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## OFFICE OF THE ALBANY CITY TREASURER

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**DATE:** August 17, 2018

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

**FROM:** Hon. Darius Shahinfar

**CC:** Rachel McEneny, Mike Wheeler

**RE:** 2nd quarter 2018 Performance

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The following is a summary of the unaudited results for the 2nd Quarter 2018. Fiscal performance was stable and within budgetary expectations for 2018, with the exceptions of: expenditures related to the overtime, utilities and contracted services; and revenue from sales tax which is above expectations.

Revenue in the second quarter of 2018 totaled \$100.7 million which was \$13.8M less than the same period last year (most of this decrease is related receiving the \$12.5M in Capital City Funding in June last year). Expenses totaled almost \$84.2M when an estimate for retirement expense is included which was almost the same as the second quarter of 2017.

### REVENUE (Thousands)

	JUNE			%	JUNE			%
REVENUE	YTD 18	YTD 17	Variance		YTD 18	Annual Budget	Variance	Budget
PROPERTY TAX	58,402	57,602	800	1%	58,402	58,250	152	100%
SALES/USE TAX	17,477	16,336	1,141	7%	17,477	33,607	(16,130)	52%
PILOTS/19-a	11,480	11,286	194	2%	11,480	21,075	(9,595)	54%
OTHER LOCAL SOURCES	943	1,323	(380)	-29%	943	3,086	(2,143)	31%
LANDFILL	2,756	4,287	(1,531)	-36%	2,756	6,002	(3,246)	46%
OTHER DEPARTMENTS	3,128	3,081	47	2%	3,128	5,807	(2,679)	54%
INTER GOVERNMENT	319	122	197	161%	319	107	212	298%
FINES	2,472	2,393	79	3%	2,472	5,371	(2,899)	46%
LICENSES AND PERMITS	2,026	2,124	(98)	-5%	2,026	3,708	(1,682)	55%
STATE AID	7	13,116	(13,109)	-100%	7	29,402	(29,395)	0%
SALE P/COMP/LOSS	17	65	(48)	-74%	17	996	(979)	2%
MISCELLANEOUS	1,636	2,442	(806)	-33%	1,636	7,995	(6,359)	20%
OTHER	33	311	(278)	-89%	33	1,519	(1,486)	2%
<b>TOTAL REVENUE</b>	<b>100,696</b>	<b>114,488</b>	<b>(13,792)</b>	<b>-12%</b>	<b>100,696</b>	<b>176,925</b>	<b>(76,229)</b>	<b>57%</b>

The chart above summarizes the City's sources of revenue through June 30, 2018.

1. **Property Tax revenue** increased by \$800K from last year as result of the slight increase in the tax rate and the expansion of the tax base, and is over budget at the end of the second quarter as a result of paying a small number of assessment reductions by the end of the quarter.
2. **Sales Tax revenue** increased in the second quarter by \$1.1M compared to last year this time. Sales tax revenue was over budget at 52% for the year. This is an unexpected boost to revenue and will be helpful should it continue through the end of the year.
3. **PILOTS/19-a revenue** was slightly higher than the same period last year. They totaled almost \$11.5M with most of that coming from NYS.
4. **Other Local sources revenue** decreased from the second quarter of 2017. The difference from year to year is related to receiving the National Grid gross utilities receipt tax in June last year as compared to receiving it in July this year.
5. **Landfill revenue** totaled almost \$2.8M which was a decrease of 36% compared to the same period last year. Tipping fees decreased by almost \$1.5M from commercial customers and coupon sales decrease by \$96K. Revenue is also slightly below budget for the year at 46%, but is expected to be at or above budget by the end of the year.
6. **Other Departmental revenue** was 2% (\$47K) higher than last year at this time. There were increases in Rental registries, EMS Ambulatory, and APD Event Security.
7. **Intergovernmental revenue** increased by 161% (\$197K). Most of this increase is related to the increase in interest rates on our invested cash.
8. **Fines and Forfeitures revenue** increased by 3% (\$79K) from last year. Most of the increase is the result of an increase in traffic violations, police court fines, and miscellaneous revenue.
9. **Licenses and Permits revenue** decreased 5% (\$98K) compared to the same period last year. Stabilizations and demolition fees decreased \$350K and street opening fees decreased \$83K. While safety –inspection permits revenue increased by \$222K, parking permit revenue increased by almost \$40K and plumbing permits increased \$42K.
10. **State aid** decreased \$13.1M which is directly related to receiving the \$12.5M in Capital City funding revenue in June last year. (The city has received \$9m of the Capital City funding in July towards the 2018 payment, with \$3m to be paid at a later date in the year.) Most of the

revenue in this category is derived from state grants and various state payments. The timing of these payments varies from year to year.

11. **Miscellaneous revenue** decreased 33% (\$806K) compared to the same time last year. Most of the decrease is related to reducing the revenue in this account for the 2017 demolition and waste collection fees that were added to the 2018 property tax bills. This category is made up of refund of prior year expenses, special events revenue and reimbursements from ACDA. (This is where federal HUD accounting rules require the City to budget for the \$3m in ACDA pass through monies, even though neither the revenue nor expenses are realized.)

