

**Wm. Patrick Madden**  
*Mayor, City of Troy*

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**To:** All Troy City Council Members  
**From:** Mayor Patrick Madden  
**cc:** Monica Kurzejeski, Deputy Mayor  
Kevin Glasheen, Corporation Counsel  
All Department Heads  
**Subject:** First quarter financials  
**Date:** April 15, 2016

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The attached report includes the first quarter 2016 results for the General, Water and Sewer funds. Please note the following:

- The notes are integral to a proper understanding of the numbers. Please review the notes thoroughly and ask questions if need be before drawing any conclusions.
- The Charter requires that we provide the Council reports 15 days after the end of each quarter. That timeframe does not provide much time to verify, analyze and do the necessary footnoting research for each line. Consequently our review of these reports is continuing and you can expect that some refinement might be forthcoming.
- At this point in the year, as is pointed out in the notes, certain information is not yet available to us. For example, we do not have first quarter revenue figures for some large items such as sales tax, franchise taxes and State Aid. As those and other figures are provided to us we'll share them with you. Obviously these revenue items have a significant impact on the overall results.

Finally, this is a new reporting format. It is an effort to provide not only the financial results but also the information necessary to make those figures meaningful to you so that you can effectively perform the financial oversight function of the Council.

My thanks go to the staff of Comptroller's Office for both designing and completing this report in a timely manner. If you have thoughts or suggestions as to how this report format can be improved please feel free to share.

As always, if you have any questions please feel free to get in touch with me.

**Patrick Madden**  
*Mayor*



**Joseph A. Mazzariello**  
*Deputy City Comptroller*

**Monica Kurzejeski**  
*Deputy Mayor*

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**Sharon L. Martin, IAO**  
*City Assessor*

**Date:** April 15, 2016

**To:** Honorable Patrick Madden  
City Council Members

**From:** Joseph A. Mazzariello  
Deputy City Comptroller

**Re:** First Quarter 2016 Quarterly Financial Report – General Fund

Please find attached the General Fund quarterly report for the first 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 first 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 General Fund as of March 31, 2016. We have broken out the revenues by functional type as they are shown in the 2016 budget.

### General Fund Revenues

Revenue	03/31/2016	03/31/2015	\$ Change	% Change	2016 Actual	2016 Budget	\$ Diff	% Achieved
Real Property Taxes	10,811,462	10,084,015	727,447	7.21%	10,811,462	20,582,598	(9,771,136)	52.53%
Local Sources	959,714	795,023	164,692	20.72%	959,714	19,261,000	(18,301,286)	4.98%
General Government Support	34,590	23,006	11,584	50.35%	34,590	326,982	(292,392)	10.58%
Public Safety	317,880	219,340	98,540	44.93%	317,880	472,000	(154,121)	67.35%
Health	213,521	19,282	194,239	1007.36%	213,521	1,775,000	(1,561,479)	12.03%
Transportation	214,387	183,978	30,409	16.53%	214,387	690,000	(475,613)	31.07%
Recreation	139,791	122,458	17,333	14.15%	139,791	1,413,000	(1,273,209)	9.89%
Home & Community Services	429,584	454,593	(25,010)	-5.50%	429,584	550,000	(120,416)	78.11%
Intergovernmental Charges	-	40,784	(40,784)	-100.00%	-	263,230	(263,230)	0.00%
Use Of Money & Property	219	1,457	(1,238)	-84.97%	219	55,000	(54,781)	0.40%
Licenses & Permits	283,298	75,792	207,505	273.78%	283,298	616,000	(332,703)	45.99%
Fines & Forfeitures	273,182	170,166	103,016	60.54%	273,182	1,228,500	(955,318)	22.24%
Sale Of Property & Compensation For Loss	1,110	7,605	(6,495)	-85.40%	1,110	1,180,000	(1,178,890)	0.09%
Miscellaneous	297,639	309,798	(12,159)	-3.92%	297,639	1,303,500	(1,005,861)	22.83%
Interfund Revenues	271,604	435,696	(164,092)	-37.66%	271,604	1,771,418	(1,499,814)	15.33%
State Aid	-	15,768	(15,768)	-100.00%	-	13,802,075	(13,802,075)	0.00%
Federal Aid	55,048	271,488	(216,440)	-79.72%	55,048	530,654	(475,606)	10.37%
Intrafund Revenues	-	-	-	-	-	2,222,000	(2,222,000)	0.00%
Appropriated Fund Balance	78,018	145,432	(67,414)	-46.35%	78,018	78,018	-	100.00%
<b>Total</b>	<b>14,381,045</b>	<b>13,375,680</b>	<b>1,005,366</b>	<b>7.52%</b>	<b>14,381,045</b>	<b>68,120,975</b>	<b>(53,739,929)</b>	<b>21.11%</b>

### 1. Real Property Taxes

The total shown in the chart for this revenue type represents the property taxes that have been collected as of March 31, 2016 which was \$10,811,462 or 52.53% of the 2016 budget. This is an increase of \$727,447 or 7.21% when compared to March 31, 2015 caused by the property tax rate increase in 2016. It is also important to note that the reason why over fifty percent of the taxes have been collected is from property owners paying both the first and second installments during the first quarter of the fiscal year.

### 2. Local Sources

Revenues from Local Sources as of March 31, 2016 amounted to \$959,714 or 4.98% of the 2016 budget and when compared to the 2015 total of \$795,023 the City has seen an increase of 20.72% or \$164,692. The reason why the total is only 4.98% of the budgeted amount is due to not recognizing revenues from sales tax and franchise tax. These revenues are received during the second quarter of the fiscal year in accordance with the quarterly schedule established by New York State. The sales tax and franchise tax revenues received during the first quarter of the City fiscal year is for a time period in the prior year and is recorded accordingly.

The increase in revenue from 2015 to 2016 is attributable to payment in lieu of tax payments received from the Rensselaer County Industrial Development Authority and Troy Industrial Development Authority. In 2016 it has been found that the timeliness of payments is more efficient when compared to the same time period in 2015.

### **3. General Government Support**

General Government Support revenues as of March 31, 2016 totaled \$34,590, or 10.58% of the 2016 budget. When comparing this to \$23,006, which was the total as of March 31, 2015, revenues have increased by \$11,584 or 50.35%. These revenues come from departments such as Corporation Counsel, Assessor's Office and the Comptroller's Office via transactions such as tax searches or application fees for foreclosed property sales.

### **4. Public Safety**

The revenues from Public Safety were \$317,880 or 67.35% of the 2016 budget, with an increase from the first quarter of 2015 in the amount of \$98,540 or 44.93%. There has been an increase in the collection of Vacant Building Fees in the first quarter in 2016 which has created the increase in revenues.

### **5. Health**

Health revenues totaled \$213,521 in the first quarter of 2016, which equates to 12.03% of the 2016 budget. While that may appear to be alarming please note that the revenue from this type primarily comes from ambulance billing which is recorded once collected. The City uses a third party billing company who invoices and collects monies from each call. The majority of collections during the first two months of the year are for calls made in the prior year. Therefore we anticipate this revenue source rapidly growing throughout the year.

When comparing this to the prior year, the 2016 revenues have increased by \$194,239 or 1,007.36%. At the end of 2014 the City changed its third ambulance billing company. Due to this a long transition period occurred where insurance companies, Medicare and Medicaid transitioned to the new company which caused for a lengthy delay in receiving revenues. While the City received all monies collected it occurred after the end of the first quarter. Thus, this created the discrepancy between the two years.

### **6. Transportation**

Transportation revenues totaled \$214,387 or 31.07% of the 2016 budget as of March 31, 2016 and when comparing this total to the first quarter of 2015 there was an increase in 2016 of \$30,409 or 16.53%. Revenue received from parking garages and parking meters have both increased over 2015 thus creating the overall increase from 2015.

### **7. Recreation**

Revenues from Recreation have increased in the first quarter from 2015 to 2016 by \$17,333 or 14.15% with a 2016 total of \$139,791 or 9.89% of the 2016 budget. The increase from year to year is directly attributable to the increase in golf season passes purchased. The largest portion of the budget for this revenue type comes from the golf course, therefore we will be able to better anticipate how the actual revenues will compare to the budget in the second quarter.

