

CO-OP CITY TIMES

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Saturday, December 2, 2023

Riverbay's Fiscal Year 23/24 Comprehensive Budget Update

The budget summary below gives a snapshot of Riverbay Corporation's Comprehensive Budget vs. actual performance for the first six months, April to September 2023, of Fiscal Year 23/24.

Management Report Marvin L. Walton Riverbay Executive General Manager

other expenses associated with the day-to-day departmental activities involved with providing



direct and indirect services to the shareholders. Total departmental operating expenditures are less than anticipated by 6% or \$4.6 Million primarily due to unfilled vacant positions.

Departments held steady to the projected budget through September 2023 with the following exceptions:

- Power Plant was over budget by 5% or \$571K due mostly to greater than expected personnel cost associated with overtime.
- Computer Services Department was over budget by 16% or \$351K due to greater than expected external consultants' costs.
- Restorations Department was under budget by 19% or \$2.8 Million due mostly to less than expected asbestos abatements and flooring costs.

Corporate Expenses

Corporate expenses are incurred corporate-wide such as insurance, utilities which includes gas purchases for the Power Plant, real estate taxes, etc. For the period ending September 30, 2023, actual corporate expenses exceeded the budget by 2% or \$766K primarily due to the accrual of the annual fixed cost water bill which was approximately \$17 Million and was due July 30, 2023. Due to the timing and insufficient cash flow, the Corporation entered into a 12-month payment plan with the NYC Department of Environmental Protection (DEP). The

projections for bad debts was greater than anticipated versus the budget. However, with more aggressive collection actions planned for the remainder of the 23/24 Fiscal Year, the expectation is that bad debts will remain within the annual budget. Other corporate expenses, which include elevator maintenance, outside legal costs, employee uniforms, etc., were more than anticipated for the reporting period.

Debt Service Fees

Debt service is the Corporation's obligation to pay its mortgage and related fees. This is a very critical expense for the Corporation. The Corporation fulfilled its debts service obligation comfortably during the first half of the fiscal year. Debt service includes the payments for the principal and interest on the recently refinanced mortgage. It is important to note that in September 2023, the Corporation's payment into the insurance escrow increased substantially by over 44% or \$2 Million due to an increase in insurance premiums.

Overall Performance

Overall, grand total actual expenses of \$133,113,000 which include departmental, corporate and debt service, were less than anticipated against the grand total actual income of \$133,356,000 which yielded a surplus of \$243K. Similarly, the year-to-date budget for grand total expenses was \$136,891,000 which was less than anticipated when compared to the year-to-date budget grand total revenue of \$137,054,000 which yielded a positive variance of \$163K. Both measures were favorable results for this reporting period.

In Thousands

INCOME:

	F23/24 ANNUAL BUDGET	APRIL - SEPTEMBER 2023			
		Y-T-D BUDGET	ACTUAL	+/- \$	+/- %
Carrying Charges	\$ 224,002	\$ 112,001	\$ 112,136	\$ (135)	0%
Vacancy Losses	\$ (2,466)	\$ (1,233)	\$ (1,132)	\$ 102	-8%
All Other Income	\$ 52,573	\$ 26,286	\$ 22,351	\$ 3,935	15%
Grand Total Income:	\$ 274,108	\$ 137,054	\$ 133,356	\$ 3,698	3%

DEPARTMENTAL OPERATING EXPENSES:

	\$ 145,505	\$ 72,753	\$ 68,098	\$ 4,655	6%
CORPORATE EXPENSES:					
Insurance	\$ 21,671	\$ 10,836	\$ 9,890	\$ 946	9%
Utilities + Water	\$ 47,699	\$ 23,849	\$ 25,164	\$ (1,315)	-6%
Real Estate Taxes	\$ 11,459	\$ 5,730	\$ 4,967	\$ 762	13%
Violations	\$ 100	\$ 50	\$ 33	\$ 17	34%
Bad Debts	\$ 4,500	\$ 2,250	\$ 2,667	\$ (417)	-19%
Corporate Operating Expenses	\$ 6,422	\$ 3,211	\$ 3,970	\$ (759)	-24%
TOTAL CORPORATE ALL EXPENSES:	\$ 91,851	\$ 45,926	\$ 46,691	\$ (765)	-2%

EXPENSES BEFORE DEBT SERVICE & FEES:

	\$ 237,356	\$ 118,679	\$ 114,789	\$ 3,890	3%
DEBT SERVICE:					
Gen'l/Repl Reserve Fees	\$ 5,269	\$ 2,634	\$ 2,723	\$ (88)	-3%
HUD Mortgage Ins Premium	\$ 2,121	\$ 1,060	\$ 1,083	\$ (23)	-2%
Debt Service	\$ 29,036	\$ 14,518	\$ 14,518	\$ -	0%
TOTAL DEBT SERVICE FEES	\$ 36,426	\$ 18,213	\$ 18,324	\$ (111)	0%

GRAND TOTAL EXPENSES:

	\$ 273,782	\$ 136,891	\$ 133,113	\$ 3,778	3%
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NET SURPLUS (DEFICIT) FROM OPERATIONS:

	\$ 326	\$ 163	\$ 243	\$ (80)	-49%
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Overview of Income

A majority of the Corporation's income is derived from Carrying Charges. For period ending September 30, 2023, actual Carrying Charges exceeded the projected budget by \$135,000. All other income, including garage fees, laundry fees, commercial and professional space rentals, electric power sales, and other fees were less than anticipated by 15% or \$3.9 Million primarily due to delays in electric power income receipts of \$3.2 Million. It should be noted that the Corporation's year-to-date budget figures do not take seasonality into account. Seasonal budgeting means that the budget is adjusted to account for peaks and lows of business activity throughout the year. Instead, the budget is equally allocated over a twelve-month period without accounting for seasonal factors such as taxes, insurance, revenue receipts etc. As a result, actual income was less than anticipated against the year-to-date budget because of seasonality of some budgeted items such as the receipt of the electric power income. Con Edison Demand Response Programs take place during the summer months (May-September), and the Corporation receives the revenue in January. So, there is a delay in recognition and reporting such income. The grand total actual income, however, was 3% or \$3.6 Million less than the year-to-date budget.

Expenses

The above summary outlines the expense categories of the Corporation. Departmental Operating expenses are expenses incurred by the various departments. This includes salaries, fringe benefits and

