

Patrick Madden
Mayor



Andrew Piotrowski
Deputy City Comptroller

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Sharon L. Martin, IAO
City Assessor

Date: July 15, 2016

To: Honorable Patrick Madden
City Council Members

From: Andrew Piotrowski
Deputy City Comptroller

Re: Second Quarter 2016 Quarterly Financial Report – General Fund

Please find attached the General Fund quarterly report for the second quarter of 2016. The values shown for 2015 have been audited and the 2016 values have been thoroughly reviewed by the City Comptroller's Office to ensure their accuracy.

Similar to the first quarter report, seasonality has an impact on the results shown in this report. Specific areas that are impacted will be illustrated below.

Part I – Revenues

The chart below depicts the status of the revenues within the General Fund as of June 30, 2016. We have broken out the revenues by functional type as they are shown in the 2016 budget.

| General Fund Revenues | | | | | | | | |
|--|-------------------|-------------------|------------------|--------------|-------------------|-------------------|---------------------|---------------|
| Revenue | 06/30/2016 | 06/30/2015 | \$ Change | % Change | 2016 Actual | 2016 Budget | \$ Diff | % Achieved |
| Real Property Taxes | 11,546,307 | 11,012,018 | 534,288 | 4.85% | 11,546,307 | 20,582,598 | (9,036,291) | 56.10% |
| Local Sources | 5,423,487 | 4,934,767 | 488,720 | 9.90% | 5,423,487 | 19,261,000 | (13,837,513) | 28.16% |
| General Government Support | 149,383 | 96,708 | 52,675 | 54.47% | 149,383 | 326,982 | (177,599) | 45.69% |
| Public Safety | 427,131 | 302,283 | 124,848 | 41.30% | 427,131 | 472,000 | (44,870) | 90.49% |
| Health | 818,211 | 566,924 | 251,287 | 44.32% | 818,211 | 1,775,000 | (956,789) | 46.10% |
| Transportation | 363,040 | 354,048 | 8,992 | 2.54% | 363,040 | 690,000 | (326,960) | 52.61% |
| Recreation | 646,861 | 655,668 | (8,807) | -1.34% | 646,861 | 1,413,000 | (766,139) | 45.78% |
| Home & Community Services | 496,412 | 538,724 | (42,312) | -7.85% | 496,412 | 550,000 | (53,588) | 90.26% |
| Intergovernmental Charges | 41,600 | 40,784 | 816 | 2.00% | 41,600 | 263,230 | (221,630) | 15.80% |
| Use Of Money & Property | 3,097 | 2,734 | 363 | 13.28% | 3,097 | 55,000 | (51,903) | 5.63% |
| Licenses & Permits | 429,385 | 174,196 | 255,189 | 146.50% | 429,385 | 616,000 | (186,615) | 69.71% |
| Fines & Forfeitures | 722,651 | 513,771 | 208,880 | 40.66% | 722,651 | 1,228,500 | (505,849) | 58.82% |
| Sale Of Property & Compensation For Loss | 5,088 | 8,135 | (3,047) | -37.45% | 5,088 | 1,180,000 | (1,174,912) | 0.43% |
| Miscellaneous | 550,933 | 492,235 | 58,698 | 11.92% | 550,933 | 1,403,500 | (852,567) | 39.25% |
| Interfund Revenues | 543,209 | 789,733 | (246,524) | -31.22% | 543,209 | 1,771,418 | (1,228,209) | 30.67% |
| State Aid | 317,741 | 248,590 | 69,151 | 27.82% | 317,741 | 13,855,555 | (13,537,814) | 2.29% |
| Federal Aid | 199,176 | 320,772 | (121,596) | -37.91% | 199,176 | 787,760 | (588,584) | 25.28% |
| Intrafund Revenues | - | - | - | - | - | 2,222,000 | (2,222,000) | 0.00% |
| Appropriated Fund Balance | 70,169 | 8,173 | 61,996 | 758.57% | 70,169 | 70,169 | - | 100.00% |
| Total | 22,753,880 | 21,060,264 | 1,693,616 | 8.04% | 22,753,880 | 68,523,712 | (45,769,832) | 33.21% |

1. Real Property Taxes

The total amount of real property taxes collected throughout the first two quarters of 2016 was \$11,546,307, or 56.10% of the 2016 adjusted budget. Due to the change in tax rates from year to year it is more accurate to compare the percentage of the total collected as of June 30th of the fiscal year. At the end of 2016's second quarter 56.10% of the budgeted amount had been received. This is a minimal decrease of .05% from 2015 where 56.15% had been collected.

2. Local Sources

Revenue from Local Sources totaled \$5,423,487, which was an increase of 9.90%, or \$488,720, when comparing the total to the 2015 second quarter of \$4,934,767. The primary cause for the increase is attributable to the rise in PILOT payments received in 2016 when compared to 2015 from the Troy Industrial Development Authority and Rensselaer County Industrial Development Authority. A second cause for the increase is due to a 5.54% increase in first quarter sales tax revenue from 2015. When comparing the total of Utilities Gross Receipts tax at the end of the 2016 second quarter to the same time period in 2015 it declined by \$8,846.

When comparing this total to the 2016 budget of \$19,261,000, the City has received 28.16%. It is important to note that the reason why only 25% of the amount budgeted can be attributed to the seasonality of this revenue source. Due to the way the fiscal quarters work for revenues such as sales tax and gross receipts tax, the City has received only one of four payments during the first six months of the year.

3. General Government Support

General Government Support revenues totaled \$149,383 at the end of the second quarter, or 45.69% of the 2016 budget which totals \$326,982. This is an increase of \$52,675, or 54.47%, when compared to the second quarter total of 2015. The reason why less than fifty percent of the budget has been obtained at the end of the second quarter is caused by revenues such as Corporation Counsel fees being recorded at the end of the fiscal year once an analysis is completed at the end of the year.

The increase in revenues in this category is caused by an increase in collections in departments such as the Treasurer's Office, Comptroller's Office and Assessor's Office. The biggest increase is in Treasurer's Office fees, which is due to an increase in collection fees associated with the City's collection of delinquent city school taxes. Once the City receives the delinquent file from school district, there is a fee added on to the outstanding lien total for the City's efforts to collect the outstanding monies.

4. Public Safety

The total Public Safety revenues for the second quarter were \$427,131. This is an increase of \$124,848, or 41.30%, when compared to the second quarter of 2015. The cause for this increase is a significant increase in vacant building collections from 2015 to 2016.

The 2016 total makes up 90.49% of the 2016 budgeted total of \$472,000. This revenue category is another example of the seasonality impact throughout this report. The majority of vacant building fees are collected on the first installment of property tax bills collected in January.

5. Health

Health revenues totaled \$818,211, or 46.10% of the 2016 budget. Health revenues are comprised mostly from collections from ambulance billing which is collected and transmitted to the City by a third party. The City recognizes the revenue as it is collected which is why the totals are below fifty percent. Based on the trends we have seen we are receiving revenues from calls that were two months prior. For example, the majority of revenue received during the month of June was for calls made in April.

The revenues have increased when compared to the second quarter 2015 total by \$251,287, or 44.32%, with the 2015 total amounting to \$566,294. The primary cause for the increase is due to the transition that was ongoing during 2015 when switching third party billing companies. With the transition there were delays in receiving revenues, specifically from Medicare and Medicaid. As the 2015 progressed the revenue caught up to the current collection rate that we are seeing in 2016.

6. Transportation

Transportation revenues have been collected at 52.61% of the 2016 budget, with a total of \$363,040. With collections for parking meters and parking garages both being over fifty percent of the 2016 budget, this is the direct cause of the percentage of budget being achieved. When comparing the 2016 total to the 2015 second quarter total of \$354,048, or 2.54%. This increase is attributable to the same revenue sources that created the percentage of budget achieved.

7. Recreation

Recreation revenues totaled \$646,861 at the end of the second quarter, which resulted in 45.78% of the 2016 budget being collected. When compared to the 2015 six month total revenues have declined by a minimal percentage of 1.34%, or \$8,807. The primary cause for the decline is attributable to the

Knickerbacker Ice Rink, where revenues have declined by approximately \$10,000 and also from other recreation fees that are collected throughout the year. It should be noted however that total golf revenues have increased by approximately \$18,000 in 2016. The mild winter has aided in this increase, as in 2015 the golf course needed significant repairs prior to it being fully capable for play.

8. Home & Community Services

Revenue from Home & Community Services is made up almost entirely from collections of recycling bills. Revenues total \$496,412, which equates to 90.26% of the 2016 budget. This total is a decrease of \$42,312, or 7.85% from the total as of June 30, 2015. This revenue source is another example of seasonality as recycling bills are due March 31; therefore almost all of the revenues are collected at that time. The decrease is due to a decline in the collections during 2016 and is something that will be continued to be monitored closely by the City Comptroller's Office.

9. Intergovernmental Charges

Revenue from Intergovernmental Charges totaled \$41,600 at the end of the second quarter, which equates to \$15.80% of the 2016 budget. When compared to 2015 it has resulted in a minimal increase of \$816 or 2.00%. The only revenue recognized in both 2015 and 2016 has been fees associated with the generation of the tax bills paid to the City by the County. All other payments for other governments are received primarily during the fourth quarter of the fiscal year.

