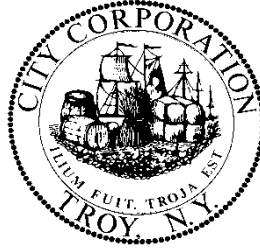


Wm. Patrick Madden
Mayor



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

Date: October 14, 2016

To: Honorable Wm. Patrick Madden
City Council Members

From: Andrew Piotrowski
Deputy City Comptroller

Re: Third Quarter 2016 Quarterly Financial Report – General Fund

Please find attached the General Fund quarterly report for the third 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.

Part I – Revenues

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

General Fund Revenues								
Revenue	09/30/2016	09/30/2015	\$ Change	% Change	2016 Actual	2016 Budget	\$ Diff	% Achieved
Real Property Taxes	20,055,297	18,858,610	1,196,688	6.35%	20,055,297	20,582,598	(527,301)	97.44%
Local Sources	9,820,995	9,888,713	(67,718)	-0.68%	9,820,995	19,261,000	(9,440,005)	50.99%
General Government Support	192,014	142,648	49,366	34.61%	192,014	326,982	(134,968)	58.72%
Public Safety	457,160	345,293	111,867	32.40%	457,160	472,000	(14,840)	96.86%
Health	1,406,535	1,199,974	206,560	17.21%	1,406,535	1,775,000	(368,465)	79.24%
Transportation	524,444	500,254	24,190	4.84%	524,444	690,000	(165,556)	76.01%
Recreation	1,165,543	1,131,466	34,076	3.01%	1,165,543	1,413,000	(247,457)	82.49%
Home & Community Services	517,314	574,538	(57,224)	-9.96%	517,314	550,000	(32,686)	94.06%
Intergovernmental Charges	41,600	61,864	(20,265)	-32.76%	41,600	263,230	(221,630)	15.80%
Use Of Money & Property	10,855	16,971	(6,116)	-36.04%	10,855	55,000	(44,145)	19.74%
Licenses & Permits	783,861	576,425	207,437	35.99%	783,861	616,000	167,861	127.25%
Fines & Forfeitures	1,049,873	802,226	247,647	30.87%	1,049,873	1,228,500	(178,627)	85.46%
Sale Of Property & Compensation For Loss	5,919	9,392	(3,473)	-36.98%	5,919	1,180,000	(1,174,081)	0.50%
Miscellaneous	1,394,492	1,162,818	231,674	19.92%	1,394,492	1,403,500	(9,008)	99.36%
Interfund Revenues	1,048,572	1,061,338	(12,766)	-1.20%	1,048,572	1,771,418	(722,846)	59.19%
State Aid	956,570	1,020,796	(64,226)	-6.29%	956,570	12,827,875	(11,871,305)	7.46%
Federal Aid	447,317	718,749	(271,432)	-37.76%	447,317	2,053,670	(1,606,353)	21.78%
Intrafund Revenues	-	-	-	-	-	2,222,000	(2,222,000)	0.00%
Appropriated Fund Balance	60,118	126,511	(66,393)	-52.48%	60,118	60,118	-	100.00%
Total	39,938,478	38,198,587	1,739,891	4.55%	39,938,478	68,751,891	(28,813,413)	58.09%

1. Real Property Taxes

Total revenues represented for 2015 and 2016 are the actual tax collections received in the first nine months of each of the years. Total collections for 2016 were \$20,055,297, which represents 94.21% of the 2016 total required tax levy. In comparison collections in 2015 were \$18,858,610, which is 93.07% of the 2015 total required tax levy. As installment payments for property taxes are due in January and July the City Comptroller's Office does not anticipate this total to increase significantly prior to the end of the 2016 fiscal year. It should be noted however that our office has tracked and sent out delinquency letters on a more frequent basis this year.

2. Local Sources

Revenue from Local Sources totaled \$9,820,995 at the end of the third quarter in 2016, which is 50.99% of the 2016 budgeted total. The cause for a low percentage of the budget being recognized is attributable to seasonality. The primary revenue in this category is sales tax collections, which the City has received only two payments for in 2016 as has been the case historically. The next payment that will be recognized in 2016 is in December and the final in March as the quarters for sales tax are not the same as the City's fiscal year. There is also seasonality implication in franchise tax revenue which will be recognized twice during the fourth quarter of 2016.

The total in 2015 was \$9,888,713 leading to a decrease of \$67,718 or 0.68%. The decrease is caused by a decline in both sales tax and utilities gross receipts tax in 2016. Sales tax revenue declining is consistent with the pattern being experienced by all municipalities statewide.

3. General Government Support

Revenues within the General Government Support category totaled \$192,014 as of September 30, 2016, which is 58.72% of the 2016 budget. Several of the revenues, such as Corporation Counsel Fees, are recognized in the fourth quarter during the year end reconciliation which is why a low percentage of the budget has been recognized in comparison to where the City is in the fiscal year.

Revenues have increased by 34.61%, or \$49,366, when compared to the 2015 nine month total of \$142,648. There has been an increase in collection fees for delinquent Troy School District delinquent taxes by the City. Once the delinquent file is sent by the school district to the City for collection an additional fee is added for processing by the City. Collections for delinquent school taxes have increased during 2016, thus creating the increase in revenues.

4. Public Safety

Public Safety revenues totaled \$457,160 at the end of the third quarter, which is 96.86% of the 2016 budget. These revenues have also increased by \$111,867, or 32.40%, when compared to the results from the first nine months of 2015. The increase is directly caused by a significant increase the vacant building fee collections in 2016, as this is the primary revenue source within this category. This category is also impacted by seasonality due to the vacant building fee being collected primarily during the first three months of a fiscal year.

5. Health

Health revenues totaled \$1,406,535 as of September 30, 2016 which represents 79.24% of the 2016 budget. Revenues from ambulance services and collections made by the City's third party collection company are the primary source within this category. Revenues have increased by \$206,560, or 17.21%, when compared to the nine month total of 2015. In prior reports the increases have been caused by the transition in 2015 to the new billing company, but after reviewing the revenues as of September 30th the increase is also from increased collections being made and the increase in charges for City ambulance services along with the transition period in 2015.

6. Transportation

Revenues from Transportation totaled \$524,444 as of September 30, 2016, which is 76.01% of the 2016 budgeted total. Revenues have increased by \$24,190, or 4.84%, from the nine month total of 2015. An increase in both parking garage permits and on-street parking meters has created the increase in the total revenue.

7. Recreation

Recreation revenues were \$1,165,543 at the end of the third quarter, which is an increase of \$34,076 or 3.01% when compared to 2015. The 2016 total represents 82.49% of the 2016 budgeted total. The increase is directly attributable to an increase in golf fee and cart revenues in 2016. The summer conditions, along with the mild winter allowed the course to be opened earlier; therefore, allowing for more opportunity and interest in using the golf course. In 2015 the course needed significant repairs to be made in order for the course to be fully playable due to the harsh winter conditions.

8. Home & Community Services

Revenues from Home & Community Services are made primarily of recycling bill collections throughout a fiscal year. The nine month total in 2016 is \$517,314, or 94.06% of the 2016 budget. This is a decrease however from 2015, of \$57,224 or 9.96%, when the total was \$574,538. The City Comptroller's Office has reviewed this thoroughly in both the second and third quarters with a conclusion of collections are down for these bills within the City. The City has sent out delinquent letters consistently throughout the year for the unpaid bills and it has been monitored. It should be noted that all unpaid bills will be levied onto the 2017 property tax bills.

9. Intergovernmental Charges

Revenues from Intergovernmental Charges were \$41,600 as of September 30, 2016, which is 15.80% of the 2016 budgeted total. When compared to the 2015 total of \$61,864, the total has decreased \$20,265 or 32.76%. A significant amount of the revenues are recognized during the fourth quarter of the fiscal year, for example the payment by the Troy Industrial Development Authority to the City for services rendered by the City.

