
OFFICE OF THE ALBANY CITY TREASURER

DATE: November 1, 2012

TO: Hon. Gerald D. Jennings
Members of the Common Council

FROM: Hon. Kathy M. Sheehan

CC: Phil Calderone, Chris Hearley

RE: 3rd quarter 2012 Performance

The following is a summary of the unaudited results for the 3rd Quarter 2012.

Revenue in the third quarter of 2012 decreased 14% compared to the same period last year. The main reason for the decrease related to the timing of the State's 19-a payment to the City. Cash flow remained positive and the 19-a payment is expected in the fourth quarter. Expenses were up 6%, or \$6 million, compared to third quarter of 2011. General Fund overtime expenses were down 6% compared to the third quarter last year and were at 74% of budget.

REVENUE (Thousands)

REVENUE	SEP				Annual			
	YTD 12	YTD 11	Variance	%	YTD 12	Budget	Variance	%
PROPERTY TAX	54,766	53,812	954	2%	54,766	55,148	(382)	99%
SALES/USE TAX	15,076	14,284	792	6%	15,076	28,900	(13,824)	52%
PILOTS/19-a	3,728	19,008	(15,280)	-80%	3,728	26,942	(23,214)	14%
OTHER LOCAL SOURCES	1,592	2,167	(575)	-27%	1,592	3,789	(2,197)	42%
LANDFILL	7,897	8,587	(690)	-8%	7,897	11,410	(3,513)	69%
OTHER DEPARTMENTS	2,189	2,052	137	7%	2,189	2,746	(557)	80%
INTER GOVERNMENT	298	363	(65)	-18%	298	260	38	115%
FINES	3,428	3,893	(465)	-12%	3,428	5,296	(1,868)	65%
LICENSES AND PERMITS	2,035	2,044	(9)	0%	2,035	2,166	(131)	94%
STATE AID	3,057	2,878	179	6%	3,057	22,705	(19,648)	13%
SALE P/COMP/LOSS	196	434	(238)	-55%	196	327	(131)	60%
MISCELLANEOUS	3,217	4,065	(848)	-21%	3,217	4,847	(1,630)	66%
OTHER	423	455	(32)	-7%	423	3,913	(3,490)	11%
TOTAL REVENUE	97,902	114,042	(16,140)	-14%	97,902	168,449	(70,547)	58%

The chart above summarizes the City's sources of revenue through September 30, 2012.

1. **Property Tax revenue** was 2% higher than last year as a result of a 2% increase in the property tax levy, but it was under budget by \$382,000 as a result of assessment reductions.
2. **Sales Tax revenue** for the third quarter reflects two quarters of payment and was 6% higher than the same period last year. The City received its third quarter payment from the County in October and it was 1% higher than the third quarter payment last year. This puts the total sales tax revenue 4% ahead of last year and at more than 78% of budget. Of note, however, is that sales tax revenue was slightly lower in the third quarter compared to the second quarter. Since 2005, third quarter sales tax revenue has been higher than the second quarter in every year except 2009.
3. **PILOTS/19-a revenue** was 80% lower than the same period last year mainly as a result of the timing of the City's payment for the Empire State Plaza. In past years, the City has received early payment from the State in order to avoid a cash shortfall. Because of the City's strong cash position this year, we will not receive the \$22,850,000 19-a payment until the fourth quarter.
4. **Other Local sources revenue** was 27% lower than the same period last year mainly as a result of a decrease in utility gross receipts.
5. **Landfill revenue** was down 8% compared to the third quarter of 2011 and was at 69% of budget. Higher revenue for methane gas and contaminated soil were offset by a 10%, or \$800,400, decrease in tipping fees from commercial and municipal customers.
6. **Other Departmental revenue** was approximately 7% higher than the same period last year, with most of the increase coming from higher revenue at the golf course.
7. **Fines and Forfeitures revenue** was 12% lower than the same period last year. Both parking ticket and traffic/police court fines are lower than 2011. Ticket issuance was down 6% compared to the third quarter last year.
8. **Licenses and Permits revenue** remained about the same compared to the same period last year, and was at 94% of budget. Electrical and plumbing permit revenue remains strong.