10. Use Of Money & Property

Use Of Money & Property revenues totaled \$3,097 at the end of the second quarter, or 5.63% of the 2016 budgeted amount. There is an increase of \$363, or 13.28% when compared to the 2015 total. The majority of revenues generated from this grouping, similar to Intergovernmental Charges, are recognized during the latter quarters of the fiscal year.

11. Licenses & Permits

Revenue from Licenses & Permits totals \$429,385 at the end of the second quarter, which is 69.71% of the 2016 budgeted total. This is an increase \$255,189, or 146.50% from the total of the first two quarters of 2015. Building Permits, totaling \$393,227 as of June 30, have created both the significant increase from 2015 and also why a high percentage of the budget has been obtained through the first two quarters.

12. Fines & Forfeitures

Revenue from Fines & Forfeitures totaled \$722,651 as of June 30, 2016, which is an increase of \$208,880 or 40.66%. When compared to the 2016 budget, we have currently collected 58.82% of the 2016 budgeted total. The increase from 2015 and also the high percentage of budget collected have been caused by an increase in parking and traffic fines.

Parking fines have increased by \$63,000 and 64.44% of the budgeted amount has been received with a total of \$306,071. This increase is due in large part to the amnesty program that was conducted during the second quarter coupled with the collections efforts made by the City's third party collection company contracted with.

Traffic fines collections total \$398,355 at the end of the second quarter, which is 56.91% of the 2016 budgeted total. This is also an increase of \$146,059 from the total as of June 30, 2015.

13. Sale Of Property & Compensation For Loss

Revenues from the Sale Of Property & Compensation For Loss totaled \$5,088 as of June 30, 2016, thus when compared to the total from the first two quarters of 2015 it has resulted in a decrease of \$3,047 or 37.45%. When compared to the 2016 budget it equates to 0.43% being recognized. This revenue, as of now, is anticipated to fall well short of the budgeted amount. The cause for this is the sale of One Monument Square falling through and also the unpredictable sale of the Scolite site as it had been budgeted for.

14. Miscellaneous

Miscellaneous revenues totaled \$550,933 at the end of the second quarter, or 39.25% of the 2016 budget. The primary reason why a low percentage of the budget has been received is attributable to donations, which as of June 30 had only received 15.83% of the amount budgeted. This is due to the donation from TRF not being received in the first two quarters which is consistent with 2015. Generally this revenue is received at the end of the third quarter.

Revenues have increased by 11.92%, or \$58,698, from the 2015 second quarter total of \$492,235. The primary cause for this increase is from the increase in employee contributions to the City health insurance plan. There has also been an increase in the amount of donations that have been received thus far in 2016.

15. Interfund Revenues

Interfund Revenues are monies due from the Water, Sewer and CDBG Funds for services provided to them by the General Fund. As of June 30, 2016 the total was \$543,209, or 30.67% of the 2016 budget. This is a decrease of \$246,524, or 31.22%, from the 2015 total. The reason for the decrease is there has not been a CDBG reimbursement completed thus far in 2016. The City Comptroller's Office will be working and completing this during the third quarter of the year.

16. State Aid

State Aid revenues totaled \$317,741 at the end of the second quarter, which equates to 2.29% of the 2016 budget. The total for 2016 increased by \$69,151, or 27.82%, when compared to the total from 2015. The increase was created by a reimbursement from the state for street paving. It should be noted that mortgage tax has decreased from 2015 to 2016 by approximately \$4,500. The reason why such a minimal amount of the budgeted total has been received is due to state aid, which is not received until December.

17. Federal Aid

Federal Aid revenues totaled \$199,176 at the end of the second quarter, which equates to 25.28% of the 2016 budget. This is also a decrease of \$121,596 or 37.91% from the second quarter total of 2015. The primary cause for this decrease is due to the expiration of a grant in the Fire Department that existed in 2015. There was also a reimbursement to the City from FEMA during 2015 that was in relation to costs from Hurricane Irene.

18. Intrafund Revenues

As of June 30 in both 2015 and 2016 there were no revenues recognized from the Intrafund Revenues source. The source of this revenue comes from the transfer from the Water Fund to the General Fund of profits from the current fiscal year. This transfer is made during December historically and this practice will continue for 2016.

19. Appropriated Fund Balance

The total for this revenue type is \$70,169 and in 2015 the total amounted to \$8,173. This total represents encumbrances restricting monies in the General Fund for goods or services. These are reviewed quarterly by the City Purchasing Agent to ensure accuracy and that status of why they remain outstanding.

Conclusion

The total for revenues in the General Fund as of June 30, 2016 were \$22,753,880, which when compared to the 2016 budgeted total of \$68,523,712 equates to 33.21% collected. Seasonality greatly impacts the percentage of revenue collected compared to the budget. For example state aid, a major revenue source for the City, is not received until December therefore it decreases the amount collected to date. Also while items such as recycling bills are collected early during the year, there are other items such as sales tax where only one payment has been received.

Revenues have increased by \$1,693,616, or 8.04%, when compared to the total revenues of \$21,060,264 as of June 30, 2015. This increase is not only coming from property tax increase from 2015 to 2016 but also from revenues such as ambulance billing, parking tickets and building permits.

Part II – Expenditures

The chart below shows expenditure information in the General Fund as of June 30, 2016, comparing the results to the second quarter of 2015 and to the 2016 budget. All expenditure totals represent payments made along with encumbrances for future purchases.

| General Fund Expenditures | | | | | | | | |
|--|-------------------|-------------------|------------------|----------------|-------------------|-------------------|-------------------|---------------|
| Expenditure | 06/30/2016 | 06/30/2015 | \$ Change | % Change | 2016 Actual | 2016 Budget | \$ Rem | % Expended |
| Code 1 - Salaries | | | | | | | | |
| Permanent Salaries | 10,576,500 | 10,883,033 | (306,533) | -2.82% | 10,576,500 | 23,381,029 | 12,804,529 | 45.24% |
| Temporary Salaries | 251,764 | 285,422 | (33,658) | -11.79% | 251,764 | 791,725 | 539,961 | 31.80% |
| Overtime | 113,287 | 292,767 | (179,480) | -61.30% | 113,287 | 383,500 | 270,213 | 29.54% |
| Overtime - Police | 413,101 | 313,825 | 99,276 | 31.63% | 413,101 | 930,635 | 517,534 | 44.39% |
| Overtime - Fire | 634,318 | 362,395 | 271,922 | 75.03% | 634,318 | 1,045,000 | 410,682 | 60.70% |
| Overtime - Public Safety Grants | 26,132 | 346,760 | (320,628) | -92.46% | 26,132 | 188,286 | 162,154 | 13.88% |
| Misc. Other | 507,418 | 473,344 | 34,074 | 7.20% | 507,418 | 2,112,944 | 1,605,526 | 24.01% |
| Total Code 1 | 12,522,520 | 12,957,546 | (435,026) | -3.36% | 12,522,520 | 28,833,119 | 16,310,599 | 43.43% |
| Code 2 - Equipment | 57,669 | 22,660 | 35,009 | 154.50% | 57,669 | 271,764 | 214,095 | 21.22% |
| Code 3 - Materials & Supplies | 1,191,526 | 1,447,569 | (256,043) | -17.69% | 1,191,526 | 2,302,950 | 1,111,425 | 51.74% |
| Code 4 - Contractual Services | | | | | | | | |
| Utilities | 978,288 | 1,139,250 | (160,961) | -14.13% | 978,288 | 2,461,175 | 1,482,887 | 39.75% |
| Postage | 8,733 | 24,359 | (15,626) | -64.15% | 8,733 | 58,950 | 50,217 | 14.81% |
| Printing & Advertising | 30,393 | 29,530 | 863 | 2.92% | 30,393 | 77,347 | 46,953 | 39.29% |
| Repairs & Rentals | 955,424 | 1,034,744 | (79,320) | -7.67% | 955,424 | 2,017,813 | 1,062,389 | 47.35% |
| Insurance | 291,948 | 292,591 | (643) | -0.22% | 291,948 | 265,000 | (26,948) | 110.17% |
| Dues | 26,409 | 21,623 | 4,786 | 22.13% | 26,409 | 30,800 | 4,391 | 85.74% |
| Consultant Services | 952,188 | 1,073,140 | (120,952) | -11.27% | 952,188 | 1,916,215 | 964,027 | 49.69% |
| Training | 85,375 | 80,605 | 4,769 | 5.92% | 85,375 | 197,510 | 112,135 | 43.23% |
| Travel | 5,266 | 4,316 | 950 | 22.02% | 5,266 | 18,650 | 13,384 | 28.24% |
| Judgements & Claims | 32,712 | 101,242 | (68,529) | -67.69% | 32,712 | 200,000 | 167,288 | 16.36% |
| Contingencies | - | - | - | - | - | 455,000 | 455,000 | 0.00% |
| Uniforms | 128,442 | 87,337 | 41,106 | 47.07% | 128,442 | 215,859 | 87,417 | 59.50% |
| Medical Expenses | 30,628 | 1,878 | 28,750 | 1530.88% | 30,628 | 42,000 | 11,372 | 72.92% |
| Misc. Other | 24,988 | 23,872 | 1,116 | 4.67% | 24,988 | 42,000 | 17,012 | 59.50% |
| Total Code 4 | 3,550,796 | 3,914,487 | (363,692) | -9.29% | 3,550,796 | 7,998,319 | 4,447,523 | 44.39% |
| Code 6/7 - Debt Service | 4,417,187 | 4,507,245 | (90,059) | -2.00% | 4,417,187 | 6,742,802 | 2,325,615 | 65.51% |
| Code 8 - Benefits | | | | | | | | |
| Pension | 1,670,380 | 5,808 | 1,664,572 | 28659.98% | 1,670,380 | 6,537,887 | 4,867,507 | 25.55% |
| Healthcare | 5,594,849 | 5,337,673 | 257,176 | 4.82% | 5,594,849 | 11,789,458 | 6,194,609 | 47.46% |
| Dental | 306,893 | 285,500 | 21,393 | 7.49% | 306,893 | 604,550 | 297,657 | 50.76% |
| Social Security | 913,754 | 954,974 | (41,219) | -4.32% | 913,754 | 2,198,863 | 1,285,109 | 41.56% |
| Worker's Compensation | 128,515 | 160,485 | (31,970) | -19.92% | 128,515 | 244,000 | 115,485 | 52.67% |
| Total Code 8 | 8,614,391 | 6,744,440 | 1,869,951 | 27.73% | 8,614,391 | 21,374,758 | 12,760,367 | 40.30% |
| Code 9 - Interfund Transfers | 981,166 | 30,249 | 950,917 | - | 981,166 | 1,000,000 | 18,834 | 98.12% |
| Grand Total | 31,335,254 | 29,624,196 | 1,711,058 | 5.78% | 31,335,254 | 68,523,712 | 37,188,458 | 45.73% |