12. **Other revenue** decreased by 89% (\$278K) compared to the same period last year. The decrease is primarily related to the Safer Grant which ended in 2017. Most of this revenue in this category is derived from federal government grants and the timing of these payments varies from one year to the next.

## DISBURSEMENTS

Category/Account	JUNE	JUNE		%	Annual		%
	YTD 18	YTD 17	Variance		Budget	Variance	Budget
Personal Benefits	37,110,947	36,722,896	388,050	1.1%	75,228,292	(38,117,345)	49%
Fringe Benefits	17,161,483	17,581,412	(419,930)		36,678,253	(19,516,770)	
Retirement including estimate	6,701,360	6,878,043	(176,682)		14,324,103	(7,622,743)	
Total Benefits	23,862,843	24,459,455	(596,612)	-2.4%	51,002,356	(27,139,513)	47%
Non-Personal Service	23,208,752	22,996,513	212,239	0.9%	50,694,889	(27,486,137)	46%
Total	84,182,541	84,178,864	3,677	0.0%	176,925,537	(92,742,996)	48%
Number of weeks in period	26	26	0		52		50%

**Total disbursements was about the same compared to the same period last year.** Spending was down in Fringe Benefits and up slightly in Personnel Benefits and Non-Personal Services compared in the second quarter.

1. **Personal Benefits salary expense increased by 1.1%** compared to the same period last year. This category was slightly below budget a 49% for the year. The Police Department was up by \$498K from last year, Administrative Services increased by \$140K, Buildings Department

increased by \$58K, and the Maintenance of Streets division increased by \$198K. The Fire Department decreased by \$404K. This category also includes overtime expenses which ended the quarter at almost \$120K higher than in 2017 (due in part to the snowstorms). Most of the other City departments were at similar levels or had slightly lower salary expenses for the quarter.

2. **Fringe Benefits and Retirement Expenses decreased by 2.4%** from the second quarter of last year. This category was below budget for the quarter at 47%. Most of the decrease in this category was attributable to decreases in workers compensation lines which were lower by (\$208K) and retiree health insurance lines which decreased by (\$368K).
3. **Non-Personal Service spending increased by 0.9% or slightly more than \$212K.** Not including encumbrances this category was at 46% of budget by the end of the second quarter. This category includes utilities, contracted services, supplies, materials, small equipment, consulting fees and debt service. The second quarter saw increases over last year in the following areas. Utilities expenses increased \$95K, judgement and claims increased \$191K and small and replacement equipment increased \$113K. BRC saw demolitions expense decrease \$94K and gasoline expense decreased \$88K.
4. **Encumbrances (funds reserved for purchases) decreased by almost \$583K** compared to the same period last year. Encumbrances total slightly more than \$5.4M at the end of the second quarter.

