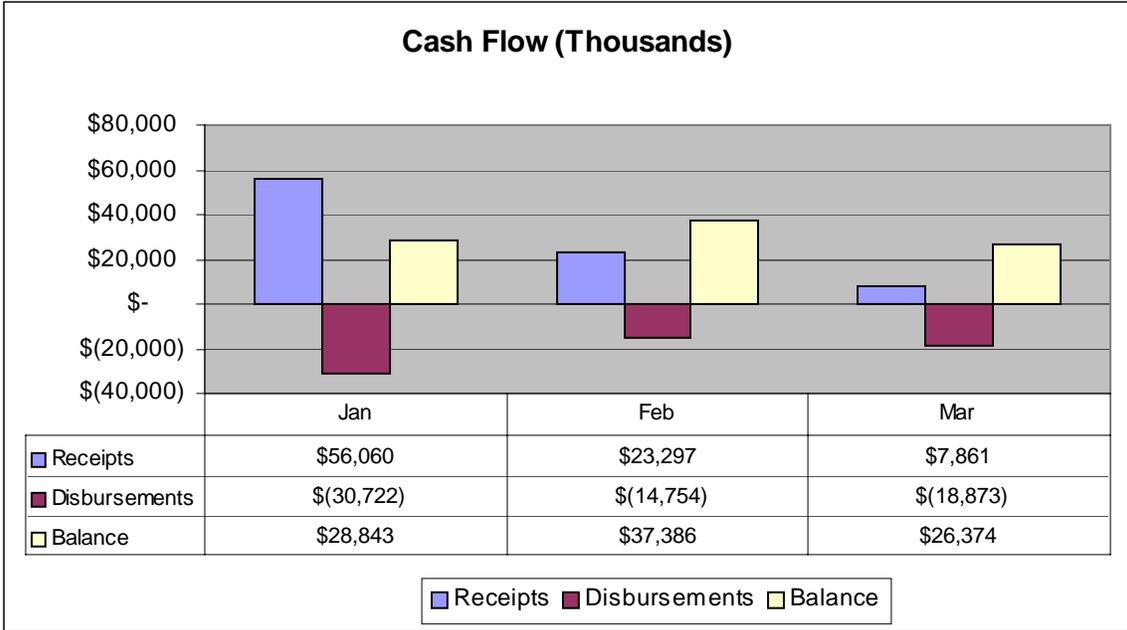
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Because state retirement payments are made in December, this category underreports expenses throughout the year.

2. **Departmental Income** declined by \$779K. Within this category, landfill usage charge is \$874K less than this time last year while revenue from Petroleum Contaminated Soil increased by \$82K.
3. The following are other categories of revenue, however the changes relative to 2004 are not materially significant:
 - **Intergovernmental Revenue** increased by \$60K. Use of the landfill by other governments increased by \$51K.
 - **Licenses and Permits** increased by \$24K. Revenue from street openings is up by \$51K, safety inspections is down by \$25K.
 - **Fines and Forfeitures** are down by \$89K. Traffic Violations/Police Court revenue is down by \$46K and parking ticket surcharges down by \$29K.
 - **Miscellaneous Revenue** increased by \$46K. Most of the increase (\$45K) is from the Tulip Festival, which collected underwriting revenue early relative to last year.
 - **State Aid** increased by \$56K, reflecting State assistance for the administrative expenses of enrolling residents in the STAR program (\$55K) program.
 - **Federal Aid** increased by \$90K because of \$106K received from the Federal Emergency Management Agency (FEMA) for Fire Department equipment.

CASH

The Cash position is \$9.3 million better than this time last year. Receipts year-to-date total \$87.2 million and disbursements \$64.3 million. In 2004 receipts totaled \$77.9 million and disbursements \$64.3 million. Unbudgeted 19-a funds from last year and the 2005 property tax increase are the largest items responsible for the variance relative to last year.



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. Moreover, uncertainty of timing of payments from the State of New York makes it critical that the City conserve cash for later in the year.