

WARREN COUNTY TREASURER

Michael R. Swan
County Treasurer

Robert V. Lynch II, CPA
Deputy Treasurer

To: All Supervisors

From: Michael R. Swan, Treasurer

Date: June 21, 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 May 31, 2019 and have noted certain items Supervisors should be aware of.

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. As of the date of this report, the Sheriff department has not prepared and submitted State Aid Claims so that the County can be repaid money advanced for grants in a timely manner as follows:

<u>Year of Grant Expenditure</u>	<u>Amount Expended</u>
2018	832,290
2019 (as of 3/31/19)	250,240
	<u>1,082,530</u>

We estimate that as of the date of this report, there will be \$8,426 in lost interest revenue to the County as a result of the Sheriff not filing State Aid claims on a timely basis. **This issue was previously reported and no corrective action has been taken and is costing the County more money as each month goes by.**

County Clerk

County Clerk Fees – As of May 31, the department has received \$501,294 in County Clerk Fees in 2018 and \$534,201 in 2019 which is an increase of 7%. It should be noted that the 2019 amount is at 43% of the budget for this account so the actual revenue received is on target with the budget.

Mortgage Tax – As of May 31, the department has received \$759,615 in Mortgage Tax in 2018 and \$483,950 in 2019 which is a decrease of 36%. It should be noted that the 2019 amount is at 28% 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 was imposed with an effective date of April 1, 2019.

Automobile Use Tax – As of May 31, the department has received \$163,603 in Automobile Use Tax in 2018 and \$159,033 in 2019 which is a decrease of 3%. It should be noted that the 2019 amount is through April and is at 33% of the budget for this account, so the actual revenue amount received is on target with the budget.

County Treasurer

Sales Tax – It has been noted that we have collected \$158,533 more in sales taxes through the first two payments for May, 2019 than we did through the first two payments for May, 2018 which is a 0.9% increase. There is one more payment for May at the end of the month.

Tourism

Occupancy Tax – The department has collected \$39,706 more in occupancy taxes as of May 31, 2019 than we did as of May 31, 2018 which is a 9% increase.

Sheriff's Correction Division

Jail Services, Other Government – As of May 31, the department has received \$74,421 in Jail Services, Other Government in 2018 and \$115,339 in 2019 which is an increase of 55%. It should be noted that the 2019 amount is through April and is at 66% 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 May 31, the department received \$69,789 in building permits in 2018 and \$98,407 in 2019 which is an increase of 41%. It should be noted that the 2019 amount is at 49% of the budget for this account so that actual revenue received is on target to exceed 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 May 31, the department has received \$1,182,318 in Home Nursing Charges in 2018 and \$1,243,346 in 2019 which is an increase of 5%. It should be noted that the 2019 amount is through April and is at 30% of the budget for this account, so the actual revenue amount received is lagging 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 May 31, 2019. Some of these departments have not addressed this issue and there have been repeated issues each month. These need to be addressed in a timely manner.

Forfeited Crime Proceeds (DA) **(Repeat Issue)**
Budget Officer **(Repeat Issue)**
Sheriff's 911 Center **(Repeat Issue)**
Sheriff's Law Enforcement **(Repeat Issue)**
School Resource Officer – Hadley-Luzerne School District **(Repeat Issue)**
School Resource Officer – Lake George School District **(Repeat Issue)**
Probation **(Repeat Issue)**
Building & Fire Code **(Repeat Issue)**
Health Services – DSRIP Program
Preventive Program – Health Education
Public Health – Bio Terrorism **(Repeat Issue)**
Tourism **(Repeat Issue)**
OFA – Hamilton County **(Repeat Issue)**
OFA – DSRIP Program
Planning GIS Program **(Repeat Issue)**
Snow Removal **(Repeat Issue)**
Services to Other Govts
Machinery **(Repeat Issue)**

Airport Costs

The following shows a ten year history of Airport operating and capital costs. The airport has averaged an annual \$606,281 operating deficit during this time period and an annual total deficit including capital costs of \$784,632. The debt costs relates to the construction of an airport hangar which was authorized in 2006 and funded with \$1.0 million in debt. The local share costs represent the County's portion of capital project costs. The operating deficit for 2019 is budgeted to be \$377,799.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Revenues	141,331	134,919	119,562	287,130	137,363	123,924	125,883	161,099	201,943	190,579	1,623,732
Expenditures	656,386	646,241	789,875	983,457	845,725	817,233	789,850	704,605	880,286	572,882	7,686,541
Operating Deficit	(515,055)	(511,323)	(670,313)	(696,327)	(708,362)	(693,310)	(663,967)	(543,506)	(678,343)	(382,303)	(5,680,505)
<u>Capital Costs</u>											
Local Share	55,777	42,821	30,738	7,545	96,566	56,772	117,015	48,889	140,228	60,513	596,351
Debt Principal	200,000	-	160,000	160,000	160,000	160,000	160,000	-	-	-	1,000,000
Debt Interest	18,947	15,557	32,146	24,000	18,000	12,000	6,000	-	-	-	126,650
Total Deficit	(789,779)	(569,700)	(893,198)	(887,872)	(982,928)	(922,082)	(946,981)	(592,395)	(818,571)	(442,816)	(7,403,506)

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 Receivable	Deposit with Other Govt
	Last Activity			
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	-	-	-

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.

County Debt Balances

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

Bonds	Current	End of 2019		2023-			2028-	2033-
	Balance	Balance	2020	2021	2022	2027	2032	2037
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	6,980,000	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	-
<u>Capital Leases</u>								
Municipal Center Energy Project	1,003,899	781,028	539,915	279,884	-	-	-	-
Countryside Adult Home Energy Proj	81,027	66,761	37,616	7,630	-	-	-	-
Total Outstanding	42,749,926	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.