

WARREN COUNTY TREASURER

Michael R. Swan
County Treasurer

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To: All Supervisors
From: Michael R. Swan, Treasurer
Date: April 26, 2019
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 March 31, 2019 and have noted certain items Supervisors should be aware of. Please note that we have finalized the 2018 numbers and have provided the following analysis:

2018 Unassigned Fund Balance

The following shows the Unassigned Fund Balances for the General, County Road and Road Machinery Funds covering the period of 2014 to 2018. Please note that the General Fund Unassigned Fund Balance increased from \$14.7 million in 2014 to \$22.0 million in 2015 which included \$4.5 million being transferred in from the sale of Westmount. This amount was transferred to a reserve account in 2016.

<u>Unassigned Fund Balance/Surplus(Deficit)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund	14,715,499	17,511,449	17,967,773	19,470,218	22,960,849
Operating Transfer From Westmount	-	4,477,509	-	-	-
General Fund Total	14,715,499	21,988,958	17,967,773	19,470,218	22,960,849
County Road	1,132,673	1,516,667	1,228,533	1,053,393	982,348
Road Machinery	379,214	669,959	626,222	438,053	464,020

General Fund 2018 Budget Results

The following shows an analysis of the General Fund adopted budget and actual balances. As noted below, the amended budget produced a \$2.8 million deficit while the actual for the year was a \$3.0 million surplus. This produced a \$5.8 million favorable budget variance.

	Adopted	Amended	Actual	Variance
<u>General Fund (Excluding Tourism)</u>	<u>Budget</u>	<u>Budget</u>	<u>Balances</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
Revenues	127,946,927	130,996,603	130,582,441	(414,162)
Expenditures	129,609,857	133,771,958	127,600,932	6,171,026
Surplus/(Deficit)	<u>(1,662,930)</u>	<u>(2,775,355)</u>	<u>2,981,509</u>	<u>5,756,864</u>

The following shows some noteworthy variances between 2018 amended budget and actual balances.

	Amended Budget	Actual Balances	Variance Favorable (Unfavorable)
Revenues			
Sales Tax	51,024,413	55,015,895	3,991,482
Mortgage Tax	1,600,000	2,000,335	400,335
Expenditures			
Distribution of Sales Tax	24,019,094	25,865,137	(1,846,043)
Salaries	39,207,364	37,635,016	1,572,348
Retirement	5,813,216	5,312,800	500,416
Health	11,378,056	10,841,102	536,954

2018 Restricted Fund Balance

The following shows the Restricted Fund Balances for the General, Debt Service, County Road and Road Machinery Funds as of December 31, 2018.

General Fund	<u>Purpose</u>	<u>Balance End of Year</u>
Capital		
Rehabilitation of County Buildings	Future building capital costs	\$ 282
Bridge Replacement & Repair	Future bridge capital costs	1,484
Up Yonda Repairs & Improvements	Future Up Yonda capital costs	30,887
Railroad Repairs	Future railroad capital costs	142,090
Equipment, Storage & Vehicle	Future equipment capital costs	7,566
Computers	Future computer capital costs	225,157
Vehicles	Future vehicle capital costs	68,991
Airport Repair & Projects	Future airport capital costs	311,080
Total		<u>\$ 787,537</u>
Other Restricted		
Occupancy Tax	Future costs relating to tourism	\$ 2,543,935
Probation	Future probation program costs	3,702
Forfeitures Crime	Future Sheriff and DA crime fighting costs	621,131
Environmental Testing Fund	Future costs relating to environmental testing	203,861
Stop DWI	Future costs of the Special Traffic program	136,122
Westmount Legacy Costs	Future costs relating to Westmount retirees	4,838,656
Total		<u>\$ 8,347,407</u>
Debt Service Fund		
Debt		
Bonded Debt	Future debt service costs	\$ 26,456
Total		<u>\$ 26,456</u>
County Road Fund		
Capital		
Highway Road Projects	Future highway road capital costs	\$ 1,841,581
Total		<u>\$ 1,841,581</u>
Road Machinery Fund		
Capital		
Motor Fuel Farms	Future motor fuel farm capital costs	\$ 38,525
Total		<u>\$ 38,525</u>

Revenues

Sheriff

State Aid Claims – Departments are responsible for administering their grants and part of that responsibility is to submit claims for reimbursement on a timely basis. Claims should be submitted on a quarterly basis for cash flow purposes and so that the County can optimize interest earnings. The Sheriff department did not prepare and submit a 2017 State Aid Claim covering \$34,748 of 2017 County costs until April 17, 2019 and has not submitted 2018 State Aid claims covering \$832,290 of 2018 County costs as of the date of this report.