10. Use Of Money & Property

Use of Money and Property revenues were \$10,855 at the end of the third quarter in 2016, which is 19.74% of the 2016 budgeted total. This is a decrease, when compared to the third quarter total of \$16,971 in 2015, of \$6,116 or 36.04%. The decrease is attributable to the decrease in the amount of rental revenue received from vendors using city property. It should be noted that this revenue will increase significantly in the fourth quarter when revenues are realized, which is an example of the seasonality implications that exist throughout the fiscal year for revenue recognition.

11. Licenses & Permits

Revenues from Licenses and Permits totaled \$783,861 as of September 30, 2016, an increase of \$207,437 or 35.99% from the third quarter total of 2015. This total is 127.25% of the 2016 budgeted amount. The direct cause for the increase and exceeding the expected total revenues is caused by building permits. Total building permits in 2016 are \$739,725 whereas in 2015 the total was \$536,252.

12. Fines & Forfeitures

Fines and Forfeitures totaled \$1,049,873 as of September 30, 2016, which is 85.46% of the 2016 budget. This is also an increase of \$247,647, or 30.87%, when compared to the nine month total in 2015 of \$802,226. The cause for both the increase and high percentage of budget recognized is caused by an increase in parking ticket collection. This is attributable to both the amnesty program conducted during the second quarter of 2016 for delinquent tickets, but also to the efforts of the third party collection company that has been contracted with.

13. Sale Of Property & Compensation For Loss

With the sale of One Monument Square and the Scolite site not being recognized thus far in 2016, revenues in this category total only \$5,919 at the end of the third quarter, which is 0.50% of the 2016 budget. The 2015 total was \$9,392 resulting in a decrease of \$3,473 or 36.98%. The City does not expect to sell either piece of property in 2016, which will create a shortfall within this revenue category.

14. Miscellaneous

Miscellaneous revenues totaled \$1,394,492 at the end of the third quarter in 2016, which is 99.36% of the 2016 budgeted total. In comparison to 2015, this is an increase of \$231,674, or 19.92%. The two major revenues that encompass this revenue grouping in 2016 are employee contributions to the City's health insurance plan and the settlement with Sam Judge for 1776 Sixth Avenue.

15. Interfund Revenues

Interfund revenues totaled \$1,048,572, which is a decrease of \$12,766 or 1.20% when compared to the first nine months of 2015. The cause for this decrease was in the amount due from the Special Grants Fund for the CDBG program. The other revenues come from the Water and Sewer Funds as payments for services rendered by the General Fund to each of the funds.

The 2016 total represents 59.19% of the amount budgeted, but will increase during the fourth quarter as revenues are recognized for CDBG and the remainder due from the Water and Sewer Funds is recognized.

16. State Aid

Revenues from State Aid totaled \$956,570, a decrease of \$64,226 from the 2015 total of \$1,020,796. Only 7.46% of the 2016 budget has been recognized through the first nine months of 2016 due to seasonality. The primary revenue in this category is the revenue sharing provided to municipalities by New York State, which is received in the middle of December of each fiscal year.

17. Federal Aid

Federal Aid revenues totaled \$447,317 as of September 30th, which is 21.78% of the 2016 budget. The nine month 2015 total was \$718,749 leading to a decrease of \$271,432 or 37.76% when compared to the 2016 total. The decrease is caused by a FEMA reimbursement for General Fund costs from Hurricane Irene reconstruction received during 2015. This project is now contained within the Capital Projects Fund, therefore all reimbursements are recorded within that fund.

18. Intrafund Revenues

Intrafund revenues represent the amount of profits to be transferred from the Water Fund to the General Fund. This transfer will be made during the fourth quarter of 2016 as it has been done historically.

19. Appropriated Fund Balance

The total as of September 30, 2016 is \$60,118 whereas in 2015 the total was \$126,511. The revenues represented within this category are for encumbrances for goods and services within the General Fund. The City Purchasing Agent reviews all encumbrances for timeliness and accuracy quarterly.

Conclusion

Revenues in the General Fund as of September 30, 2016 were \$39,938,478, which is 58.09% of the 2016 budget. Seasonality, as it has all fiscal year, plays an important component in analyzing the quarterly totals. Revenues such as sales tax and state aid are major components of the City's revenue structure encompassing 40.98% of the budget but are primarily not recognized until the fourth quarter of the fiscal

year. As the report illustrates however the fee revenues within the City, for example Licenses and Permits and Fines & Forfeitures, have both been recognized at levels higher than anticipated through nine months.

When comparing the 2016 total to that of 2015, \$38,198,587, revenues have increased \$1,739,891 or 4.55%. While the majority of this increase is created via property taxes there have been other revenues in the City that have increased significantly causing this increase. The City Comptroller's Office will monitor these revenues throughout the fourth quarter to verify they will continue to exceed the 2015 actual totals.

Part II – Expenditures

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

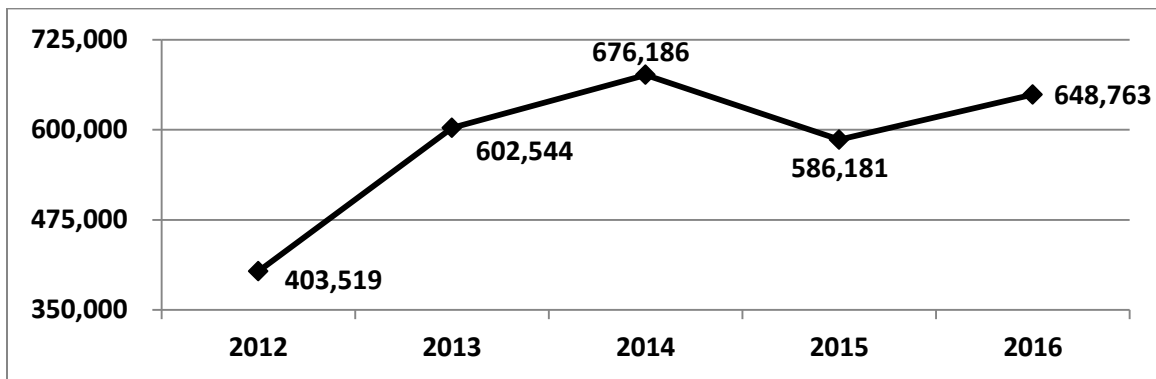
General Fund Expenditures								
Expenditure	09/30/2016	09/30/2015	\$ Change	% Change	2016 Actual	2016 Budget	\$ Rem	% Expended
Code 1 - Salaries								
Permanent Salaries	16,536,067	16,887,873	(351,806)	-2.08%	16,536,067	23,376,929	6,840,862	70.74%
Temporary Salaries	581,666	686,378	(104,712)	-15.26%	581,666	791,725	210,059	73.47%
Overtime	189,875	391,345	(201,470)	-51.48%	189,875	383,500	193,625	49.51%
Overtime - Police	648,763	586,181	62,582	10.68%	648,763	930,635	281,872	69.71%
Overtime - Fire	1,004,650	725,799	278,851	38.42%	1,004,650	1,028,530	23,880	97.68%
Overtime - Public Safety Grants	48,319	421,672	(373,354)	-88.54%	48,319	352,986	304,667	13.69%
Misc. Other	637,799	610,009	27,790	4.56%	637,799	2,112,944	1,475,145	30.19%
Total Code 1	19,647,140	20,309,258	(662,118)	-3.26%	19,647,140	28,977,249	9,330,109	67.80%
Code 2 - Equipment	129,985	35,025	94,960	271.12%	129,985	271,764	141,779	47.83%
Code 3 - Materials & Supplies	1,464,959	1,977,500	(512,542)	-25.92%	1,464,959	2,365,046	900,087	61.94%
Code 4 - Contractual Services								
Utilities	1,545,185	1,717,551	(172,366)	-10.04%	1,545,185	2,411,175	865,990	64.08%
Postage	20,307	30,667	(10,360)	-33.78%	20,307	58,950	38,643	34.45%
Printing & Advertising	41,242	40,868	375	0.92%	41,242	77,747	36,504	53.05%
Repairs & Rentals	1,539,876	1,587,558	(47,681)	-3.00%	1,539,876	2,017,813	477,937	76.31%
Insurance	302,605	293,061	9,544	3.26%	302,605	315,000	12,395	96.07%
Dues	27,427	22,035	5,392	24.47%	27,427	30,260	2,833	90.64%
Consultant Services	1,216,009	1,332,149	(116,140)	-8.72%	1,216,009	1,910,413	694,404	63.65%
Training	119,313	104,703	14,610	13.95%	119,313	222,032	102,719	53.74%
Travel	10,311	8,611	1,700	19.74%	10,311	18,650	8,339	55.29%
Judgements & Claims	37,455	191,617	(154,162)	-80.45%	37,455	200,000	162,545	18.73%
Contingencies	-	-	-	-	-	387,579	387,579	0.00%
Uniforms	141,605	103,859	37,746	36.34%	141,605	212,432	70,827	66.66%
Medical Expenses	38,638	4,853	33,785	696.23%	38,638	44,700	6,062	86.44%
Misc. Other	42,566	47,851	(5,285)	-11.04%	42,566	46,100	3,534	92.33%
Total Code 4	5,082,539	5,485,382	(402,842)	-7.34%	5,082,539	7,952,851	2,870,311	63.91%
Code 6/7 - Debt Service	6,743,592	6,451,431	292,161	4.53%	6,743,592	6,742,802	(790)	100.01%
Code 8 - Benefits								
Pension	1,670,380	8,712	1,661,668	19073.32%	1,670,380	6,537,887	4,867,507	25.55%
Healthcare	8,671,530	8,006,681	664,849	8.30%	8,671,530	11,789,458	3,117,928	73.55%
Dental	453,762	428,425	25,337	5.91%	453,762	604,550	150,788	75.06%
Social Security	1,434,215	1,498,538	(64,323)	-4.29%	1,434,215	2,198,863	764,648	65.23%
Worker's Compensation	159,173	221,137	(61,964)	-28.02%	159,173	244,000	84,827	65.23%
Total Code 8	12,389,059	10,163,493	2,225,566	21.90%	12,389,059	21,374,758	8,985,699	57.96%
Code 9 - Interfund Transfers	995,747	37,893	957,854	-	995,747	1,067,421	71,674	93.29%
Grand Total	46,453,022	44,459,983	1,993,039	4.48%	46,453,022	68,751,891	22,298,869	67.57%

