



Patrick Madden
Mayor

Andrew Piotrowski
Deputy City Comptroller

Monica Kurzejeski
Deputy Mayor

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

Sharon L. Martin, IAO
City Assessor

Date: April 17, 2017

To: Honorable Patrick Madden
City Council Members

From: Andrew Piotrowski
Deputy City Comptroller

Re: First Quarter 2017 Quarterly Financial Report – General Fund

Part I – Revenues

General Fund Revenues

Revenue	03/31/2017	03/31/2016	\$ Change	% Change	2017 Actual	2017 Budget	\$ Diff	% Achieved
Real Property Taxes	12,442,891	10,811,462	1,631,429	15.09%	12,442,891	23,635,503	(11,192,612)	52.64%
Local Sources	923,446	959,714	(36,268)	-3.78%	923,446	18,566,000	(17,642,554)	4.97%
General Government Support	36,983	34,590	2,393	6.92%	36,983	318,500	(281,517)	11.61%
Public Safety	309,481	317,880	(8,399)	-2.64%	309,481	550,000	(240,519)	56.27%
Health	305,801	259,811	45,990	17.70%	305,801	1,775,000	(1,469,199)	17.23%
Transportation	144,610	214,225	(69,615)	-32.50%	144,610	730,000	(585,390)	19.81%
Recreation	133,970	139,705	(5,735)	-4.11%	133,970	1,355,500	(1,221,530)	9.88%
Home & Community Services	419,158	429,613	(10,455)	-2.43%	419,158	551,000	(131,842)	76.07%
Intergovernmental Charges	-	-	-	-	-	265,915	(265,915)	0.00%
Use Of Money & Property	224	233	(8)	-3.62%	224	74,500	(74,276)	0.30%
Licenses & Permits	135,150	283,298	(148,148)	-52.29%	135,150	1,019,000	(883,850)	13.26%
Fines & Forfeitures	196,073	274,368	(78,295)	-28.54%	196,073	1,153,500	(957,427)	17.00%
Sale Of Property & Compensation For Loss	37,086	1,155	35,931	3109.64%	37,086	35,000	2,086	105.96%
Miscellaneous	399,554	297,862	101,692	34.14%	399,554	1,249,000	(849,446)	31.99%
Interfund Revenues	271,635	271,604	31	0.01%	271,635	1,726,106	(1,454,471)	15.74%
State Aid	-	2,600	(2,600)	-100.00%	-	13,870,938	(13,870,938)	0.00%
Federal Aid	-	71,000	(71,000)	-100.00%	-	1,149,362	(1,149,362)	0.00%
Intrafund Revenues	-	-	-	-	-	2,222,000	(2,222,000)	0.00%
Total	15,756,061	14,369,119	1,386,941	9.65%	15,756,061	70,246,824	(54,490,763)	22.43%

Revenues in the General Fund totaled \$15,765,061 for the first quarter of 2017, which is 22.43% of the total 2017 budgeted revenues. When compared to the first quarter of 2016, with revenues totaling

\$14,369,119, the 2017 total has increased by \$1,386,941, or 9.65%. When reviewing the first quarter results, particularly the revenues, seasonality plays an integral role. The revenue recognition for the General Fund is not consistent across quarters. For example, the City will not receive the primary portion of state aid until December 15, 2017 and the first quarter sales tax will be received in June 2017.

Real property taxes totaled \$12,442,891 as of March 31, 2017, which is 52.64% of the 2017 budgeted total. Property taxes are due in two installments to the City, the first due January 31st and the second due July 31st. This is the cause for half of the budget recognized in the first quarter. The amount shown on the report illustrates collections received by the Treasurer's Office at the end of the first quarter for both 2016 and 2017. Over 50% has been collected based on property owners paying both installments in the first quarter of the fiscal year.

The 2016 total for property taxes was \$10,811,462, leading to an increase in 2017 of 15.09%, or \$1,631,429. This was to be expected given the tax rate increase in the 2017 budget. However when comparing the amount collected in comparison to the budgeted total, the collection rate in 2017 was higher with 52.64% recognized whereas in 2016 the amount recognized was 50.46%. This is an indication that property owners are paying their current year taxes at a higher rate in 2017 or more property owners paid both installments in the first quarter of 2017.

Revenues from Local Sources totaled \$923,446 in 2017, a decrease of \$36,268 or 3.78%. The cause for this decrease is based on timing of payments received from the Troy Industrial Development Authority for PILOTs collected.

