

WARREN COUNTY TREASURER

Michael R. Swan
County Treasurer

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Deputy Treasurer

To: All Supervisors
From: Michael R. Swan, Treasurer
Date: October 24, 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 September 30, 2019 and have noted certain items Supervisors should be aware of.

Revenues

Occupancy Tax

When the occupancy tax was adopted in 2003, the intent was that Tourism department operating expenses and tourism promotional expenses would be fully covered by this tax so that Warren County taxpayers would not be burdened by these costs. Resolution #558 of 2014 established a minimum balance of \$1,000,000 for the Occupancy Tax Reserve account for unexpected contingencies. This balance is also important for cash flow purposes so that the General Fund would not have to subsidize the cash flow needs of the Tourism department. The following is a history of the Occupancy Tax Reserve account from 2004 to 2018 with obtained projected amounts for 2019 to 2023. We are very concerned about the projected trend which projects 2022 and 2023 being under the minimum Occupancy Tax Reserve balance of \$1,000,000. We feel that this trend should be addressed immediately and are concerned that no action has been taken with the proposed 2020 budget to address this issue. Use of \$590,030 of the Occupancy Tax Reserve balance is currently in the proposed 2020 budget.

<u>Year</u>	<u>Balance</u>
2004	2,049,475
2005	2,280,971
2006	2,247,400
2007	2,481,415
2008	2,542,772
2009	2,408,098
2010	2,656,100
2011	2,714,786
2012	2,496,472
2013	2,713,244
2014	3,018,439
2015	3,068,105
2016	3,014,323
2017	2,707,699
2018	2,543,935
2019 Projected	2,319,823
2020 Projected	1,725,587
2021 Projected	1,201,151
2022 Projected	747,830
2023 Projected	377,353

We reviewed the Tourism costs and the Occupancy Tax costs from 2015 to 2019 (amended budget) and noted that costs for the Tourism department increased by \$204,182 (9% total increase, 2.3% average per year) during this period while Occupancy Tax costs increased by \$930,468 (50% total increase, 12.5% average per year) during this period so it appears that Occupancy Tax costs are having a significant impact on the use of the occupancy tax reserve balance.

Sheriff

State Aid Claims – The Sheriff department submitted \$1 million in state aid claims to the Treasurer’s Office this month for 2018 and 2019 state aid programs and has been working diligently with our office to get current with their claims.

County Clerk

County Clerk Fees – As of September 30, the department has received \$978,539 in County Clerk Fees in 2018 and \$989,145 in 2019 which is an increase of 1%. It should be noted that the 2019 amount is at 79% of the budget for this account so the actual revenue received is on target to exceed the budget.

Mortgage Tax – As of September 30, the department has received \$1,539,929 in Mortgage Tax in 2018 and \$1,166,918 in 2019 which is a decrease of 24%. It should be noted that the 2019 amount is at 69% 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 September 30, the department has received \$343,648 in Automobile Use Tax in 2018 and \$332,015 in 2019 which is a decrease of 3%. It should be noted that the 2019 amount is through August and is at 69% of the budget for this account, so the actual revenue amount received is on target to exceed the budget.

County Treasurer

Sales Tax – It has been noted that we have collected \$1,221,712 more in sales taxes through September, 2019 than we did through September, 2018 which is a 2.9% increase.

Interest & Earnings – As of September 30, the department has received \$80,685 in Interest & Earnings in 2018 and \$158,859 in 2019 which is an increase of 97%. It should be noted that the 2019 amount is through August and is at 199% of the budget for this account, so the actual revenue amount has already exceeded the budget.

Tourism

Occupancy Tax – The department has collected \$301,611 more in occupancy taxes as of September 30, 2019 than we did as of September 30, 2018 which is a 9% increase.

Sheriff’s Correction Division

Jail Services, Other Government – As of September 30, the department has received \$108,591 in Jail Services, Other Government in 2018 and \$198,698 in 2019 which is an increase of 83%. It should be noted that the 2019 amount is through August and is at 114% of the budget for this account, so the actual revenue amount received has already exceeded the budget.

Building & Fire Code

Building Permits – As of September 30, the department received \$153,995 in building permits in 2018 and \$185,499 in 2019 which is an increase of 20%. It should be noted that the 2019 amount is at 93% 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 September 30, the department has received \$2,545,149 in Home Nursing Charges in 2018 and \$2,467,820 in 2019 which is a decrease of 3%. It should be noted that the 2019 amount is through August and is at 59% 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 September 30, 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 (**Repeat Issue**)
Purchasing
Real Property Tax Service Agency
Health & Human Services Building (**Repeat Issue**)
Sheriff's 911 Center (**Repeat Issue**)
Sheriff's 911 Center, 2017-18 PSAP Grant (**Repeat Issue**)
Sheriff's Law Enforcement (**Repeat Issue**)
Sheriff's Law Enforcement – Forfeited Crime Proceeds (**Repeat Issue**)
School Resource Officers – Hadley-Luzerne School District
School Resource Officers – Queensbury School District
School Resource Officers – North Warren School District
School Resource Officers – Lake George School District
School Resource Officers – Bolton School District
Probation (**Repeat Issue**)
Sheriff's Correction Division
Building & Fire Code (**Repeat Issue**)
Public Health – Bio-Terrorism
Airport
Countryside Adult Home
OFA – Hamilton County (**Repeat Issue**)
Up Yonda Farm (**Repeat Issue**)
Historian (**Repeat Issue**)
Machinery (**Repeat Issue**)

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. **DPW closed three projects that were on this list, H214, H323 and H357, but we haven't seen any action taken on the current list below.**

Department of Public Works	Date of Last Activity	Cash	State/Federal Receivable	Deposit with Other Govt
H199 - Corinth Road	5/2016	100,508	22,119	-
H200 - Quaker Road Signal Imp	12/2013	-	11,283	-
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	-	-	-
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	-	-	-
H361 - Brant Lake Lower Dam	12/2015	-	-	-

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.

County Debt Balances

The following shows the County's current debt outstanding as of September 30, 2019 along with ending debt balances for future years:

	Current	End of 2019				2023-	2028-	2033-
Bonds	Balance	Balance	2020	2021	2022	2027	2032	2037
Pub Safety Bldg & Com Upgrade	4,325,000	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	-
Capital Leases								
Municipal Center Energy Project	1,003,899	781,028	539,915	279,884	-	-	-	-
Countryside Adult Home Energy Proj	73,920	66,761	37,616	7,630	-	-	-	-
Total Outstanding	<u>41,637,819</u>	<u>40,712,789</u>	<u>37,687,531</u>	<u>34,587,515</u>	<u>31,435,000</u>	<u>20,390,000</u>	<u>8,520,000</u>	<u>-</u>

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