

WARREN COUNTY TREASURER

Christine V. Norton
County Treasurer

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Deputy Treasurer

To: All Supervisors
From: Christine V. Norton, Treasurer
Date: May 10, 2024
Subject: March, 2024 Budget Analysis Report

Budget Analysis Report

One of the purposes of the monthly budget analysis report is to make the County Supervisors and Administration aware of certain issues that may present a problem in the near future or are currently a problem. It is important that appropriate action be taken to address these issues or concerns before they become a problem.

We have analyzed the revenue and expenditure budgets for the County departments as of March 31, 2024 and have noted the following items Supervisors should be aware of. Please note that we have finalized the 2023 numbers and have provided the following analysis:

General Fund Balance

The following shows the balance of unappropriated surplus for the General Fund as of the date of this report compared to the minimum balance needed to operate which equates to two months of operating expenses or 16.7%.

Fund Balance Surplus - 2023	\$ 42.3 million
Appropriated For 2024 Budget	<u>(1.9) million</u>
Unappropriated Surplus - 2023	40.4 million
Additional Appropriated During 2024	<u>(5.1) million</u>
Balance Unappropriated Surplus	\$ 35.3 million
Minimum Surplus Balance Needed (2 months operating expense) - 2024	<u>32.5 million</u>
Balance of Surplus Exceeding Minimum Balance	<u><u>2.8 million</u></u>

We have concerns about maintaining the minimum fund balance without difficult decisions on future spending. The CSEA contract settlement is expected to require a significant amount of fund balance use along with other costs that may arise during the year.

The following shows the unappropriated fund balance for the General Fund over the past 5 years:

<u>Unappropriated Fund Balance/Surplus(Deficit)</u>	2019	2020	2021	2022	2023
General Fund	<u>23,155,426</u>	<u>26,832,093</u>	<u>36,590,975</u>	<u>40,208,679</u>	<u>40,376,956</u>

2023 Restricted and Assigned Fund Balances

The following shows the Restricted and Assigned Fund Balances for the General, Debt Service, County Road and Road Machinery Funds as of December 31, 2023.

Restricted

General Fund	Purpose	Balance End of Year
Capital		
Rehabilitation of County Buildings	Future building capital costs	\$ 145,133
Up Yonda Repairs & Improvements	Future Up Yonda capital costs	161,697
Railroad Repairs	Future railroad capital costs	9,580
County Railroad Repairs	Future County railroad capital costs	319,562
Computers	Future computer capital costs	234,177
Vehicles	Future vehicle capital costs	382,316
Airport Repair & Projects	Future airport capital costs	118,825
SUNY Adirondack Cap Imp	Future SUNY Adirondack capital costs	100,000
Countryside Rehabilitation	Future Countryside capital costs	3,000
Election Equipment	Future election equipment costs	126,718
Total		<u>\$ 1,601,008</u>
Other Restricted		
Occupancy Tax	Future costs relating to tourism	\$ 4,303,190
Forfeitures Crime	Future Sheriff and DA crime fighting costs	542,271
Environmental Testing Fund	Future costs relating to environmental testing	158,916
Stop DWI	Future costs of the Special Traffic program	152,959
Westmount Legacy Costs	Future costs relating to Westmount retirees	3,565,276
Insurance	Future costs relating to uninsured losses	15,000
Employee Benefit Accrued Liability	Future costs relating to accrued employee benefits	65,000
PCB Settlement Fund	Future costs relating to PCB cleanup	17,414
Total		<u>\$ 8,820,027</u>
Debt		
Debt Service	Future bond anticipation note debt service	\$ 834,000
Total		<u>\$ 834,000</u>
Debt Service Fund		
Debt		
Bonded Debt	Future debt service costs	\$ 107,278
Total		<u>\$ 107,278</u>
County Road Fund		
Capital		
Highway Road Projects	Future highway road capital costs	\$ 770,573
Total		<u>\$ 770,573</u>
Debt		
Debt Service	Future bond anticipation note debt service	\$ 623,728
Total		<u>\$ 623,728</u>
Road Machinery Fund		
Capital		
Motor Fuel Farms	Future motor fuel farm capital costs	\$ 28,473
Mobile Brine Unit Repairs	Future mobile brine unit repairs	\$ 9,402
Total		<u>\$ 37,875</u>
Assigned		
General Fund		
Other Assigned		
Sexual Abuse Lawsuits	Future sexual abuse settlements	\$ 250,000
Total		<u>\$ 250,000</u>

Revenues

County Clerk

County Clerk Fees – As of March 31, the department has received \$233,317 in County Clerk Fees in 2024 and \$251,415 in 2023 which is a decrease of 7%. March actual revenues are 7% behind expected budgeted amounts.