1. Code 1 – Salaries

Total salary expenditures totaled \$12,522,520, or 43.43% of the 2016 budget at the end of the second quarter. This is a decrease of \$435,026, or 3.36% when comparing the 2016 total to the total as of June 30, 2015.

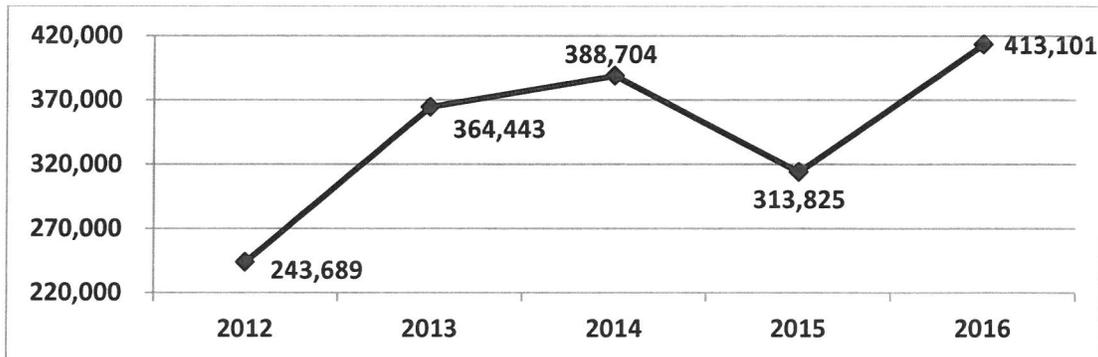
Permanent salaries have decreased from 2015 by 2.82% or \$306,533 with a total as of June 30, 2016 of \$10,576,500. When compared to the 2016 budget this equates to 45.24% of the budget being expended at the end of the second quarter. The cause for this is there are several vacancies throughout the City and there have been throughout the year. A few examples of this can be seen in the police, planning, CDBG and city services departments.

Temporary salaries totaled \$251,764, or 31.80% of the 2016 budget. A low percentage of the budget has been expended because the majority of this expenditure is used during the summer months when departments such as recreation hire part time employees for place such as the city pools and golf course.

This is a decrease of \$33,658 or 11.79% from the 2015 second quarter total. The decrease has occurred due to departments such as city council, treasurer's office and recreation did not have as many temporary employees during the first six months as they did during 2015.

Regular overtime totaled \$113,287 at the end of the second quarter, which is 29.54% of the 2016 budget. When comparing this to the balance as of June 30, 2015, there is a decrease of 61.30% or \$179,480. This decrease in large part, along with the low percentage of budget expended, is attributable to the mild winter and lack of overtime required for snow plowing operations.

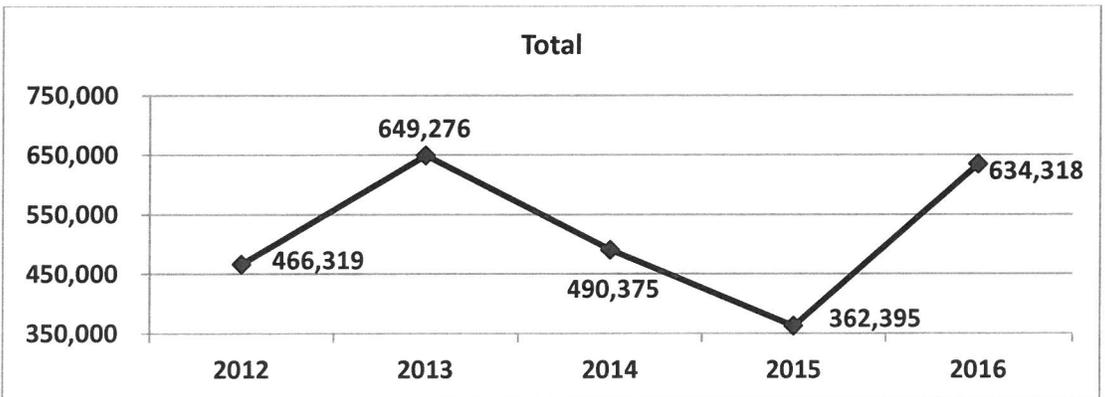
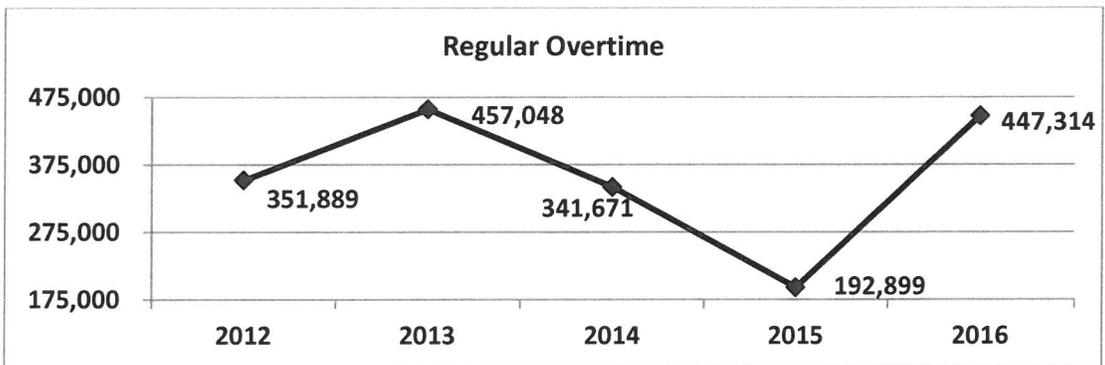
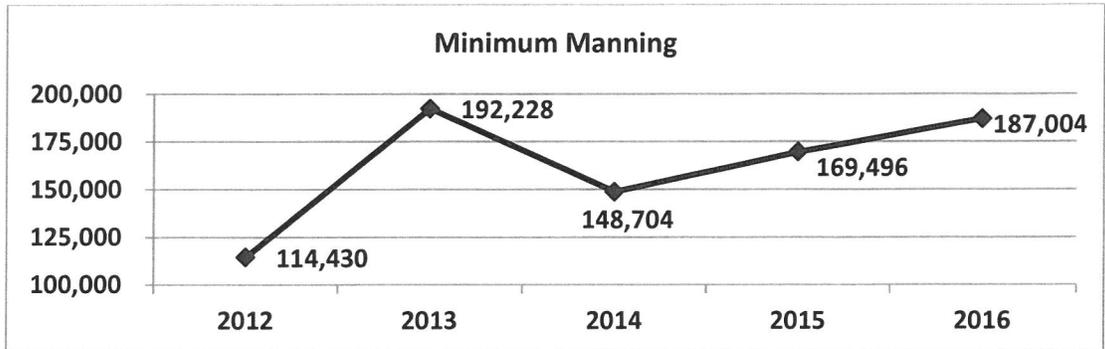
Police overtime totaled \$413,101, which is 44.39% of the 2016 budget. However this is an increase of \$99,276, or 31.63%, from the total as of June 30, 2015 of \$313,825. The graph below illustrates the historical amounts of police overtime as of June 30 of each year over the last five years.



As the graph shows, police overtime is at five year high when comparing 2012 through 2016. The cause for this increase is caused by the number of current vacancies within the police department. Currently there are five vacancies within the department whereas in 2015 there was only one. A second cause of the increase after discussion with the police chief is due to extra coverage being provided in high crime areas in the City with overtime details.