### **8. Home & Community Services**

Revenues from receipts of recycling bills make up this revenue type. As of March 31, 2016 the City had received \$429,584 in revenue or 78.11% of the 2016 budget. This is a decrease of 5.50% from 2015 (or \$25,010) when the total received was \$454,593.

## **9. Intergovernmental Charges**

As of March 31, 2016 the City had yet to receive any revenues for Intergovernmental Charges. In 2015 we had received the payment from the county for processing water bills. We are anticipating receiving this during the second quarter of 2016, with the total being \$41,600. The majority of the revenues in this category, for example, the payment from the Troy Industrial Development Authority for staffing and support services, are received during the fourth quarter of the fiscal year.

## **10. Use Of Money & Property**

Use Of Money & Property revenues totaled \$219 or 0.40% of the 2016 budget as of March 31, 2016 and when compared to the same period in 2015 decreased by \$1,238 or 84.97%. Similar to Intergovernmental Charges and Recreation revenue types, this revenue type is received in the latter months of the fiscal year.

## **11. Licenses & Permits**

Revenues for Licenses & Permits totals \$283,298 or 45.99% of the 2016 budget at the end of the first quarter. With a significant increase in building permits in the first quarter of 2016, Licenses and Permits has increased by \$207,505 or 273.78% when comparing 2015 and 2016.

## **12. Fines & Forfeitures**

Fines & Forfeitures revenues totaled \$273,182 or 22.24% of the 2016 budget as of March 31, 2016. This is an increase \$103,106 or 60.54% when compared to 2015 caused by an increase in revenue from traffic fines. Traffic fines totaled \$49,520 during the first quarter of 2015, but in 2016 the total was \$164,357.

## **13. Sale Of Property & Compensation For Loss**

Revenues for this type totaled only \$1,110 in 2016 and in 2015 \$7,605. The budgeted total for this in 2016 is made up of mostly the sale of One Monument Square and the Scolite site for 2016.

## **14. Miscellaneous**

Miscellaneous revenues totaled \$297,639 or 22.83% at the end of the first quarter in 2016. When comparing this to 2015, the 2016 total decreased by 3.92% of \$12,159. The cause of this is attributable to a decline in donations received in the first three months of the year. It also should be noted that the majority of the revenues in this type come from employee payroll deductions for health insurance.

## **15. Interfund Revenues**

Interfund Revenues totaled \$271,604 as of March 31, 2016 or 15.33% of the 2016 budget. The decrease in 2016 when compared to 2015 is from the Community Development Fund. This Interfund revenue is to be recognized during the second quarter of 2016.

## **16. State Aid**

State Aid for the first quarter of 2016 was \$0 whereas in 2015 it was \$15,768. The funding received in 2015 was for the court facilities project. The majority of State Aid comes from New York State Revenue Sharing, which is received in December of the fiscal year. The 2016 New York State Budget held aid to

municipalities at the same funding level as prior years. It is also includes mortgage tax, which is received in the months of June and December of the fiscal year historically.

#### **17. Federal Aid**

Federal Aid revenues totaled \$55,048 or 10.37% of the 2016 budget and when compared to the 2015 first quarter totals there has been a decrease of \$216,440 or 79.72%. The cause for the decrease is the expiration of grants in the Fire Department and also in the first quarter of 2015 the City received a reimbursement from FEMA for the repairs made after Hurricane Irene.

#### **18. Intrafund Revenues**

As of March 31, 2016 there were no revenues recognized from Intrafund Revenues and this was the same in 2015 in the first quarter. This is the transfer made from the Water Fund to the General Fund in December for profits the Water Fund has created during the fiscal year.

#### **19. Appropriated Fund Balance**

The total for this revenue type is \$78,018 as of March 31, 2016 and was \$145,432 in 2015. This represents the encumbrances, or a purchase order restricting the money for a specific good or service, that are currently within the General 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 are correct.

#### **Conclusion**

The total revenues in the General Fund for the first quarter of 2016 were \$14,381,045, obtaining 21.11% of the 2016 budget. While we are very pleased with these results it is also important to recognize the importance of seasonality in regards to General Fund revenues. For example, seasonality impacts property taxes where the City receives over fifty percent of property tax revenue for the year during the first quarter when the first payment installment is due. On the contrary, revenue sharing from the state is not received until December of the fiscal year. Our analysis does show though that the “variable” revenues of the City are in good financial condition, such as golf revenues.

When comparing the results of 2016 to the first quarter of 2015's total of \$13,375,680 there is an increase of \$1,005,366 or 7.52%. The majority of this is attributable to the increase in property taxes from 2015 to 2016. However if these results continue on this trend it would yield positive results in 2016 when comparing revenues to the 2016 budget.

## Part II – Expenditures

The chart below shows expenditure information in the General Fund as of March 31, 2016, comparing the results to the first quarter of 2015 and to the 2016 budget. All expenditure totals represent payments made along with encumbrances for future purchases.

General Fund Expenditures								
Expenditure	03/31/2016	03/31/2015	\$ Change	% Change	2016 Actual	2016 Budget	\$ Rem	% Expended
<b>Code 1 - Salaries</b>								
Permanent Salaries	5,340,798	5,406,435	(65,638)	-1.21%	5,340,798	23,391,029	18,050,231	22.83%
Temporary Salaries	116,579	91,425	25,154	27.51%	116,579	791,725	675,147	14.72%
Overtime	63,737	252,211	(188,474)	-74.73%	63,737	383,500	319,763	16.62%
Overtime - Police	208,673	127,742	80,931	63.36%	208,673	918,635	709,962	22.72%
Overtime - Fire	314,368	145,399	168,969	116.21%	314,368	1,045,000	730,632	30.08%
Overtime - Public Safety Grants	9,252	143,745	(134,493)	-93.56%	9,252	73,286	64,034	12.63%
Misc. Other	265,992	234,029	31,963	13.66%	265,992	2,112,944	1,846,952	12.59%
<b>Total Code 1</b>	<b>6,319,400</b>	<b>6,400,987</b>	<b>(81,587)</b>	<b>-1.27%</b>	<b>6,319,400</b>	<b>28,716,119</b>	<b>22,396,719</b>	<b>22.01%</b>
<b>Code 2 - Equipment</b>	<b>14,500</b>	<b>17,130</b>	<b>(2,630)</b>	<b>-15.35%</b>	<b>14,500</b>	<b>204,000</b>	<b>189,500</b>	<b>7.11%</b>
<b>Code 3 - Materials &amp; Supplies</b>	<b>761,387</b>	<b>1,105,495</b>	<b>(344,108)</b>	<b>-31.13%</b>	<b>761,387</b>	<b>2,301,141</b>	<b>1,539,754</b>	<b>33.09%</b>
<b>Code 4 - Contractual Services</b>								
Utilities	426,766	669,719	(242,954)	-36.28%	426,766	2,461,175	2,034,409	17.34%
Postage	2,495	9,549	(7,054)	-73.87%	2,495	58,950	56,455	4.23%
Printing & Advertising	13,210	15,545	(2,335)	-15.02%	13,210	77,347	64,137	17.08%
Repairs & Rentals	380,993	439,721	(58,728)	-13.36%	380,993	2,029,763	1,648,770	18.77%
Insurance	238,337	81,140	157,196	193.73%	238,337	265,000	26,663	89.94%
Dues	19,465	16,169	3,296	20.39%	19,465	30,800	11,335	63.20%
Consultant Services	780,632	315,469	465,162	147.45%	780,632	1,702,985	922,353	45.84%
Training	72,145	81,495	(9,350)	-11.47%	72,145	197,510	125,365	36.53%
Travel	123	861	(738)	-85.72%	123	18,650	18,527	0.66%
Judgements & Claims	14,823	63,731	(48,908)	-76.74%	14,823	200,000	185,177	7.41%
Contingencies	-	-	-	-	-	455,000	455,000	0.00%
Uniforms	103,750	71,730	32,020	44.64%	103,750	200,975	97,225	51.62%
Medical Expenses	28,993	1,192	27,801	2332.30%	28,993	42,000	13,007	69.03%
Misc. Other	6,180	6,941	(761)	-10.97%	6,180	42,000	35,820	14.71%
<b>Total Code 4</b>	<b>2,087,911</b>	<b>1,773,263</b>	<b>314,648</b>	<b>17.74%</b>	<b>2,087,911</b>	<b>7,782,155</b>	<b>5,694,244</b>	<b>26.83%</b>
<b>Code 6/7 - Debt Service</b>	<b>4,350,948</b>	<b>4,261,333</b>	<b>89,614</b>	<b>2.10%</b>	<b>4,350,948</b>	<b>6,742,802</b>	<b>2,391,854</b>	<b>64.53%</b>
<b>Code 8 - Benefits</b>								
Pension	1,235,894	2,904	1,232,990	42458.33%	1,235,894	6,537,887	5,301,993	18.90%
Healthcare	2,906,399	2,730,485	175,914	6.44%	2,906,399	11,789,458	8,883,059	24.65%
Dental	147,235	159,365	(12,130)	-7.61%	147,235	604,550	457,315	24.35%
Social Security	461,931	472,001	(10,070)	-2.13%	461,931	2,198,863	1,736,932	21.01%
Worker's Compensation	36,295	45,776	(9,481)	-20.71%	36,295	244,000	207,705	14.87%
<b>Total Code 8</b>	<b>4,787,754</b>	<b>3,410,531</b>	<b>1,377,223</b>	<b>40.38%</b>	<b>4,787,754</b>	<b>21,374,758</b>	<b>16,587,004</b>	<b>22.40%</b>
<b>Code 9 - Interfund Transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>0.00%</b>
<b>Grand Total</b>	<b>18,321,899</b>	<b>16,968,739</b>	<b>1,353,161</b>	<b>7.97%</b>	<b>18,321,899</b>	<b>68,120,975</b>	<b>49,799,075</b>	<b>26.90%</b>

