

WARREN COUNTY TREASURER

Michael R. Swan
County Treasurer

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Deputy Treasurer

To: All Supervisors

From: Michael R. Swan, Treasurer

Date: May 19, 2017

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 April 30, 2017 and have noted certain items Supervisors should be aware of.

Revenues

County Clerk

County Clerk Fees – As of April 30, the department has received \$369,419 in County Clerk Fees in 2016 and \$376,577 in 2017 which is an increase of 1.9%. It should be noted that the 2017 amount is at 31% of the budget for this account so the actual revenue received is lagging slightly behind the budget.

Mortgage Tax – As of April 30, the department has received \$576,253 in Mortgage Tax in 2016 (minus \$463,377 for one-time overpayment) and \$468,239 in 2017 which is a decrease of 18.7%. It should be noted that the 2017 amount is at 30% of the budget for this account so the actual revenue received is lagging behind the budget.

Automobile Use Tax – As of April 30, the department has received \$112,489 in Automobile Use Tax in 2016 and \$111,481 in 2017 which is a decrease of 0.9%. It should be noted that the 2017 amount is through March and is at 23% of the budget for this account, so the actual revenue amount received is lagging behind the budget.

County Treasurer

Sales Tax – It has been noted that we have collected \$463,308 more in sales taxes through April, 2017 than we did through March, 2016 which is a 3.3% increase.

Siemens Settlement – We received the \$500,000 settlement money from Siemens on May 2, 2017.

Saratoga & North Creek Railway

We have not received the County's share of December, 2016, January, February, March and April, 2017 gross revenues from the railway which were due the 10th of the following month. The railway did provide the monthly revenue reports through February, 2017, but we have not received payment as of the date of this report.

This has been reported to the Acting County Administrator and the County Attorney so that corrective action could be taken. The County Attorney is currently working on collecting this money.

Tourism

Occupancy Tax – The department has collected \$31,828 more in occupancy taxes as of April 30, 2017 than we did as of April 30, 2016 which is a 12% increase.

Westmount Receivables

Medicaid – The County is currently owed \$552,683 in patient Medicaid claims. Since the nursing home was sold on December 31, 2015, we have collected \$131,733 in claims which were mostly received in 2016 through the assistance of a County employee who handled the re-billing while working extra hours. This employee was no longer interested in doing this and ended the arrangement at the end of 2016. Since then, attempts have been made to find someone to take over the billing without success. It is most likely that a substantial balance of the Medicaid receivable will not be able to be re-billed due to the age of the receivable. A decision is needed to try and find someone else to handle the re-billing or to write-off the outstanding balance.

Private Pay – The County is currently owed \$684,213 in private pay billing. Since the nursing home was sold on December 31, 2015, we have collected only \$15,510 in billings. The Board approved a settlement at the May Board meeting to accept a \$26,000 payment in full satisfaction of \$103,532 owed from one resident. A local attorney is currently handling the larger outstanding billings which total approximately \$230,000 which are still pending. No one is currently handling the collections on the balance owed. There has been discussion about hiring another local attorney to handle the collections for these amounts but nothing has been finalized yet.

Airport

Restaurant – In accordance to the FBO contract, a restaurant is required to be operated with minimum hours of 8:00 am to 3:00 pm, five days per week, Wednesday through Sunday from October 1st to April 30th, and with minimum hours of 8:00 am to 3:00 pm, seven days per week from May 1st to September 30th. The restaurant that is operating at the airport is currently open Tuesday through Thursday 5:00 pm to 9:00 pm and Friday and Saturday 5:00 pm to 10:00 pm which is not in compliance with the current contract.

Since the County receives a percentage of the gross restaurant revenue, the County is losing money during the minimum required hours that the restaurant is not in operation. The restaurant certainly has the right to exceed the minimum hours but must at least be open for the minimum hours required. The County needs to either enforce the existing contract or amend it regarding minimum hours of operation.

The Acting County Administrator has indicated that the FBO is willing to amend the existing contract regarding hours of operation. We have not been provided with a copy of an amended contract as of the date of this report.

Sheriff's Correction Division

Jail Services, Other Government – As of April 30, the department has received \$148,715 in Jail Services, Other Government in 2016 and \$38,527 in 2017 which is a decrease of 74%. It should be noted that the 2017 amount is through March and is 10% of the budget for this account, so the actual amount is lagging significantly behind the budget.

Lake George Watershed Conference

This issue was previously reported in prior 2013, 2014 and 2015 budget analysis reports and it has been reported that an application for payment has been submitted to the State. We have received \$30,000 in March and were notified that we should expect to receive \$50,000 during the second week in May (we have not received this payment as of the date of this report which was to be paid by the Town of Queensbury) and \$22,000 which was expected to be received in June (we have not received this payment as of the date of this report which was to be paid by the Town of Bolton).