While the overtime has increased there is a corresponding decrease within permanent salaries in the department. From 2015 to 2016 this expenditure has decreased by 3.22% or \$136,871. This decrease is greater than the increase experienced in overtime between 2015 and 2016.

Fire overtime has also increased from 2015 (\$362,395) to 2016 (\$634,318) by \$271,922 or 75.03%. The 2016 total equates to 60.70% of the amount budgeted. This total includes both regular overtime and the minimum manning overtime. The chart below illustrates the historical costs of minimum manning, regular and total overtime for the first six months of the fiscal year for 2012 through 2016.



As the graph illustrates all three categories are their second highest points in the first six months over the year over the last five years. After consulting with the fire chief the primary cause for this is due to vacancies within the department as there are currently seven vacancies whereas in 2015 there were six. Another cause for the increase is due to the training costs associated with new firefighters hired in 2016. Training was done within the department, which is less expensive than sending new hires to the academy. In order to do this overtime was required by the experienced firefighters in order to provide the necessary instruction. A final cause for the increase relates to the Campbell Avenue sinkhole which required an extra fireman to be on duty at Canal Street Firehouse until the repairs were completed.

2. Code 2 – Equipment

Expenditures for the purchase of equipment totaled \$57,669 at the end of the second quarter which is an increase from 2015 (\$22,660) of 154.50%, or \$35,009. When comparing the current 2016 total to the 2016 budgeted amount of \$271,764, only 21.22% has been expended. The two new pieces of equipment that have been purchased during the first six months are vehicles for the police department and a new postage machine for the Treasurer's Office.

3. Code 3 – Materials & Supplies

Materials & Supplies expenditures have decreased when comparing the first six months of 2016 (\$1,191,526) to 2015 (\$1,447,569) by \$256,043 or 17.69% and when compared to the 2016 budget 51.74% has been expended. The primary cause for this decrease is attributed to the mild winter, which made it so salt did not need to be purchased. In comparison with the harsh winter conditions in the early months of 2015 it required the need to purchase additional salt.

4. Code 4 – Contractual Services

Total expenditures for Contractual Services were \$3,550,796 which when compared to the 2016 budgeted total of \$7,998,319 equates to 44.39% expended. In comparison to the 2015 total of \$3,914,487 the 2016 total has decreased by \$363,692, or 9.29%.

One of the expenditures that has both created the decrease from 2015 and also the lower percentage of budget used is utilities. The total for the first six months was \$978,288 which equates to 39.75% of the amount budgeted and a decrease from 2015 totaling \$160,961 or 14.13%. Due to the mild winter it decreased the amount of heat needed thus decreasing the total expense.

Expenditures for Repairs & Rentals, with a total of \$955,424, have also decreased in comparison to 2015 (\$1,034,744) by 7.67% or \$79,320. The 2016 total equates to 47.35% of the budgeted annual total for 2016. The two primary reasons for the decrease can be attributed to a large rental needed for the maintenance of city streets was needed in 2015 but not 2016 and also a decline of approximately \$18,000 in tipping fees thus far in 2016.

Expenditures for Consultant Services totaled \$952,188, or 49.69% of their budgeted total, as of June 30, 2016. This is a decrease of \$120,952 or 11.27% when compared to the total as of June 30, 2015. One of the major causes for the decline is in 2016 less money was spent on third party vendors assisting in snow removal due to the mild winter. Also, thus far in 2016 there have been less payments to outside legal firms for their services in resolving City legal matters.

Judgments & Claims have decreased from 2015 (\$101,242) to 2016 (\$32,712) by 67.69% or \$68,529 because there was a high number of settlements made in 2015 whereas there have been less in 2016.

There has been an increase in uniforms totaling \$41,106 or 47.07% with a 2016 total of \$128,442. Also when compared to the 2016 budget, 59.50% of the annual total has been expended. The increase is attributable to the cost of new uniforms for new hires in both the police and fire departments.

Medical expenses totaled \$30,628 as of June 30, 2016 or 72.92% of the 2016 budget. This is an increase of \$28,750 or 1,530.88 when compared to 2015. The cause for the high percentage usage and also the increase is due to the screening required for new hires in the police and fire departments.

5. Code 6/7 Debt Service

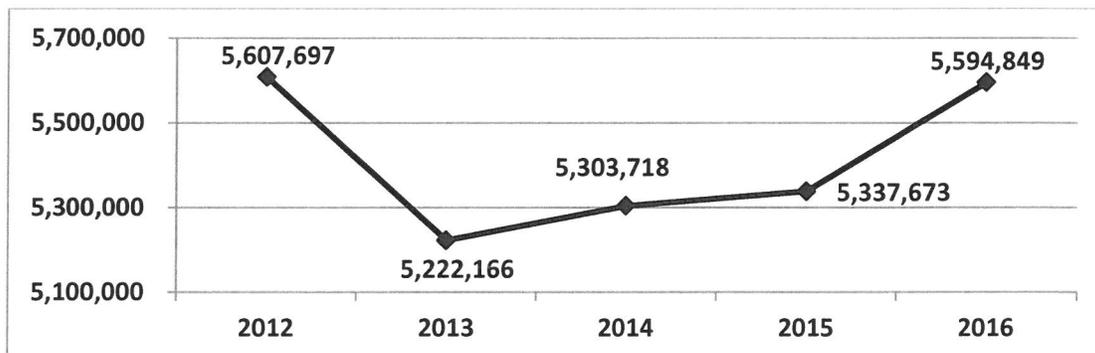
Debt service as of June 30, 2016 totaled \$4,417,187 which is 65.51% of the 2016 budget. When compared to the 2015 total of \$4,507,245 there has been a decrease of \$90,059 or 2.00%. The last major debt service payment to be made in 2016 is for the MAC, which is an interest only payment.

6. Code 8 – Benefits

Employee benefits in the General Fund totaled \$8,614,391 at the end of the second quarter, with this total equating to 40.30% of the 2016 budget. This is an increase of \$1,869,951, or 27.73%, from the six month total of 2015.

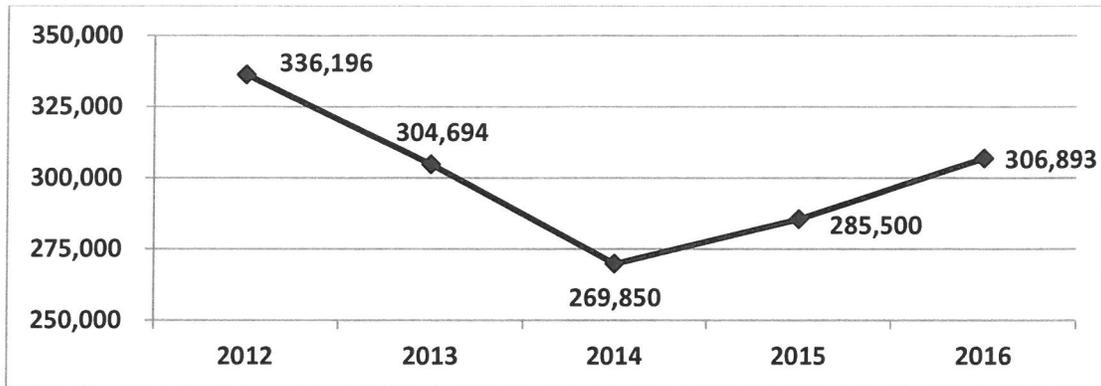
One of the major reasons for the increase from 2015 to 2016 is the recording of pension expenditures, which total \$1,670,380 at the end of the second quarter, which equates to 25.55% of the 2016 budget. As you know the budget for 2016 covered pension costs for January 1, 2016 through December 31, 2016, which was the first time this practice has occurred. Due to this, and because pension expenditures are recorded on the actual amount paid, the first quarter actual expenditures were recorded. These were paid along with the last three quarters of 2015 and recorded appropriately.

Health expenditures totaled \$5,594,849, or 47.46% of the budgeted total, at the end of the second quarter. The graph below represents the six month total health insurance costs for the last five years.



As the graph shows the 2016 total is the second highest in the last five years and a 4.82% increase from the 2015 total. As the graph shows the low point was in 2013 when retirees were shifted to a premium plan. This however, and as anticipated, has created the increase overall because like all premium plans the cost consistently increases year to year.

Dental costs totaled \$306,893 at the end of the second quarter in 2016, which is 50.76% of the 2016 budget. The graph on the next page illustrates the total six month cost over the last five years for comparative purposes.



As the graph shows the total costs in 2016 are the second highest in the last five years. Costs have increased by \$21,393 or 7.49% from the previous year. This cost is variable year to year as it is based entirely on usage. The City Comptroller's Office monitors this, along with health insurance, to compare it to both prior year totals and also the difference to the budget.

7. Code 9 – Interfund Transfers

Interfund transfers represent monies moved to other funds, specifically for unemployment and to the Capital Fund. The total of \$981,166 which is 98.12% of the 2016 budget is made up mostly of the budgeted transfer to the Capital Plan for street paving.

