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## OFFICE OF THE ALBANY CITY TREASURER

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**DATE:** July 3, 2019

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

**FROM:** Hon. Darius Shahinfar

**CC:** Rachel McEneny, Mike Wheeler

**RE:** 1st quarter 2019 Performance

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The following is a summary of the unaudited results for the 1st Quarter 2019. Overall, fiscal performance was stable and within budgetary expectations for 2019, with the exception of expenditures related to the overtime.

Revenue in the first quarter of 2019 totaled almost \$85.5 million which was a decrease of 2.0% or \$1.4M from last year at this time (most of this decrease is related to not billing the waste collection fees by the first quarter this year compared to last year). Expenses totaled almost \$34.4M which was an increase of 1.9% or (\$625,000) compared to the first quarter of 2018.

### REVENUE (Thousands)

	MAR	MAR		%	MAR	Annual		%
REVENUE	YTD 19	YTD 18	Variance		YTD 19	Budget	Variance	Budget
PROPERTY TAX	58,560	58,451	109	0%	58,560	58,250	310	101%
SALES/USE TAX	8,486	8,351	135	2%	8,486	34,594	(26,108)	25%
PILOTS/19-a	11,585	11,028	557	5%	11,585	19,675	(8,090)	59%
OTHER LOCAL SOURCES	421	465	(44)	-9%	421	3,092	(2,671)	14%
LANDFILL	1,900	1,123	777	69%	1,900	6,030	(4,130)	32%
OTHER DEPARTMENTS	632	1,929	(1,297)	-67%	632	6,948	(6,316)	9%
INTER GOVERNMENT	130	76	54	71%	130	532	(402)	24%
FINES	1,205	1,261	(56)	-4%	1,205	5,291	(4,086)	23%
LICENSES AND PERMITS	828	1,151	(323)	-28%	828	3,665	(2,837)	23%
STATE AID	19	1	18	1800%	19	29,184	(29,165)	0%
SALE P/COMP/LOSS	877	0	877	8769900%	877	359	518	244%
MISCELLANEOUS	805	3,039	(2,234)	-74%	805	8,647	(7,842)	9%
OTHER	14	12	2	17%	14	1,205	(1,191)	1%
<b>TOTAL REVENUE</b>	<b>85,462</b>	<b>86,887</b>	<b>(1,425)</b>	<b>-2%</b>	<b>85,462</b>	<b>177,472</b>	<b>(92,010)</b>	<b>48%</b>

The chart above summarizes the City's sources of revenue through March 31, 2019.

1. **Property Tax revenue** increased by \$109K from last year and is over budget at the end of the first quarter as a result of paying a small number of assessment reductions by the end of the quarter.
2. **Sales Tax revenue** the first quarter sales tax revenue was higher than last year and totaled almost \$8.5M and on budget at 25% for the year in first quarter. This is actually a positive sign, as first quarter numbers are usually below 25%, indicating the possibility of another over-budget year.
3. **PILOTS/19-a revenue** was higher than the same period last year. Most of the increase is due to the contracted increases in PILOT payments and earlier shelter rent payments. The largest payment was over \$7.0M for the 19a properties billed to NYS.
4. **Other Local sources revenue** decreased from the first quarter of 2018. The difference from year to year is related to timing of receiving the February OTB receipts in the first quarter last year. Penalties on property taxes decreased from receiving payments sooner.
5. **Landfill revenue** increased 69% compared to the same period last year. Tipping fees increased by almost \$395K from commercial customers and government customers and coupon sales increase by \$434K. Revenue is slightly higher than budget for the year at 32%.
6. **Other Departmental revenue** was 67% (\$1.3M) lower than last year at this time. Most of the difference is the result of billing the 2018 waste collection fees by March last year. Rental registries increased by \$9K and APD Event Security revenue increased by almost \$46K.
7. **Fines and Forfeitures revenue** decreased by 4% (\$56K) from last year. The decrease is due to traffic court fines, which were lower than the first quarter of 2018.
8. **Licenses and Permits revenue** decreased 28% (\$323K) compared to the same period last year. Safety Inspection permits revenue decreased by \$74K, stabilization and demolition fees decreased by \$176K, parking permit revenue decreased by \$23K and taxi medallions decreased by \$19K. While plumbing permits increased by \$67K and electrical permits increased by \$7K. Part of the decrease is timing of BRC permits.
9. **State aid** – Increased \$18K by the end of the first quarter. Most of this revenue is derived from state grants and various state payments. The timing of these payments varies from year to year.
10. **Miscellaneous revenue** decreased 74% (\$2.2M) compared to the same time last 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.