Mortgage Tax – As of March 31, the department has received \$369,823 in Mortgage Tax in 2024 and \$383,552 in 2023 which is a decrease of 4%. March actual revenues are 7% behind expected budgeted amounts

Automobile Use Tax – As of March 31, the department has received \$55,454 in Automobile Use Tax in 2024 and \$69,654 in 2023 which is a decrease of 20%. The 2024 actual revenue amount is through February and is 5% behind expected budgeted amounts.

County Treasurer

Sales Tax – We have collected \$657,730 more in sales taxes through March 31, 2024 than we did through March 31, 2023 which is a 4.4% increase. We have received \$1,400,109 more than the 2024 revenue budget to date which is a 9.9% increase. **The net County budget surplus after accounting for the distribution to the Towns and Village is \$742,058.**

VL/Tribal Compact Moneys (Casino) – The County had not received Mohawk Tribal casino payments since the 3rd quarter of 2019. We have received a lump sum settlement payment for 10/31/19 to 12/31/21 in the amount of \$410,788 of which \$88,841 had been accrued in 2019 and the balance of \$321,947 was recorded as revenue in 2023. We do not know anything about 2022 and 2023 amounts owed.

Tourism

Occupancy Tax – As of March 31, the department has received \$383,650 in Occupancy Tax revenue in 2024 and \$406,300 in 2023 which is a decrease of \$22,650 or 6%.

Sheriff's Correction Division

Jail Services, Other Government – As of March 31, the department has received \$38,806 in Jail Services, Other Government in 2024 and \$18,948 in 2023 which is an increase of 105%. March actual revenues are 35% ahead of expected budgeted amounts.

The Sheriff's Office has noted that there has been a significant increase in federal boarded incarcerated individuals.

Building & Fire Code

Building Permits – As of March 31, the department received \$42,571 in building permits in 2024 and \$62,274 in 2023 which is a decrease of 32%. March actual revenues are 9% behind expected budgeted amounts.

It has been noted that there were several large projects in January and February, 2023 which we didn't have this year.

Expenditures

Occupancy Tax Reserve

We have historically waited until after year end to close the revenues and expenditures to the Occupancy Tax Reserve. We have decided to start closing on a monthly basis this year to more easily provide up to date information of the reserve available balance.

We created two sub accounts: Occupancy Tax Reserve – Minimum Balance and the Occupancy Tax Reserve – Encumbered in order to better track reserve activity.

- The Occupancy Tax Reserve balance is equivalent to the unappropriated surplus balance for the General Fund and represents what amount is currently available.
- The Occupancy Tax Reserve – Minimum balance represents the amount of reserve that we must keep on hand for cash flow.
- The Occupancy Tax Reserve – Encumbered balance represents the amount that has been obligated either through a contract or purchase order and is not available for other uses. A significant amount of the Occupancy Tax Reserve – Encumbered balance covers periods throughout the year.

The following represents the balances at the end of each month for the three reserve accounts. Please note that the Board approved to increase the reserve minimum balance to \$1,500,000 during the July Board meeting.

<u>Date</u>	<u>Occupancy Tax Reserve</u>	<u>Occ Tax Reserve- Minimum Balance</u>	<u>Occ Tax Reserve- Encumbered</u>	<u>Total</u>
12/31/2022	5,235,115	1,000,000	295,940	6,531,055
1/31/2023	3,297,376	1,000,000	2,247,601	6,544,977
2/28/2023	3,195,170	1,000,000	2,203,803	6,398,973
3/31/2023	3,186,913	1,000,000	2,310,769	6,497,682
4/30/2023	1,404,577	1,000,000	3,957,577	6,362,154
5/31/2023	1,402,862	1,000,000	2,476,644	4,879,506
6/30/2023	1,350,382	1,000,000	2,608,069	4,958,451
7/31/2023	906,190	1,500,000	2,542,154	4,948,343
8/31/2023	743,919	1,500,000	2,059,526	4,303,445
9/30/2023	2,417,379	1,500,000	1,700,477	5,617,856
10/31/2023	2,295,143	1,500,000	1,268,482	5,063,625
11/30/2023	1,484,198	1,500,000	1,313,680	4,297,878
12/31/2023	2,043,167	1,500,000	760,023	4,303,190
1/31/2024	(142,679)	1,500,000	2,813,395	4,170,716
2/29/2024	(509,229)	1,500,000	2,919,435	3,910,205
3/31/2024	(428,673)	1,500,000	2,753,216	3,824,543

DPW Waste Containers

Currently, we have \$1.1 million in waste container inventory without adequate control over where each container is located at any point in time or if the container even exists. This is caused by the nature of the waste hauling business where haulers are continually replacing full containers with empty ones that may be owned by other entities. We suggest purchasing a tracking device system where trackers can be attached to each waste container to allow for proper control over the whereabouts of each County owned waste container.