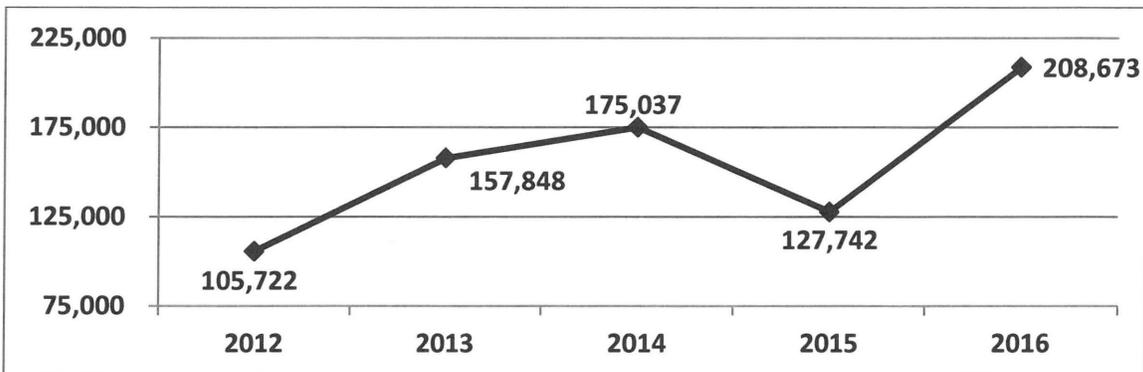
## 1. Code 1 – Salaries

Total expenditures for salaries in the General Fund as of March 31, 2016 were \$6,319,400 or 22.01% of the 2016 budget. When comparing this to 2015, the total salaries expenditures have decreased by 1.27% or \$81,587.

Temporary Salaries have increased by 2751% or \$25,154 in 2016 due to the Deputy City Comptroller now being a part-time employee and the creation of new part-time positions in the Police Department. Only 14.72% of the budget has been expended because 43.58% of the 2016 budget is for part-time employees in the Recreation Department, which hires during the second quarter for the summer months.

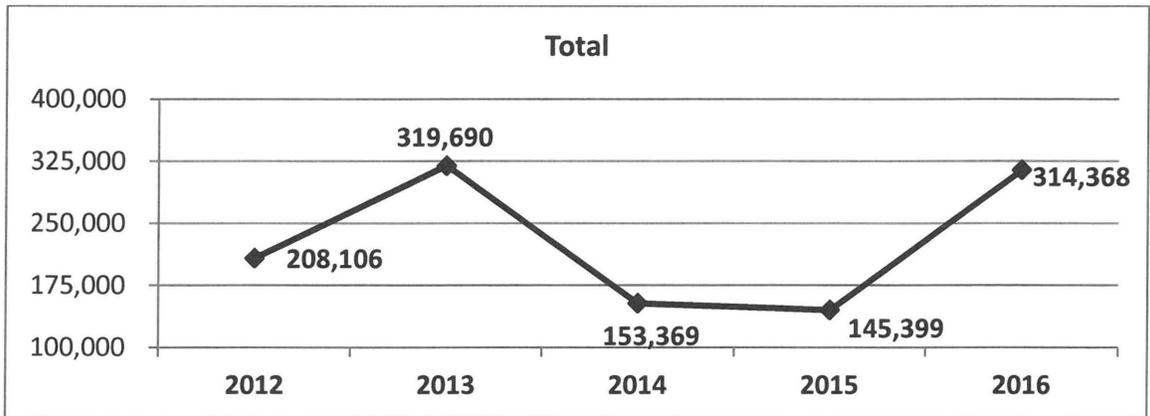
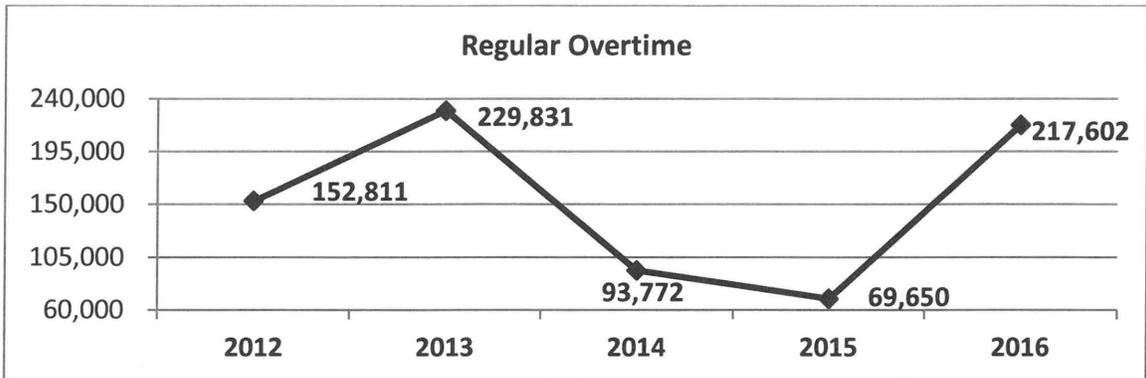
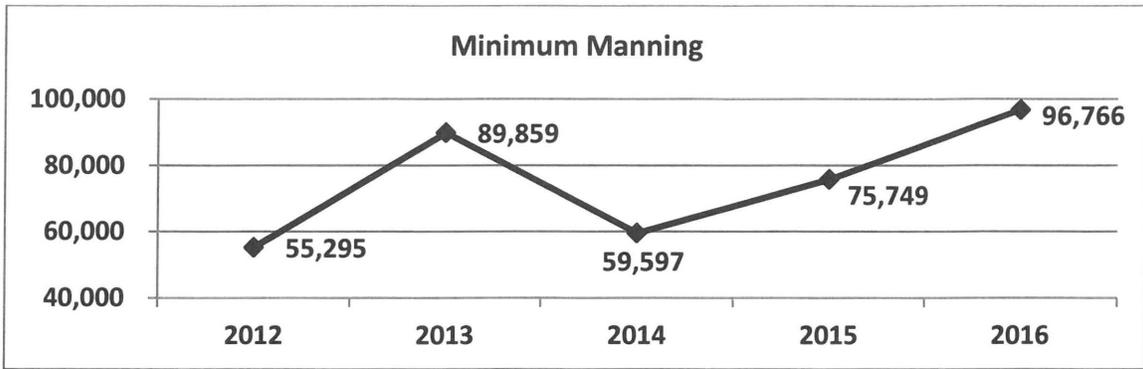
Both regular overtime and overtime relating to public safety grants decreased in the first quarter 2016, which created the overall decrease in this expenditure type. Regular overtime decreased by \$188,474 or 74.73% due to the mild winter and lack of snow plowing overtime. Overtime for public safety grants has decreased by 93.56% or \$134,493 due to the expiration of the AFG grant in the Fire Department in 2015.

