
OFFICE OF THE ALBANY CITY TREASURER

DATE: May 6, 2021

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

FROM: Hon. Darius Shahinfar

CC: Rachel McEneny, Mike Wheeler

RE: 1st quarter 2021 Performance

The following is a summary of the unaudited results for the 1st Quarter 2021. **Overall, fiscal performance was stable and within budgetary expectations for 2021**, with the exception of expenditures related to overtime.

Revenue in the first quarter of 2021 totaled \$81.0 million which was an increase of 3.0% or \$2.3M from last year at this time (most of this increase is related to receiving \$3.5M from the NYS for the workers compensation buy-outs). Expenses totaled almost \$41.2M which was an increase of 6.2% or \$4.4M compared to the first quarter of 2020.

REVENUE (Thousands)

	MAR	MAR		%	MAR	Annual		%
REVENUE	YTD 21	YTD 20	Variance		YTD 21	Budget	Variance	Budget
PROPERTY TAX	59,823	58,866	957	2%	59,823	59,550	273	100%
SALES/USE TAX	8,576	8,867	(291)	-3%	8,576	35,583	(27,007)	24%
PILOTS/19-a	3,148	3,301	(153)	-5%	3,148	20,217	(17,069)	16%
OTHER LOCAL SOURCES	297	219	78	36%	297	3,153	(2,856)	9%
LANDFILL	482	1,525	(1,043)	-68%	482	6,080	(5,598)	8%
OTHER DEPARTMENTS	2,832	731	2,101	287%	2,832	6,788	(3,956)	42%
INTER GOVERNMENT	24	116	(92)	-79%	24	212	(188)	11%
FINES	471	1,319	(848)	-64%	471	5,476	(5,005)	9%
LICENSES AND PERMITS	1,134	1,613	(479)	-30%	1,134	4,302	(3,168)	26%
STATE AID	3,663	0	3,663	36629900%	3,663	30,186	(26,523)	12%
SALE P/COMP/LOSS	17	26	(9)	-35%	17	534	(517)	3%
MISCELLANEOUS	585	2,119	(1,534)	-72%	585	10,927	(10,342)	5%
OTHER	4	9	(5)	-56%	4	684	(680)	1%
TOTAL REVENUE	81,056	78,711	2,345	3%	81,056	183,692	(102,636)	44%

The chart above summarizes the City's sources of revenue through March 31, 2021.

1. **Property Tax revenue** increased by \$947K from last year and is 100% of budget at the end of the first quarter as a result of the increase in the tax levy.
2. **Sales Tax revenue** was lower than last year and totaled almost \$8.6M but only slightly under budget at 24% for the year in first quarter. This is actually a good indication the economy is recovering since last year, and we expect further sales increases over the ensuing months.
3. **PILOTS/19-a revenue** was lower than the same period last year. Most of the year-to-year decrease is the result of lower billings this year compared to 2020 as some older PILOTs ended.
4. **Other Local sources revenue** increased from the first quarter of 2020. Most of the increase is related to an increase in utility gross receipts taxes for the quarter.
5. **Landfill revenue** decreased 68% compared to the same period last year. All sources are lower especially tipping fees which are almost \$1.7 million lower than last year. Revenue is below budget for the year at 8%. The Landfill is not concerned at this time, and revenue is expected to rebound.
6. **Other Departmental revenue** was 287% (\$2.1M) higher than last year at this time. Most of the difference is the result of billing \$2.3M in waste collection fees with the property tax bills in January this year as compared to billing them separately in June last year.
7. **Fines and Forfeitures revenue** decreased by 64% (\$848K) from last year. The decrease is a timing issue because the January through March parking revenue reports were not available when this report was prepared. However the raw data indicates a strong 1Q for Parking Ticket Revenue of over \$1M.
8. **Licenses and Permits revenue** decreased 30% (\$479K) compared to the same period last year. Stabilization and demolition fees decreased by \$292K and street openings revenue decreased by \$152K. This is expected to rebound as the economy strengthens.
9. **State aid** – increased \$3.7M by the end of the first quarter. This increase is the result of the State paying the City almost \$3.6M for it workers compensation buy-outs.
10. **Miscellaneous revenue** decreased 72% (\$1.5M) compared to the same time last year. The decrease is related to fewer fees, charges and adjustments from 2020 included on the property tax bills this 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.