1. Code 1 – Salaries

Total direct salary costs totaled \$19,647,140 as of September 30, 2016, or 67.80% of the 2016 budgeted total of \$28,977,249. This 2016 total is an overall decrease of \$662,118 from the 2015 third quarter total

Permanent salaries have decreased by 2.08% or approximately \$350,000 with a total of \$16,536,067 at the end of the third quarter. The primary cause for this decrease, and also why only 70.74% of the 2016 budgeted total has been recognized, is attributable to the number of open positions that have been left vacant within various City departments.

Overtime costs totaled \$189,875 as of September 30, 2016 which is 49.51% of the 2016 budgeted total. When compared to the nine month results of 2015 the 2016 total represents a decrease of \$201,470 or 51.48%. This overtime represents all General Fund overtime with the exception of the Fire Department, Police Department and overtime related to grants. The cause of this decrease is due to the mild winter and the lack of snow plowing that was required.

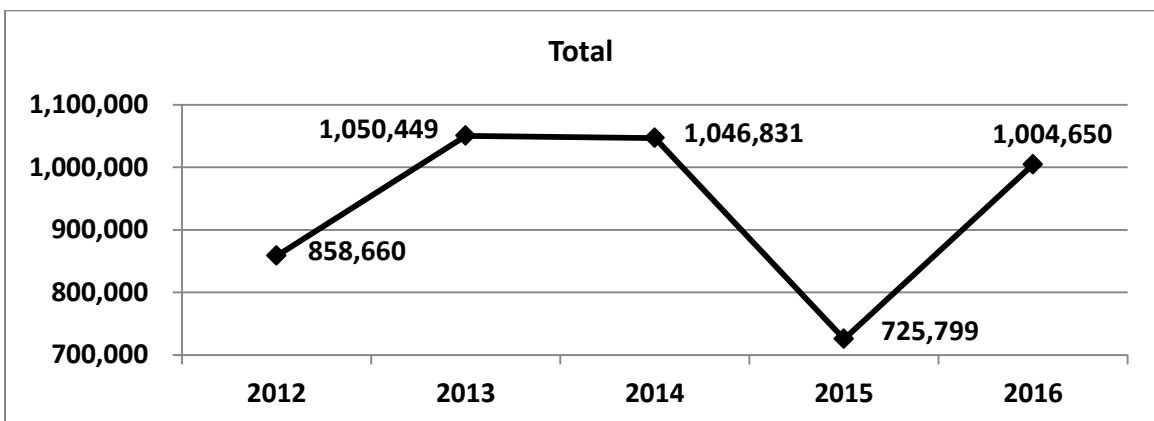
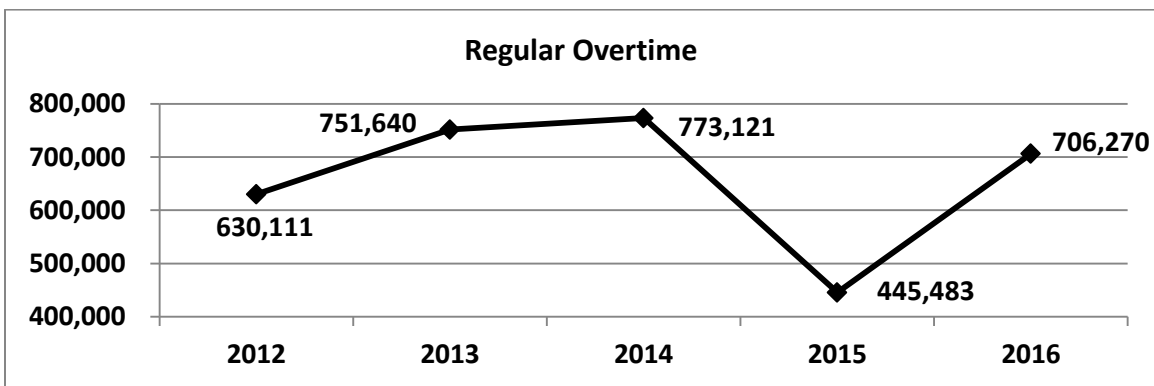
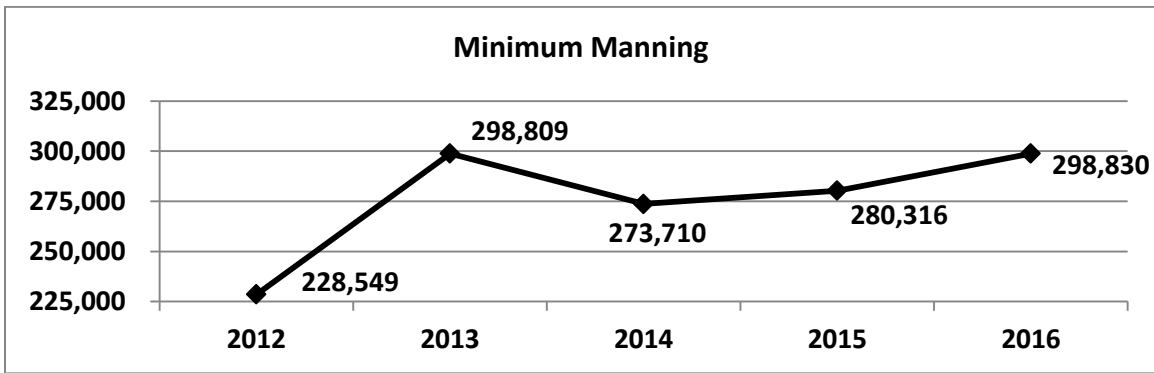


As the chart above illustrates, Police overtime totaled \$648,763 as of September 30, 2016, which is 69.71% of the 2016 budgeted total of \$930,635. This amount is the second highest when looking at the five year span of 2012 through 2016. This is an increase of \$62,582, or 10.68%, from the 2015 third quarter total of \$586,181. The primary cause for this increase is caused by an increase in the number of vacancies in the Police Department from 2015 to 2016. Below please find a table that outlines these vacancies by month.

