

**WARREN COUNTY TREASURER**

**Christine V. Norton**  
County Treasurer

**Robert V. Lynch II, CPA**  
Deputy Treasurer

To: All Supervisors  
From: Christine V. Norton, Treasurer  
Date: October 2, 2024  
Subject: August, 2024 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 August 31, 2024 and have noted the following items Supervisors should be aware of.

**General Fund Balance**

The following shows the balance of unappropriated surplus for the General Fund as of the date of this report compared to the minimum balance needed to operate which equates to two months of operating expenses or 16.7%.

Fund Balance Surplus - 2023	\$ 42.2 million
Appropriated For 2024 Budget	<u>(1.9) million</u>
Unappropriated Surplus - 2023	40.3 million
Additional Appropriated During 2024	<u>(6.3) million*</u>
Balance Unappropriated Surplus	\$ 34.0 million
Minimum Surplus Balance Needed (2 months operating expense) - 2024	<u>32.5 million</u>
Balance of Surplus Exceeding Minimum Balance	<u><u>1.5 million</u></u>

*We have concerns about maintaining the minimum fund balance without difficult decisions on future spending. The CSEA contract settlement is expected to require a significant amount of fund balance use along with other costs that may arise during the year.*

\* - The details of the Additional Appropriated Surplus – 2024 are as follows:

Date	Resolution Number	Description	Amount
2/20/2024	67	Sheriff - SPCA Agreement not included in 2024 Budget	\$ 96,000.00
2/20/2024	69	Mental Health - Psychiatric Exp/Criminal	250,000.00
2/20/2024	70	County Clerk/Public Health - Legal Settlement	16,316.00
2/20/2024	71	DPW - Local Match for Federal/State Funded County Road Capital Projects	1,597,500.00
2/20/2024	74	Sheriff - NYS Mandated substance abuse services for incarcerated persons	117,032.75
3/18/2024	101	DPW - Equipment purchases	1,048,000.00
3/18/2024	102	DPW - Road Projects	1,348,000.00
3/18/2024	102	DPW - Local Match for Federal/State Funded Airport Capital Projects	230,000.00
3/18/2024	102	DPW - Airport road to bus garage	160,000.00
4/25/2024	154	DSS - Legal Settlement	250,000.00
5/16/2024	181	Workforce Development - County funding for department programs	100,000.00
6/21/2024	210	Mental Health - Psychiatric Exp/Criminal	300,000.00
6/21/2024	210	Railroad Repairs	326,000.00
9/20/2024	321	Mental Health - Psychiatric Exp/Criminal	500,000.00
			\$ 6,338,848.75

## Revenues

### American Rescue Plan Act (ARPA)

During 2021 and 2022, the County received a total of \$12,420,372 in ARPA funding to be used for various purposes in response to the COVID pandemic. As noted in the US Treasury Final Rule, funds must be obligated by December 31, 2024, and expended by December 31, 2026. In order for the obligation requirement to be met, a contract must be in place for services and subawards and purchase orders must be recorded for services, subawards and property by December 31, 2024. This requirement also applies to any funds that are reallocated for use by the County for providing government services.

The following is an accounting of the amount of ARPA funds expended and obligated as of 8/31/24 and the unobligated balance remaining. *A significant amount of ARPA funding remains unobligated as of 8/31/24. Any unobligated funds as of 12/31/24 must be returned to the US Treasury. This concern was reported in the March 31, 2024 and June 30, 2024 Budget Analysis Reports.*

ARPA Funding Received	\$ 12,420,372
Expended to Date	(10,235,795)
Encumbered to Date	(1,175,240)
Unobligated Balance	\$ 1,009,337

## **County Clerk**

**County Clerk Fees** – As of August 31, the department has received \$728,922 in County Clerk Fees in 2024 and \$715,039 in 2023 which is an increase of 1.9%. August actual revenues are 9% behind expected budgeted amounts.