County Clerk

County Clerk Fees – As of March 31, the department has received \$282,899 in County Clerk Fees in 2018 and \$302,391 in 2019 which is an increase of 7%. It should be noted that the 2019 amount is at 24% of the budget for this account so the actual revenue received is on target with the budget.

Mortgage Tax – As of March 31, the department has received \$484,716 in Mortgage Tax in 2018 and \$197,779 in 2019 which is a decrease of 59%. It should be noted that the 2019 amount is at 12% of the budget for this account so the actual revenue received is below the budgeted amount. This was caused by the State Legislature failing to authorize a portion of the County's mortgage recording tax which expired on December 1st. The State Legislature approved the additional mortgage tax in 2019 and it will be imposed with an effective date of April 1, 2019.

Automobile Use Tax – As of March 31, the department has received \$73,107 in Automobile Use Tax in 2018 and \$68,603 in 2019 which is a decrease of 6%. It should be noted that the 2019 amount is through February and is at 14% 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 \$242,011 less in sales taxes through March, 2019 than we did through March, 2018 which is a 2.2% decrease.

Tourism

Occupancy Tax – The department has collected \$179,040 more in occupancy taxes as of December 31, 2018 than we did as of December 31, 2017 which is a 4.1% increase. These amounts represent final collections for each year.

The department has collected \$11,807 less in occupancy taxes as of March 31, 2019 than we did as of March 31, 2018 which is a 5.3% decrease.

Sheriff's Correction Division

Jail Services, Other Government – As of March 31, the department has received \$42,168 in Jail Services, Other Government in 2018 and \$58,185 in 2019 which is an increase of 38%. It should be noted that the 2019 amount is through February and is at 33% of the budget for this account, so the actual revenue amount received is on target to exceed the budget.

Building & Fire Code

Building Permits – As of March 31, the department received \$29,575 in building permits in 2018 and \$34,077 in 2019 which is an increase of 15%. It should be noted that the 2019 amount is at 17% of the budget for this account so that actual revenue received is on target with the budget.

Westmount Receivables

Medicaid – The County is currently owed \$552,683 in patient Medicaid claims.

The Board has elected to pursue collection of the receivables. On January 22, 2018, the County contracted with a third party for the purpose of determining whether or not the County can re-bill for the outstanding claims.

The consultant has completed his analysis of the outstanding claims and submitted a request to the NYS Department of Health to determine whether or not the County will be paid on these claims and is awaiting a response. The consultant believes that the majority of these claims were denied because the facility was short-staffed and could not meet a 90-day submission requirement, and the billing staff's training in how to properly code claims was deficient. The consultant therefore reported that the likelihood of payment by the state is very low. The County Administrator's office is currently working on gathering and reconciling the information needed to re-bill if it is determined that it wasn't the County's fault and the State waives the two year old claims rule.

Universal Settlement - \$327,093 was recorded as a receivable for a universal settlement prior to the sale of Westmount. This amount is to be paid over a five year period. The first payment is being held up because the new owners of Westmount are contesting that they are entitled to receive a portion of this settlement. **A settlement has been reached whereby Warren Operations Associates, LLC will be receiving \$120,000 of the Universal Settlement. We have received \$131,579 of the amount owed to the County with the balance coming at a later date. We received \$43,860 on October 22, 2018 with the balance coming at a later date.**

Lake George Watershed Conference

We currently have an outstanding receivable from the Lake George Watershed Conference for \$50,000 dating back to 2007 relating to a Valley Woods Road Project.

The grant administrator handling this project for the County has been charged with a felony and everything is currently under investigation so it is uncertain when and if the County will receive payment. Based upon information provided by the Town of Queensbury, the Town fully paid their \$100,000 share of the project to the grant administrator who was acting on behalf of the Lake George Watershed Conference. The County only received \$50,000 of this money.

In order to protect County interest, consideration should be given for legal action against the Lake George Watershed Conference or the Town of Queensbury to collect the money that is owed.

Health Services

Home Nursing Charges – As of March 31, the department has received \$585,339 in Home Nursing Charges in 2018 and \$581,749 in 2019 which is a decrease of 0.6%. It should be noted that the 2019 amount is through February and is at 14% of the budget for this account, so the actual revenue amount received is lagging slightly behind the budget.

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.

The following departments are reported in the Budget Exception report with over expended budget line items as of March 31, 2019. These need to be addressed in a timely manner.