Month	2015 Vacancies	2016 Vacancies	Change
January	2	0	(2)
February	0	1	1
March	0	3	3
April	0	3	3
May	2	4	2
June	3	5	2
July	1	1	0
August	1	2	1
September	2	2	0

As the chart illustrates there were up to five vacancies within the Police Department in the first nine months of 2016, whereas the highest number was three in 2015. With vacancies comes overtime in order for the minimum contractual staffing levels required.

It is also important to note that the overtime historically in the third quarter has been higher than the previous two due to vacations taken within the department and the required backfilling to meet the minimum staffing levels required per the union contract.



The three graphs above illustrates fire overtime and the respective total of minimum manning overtime, regular overtime and the total from 2012 through 2016. As the graphs illustrate the 2016 total as of September 30th is the third highest for regular and total overtime, with minimum manning being the second highest in the same timeframe.

It is important to note that minimum manning represents the amount paid to the first firefighter brought back to cover an open vacancy for a shift in the Fire Department. This individual is paid at straight time per the union contract. Regular overtime would then be any other additional staff needed above and beyond the first additional staff member needed.

There are several causes for the increase in overtime from 2015 to 2016 and also why it is the third highest from 2012 through 2016. The primary cause is due to the number of vacancies within the Fire Department during the first nine months of 2016. The table below illustrates the number of vacancies by month in 2015 and 2016.

Month	2015 Vacancies	2016 Vacancies	Change
January	1	6	5
February	0	7	7
March	4	7	3
April	0	7	7
May	6	7	1
June	6	7	1
July	6	7	1
August	9	7	(2)
September	9	2	(7)

As the table illustrates, with the exception of August and September, there were more vacancies within the department in 2016 than 2015. Similar to the Police Department, this requires additional staffing needed to meet the minimum manning requirement per the union contract.

2. Code 2 – Equipment

Equipment costs totaled \$129,985 as of September 30, 2016 which when compared to the 2016 budget of \$141,779 equates to 47.83% being expended. Also when compared to the total of \$35,025 from the first nine months of 2015 it leads to an increase of \$94,960, or 271.12%.

In 2016 the General Fund has purchased several pieces of equipment that has created the increase, whereas in 2015 there were not as many purchases. The purchases made this year in the General Fund as of the end of the third quarter were:

- Police Department – SUV for the ERT Team
- Fire Department – Various equipment items that are reimbursable under a grant
- Purchasing Department – Mail machine

3. Code 3 – Materials & Supplies

Expenditures that fall under the Materials & Supplies classification totaled \$1,464,959 at the end of the third quarter in 2016 which is 61.94% of the 2016 budget. When compared to the third quarter total from 2015 of \$1,977,500 it equates to a decrease of approximately \$512,000 or 25.92%. The primary cause for the decrease is due to the minimal amount of salt that was purchased during the first quarter of the fiscal year. It should be noted that this is also why the percentage of budget expended is less than 75%. It should be expected that we will see this amount increase in the final quarter as salt will need to be purchased for the winter months.

4. Code 4 – Contractual Services

Total expenditures relating to Contractual Services as of September 30, 2016 were \$5,082,539, which is 63.91% of the 2016 budgeted total of \$7,952,851. This is a decrease of \$402,842, or 7.34%, from the third quarter total of \$5,485,382 in 2015.

Utilities have totaled \$1,545,185 at the end of the third quarter this year, which is a decrease of 10.04% or \$172,366 from the 2015 total of \$1,717,551. Also when comparing the 2016 actual amount expended to the budgeted amount of \$2,411,175 we have seen 64.08% of the budget expended. One of the reasons for this decrease and why a minimal amount of the budget has been recognized is attributable to the mild winter. With the mild winter it made it so that costs such as heat were lower than anticipated. The second cause for the decrease is caused by telephone expense. The City' BIS Department has done a thorough review of the phone lines connected with the City and found instances where they are no longer in use. Through this analysis the City has found significant savings by cancelling the corresponding lines.

Expenditures related to Consultant Services totaled \$1,216,009 as of September 30th, which is 63.65% of the total amount budgeted for 2016. This is a decrease of \$116,140, or 8.72%, from the nine month total in 2015 of \$1,332,149. This has been caused by a decline in two areas, with the first being in the Streets Maintenance Department. With the mild winter and lack of snowfall there was not a need to bring in outside firms to assist in the snow removal throughout the City. The second reason is a decrease in the amount of outside legal counsel used for litigation pertaining to City matters.

Judgments & Claims have decreased by \$154,162 or 80.45% when comparing the total for the nine months of 2016 to the total of 2015, with the 2016 total being \$37,455. When comparing the 2016 actual to the budget we have expended only 18.73% of the total of \$200,000. In 2015 there was a significant amount of cases settled whereas this has not occurred in 2016. This decrease also corresponds with the decrease in outside counsel used as described in the above paragraph.

Medical expenses, with a total as of September 30, 2016 of \$38,638, have increased by \$33,785 when compared to the nine month total of 2015. The cause for this increase is due to the Police and Fire Departments having required physicals for employees and also for potential new employees.

5. Code 6/7 Debt Service

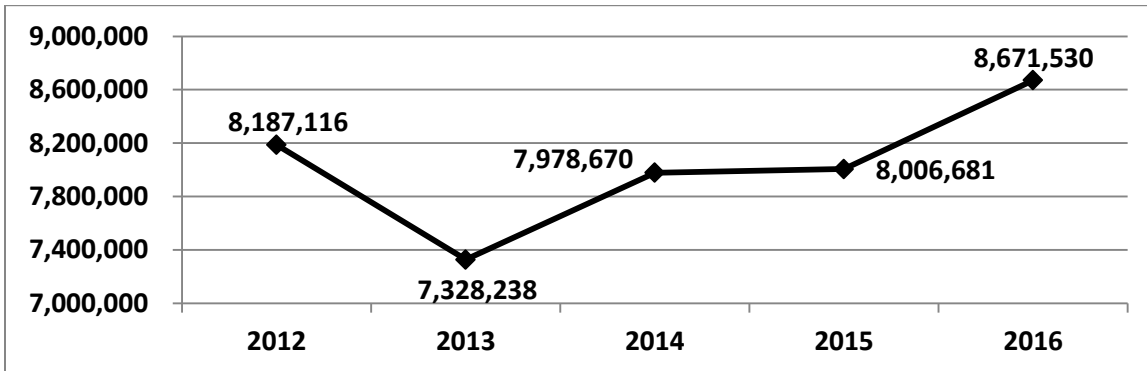
Total costs in the General Fund related to Debt Service at the end of the third quarter in 2016 totaled \$6,743,592, which is an increase of \$292,161 or 4.53% from the total in 2015 of \$6,451,431. As the above table illustrates, these costs have been fully expended for the 2016 fiscal year. The cause for the increase from 2015 to 2016 is directly attributable to the principal and interest payments made for Bond Anticipation Notes (BANs) in 2016. These notes are funding provided for the City's Capital Projects, with the principal and interest payments being made from the General Fund to account for the local share of the project.

6. Code 8 – Benefits

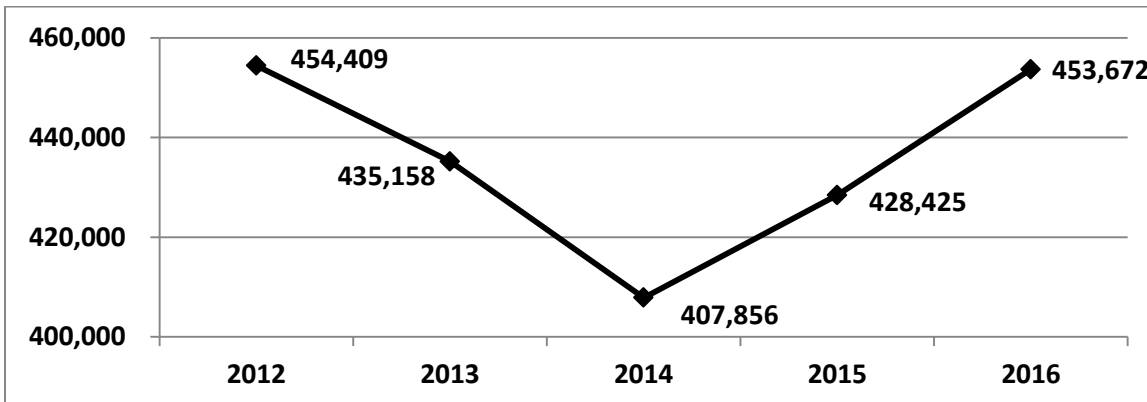
The total cost of benefits as of September 30, 2016 in the General Fund were \$12,389,059 which represents an increase of \$2,225,566 or 21.90% from the third quarter total of 2015.