Police overtime has increased from 2015 (\$127,742) to 2016 (\$314,368) by \$80,931 or 63.36%. Please refer to the below line graph for a historical analysis of the first quarter totals in the last five years for this expenditure.



As the chart illustrates the total overtime for the Police Department as of March 31, 2016 is a five year high of \$208,673. While this appears to be alarming it can be attributed to the vacancies in the department during the first three months of the year. The Permanent Salaries for the Police Department has decreased by \$65,066 from 2015 to 2016. This allows for the conclusion to be drawn that due to the decrease in staffing volumes a corresponding increase in overtime was needed in order to obtain the minimum manning requirements of the City.

Fire overtime has increased from 2015 (\$145,399) to 2016 (\$314,368) by \$168,969 or 116.21%. Please note that these amounts include both regular overtime and minimum manning overtime. The minimum manning overtime is needed in order to maintain the required staffing levels at all firehouses throughout the City. Please refer to the line graphs on the subsequent page for a historical analysis of the last five years.



Unlike the situation in the Police Department, there is not a corresponding decrease in Permanent Salaries in the Fire Department for the first quarter. However this can be attributed to the new hires within the Fire Department during the first quarter to fill the numerous vacancies within the department. Despite the hires, it would not have immediately decreased the overtime needed as these employees would have needed to go through the training process. Once the new employees have finished their training the overtime should be then decrease.

A second reason for the increase is due to the sinkhole on Campbell Avenue. This required for an extra fireman to be on duty at the Canal Street Firehouse until repairs were completed. My office has the intentions to follow the status of the overtime closely throughout the year to ensure it decreases.

## **2. Code 2 – Equipment**

The total expenditures for Equipment as of March 31, 2016 were \$14,500 which when compared to 2015 declined by \$2,630 or 15.35%. Also, only 7.11% of the amount budgeted for 2016 has been expended. There has only been one piece of equipment purchased during 2016, a license plate reader for the Parking Enforcement Officers.

## **3. Code 3 – Materials & Supplies**

As of March 31, 2016 Materials & Supplies have been expended at 33.09% of the 2016 budget with a total of \$761,387. This is a significant decrease of \$344,108 or 31.13% when compared to the totals from the same time period in 2015. Due to the mild winter in 2016 compared to the conditions of 2015 there was a decrease in the amount of road salt purchases made by the City contributing primarily to the decrease from year to year in this expenditure type.

## **4. Code 4 – Contractual Services**

Contractual Services expenditures as of March 31, 2016 totaled \$2,087,911, or 26.84% of the 2016 budget, and when compared to the first quarter of 2015 was an increase of \$314,648 or 17.74%. The following paragraphs will highlight specific areas within this expenditure type that we feel are material and have had significant impact on the total.

Utilities have decreased significantly when compared to 2015, by \$242,954 or 36.28%, and only 17.34% of the 2016 budget has been expended. The cause for this change is attributable to the mild winter and the lack of heating expense that was anticipated when budgeting.

Insurance expense has been expended at 89.94% of the 2016 budget and had also increase significantly by 193.73% or \$238,337 when compared to the first quarter of 2015. The City has paid for a majority of the 2016 insurance expense and we also experienced a rate increase in 2016 which is why this has been expended at such a high percentage of the 2016 budget. During the first quarter of 2015 there had only been one payment made for insurance with the second payment being made during the second quarter whereas in 2016 both payments were made during the first quarter. This is cause for the increase from 2015 to 2016.

Consultant Service expenditures totaled \$780,632 or 45.84% of the 2016 budget and when compared to 2015 there has been an increase of \$465,162 or 14.45%. In the first quarter of 2016 the City has either expended or encumbered funds for specific obligations due, for example to the County for 911 services. This practice did not happen during 2015 which is a specific cause for the increase when comparing the two years and also why the budget has been expended at 45.84%.

Uniforms have been expended at 51.62% of the 2016 budget or \$103,750. This is an increase of \$32,020 or 44.64% from the first quarter of 2015. The cause for the increase is attributable to the new hires in the Fire Department and the purchase of their uniforms. A high percentage of the budget has been expended due to reimbursements for police officers and fire fighters who elect not to receive a clothing allowance.

The total for Medical Expenses as of March 31, 2016 was \$28,993 or 69.03% of the 2016 budget with a significant increase of \$27,801 or 2,332.30% when compared to the first quarter of 2015. With the hiring of new firefighters in 2016 there were incurred costs for physicals and medical screenings which created the percentage of budget used and also the increase from 2015 to 2016.

## 5. Code 6/7 Debt Service

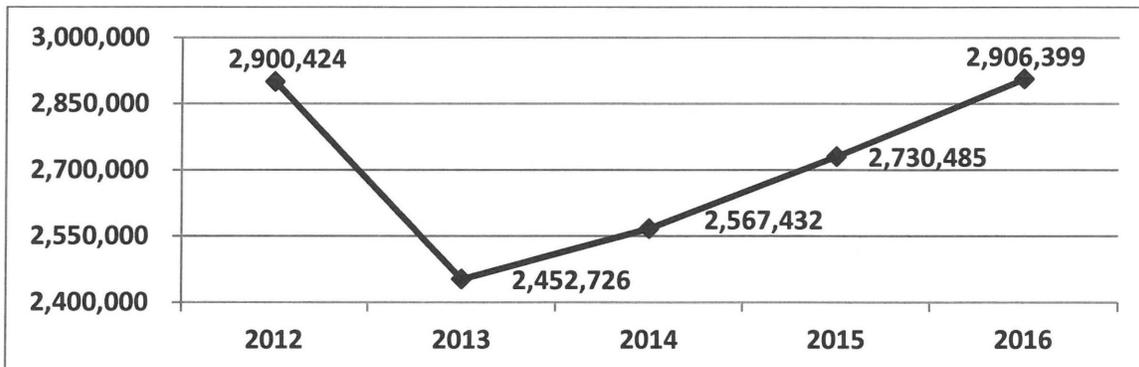
Debt service expenditures totaled \$4,261,333 during the first quarter of 2016 which was 64.53% of the 2016 budget. When comparing this to the first quarter of 2015, expenditures in 2016 increased by 2.10% or \$89,614. During the first quarter of the fiscal year the City pays principal and interest on the MAC debt which is the largest debt payment the City makes during the fiscal year.

## 6. Code 8 – Benefits

Total expenditures for employee benefits as of March 31, 2016 were \$4,787,754 or 22.40% of the 2016 budget. This correlated to an increase from the first quarter of 2015 totaling \$1,377,223 or 40.38%.

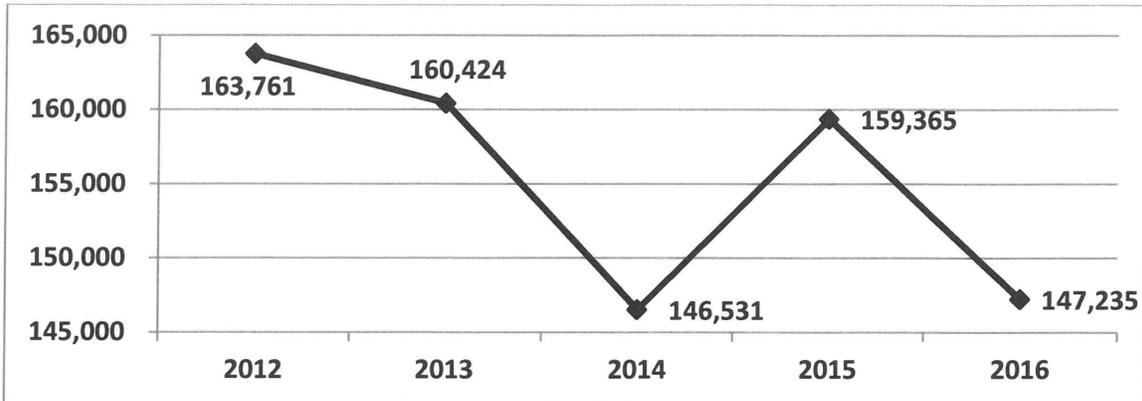
The primary cause for the increase between 2015 and 2016 is the City recognizing pension costs during the first quarter of 2016. The first three months of pension costs are now realized going forward as opposed to prior years due to the budgeting method for pension costs being changed in 2015. Thus in 2016 the payment to New York State Retirement included the time period of January 1 – March 31, 2016 and is recognized. It is the policy of the City to recognize the actual retirement costs as they are paid.