**Mortgage Tax** – As of August 31, the department has received \$1,119,038 in Mortgage Tax in 2024 and \$1,466,122 in 2023 which is a decrease of 24%. August actual revenues are 1% behind expected budgeted amounts

The County clerk had previously noted that there has been a significant drop in the number of mortgages in 2024 compared to 2023.

**Automobile Use Tax** – As of August 31, the department has received \$287,173 in Automobile Use Tax in 2024 and \$304,750 in 2023 which is a decrease of 6%. The 2024 actual revenue amount is through July and is on target with expected budgeted amounts.

## **County Treasurer**

**Sales Tax** – We have collected \$1,851,731 more in sales taxes through August 31, 2024 than we did through August 31, 2023 which is a 3.9% increase. We have received \$4,127,709 more than the 2024 revenue budget to date which is an 9.2% increase.

**The net County budget surplus after accounting for the distribution to the Towns and Village is \$2,187,686.**

## **Tourism**

**Occupancy Tax** – As of August 31, the department has received \$2,768,676 in Occupancy Tax revenue in 2024 and \$2,503,432 in 2023 which is an increase of \$265,244 or 10.6%.

## **Sheriff's Correction Division**

**Jail Services, Other Government** – As of August 31, the department has received \$127,561 in Jail Services, Other Government in 2024 and \$54,226 in 2023 which is an increase of 135%. August actual revenues are 129% ahead of expected budgeted amounts.

The Sheriff's Office has noted that there has been a significant increase in federal boarded incarcerated individuals. The County has no control over the number of federal inmates that are boarded at the County.

## **Building & Fire Code**

**Building Permits** – As of August 31, the department received \$167,145 in building permits in 2024 and \$192,472 in 2023 which is a decrease of 13%. August actual revenues are 6% behind expected budgeted amounts.

It has been noted that there were several large projects in January and February, 2023 which we didn't have this year. Another factor contributing to the revenue decline is that the department is behind on building code inspections and has not been able to conduct fire safety inspections this year due to staffing issues.

## Expenditures

### 2022 BAN Proceeds

On May 24, 2022, the County issued \$7.9 million in bond anticipation notes (BANs) at 3% interest to fund three capital projects. The following shows the amount issued, spent and the remaining balance for each project as of August 31, 2024. As noted below, DPW has spent \$4.7 million of this funding.

We are required to spend at least 85% of the bond proceeds within 3 years of the issuance date. We issued the 2022 BAN on May 24, 2022 so we have until May 24, 2025 to spend 85% of these proceeds. As noted below we have spent 60%. ***The DPW Superintendent has indicated that he expects to spend 85% of the BAN proceeds by the May 24, 2025 deadline.***

Project	Amount Issued	Amount Spent	Balance Remaining
H415-2022 Bonded Road Projects	6,200,000	3,567,209	2,632,791
H401-Sagamore Retaining Wall	700,000	153,357	546,643
H406-Countryside 2021 Capital Imp	1,000,000	1,000,000	-
	<u>7,900,000</u>	<u>4,720,566</u>	<u>3,179,434</u>

Percent Spent 60%

### Tourism: Occupancy Tax Reserve Available Balance – 3 Month Projected Cash Flow Analysis

In an effort to simplify past practices and to present the Occupancy Tax Reserve Balance as accurately as possible, the following ***Occupancy Tax Reserve Available Balance - 3 Month Projected Cash Flow Analysis*** is replacing our prior analysis.

The Tourism Department Head presented this analysis for the first time at the June 25, 2024 Tourism Committee meeting, emphasizing that her available reserve could change dramatically from month to month based on seasonality (revenue) and committed encumbrances and operating expenses (expenditures).

Please note the positive shift in projected Occ Tax Reserve Cash Flow from June 2024 to August 2024 below. This cash flow projection had been in a negative position at the beginning of the year and has turned positive due to significant Occupancy Tax receipts associated with our County's Tourism "high season". While we expect the Occ Tax Reserve Available Balance and related cash flow to continue to grow in the coming months, it is imperative that this analysis be fully considered prior to further Occ Tax spend.