Forfeited Crime Proceeds (DA)
Budget Officer
Sheriff's 911 Center
Sheriff's Law Enforcement
School Resource Officer – Hadley-Luzerne School District
School Resource Officer – Queensbury School District
School Resource Officer – North Warren School District
School Resource Officer – Lake George School District
School Resource Officer – Bolton School District
Probation
Education Physically Handicapped/Early Intervention
Tourism
OFA – Hamilton County
Planning GIS Program
Engineering
Snow Removal
Machinery

Capital Projects

Departments should be reviewing their capital projects to make sure that they are closed soon after completion of the project. The following are capital projects where there has not been any recent activity and a determination should be made by the responsible department whether or not the project should be closed. Responsible departments should also determine if any outstanding State/Federal receivables associated with their projects are collectable and if not they will have to be written off and a funding source will have to be identified for the costs not reimbursed by State/Federal government. **The County Administrator has been working on this issue with DPW and Planning and will report to Board at a future date. Two projects, H298 and H329 have been approved for closure and have been removed from the list below. There hasn't been any recent action taken to address the rest of the projects.**

Department of Public Works	Date of	Cash	State/Federal	Deposit with
	Last Activity		Receivable	Other Govt
H199 - Corinth Road	5/2016	100,508	22,119	-
H200 - Quaker Road Signal Imp	12/2013	-	11,283	-
H214 - Woolen Mill Bridge	10/2013	31	18,486	-
H219 - RR Track Restoration	5/2009	-	534	125,000
H258 - Tannery Bridge over Stony Creek	8/2010	-	63,791	-
H291 - Elevator Repair - Municipal Center	No Activity	-	-	-
H323 - Gaslight Festival Space	9/2013	-	-	-
H346 - Env Assess - Airport Obstruct Rem	12/2015	-	-	-
H348 - Airport Equipment Building Repair	8/2016	1,758	301	-
H355 - Municipal Cntr Security Renovation	10/2016	-	-	-
H357 - CR Wood Park Fest Space Fence	4/2015	-	-	-
H361 - Brant Lake Lower Dam	12/2015	-	-	-
	3/2016	-	-	-
<u>Planning</u>				
H297 - County Quadricentennial Program				
H314 - First Wilderness Scenic Byways	2/2012	-	-	-
H341 - Flood Mitigation Grant	5/2013	10	-	-
H363 - Loc Gov Records Mgmt Impr Fund	12/2014	-	-	-
	12/2016	11	-	-

Notes:

1. H200 – Quaker Road Signal Imp – There is a liability back to the General Fund that is not funded for \$136,647 which will need funding before it can be repaid and the project closed.
2. H219 – RR Track Restoration – The Treasurer’s Office has made numerous requests to DPW over the years to obtain an accounting from the State for the \$125,000 deposit that was made to the State without any success. We need some sort of documentation from the State showing that they spent the County’s money on this project.
3. H291 – Elevator Repair – Municipal Center – This project was opened in August, 2008 for \$41,800 and has had no activity. This project was funded with reserve money and if there is no expectation to expend this money in the near future then it must be returned to the Reserve, Rehab County Buildings (A 871.00) in the General Fund.
4. H341 – Flood Mitigation Grant – There is a liability back to the General Fund that is not funded for \$858 which will need funding before it can be repaid and the project closed.

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.

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, 2018 is \$5,507,728.

	Reserve	Surplus	Total
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

County Debt Balances

The following shows the County's current debt outstanding as of March 31, 2019 along with ending debt balances for future years:

	Current Balance	End of 2019 Balance	2020	2021	2022	2023- 2027	2028- 2032	2033- 2037
Bonds								
Pub Safety Bldg & Com Upgrade	5,430,000	4,325,000	3,240,000	2,165,000	1,085,000	-	-	-
Recovery Act Bonds, Various Proj	16,265,000	15,570,000	14,845,000	14,080,000	13,280,000	8,605,000	2,740,000	-
Court Expansion - 2015	7,325,000	6,980,000	6,625,000	6,260,000	5,890,000	3,880,000	1,565,000	-
Court Expansion - 2017	7,740,000	7,740,000	7,390,000	7,030,000	6,665,000	4,715,000	2,515,000	-
SUNY Adirondack NSTEM - 2017	5,250,000	5,250,000	5,010,000	4,765,000	4,515,000	3,190,000	1,700,000	-
Capital Leases								
Municipal Center Energy Project	1,003,899	781,028	539,915	279,884	-	-	-	-
Countryside Adult Home Energy Proj	95,091	66,761	37,616	7,630	-	-	-	-
Total Outstanding	43,108,990	40,712,789	37,687,531	34,587,515	31,435,000	20,390,000	8,520,000	-

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