9. **State aid** was 6% higher in the third quarter compared to 2011. Mortgage recording tax revenue was 50%, or \$313,000, higher than the same period last year and was at 78% of budget at the end of the third quarter.
10. **Miscellaneous revenue** was 21%, or \$848,000 lower than the same period last year primarily as a result of an increase in delinquent debris and demolition charges levied onto 2012 property tax bills.
11. **Other revenue** was consistent with the same period last year.

DISBURSEMENTS

	SEP	SEP		%	Annual		%
	YTD 12	YTD 11	Variance		Budget	Variance	Budget
Personal Benefits	54,562,211	54,152,482	409,729	0.8%	73,998,818	(19,436,607)	74%
Fringe Benefits	35,478,057	32,898,903	2,579,154	7.8%	51,292,721	(24,133,051)	53%
Non-Personal Service	<u>30,067,310</u>	<u>25,434,693</u>	<u>4,632,617</u>	<u>18.2%</u>	<u>48,994,204</u>	<u>(18,926,894)</u>	<u>61%</u>
Total	120,107,578	112,486,078	7,621,500	6.8%	174,285,743	(62,496,551)	69%
weeks in period	38	39	-1		52		73%

Total disbursements increased nearly 7% compared to the same period last year to more than \$120 million. Spending was up in all categories, including an 18% increase in operating expenses compared to 2011.

1. **Salary expense increased less than 1%** compared to the same period last year. The 2012 budget included a 3% pay increase for non-union employees.
2. **Benefits Expenses increased nearly 8% for the third quarter of 2012.** Estimated pension expenses were up 24% compared to 2011. Retiree health insurance was nearly 19%, or \$617,000, higher than the same period last year, but is at just 48% of budget at the end of the third quarter.
3. **Non-Personal Service spending increased by \$4.6 million or 18.2%** compared to the same period last year. This category includes utilities, contracted services, supplies, materials, small equipment, consulting fees and debt service. A \$1.1 million decrease in spending on snow removal material and supplies was offset by higher spending in the Police Department, Building and Codes and Debt service. Last year, the City

used \$5 million in debt reserve to offset debt service expense. As a result, debt expense this year is nearly \$5 million higher compared to 2011. Overall, non-personal service spending was at 74% of budget at the end of the third quarter.

5. **Encumbrances (funds reserved for purchases) increased by \$2.2 million** or 57% compared to the same period last year. Encumbrances totaled \$6.1 million at the end of the third quarter, which, together with actual expenditures brought non-personal service expenses to 74% of budget.