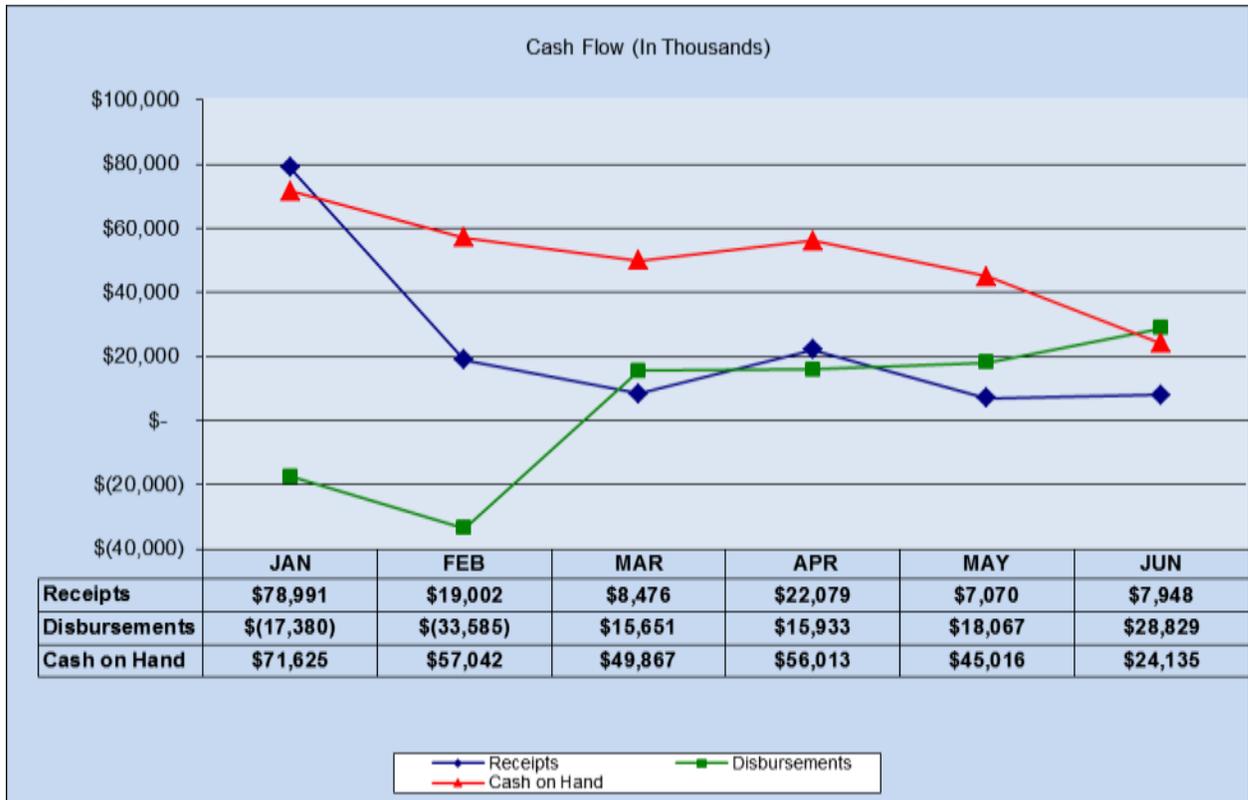
## OVERTIME

Department	2018	2017	Change	%	% of		
					2018	Budget	Budget
Police (non-reimbursable)	2,403,765	2,338,335	65,430	3%	2,403,765	4,050,000	59%
Fire	324,025	369,445	(45,420)	-12%	324,025	439,000	74%
Communications	149,953	124,410	25,543	21%	149,953	175,000	86%
Parks Maintenance	115,791	104,848	10,943	10%	115,791	185,000	63%
Waste Collection	110,655	115,498	(4,843)	-4%	110,655	175,000	63%
Landfill	92,645	96,468	(3,823)	-4%	92,645	150,000	62%
Central Maint.	31,519	23,722	7,797	33%	31,519	70,000	45%
Street Maintenance	228,286	162,698	65,588	40%	228,286	270,000	85%
Recreation	5,005	4,811	194	4%	5,005	12,000	42%
Traffic Engineering	16,918	19,607	(2,689)	-14%	16,918	40,000	42%
Capital Hills	8,031	13,896	(5,865)	-42%	8,031	26,000	31%
Fleet Maintenance	15,395	19,489	(4,094)	-21%	15,395	18,000	86%
Bleeker Stadium	210	0	210	2099900%	210	500	42%
Buildings	53,887	45,057	8,830	20%	53,887	50,000	108%
DGS Administration	352	641	(289)	-45%	352	2,500	14%
Control of Animals	7,712	4,378	3,334	76%	7,712	9,000	86%
Cultural Affairs	4,820	5,858	(1,038)	-18%	4,820	15,000	32%
<b>General Fund</b>	<b>3,568,969</b>	<b>3,449,161</b>	<b>119,808</b>	<b>3%</b>	<b>3,568,969</b>	<b>5,687,000</b>	<b>63%</b>
Police (reimbursable)	682,726	575,830	106,896	19%	682,726	1,288,023	53%
Traffic Eng. (reimbursable)	0	0	0	0%	0	500	0%
Water	267,269	277,976	(10,707)	-4%	267,269	490,000	55%
<b>Totals</b>	<b>4,518,964</b>	<b>4,302,967</b>	<b>215,997</b>	<b>5%</b>	<b>4,518,964</b>	<b>7,465,523</b>	<b>61%</b>

**General Fund overtime was over budget at (63%) at the end of the second quarter.** Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense was 3% or almost (\$120K) higher than the same period last year.

The Street Maintenance - division had the biggest increase in overtime payments which were up by almost \$66K. Much of this was related to the additional work related to snow removal in January. The Fire Department decreased by over \$45K and posted its lowest 1Q OT since 2012, but ended the quarter at 74% of YTD budget. OT, as expected, was reduced as new recruits filled staffing gaps. The Buildings Department was at 108% of budget by the end of the second quarter. A slight majority of departments have higher overtime expenses this year than last year.

## CASH



**The City's cash position was 10% lower than forecasted and \$24.0.M lower than the same period last year.** Most of the decrease is the result of the state not paying the Capital City Funding payment. Last year at this time we received a \$12.5M payment. Property tax receipts are lower than last year by almost \$5.7M due to the County of Albany receiving the corporate tax payments directly instead of the City collecting this cash and reimbursing the County at a later date. In addition we paid Albany County and the City School District over \$7.0M in PILOT payments owed from 2017.

## CONCLUSION

The City saw a large decrease (almost \$13.8M) in overall revenue in this quarter compared to 2017, mostly the result of the of the State not paying this year's Capital City Funding money in the second quarter. Expenses were almost level compared to last year at this time. Decreases in worker's compensation and retiree health insurance expenses helped to hold down costs.

Thus far, there are no major surprises for 2018 other than the 3 snow emergencies, and the City is largely moving forward as expected financially. The City will have to 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 remains the goal.