- Other revenue** increased by \$2K 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

Category/Account	MAR YTD 19	MAR YTD 18	Variance	%	Annual Budget	Variance	% Budget
Personal Benefits	19,147,253	18,552,289	594,964	3.2%	77,447,618	(58,300,365)	25%
Fringe Benefits	11,235,974	10,929,623	306,351	2.8%	50,727,743	(39,491,769)	22%
Non-Personal Service	<u>4,028,462</u>	<u>4,304,630</u>	(276,167)	-6.4%	<u>49,296,184</u>	(45,267,722)	8%
Total	34,411,689	33,786,541	625,148	1.9%	177,471,545	(143,059,856)	19%
Number of weeks in period	13	13	0		52		25%

**Total disbursements increased by over \$625K or 1.9% compared to the same period last year.** Spending was up in Personal Benefits and Fringe Benefits while Non-Personal Services decreased compared in the first quarter. However, spending on personal and fringe benefits is well within 2019 budgetary expectations.

- Salary expense increased by 3.2%** compared to the same period last year. Increases in the Fire Department salary and related expenses were responsible for most of the increase in this category. The Fire Department code enforcement stipend \$175K was paid in the first quarter this year compared to the 3<sup>rd</sup> quarter last year and accumulated sick leave pay totaled \$319K. This category also includes overtime expenses which ended the quarter almost \$214K higher than in 2018.
- Benefits Expenses increased by 2.8%** from the first quarter of last year but was below budget for the first quarter at 22%. Most of the increase in this category was attributable to increases in retirement expenses from

NYS which increased (\$213K) and retiree health insurance increased (\$147K), an item that fluctuates year to year.

**3. Non-Personal Service spending decreased by 6.4% or \$276K.** Not including encumbrances this category was only 8% of budget by the end of the first quarter. This category includes utilities, contracted services, supplies, materials, small equipment, consulting fees and debt service. The first quarter saw decreases over last year in the following areas. Utilities expenses decreased \$22K, contracted services decreased \$152K, debt service was lower by \$197K and judgements and claims decreased \$124K while snow removal expenses increased \$171K.

**4. Encumbrances (funds reserved for purchases) decreased by \$525K** compared to the same period last year. Encumbrances total slightly more than \$4.9M at the end of the first quarter.