The biggest contributor to this increase is caused by pension costs and the method in which these costs are recognized. Pension costs have always been recognized at the time the actual bill has been received; therefore until 2015 these costs were recorded in the fourth quarter. Beginning in 2015 the City began budgeted these costs based on a calendar year as opposed to the fiscal year used by New York State. In

2016 we have recognized the costs for pension of January – March totaling \$1,670,380. The remaining nine months will be recorded in December.



Health insurance costs, as depicted in the above graph, are at a five year high of \$8,671,530 which represents an increase of \$664,849 or 8.30% from 2015. The increase is attributable primarily to the continuing annual increase in retiree health insurance. As the graph illustrates, in 2013 the City transitioned to a new plan for retirees which allowed for a one year savings. This savings was seen by moving the retirees to a premium based plan. Subsequent to 2013 the City has seen these costs increase annually. The City has discussed with Benetech potential options to decrease this cost and it was determined that the risk potential in moving retirees back to the self-insured plan would be too significant. This significance derives from the stop loss coverage and the exposure the City would be faced with.



7. Code 9 – Interfund Transfers

This expenditure represents the amount of monies to be transferred to the Capital Projects Fund primarily for the street paving program. In 2015 this was recognized in the fourth quarter, however in 2016 the City Comptroller’s Office recognized the amount in its’ entirety in prior quarters in order to portray a more accurate picture of the City’s 2016 financial condition.

Conclusion

Expenditures in the General Fund totaled \$46,453,022 as of September 30, 2016, which is 7.57% of the 2016 budget. This will increase significantly in the fourth quarter as pension costs for April through December will be realized upon receipt of the final bill from the New York State Retirement System.

Expenditures have increased in comparison to 2015, when the total was \$44,459,983, by 4.48% or \$1,993,039. The increase has been caused by pension, health insurance and dental insurance costs, whereas variable expenditures have declined as a whole. This decrease is attributable to the administration controlling costs throughout the year by, for example, deferring the hiring of open positions that have been left vacant.

Part III – Final Conclusion On The General Fund As Of September 30, 2016

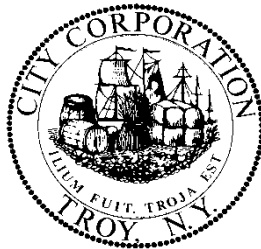
	2016	2015	Difference
Revenues	39,938,478	38,198,587	1,739,891
Expenditures	46,453,022	44,459,983	1,993,039
Difference	(6,514,544)	(6,261,396)	(253,148)

At the end of the third quarter the General Fund is showing a deficit totaling \$6,514,544 whereas in 2015 the deficit was \$6,261,396. This deficit is not surprising to the City Comptroller’s Office due to seasonality of revenues and expenditures. The City will be recognizing revenues such as State Aid and two quarters of sales tax revenue in the fourth quarter. Expenditures such as principal and interest on the MAC debt along with the first quarter of pension expenditures have been recognized in the 2016 total.

The City Comptroller’s Office will be closely monitoring and working on projections in the early stages of the fourth quarter to have a better sense of where the 2016 final numbers will be. At this time based on analyzing the actual totals in comparison to those of 2015 we can expect to see the end result similar between the two years.

If you have any questions regarding the material presented in this report please do not hesitate to contact me at your earliest convenience.

Wm. 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

Date: October 17, 2016

To: Honorable Wm. Patrick Madden
City Council Members

From: Andrew Piotrowski
Deputy City Comptroller

Re: Third Quarter 2016 Quarterly Financial Report – Water Fund

Please find below the Water Fund quarterly report for the third 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.

Part I – Revenues

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

Water Fund Revenues								
Revenue	09/30/2016	09/30/2015	\$ Change	% Change	2016 Actual	2016 Budget	\$ Diff	% Achieved
City Water Sales	3,463,757	3,472,955	(9,199)	-0.26%	3,463,757	4,770,000	(1,306,243)	72.62%
Outside Community Water Sales	4,039,534	4,346,575	(307,042)	-7.06%	4,039,534	7,127,000	(3,087,466)	56.68%
Unmetered Sales	238,042	252,019	(13,977)	-5.55%	238,042	260,000	(21,958)	91.55%
Use Of Money & Property	182,194	174,111	8,083	4.64%	182,194	210,000	(27,806)	86.76%
Permits	10,599	13,685	(3,086)	-22.55%	10,599	12,000	(1,401)	88.33%
Sale Of Property	22,500	43,642	(21,142)	-48.44%	22,500	51,000	(28,500)	44.12%
Miscellaneous	67,567	64,582	2,985	4.62%	67,567	73,043	(5,476)	92.50%
Interfund Revenues	245,250	245,250	-	0.00%	245,250	327,000	(81,750)	75.00%
Appropriated Fund Balance	15,352	181,954	(166,601)	-91.56%	15,352	1,895,352	(1,880,000)	0.81%
Total	8,284,796	8,794,774	(509,979)	-5.80%	8,284,796	14,725,395	(6,440,600)	56.26%

1. City Water Sales

City water sales totaled \$3,463,757 as of September 30th, which is 72.62% of the 2016 budget. In 2015, the total was \$3,472,955; therefore revenues have decreased by a minimal amount of \$9,198 or 0.26%. When comparing the cycles billed through the first nine months of 2016 to 2015, we are ahead in 2016 with Cycle 57 being billed as of 09/30 and in 2015 Cycle 56 being billed through the first nine months. In reviewing the cause of the decrease it was determined that the cause was from the Water Billing Department being on schedule throughout the year in 2016. In 2015 the billings fell behind primarily due to the harsh winter conditions and then consistently catching up throughout the year. This created bills that covered up to four and one half months in duration. However in 2016 the bills have been sent out consistently with a three month billing period. Therefore we expect billings to end the year higher than the total of 2015. We base this expectation on the summer conditions experienced during 2016 as opposed to those of 2015.

2. Outside Community Water Sales

Outside community water sales totaled \$4,039,534 as of September 30, 2016, which is 56.68% of the 2016 budget. The reason why a small percentage of the budget has been recognized at this point in the fiscal year is due to the number of billings that are completed on November 1st.

When compared to the third quarter total of 2015 we have experienced a decrease of \$307,042, or 7.06%. In reviewing this outcome with the Superintendent of Public Utilities, we have found this is attributable to sales to Waterford & Halfmoon, with the following below being the cause:

- The water main break in Lansingburgh during the first quarter provided for a loss of sales to these communities until the main was replaced.
- There has been a concerted effort in 2016 to ensure that billings are being done timely whereas in years passed deadlines were not always met. This caused for longer billing periods that sales were included in. With billing being completed on time this year it allows for more accurate totals, but also a decrease in the first year in comparison.
- The Consumer Price Index (CPI) decreased from 2015 to 2016, which is what the contractual rate is based off of.

3. Unmetered Sales

Unmetered sales, which totaled \$238,042 at the end of the third quarter, decreased by \$13,977 or 5.55% when compared to the 2015 total of \$252,019. The 2016 actual total, when compared to the budgeted amount of \$260,000, represents 91.55%. The primary cause for the decline in the revenues recognized in 2016 compared to 2015 is in interest and penalties applied to delinquent accounts. The City Comptroller's Office maintains a belief that while this appears as a decrease it is also a positive as it represents that residents are paying their water bills on time as opposed to 2015.

4. Use Of Money And Property

Use of money and property revenues totaled \$182,194 as of September 30th, which is 86.76% of the 2016 budget. Revenues from this source are comprised of interest and earnings and also rents received from third parties who use the water towers. An example of the use of water towers is for cell phone antennas.

