

# 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 22, 2016  
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 February 29, 2016. Please note that we have not closed the year as of this date and we will provide final 2015 numbers near the end of April, 2016. We have noted the following items Supervisors should be aware of:

## **Revenues**

### **County Clerk**

**County Clerk Fees** – As of February 29, the department has received \$164,815 in County Clerk Fees in 2015 and \$175,029 in 2016 which is an increase of 6.2%. It should be noted that the 2016 amount is at 14.6% of the budget for this account, so the actual revenue received is lagging behind the budget.

**Mortgage Tax** – As of February 29, the department has received \$183,530 in Mortgage Tax in 2015 and \$267,578 in 2016 which is an increase of 45.8%. It should be noted that the 2016 amount is at 18.4% of the budget for this account, so the actual revenue amount received is on target to exceed the budget.

**Automobile Use Tax** – As of February 29, the department has received \$65,177 in Automobile Use Tax in 2015 and \$68,385 in 2016 which is an increase of 4.9%. It should be noted that the 2016 amount is through February and is at 14.4% of the budget for this account, so the actual revenue amount received is lagging behind the budget.

### **Tourism**

**Occupancy Tax** – The department has collected \$359,112 more in occupancy taxes as of December 31, 2015 than we did as of December 31, 2014 which is a 8.7% increase. This amount represents collections for each year through March 21. We have not finalized 2015 figures yet and expect to receive payments for 2015 through March 31, 2016.

### **County Treasurer**

**Sales Tax** – It has been noted that we have collected \$13,857 more in sales taxes through February, 2016 than we did through February, 2015 which is a 0.2% increase. In order to meet the 2016 budget, we need a 0.15% increase over 2015 actual.

### **Sheriff's Correction Division**

**Jail Services, Other Government** – As of February 29, the department has received \$40,205 in Jail Services, Other Government in 2015 and \$45,767 in 2016 which is an increase of 14%. It should be noted that the 2016 amount is through January and is at 11% of the budget for this account, so the actual revenue amount received is on target to exceed the budget.

### **Lake George Watershed Conference**

**This issue was previously reported in prior 2013, 2014 and 2015 budget analysis reports and it has been reported that an application for payment has been submitted to the State. We have not received any funding to date from the Lake George Watershed Conference.**

We currently have an outstanding receivable from the Lake George Watershed Conference for \$102,500 dating back to 2007 relating to a Valley Woods Road Project. It is unclear whether or not we have a contract with the Lake George Watershed Conference for this project, but it is our understanding that they are to pay us when they receive State Aid reimbursement. If we do not collect on this receivable soon we will have to write it off and it will then have to be taken out of the County Road surplus.

### **Invasive Species Boat Washing**

**This issue was previously reported in prior 2015 budget analysis reports. We have not received any claims to review and sign and we have not received any State funding for these expenditures incurred in 2014. We have not been provided with a signed grant agreement.**

The Invasive Species Boat Washing capital project was approved in January of 2014 and as of June, 2014; the County has incurred \$362,731 in expenditures. We are not aware of any claims have been filed with the State for reimbursement and it has been our understanding that this is because we do not even have a contract yet with the State. The same individual who administered the funding for the Valley Woods Road Project with the Lake George Watershed Conference is also administering the State grant for the Invasive Species Boat Washing which has caused us great concern that we will not have timely filing of documents and State Aid claims.

## **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.

### **Siemens Co-Gen Contract**

We had been directed on December 31, 2015 to continue paying the Siemens' lease principal and interest payments, the monthly maintenance service fees and the performance assurance fees and then bill Warren Operations Associates, LLC for these payments pursuant to the Asset Purchase Agreement dated December 31, 2014 until further notice. This was based on the advice of outside legal counsel. In January, 2016 an initial invoice was sent to Warren Operations Associates, LLC for \$45,407.56 including costs for performance assurance and maintenance services after it was reviewed by outside legal counsel as directed.