Conclusion

Total General Fund expenditures through June 30, 2016 were \$31,335,254, which when compared to the total 2016 budget equates to 45.73%. When comparing the actual 2016 total to the 2015 actual total there is an increase of \$1,711,058 or 5.78%. The majority of this increase however is attributable to the recording of pension costs in 2016. After analyzing the expenditures it seems that while some areas need to be monitored closely for the remainder of the year overall they are in good condition. Large expenditures, such as the MAC debt principal payment, have already been made for the year. There have also been significant savings in areas to offset potential shortfalls in revenues.

Part III – Final Conclusion On The General Fund As Of March 31, 2016

| | 2016 | 2015 | Difference |
|---------------------|--------------------|--------------------|-----------------|
| Revenues | 22,753,880 | 21,060,264 | 1,693,616 |
| Expenditures | 31,335,254 | 29,624,196 | 1,711,058 |
| Difference | (8,581,374) | (8,563,932) | (17,442) |

At the end of the second quarter the General Fund is showing a deficit of \$8,581,374, with a small decrease from 2015 of only \$17,442. This deficit was to be expected based on the seasonality of revenues and expenditures with more expenditures being recorded such as the MAC debt principal payment being incurred during the first six months. At the same time there are major revenues such as sales tax that have seen only one of four installments received and others such as state aid that will not be received and recognized until December.

Overall it appears that the General Fund is in good financial condition through the first six months of 2016. There are items that should be monitored however. Revenues such as sales tax, ambulance billing, building permits and parking ticket collections should be monitored closely to see if they will exceed their budgeted amount. If this were to occur then it will aid in the shortfall from sale of property. Expenditures should also be monitored closely, specifically health insurance for a potential budgetary savings and also public safety overtime as they approach their budgeted annual total.

Please let me know if you have any questions or concerns regarding the material provided in this report.

Patrick Madden
Mayor



Andrew Piotrowski
Deputy City Comptroller

Monica Kurzejeski
Deputy Mayor

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Troy, New York 12180-3406

Sharon L. Martin, IAO
City Assessor

Date: July 15, 2016

To: Honorable Patrick Madden
City Council Members

From: Andrew Piotrowski
Deputy City Comptroller

Re: Second Quarter 2016 Quarterly Financial Report – Sewer Fund

Please find below the Sewer Fund quarterly report for the second quarter of 2016. The values shown for both 2015 and 2016 are unaudited at the time of this report; however these totals have been thoroughly reviewed by the City Comptroller's Office to ensure their accuracy. It is important to note prior to reviewing the results of the second quarter of 2016 that seasonality plays an integral part of any review given. Seasonality will be addressed in the specific areas of the report that have seen an impact on both the revenue and expenditure side.

Part I – Revenues

The chart below depicts the status of the revenues within the Sewer Fund as of June 30, 2016. We have broken out the revenues by functional type as they are shown in the 2016 budget.

| Sewer Fund Revenues | | | | | | | | |
|---------------------------|------------------|------------------|---------------|--------------|------------------|------------------|--------------------|---------------|
| Revenue | 06/30/2016 | 06/30/2015 | \$ Change | % Change | 2016 Actual | 2016 Budget | \$ Diff | % Achieved |
| Sewer Rents | 1,973,634 | 1,727,894 | 245,740 | 14.22% | 1,973,634 | 4,201,252 | (2,227,618) | 46.98% |
| Sewer Charges | 74,108 | 71,914 | 2,193 | 3.05% | 74,108 | 103,100 | (28,992) | 71.88% |
| Use Of Money & Property | 88 | 22 | 65 | 291.42% | 88 | 1,000 | (912) | 8.76% |
| Miscellaneous | 12,701 | 12,219 | 482 | 3.94% | 12,701 | 26,955 | (14,254) | 47.12% |
| Appropriated Fund Balance | 140,545 | 304,035 | (163,490) | -53.77% | 140,545 | 140,545 | - | 100.00% |
| Total | 2,201,076 | 2,116,085 | 84,991 | 4.02% | 2,201,076 | 4,472,852 | (2,271,777) | 49.21% |

1. Sewer Rents

Sewer Rents totaled \$1,973,634 at the end of the second quarter, which when compared to the 2016 budgeted amount of \$4,201,252 equates to 46.98%. This is an increase of 14.22%, or \$245,740, when

compared to the 2015 total of \$1,727,894. There are two contributing factors for this increase, the first being the city sewer rate increased at the beginning of 2015; however the rate did not take effect until residents were billed for reading dates in the year of the rate increase. The majority of the bills mailed during the first quarter of 2015 included reading dates from 2014. In 2016 however all of the bills sent have been at the current rate. The second cause for the increase is attributed to the status of the Water Billing Department at the end of the second quarter similar to the Water Fund. In 2016 the water Billing Department has billed through Cycle 56, whereas in 2015 the City had billed through Cycle 52. It should be anticipated to see the revenues to catch up in comparison at the end of the third quarter. However by billing on time in accordance with the schedule it has allowed for consistent three month billing intervals to City residents and also consistent cash flow coming to the Sewer Fund.

2. Sewer Charges

Revenue from Sewer Charges totaled \$74,108 as of June 30, 2016 which when compared to the second quarter of 2015 is a marginal increase of \$2,193 or 3.05%. Comparing the 2016 total to the 2016 budgeted total of \$103,100 equates to 71.88% of the budget being recognized. The primary reason for why a high percentage of the budget has been recognized is due to interest and penalties being applied to delinquent accounts. The downside to having this amount be so high is that it means that with accounts not being paid timely it could be inhibiting cash flow in the Sewer Fund. While at the present time cash flow is not an issue, this is an item the Comptroller's Office will monitor as the year progresses.

3. Use Of Money And Property

Revenues from Use Of Money & Property are made up of interest from bank accounts. At the end of the second quarter the total was \$88, or 8.76% of the 2016 budget. This is an increase of 291.42% from the second quarter of 2015.

4. Miscellaneous

Revenues from miscellaneous sources amounted to \$12,701, or 47.12% of the 2016 budget, at the end of the second quarter. When compared to 2015 this is a minimal increase of \$482 or 3.94%. The revenue in this category is made up of employee contributions to the health insurance plan.

5. Appropriated Fund Balance

The total for this revenue type is \$140,545 at the end of the second quarter in 2016 and was \$304,035 at the end of the second quarter in 2015. This represents the encumbrances, or a purchase order restricting the money for a specific good or service that is currently within the Water Fund. On a quarterly basis the Purchasing Agent for the City reviews all outstanding purchase orders and ensures the accuracy of all open purchase orders is correct.

Conclusion

Overall revenues in the Sewer Fund have increased by 4.02% when compared to the 2015 total, with a total as of June 30, 2016 of \$2,201,076. The primary cause of this however was due to the Water Billing Department being on schedule in 2016 whereas in 2015 they were behind and were working on catching up. With 49.21% of the budget recognized in 2016 it appears the City will need higher billings during the last two quarters of 2016 in order to achieve the total budgeted revenues. It should be noted however that historically consumption is higher in the summer months.

Part II – Expenditures

| Sewer Fund Expenditures | | | | | | | | |
|--|------------------|------------------|------------------|-----------------|------------------|------------------|------------------|---------------|
| Expenditure | 06/30/2016 | 06/30/2015 | \$ Change | % Change | 2016 Actual | 2016 Budget | \$ Rem | % Expended |
| Code 1 - Salaries | | | | | | | | |
| Permanent Salaries | 355,887 | 345,167 | 10,720 | 3.11% | 355,887 | 805,518 | 449,631 | 44.18% |
| Temporary Salaries | - | 11,934 | (11,934) | -100.00% | - | 32,500 | 32,500 | 0.00% |
| Overtime | 37,517 | 23,531 | 13,986 | 59.44% | 37,517 | 85,000 | 47,483 | 44.14% |
| Misc. Other | - | - | - | - | - | 15,750 | 15,750 | 0.00% |
| Total Code 1 | 393,404 | 380,632 | 12,772 | 3.36% | 393,404 | 938,768 | 545,364 | 41.91% |
| Code 2 - Equipment | - | 13,900 | (13,900) | -100.00% | - | 12,000 | 12,000 | 0.00% |
| Code 3 - Materials & Supplies | 204,591 | 119,290 | 85,301 | 71.51% | 204,591 | 238,194 | 33,602 | 85.89% |
| Code 4 - Contractual Services | | | | | | | | |
| Utilities | 3,747 | 3,353 | 395 | 11.77% | 3,747 | 15,860 | 12,113 | 23.63% |
| Repairs & Rentals | 369,605 | 540,353 | (170,747) | -31.60% | 369,605 | 196,351 | (173,254) | 188.24% |
| Insurance | 14,616 | 14,498 | 118 | 0.81% | 14,616 | 13,250 | (1,366) | 110.31% |
| Consultant Services | 11,491 | 3,164 | 8,328 | 263.23% | 11,491 | 47,337 | 35,846 | 24.28% |
| Training | - | - | - | - | - | 100 | 100 | 0.00% |
| Judgements & Claims | - | - | - | - | - | 300,000 | 300,000 | 0.00% |
| Contingencies | - | - | - | - | - | 102,000 | 102,000 | 0.00% |
| Uniforms | 4,209 | 5,211 | (1,002) | -19.23% | 4,209 | 8,500 | 4,291 | 49.52% |
| Due To Other Funds | 239,604 | 239,604 | - | 0.00% | 239,604 | 479,332 | 239,728 | 49.99% |
| Total Code 4 | 643,273 | 806,183 | (162,910) | -20.21% | 643,273 | 1,162,730 | 519,457 | 55.32% |
| Code 6/7 - Debt Service | 61,373 | 60,705 | 668 | 1.10% | 61,373 | 74,548 | 13,175 | 82.33% |
| Code 8 - Benefits | | | | | | | | |
| Pension | 33,694 | - | 33,694 | - | 33,694 | 132,638 | 98,944 | 25.40% |
| Healthcare | 142,447 | 151,201 | (8,753) | -5.79% | 142,447 | 299,761 | 157,314 | 47.52% |
| Dental | 7,562 | 8,196 | (634) | -7.73% | 7,562 | 14,897 | 7,335 | 50.76% |
| Social Security | 29,128 | 28,222 | 906 | 3.21% | 29,128 | 71,816 | 42,688 | 40.56% |
| Worker's Compensation | 12,257 | 11,369 | 888 | 7.81% | 12,257 | 25,000 | 12,743 | 49.03% |
| Total Code 8 | 225,089 | 198,988 | 26,101 | 13.12% | 225,089 | 544,112 | 319,023 | 41.37% |
| Code 9 - Interfund Transfers | - | - | - | - | - | 1,502,500 | 1,502,500 | 0.00% |
| Grand Total | 1,527,730 | 1,579,698 | (51,968) | -3.29% | 1,527,730 | 4,472,852 | 2,945,122 | 34.16% |