Only 4.97% of the budgeted total for Local Sources has been recognized in the first quarter of 2017. As mentioned above this is caused by seasonality, such as sales and franchise taxes which are not recognized until the second quarter.

Health revenues, totaling \$305,801, increased when compared to the first quarter of 2017 by \$45,990 or 17.70%. The cause for this increase is directly caused by an increase in ambulance billing revenues. Only 17.23% of the budget has been recognized to date however; which is due to collections in the first quarter which are for services provided in the prior year. Historically the fourth quarter of the fiscal year represents the largest collection period for ambulance billing revenues due to the recording of accounts receivable based on payments received in the first two months of the subsequent fiscal year.

Recycling revenues comprise the principal portion of Home & Community Service revenues, which totaled \$419,158 at the end of the first quarter. This is a decrease of \$10,455 from 2017 or 2.43%. One of the reasons for the decrease is the number of bills that the City received by mail postmarked for March 31st but were posted in the beginning of April. It is anticipated that the total will increase during the second quarter of 2017.

The 2017 total represents 76.07% of the 2017 budgeted total caused by seasonality due to the one-time recycling charge due in the first quarter of the fiscal year. However, this amount, as mentioned above, is expected to increase throughout the year from the mailing of delinquency letters from the City Comptroller's Office and also the posting of payments received during the month of April.

Licenses & Permits totaled \$135,150 in the first quarter of 2017, which is 13.26% of the 2017 budgeted total. Also, the 2017 first quarter total has decreased by \$148,148, or 52.29%, from the first quarter of 2016. This has been caused by a decrease in building permits. The 2017 budgeted total for building permits is based on anticipated projects coming forward for permitting throughout 2017.

Part II – Expenditures

General Fund Expenditures								
Expenditure	03/31/2017	03/31/2016	\$ Change	% Change	2017 Actual	2017 Budget	\$ Rem	% Expended
Code 1 - Salaries								
Permanent Salaries	5,334,914	5,340,798	(5,884)	-0.11%	5,334,914	22,843,339	17,508,425	23.35%
Temporary Salaries	58,350	116,579	(58,228)	-49.95%	58,350	587,784	529,434	9.93%
Overtime	8,828	24,940	(16,112)	-64.60%	8,828	193,170	184,342	4.57%
Overtime - Snow Plowing	95,440	38,797	56,643	146.00%	95,440	150,000	54,560	63.63%
Overtime - Police	118,358	208,673	(90,315)	-43.28%	118,358	1,035,622	917,264	11.43%
Overtime - Fire	176,000	314,368	(138,368)	-44.01%	176,000	1,125,000	949,000	15.64%
Overtime - Public Safety Grants	67,218	9,252	57,965	626.49%	67,218	481,250	414,032	13.97%
Misc. Other	238,072	265,992	(27,921)	-10.50%	238,072	2,350,423	2,112,351	10.13%
Total Code 1	6,097,180	6,319,400	(222,220)	-3.52%	6,097,180	28,766,588	22,669,408	21.20%
Code 2 - Equipment	5,138	14,500	(9,362)	-64.57%	5,138	31,338	26,200	16.40%
Code 3 - Materials & Supplies	910,794	759,113	151,681	19.98%	910,794	2,348,629	1,437,835	38.78%
Code 4 - Contractual Services								
Utilities	453,747	426,766	26,981	6.32%	453,747	2,230,475	1,776,728	20.34%
Postage	15,035	2,495	12,540	502.54%	15,035	47,010	31,975	31.98%
Printing & Advertising	14,929	13,210	1,719	13.02%	14,929	60,704	45,775	24.59%
Repairs & Rentals	362,449	406,609	(44,160)	-10.86%	362,449	2,038,308	1,675,859	17.78%
Insurance	303,897	240,568	63,329	26.32%	303,897	350,000	46,103	86.83%
Dues	16,443	19,465	(3,022)	-15.53%	16,443	29,500	13,057	55.74%
Consultant Services	899,537	773,412	126,125	16.31%	899,537	1,784,590	885,053	50.41%
Training	83,304	72,145	11,159	15.47%	83,304	156,261	72,956	53.31%
Travel	530	123	407	330.64%	530	19,890	19,360	2.66%
Judgements & Claims	2,275	14,823	(12,548)	-84.65%	2,275	250,000	247,725	0.91%
Contingencies	-	-	-	-	-	600,259	600,259	0.00%
Uniforms	54,914	95,511	(40,598)	-42.51%	54,914	204,161	149,247	26.90%
Medical Expenses	4,119	28,993	(24,874)	-85.79%	4,119	42,000	37,881	9.81%
Misc. Other	4,986	6,180	(1,194)	-19.32%	4,986	21,500	16,514	23.19%
Total Code 4	2,216,164	2,100,299	115,865	5.52%	2,216,164	7,834,658	5,618,493	28.29%
Code 6/7 - Debt Service	4,439,673	4,350,948	88,725	2.04%	4,439,673	7,245,567	2,805,894	61.27%
Code 8 - Benefits								
Pension	1,728,563	1,670,380	58,183	3.48%	1,728,563	7,242,776	5,514,213	23.87%
Healthcare	2,882,198	2,906,399	(24,201)	-0.83%	2,882,198	12,482,495	9,600,297	23.09%
Dental	164,912	147,235	17,677	12.01%	164,912	622,118	457,206	26.51%
Social Security	448,794	461,931	(13,137)	-2.84%	448,794	2,164,255	1,715,461	20.74%
Worker's Compensation	81,536	36,295	45,241	124.65%	81,536	290,000	208,464	28.12%
Total Code 8	5,306,003	5,222,240	83,763	1.60%	5,306,003	22,801,644	17,495,641	23.27%
Code 9 - Interfund Transfers	-	-	-	-	-	1,380,000	1,380,000	0.00%
Grand Total	18,974,952	18,766,500	208,452	1.11%	18,974,952	70,408,424	51,433,472	26.95%