To date, we have paid Siemens \$109,474.68 which is comprised of \$96,100.68 for January through March lease principal and interest, \$1,578.16 for January and February performance and assurance and \$11,795.84 for January and February maintenance services. Warren Operating Associates, LLC has been billed for reimbursement of these costs and we have not received payment as of the date of this report. On February 24, 2016, we received notice from outside legal counsel that Warren Operations Associates, LLC does not want to proceed with the performance assurance guaranty and that Warren County should not be paying Siemens for these costs. It was further stated in this notice that Warren Operations Associates, LLC is reviewing the maintenance services program to determine if they want to continue using it. We have not received any word on a decision regarding this matter.

We are unclear whether Warren Operations Associates, LLC is obligated to reimburse the County for maintenance service costs paid to date to Siemens if they decide not to continue with this program. If not, then the County will need to find a source of funding for these costs which currently total \$11,795.84. The County already had to find a source of funding for the \$1,578.16 in performance assurance costs that were paid and will not be reimbursed by Warren Operations Associates, LLC.

The Co-gen lease, performance assurance and maintenance service costs are all part of the same contract with Siemens and if we elect not to pay any of these costs, this could be considered a breach of contract so the County should take this into consideration before any decisions are made about what to pay or not to pay with this contract.

### Future County Debt Service

**This was reported on in previous Budget Analysis reports. Please note that the estimated annual debt service costs for the SUNY Adirondack NSTEM project were adjusted to reflect current estimates. The following table shows that the unfunded debt service that needs to be funded for 2017 is \$620,334 and assuming that a funding source will be identified for 2017 there will be an additional \$554,237 that will need to be funded for 2018. This totals \$1.2 million for the two year period. Significant reductions in County costs or permanent increases in County revenues will need to be identified in order for these two projects to be properly funded. As of the date of this report, we are not aware of the identification of a permanent funding source.**

Project	Funded 2016	Debt Service 2017	Unfunded 2017	Debt Service 2018	Unfunded 2018	Unfunded Total
Court Expansion	205,788	533,513	327,725	1,087,750	554,237	881,962
SUNY Adirondack NSTEM	93,853	386,462	292,609	386,462	-	292,609
	299,641	919,975	620,334	1,474,212	554,237	1,174,571

### County Debt Balances

The following shows the County's current debt outstanding as of February, 2016 along with ending debt balances for future years:

	Current Balance	End of 2016 Balance	2017	2018	2019	2020- 2024	2025- 2029	2030- 2034
<b>Bonds</b>								
Pub Safety Bldg & Com Upgrade	8,860,000	7,695,000	6,555,000	5,430,000	4,325,000	-	-	-
Recovery Act Bonds, Various Proj	18,190,000	17,575,000	16,935,000	16,265,000	15,570,000	11,545,000	6,405,000	-
Court Expansion	8,000,000	8,000,000	7,665,000	7,325,000	6,980,000	5,120,000	2,995,000	530,000
<b>Capital Leases</b>								
Westmount Co-Generation Plant	527,205	221,019	-	-	-	-	-	-
Municipal Center Energy Project	1,570,826	1,397,703	1,209,177	1,003,899	781,029	-	-	-
Countryside Adult Home Energy Prt	165,496	141,209	115,818	88,084	59,553	-	-	-
<b>Bond Anticipation Notes</b>								
Abatement & Demolition #1	-	-	-	-	-	-	-	-
Abatement & Demolition #2	-	-	-	-	-	-	-	-
Alder Brook Brdg over Trout Brdg	60,336	30,168	-	-	-	-	-	-
Harrington Road Bridge	23,913	11,957	-	-	-	-	-	-
Beach Road Bridge	239,972	119,986	-	-	-	-	-	-
2011 Storm Damage	440,000	220,000	-	-	-	-	-	-
West Brook Parking Lot	61,200	30,600	-	-	-	-	-	-
<b>Total Outstanding</b>	<b>38,138,948</b>	<b>35,442,642</b>	<b>32,479,995</b>	<b>30,111,983</b>	<b>27,715,581</b>	<b>16,665,000</b>	<b>9,400,000</b>	<b>530,000</b>

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