The Superintendent of Public Works has indicated that GPS trackers may not be necessary as it is anticipated that the County will be hauling the waste once we purchase two new trucks that were recently funded. *An effort should still be made to identify and account for the \$1.1 million in waste container inventory.*

Overtime

The following shows the departments that already have issues with their overtime budget after only three months into the year. *This needs to be effectively managed or at this rate we are projecting budget deficits for these five departments totaling \$711,490 which will have to be absorbed by the department or funded elsewhere.*

<u>Department</u>	<u>Budget</u>	<u>Actual</u>	<u>% Used</u>	<u>Projected Actual</u>	<u>Projected Budget Deficit</u>
Sheriff's Correction Division	400,000	245,150	61%	980,600	(580,600)
Countryside Adult Home	26,000	13,152	51%	52,608	(26,608)
Social Services	49,222	21,481	44%	85,924	(36,702)
Sheriff's 911 Center	60,000	17,921	30%	71,684	(11,684)
Sheriff's Law Enforcement	425,000	120,224	28%	480,896	(55,896)
					<u>(711,490)</u>

Insurance Reserve/Surplus

Resolution number 594 of 2011 authorized the creation of an insurance reserve in the amount of \$550,000 to offset potential costs if the County decides to terminate coverage with BSNENY and Resolution number 624 of 2014 increased the reserve to \$1,000,000. A surplus is created when more funding is collected for the County and employee portions of health insurance than what is needed to pay health insurance administrative costs and claims.

The County implemented a self-insurance program starting December 1, 2017. As a result, \$918,922 was paid to BSNENY to terminate coverage. As noted below, the balance of the reserve and surplus as of December 31, 2023 is \$7,708,203.

	<u>Reserve</u>	<u>Surplus</u>	<u>Total</u>
12/31/2012	550,000	74,487	624,487
12/31/2013	550,000	1,053,283	1,603,283
12/31/2014	1,000,000	2,737,445	3,737,445
12/31/2015	1,000,000	4,375,037	5,375,037
12/31/2016	1,000,000	4,867,898	5,867,898
12/31/2017	81,078	5,441,408	5,522,486
12/31/2018	81,078	5,426,650	5,507,728
12/31/2019	81,078	6,577,870	6,658,948
12/31/2020	81,078	7,140,560	7,221,638
12/31/2021	81,078	8,178,492	8,259,570
12/31/2022	81,078	7,984,332	8,065,410
12/31/2023	81,078	7,627,125	7,708,203

County Debt Balances

The following shows the County’s current debt outstanding as of March 31, 2024 along with ending debt balances for future years:

	Current Balance	End of 2024 Balance	2025	2026	2027	2028	2029- 2033
Bonds							
Recovery Act Bonds, Various Proj	10,205,000	9,445,000	8,660,000	7,840,000	6,990,000	6,110,000	1,140,000
Court Expansion - 2015	5,510,000	5,120,000	4,720,000	4,305,000	3,880,000	3,445,000	1,055,000
Court Expansion - 2017	5,910,000	5,910,000	5,520,000	5,120,000	4,715,000	4,295,000	2,040,000
SUNY Adirondack NSTEM - 2017	4,000,000	4,000,000	3,735,000	3,465,000	3,190,000	2,905,000	1,380,000
Leased Commitments							
Copiers/Printers - National Business	247,666	200,298	135,457	68,690	-	-	-
Copier - Toshiba	17,972	15,570	11,835	7,936	3,871	-	-
Office Space - Mental Health	57,735	33,345	-	-	-	-	-
Bond Anticipation Notes							
Paving, Retaining Wall & Countryside	6,320,000	3,720,000	2,480,000	1,240,000	-	-	-
Total Outstanding	32,268,373	28,444,213	25,262,292	22,046,626	18,778,871	16,755,000	5,615,000

Budget Exception Report

Please see the attached Budget Exception report which summarizes budgeted expenditure line items where there is currently a problem or there may be a problem in the future. We are reporting on an exception basis only.

Over expended budget line items are highlighted in red. Some of these items have been over expended for a few months without any action taken to amend the budgets. The following are the departments that have not taken care of their over expended line items:

Budget Officer – Over expended since 1/31/24 (health and dental)

School Resource Officers, Queensbury School District – Over expended since 1/31/24 (overtime)

Probation – Over expended since 1/31/24 (overtime)

Each department is responsible for ensuring that their budgets including salary and fringe are not over expended and if they are, the issue should be addressed immediately. Legally, the County is not allowed to incur costs for goods or services without sufficient budget in the expenditure line item to cover these costs.

Again, we invite comments from Supervisors and department heads to expand this into a more useful management tool in these critical financial times.