5. Permits

This total of \$10,599 represents fishing permits sold for the Tomhannock Reservoir at the end of the third quarter. This is a decrease of \$3,086 and represents 88.33% of the 2016 budgeted total.

6. Sale Of Property And Compensation For Loss

Revenues from the sale of property totaled \$22,500, which is only 44.12% of the 2016 budgeted amount of \$51,000. The cause for this, along with the decrease from 2015 of 48.44%, has been caused by the decline in minor water sales to third parties. In discussing this with the Superintendent of Public Utilities this has been attributable to a local municipality lowering their rate which resulted in pool companies not purchasing from the City as much as in years past.

7. Miscellaneous

Miscellaneous revenues totaled \$67,567 which is a marginal increase of \$2,985 from 2015 and represents 92.50% of the 2016 budget. The primary revenue source in this category is employee contributions to health insurance.

8. Interfund Revenues

Interfund revenues, which is the payment made by the Sewer Fund for services provided by the Water Fund, totaled \$245,250 as of September 30th. The total payment and revenue recognized at the end of the third quarter is consistent from 2015 to 2016.

9. Appropriated Fund Balance

The revenues from appropriated fund balance totaled of \$15,352, whereas in 2015 the total was \$181,954. Revenues recognized in this section are derived from purchase orders that have been restricted for future use for goods or services. The reason why only 0.81% of the budget has been recognized is the appropriation of fund balance will be recognized at the end of the year for the 2016 Water Fund Capital Plan.

Conclusion

Revenues in the Water Fund totaled \$8,284,796 as of September 30, 2016. This is a decrease of \$509,979, or 5.80%, from September 30, 2015 which totaled \$8,794,774. The primary cause for this decrease has been caused by the sales to outside communities, primarily in Waterford and Halfmoon detailed above.

Only 56.26% of the revenues in the Water Fund have been recognized at the end of the third quarter when compared to the 2016 budgeted total of \$8,284,796. It is important to keep in mind however that there will be several outside communities that will be billed during the fourth quarter of the fiscal year and the budgeted total includes the appropriated fund balance for the capital plan.

Part II – Expenditures

Water Fund Expenditures								
Expenditure	09/30/2016	09/30/2015	\$ Change	% Change	2016 Actual	2016 Budget	\$ Rem	% Expended
Code 1 - Salaries								
Permanent Salaries	1,964,258	1,981,545	(17,287)	-0.87%	1,964,258	2,890,907	926,649	67.95%
Temporary Salaries	30,715	12,375	18,340	148.20%	30,715	42,500	11,785	72.27%
Overtime	136,797	112,807	23,991	21.27%	136,797	185,500	48,703	73.75%
Misc Other	14,690	10,856	3,834	35.32%	14,690	72,500	57,810	20.26%
Total Code 1	2,146,460	2,117,582	28,878	1.36%	2,146,460	3,191,407	1,044,947	67.26%
Code 2 - Equipment	3,060	75,674	(72,614)	-95.96%	3,060	52,500	49,440	5.83%
Code 3 - Materials & Supplies	1,491,596	1,563,155	(71,559)	-4.58%	1,491,596	1,939,435	447,839	76.91%
Code 4 - Contractual Services								
Utilities	192,148	240,960	(48,812)	-20.26%	192,148	452,500	260,352	42.46%
Postage	25,726	20,701	5,026	24.28%	25,726	25,000	(726)	102.91%
Printing & Advertising	2,803	4,089	(1,286)	-31.45%	2,803	7,996	5,193	35.05%
Repairs & Rentals	49,682	87,960	(38,278)	-43.52%	49,682	106,801	57,119	46.52%
Insurance	61,065	61,618	(553)	-0.90%	61,065	56,750	(4,315)	107.60%
Dues	350	4,131	(3,781)	-91.53%	350	6,000	5,650	5.83%
Consultant Services	133,424	82,500	50,924	61.73%	133,424	195,467	62,043	68.26%
Training	11,407	5,829	5,578	95.70%	11,407	13,585	2,178	83.97%
Travel	-	-	-	-	-	1,250	1,250	0.00%
Judgements & Claims	1,000	-	1,000	-	1,000	1,500	500	66.67%
Uniforms	22,200	18,151	4,049	22.31%	22,200	24,000	1,801	92.50%
Misc Other	1,820,858	1,807,175	13,682	0.76%	1,820,858	4,517,209	2,696,351	40.31%
Total Code 4	2,320,663	2,333,114	(12,451)	-0.53%	2,320,663	5,408,058	3,087,395	42.91%
Code 6/7 - Debt Service	305,689	285,899	19,790	6.92%	305,689	561,106	255,417	54.48%
Code 8 - Benefits								
Pension	116,181	-	116,181	-	116,181	442,325	326,144	26.27%
Healthcare	655,309	601,515	53,794	8.94%	655,309	889,218	233,909	73.69%
Dental	35,539	33,964	1,575	4.64%	35,539	47,349	11,810	75.06%
Social Security	159,212	157,449	1,763	1.12%	159,212	249,497	90,285	63.81%
Workers' Compensation	37,187	56,242	(19,055)	-33.88%	37,187	64,500	27,313	57.65%
Total Code 8	1,003,428	849,169	154,259	18.17%	1,003,428	1,692,889	689,461	59.27%
Code 9 - Interfund Transfers	-	-	-	-	-	1,880,000	1,880,000	0.00%
Grand Total	7,270,896	7,224,593	46,303	0.64%	7,270,896	14,725,395	7,454,500	49.38%

1. Code 1 – Salaries

The total costs associated with personnel in the Water Fund totaled \$2,146,460 at the end of the third quarter in 2016, which equates to 67.26% of the 2016 budgeted total. This is a minimal increase of \$28,878, or 1.36%, from the nine month total of 2015.

The first cause for the increase has been caused by temporary salaries, which has increased by \$18,340 when compared to 2015. An employee who has retired as a full-time employee has been brought back as a part-time employee within the Water Fund which did not occur in the prior year.

The second cause for the increase is due to the overtime, which has increased by 21.27%. The increase for this is due to the water main break that occurred in Lansingburgh during the first quarter. The City Comptroller's Office has reviewed this quarterly to ensure that there have not been any other circumstances that have contributed to this increase and found that this has been the cause.

2. Code 2 – Equipment

The City budgets for equipment in anticipation for emergency situations that require the rental of equipment to resolve issues the City is faced with. With the exception of the water main break in Lansingburgh, there has not been the number of emergency situations that existed during 2015. Therefore the total cost of \$3,060 is a significant decrease of 95.96%. It should be noted that when compared to the totals of the second quarter of 2016 there has been a significant decrease.

In reviewing the encumbrances that were being held within the City, the City Comptroller's Office cancelled a significant amount of dated purchase orders that had not been used per recommendations received from their independent auditors and accounting guidelines. This is the cause for the decrease in actual costs from the end of the second quarter to the end of the third quarter.

3. Code 3 – Materials & Supplies

Costs associated with materials & supplies totaled \$1,491,596 as of September 30, 2016, which is 76.91% of the 2016 budget. When compared to the total at the end of the third quarter in 2015 this was a decrease of 4.58%, or \$71,559. The primary cause for the decrease is in the cost of the chemicals used in the purification process in 2016.

In the funding for the meter purchase, only 64.86% of the budgeted amount has been expended thus far in 2016. In discussing with the Superintendent of Public Utilities, there will be a purchase made in the fourth quarter for additional meters.

4. Code 4 – Contractual Services

The cost for contractual services in the Water Fund at the end of the 2016 third quarter was \$2,320,663, which is 42.91% of the 2016 budget. The actual total represents a decrease of \$12,451, or 0.53%, from the 2015 total of \$2,333,114.