- 11. Other revenue** decreased by \$5K 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

	MAR	MAR		%	Annual		%
	YTD 21	YTD 20	Variance		Budget	Variance	Budget
Personal Benefits	19,335,790	19,138,191	197,599	1.0%	80,287,604	(60,951,814)	24%
Fringe Benefits	12,220,707	11,663,045	557,662	4.8%	53,033,060	(40,812,353)	23%
Non-Personal Service	<u>9,636,198</u>	<u>7,986,296</u>	<u>1,649,902</u>	<u>20.7%</u>	<u>50,371,275</u>	<u>(40,735,077)</u>	<u>19%</u>
Total	41,192,695	38,787,532	2,405,163	6.2%	183,691,939	(142,499,244)	22%
Number of weeks in period	13	13	0		52		25%

Total disbursements increased by over \$2.4M or 6.2% compared to the same period last year. Spending overall is well within 2021 budgetary expectations, but spending was up in all categories (Personal Benefits, Fringe Benefits and Non-Personal Services) compared to 1Q 2020.

- 1. Salary expense increased by 1.0%** compared to the same period last year. Most departments are showing similar totals or decreases from last year at this time. This category includes overtime which is almost \$327K higher than 2020.
- 2. Benefits Expenses increased by 4.8%** from the first quarter of last year but was below budget for the first quarter at 23%. Most of the increase in this category was related to an increase in retiree health insurance which increased (\$971K), an item that fluctuates year to year. This was offset by

decreases in workers' compensation expenses which decreased (\$141K) and decrease in employee health insurance expenses which decreased (\$328K).

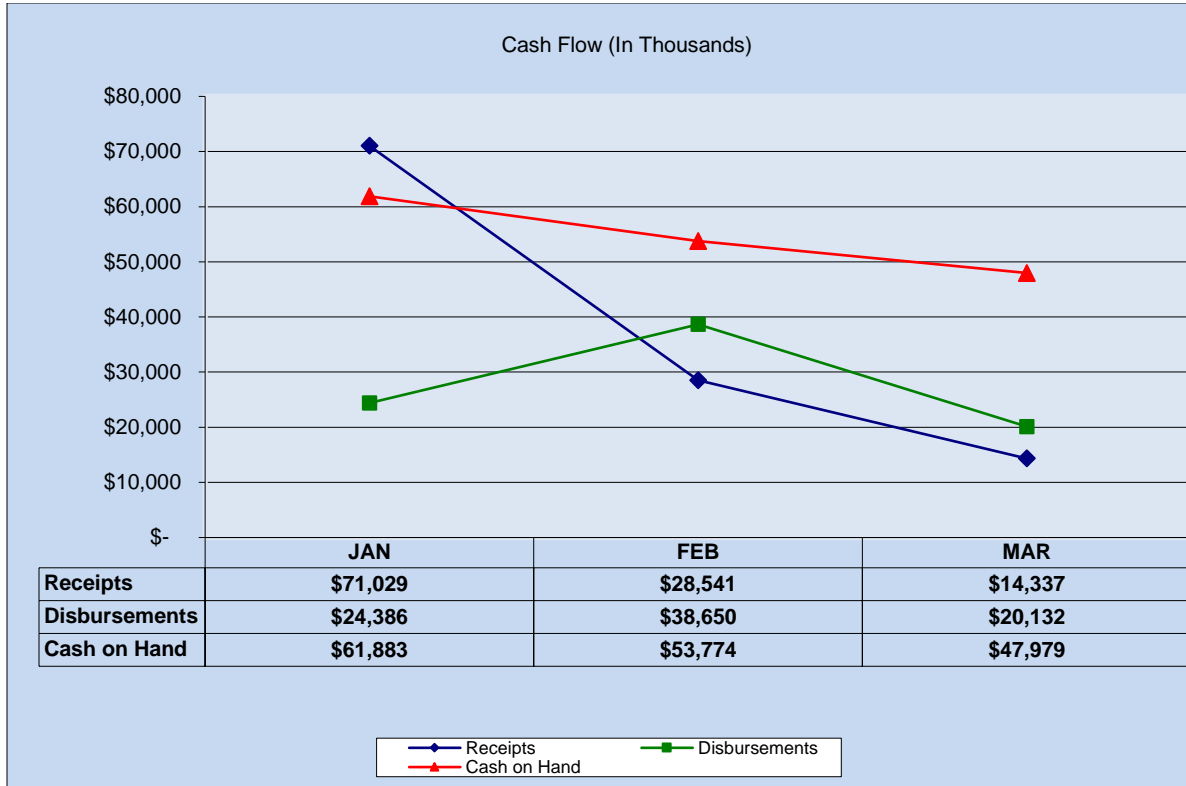
- 3. Non-Personal Service spending increased by 20.7% or almost \$1.6M.** Not including encumbrances this category was only 19% of budget by the end of the first quarter. This category includes utilities, contracted services, supplies, materials, small equipment, consulting fees and debt service. Most of the increase in this category is related to a larger required pay down on the bond anticipation notes this year which increased (\$1.4M) and snow removal increased (\$370K). Most of the other expenses in this category were lower including stabilizations and demolitions expense which decreased (\$246K) from 2020.
- 4. Encumbrances (funds reserved for purchases) increased by \$1.9M** compared to the same period last year. Encumbrances total slightly more than \$8.9M at the end of the first quarter.