Healthcare expenditures have risen by 6.44% or \$175,914 when compared to the first quarter of 2015 with a 2016 total for the first quarter of \$2,906,399 or 24.65% of the 2016 budget. Please refer to the graph below for a historical analysis of first quarter health insurance expenditures.



As the chart illustrates health insurance is at a five year high for the first quarter in 2016. This expenditure is the most variable expense the City has, as the health insurance is paid on a per claim basis up to a certain threshold. The City, on a monthly basis, reviews and analyzes the costs to track the status during the fiscal year.

Dental insurance expenditures totaled \$147,235 or 24.35% of the 2016 budget. This total was a decrease of \$12,130 from 2015 or 7.61%. Please refer to the graph below for a historical analysis of first quarter health insurance expenditures.



As the chart illustrates, dental insurance is the second lowest total since 2012. Similar to health insurance this expenditure the City Comptroller’s Office tracks very closely throughout the year as it is a variable expense dependent upon the number of claims

**7. Code 9 – Interfund Transfers**

No activity has been recorded in this expenditure category in either the first quarter of 2016 or 2015. These transfers are made in the latter part of the fiscal year to the Capital Fund and Unemployment Reserve.

**Conclusion**

Total expenditures in the General Fund as of March 31, 2016 were \$18,321,899 which when compared to the 2016 budget amounted to 26.90%. This is an increase of \$1,353,161 (7.97%) when compared to the first quarter of 2015 totaling. The increase is directly caused by the recognition of the first quarter pension costs in 2016 and also the recording of the full payment due to Rensselaer County for 911 services which did not occur in 2015.

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

	<b>2016</b>	<b>2015</b>	<b>Difference</b>
<b>Revenues</b>	14,381,045	13,375,680	1,005,365
<b>Expenditures</b>	18,321,899	16,968,739	1,353,160
<b>Difference</b>	<b>(3,940,854)</b>	<b>(3,593,059)</b>	<b>(347,795)</b>

The chart above recaps the total revenues and expenditures for the first quarter in the General Fund for 2016 and 2015. As of March 31, 2016 when subtracting the expenditures from the revenues it results in a “deficit” of \$3,940,854, however, this is due to seasonality that greatly impacts the results. The “deficit” is created by two important seasonality factors.

The first factor is major revenue sources not being received during the first three months of the year. Three examples of this are sales tax, revenue sharing from New York State and revenues from Frear Park Golf Course.

The second factor is expenditures that have been recognized for the entire year rather than just the first three months, which is common historical practice for the City. An example of this is the payment due to the County for 911 services. This has been fully encumbered for as of March 31, 2016 in the amount of \$500,000. Another example is the MAC debt payment which is made in the first quarter containing both principal and interest, with the payment exceeding four million dollars.

When combining the above factors it would be anticipated that the General Fund would be showing a “deficit” at the end of the first fiscal quarter. The City Comptroller’s Office will continue to monitor variable revenues, such as parking meter revenue or golf revenues, and expenditures, for example fire overtime, throughout the year as they compare to prior years and the budget. This will allow for an awareness of any potential major discrepancies during 2016.

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

**Date:** April 15, 2016

**To:** Honorable Patrick Madden  
City Council Members

**From:** Joseph A. Mazzariello  
Deputy City Comptroller

**Re:** First Quarter 2016 Quarterly Financial Report – Water Fund

Please find below the Water Fund quarterly report for the first 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 first 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 March 31, 2016. We have broken out the revenues by functional type as they are shown in the 2016 budget.

#### Water Fund Revenues

Revenue	03/31/2016	03/31/2015	\$ Change	% Change	2016 Actual	2016 Budget	\$ Diff	% Achieved
City Water Sales	939,936	1,164,368	(224,432)	-19.27%	939,936	4,770,000	(3,830,064)	19.71%
Outside Community Water Sales	506,494	606,730	(100,236)	-16.52%	506,494	7,122,737	(6,616,244)	7.11%
Unmetered Sales	63,201	104,555	(41,353)	-39.55%	63,201	260,000	(196,799)	24.31%
Use Of Money & Property	65,273	62,244	3,030	4.87%	65,273	210,000	(144,727)	31.08%
Permits	1,515	3,520	(2,005)	-56.96%	1,515	12,000	(10,485)	12.63%
Sale Of Property	-	2,042	(2,042)	-100.00%	-	51,000	(51,000)	0.00%
Miscellaneous	21,595	22,456	(861)	-3.84%	21,595	73,043	(51,448)	29.56%
Interfund Revenues	81,750	81,750	-	0.00%	81,750	327,000	(245,250)	25.00%
Appropriated Fund Balance	78,545	181,954	(103,409)	-56.83%	78,545	78,545	-	100.00%
<b>Total</b>	<b>1,758,309</b>	<b>2,229,619</b>	<b>(471,310)</b>	<b>-21.14%</b>	<b>1,758,309</b>	<b>12,904,325</b>	<b>(11,146,016)</b>	<b>13.63%</b>

#### 1. City Water Sales

Total City Water Sales as of March 31, 2016 were \$939,936 or 19.71% of the amount budgeted for 2016. Total revenue compared to March 31, 2015 is down 19.27% or \$224,432. There are two causes for this, with the first being the number of cycles that had been billed as of March 31. In 2015, the Water Billing Department had sent out second bill thru Cycle 55 by the end of the first quarter whereas in 2016 they were thru Cycle 54. While this may seem that they are behind in billing this is not true. Historically bills have been sent out on Fridays. This year Cycles 55 and 56 were billed on Friday, April 1 when in 2015 they were both sent in late April.

The second cause that we found for the decrease in revenues is derived from the time period of the bills being sent out. In 2015, due to the winter season, the billing periods were longer. This was due to the increased time that was needed in order to obtain all of the readings to prepare the bills. By having a mild winter in 2016 it has allowed for the readings to be completed in accordance with the schedule. The average billing period in 2016 is between 3 – 3.5 months for the bill whereas in 2015 it was between 3.5 – 4.5 months. This causes revenue to be higher in the first quarter for 2015 with a decline in following quarters when the reads are caught up. In 2016 we can expect to see a consistent revenue stream with the reads being completed in a timely manner in accordance with the schedule.

## **2. Outside Community Water Sales**

As of March 31, 2016 the Water Fund has recognized revenues from outside community water sales totaling \$506,494 or 7.11% of the 2016 budget. Only two outside communities are billed during the first three months of the fiscal year, with the majority receiving their first bill in May. The two communities billed in the first three months are Schaghticoke and Waterford/Halfmoon.

When comparing the total revenue in the first quarter in 2016 to 2015 we have seen a decrease of 16.52% of \$100,236. The cause for the decrease is directly caused by the Waterford/Halfmoon decrease in consumption. This was caused by the water main break in Lansingburgh and the vast amount of water not reaching these municipalities for almost one week.

## **3. Unmetered Sales**

The Water Fund has seen this type of revenue decrease from 2015 to 2016 by \$41,353 or 39.55% with, as of March 31, 2016, recognizing \$63,201 in revenue or 24.31% of the budget. One of the two causes for the decrease in this type of revenue is a decline in interest and penalties applied to delinquent accounts. While billing less quarters is a contributing factor to this my office analyzed further into other reasons and found that residents are paying bills in a timelier fashion in 2016. This can be seen through the decline in accounts outstanding as of March 31, 2016 compared to the prior year. While this is a decline in revenue it is providing a more consistent cash flow to the Water Fund to pay expenditures.

The second cause for the decrease is as of March 31, 2016 we had not received the reimbursement from the county for services related to billing their portion of the water bills, with the amount to be received totaling \$34,384. Previously these monies had been received in March of 2015.

## **4. Use Of Money And Property**

Total revenues for Use Of Money And Property were \$65,273 as of March 31, 2016 or 31.08% of the 2016 budget. This is an increase of \$3,030 or 4.87% from 2016. This increase is directly caused by an increase in the amount of interest earnings from bank accounts and also from the relevy of unpaid accounts that were on the 2016 property tax bills.