We currently have an outstanding receivable from the Lake George Watershed Conference for \$102,500 dating back to 2007 relating to a Valley Woods Road Project. It is unclear whether or not we have a contract with the Lake George Watershed Conference for this project, but it is our understanding that they are to pay us when they receive State Aid reimbursement. If we do not collect on this receivable soon we will have to write it off and it will then have to be taken out of the County Road surplus.

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.

Building & Fire Code

Building Permits – As of April 30, the department received \$60,304 in building permits in 2016 and \$46,157 in 2017 which is a decrease of 23%. It should be noted that the 2017 amount is at 26% of the budget for this account so that actual revenue 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 had deficit balances in some of their appropriation codes as of April 30, 2017 which need to be addressed as soon as possible:

General Fund

Legislative Board
County Administrator
Forfeited Crime Proceeds – DA
Budget Officer
Civil Service
Human Resources
Health & Human Services Building
Information Technology
Traffic Safety Board
Stop DWI Program
WIC
Long Term Home Health Care
Emergency Medical Service
Mental Health Admin
Public Nursing Home
Social Services
Office for the Aging
Comm. Serv. Elderly – Warren - OFA
Home Energy Assist Program - OFA
Balancing Incentive Program – OFA
E.I.S.E.P. – Hamilton – OFA
Title VII Elder Abuse Prev – OFA
OFA HIICAP

County Road

Snow Removal – County
Services to Other Govts

Contract Retainage

Retainage is a form of security for proper completion of the work under construction contracts. Under General Municipal Law section 106-b(1) a local government may retain not more than five percent of each progress payment to the contractor if the contractor is required to provide a performance bond and a labor and material bond in the full amount of the contract. In all other cases, the local government may retain up to ten percent of each progress payment. The County's prior procedure was to properly withhold retainage on construction contracts until recent years when the current Superintendent of Public Works decided to no longer follow this procedure. The County's independent auditors issued a comment in the Management Letter that accompanied the 2015 audit report suggesting that the County review its policy and procedures surrounding the withholding of retainage on construction contracts. The State Comptroller's Office noted that contract retainage should be implemented. It should be noted that most local governments are currently following the practice of contract retainage.

For reasons noted above, the County should reinstate the past procedure of contract retainage and amend the Purchasing Policy to require retainage on construction contracts.

The Purchasing Agent had indicated that this will be handled at the end of March, 2017, but this was tabled because the Superintendent of Public Works was unable to attend the committee meeting. DPW and the Treasurer's Office will be meeting in the future to further discuss and come to an agreement and then request a change to the purchasing policy at a future committee meeting.

County Debt Balances

The following shows the County's current debt outstanding as of April, 2017 along with ending debt balances for future years:

	Current	End of 2017				2021-	2026-	2031-
	Balance	Balance	2018	2019	2020	2025	2030	2035
Bonds								
Pub Safety Bldg & Com Upgrade	7,695,000	6,555,000	5,430,000	4,325,000	3,240,000	-	-	-
Recovery Act Bonds, Various Proj	17,575,000	16,935,000	16,265,000	15,570,000	14,845,000	10,615,000	5,235,000	-
Court Expansion	7,665,000	7,665,000	7,325,000	6,980,000	6,625,000	4,720,000	2,535,000	-
Capital Leases								
Westmount Co-Generation Plant	95,409	-	-	-	-	-	-	-
Municipal Center Energy Project	1,397,703	1,209,177	1,003,899	781,029	539,915	-	-	-
Countryside Adult Home Energy Proj	134,928	122,233	95,092	66,762	37,616	-	-	-
Bond Anticipation Notes								
SUNY Adirondack NSTEM	3,278,000	-	-	-	-	-	-	-
Alder Brook Brdg over Trout Brdg	30,168	-	-	-	-	-	-	-
Harrington Road Bridge	11,957	-	-	-	-	-	-	-
Beach Road Bridge	119,986	-	-	-	-	-	-	-
2011 Storm Damage	220,000	-	-	-	-	-	-	-
West Brook Parking Lot	30,600	-	-	-	-	-	-	-
Total Outstanding	38,253,751	32,486,410	30,118,991	27,722,790	25,287,531	15,335,000	7,770,000	-

Please note that an estimated additional \$8.5 million will be issued for the Court Expansion project in bonds and the SUNY Adirondack NSTEM BAN will be rolled into a \$5.8 million bond in 2017. We expect to issue the bonds by the beginning of June, 2017.

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