There have been three areas which have increased from 2015 to 2016 with the first being Consultant Services. The total for these expenditures was \$133,424, representing an increase of \$50,924 or 61.73% from the 2015 total. The costs to repair the water main break in Lansingburgh was the cause for the increase. The second area that caused the increase was in training which totaled \$11,407 and was an increase of \$5,578 or 95.70%. The reason for the increase is derived from employees within the Water Fund taking classes that enhance their work skills. The third and final area that increased was in miscellaneous costs which increased by \$13,682, with the 2016 total of \$1,820,858. The cause for this increase is increased costs relating to property taxes based on properties outside of the City of Troy.

There have been two decreases in this account grouping when comparing the years of 2015 and 2016. The first of these decreases is in utility costs, which totaled \$192,148 as of September 30, 2016. This is a decrease of 20.26%, or \$48,812 when compared to 2015 which has been caused by the mild winter and

the associated decreased in costs for heat. The second area that decreased is in repairs and rentals, which totaled \$49,682 in 2016, and this decrease totals \$38,278 or 43.52%. With the number of major repairs needed to the vehicles used for snowplowing in 2016 decreasing, this was the cause for this decline from year to year.

5. Debt Service

Debt service costs total \$305,689 at the end of the third quarter, which is an increase of 6.92% from the 2015 total of \$285,899. The increase in costs for principal and interest associated with the debt held in the Water Fund are the reasons for this. There is a large debt payment made in the fourth quarter of 2016, which is why the percentage of budget expended is only 54.48%.

6. Benefits

Expenditures related to employee benefits totaled \$1,003,428 at the end of the third quarter, which represents 59.27% of the 2016 budgeted total. This is an increase of 18.17%, or \$154,259, from the total in 2015.

The majority of the increase (\$116,181) is derived from pension costs being recognized in the first quarter of 2016 whereas they were not in 2015. This is attributable to the City's model changing for the recognition (and budgeting) of pension costs. The model is based on recognizing costs based on a calendar year, not New York State's fiscal year as it was done historically, with this model being placed into effect in 2015. The City recognizes pension costs on an actual basis once the bills are received from the New York State Retirement System. The first quarter costs were included on the bill that was paid in December of 2015.

The other causes for the increase are in health and dental insurance which have both increased from 2015 to 2016. Healthcare has increased by 8.94%, with a 2016 total of \$655,309 and dental insurance has increased by 4.64% with a 2016 total of \$35,539. These costs are recognized based off a weighted percentage calculation done by the City Comptroller's Office in concert with the General and Sewer Funds. Given the variability and volatility of these costs (as the City is self-insured for active employees) the City monitors these costs monthly to see what direction the trend is going.

Conclusion

Expenditures in the Water Fund totaled \$7,270,896 as of September 30, 2016 which is 49.38% of the 2016 budget. The reason why less than half of the budgeted expenditures have been recognized through the third quarter is attributable to the seasonality of when costs are recognized. The transfer of water profits to the General Fund, which is 15.09% of the total expenditures, is recorded in December. Therefore we expect to see expenditures increase during the fourth quarter.

When comparing the 2016 total to the 2015 total of \$7,224,593 expenditures have increased by 0.64%, or \$46,303. The cause of this increase is directly caused by the new method in recognizing pension expenditures. When removing this cost the total expenditures in the Water Fund have decreased when compared to 2015. The causes for this are the mild winter and the quantity of water main breaks decreasing in 2016.

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

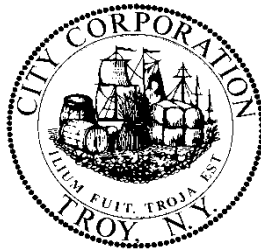
	2016	2015	Difference
Revenues	8,284,796	8,794,774	(509,979)
Expenditures	7,270,896	7,224,593	46,303
Difference	1,013,900	1,570,181	(556,282)

As the above chart indicates, the Water Fund has a surplus of \$1,013,900 at the end of the third quarter which is a decrease from 2015 when the surplus was \$1,570,181. This is caused primarily by the decrease in revenues from sales to the Waterford and Halfmoon communities. The other cause for this change is due to the recognition of pension costs during the first quarter of 2016.

Revenues from outside communities will be monitored closely by the City Comptroller's Office during the fourth quarter of 2016 to obtain a better sense of where the Water Fund will end 2016 in regards to a surplus compared to both the 2016 budget and prior year actual totals.

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

Wm. 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

Date: October 17, 2016

To: Honorable Patrick Madden
City Council Members

From: Andrew Piotrowski
Deputy City Comptroller

Re: Third Quarter 2016 Quarterly Financial Report – Sewer Fund

Please find below the Sewer Fund quarterly report for the third 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.

Part I – Revenues

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

Sewer Fund Revenues								
Revenue	09/30/2016	09/30/2015	\$ Change	% Change	2016 Actual	2016 Budget	\$ Diff	% Achieved
Sewer Rents	3,051,256	2,826,130	225,126	7.97%	3,051,256	4,201,252	(1,149,996)	72.63%
Sewer Charges	101,255	115,472	(14,217)	-12.31%	101,255	103,100	(1,845)	98.21%
Use Of Money & Property	141	191	(50)	-26.35%	141	1,000	(859)	14.06%
Miscellaneous	18,847	18,651	196	1.05%	18,847	26,955	(8,108)	69.92%
Appropriated Fund Balance	140,545	304,028	(163,483)	-53.77%	140,545	140,545	-	100.00%
Total	3,312,044	3,264,472	47,572	1.46%	3,312,044	4,472,852	(1,160,808)	74.05%

1. Sewer Rents

Sewer rents totaled \$3,051,256 at the end of the third quarter, which is 72.63% of the 2016 budgeted total. When compared to the third quarter results from 2015 the City has recognized an increase of \$225,126, or 7.97%. When comparing the billing cycles completed through September 30th in 2015 and 2016, we are on schedule and have billed through Cycle 57 in 2016 whereas in 2015 we had billed through Cycle 56. The primary cause for the increase in revenues when comparing the two years is in 2016 we are billing at

a full year of the City sewer rate equaling 85% of the City water rate. This legislation went into effect January 1, 2015 but the bills are based on the date meters are read and not the actual bill date. Based on the way the reading schedule is assembled, bills with read dates including the new rate period were not issued until the second quarter of 2015. Thus, the first quarter of 2015 reflected revenues recognized at the rate prior to the increase.

2. Sewer Charges

Revenues from sewer charges totaled \$101,255 as of September 30, 2016, a decrease of 12.31% from 2015. The 2016 total is 98.21% of the 2016 budgeted total of \$103,100. Revenues in this grouping are driven primarily by interest and penalties that accrue on delinquent accounts. While revenue declining from 2015 to 2016 may appear as a negative connotation for the Sewer Fund, the City Comptroller's Office views this as a positive. The decline in interest and penalties reflects that property owners are paying their water bills in a timelier manner than in 2015. This allows for improved cash flow within the Sewer Fund.

3. Use Of Money And Property

Revenues from the use of money and property, made up interest earned on the Sewer Fund's investment accounts, totaled \$141 at the end of the third quarter which is 14.06% of the 2016 budget. When compared to the 2015 total of \$191 this is a decrease of 26.35% or \$50.

4. Miscellaneous

Miscellaneous revenues are comprised of contributions from employees for the City's health insurance plan as contractually negotiated. This totaled \$18,847 at the end of the third quarter, which is an increase of \$196, or 1.05%, when compared to the 2015. The 2016 total represents 69.92% of the budgeted total for this fiscal year.

5. Appropriated Fund Balance

Appropriated fund balance represents encumbrances held for future purchase orders for goods or services within the Sewer Fund. This total at the end of the third quarter is \$140,545. The cause for the decrease of \$163,483 when compared to 2015 has been caused by the City Comptroller's Office reviewing outstanding encumbrances and cancelling outstanding purchase orders that have covered a time period exceeding one year.

Conclusion

Revenues in the Sewer Fund totaled \$3,312,044 as of September 30, 2016 which is 74.05% of the 2016 budgeted total. When comparing the actual results of 2016 to 2015 over the same time period, the City has recognized an increase of \$47,572 or 1.46%. The reason for the increase is caused by the full year of sewer rents being recognized at 85% of the City water rate.