## **5. Permits**

The revenue under this type come from fishing permits issued for the Tomhannock Reservoir. As of March 31, 2016 revenues totaled \$1,515 or 12.63% of the 2016 budget. This is a \$2,005 decrease, or 56.96%, when compared to the total as of March 31, 2015. The City Comptroller's Office is optimistic that we will see this revenue source increase as the 2016 fishing season approaches.

## **6. Sale Of Property And Compensation For Loss**

As of March 31, 2016 the Water Fund has not received any revenues of this type. In the first quarter of 2015 there were revenues totaling \$2,042. Historically revenues are received from this type in the later quarters of the fiscal year, and not during the first three months of the year.

#### **7. Miscellaneous**

As of March 31, 2016 the total was \$21,595, or 29.56% of the amount budgeted for 2016. This is a slight decrease of \$861 from 2015 when the total was \$22,456. The primary source of revenue from the miscellaneous type is health insurance deductions from employees' pay.

#### **8. Interfund Revenues**

Interfund revenues totaled \$81,750, or 25% of the 2016 budget, as of March 31, 2016 which agrees to the total in 2015. These revenues are derived from chargebacks to the Sewer Fund for services rendered in the Water Fund.

#### **9. Appropriated Fund Balance**

The total for this revenue type is \$79,430 as of March 31, 2016 and was \$181,954 in 2015. This represents the encumbrances, or a purchase order restricting the money for a specific good or service, that are 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 are correct.

#### **Conclusion**

As of March 31, 2016 Water Fund revenues total \$1,732,969 or 13.43% of the 2016 budget and when compared to 2015 have seen a decline totaling 23.31% or \$526,794. While at first glance this may seem alarming this decline can be attributed to the timing of the water bills being sent out. As mentioned above the City billed for two cycles on April 1, 2016 and is ahead of where we were in 2015. By being on time it allows for bills to be sent on a consistent three month basis, thus, providing for a consistent cash flow in the Water Fund.

The first quarter of any fiscal year within the Water Fund also will show low revenues when compared to the budget due to outside communities and when they are billed. A more accurate representation of the revenues will be seen in future reports, specifically the second quarter, once these communities have received their initial bill for 2016.

## Part II – Expenditures

### Water Fund Expenditures

Expenditure	03/31/2016	03/31/2015	\$ Change	% Change	2016 Actual	2016 Budget	\$ Rem	% Expended
<b>Code 1 - Salaries</b>								
Permanent Salaries	606,271	604,498	1,773	0.29%	606,271	2,890,907	2,284,636	20.97%
Temporary Salaries	5,880	-	5,880	100.00%	5,880	42,500	36,620	13.84%
Overtime	64,446	49,117	15,330	31.21%	64,446	185,500	121,054	34.74%
Misc Other	3,039	2,682	357	13.32%	3,039	72,500	69,461	4.19%
<b>Total Code 1</b>	<b>679,637</b>	<b>656,297</b>	<b>23,340</b>	<b>3.56%</b>	<b>679,637</b>	<b>3,191,407</b>	<b>2,511,770</b>	<b>21.30%</b>
<b>Code 2 - Equipment</b>	<b>55,839</b>	<b>69,733</b>	<b>(13,894)</b>	<b>-19.92%</b>	<b>55,839</b>	<b>108,339</b>	<b>52,500</b>	<b>51.54%</b>
<b>Code 3 - Materials &amp; Supplies</b>	<b>861,443</b>	<b>1,147,593</b>	<b>(286,150)</b>	<b>-24.93%</b>	<b>861,443</b>	<b>1,972,426</b>	<b>1,110,984</b>	<b>43.67%</b>
<b>Code 4 - Contractual Services</b>								
Utilities	48,386	86,977	(38,591)	-44.37%	48,386	482,500	434,114	10.03%
Postage	9,690	8,003	1,687	21.08%	9,690	25,000	15,310	38.76%
Printing & Advertising	730	948	(218)	-23.02%	730	7,996	7,267	9.12%
Repairs & Rentals	11,649	23,329	(11,680)	-50.07%	11,649	96,901	85,252	12.02%
Insurance	50,009	16,981	33,028	194.51%	50,009	56,750	6,741	88.12%
Dues	350	350	-	0.00%	350	6,000	5,650	5.83%
Consultant Services	51,833	41,685	10,148	24.34%	51,833	152,467	100,634	34.00%
Training	5,715	3,480	2,235	64.22%	5,715	9,585	3,870	59.62%
Travel	-	-	-	-	-	2,250	2,250	0.00%
Judgements & Claims	1,000	-	1,000	100.00%	1,000	-	(1,000)	100.00%
Uniforms	11,769	9,061	2,708	29.89%	11,769	21,500	9,732	54.74%
Misc Other	654,418	638,566	15,852	2.48%	654,418	4,517,209	3,862,791	14.49%
<b>Total Code 4</b>	<b>845,548</b>	<b>829,378</b>	<b>16,170</b>	<b>1.95%</b>	<b>845,548</b>	<b>5,378,158</b>	<b>4,532,611</b>	<b>15.72%</b>
<b>Code 6/7 - Debt Service</b>	<b>74,930</b>	<b>75,966</b>	<b>(1,036)</b>	<b>-1.36%</b>	<b>74,930</b>	<b>561,106</b>	<b>486,176</b>	<b>13.35%</b>
<b>Code 8 - Benefits</b>								
Pension	60,042	-	60,042	100.00%	60,042	442,325	382,283	13.57%
Healthcare	219,670	205,198	14,472	7.05%	219,670	889,218	669,548	24.70%
Dental	11,532	12,634	(1,102)	-8.72%	11,532	47,349	35,817	24.35%
Social Security	50,347	48,755	1,592	3.27%	50,347	249,497	199,150	20.18%
Workers' Compensation	10,249	14,759	(4,510)	-30.56%	10,249	64,500	54,251	15.89%
<b>Total Code 8</b>	<b>351,839</b>	<b>281,346</b>	<b>70,494</b>	<b>25.06%</b>	<b>351,839</b>	<b>1,692,889</b>	<b>1,341,050</b>	<b>20.78%</b>
<b>Grand Total</b>	<b>2,869,236</b>	<b>3,060,312</b>	<b>(191,076)</b>	<b>-6.24%</b>	<b>2,869,236</b>	<b>12,904,325</b>	<b>10,035,090</b>	<b>22.23%</b>

#### 1. Code 1 – Salaries

The total salary expenditures within the Water Fund as of March 30, 2016 were \$679,637 or 21.30% of the 2016 budget. When comparing this total to the same time period in 2015, the total for 2016 has increased by 3.56% or \$23,340. The increase from 2015 to 2016 is directly related to the increase in overtime costs. Overtime in the Water Fund increased by 31.21% or \$15,330 which was caused by the water main break in Lansingburgh and the overtime required for repairs.

## **2. Code 2 – Equipment**

As of March 31, 2016 the total expenditures in the Water Fund for equipment were \$55,839 or 51.54% of the amount budgeted for 2016. There have been funds encumbered for from prior years with the anticipation of them being spent in 2016, which is the cause for over fifty percent of the amount budgeted being expended to date.

When comparing 2016 to 2015, the Water Fund has experienced a decrease of \$13,894, or 19.92%, in this type of expenditure.

## **3. Code 3 – Materials & Supplies**

As of March 31, 2016 materials and supplies expenditures totaled \$861,443 or 43.67% of the 2016 budget. The cause for the large portion of the budget being expended in the first quarter is chemicals used for the purification of the water are either purchased or encumbered for during the first three months to be used over the course of the fiscal year.

There was a decrease from 2015 in the amount of \$286,150 or 24.93%. In 2015 the City purchased new meters during the first quarter of the year. In 2016 this purchase did not incur during the first quarter because an order had been placed in December 2015.

## **4. Code 4 – Contractual Services**

The total expenditures for Contractual Services as of March 31, 2016 were \$845,548, or 13.35% of the 216 budget. We have also seen a decrease of \$1,036 or 1.36% when comparing this amount to the same time period in 2015.

