

WARREN COUNTY TREASURER

Michael R. Swan
County Treasurer

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To: All Supervisors
From: Michael R. Swan, Treasurer
Date: October 25, 2023
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 September 30, 2023 and have noted the following items Supervisors should be aware of.

General Fund Balance

The following shows the current balance of unappropriated surplus for the General Fund compared to the minimum balance needed to operate which equates to two months of operating expenses or 16.7%. We should not try and factor in any 2023 sales tax surplus until year end because amounts are not certain and they will be needed to offset any budget deficits including County Clerk Mortgage Taxes and Clerk Fees and Sheriff Jail Services.

Unappropriated Surplus as of 12/31/22	\$ 40.2 million
Additional Appropriation of Surplus in 2023	<u>(2.1) million</u>
Current Unappropriated Surplus - 2023	38.1 million
Minimum Surplus Balance Needed (2 months operating expenses)	<u>30.0 million</u>
Balance of Surplus Exceeding Minimum Balance	<u>\$ 8.1 million</u>

Revenues

County Clerk

County Clerk Fees – As of September 30, the department has received \$991,511 in County Clerk Fees in 2022 and \$800,939 in 2023 which is a decrease of 19%. It should be noted that the 2023 amount is at 59% of the budget for this account so the actual revenue received is significantly behind the budget.

Mortgage Tax – As of September 30, the department has received \$2,130,381 in Mortgage Tax in 2022 and \$1,608,264 in 2023 which is a decrease of 25%. It should be noted that the 2023 amount is at 68% of the budget for this account so the actual revenue received is behind the budget.

Automobile Use Tax – As of September 30, the department has received \$318,904 in Automobile Use Tax in 2022 and \$351,001 in 2023 which is an increase of 10%. It should be noted that the 2023 amount is through August and is at 74% of the budget for this account, so the final actual revenue amount received is on target to exceed the budget for the year.

County Treasurer

Sales Tax – It has been noted that we have collected \$1,537,120 more in sales taxes as of September 30, 2023 than we did through September 30, 2022 which is a 2.9% increase. We have received \$6,515,298 more than the 2023 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 \$3,453,108.**

Please note that we are currently looking at significant budget deficits for County Clerk Mortgage Tax and Clerk Fees and Sheriff Jail Services, Other Government so a portion of the Sales Tax budget surplus will be needed to offset these losses.

Interest & Earnings – As of September 30, the department has received \$153,277 in Interest & Earnings in 2022 and \$1,195,251 in 2023 which is an increase of 680%. It should be noted that the 2023 amount is at 352% of the budget for this account so the actual revenue received has already exceeded the budget.

Tourism

Occupancy Tax – The department has collected \$71,673 less in Occupancy Taxes as of September 30, 2023 than we did as of September 30, 2022 which is a 1% decrease.

Sheriff's Correction Division

Jail Services, Other Government – As of September 30, the department has received \$371,638 in Jail Services, Other Government in 2022 and \$56,859 in 2023 which is a decrease of 85%. It should be noted that the 2023 amount is at 14% of the budget for this account so the actual revenue received is significantly behind the budget.

Building & Fire Code

Building Permits – As of September 30, the department received \$197,235 in building permits in 2022 and \$231,429 in 2023 which is an increase of 17%. It should be noted that the 2023 amount is at 87% 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 \$1,223,648 in Home Nursing Charges in 2022 and \$812,251 in 2023 which is a decrease of 36%. It should be noted that the 2023 amount is through August and is at 21% of the budget for this account so that the actual revenue received is significantly 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. Many of these items have been over expended for months without any action taken to amend the budgets.

Each department is responsible for ensuring that their budgets including salary and fringe are not over expended and if they are, the issue should be addressed immediately. Legally, the County is not allowed to incur costs for goods or services without sufficient budget in the expenditure line item to cover these costs.

Overtime

The following shows the departments that already have issues with their overtime budget. All of the departments below have already used more than 70% of their budget with the Sheriff's Correction and Sheriff's Law Enforcement already exceeding the budget. This is concerning and needs to be immediately addressed.