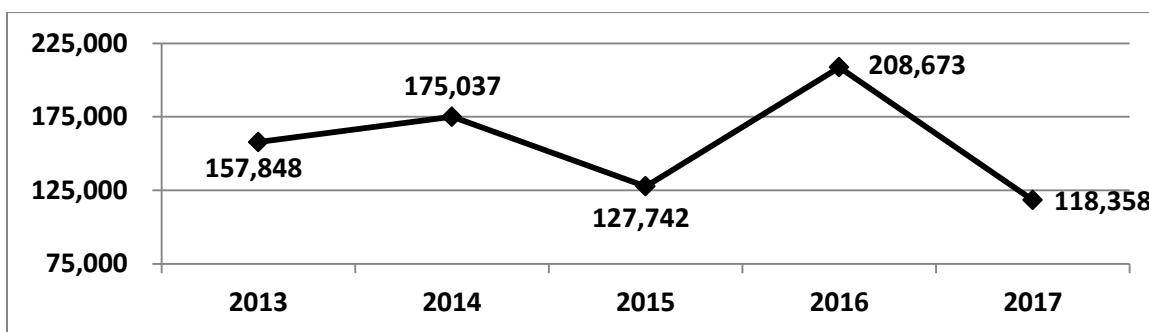
Expenditures in the General Fund for the first quarter of 2017 totaled \$18,902,052, which is 26.85% of the total 2017 adjusted budget. The 2017 total is a slight increase of 0.72%, or \$135,552, in comparison to

the first quarter of 2016 when the total was \$18,766,500. Please find below an explanation for expenditure types that are important to note for the 2017 first quarter.

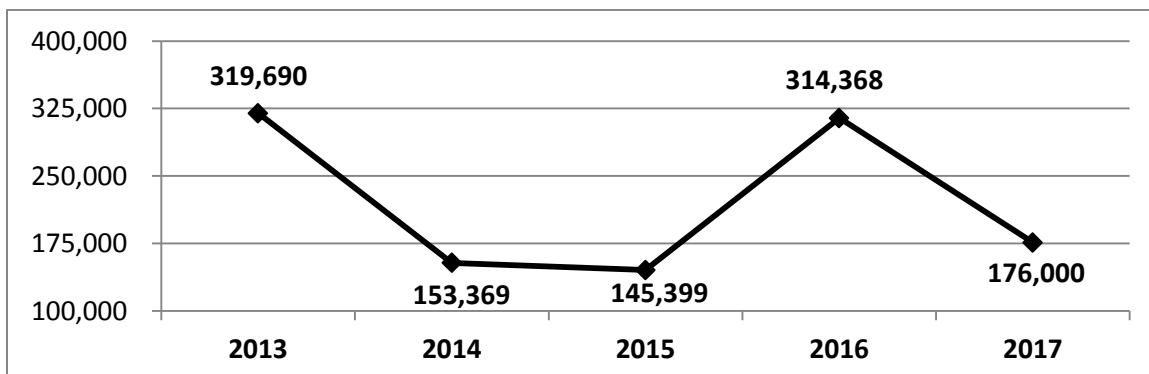
Temporary salaries, totaling \$58,350 in the 2017 first quarter, decreased in excess of \$58,000, or 49.95%, from the first quarter of 2017. The cause for this decrease is attributable to the reduction of temporary staffing in the 2017 budget. It is also important to note that the primary purpose of the budgeted temporary salaries is for the recreation department, specifically the golf course. This is why only 9.93% of the 2017 budgeted total has been expended in the first quarter. These costs are expected to increase during the warm months of the year in the second and third quarters.