The cause for the decline in both Utilities and Repairs & Rentals when compared to 2015 is attributable to the mild winter season. The mild winter meant that less heat was needed causing the decline in utility bills. It also required less plowing from the trucks used by the departments, in turn, requiring less repairs to maintain the vehicles.

Despite having less cycles billed as of March 31, Postage increased when compared to 2015 due to the rate increases that have occurred over the last twelve months.

Insurance saw a significant increase of \$33,028 or 194.51% when compared to 2015 caused by a rate increased that incurred from our insurance agent. A second cause for the increase is because in 2015 a minimal first installment payment had been made whereas in 2016 the first installment was much larger.

The increase in Consultant Services from 2015 to 2016 was \$10,148 or 24.34% caused by the water main break in Lansingburgh and the direct costs incurred from outside contractors for repairs.

Training costs have increased from 2015 along with 64.22% of the 2016 budgeted amount being expended. This is due to several training courses that employees of the Water Department took at General Electric and Hudson Valley Community College in order to obtain advancement in their work skills.

The Misc. Other category is comprised primarily of services due to the General Fund along with taxes on property owned outside of the city lines. The increase seen in this account from 2015 to 2016 is 2.48% or \$15,852. The cause for this is property tax increases in other municipalities.

## 5. Debt Service

Debt service expenditures totaled \$74,930 or 13.35% of the 2016 budget. This is a \$1,036 decrease or 1.36% from 2015. There are two debt payments made out of the Water Fund during the first three months of the year, with the first being for the Siemens debt and the second is an EFC loan payment.

## 6. Benefits

Employee benefits total \$351,839 or 20.78% of the 2016 budget as of March 31, 2016 and when these amounts are compared to 2015 they have increased by \$70,494 or 25.06%.

One of the primary causes for the increase when compared to 2015 can be found in pension expenditures where in 2015 no expenditures had been realized as of March 31, but in 2016 \$60,042 had been recognized. The first three months of pension costs are now realized going forward as opposed to prior years due to the budgeting method for pension costs being changed in 2015. Thus in 2016 the payment to New York State Retirement included the time period of January 1 – March 31, 2016 and is recognized. It is the policy of the City to recognize the actual retirement costs as they are paid.

Healthcare expenditures have increased from 2015 by 7.05% or \$14,472 and have been expended at 24.70% of the 2016 budget with a total \$219,670. The City pays a on a per claim basis . This is an expenditure that will be tracked closely over the course of the fiscal year.

On the other hand, dental expenditures have decreased by 8.72% or \$1,102 in 2016 with a total of \$11,532. This total is 24.35% of the 2016 budget.

## Conclusion

The total expenditures in the Water Fund as of March 31, 2016 are \$2,869,236 or 22.23% of the 2016 budget. This is a decrease of \$191,076 or 6.24% from the same time period in 2015. As mentioned above the majority of these savings came from the Materials & Supplies accounts. We are very pleased with these results, especially considering the unexpected incurred expenditures from the water main break in Lansingburgh.

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

	<b>2016</b>	<b>2015</b>	<b>Difference</b>
<b>Revenues</b>	1,758,309	2,229,619	(471,310)
<b>Expenditures</b>	2,869,236	3,060,312	(191,076)
<b>Difference</b>	<b>(1,110,927)</b>	<b>(830,693)</b>	<b>(280,233)</b>

As the chart above shows the Water Fund is showing what would appear to be a deficit as of March 31, 2016 in the amount of \$1,110,927. After our review of the Water Fund through the first three months of 2016 my office believes that this is not something to be alarmed with. The Water Fund has historically made major purchases during the first quarter to last for the entire year, specifically chemicals for purification. This creates expenditures to be inflated for this timeframe and is an example of how seasonality impacts the reporting of financials. It is also important to remember that outside community billings, which make up 55% of the revenues, do not begin in entirety until the second quarter of the fiscal year.

**Date:** April 15, 2016

**To:** Honorable Patrick Madden  
City Council Members

**From:** Joseph A. Mazzariello  
Deputy City Comptroller

**Re:** First Quarter 2016 Quarterly Financial Report – Sewer Fund

Please find below the Sewer Fund quarterly report for the first 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 first 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 March 31, 2016. We have broken out the revenues by functional type as they are shown in the 2016 budget.

**Sewer Fund Revenues**

Revenue	03/31/2016	03/31/2015	\$ Change	% Change	2016 Actual	2016 Budget	\$ Diff	% Achieved
Sewer Rents	786,344	957,387	(171,043)	-17.87%	786,344	4,201,252	(3,414,908)	18.72%
Sewer Charges	38,697	34,484	4,213	12.22%	38,697	103,100	(64,403)	37.53%
Use Of Money & Property	35	11	23	210.79%	35	1,000	(965)	3.46%
Miscellaneous	6,497	5,845	651	11.14%	6,497	26,955	(20,458)	24.10%
Appropriated Fund Balance	140,545	304,115	(163,570)	-53.79%	140,545	140,545	-	100.00%
<b>Total</b>	<b>972,117</b>	<b>1,301,842</b>	<b>(329,725)</b>	<b>-25.33%</b>	<b>972,117</b>	<b>4,472,852</b>	<b>(3,500,735)</b>	<b>21.73%</b>

**1. Sewer Rents**

The total revenues in the Sewer Fund for Sewer Rents as of March 31, 2016 totaled \$786,344 or 18.72% of the 2016 budget. When comparing this amount to the totals in the same time period as 2015, there is a decrease of \$171,043 or 17.87%. One of the causes for the decrease was due to the dates of the billings for cycles at the end of the month. With bills being sent out on Fridays, the City billed for two cycles on April 1 this year. This is an example of the impact that seasonality can have on the funds. As mentioned in the Water Fund report, if these cycles had been billed in March the Water Billing Department would have been ahead of where they were at the same point in 2015.

A second reason for why revenues have declined from 2015 to 2016 is attributed to the mild winter of 2016. By having a mild winter it has allowed for the readings to be maintained on a consistent basis. In 2015, with the extreme winter, the bills were being sent out with time periods ranging from 3.5 – 4.5 months. In 2016 the time periods have ranged from 3 – 3.5 months. This would cause revenues for 2015 to exceed 2016 during the first fiscal quarter with an expectation to see this variance to be minimized in the forthcoming quarters when the time periods would have been shorter in 2015.

The final reason why Sewer Rents have declined from 2015 to 2016 is because in the first quarter of 2015 the City had received payment from the county for sewer services, with the total in 2016 to be received totaling \$146,752. As of March 31, 2016 this payment had yet to be received.

## **2. Sewer Charges**

Total revenue from Sewer Charges amounted to \$38,697 or 37.53% of the 2016 budget as of March 31. When comparing this total to the total from 2015 of \$34,484 the City has seen an increase of 12.22% or \$4,213. The reason for the increase is due to rise of interest and penalties applied to delinquent accounts. This has been caused by the sewer rate that went into effect January 1, 2015. The first quarter bills issued in 2015 however were still using the old city sewer rate because the read dates on the bills were for 2014. The first quarter bills in 2016 had dates that the new rate was in effect for, thus, would increase the amount of interest and penalties when comparing the two.

## **3. Use Of Money And Property**

The total for this revenue type as of March 31, 2016 was \$35 or 3.46% of the budget whereas the total from 2015 was \$11. This has allowed for an increase in 2016 of \$23 or 210.79%. The interest received from bank accounts is recorded here.

## **4. Miscellaneous**

Miscellaneous revenues are made up primarily of health insurance deductions from employee's payroll checks. As of March 31, 2016 this amount to \$6,497 or 24.10% of the 2016 budget which is an increase of \$651 or 11.14% from 2015.

## **5. Appropriated Fund Balance**

The total for this revenue type is \$140,545 as of March 31, 2016 and was \$304,115 in 2015. This represents the encumbrances, or a purchase order restricting the money for a specific good or service, that are 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 are correct.

## **Conclusion**

Total revenues in the Sewer Fund as of March 31, 2016 were \$972,117, which compared to the budget of \$4,472,852 is 21.73%. When comparing to the total from 2015 of \$1,301,842 we have experienced a decrease of \$329,725 or 25.33%. This is directly attributable to the decline in Sewer Rents described above with regards to the date bills were mailed out and also the consumption periods. A second reason for the decrease is due to the encumbrances. The total amount of encumbrances has decreased from 2015 to 2016 causing less of the fund balance to be used as a revenue source for prior year purchase orders being carried over.