1. Code 1 – Salaries

Salary expenditures in the Sewer Fund totaled \$393,404 at the end of the second quarter. When comparing this to the 2016 budget of \$938,768 the second quarter equates to 41.91% of the budget. Also, expenditures have increased by 3.36% or \$12,772 from the total at the end of the second quarter in 2015.

Permanent salaries have increased from 2015 by 3.11%, but have been expended at 44.18% of the 2016 budget. The cause for the increase can be attributed to step increases that are union negotiated to employees who work within the Sewer Fund.

Overtime has been expended at 44.14% of the 2016 budget, but increased by \$13,986 or 59.44% from 2015. This is due to the repairs that were needed for the sinkhole on Campbell Avenue. However based on the status of the expenditure compared to the budget it is a positive to see that despite the significant overtime needed for Campbell Avenue the total expenditure is below fifty percent for the fiscal year.

Seasonality exists in this grouping as costs such as Comp Buyouts will not be recognized until the end of the year when they occur.

2. Code 2 – Equipment

Despite having \$12,000 budgeted for in 2016, no equipment has been purchased within the Sewer Fund at the end of the second quarter.

3. Code 3 – Materials & Supplies

Due to a large purchase being made in the first quarter in order to replenish supplies in the Sewer Fund, expenditures are 85.89% of the 2016 budget with a total of \$204,591. This is an increase of \$85,301, or 71.51%, from the 2015 second quarter total.

4. Code 4 – Contractual Services

The total expenditures for Contractual Services for the first two quarters of 2016 were \$643,273, or 55.32% of the 2016 budget. When compared to the 2015 total \$806,183 expenditures have decreased by 20.21% or \$162,910.

The primary cause for the overall decline in Contractual Services expenditures is due to the decline in Repairs & Rentals as they have decreased by \$170,747 or 31.60%. Despite the decrease this expenditure grouping is over budget by \$173,254. The expenditures in this grouping relate to the Combined Sewer Overflow (CSO) Project. The activity for 2016 in this grouping are primarily for encumbrances relating to the project that according to the Superintendent of Public Utilities should remain open for future expenditures relating to the project. In 2015 however there was significant activity during the year in order to expend monies for the project prior to the project going to bonding via the local development corporation established by the participating municipalities.

Consultant Services expenditures have only been expended at 24.28% of their 2016 budgeted amount, but have increased by 263.23% or \$8,328. The cause of the increase was the cost of paving Campbell Avenue in relation to repairs for the sinkhole.

Expenditures in Due To Other Funds relate to amounts due to the General Fund and Water Fund. The amounts have remained the same from 2015 to 2016.

5. Code 6/7 – Debt Service

Debt Service expenditures total \$61,373 at the end of the second quarter, which equates to 82.33% of the 2016 budget. This is a slight increase of 1.10% or \$668 from the 2015 second quarter total. As the total shows, the majority of debt service payments in the Sewer Fund are made during the first two quarters, with the last payment being made in the last two quarters of the fiscal year.

6. Code 8 – Benefits

Employee benefits were expended to a total of \$225,089 or 41.37% of the 2016 budget. When compared to the 2015 total it has resulted in an increase of \$26,101 or 13.12%.

Pension expenditures were recognized during the first quarter of 2016 totaling \$33,694. This was the first time historically that the City has recognized the costs due to the change in budgeting practices in the 2016 budget. With the City recognizing the cost on a fiscal year basis as opposed to on the state fiscal year as was the practice until 2015 the actual costs for the first quarter were paid in December 2015.

Healthcare costs decreased from 2015 to 2016 by \$8,753 or 5.79% with a 2016 total of \$142,447. When compared to the 2016 budget, 47.52% of the costs have been expended. The decline, as opposed to the increases in the General Fund and Water Fund, was created because of the way health insurance is pooled within the City. The allocation is based upon the participating employees within each of the department, therefore, when departments add or subtract employees for varying reasons the allocation can change from year to year.

Dental costs in the Sewer Fund also decrease from 2015 to 2016 by 7.73%, or \$634, with a total of \$7,562. This total equates to 50.76% of the 2016 budget. The cause for the decrease is for the same reasons described above in regards to the health insurance.

7. Code 9 – Interfund Transfers

The transfer to the Debt Service Fund has not been completed as budgeted for thus far in 2016. The monies budgeted for and that will be transferred are for future debt payments in relation to the CSO Project. We anticipate making this transfer during the fourth quarter of the fiscal year.

Conclusion

Expenditures totaled \$1,527,730 as of June 30, 2016, which is a decrease of 3.29% from 2015. The primary cause of this decrease is attributed to the decline in costs for the CSO Project in 2016.

The total expenditures encompass only 34.16% of the 2016 budgeted total at the end of the second quarter. This is because the transfer to the Debt Service Fund, which makes up 33.59% of budgeted expenditures, will not be recorded until the final quarter of the year. When excluding this expenditure from the budget, actual expenditures total 51.43% of the 2016 budget. The primary reasons for this total exceeding fifty percent are attributable to repair costs for the Campbell Avenue sinkhole and the large purchase of supplies to replenish the inventory for future repairs.

Part III – Final Conclusion On The Sewer Fund As Of June 30, 2016

| | 2016 | 2015 | Difference |
|--------------|-----------|-----------|------------|
| Revenues | 2,201,076 | 2,116,085 | 84,991 |
| Expenditures | 1,527,730 | 1,579,698 | (51,968) |
| Difference | 673,346 | 536,387 | 136,959 |

The chart on the prior page shows a surplus in the Sewer Fund totaling \$673,346 at the end of the second quarter of 2016. When compared to 2015, which had a surplus of \$536,387 in the same time period, this is an increase of \$136,959. The increase came from both an increase in total revenues and also a decrease in total expenditures. As noted throughout this report, revenues increased from the Water Billing Department being on schedule for billings in 2016 whereas in 2015 they were four cycles behind in billing and expenditures have decreased from a decline in actual CSO expenditures recorded as of June 30 of the fiscal year.

While there is a surplus in the Sewer Fund currently, my office believes that the Sewer Fund should be monitored closely throughout the remainder of the year. With a major expenditure, the transfer to Debt Service Fund of \$1,502,500, upcoming costs need to be monitored closely in order to ensure a deficit will not occur, as this would then require fund balance to be used. The long term goal of the CSO Project has always been to avoid having to use large portions of the fund balance in order to finance the project but rather appropriate funds from the current year in order to satisfy the future debt payments. While revenues should increase with consumption increasing from the summer months, there should be monitoring on the totals of revenues and expenditures to have an understanding of where things stand.

If you have any questions regarding this report please do not hesitate to contact myself and we can discuss them.

Patrick Madden
Mayor



Andrew Piotrowski
Deputy City Comptroller

Monica Kurzejeski
Deputy Mayor

Office of the City Comptroller
City Hall
433 River Street – Suite 5001
Troy, New York 12180-3406

Sharon L. Martin, IAO
City Assessor

Date: July 15, 2016

To: Honorable Patrick Madden
City Council Members

From: Andrew Piotrowski
Deputy City Comptroller

Re: Second Quarter 2016 Quarterly Financial Report – Water Fund

Please find below the Water Fund quarterly report for the second quarter of 2016. The values shown for both 2015 have been audited and the 2016 values have been thoroughly reviewed by the City Comptroller's Office to ensure their accuracy. It is important to note prior to reviewing the results of the second quarter of 2016 that seasonality plays an integral part of any review given. Seasonality will be addressed in the specific areas of the report that have seen an impact on both the revenue and expenditure side.

