

WARREN COUNTY TREASURER

Michael R. Swan
County Treasurer

Robert V. Lynch II, CPA
Deputy Treasurer

To: All Supervisors
From: Michael R. Swan, Treasurer
Date: March 27, 2015
Subject: Budget Analysis Report

Budget Analysis Report

The purpose 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 December 31, 2014 on a preliminary basis. Please note that we have not closed the year as of this date and there will be significant additional revenues and expenditures posted until we officially close the books over the next few months. We will provide a monthly update on 2014 in addition to a monthly analysis for 2015. We have noted the following items Supervisors should be aware of:

2014 Revenues

Tourism

Occupancy Tax – The department has collected \$87,699 more in occupancy taxes as of December 31, 2014 than we did as of December 31, 2013 which is a 2.3% increase. This amount represents collections for each year through March 21. We have not finalized 2014 figures yet and expect to receive payments for 2014 through March 31, 2015.

2014 Expenditures

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.

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. The reserve is funded by a factor added to the monthly health insurance cost charged to each County department and employee. The County's health insurance advisor determined the amount of monthly health insurance that is charged. 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.

As noted below, the authorized reserve of \$1,000,000 was fully funded at the end of 2014 with a surplus balance of \$2,737,445. We recommend that due to the significant continued growth of the surplus, the County's health insurance advisor perform a review of the calculated monthly health insurance cost that is charged in order to limit the amount of insurance surplus that is generated. This will help reduce the costs that the County and its employees will have to pay for future health insurance.

	<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

2015 Revenues

County Clerk

County Clerk Fees – As of February 28, the department has received \$92,749 in County Clerk Fees in 2014 and \$88,554 in 2015 which is a decrease of 4.5%. It should be noted that the 2015 amount is through January and is at 7% of the budget for this account, so the actual revenue amount received is lagging slightly behind the budget.

Mortgage Tax – As of February 28, the department has received \$119,176 in Mortgage Tax in 2014 and \$93,704 in 2015 which is a decrease of 21.4%. It should be noted that the 2015 amount is through January and is at 7% of the budget for this account, so the actual revenue amount received is lagging slightly behind the budget.

Automobile Use Tax – As of February 28, the department has received \$33,237 in Automobile Use Tax in 2014 and \$31,513 in 2015 which is an increase of 7%. It should be noted that the 2015 amount is through January and is at 7% of the budget for this account, so the actual revenue amount received is lagging slightly behind the budget.

Sheriff's Correction Division

Jail Services, Other Government – As of February 28, the department has received \$47,834 in Jail Services, Other Government in 2014 and \$40,205 in 2015 which is a decrease of 15.9%. It should be noted that the 2015 amount is through January and is at 7% of the budget for this account, so the actual revenue amount received is lagging slightly behind the budget.

County Treasurer

Sales Tax – It has been noted that we have collected \$315,753 more in sales taxes through February 28, 2015 than we did through February 28, 2014 which is a 5.2% increase. In order to meet the 2015 budget, sales tax revenues will need to increase by 2.5%.

Town Payments on Taxes – The following table shows the collections of Town payments on taxes as of March 26th of each year:

Town	2014	2015	Difference
Bolton	4,575,000.00	4,500,000.00	(75,000.00)
Chester	2,090,000.00	2,284,700.00	194,700.00
Hague	1,575,000.00	1,684,506.69	109,506.69
Horicon	2,056,533.79	2,213,027.29	156,493.50
Johnsburg	822,000.00	767,000.00	(55,000.00)
Lake George	3,350,000.00	3,000,000.00	(350,000.00)
Lake Luzerne	805,000.00	910,000.00	105,000.00
Queensbury	11,000,000.00	12,000,000.00	1,000,000.00
Thurman	75,000.00	50,000.00	(25,000.00)
Warrensburg	788,230.59	810,495.81	22,265.22
	<u>27,136,764.38</u>	<u>28,219,729.79</u>	<u>1,082,965.41</u>

The County has collected \$1.1 million more in Town payments on taxes in 2015 than in 2014. It is important that towns remit their tax collections to the County once they have met their tax warrant as this significantly affects cash flow.

2015 Expenditures

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.

County Debt

The following shows the County's current debt outstanding as of February 28, 2015 along with ending debt balances for future years:

	Current	End of 2015					2020-	2025-	2030-
	Balance	Balance	2016	2017	2018	2019	2024	2029	2034
Bonds									
Pub Safety Bldg & Com Upgrade	10,025,000	8,860,000	7,695,000	6,555,000	5,430,000	4,325,000	-	-	-
Recovery Act Bonds, Various Proj	18,785,000	18,190,000	17,575,000	16,935,000	16,265,000	15,570,000	11,545,000	6,405,000	-
Airport Hangar	160,000	-	-	-	-	-	-	-	-
Capital Leases									
Westmount Co-Generation Plant	880,299	587,123	221,019	-	-	-	-	-	-
Municipal Center Energy Project	1,730,060	1,570,826	1,397,703	1,209,177	1,003,899	781,029	-	-	-
Countryside Adult Home Energy Proj	189,104	165,663	141,209	115,818	88,084	59,553	-	-	-
Bond Anticipation Notes									
Abatement & Demolition #1	115,429	-	-	-	-	-	-	-	-
Abatement & Demolition #2	29,207	-	-	-	-	-	-	-	-
Alder Brook Brdg over Trout Brdg	90,504	60,336	30,168	-	-	-	-	-	-
Harrington Road Bridge	35,869	23,913	11,957	-	-	-	-	-	-
Beach Road Bridge	359,958	239,972	119,986	-	-	-	-	-	-
2011 Storm Damage	660,000	440,000	220,000	-	-	-	-	-	-
West Brook Parking Lot	91,800	61,200	30,600	-	-	-	-	-	-
Total Outstanding	33,209,603	30,199,033	27,442,642	24,814,995	22,786,983	20,735,581	11,545,000	6,405,000	-

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