The following analysis represents the ***Occupancy Tax Reserve Available Balance - 3 Month Projected Cash Flow Analysis*** as of month end, reduced by the minimum reserve balance required for cash flow purposes and adjusted for 3-months of projected revenues and expenditures.

	<u>6/30/2024</u>	<u>7/31/2024</u>	<u>8/31/2024</u>
Occupancy Tax Reserve	\$ 2,222,820	\$ 2,099,967	\$ 2,676,774
Reserve Minimum Balance	\$ (1,500,000)	\$ (1,500,000)	\$ (1,500,000)
Occupancy Tax Reserve - Available Balance	\$ 722,820	\$ 599,967	\$ 1,176,774
3 Month Revenue Projection	\$ 4,100,000	\$ 4,300,000	\$ 3,700,000
3 Month Expenditure Projection	\$ (3,423,974)	\$ (2,667,974)	\$ (1,831,788)
Projected Occupancy Tax Reserve - Available Balance	<u>\$ 1,398,846</u>	<u>\$ 2,231,993</u>	<u>\$ 3,044,986</u>

The Following **Tourism: Occupancy Tax Collection** report was presented by the Treasurer at the September 24, 2024 Tourism Committee meeting.

### ***Total Collections***

	<b>7/31/2024</b>	<b>8/31/2024</b>	<b>9/23/2024</b>
Total Revenue Collected through 2024	\$ 1,830,466	\$ 2,768,676	\$ 4,943,067
Total Revenue Collected through 2023	\$ 1,636,405	\$ 2,503,432	\$ 4,856,678
Increase/(Decrease) from 2023	<u>\$ 194,061</u>	<u>\$ 265,244</u>	<u>\$ 86,369</u>
Increase/(Decrease) from 2023	12%	11%	****2%****

### ***Short Term Rental Collections***

	<b>7/31/2024</b>	<b>8/31/2024</b>	<b>9/23/2024</b>
Total Revenue Collected through 2024	\$ 224,193	\$ 262,389	\$ 471,129
Total Revenue Collected through 2023	\$ 137,035	\$ 165,205	\$ 362,913
Increase/(Decrease) from 2023	<u>\$ 87,158</u>	<u>\$ 97,184</u>	<u>\$ 108,216</u>
Increase/(Decrease) from 2023	64%	59%	****30%****

**\*\*\*Timing of what days the weekend fell on from 2024 vs 2023 plays a roll into the smaller variances. A More accurate figure can be better shown at the end of September 2024\*\*\***

### **County Debt Balances**

The following shows the County's current debt outstanding as of August, 2024 along with ending debt balances for future years:

	Current	End of 2024					2029-
	Balance	Balance	2025	2026	2027	2028	2033
<b>Bonds</b>							
Recovery Act Bonds, Various Proj	10,205,000	9,445,000	8,660,000	7,840,000	6,990,000	6,110,000	1,140,000
Court Expansion - 2015	5,120,000	5,120,000	4,720,000	4,305,000	3,880,000	3,445,000	1,055,000
Court Expansion - 2017	5,910,000	5,910,000	5,520,000	5,120,000	4,715,000	4,295,000	2,040,000
SUNY Adirondack NSTEM - 2017	4,000,000	4,000,000	3,735,000	3,465,000	3,190,000	2,905,000	1,380,000
<b>Leased Commitments</b>							
Copiers/Printers - National Business	221,484	200,298	135,457	68,690	-	-	-
Copier - Toshiba	16,487	15,570	11,835	7,936	3,871	-	-
Office Space - Mental Health	44,225	33,345	-	-	-	-	-
<b>Bond Anticipation Notes</b>							
Paving, Retaining Wall & Countryside	4,320,000	-	-	-	-	-	-
DPW - Emergency Road Repair	4,100,000	-	-	-	-	-	-
<b>Total Outstanding</b>	<u>33,937,197</u>	<u>24,724,213</u>	<u>22,782,292</u>	<u>20,806,626</u>	<u>18,778,871</u>	<u>16,755,000</u>	<u>5,615,000</u>

The 2024 Bond Anticipation Notes are expected to be rolled into a Bond in November, 2024 with additional funding relating to culvert repairs in the amount of \$12 million and SUNY Adirondack high voltage electrical infrastructure replacement in the amount of \$1.4 million.