Part I – Revenues

The chart below depicts the status of the revenues within the Water Fund as of June 30, 2016. We have broken out the revenues by functional type as they are shown in the 2016 budget.

Water Fund Revenues

| Revenue | 06/30/2016 | 06/30/2015 | \$ Change | % Change | 2016 Actual | 2016 Budget | \$ Diff | % Achieved |
|-------------------------------|------------------|------------------|----------------|--------------|------------------|-------------------|--------------------|---------------|
| City Water Sales | 2,178,446 | 2,105,159 | 73,287 | 3.48% | 2,178,446 | 4,770,000 | (2,591,554) | 45.67% |
| Outside Community Water Sales | 3,230,624 | 3,027,659 | 202,965 | 6.70% | 3,230,624 | 7,127,000 | (3,896,376) | 45.33% |
| Unmetered Sales | 153,711 | 186,027 | (32,316) | -17.37% | 153,711 | 260,000 | (106,289) | 59.12% |
| Use Of Money & Property | 99,981 | 96,668 | 3,313 | 3.43% | 99,981 | 210,000 | (110,019) | 47.61% |
| Permits | 5,404 | 7,415 | (2,011) | -27.12% | 5,404 | 12,000 | (6,596) | 45.03% |
| Sale Of Property | 18,400 | 29,942 | (11,542) | -38.55% | 18,400 | 51,000 | (32,600) | 36.08% |
| Miscellaneous | 43,557 | 42,547 | 1,010 | 2.37% | 43,557 | 73,043 | (29,486) | 59.63% |
| Interfund Revenues | 163,500 | 163,500 | - | 0.00% | 163,500 | 327,000 | (163,500) | 50.00% |
| Appropriated Fund Balance | 74,282 | 181,954 | (107,672) | -59.18% | 74,282 | 1,954,282 | (1,880,000) | 3.80% |
| Total | 5,967,905 | 5,840,871 | 127,034 | 2.17% | 5,967,905 | 14,784,325 | (8,816,420) | 40.37% |

1. City Water Sales

City Water Sales amounted to \$2,178,446 at the end of the second quarter of 2016, which when compared to the 2016 budgeted amount of \$4,770,000 the second quarter total is 45.67% of the budget. This is an increase of \$73,287, or 3.48%, when compared to the total at the end of the second quarter 2015 which was \$2,105,159. Billings have increased from 2016 to 2015 due to the City being ahead in billings from 2015. At the end of the second quarter in 2015, the City had billed through Cycle 52, whereas in 2016 the City has billed through Cycle 56. In 2016 the Water Billing Department is on schedule for the billing cycles. This allows for both consistent cash flow coming into the Water Fund and also for bills to be consistently billed at three month intervals. Two of the primary reasons for this in 2016 are due to the mild winter and also the shutoff program beginning earlier than it did in 2015. In 2015 with the mild winter and also the timing of the shutoff program, billing was delayed and then caught up later in the year.

2. Outside Community Water Sales

Total revenue generated in the Water Fund from outside communities totaled \$3,230,624 as of June 30, 2016, which is 45.33% of the 2016 budget. This is an increase of \$202,965 or 6.70%. The reason for the increase is due to the City billing Brunswick for water consumption on time this year, whereas in 2015 it was billed in July, thus revenues would have declined in 2016. The reason for the low budget percentage achieved and also what could have been a decrease from 2015 is attributable to two causes, the first being the billing of Waterford and Halfmoon. Due to the water main break in Lansingburgh water was unable to be transmitted to these communities which in turn decreased their total amount due significantly during the first quarter of 2016. The second cause is decreased consumption in several communities, two being North Greenbush and East Greenbush, during the first six months of 2016.

3. Unmetered Sales

Unmetered Sales totaled \$153,711 as of June 30, 2016, which is a decrease of \$32,316, or 17.37%, when compared to the 2015 second quarter total.

The cause for this decrease can be seen from the decline of interest and penalties applied to accounts and also water shopwork bills. While a decrease in interest and penalties can be seen as a negative for budgeting purposes a decrease from the prior year, it is also a positive in the sense that it means residents are paying their water bills timely. Thus, this allows for consistent cash flow.

A second cause of the decrease is due to a decline in shopwork bills being charged to residents in 2016. This is because due to the mild winter there were fewer charges generated for things such as pipes bursting and also a decline in the amount of new meter installations.

When comparing this total to the 2016 budgeted amount of \$260,000, 59.12% of the budget has been recognized. Both billings for shop work and interest and penalties have been recognized at just over 50% of their budgeted amounts for the 2016 fiscal year.

4. Use Of Money And Property

Revenues in this category were \$99,981 as of June 30, 2016 which is 47.61% of the 2016 budget. This total is very comparable to the second quarter total of 2015 which was \$96,668. When comparing the results from 2016 and 2015, there has been an increase in 2016 of \$3,313, or 3.43%.

5. Permits

Permits for the Tomhannock Reservoir have totaled \$5,404 through the first six months of 2016, which is 45.03% of the 2016 budgeted amount. This is a decrease from 2015 of \$2,011, or 27.12%.

6. Sale Of Property And Compensation For Loss

Revenues from the Sale Of Property totaled \$18,400 as of June 30, 2016, which is 36.08% of the 2016 budget. This is also a decrease of \$11,542, or 38.55% from 2015. The primary cause for this decrease is from minor water sales, which have decreased by \$9,500. An example of a minor sale of water would be to pool companies who fill up their trucks for delivery during the summer months. Per the Superintendent of Public Utilities another municipality lowered their cost which has resulted in pool companies not purchasing from the City as frequently in 2016.

7. Miscellaneous

Miscellaneous Revenues, made up primarily of employee contributions to health insurance, totaled \$43,557 which is 59.63% of the 2016 budget. This is an increase of \$1,1010, or 2.37%, from the 2015 six month total of \$42,547.

8. Interfund Revenues

Interfund Revenues in the Water Fund make up monies due from the Sewer Fund for services provided by the Water Fund. This amount budgeted and received has not changed from 2015 to 2016. The total at the end of the second quarter is \$163,500, which is 50.00% of the 2016 budgeted amount of \$327,000.

9. Appropriated Fund Balance

The total for this revenue type is \$74,282 at the end of the second quarter in 2016 and was \$181,954 at the end of the second quarter in 2015. This represents the encumbrances, or a purchase order restricting the money for a specific good or service that is currently within the Water Fund. On a quarterly basis the Purchasing Agent for the City reviews all outstanding purchase orders and ensures the accuracy of all open purchase orders is correct.

Conclusion

Revenues totaled \$5,967,905 in the Water Fund as of June 30, 2016, which equates to 40.37% of the 2016 budget. In comparison to the six month total from 2015 of \$5,840,871, the 2016 total has increased by \$127,034 or 2.17%. As mentioned the primary cause for this increase is due to the Water Billing Department being on schedule in 2016 and also Brunswick being billed on time in 2016. Revenues should be monitored closely during the remainder of 2016; however it should be noted that consumptions generally increase in the last six months of the year as these billings will include the summer months.