Part II – Expenditures

Sewer Fund Expenditures								
Expenditure	09/30/2016	09/30/2015	\$ Change	% Change	2016 Actual	2016 Budget	\$ Rem	% Expended
Code 1 - Salaries								
Permanent Salaries	555,842	556,419	(576)	-0.10%	555,842	805,518	249,676	69.00%
Temporary Salaries	-	23,371	(23,371)	-100.00%	-	32,500	32,500	0.00%
Overtime	57,401	40,349	17,053	42.26%	57,401	85,000	27,599	67.53%
Misc. Other	-	-	-	-	-	15,750	15,750	0.00%
Total Code 1	613,244	620,138	(6,895)	-1.11%	613,244	938,768	325,524	65.32%
Code 2 - Equipment	-	13,900	(13,900)	-100.00%	-	10,000	10,000	0.00%
Code 3 - Materials & Supplies	238,596	194,496	44,101	22.67%	238,596	240,194	1,597	99.33%
Code 4 - Contractual Services								
Utilities	4,997	5,429	(432)	-7.95%	4,997	15,860	10,863	31.51%
Repairs & Rentals	150,211	509,172	(358,961)	-70.50%	150,211	168,831	18,620	88.97%
Insurance	14,616	14,498	118	0.81%	14,616	13,250	(1,366)	110.31%
Consultant Services	22,286	5,051	17,236	341.23%	22,286	47,337	25,051	47.08%
Training	-	-	-	-	-	100	100	0.00%
Judgements & Claims	233,000	159,093	73,907	46.46%	233,000	327,520	94,520	71.14%
Contingencies	-	-	-	-	-	102,000	102,000	0.00%
Uniforms	4,438	5,349	(911)	-17.03%	4,438	8,500	4,062	52.21%
Due To Other Funds	359,407	359,407	-	0.00%	359,407	479,332	119,925	74.98%
Total Code 4	788,956	1,057,999	(269,043)	-25.43%	788,956	1,162,730	373,775	67.85%
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	220,909	226,817	(5,909)	-2.60%	220,909	299,761	78,852	73.69%
Dental	11,181	12,299	(1,118)	-9.09%	11,181	14,897	3,716	75.06%
Social Security	45,476	46,057	(581)	-1.26%	45,476	71,816	26,340	63.32%
Worker's Compensation	17,031	16,133	898	5.57%	17,031	25,000	7,969	68.12%
Total Code 8	328,291	301,306	26,985	8.96%	328,291	544,112	215,821	60.34%
Code 9 - Interfund Transfers	-	-	-	-	-	1,502,500	1,502,500	0.00%
Grand Total	2,030,459	2,248,544	(218,084)	-9.70%	2,030,459	4,472,852	2,442,393	45.40%

1. Code 1 – Salaries

Salaries in the Sewer Fund totaled \$613,244 at the end of the third quarter, which is 65.32% of the 2016 budget. Costs have decreased by 1.11%, or \$6,895 when compared to 2015.

Permanent salary costs amounted to \$555,842, which is 69.00% of the 2016 budget and a very marginal decrease of 0.10% when compared to 2015. This represents the lack of turnover within the Sewer Fund which allows for reliable and stable employees.

Overtime has increased by 42.26% when compared to the third quarter of 2015, with a total of \$57,401 as of September 30, 2016. This was caused by the repairs that were needed for the sinkhole on Campbell Avenue. While there has been an increase it should be noted that only 67.53% of the 2016 budget has been expended for overtime.

2. Code 2 – Equipment

Despite having an amount budgeted for equipment there have been no purchases made during the first nine months of 2016.

3. Code 3 – Materials & Supplies

Expenditures for materials and supplies totaled \$238,596 at the end of the third quarter which is 99.33% of the 2016 adjusted budget. When compared to the 2015 nine month total there has been an increase of \$44,101, or 22.67%. In reviewing the annual costs the cause for both the almost the entire budget being used and the increase from 2015 is attributable to the replenishment of the inventory maintained within the Sewer Fund for future repairs needed.

4. Code 4 – Contractual Services

The total for contractual service expenditures in the Sewer Fund is \$788,956 as of September 30, 2016, which is 67.85% of the 2016 budgeted total. This is a decrease from 2015, when the total was \$1,057,999, of 25.43% or \$269,043.

The primary cause for the overall decrease is in costs relating to repairs and rentals, which totaled \$150,211. In 2015 the total was \$509,172; therefore the 2016 has decreased by \$358,961 or 70.50%. The cause for this decline is caused by the Combined Sewer Overflow Project as in prior years the City was able to expend monies for the project to be credited against the local share of the project. In 2016 this was not able to occur due to the regulations pursuant to the consent order. Costs for the project are now administered through the Local Development Corporation established with the other municipalities involved in the consent order.

Consultant services, totaling \$22,286 as of September 30th, have increased by \$17,236 when compared to the third quarter total of 2015. The costs associated with repairing the sinkhole on Campbell Avenue and then repaving created this increase.

It is important to note that the expenditures classified as “Due To Other Funds” are for payments made by the Sewer Fund to the City’s General and Water Funds for services provided by each of these funds respectively.

5. Code 6/7 – Debt Service

Debt service costs were \$61,373 at the end of the third quarter which is 82.33% of the 2016 budget. There has been a marginal increase of 1.10% when comparing the 2016 total to the 2015 total of \$60,705. It should be noted that there is one final payment to be made during the fourth quarter for Sewer Fund debt service.

6. Code 8 – Benefits

Employee benefit costs were \$328,291 as of September 30, 2016 which is 60.34% of the 2016 budgeted total. This is an increase of 8.96%, or \$26,985, from the nine month 2015 total of \$301,306.

The cause for the increase is for pension costs being recognized during the first quarter of 2016 whereas they were not in 2015 or prior. The recognition is caused by the City changing their model for the recognition and budgeting of pension costs in 2015. The model is based on recognizing costs based on a calendar year, not New York State’s fiscal year as it was done historically, with this model being placed into effect in 2015. The City recognizes pension costs on an actual basis once the bills are received from the New York State Retirement System. The first quarter costs were included on the bill that was paid in December of 2015.

Health and dental insurance have both decreased in the Sewer Fund when compared to 2015. These costs are based on a weighted average across the three operating funds of the City. Therefore the decrease in both expenditure types is caused by the Sewer Fund’s weighted average decreasing from 2015 to 2016.

7. Code 9 – Interfund Transfers

The transfer to the Debt Service Fund will be recorded during the fourth quarter of 2016. This transfer will be to provide monies for future debt payments for the Combined Sewer Overflow Project.

Conclusion

Expenditures in the Sewer Fund totaled \$2,030,459 as of September 30, 2016 which is 45.40% of the total Sewer Fund budget. The reason why a low percentage of the budget has been expended is because the transfer to the Debt Service Fund totaling \$1,502,500 will be made in the fourth quarter.

The 2015 third quarter total as \$2,248,544; therefore in comparison costs in 2016 have decreased by \$218,084 or 9.70%. The primary cause for this is caused by the difference in recognition of Combined Sewer Overflow costs from 2015 to 2016. In 2015 costs were recognized as they were expended within the City. In 2016 due to the Local Development Corporation issuing debt for the project, the costs will be recognized by a transfer to the Debt Service Fund in the fourth quarter.

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

	2016	2015	Difference
Revenues	3,312,044	3,264,472	47,572
Expenditures	2,030,459	2,248,544	(218,085)
Difference	1,281,585	1,015,928	265,657

As of September 30, 2016 there is a surplus in the Sewer Fund of \$1,281,585. This is an increase of \$265,657 in comparison to 2015 when the surplus was \$1,015,585. The cause for this increase is revenues being received for the entire fiscal year at 85% of the water rate whereas in 2015 the first quarter was based on the prior rate.

Given the surplus total at the end of the third quarter, there will be an overall surplus in the Sewer Fund at the end of 2016 after the transfer to the Debt Service Fund barring any unforeseen major expenditure. This will allow for the Sewer Fund balance to continue growing, thus, creating a healthier financial condition of the fund. The City Comptroller’s Office will continue to track the fund closely throughout the final three months to have a clear picture of where the fund will close the year.

If you have any questions regarding the information in this report please contact me at your earliest convenience.