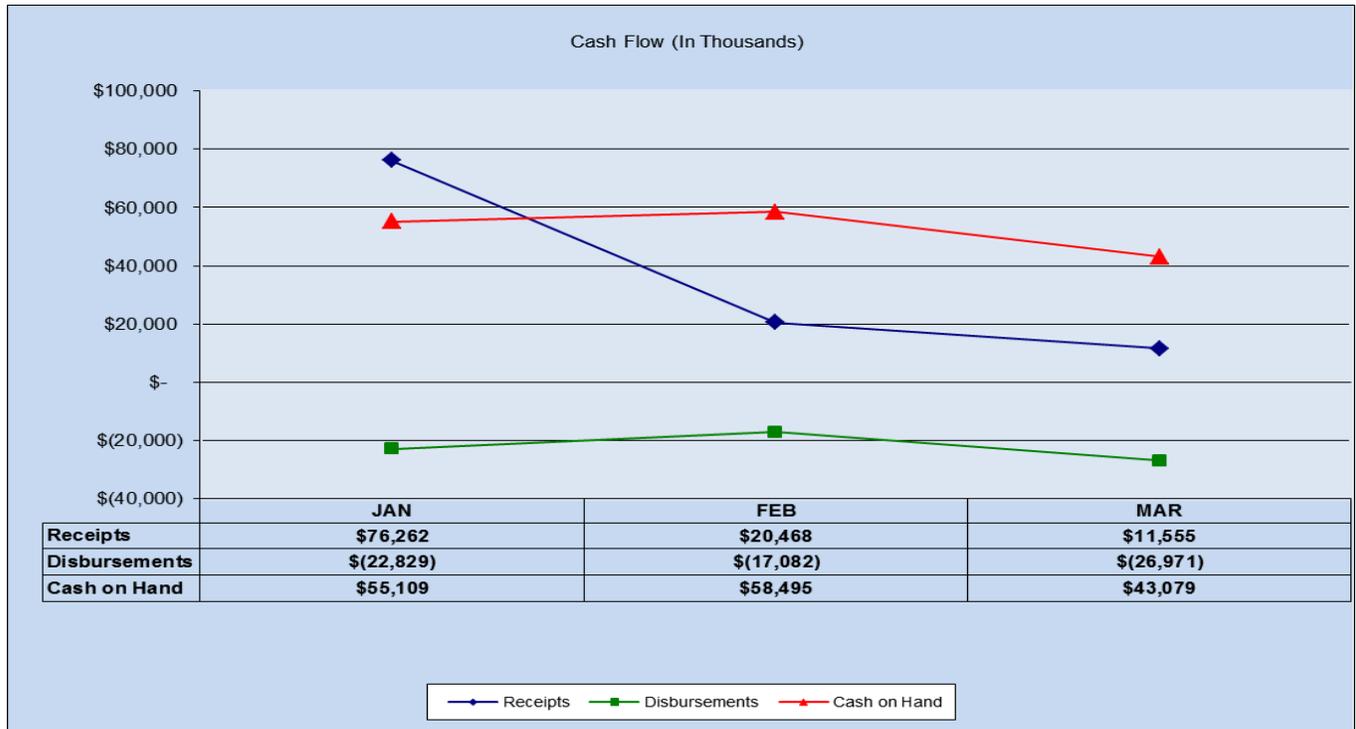
## OVERTIME

Department	2019	2018	Change	%	2019	Budget	% of Budget
Police (non-reimbursable)	1,089,082	1,036,492	52,590	5%	1,089,082	4,195,090	26%
Fire	303,923	152,307	151,616	100%	303,923	439,000	69%
Communications	90,684	71,453	19,231	27%	90,684	225,000	40%
Parks Maintenance	77,027	72,557	4,470	6%	77,027	185,000	42%
Waste Collection	88,505	67,238	21,267	32%	88,505	225,000	39%
Landfill	45,612	61,676	(16,064)	-26%	45,612	150,000	30%
Central Maint.	14,516	18,249	(3,733)	-20%	14,516	70,000	21%
Street Maintenance	139,045	166,234	(27,189)	-16%	139,045	270,000	51%
Recreation	1,005	319	686	215%	1,005	12,000	8%
Traffic Engineering	10,687	8,919	1,768	20%	10,687	40,000	27%
Capital Hills	9,901	5,298	4,603	87%	9,901	26,000	38%
Fleet Maintenance	15,064	15,123	(59)	0%	15,064	18,000	84%
Bleeker Stadium	125	0	125	1249900%	125	500	25%
Buildings	27,951	24,679	3,272	13%	27,951	92,400	30%
DGS Administration	2,747	320	2,427	758%	2,747	3,104	88%
Control of Animals	2,167	2,733	(566)	-21%	2,167	12,000	18%
Cultural Affairs	205	146	59	40%	205	12,000	2%
<b>General Fund</b>	<b>1,918,246</b>	<b>1,703,743</b>	<b>214,503</b>	<b>13%</b>	<b>1,918,246</b>	<b>5,975,094</b>	<b>32%</b>
Police (reimbursable)	258,210	261,047	(2,837)	-1%	258,210	1,250,000	21%
Fire (reimbursable)	0	0	0	0%	0	110,000	0%
Traffic Eng. (reimbursable)	0	0	0	0%	0	500	0%
Water	158,738	160,385	(1,647)	-1%	158,738	502,250	32%
<b>Totals</b>	<b>2,335,194</b>	<b>2,125,175</b>	<b>210,019</b>	<b>10%</b>	<b>2,335,194</b>	<b>7,837,844</b>	<b>30%</b>

**General Fund overtime was over budget (32%) at the end of the first quarter.** Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense was 13% (\$214K) 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 \$152K. The majority of departments have higher overtime expenses this year than last year.

## CASH



**The City's cash position was 16% lower than forecasted and \$6.8M lower than the same period last year.** Most of the decrease is the result of the increase in contractor payments for the Albany Water Board related to the Long-Term Control Plan and a decrease in the amount transferred to City from the AWB to pay their expenses. We expect this to even out over the course of the year.

## CONCLUSION

**Thus far, there are no major surprises for 2019, as the City is largely moving forward as expected financially.** Although the City saw a decrease in overall revenue in the first quarter compared to 2018, this is expected to even out over the course of the year. Expenses were up in the first quarter of 2019 compared to last year at this time, mostly as the result of Fire department contracted benefit payments, increases in retirement costs, over-budget OT, and increases in snow removal expenses. 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.