

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 22, 2022
Subject: 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 May 31, 2022 and have noted the following items Supervisors should be aware of.

Revenues

American Rescue Plan Act (ARPA)

In June, 2021, the County received \$6.2 million in ARPA funding to be used for various purposes in response to the COVID pandemic. The County received the second \$6.2 million payment in June, 2022. As noted in the US Treasury Final Rule, costs must be obligated by December 31, 2024, and expended by December 31, 2026. The following is an accounting of the amount of ARPA funds expended and obligated as of May 31, 2022 and the balance remaining.

Balance Remaining as of 1/1/22	6,190,459
2021 Expenditures Approved in 2022	(122,335)
2022 Expenditures	(66,678)
2022 Obligations	<u>(150,391)</u>
Balance Remaining as of 5/31/22	<u><u>5,851,055</u></u>

County Clerk

County Clerk Fees – As of May 31, the department has received \$601,490 in County Clerk Fees in 2021 and \$560,870 in 2022 which is a decrease of 7%. It should be noted that the 2022 amount is at 42% 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 \$1,151,102 in Mortgage Tax in 2021 and \$1,315,180 in 2022 which is an increase of 14%. It should be noted that the 2022 amount is at 58% of the budget for this account so the actual revenue received is on target to exceed the budget.

Automobile Use Tax – As of May 31, the department has received \$177,491 in Automobile Use Tax in 2021 and \$139,584 in 2022 which is a decrease of 27%. It should be noted that the 2022 amount is through April and is at 28% of the budget for this account, so the actual revenue amount received is behind the budget for the year.

County Treasurer

Sales Tax – It has been noted that we have collected \$5,144,268 more in sales taxes for the first two payments through May 31, 2022 than we did through May 31, 2021 which is a 25.8% increase. This increase would have been greater if \$81,489 had not been withheld by the State for fiscally distressed health care facilities and \$10,386 wasn't withheld for the Village AIM payment. We have received \$6,218,464 more than the 2022 revenue budget to date. **It should be noted that the net County budget surplus after accounting for the distribution to the Towns and Village is \$3.3 million.**

Tourism

Occupancy Tax – The department has collected \$244,188 more in occupancy taxes as of May 31, 2022 than we did as of May 31, 2021 which is a 53% increase.

Sheriff's Correction Division

Jail Services, Other Government – As of May 31, the department has received \$186,930 in Jail Services, Other Government in 2021 and \$223,836 in 2022 which is an increase of 20%. It should be noted that the 2022 amount is at 69% of the budget for this account so the actual revenue received is on target to exceed the budget.

Building & Fire Code

Building Permits – As of May 31, the department received \$81,062 in building permits in 2021 and \$96,493 in 2022 which is an increase of 19%. It should be noted that the 2022 amount is at 45% of the budget for this account so that actual revenue received is on target to exceed the budget.

Health Services

Home Nursing Charges – As of May 31, the department has received \$882,883 in Home Nursing Charges in 2021 and \$553,622 in 2022 which is a decrease of 37%. It should be noted that the 2022 amount is through April and is at 13% of the budget for this account so that actual revenue received is 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. **Over expended budget line items are highlighted in red.**

County Road Projects

A road project was created in 2017 to reconstruct County Route 77, Main Street in the Town of Johnsburg and was funded in the amount of \$977,500. While it was a good decision to defer the work until anticipated waterline work is completed, we do not agree with the decision to have almost \$1 million dollars in funding for road projects sit idle over a five-year period. This money should have been reallocated to another road project that was ready to be started. Once the Town of Johnsburg has committed to starting the waterline work, the funding could be made available from that year's road project budget. The value of \$977,500 was certainly a lot higher in 2017 than it is today due to the high inflation rate and would have funded significantly more road work than it will now.

We recommend that the \$977,500 be reallocated to another road project that is ready to be started in 2022, unless the Town of Johnsburg has committed to complete the waterline work in 2022. **This was first reported in the April, 2022 Budget Analysis report and no corrective action has been received as of the date of this report.**

Airport Costs

The following shows a ten-year history of Airport operating and capital costs. The airport has averaged an annual \$526,446 operating deficit during this time period and an annual total deficit including capital costs of \$683,069. The debt costs relate 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 2022 is budgeted to be \$180,367.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
Revenues	287,130	137,363	123,924	125,883	161,099	201,943	190,579	308,210	255,802	297,822	2,089,756
Expenditures	983,457	845,725	817,233	789,850	704,605	880,286	572,882	552,173	506,929	701,075	7,354,216
Operating Deficit	(696,327)	(708,362)	(693,310)	(663,967)	(543,506)	(678,343)	(382,303)	(243,963)	(251,127)	(403,253)	(5,264,460)
<u>Capital Costs</u>											
Local Share	7,545	96,566	56,772	117,015	48,889	140,228	60,513	142,684	80,887	115,127	866,226
Debt Principal	160,000	160,000	160,000	160,000	-	-	-	-	-	-	640,000
Debt Interest	24,000	18,000	12,000	6,000	-	-	-	-	-	-	60,000
Total Deficit	(887,872)	(982,928)	(922,082)	(946,982)	(592,395)	(818,571)	(442,816)	(386,647)	(332,014)	(518,380)	(6,830,687)

Capital Projects

Departments are responsible for administering their capital projects and making sure that they are closed in a timely manner after completion. 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. This has been a recurring issue and the County has been written up in the past by our auditors.

<u>Planning</u>	Date of	Balance owed to	
	Last Activity	Cash	Other funds/Govt
H340-First Wilderness 2012	7/2019	71,704	-
<u>DPW</u>			
H391-Airport Two New Snow Plows	12/2020	132	-

County Debt Balances

The following shows the County's current debt outstanding as of May 31, 2022 along with ending debt balances for future years:

	Current	End of 2022				2026-	2031-	2036-
	Balance	Balance	2023	2024	2025	2030	2035	2037
<u>Bonds</u>								
Pub Safety Bldg & Com Upgrade	2,165,000	1,085,000	-	-	-	-	-	-
Recovery Act Bonds, Various Proj	11,630,000	10,935,000	10,205,000	9,445,000	8,660,000	4,250,000	-	-
Court Expansion - 2015	5,890,000	5,890,000	5,510,000	5,120,000	4,720,000	2,535,000	-	-
Court Expansion - 2017	6,665,000	6,665,000	6,290,000	5,910,000	5,520,000	3,425,000	1,050,000	-
SUNY Adirondack NSTEM - 2017	4,515,000	4,515,000	4,260,000	4,000,000	3,735,000	2,320,000	710,000	-
<u>Capital Leases</u>								
Municipal Center Energy Project	279,885	-	-	-	-	-	-	-
Countryside Adult Home Energy Proj	-	-	-	-	-	-	-	-
Total Outstanding	31,144,885	29,090,000	26,265,000	24,475,000	22,635,000	12,530,000	1,760,000	-

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