OVERTIME

Department	2021	2020	Change	%	2021	Budget	% of Budget
Police (non-reimbursable)	1,214,452	1,221,917	(7,465)	-1%	1,214,452	4,372,500	28%
Fire	456,994	274,680	182,314	66%	456,994	500,000	91%
Communications	104,487	113,241	(8,754)	-8%	104,487	300,000	35%
Parks Maintenance	101,924	37,323	64,601	173%	101,924	185,000	55%
Waste Collection	141,250	132,118	9,132	7%	141,250	225,000	63%
Landfill	69,098	52,853	16,245	31%	69,098	153,000	45%
Central Maint.	12,838	26,585	(13,747)	-52%	12,838	70,000	18%
Street Maintenance	113,494	56,959	56,535	99%	113,494	347,125	33%
Recreation	0	0	0	0%	0	1,000	0%
Traffic Engineering	9,523	7,927	1,596	20%	9,523	40,000	24%
Capital Hills	16,334	3,955	12,379	313%	16,334	29,000	56%
Fleet Maintenance	23,109	10,522	12,587	120%	23,109	25,000	92%
Bleeker / Facility Operations	0	5	(5)	-100%	0	14,000	0%
Buildings	38,682	37,450	1,232	3%	38,682	150,000	26%
DGS Administration	2,056	0	2,056	2055900%	2,056	4,500	46%
Control of Animals	1,097	2,907	(1,810)	-62%	1,097	15,000	7%
Cultural Affairs	0	6	(6)	-100%	0	12,000	0%
General Fund	2,305,338	1,978,448	326,890	17%	2,305,338	6,443,125	36%
Police (reimbursable)	132,801	278,136	(145,335)	-52%	132,801	800,000	17%
Fire (reimbursable)	0	0	0	0%	0	90,000	0%
Traffic Eng. (reimbursable)	0	0	0	0%	0	0	100%
Water	153,300	140,605	12,695	9%	153,300	504,996	30%
Totals	2,591,439	2,397,189	194,250	8%	2,591,439	7,838,121	33%

General Fund overtime was over budget (36%) at the end of the first quarter. Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense was 17% (\$327K) 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 \$182K. This was due to being short staffed, and due to assistance in the various COVID vaccination processes in the City. The majority of departments have higher overtime expenses this year than last year.

CASH



The City’s cash position was 7% higher than forecasted but \$2.8M lower than the same period last year. Most of the decrease is related to paying the NYS Local Retirement invoice in January 2021 instead of issuing a RAN and paying the invoice in December 2020. The Albany Public Library PILOTs were paid in February this year compared to December in prior years.

CONCLUSION

Thus far, there are no major surprises in the first quarter for 2021, as the City was largely moving forward as expected financially. The City saw an increase in overall revenue in the first quarter compared to 2021 mostly from the Workers Compensation buy-out payment to the City. Expenses were up in the first quarter of 2021 compared to last year at this time, mostly as the result of a

larger pay down of the bond anticipation notes, higher OT, and increases in retiree health insurance costs, but overall, were still largely within budget expectations. As always, 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. However, the federal assistance to our locality is expected to go a long way to replenishing lost revenue and solidifying our financial base.