## Part II – Expenditures

### Sewer Fund Expenditures

Expenditure	03/31/2016	03/31/2015	\$ Change	% Change	2016 Actual	2016 Budget	\$ Rem	% Expended
<b>Code 1 - Salaries</b>								
Permanent Salaries	171,839	164,231	7,608	4.63%	171,839	805,518	633,679	21.33%
Temporary Salaries	-	4,800	(4,800)	-100.00%	-	32,500	32,500	0.00%
Overtime	21,115	9,522	11,593	121.76%	21,115	85,000	63,885	24.84%
Misc. Other	-	-	-	-	-	15,750	15,750	0.00%
<b>Total Code 1</b>	<b>192,954</b>	<b>178,553</b>	<b>14,401</b>	<b>8.07%</b>	<b>192,954</b>	<b>938,768</b>	<b>745,814</b>	<b>20.55%</b>
<b>Code 2 - Equipment</b>	-	-	-	-	-	20,000	20,000	0.00%
<b>Code 3 - Materials &amp; Supplies</b>	<b>82,404</b>	<b>73,604</b>	<b>8,800</b>	<b>11.96%</b>	<b>82,404</b>	<b>260,194</b>	<b>177,790</b>	<b>31.67%</b>
<b>Code 4 - Contractual Services</b>								
Utilities	1,627	1,539	88	5.70%	1,627	15,860	14,233	10.26%
Repairs & Rentals	344,680	373,768	(29,088)	-7.78%	344,680	196,351	(148,329)	175.54%
Insurance	12,014	3,995	8,019	200.70%	12,014	13,250	1,236	90.67%
Consultant Services	1,610	971	639	65.79%	1,610	17,337	15,727	9.29%
Training	-	-	-	-	-	100	100	0.00%
Judgements & Claims	-	-	-	-	-	300,000	300,000	0.00%
Contingencies	-	-	-	-	-	102,000	102,000	0.00%
Uniforms	2,764	4,016	(1,252)	-31.16%	2,764	8,500	5,736	32.52%
Due To Other Funds	119,802	119,802	-	0.00%	119,802	479,332	359,530	24.99%
<b>Total Code 4</b>	<b>482,499</b>	<b>504,092</b>	<b>(21,594)</b>	<b>-4.28%</b>	<b>482,499</b>	<b>1,132,730</b>	<b>650,232</b>	<b>42.60%</b>
<b>Code 6/7 - Debt Service</b>	-	-	-	-	-	74,548	74,548	0.00%
<b>Code 8 - Benefits</b>								
Pension	16,860	-	16,860	-	16,860	132,638	115,778	12.71%
Healthcare	74,052	77,375	(3,323)	-4.29%	74,052	299,761	225,709	24.70%
Dental	3,628	4,575	(947)	-20.70%	3,628	14,897	11,269	24.35%
Social Security	14,268	13,251	1,018	7.68%	14,268	71,816	57,548	19.87%
Worker's Compensation	2,661	6,635	(3,975)	-59.90%	2,661	25,000	22,339	10.64%
<b>Total Code 8</b>	<b>111,469</b>	<b>101,836</b>	<b>9,633</b>	<b>9.46%</b>	<b>111,469</b>	<b>544,112</b>	<b>432,643</b>	<b>20.49%</b>
<b>Code 9 - Interfund Transfers</b>	-	-	-	-	-	1,502,500	1,502,500	0.00%
<b>Grand Total</b>	<b>869,326</b>	<b>858,086</b>	<b>11,240</b>	<b>1.31%</b>	<b>869,326</b>	<b>4,472,852</b>	<b>3,603,526</b>	<b>19.44%</b>

### 1. Code 1 – Salaries

Expenditures for Salaries totaled \$192,954 or 20.55% of the 2016 budget and when comparing this to the same time period from 2015 there is an increase of \$14,401 or 8.07%. The primary cause for the increase is due to overtime, which increased by 121.76% or \$11,593. Repairs made to a collapsed section of roadway y caused by a ruptured sewer pipe on Campbell Avenue created excessive overtime and the increase from 2015.

## **2. Code 2 – Equipment**

As of March 31, 2016 there have been no expenditures made for equipment as was the case over the same time period in 2015.

## **3. Code 3 – Materials & Supplies**

Expenditures for Materials & Supplies as of March 31, 2016 totaled \$82,404, or 31.67% of the 2016 budget of \$260,194. When comparing this to the total of \$73,604 from the same time period in 2015 there has been an increase of \$8,800 or 11.96%. In the first quarter of 2016 a large purchase was made to replenish the inventory of supplies in the Sewer Fund for use during the fiscal year.

## **4. Code 4 – Contractual Services**

The total Contractual Services for the Sewer Fund as of March 31, 2016 were \$482,499 or 42.60% which when compared to the total in 2015 of \$504,092 this expenditure type has decreased by 4.28% or \$21,594.

Repairs & Rentals expenditures have been expended over budget by \$148,329 or 175.54% due to a large encumbrance for the Combined Sewer Overflow project. The Comptroller's Office has discussed if this encumbrance should remain open with the Superintendent of Public Utilities and have been told that these monies are to be used in the future for the project.

Insurance has increased by 200.70% or \$8,019 from 2015 due to a rate increase for the 2016 policy.

Due To Other Funds represents monies due to the General and Water Funds for services provided by each of the fund for the operations of the Sewer Fund.

## **5. Code 6/7 – Debt Service**

As of March 31, 2015 and 2016 there were no debt service payments made. The debt payment in the Sewer Fund is made during the second quarter of the fiscal year in April.

## **6. Code 8 – Benefits**

As of March 31, 2016 expenditures for employee benefits totaled \$111,469 or 20.49% of the 2016 budget and increased by 9.46% or \$9,633.

The primary cause for the increase from 2015 to 2016 was caused by pension costs. In 2015 no expenditures had been realized as of March 31, but in 2016 \$16,860 had been recognized. The first three months of pension costs are now realized going forward as opposed to prior years due to the budgeting method for pension costs being changed in 2015. Thus in 2016 the payment to New York State Retirement included the time period of January 1 – March 31, 2016 and is recognized. It is the policy of the City to recognize the actual retirement costs as they are paid.

Healthcare and dental expenditures have both decreased from 2015 to 2016 in the Sewer Fund. Healthcare has decreased by 4.29% or \$3,323 and when compared to the 2016 budget 24.70% of the 2016 budget has been expended. Dental insurance has decreased by \$947 or 20.70% with 24.35% of the 2016 budget being expended during the first quarter of 2016. The City pays on a per claim basis and is an expenditure that the Comptroller's Office follows closely during the year due to its potentially extreme variability depending upon usage.

## 7. Code 9 – Interfund Transfers

As of March 31, 2016 there were no expenditures for this type and was the same case for 2015. The budgeted amount for 2016 represents monies to be transferred to the Debt Service Fund for debt payments relating to the Combined Sewer Overflow project.

### Conclusion

The total Sewer Fund expenditures as of March 31, 2016 were \$869,326 or 19.44% of the 2016 budget and when comparing this to the total of \$858,086 from 2015 we have experienced an increase of 1.31% or \$11,240. When considering the abnormal event of a major sewer such as Campbell Avenue, the City Comptroller's Office feel that the conditions in the Sewer Fund are currently very good.

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

	2016	2015	Difference
<b>Revenues</b>	972,117	1,301,842	(329,725)
<b>Expenditures</b>	869,326	858,086	11,240
<b>Difference</b>	<b>102,791</b>	<b>443,756</b>	<b>(340,965)</b>

As illustrated in the above chart, the Sewer Fund has a surplus as of March 31, 2016 of \$102,791 whereas in 2015 the surplus was \$443,756. The primary reason for the decline in 2016 is attributable to the billings and their status as of March 31, 2016. As noted above due to billings being sent on Fridays, several cycles were billed on April 1, 2016.

Overall, similar to the Water Fund, we believe that the Sewer Fund is in sound financial condition thus far in 2016. There will be major expenditures forthcoming, specifically the transfer to the Debt Service Fund, but based on the trends we are experiencing both in the current year and historically we anticipate that the Sewer Fund will be in sound financial condition throughout 2016.

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