

WARREN COUNTY TREASURER

Michael R. Swan
County Treasurer

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Deputy Treasurer

To: All Supervisors
From: Michael R. Swan, Treasurer
Date: January 24, 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 December 31, 2022 on a preliminary basis. Please note that we have not closed the year as of this date and there will be significant additional revenues and expenditures posted until we officially close the books over the next few months. We will provide final 2022 numbers near the end of April, 2023. We 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%.

Unappropriated Surplus as of 12/31/21	\$ 36.0 million
Additional Appropriation of Surplus in 2022	<u>(4.7) million</u>
Current Unappropriated Surplus - 2022	31.3 million
Minimum Surplus Balance Needed (2 months operating expenses)	<u>28.2 million</u>
Balance of Surplus Exceeding Minimum Balance	<u>\$ 3.1 million</u>

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 December 31, 2022 on a preliminary basis and the balance available.

Balance Remaining as of 1/1/22	6,190,459
2021 Expenditures Approved in 2022	(122,335)
2022 Expenditures	(1,877,390)
2022 Obligations	(3,131,185)
2nd Installment - June 2022	6,210,186
Budgeted but not expended/obligated	<u>(5,515,416)</u>
Balance Available as of 12/31/22 (Preliminary)	<u>1,754,319</u>

County Clerk

County Clerk Fees – As of December 31, the department has received \$1,468,764 in County Clerk Fees in 2021 and \$1,276,700 in 2022 which is a decrease of 13%. It should be noted that the 2022 amount is at 87% of the budget for this account so the actual revenue received is behind the budget.

Mortgage Tax – As of December 31, the department has received \$3,080,296 in Mortgage Tax in 2021 and \$2,969,125 in 2022 which is a decrease of 4%. It should be noted that the 2022 amount is at 132% of the budget for this account so the actual revenue received has exceeded the budget.

Automobile Use Tax – As of December 31, the department has received \$488,999 in Automobile Use Tax in 2021 and \$429,520 in 2022 which is a decrease of 12%. It should be noted that the 2022 amount is through November and is at 86% of the budget for this account, so the actual revenue amount received is behind the budget for the year.

Public Defender

State Aid Claims – The Public Defender department has a State aid revenue budget of \$1,250,465 for 2022 and has only submitted claims for 2022 in the amount of \$142,504 which is only 11% of the revenue budget. It is important that State Aid claims be submitted on a quarterly basis for cash flow and financial reporting purposes. **This has been an issue for the last several years.**

County Treasurer

Interest & Earnings – As of December 31, the department has received \$35,576 in Interest & Earnings in 2021 and \$290,196 in 2022 which is an increase of 716%. It should be noted that the 2022 amount is through November and is at 967% of the budget for this account so the actual revenue received has exceeded the budget.

Sales Tax – It has been noted that we have collected \$5,486,557 more in sales taxes through December 31, 2022 than we did through December 31, 2021 which is an 8.4% 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 \$13,843,099 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 \$7.3 million.**

Tourism

Occupancy Tax – The department has collected \$677,491 more in occupancy taxes as of December 31, 2022 than we did as of December 31, 2021 which is an 10% increase. These amounts represent collections for each year through January 18. We have not finalized 2022 figures yet and expect to receive payments for 2022 through March 31, 2023.

Sheriff's Correction Division

Jail Services, Other Government – As of December 31, the department has received \$478,092 in Jail Services, Other Government in 2021 and \$431,919 in 2022 which is a decrease of 10%. It should be noted that the 2022 amount is at 108% of the budget for this account so the actual revenue received has exceeded the budget.

Building & Fire Code

Building Permits – As of December 31, the department received \$253,230 in building permits in 2021 and 302,987 in 2022 which is an increase of 20%. It should be noted that the 2022 amount is at 141% of the budget for this account so that actual revenue received has exceeded the budget.

Health Services

Home Nursing Charges – As of December 31, the department has received \$2,457,880 in Home Nursing Charges in 2021 and \$1,634,294 in 2022 which is a decrease of 34%. It should be noted that the 2022 amount is through November and is at 40% of the budget for this account so that actual revenue received is significantly behind the budget. The 2022 budget for this account is \$4.1 million and the 2023 budget was reduced to \$3.8 million. The revenue and related expenditure budgets need to be looked at more closely by the department and reduced in future budgets to more realistic amounts so that revenue and expenditure budgets are not significantly overstated.

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.**

Each department is responsible for ensuring that their budgets are not over expended and if they are, the issue should be addressed immediately. There are numerous cases where a departmental budget line has remained over expended for several months.

As of the date of this report, the total amount of over expended accounts in the General Fund is \$1,259,417. There will be some year-end transfers between departments for employee benefit accounts which will decrease some of the total deficit, but a significant amount will remain. The following are the top three General Fund departments with the largest amount of over expended accounts in 2022:

	<u>Total Amount Over Expended</u>
Sheriff's Correction Division	432,714
Sheriff's Law Enforcement	337,167
Public Defender	<u>248,101</u>
	<u>1,017,982</u>
Percent of Total Over Expended	81%

Community College – Tuition

This issue was first reported in the October, 2021 Budget Analysis Report and we were told that the College was going to look into this and report back, but our office never received any such report.

This expenditure code represents charges made by other NYS community colleges for Warren County resident students that attend their community college instead of attending SUNY Adirondack. Below are the tuition costs charged to Warren County over a five-year period. As noted there have been significant increases in 2020 and 2021. A determination should be made as to the cause of this significant increase in light of the fact that the 2016 NSTEM project funded by Warren and Washington Counties was supposed to reduce the number of Warren County resident students that go to colleges outside of the county. Warren County invested \$5.7 million into the NSTEM project.

2017	314,673
2018	318,414
2019	385,979
2020	493,417
2021	571,097

County Debt Balances

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

	Current	End of 2022				2026-	2031-	2036-
	Balance	Balance	2023	2024	2025	2030	2035	2037
Bonds								
Pub Safety Bldg & Com Upgrade	1,085,000	1,085,000	-	-	-	-	-	-
Recovery Act Bonds, Various Proj	10,935,000	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	-
Capital Leases								
Municipal Center Energy Project	-	-	-	-	-	-	-	-
Countryside Adult Home Energy Proj	-	-	-	-	-	-	-	-
Bond Anticipation Notes								
Paving, Retaining Wall & Countryside	7,900,000	7,900,000	6,320,000	4,740,000	3,160,000	-	-	-
Total Outstanding	36,990,000	36,990,000	32,585,000	29,215,000	25,795,000	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.