OVERTIME

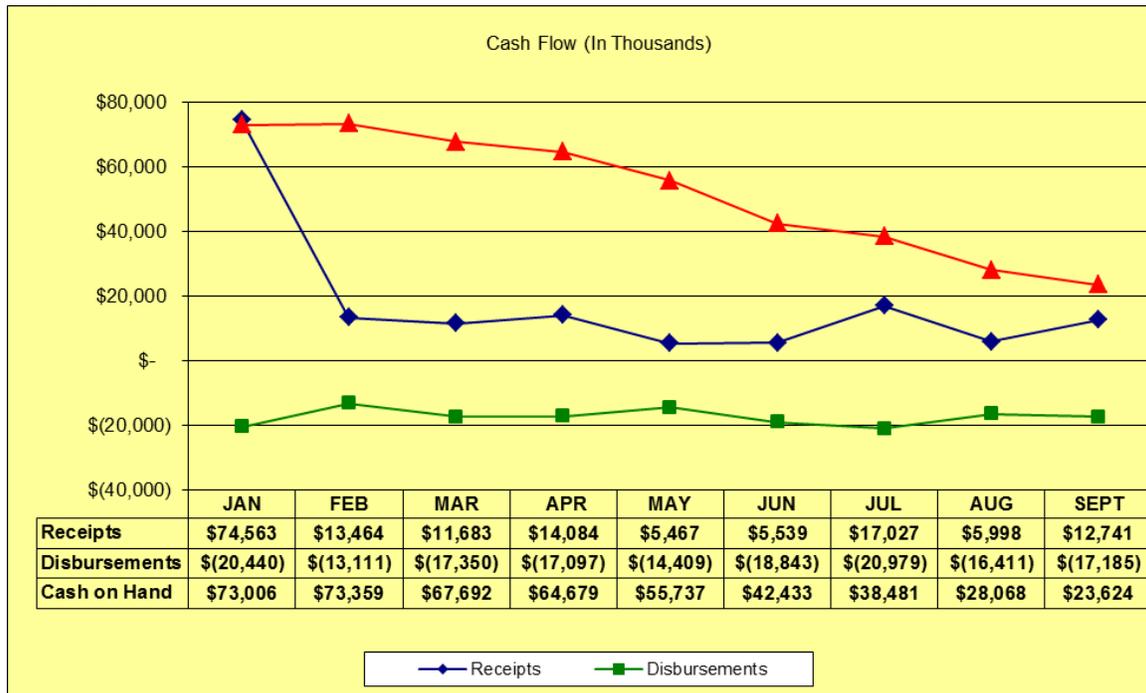
Department	SEP 2012	SEP 2011	Change	%	SEP 2012	Budget	% of Budget
Police (non-reimbursable)	3,138,207	2,617,691	520,516	20%	3,138,207	4,040,000	78%
Fire	1,292,860	1,906,855	(613,995)	-32%	1,292,860	1,800,000	72%
Communications	136,514	111,701	24,813	22%	136,514	150,000	91%
Parks Maintenance	146,870	219,266	(72,396)	-33%	146,870	190,000	77%
Waste Collection	105,702	149,324	(43,622)	-29%	105,702	230,000	46%
Landfill	85,973	103,650	(17,677)	-17%	85,973	110,000	78%
Central Maint.	56,094	106,402	(50,308)	-47%	56,094	100,000	56%
Street Maintenance	85,247	128,692	(43,445)	-34%	85,247	150,000	57%
Street Cleaning	66,146	130,725	(64,579)	-49%	66,146	170,000	39%
Recreation	39,730	32,777	6,953	21%	39,730	32,000	124%
Traffic Engineering	16,214	18,205	(1,991)	-11%	16,214	25,000	65%
Capital Hills	23,604	25,723	(2,119)	-8%	23,604	20,000	118%
Central Garage	21,189	28,261	(7,072)	-25%	21,189	30,000	71%
Bleeker Stadium	826	1,521	(695)	-46%	826	2,500	33%
Buildings	17,413	15,193	2,220	15%	17,413	10,000	174%
Control of Animals	6,880	5,999	881	15%	6,880	10,000	69%
Special Events	19,858	19,250	608	3%	19,858	25,000	79%
General Fund	5,259,327	5,621,235	(361,908)	-6%	5,259,327	7,094,500	74%
Police (reimbursable)	786,785	855,512	(68,727)	-8%	786,785	725,000	109%
Traffic Eng. (reimburs.)	1,511	0	1,511		1,511	0	100%
Water (reimbursable)	437,612	517,528	(79,916)	-15%	437,612	605,000	72%
Totals	6,485,235	6,994,275	(509,040)	-7%	6,485,235	8,424,500	77%

General Fund overtime was at 74% of budget at the end of the third quarter. General Fund overtime expense was 6%, or \$362,000, lower than the same period last year.

Fire department overtime was down 32% compared to the third quarter last year, and was at 72% of budget. Reductions in other departments are due mainly to the fact that the City had no snow emergencies compared to the prior year.

Police overtime was up 20% compared to the same period last year, and finished the third quarter at 78% of budget.

CASH



The City's cash position was 6% ahead of forecast, but nearly \$9 million lower than the same period last year. The third quarter of 2011 was positively impacted by the early receipt of the City's 19-a payment from the State. Because of the City's improved cash flow, we could not demonstrate a need for early payment this year.

CONCLUSION

It appears that revenue will come in close to budget provided current trends continue. Expenses are also tracking close to budget, which means that the City is on track to end the year with a depletion of fund balance close to the budgeted projection of \$5.6 million.