Part II – Expenditures

| Water Fund Expenditures | | | | | | | | |
|--|------------------|------------------|-----------------|----------------|------------------|-------------------|------------------|---------------|
| Expenditure | 06/30/2016 | 06/30/2015 | \$ Change | % Change | 2016 Actual | 2016 Budget | \$ Rem | % Expended |
| Code 1 - Salaries | | | | | | | | |
| Permanent Salaries | 1,235,942 | 1,239,308 | (3,365) | -0.27% | 1,235,942 | 2,890,907 | 1,654,965 | 42.75% |
| Temporary Salaries | 16,680 | 4,635 | 12,045 | 259.87% | 16,680 | 42,500 | 25,820 | 39.25% |
| Overtime | 95,305 | 74,287 | 21,018 | 28.29% | 95,305 | 185,500 | 90,195 | 51.38% |
| Misc Other | 8,993 | 6,916 | 2,077 | 30.04% | 8,993 | 72,500 | 63,507 | 12.40% |
| Total Code 1 | 1,356,921 | 1,325,145 | 31,775 | 2.40% | 1,356,921 | 3,191,407 | 1,834,486 | 42.52% |
| Code 2 - Equipment | 55,839 | 75,449 | (19,610) | -25.99% | 55,839 | 108,339 | 52,500 | 51.54% |
| Code 3 - Materials & Supplies | 1,306,841 | 1,386,841 | (80,000) | -5.77% | 1,306,841 | 1,942,426 | 635,585 | 67.28% |
| Code 4 - Contractual Services | | | | | | | | |
| Utilities | 117,716 | 178,055 | (60,340) | -33.89% | 117,716 | 452,500 | 334,784 | 26.01% |
| Postage | 19,008 | 12,182 | 6,826 | 56.04% | 19,008 | 25,000 | 5,992 | 76.03% |
| Printing & Advertising | 2,111 | 2,484 | (373) | -15.02% | 2,111 | 7,996 | 5,885 | 26.40% |
| Repairs & Rentals | 24,142 | 85,252 | (61,111) | -71.68% | 24,142 | 106,901 | 82,759 | 22.58% |
| Insurance | 61,065 | 61,618 | (553) | -0.90% | 61,065 | 56,750 | (4,315) | 107.60% |
| Dues | 350 | 350 | - | 0.00% | 350 | 6,000 | 5,650 | 5.83% |
| Consultant Services | 82,182 | 54,700 | 27,483 | 50.24% | 82,182 | 195,467 | 113,285 | 42.04% |
| Training | 10,722 | 4,375 | 6,347 | 145.09% | 10,722 | 13,585 | 2,863 | 78.93% |
| Travel | - | - | - | - | - | 1,250 | 1,250 | 0.00% |
| Judgements & Claims | 1,000 | - | 1,000 | - | 1,000 | 1,500 | 500 | 100.00% |
| Uniforms | 16,949 | 13,824 | 3,124 | 22.60% | 16,949 | 24,000 | 7,051 | 70.62% |
| Misc Other | 1,049,470 | 1,033,618 | 15,852 | 1.53% | 1,049,470 | 4,517,209 | 3,467,739 | 23.23% |
| Total Code 4 | 1,384,715 | 1,446,459 | (61,743) | -4.27% | 1,384,715 | 5,408,158 | 4,023,443 | 25.60% |
| Code 6/7 - Debt Service | 124,499 | 119,933 | 4,566 | 3.81% | 124,499 | 561,106 | 436,607 | 22.19% |
| Code 8 - Benefits | | | | | | | | |
| Pension | 116,181 | - | 116,181 | - | 116,181 | 442,325 | 326,144 | 26.27% |
| Healthcare | 422,560 | 400,983 | 21,577 | 5.38% | 422,560 | 889,218 | 466,658 | 47.52% |
| Dental | 24,036 | 22,633 | 1,403 | 6.20% | 24,036 | 47,349 | 23,313 | 50.76% |
| Social Security | 100,505 | 98,384 | 2,121 | 2.16% | 100,505 | 249,497 | 148,992 | 40.28% |
| Workers' Compensation | 22,733 | 41,465 | (18,733) | -45.18% | 22,733 | 64,500 | 41,767 | 35.24% |
| Total Code 8 | 686,014 | 563,465 | 122,549 | 21.75% | 686,014 | 1,692,889 | 1,006,875 | 40.52% |
| Code 9 - Interfund Transfers | - | - | - | - | - | 1,880,000 | 1,880,000 | 0.00% |
| Grand Total | 4,914,829 | 4,917,292 | (2,463) | -0.05% | 4,914,829 | 14,784,325 | 9,869,496 | 33.24% |

1. Code 1 – Salaries

Total salary expenditures in the Water Fund as of June 30, 2016 were \$1,356,921, which equates to 42.52% of the 2016 budget. There is seasonality in this expenditure grouping however, as costs such as Comp Buyouts are not recognized until the end of the year when payouts occur. Overtime has exceeded fifty percent of its budgeted amount with a total of \$95,305, or 51.38% of the budget. The reason for this

is due to the expenditures faced during the first quarter in order to repair the water main break in Lansingburgh.

Total salary expenditures have increased by \$31,775, or 2.40%, when compared to the 2015 second quarter total of \$1,325,145. While permanent salaries are virtually equal to the 2015 total, there has been an increase in temporary salaries and overtime that caused the overall increase. The overtime increase is attributed to the water main break in Lansingburgh and temporary salaries have increased because a retiree has returned to continue working in the Water Fund during 2016.

2. Code 2 – Equipment

Equipment costs totaled \$55,839, or 51.54% of the 2016 budget as of June 30, 2016. This is a decrease of \$19,610 or 25.99% from the six month total of 2015. This decrease is because equipment is budgeted for use in the Water Fund based on any emergencies. Thus far, while funds have been encumbered for potential use, there has been less of a need for emergency equipment.

3. Code 3 – Materials & Supplies

Materials & Supplies totaled \$1,306,841 at the end of the second quarter in 2016, which when compared to the 2016 budgeted amount of \$1,942,426 equates to 67.28%. The 2016 total has decreased by \$80,000 or 5.77% from the first six months of 2015. The reason for the high percentage of the budget being expended is caused by the purchase of chemicals during the first two quarters with the intention of this inventory lasting for the entire year.

4. Code 4 – Contractual Services

Contractual Services totaled \$1,384,715, or 25.60% of the 2016 budgeted amount of \$5,408,158 at the end of the second quarter. This is a decrease of 4.27%, or \$61,743, from the 2015 total of \$1,446,459.

Both expenditures classified as Utilities and Repairs & Rentals have decreased from 2015 to 2016 and have seen a minimal amount of their budgets expended. With the mild winter season in 2016 it decreased the amount of heat needed and also the amount of plowing required for snow removal. With less plowing needed, it decreased the amount of repairs needed to maintain the vehicles used.

Postage expenditures have increased in 2016 and has a high percentage of budget used due to the status of water billing at the end of the second quarter. The increase is attributable to the Water Billing Department being four cycles ahead of where they were in the same time period of 2015. We expect to see this expenditure more comparable at the end of the third quarter.

Consultant Services expenditures increased by \$27,483 or 50.24%, yet have only been expended at 42.04% of the 2016 budget. The primary cause for the increase from 2015 to 2016 is attributable to the repair costs associated with the repairs to the water main in Lansingburgh.

Training costs have been expended at 78.93% of the 2016 budget and increased by 145.09% when compared to the second quarter of 2015. This is due to the courses taken by personnel in the Water Fund in order to enhance their work skills.

Expenditures in the Misc. Other category are made up of monies due to the General Fund and taxes due on parcels not within the City of Troy. Due to increase in outside municipalities' tax rates, this has created the increase of 1.53% from 2015 to 2016. The reason why only 23.23% of the budgeted total has been

expended is because this category includes the transfer of water profits to the General Fund. This transfer, as done historically, is completed during December.

5. Debt Service

Debt Service expenditures totaled \$124,499, or 22.19% of the 2016 budget, at the end of the second quarter. This is a marginal increase of 3.81% from 2015 when the total was \$119,933. The majority of debt service payments made in the Water Fund are in the third and fourth quarters of the year. The increase from 2015 to 2016 is attributable to increasing principal payments as is standard when paying off loans.

6. Benefits

Employee benefits totaled \$686,014 at the end of the second quarter, which is 40.52% of the 2016 budgeted amount of \$1,692,889. This is an increase of \$122,549, or 21.75%, when compared to the second quarter total of 2015.

A major contributing reason for the increase from 2015 to 2016 is due to the recording of pension expenditures during the first six months of the year that has not happened historically. This occurred because of the change in the way the City recognizes pension expenditures in the 2016 budget. With the City taking advantage of a one time savings in the 2015 budget by only budgeting for nine months of pension costs, the 2016 budget covered pension costs from January 1, 2016 thru December 31, 2016. The first three months of these expenditures were paid for in December 2015 as they are included in the bill covering the time period of April 1, 2015 thru March 31, 2016.

Healthcare expenditures have increased from 2015 to 2016 by \$21,577 or 5.38% with a total as of June 30, 2016 of \$422,560. This total represents 47.52% of the 2016 budgeted total of \$889,218. Health insurance costs are pooled and then distributed by a weighted percentage upon an analysis done in the City Comptroller's Office. It is an expenditure that is thoroughly reviewed monthly due to the variability of the expenditure.

Dental insurance totaled \$24,036 at the end of the second quarter, which represents 50.76% of the 2016 budgeted amount of \$47,349. The 2015 second quarter total was \$22,633 resulting in an increase in 2016 of \$1,403 or 6.20%. Similar to health insurance, dental insurance varies month to month based on the usage and is tracked closely by the City Comptroller's Office.

Conclusion

Expenditures in the Water Fund totaled \$4,914,829, or 33.24% of the 2016 budget. This is a decrease of \$2,463 or 0.05% from the 2015 six month total of \$4,917,292. The reason for the percentage of budget used is because the transfer of profits to the General Fund will not be completed until the fourth quarter of 2016 as done historically. It should also be noted that the mild winter has significantly contributed to the decline from 2015, especially when considering that pension expenditures are recognized in 2016 where as they were not during 2015 or prior.

Part III – Final Conclusion On The Water Fund As Of June 30, 2016

| | 2016 | 2015 | Difference |
|---------------------|------------------|----------------|-------------------|
| Revenues | 6,154,869 | 5,840,571 | 314,298 |
| Expenditures | 4,914,829 | 4,917,292 | (2,463) |
| Difference | 1,240,040 | 923,279 | 316,761 |

At the end of second quarter there is a surplus in the Water Fund of \$1,240,000, which is an increase of \$316,761 from 2015 when the surplus was \$923,279. The primary cause for this increase is in revenues, where the Water Billing Department has done an exceptional job of staying on schedule for this fiscal year as opposed to year's prior.

Revenues should be monitored closely as we have seen a comparative decrease in 2016, based on the billings being ahead of where they were prior. The City Comptroller's Office will be analyzing these closely monthly and based on historical trends would expect to see consumption increase in the summer months.

If you have any questions or concerns regarding this report please let me know.