This issue was first reported in the February, 2023 Budget Analysis Report and we have not noted any corrective action for the Sheriff's Correction, Sheriff's Law Enforcement and Sheriff's 911 Center. Social Services did increase the budget by \$50,000, but this isn't enough as they are still at 82% of the budget as of September 30, 2023.

<u>Department</u>	<u>Budget</u>	<u>Actual</u>	<u>% Used</u>
Sheriff's Correction	200,000	715,862	358%
Sheriff's Law Enforcement	257,500	423,310	164%
Sheriff's 911 Center	40,500	45,410	112%
Airport	15,000	20,310	135%
Social Services	99,222	81,291	82%

Occupancy Tax Reserve

We have historically waited until after year end to close the revenues and expenditures to the Occupancy Tax Reserve. We have decided to start closing on a monthly basis this year to more easily provide up to date information of the reserve available balance. We created two sub accounts, Occupancy Tax Reserve – Minimum Balance and the Occupancy Tax Reserve – Encumbered in order to better track reserve activity. The Occupancy Tax Reserve balance is equivalent to the unappropriated surplus balance for the General Fund and represents what amount is currently available. The Occupancy Tax Reserve – Minimum balance represents the amount of reserve that we must keep on hand for cash flow. The Occupancy Tax Reserve – Encumbered balance represents the amount that has been obligated either through a contract or purchase order and is not available for other uses. A significant amount of the Occupancy Tax Reserve – Encumbered balance covers periods throughout the year. The following represents the balances at the end of each month for the three reserve accounts. Please note that the Board approved to increase the reserve minimum balance to \$1,500,000 during the July Board meeting.

<u>Date</u>	<u>Occupancy Tax Reserve</u>	<u>Occ Tax Reserve- Minimum Balance</u>	<u>Occ Tax Reserve- Encumbered</u>	<u>Total</u>
12/31/2022	5,235,115	1,000,000	295,940	6,531,055
1/31/2023	3,297,376	1,000,000	2,247,601	6,544,977
2/28/2023	3,195,170	1,000,000	2,203,803	6,398,973
3/31/2023	3,186,913	1,000,000	2,310,769	6,497,682
4/30/2023	1,404,577	1,000,000	3,957,577	6,362,154
5/31/2023	1,402,862	1,000,000	2,476,644	4,879,506
6/30/2023	1,350,382	1,000,000	2,608,069	4,958,451
7/31/2023	906,190	1,500,000	2,542,154	4,948,343
8/31/2023	743,919	1,500,000	2,059,526	4,303,445
9/30/2023	2,417,379	1,500,000	1,700,477	5,617,856

County Debt Balances

The following shows the County's current debt outstanding as of September, 2023 along with ending debt balances for future years:

	Current	End of 2023					2028-	2033-
Bonds	Balance	Balance	2024	2025	2026	2027	2032	2037
Pub Safety Bldg & Com Upgrade	-	-	-	-	-	-	-	-
Recovery Act Bonds, Various Proj	10,935,000	10,205,000	9,445,000	8,660,000	7,840,000	6,990,000	2,235,000	-
Court Expansion - 2015	5,510,000	5,510,000	5,120,000	4,720,000	4,305,000	3,880,000	1,565,000	-
Court Expansion - 2017	6,290,000	6,290,000	5,910,000	5,520,000	5,120,000	4,715,000	2,515,000	-
SUNY Adirondack NSTEM - 2017	4,260,000	4,260,000	4,000,000	3,735,000	3,465,000	3,190,000	1,700,000	-
Leased Commitments								
Voting Machines	159,095	159,095	121,688	82,703	42,140	-	-	-
Copiers/Printers - National Business	278,644	263,215	200,298	135,457	68,690	-	-	-
Copier - Toshiba	-	-	-	-	-	-	-	-
Office Space - Mental Health	7,798	-	-	-	-	-	-	-
Bond Anticipation Notes								
Paving, Retaining Wall & Countryside	6,320,000	6,320,000	3,720,000	2,480,000	1,240,000	-	-	-
Total Outstanding	33,760,537	33,007,310	28,516,986	25,333,160	22,080,830	18,775,000	8,015,000	-

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