Overtime relating to snow plowing totaled \$95,440 at the end of the first quarter, which is 63.63% of the 2017 budgeted total. Due to the mild 2016 winter, the 2017 total is an increase of approximately \$56,000. The increase and budgeted amount expended to date are both caused by the first quarter 2017 winter conditions in particular the severe storm in March.

Police overtime, as illustrated in the below line graph, totaled \$118,358 as of March 31, 2017, which equates to 11.43% of the 2017 budgeted total. In comparison to the first quarter of 2016, which totaled \$208,673, the first quarter of 2017 cost has decreased by 43.28% or \$90,315. The first quarter 2017 total is the lowest over the time period of 2013 through 2017. The cause for the decrease from 2016 and the lowest overtime costs over the five year period is attributable to the minimum number of vacancies within the Police Department during the first quarter of 2017.



Fire overtime, as illustrated in the line graph below, totaled \$176,000 at the end of the first quarter in 2017. This total is 15.64% of the total 2017 budgeted amount. When comparing the results of 2017 to 2016, the 2017 amount has decreased by approximately \$138,000 or 44.01%. Also when reviewing the line graph the 2017 total is the third lowest amount from 2013 through 2017; but is below the average of \$221,765 in that time period. The cause for the decrease from 2016 is attributable to the minimum number of vacancies within the Fire Department during the first quarter of 2017.



Costs relating to Materials & Supplies totaled \$910,794 in the first quarter of 2017, 38.78% of the total 2017 budget. Costs have increased by 19.98%, or \$151,681, in comparison to the total of \$759,113 in the first quarter of 2016. Almost 60%, or \$90,000, of the increase from 2016 to 2017 has been caused by the purchase of salt for the winter months. This was to be expected given the difference in winter conditions in 2016 when compared to 2017.

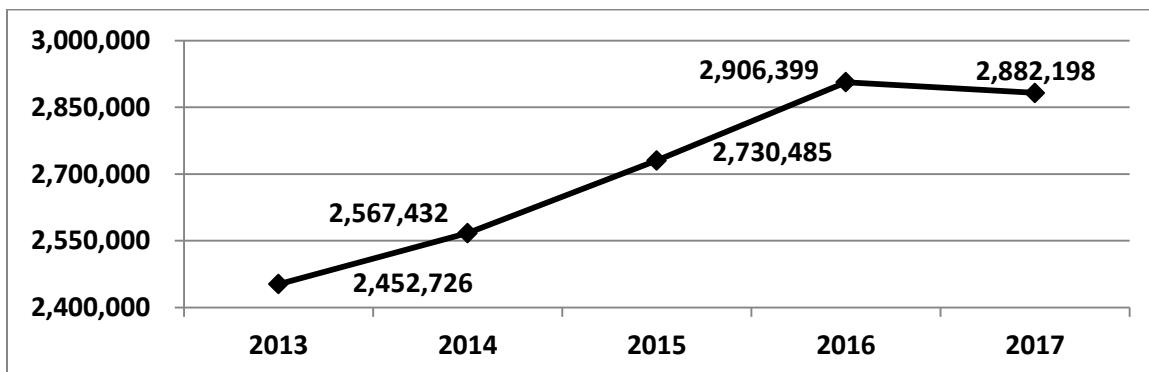
Consultant Services expenditures were \$899,537 as of March 31, 2017, or 50.41% of the 2017 budget. The reason for the high budget percentage already recognized for the fiscal year is caused by total annual payments, such as the payment due to the County for 911 emergency services, is fully recognized in the first quarter of the fiscal year.

These costs have increased by \$126,125, or 16.31%, in comparison to the 2016 total of \$773,412. While this increase may seem alarming it is directly caused by the following two reasons:

1. An increase of \$50,000 in the amount due to the County for 911 emergency services from 2016 to 2017.
2. Costs in 2017 of \$72,900 relating to the snow emergency declaration whereas in 2016 this amount was \$0.

