

WARREN COUNTY TREASURER

Michael R. Swan
County Treasurer

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Deputy Treasurer

To: All Supervisors
From: Michael R. Swan, Treasurer
Date: July 21, 2015
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 June 30, 2015 and have noted the following items Supervisors should be aware of:

2015 Revenues

County Clerk

County Clerk Fees – As of June 30, the department has received \$464,921 in County Clerk Fees in 2014 and \$465,333 in 2015 which is an increase of 0.09%. It should be noted that the 2015 amount is through May and is at 39% of the budget for this account, so the actual revenue amount received is lagging behind the budget.

Mortgage Tax – As of June 30, the department has received \$543,843 in Mortgage Tax in 2014 and \$560,536 in 2015 which is an increase of 3.1%. It should be noted that the 2015 amount is through May and is at 40% of the budget for this account, so the actual revenue amount received is lagging behind the budget.

Automobile Use Tax – As of June 30, the department has received \$197,174 in Automobile Use Tax in 2014 and \$199,571 in 2015 which is an increase of 1.2%. It should be noted that the 2015 amount is through May and is at 43% of the budget for this account, so the actual revenue amount received is on target with the budget.

Sheriff's Correction Division

Jail Services, Other Government – As of June 30, the department has received \$249,996 in Jail Services, Other Government in 2014 and \$213,032 in 2015 which is a decrease of 15%. It should be noted that the 2015 amount is through May and is at 36% 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 \$205,003 more in sales taxes through June, 2015 than we did through June, 2014 which is a 0.9% increase. In order to meet the 2015 budget, sales tax revenues will need to increase by 2.5%.

Tourism

Occupancy Tax – The department has collected \$100,162 more in occupancy taxes as of June 30, 2015 than we did as of June 30, 2014 which is a 14.4% increase.

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 not received any funding to date from the Lake George Watershed Conference.

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.

Invasive Species Boat Washing

This issue was previously reported in a prior 2015 budget analysis report. We have not received any claims to review and sign and we have not received any State funding for these expenditures incurred in 2014.

The Invasive Species Boat Washing capital project was approved in January of 2014 and as of June, 2014; the County has incurred \$362,731 in expenditures. We are not aware of any claims have been filed with the State for reimbursement and it has been our understanding that this is because we do not even have a contract yet with the State. The same individual who administered the funding for the Valley Woods Road Project with the Lake George Watershed Conference is also administering the State grant for the Invasive Species Boat Washing which has caused us great concern that we will not have timely filing of documents and State Aid claims.

2015 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. Please note that Westmount's budget was amended in May, 2015 which will clear up most of the overspent items reported in this report.

Insurance Reserve/Surplus

Resolution number 594 of 2011 authorized the creation of an insurance reserve in the amount of \$550,000 to offset potential costs if the County decides to terminate coverage with BSNENY and Resolution number 624 of 2014 increased the reserve to \$1,000,000. The reserve is funded by a factor added to the monthly health insurance cost charged to each County department and employee. The County's health insurance advisor determined the amount of monthly health insurance that is charged. A surplus is created when more funding is collected for the County and employee portions of health insurance than what is needed to pay health insurance administrative costs and claims.

As noted below, the authorized reserve of \$1,000,000 was fully funded at the end of 2014 and we have a surplus amount of \$3.2 million as of June 30, 2015. We had recommended in prior budget analysis reports that due to the significant continued growth of the surplus, the County's health insurance advisor should perform a review of the calculated monthly health insurance cost that is charged in order to limit the amount of insurance surplus that is generated. This will help reduce the costs that the County and its employees will have to pay for future health insurance.

We have received word that in order to control the growth of the reserve, the health insurance advisor has now recommended that the County hold the insurance cost increase to 4% for each of the next three years. This should be monitored each year to determine if any adjustments are needed.

	<u>Reserve</u>	<u>Surplus</u>	<u>Total</u>
12/31/2012	550,000	74,487	624,487
12/31/2013	550,000	1,053,283	1,603,283
12/31/2014	1,000,000	2,625,719	3,625,719
6/30/2015	1,000,000	3,271,092	4,271,092

County Debt

The following shows the County's current debt outstanding as of June 30, 2015 along with ending debt balances for future years:

	Current	End of 2015					2020-	2025-	2030-
	Balance	Balance	2016	2017	2018	2019	2024	2029	2034
Bonds									
Pub Safety Bldg & Com Upgrade	10,025,000	8,860,000	7,695,000	6,555,000	5,430,000	4,325,000	-	-	-
Recovery Act Bonds, Various Proj	18,785,000	18,190,000	17,575,000	16,935,000	16,265,000	15,570,000	11,545,000	6,405,000	-
Airport Hangar	-	-	-	-	-	-	-	-	-
Capital Leases									
Westmount Co-Generation Plant	764,301	587,123	221,019	-	-	-	-	-	-
Municipal Center Energy Project	1,730,060	1,570,826	1,397,703	1,209,177	1,003,899	781,029	-	-	-
Countryside Adult Home Energy Pr	183,265	165,663	141,209	115,818	88,084	59,553	-	-	-
Bond Anticipation Notes									
Abatement & Demolition #1	-	-	-	-	-	-	-	-	-
Abatement & Demolition #2	29,207	-	-	-	-	-	-	-	-
Alder Brook Brdg over Trout Brdg	90,504	60,336	30,168	-	-	-	-	-	-
Harrington Road Bridge	35,869	23,913	11,957	-	-	-	-	-	-
Beach Road Bridge	359,958	239,972	119,986	-	-	-	-	-	-
2011 Storm Damage	660,000	440,000	220,000	-	-	-	-	-	-
West Brook Parking Lot	91,800	61,200	30,600	-	-	-	-	-	-
Total Outstanding	33,209,603	30,199,033	27,442,642	24,814,995	22,786,983	20,735,581	11,545,000	6,405,000	-

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