**Unpaid DOT Capital Project Claims**

The following is an aging report for DOT capital project unpaid claims as of August 31 of each year. As noted below, there are \$11,513,497 in unpaid claims that are more than 90 days old, of which \$2,148,300 are over a year old. DPW has been in communication with DOT concerning this issue which seems to relate to a new payment system that DOT is using to process payments. This has a significant impact on the County’s cash flow and needs to be resolved soon.

	Current	1-30 Days	31-60 Days	61-90 Days	90+ Days	Total
8/31/2022	\$ 1,123,480	\$ 384,982	\$ 685,274	\$ 289,092	\$ 121,894	\$ 2,604,722
8/31/2023	\$ 1,277,153	\$ 538,891	\$ 210,374	\$ 841,763	\$ 1,465,928	\$ 4,334,110
8/31/2024	\$ 1,472	\$ 75,017	\$ -	\$ -	\$ 11,513,497	\$ 11,589,986

**Budget Exception Report**

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. Some of these items have been over expended for a few 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.**

**Outstanding Issues to be Addressed by Respective Departments**

<u>Issue</u>	<u>Date First Reported</u>	<u>Number of Days Outstanding</u>
1. \$1.1 million in DPW waste containers are not being inventoried and properly controlled. The depreciated cost is \$568,000.	1/31/2024	239

**May 2024 Update: Treasurer Norton spoke to Kevin Hajos about the potential need for impairment of these assets. Kevin addressed that he has a team member focused on this and they are closing the gap. Kevin will provide a status update by end of summer**

**The department is still working on locating inventory items. As of the date of this report, they have located 72% of their assets.**

2. Overtime for Sheriff's Correction, Law Enforcement and 911 Center are projected to exceed the 2024 budget. Social Services and Countryside Adult Home have already exceeded the 2024 budget.	4/3/2024	176
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<u>Department</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>% Used</u>	<u>Projected Actual</u>	<u>Projected Budget Deficit</u>
Sheriff's Correction Division	750,000	658,037	88%	987,056	(237,056)
Sheriff's Law Enforcement	425,000	391,763	92%	587,645	(162,645)
Social Services	49,222	59,575	121%	89,363	(40,141)
Countryside Adult Home	26,000	36,998	142%	55,497	(29,497)
Sheriff's 911 Center	60,000	47,346	79%	71,019	(11,019)
					<u>(480,357)</u>

3. Over expended department line items.

Legal Defense-Indigents - Retiree Hospitalization - \$3,303.92	5/10/2024	139
Legal Defense-Indigents - Hurrell-Harring - Salaries-Overtime - \$192.47	7/2/2024	90
Public Defender - Health Ins Cost Reimb - \$458.44	5/29/2024	124
Public Defender-Upstate Quality Imp - Salaries-Overtime - \$7.67	5/29/2024	124
Real Property Tax Service - Retirees Hospitalization - \$4,323.50	7/31/2024	61
County Attorney - Salaries-Overtime - \$35.38	5/29/2024	124
Public Records - Salaries-Overtime - \$8.09	7/31/2024	61
School Resource Officers-Wsburg School Dist - Hospitalization - \$6,351.76	7/2/2024	90
School Resource Officers-Wsburg School Dist - Retirement - \$5,178.25	7/31/2024	61
School Resource Officers-Wsburg School Dist - Dental Insurance - \$66.86	7/31/2024	61

4. VLT/Tribal Compact Moneys (Casino) - We have not received payments for 2022, 2023 and 2024 to date. The County Treasurer is looking into this.	1/31/2024	239
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Again, we invite comments from Supervisors and department heads to expand this into a more useful management tool in these critical financial times.