Pension costs for the first quarter of 2017 were \$1,728,563. Pension costs are based on the actual bills provided by the New York State Retirement System, with costs being recorded on March 31st and December 31st of the fiscal year. As anticipated, costs in 2017 have increased by \$58,183, or 3.48% from the first quarter of 2016.

Health insurance costs, as illustrated in the line graph below, totaled \$2,882,198 as of March 31, 2017, which is 23.09% of the 2017 budgeted total. In 2016 health insurance costs totaled \$2,906,399, leading to a slight decrease of 0.83% when comparing the first quarter of 2016 to the first quarter of 2017.



Part III – Conclusion

	2017	2016	Difference
Revenues	15,756,061	14,369,119	1,386,942
Expenditures	18,974,952	18,766,500	208,452
Difference	(3,218,891)	(4,397,381)	1,178,490

The results of the first quarter result in a deficit of \$3,218,891 within the City's General Fund. At the end of the first quarter 2016 the deficit totaled \$4,397,381, resulting in an improvement in 2017 of \$1,178,490.

The first quarter results in all three of the City's operating funds are impacted significantly by seasonality in the first quarter; however, the General Fund is most impacted by this. During the first quarter certain revenue sources, such as property tax payments and recycling payments, are recognized based on their due dates of payment. However revenue sources such as sales tax and state aid to municipalities are not recognized at all. Given the City's fiscal year and revenue recognition structure approximately 31% of the City's budgeted revenues are recognized in the month of December alone.

Expenditures are also impacted by seasonality in the first quarter. Specifically the MAC debt principal payment is made in the month of January, which is approximately 8% of the total annual City budget.

As the year progresses to the second and third quarter the City Comptroller's Office will be able to forecast where the City will end the 2017 fiscal year in regards to a surplus or deficit.

If you have any questions regarding the information provided in this report please do not hesitate to contact me for answers.



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Sharon L. Martin, IAO
City Assessor

Date: April 17, 2017

To: Honorable Patrick Madden
City Council Members

From: Andrew Piotrowski
Deputy City Comptroller

Re: First Quarter 2017 Quarterly Financial Report – Sewer Fund

Part I – Revenues

Sewer Fund Revenues									
Revenue	03/31/2017	03/31/2016	\$ Change	% Change	2017 Actual	2017 Budget	\$ Diff	% Achieved	
Sewer Rents	806,447	786,344	20,103	2.56%	806,447	4,007,750	(3,201,303)	20.12%	
Sewer Charges	17,913	38,308	(20,396)	-53.24%	17,913	261,852	(243,939)	6.84%	
Use Of Money & Property	34	52	(18)	-35.12%	34	500	(466)	6.80%	
Miscellaneous	4,633	6,497	(1,864)	-28.69%	4,633	26,600	(21,967)	17.42%	
Total	829,026	831,202	(2,175)	-0.26%	829,026	4,296,702	(3,467,676)	19.29%	

Revenues in the Sewer Fund totaled \$829,026 at the end of the first quarter in 2017, which represents 20.12% of the 2017 budgeted total. In comparison in 2016 the revenues totaled \$831,202 leading to a slight decrease in 2017 of \$2,175, or 0.26%.

The primary revenue source in the Sewer Fund is sewer charges to property owners, which totaled \$806,447 at the end of the first quarter, or 20.12% of the 2017 budget. At the end of the first quarter in 2016 the total was \$786,344; therefore, revenues in 2017 have increased by 2.56% or \$20,103. As mentioned in the Water Fund Report this has been caused by the Water Billing Office billing two cycles on March 31, 2017 whereas in 2016 these bills were dated April 1, 2017. Thus, it is a timing difference causing the increase.

The cause for the overall decrease in Sewer Fund revenues when comparing to 2017 to the results of 2016 is caused by Sewer Charges, specifically interest charges to delinquent accounts. While revenues have decreased this is a positive sign for cash flow within the Sewer Fund as a decrease in interest charges is caused by bills being paid by property owners in a timely manner.

