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## OFFICE OF THE ALBANY CITY COMPTROLLER

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**DATE:** APRIL 15, 2006

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

**FROM:** TOM NITIDO

**CC:** PHIL CALDERONE, CHRIS HEARLEY

**RE:** 1<sup>ST</sup> QUARTER 2006 PERFORMANCE

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The following is a summary of results for the 1st Quarter 2006.

<i>Expense Category</i>	<i>1st Q 2005</i>	<i>1st Q 2006</i>	<i>Difference</i>	<i>% Change</i>	<i>2006 Budget</i>	<i>% Budget</i>
Personal Service	\$ 14,942,604	\$ 16,131,952	\$ 1,189,348	8.0%	\$ 65,068,441	25%
Fringe Benefits*	\$ 9,137,497	\$ 9,211,011	\$ 73,514	0.8%	\$ 39,415,244	23%
Non-Personal Service	\$ 9,481,423	\$ 6,848,377	\$ (2,633,046)	-27.8%	\$ 40,640,315	17%
Interfund Transfers	\$ 3,213	\$ 2,803	\$ (410)	-12.8%	0	NA
<b>TOTAL</b>	<b>\$ 33,564,737</b>	<b>\$ 32,194,143</b>	<b>\$ (1,370,594)</b>	<b>-4.1%</b>	<b>\$ 145,124,000</b>	<b>22%</b>
Weeks	12	13				

### DISBURSEMENTS

**Disbursements decreased from this time last year by approximately \$1.4 million.** Increased costs of *Personnel* (\$1.2 million) and a small increase in expense of *Fringe Benefits* were offset by a large decrease in the expense of *Non-Personal Services* (\$2.6 million).

- 1. Personal Services spending increased by almost \$1.2million, which is consistent with increases from contractual salary increases and one additional payroll week in the first quarter relative to 2005.** There were 13 weeks in the 1<sup>st</sup> quarter 2006, but 12 weeks during the 1st quarter in 2005. (Weekly payrolls typically total \$1.2 million.) Non-reimbursable overtime is at 32 percent of budget and \$68K more than last year. Police Department and Fire Department overtime is \$117K and \$54K more than last year respectively.
- 2. Fringe Benefits expenses increased by \$74K from the first quarter 2005.** Decreases in the retirement contribution offset increases in health care costs.

Expense of employee health care increased by \$168K and Retiree health care by \$216K. Retirement contribution declined by \$256K. The City's retirement expenses are 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 performance has improved, thereby lowering the City's overall contribution. However, City spending on salaries and overtime has increased, thereby offsetting some of the gains.

3. Non-Personal Services spending decreased by \$2.6 million from the 1<sup>st</sup> quarter 2005. In 2005, there was \$1.7 million for the purchase of a grant-funded new radio system. Snow removal expenditures declined by \$337K from 2005. Expense of Central Garage, while at 47% of the yearly budget are \$212K less than at this time 2005. Principal on debt decreased by \$505K from last year because the 1993 bond issue matured. However, the conversion of short term 2005 debt to long-term debt later this year will substantially increase expenses.
4. Encumbrances (funds reserved for purchases) at the end of the 1<sup>st</sup> quarter total almost \$4.5 million, which is almost \$1.3 million less than at the end of the 1<sup>st</sup> quarter 2005. This variance is partially explained by the encumbrance for a portion of the funds for the police radio system in 2005.

## REVENUES

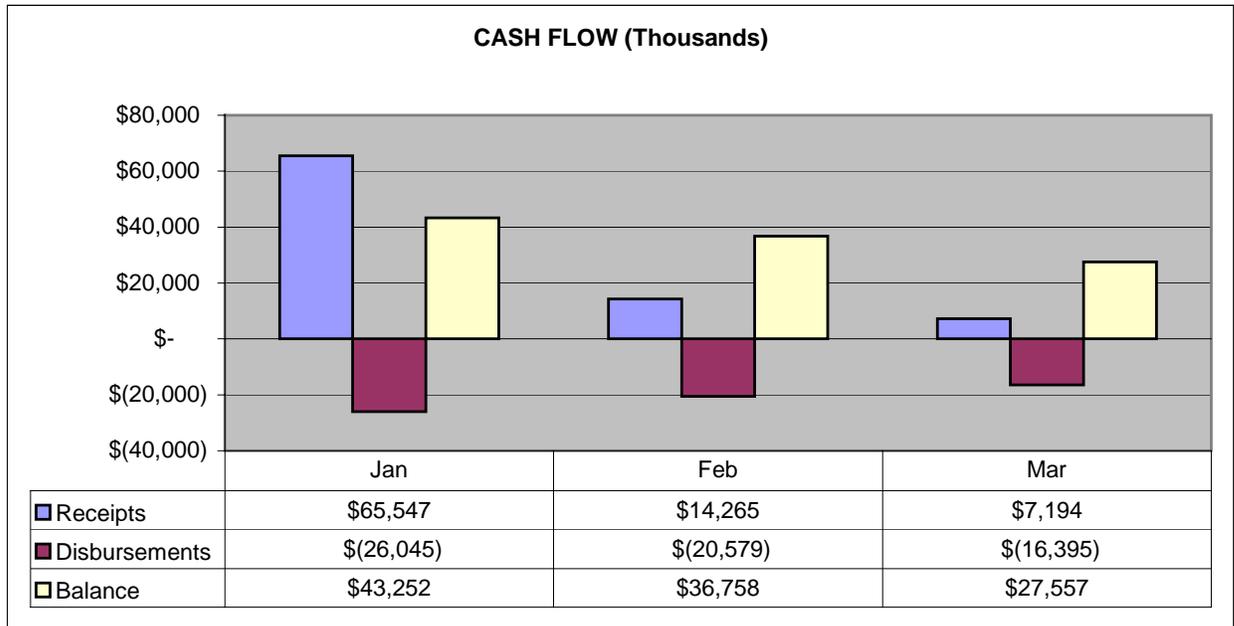
Revenues total \$57.6 million, which is almost \$4.7 million more than at the end of the 1<sup>st</sup> quarter 2005.

1. **Local Sources** of revenue increased by \$2.8 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 \$7.3 million, which is 25 percent of budget.
2. **Departmental Income** increased by \$701K. Within this category, landfill usage charge is \$579K more than this time last year. In 2005 a major waste disposal company stopped using the landfill, which caused a temporary reduction in revenue.
3. **Fines and Forfeitures** increased by \$249K. Parking violation fines increased by \$118K, and Police court fines by \$102K.
4. **Miscellaneous** revenue increase by \$1.225 million. More than \$900K of the increase is the result of billing for costs of demolition, including fines associated with the Wellington Hotel.

5. **State Aid** increased by \$469K as a result of a homeland security grant of \$450K and \$83K in court security.
6. The following are other categories of revenue, however the changes relative to 2005 are not materially significant:
  - **Intergovernmental Revenue** increased by \$23K.
  - **Licenses and Permits** decreased by \$99K. Revenue from street openings is down by \$44.6K.
  - **Federal Aid** decreased by \$88K because of funds received from Federal Emergency Management Agency (FEMA) during 2005 for Fire Department equipment.

**CASH**

**The Cash position is \$900K better than this time last year.** Receipts year-to-date total \$87 million and disbursements \$63.2 million. In 2005 receipts totaled \$87.2 million and disbursements \$64.3 million. The 2005 property tax increase is the largest items responsible for the variance relative to last year.



**CONCLUSION**

The City's cash and operating positions have improved from this time last year. 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, uncertainty as to timing of payments from the state of New York makes it critical that the City conserve cash for later in the year.