Part II – Expenditures

Sewer Fund Expenditures								
Expenditure	03/31/2017	03/31/2016	\$ Change	% Change	2017 Actual	2017 Budget	\$ Rem	% Expended
Code 1 - Salaries								
Permanent Salaries	148,374	171,839	(23,465)	-13.66%	148,374	811,607	663,233	18.28%
Temporary Salaries	1,080	-	1,080	100.00%	1,080	32,500	31,420	3.32%
Overtime	15,896	21,115	(5,219)	-24.72%	15,896	85,000	69,104	18.70%
Misc. Other	8,441	-	8,441	-	8,441	16,500	8,059	51.16%
Total Code 1	173,792	192,954	(19,162)	-9.93%	173,792	945,607	771,815	18.38%
Code 2 - Equipment	-	-	-	-	-	22,500	22,500	0.00%
Code 3 - Materials & Supplies	72,934	82,470	(9,537)	-11.56%	72,934	300,500	227,566	24.27%
Code 4 - Contractual Services								
Utilities	1,755	1,627	128	7.87%	1,755	15,860	14,105	11.06%
Repairs & Rentals	73,622	111,680	(38,058)	-34.08%	73,622	137,906	64,284	53.39%
Insurance	15,083	12,014	3,069	25.54%	15,083	13,250	(1,833)	113.84%
Consultant Services	960	1,610	(650)	-40.38%	960	307,337	306,377	0.31%
Training	-	-	-	-	-	100	100	0.00%
Judgements & Claims	26,323	233,000	(206,678)	-88.70%	26,323	26,323	-	100.00%
Uniforms	961	2,764	(1,804)	-65.24%	961	8,500	7,539	11.30%
Due To Other Funds	119,802	119,802	-	0.00%	119,802	479,332	359,530	24.99%
Total Code 4	238,506	482,499	(243,993)	-50.57%	238,506	988,608	750,102	24.13%
Code 6/7 - Debt Service	-	-	-	-	-	74,650	74,650	0.00%
Code 8 - Benefits								
Pension	45,303	33,694	11,609	34.45%	45,303	152,732	107,429	29.66%
Healthcare	70,509	74,052	(3,543)	-4.78%	70,509	306,177	235,668	23.03%
Dental	4,206	3,628	578	15.92%	4,206	15,889	11,683	26.47%
Social Security	12,959	14,268	(1,309)	-9.18%	12,959	71,700	58,741	18.07%
Worker's Compensation	7,637	2,661	4,976	187.02%	7,637	25,000	17,363	30.55%
Total Code 8	140,613	128,303	12,310	9.59%	140,613	571,498	430,885	24.60%
Code 9 - Interfund Transfers	-	-	-	-	-	1,492,568	1,492,568	0.00%
Grand Total	625,845	886,226	(260,382)	-29.38%	625,845	4,395,931	3,770,086	14.24%

Expenditures in the Sewer Fund totaled \$625,845 in the first quarter of 2017, a decrease of \$260,382 or 29.38% from that of 2016. When comparing the first quarter results to the overall Sewer Fund budget for 2017, 14.24% of the total expenditures have been recognized.

Materials & Supplies totaled \$72,934 in the first quarter of 2017, a decrease of \$9,537 from 2016. In the first quarter of 2016 the Sewer Fund made a large purchase to replenish their inventory for future repairs that were necessary and this purchase did not occur in 2017.

Expenditures relating to Repairs & Rentals were \$73,622 in 2017, 53.39% of the 2017 budgeted total. However these costs did decrease by \$38,058, or 34.08%, from those in the first quarter of 2016. This is

decrease is due to the costs associated with the Campbell Avenue sinkhole that occurred in the first quarter of 2016.

Costs for the Combined Sewer Overflow (CSO) Project were accounted for in the first quarter in 2016 within the Judgments & Claims line whereas they did not in 2017. This is the cause for the decrease of \$206,078 when comparing the two years.

Part III – Conclusion

	2017	2016	Difference
Revenues	829,026	831,202	(2,176)
Expenditures	625,845	886,226	(260,381)
Difference	203,181	(55,024)	258,205

The above chart illustrates a surplus in the Sewer Fund of \$203,181 as of March 31, 2017, whereas in 2016 there was a deficit of \$55,024. The cause for this change is attributable to the decrease in expenditures such as Judgments & Claims and Repairs & Rentals. However there are significant expenditures within the Sewer Fund that have not been recorded to date, such as debt service and the repairs for Campbell Avenue that have been budgeted for in 2017 totaling \$300,000.

It should also be noted that the sewer rate increased passed by the City Council on April 6, 2017 is for the CSO Project. This expenditure is within the Interfund Transfer expenditure category. An ordinance will be brought forward at the May 2017 Finance Committee amending the Sewer Fund revenues and expenditures to increase the contribution to the project.

If you have any questions regarding the information provided in this report please do not hesitate to contact me for answers.



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Sharon L. Martin, IAO
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Date: April 17, 2017

To: Honorable Patrick Madden
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From: Andrew Piotrowski
Deputy City Comptroller

Re: First Quarter 2017 Quarterly Financial Report – Water Fund

Part I – Revenues

Water Fund Revenues								
Revenue	03/31/2017	03/31/2016	\$ Change	% Change	2017 Actual	2017 Budget	\$ Diff	% Achieved
City Water Sales	955,790	939,936	15,853	1.69%	955,790	4,715,000	(3,759,210)	20.27%
Outside Community Water Sales	703,898	506,494	197,405	38.97%	703,898	7,473,000	(6,769,102)	9.42%
Unmetered Sales	35,198	62,754	(27,555)	-43.91%	35,198	275,000	(239,802)	12.80%
Use Of Money & Property	47,768	65,285	(17,517)	-26.83%	47,768	210,000	(162,232)	22.75%
Permits	2,450	1,515	935	61.72%	2,450	12,000	(9,550)	20.42%
Sale Of Property	1,400	-	1,400	100.00%	1,400	51,000	(49,600)	2.75%
Miscellaneous	22,617	21,595	1,022	4.73%	22,617	91,000	(68,383)	24.85%
Interfund Revenues	81,750	81,750	-	0.00%	81,750	327,000	(245,250)	25.00%
Total	1,850,871	1,679,328	171,543	10.21%	1,850,871	13,154,000	(11,303,129)	14.07%

Revenues in the Water Fund totaled \$1,850,871 in the first quarter of 2017, representative of 14.07% of the 2017 budgeted total. In comparison to the 2016 first quarter results of \$1,679,328, 2017 has increased by 10.21%, or \$171,543.

City Water Sales totaled \$955,790 as of March 31, 2017, amounting to 20.27% of the 2017 budget. This is an increase of \$15,853, or 1.69%, when compared to the total in the first quarter 2016 of \$939,936. The cause for the increase is due to the Water Billing Office billing two cycles on March 31, 2017 whereas in 2016 these bills were dated April 1, 2017. Thus, it is a timing difference causing the increase.

In the first quarter of 2017, water sales to outside communities totaled \$703,898, which is 9.42% of the 2017 budget. The reason for the low budget percentage being recognized is because a large number of the outside communities are not billed for the first time until the second quarter. The only communities that

receive a bill in the first quarter of the fiscal year per the contracts are Waterford, Halfmoon and Schaghticoke.

The total revenue from outside communities in the first quarter of 2016 was \$506,494, resulting in an increase in 2017 of \$197,405, or 38.97%. The cause for this increase was the bills generated for Waterford and Halfmoon which had increased consumption. The bill generated in the first quarter of 2017 was for approximately four months, whereas the first quarter bill in 2016 was for approximately three months. The consumption period is generated off of the reading period provided by the community and then verified by the City of Troy.

Part II - Expenditures

Water Fund Expenditures								
Expenditure	03/31/2017	03/31/2016	\$ Change	% Change	2017 Actual	2017 Budget	\$ Rem	% Expended
Code 1 - Salaries								
Permanent Salaries	626,877	606,271	20,605	3.40%	626,877	3,018,319	2,391,442	20.77%
Temporary Salaries	5,460	5,880	(420)	100.00%	5,460	62,500	57,040	8.74%
Overtime	34,414	64,446	(30,032)	-46.60%	34,414	202,000	167,586	17.04%
Misc Other	18,861	3,039	15,821	520.57%	18,861	77,800	58,939	24.24%
Total Code 1	685,612	679,637	5,975	0.88%	685,612	3,360,619	2,675,007	20.40%
Code 2 - Equipment	4,947	-	4,947	100.00%	4,947	40,256	35,309	12.29%
Code 3 - Materials & Supplies	1,059,181	858,451	200,729	23.38%	1,059,181	2,084,998	1,025,817	50.80%
Code 4 - Contractual Services								
Utilities	88,539	48,386	40,153	82.98%	88,539	470,765	382,226	18.81%
Postage	2,327	9,690	(7,363)	-75.98%	2,327	25,000	22,673	9.31%
Printing & Advertising	-	496	(496)	-100.00%	-	5,004	5,004	0.00%
Repairs & Rentals	18,762	11,649	7,113	61.06%	18,762	94,086	75,324	19.94%
Insurance	60,333	50,009	10,324	20.65%	60,333	63,000	2,667	95.77%
Dues	113	350	(238)	-67.86%	113	6,000	5,888	1.88%
Consultant Services	25,352	51,833	(26,481)	-51.09%	25,352	110,066	84,714	23.03%
Training	541	5,715	(5,174)	-90.53%	541	6,615	6,074	8.18%
Travel	-	-	-	-	-	2,250	2,250	0.00%
Judgements & Claims	-	1,000	(1,000)	-100.00%	-	-	-	100.00%
Uniforms	8,658	11,769	(3,111)	-26.43%	8,658	31,500	22,842	27.48%
Misc Other	659,489	654,418	5,071	0.77%	659,489	4,515,000	3,855,511	14.61%
Total Code 4	864,114	845,314	18,800	2.22%	864,114	5,329,285	4,465,171	16.21%
Code 6/7 - Debt Service	73,669	74,930	(1,262)	-1.68%	73,669	559,996	486,327	13.16%
Code 8 - Benefits								
Pension	161,004	116,181	44,823	38.58%	161,004	568,000	406,996	28.35%
Healthcare	215,881	219,670	(3,789)	-1.72%	215,881	937,438	721,557	23.03%
Dental	13,279	11,532	1,748	15.15%	13,279	50,168	36,889	26.47%
Social Security	50,758	50,347	411	0.82%	50,758	262,441	211,683	19.34%
Workers' Compensation	6,708	10,249	(3,541)	-34.55%	6,708	44,500	37,792	15.08%
Total Code 8	447,630	407,978	39,651	9.72%	447,630	1,862,547	1,414,917	24.03%
Grand Total	3,135,152	2,866,311	268,840	9.38%	3,135,152	13,237,701	10,102,549	23.68%

First quarter 2017 expenditures in the Water Fund were \$3,135,152, which is 23.68% of the 2017 budgeted total. In comparison to the first quarter of 2016, when the total was \$2,866,311, the 2017 total has increased by \$268,840 or 9.38%. Below is an explanation of the major expenditure groupings which caused the increase in 2017.

Expenditures for Materials & Supplies totaled \$1,059,181 in the first quarter of 2017 which is 50.80% of the 2017 budgeted appropriation. The cause for the high percentage of budget being used is caused by the

Water Fund expending or encumbering their chemicals for purification in the first quarter for the entire fiscal year.

The 2016 total for Materials & Supplies was \$858,451, resulting in an increase in 2017 of 23.38%, or \$200,729. Based on discussions with the Superintendent of Public Utilities in the first quarter of 2017 the Water Fund made large purchases to replenish their inventory for the necessary supplies needed for repairs projects whereas in 2016 this did not occur.

Repairs & Rentals totaled \$18,762 through the first three months of 2017, an increase of \$7,113 from 2016. The cause of this increase was the repairs needed for a valve at one of the City's pumping stations.

The first quarter 2017 total for Consultant Services in the Water Fund was \$25,352, or 23.03% of the 2017 budget. The 2017 total decreased by \$26,481, or 51.09%, due to the costs associated with the repairs of the major water main break that occurred in the first quarter of 2016.

Pension costs were \$161,004 in the first quarter of 2017, 28.35% of the total 2017 budget. This is an increase of 38.58%, or \$44,823, from the first quarter of 2017. Pension costs for the first quarter are based on the actual cost provided by the New York State Local Retirement System. The cost is allocated through the General, Water and Sewer Funds based on the budgeted salary accounts. Given the new positions within the Water Fund included in the 2017 budget increased the Water Fund's portion of the cost. It is important to note that this is an approximation of the allocation. While the total actual cost is known, the actual allocation to the three operating funds and individual accounts is based on the final actual wages in the fiscal year. This calculation will be done as part of the 2017 year-end reconciliation.

Part III – Conclusion

	2017	2016	Difference
Revenues	1,850,871	1,679,328	171,543
Expenditures	3,135,152	2,866,311	268,841
Difference	(1,284,281)	(1,186,983)	(97,298)

The above chart shows that at the end of the first quarter in 2017 the Water Fund had a deficit of \$1,284,281, whereas in 2016 the deficit was \$1,186,983. The difference between the two years is caused by the increase in expenditures from items such as Materials & Supplies, Pension and Repairs & Rentals.

While a deficit may seem alarming at this time, the cause for this is seasonality. As mentioned the majority of outside communities are not billed for the first time until the second quarter of the fiscal year. Once those revenues are started to be recognized the City will have a much better idea of the fiscal year condition of the Water Fund. For example, in 2016 there was a deficit in the Water Fund at the end of the first quarter; however at the end of the fiscal year there was a surplus within the Water Fund.

If you have any questions regarding the information provided in this report please do not hesitate to contact me for answers.