

WARREN COUNTY TREASURER

Christine V. Norton
County Treasurer

Robert V. Lynch II, CPA
Deputy Treasurer

To: All Supervisors
From: Christine V. Norton, Treasurer
Date: July 31, 2024
Subject: June, 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 June 30, 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	\$ 42.3 million
Appropriated For 2024 Budget	<u>(1.9) million</u>
Unappropriated Surplus - 2023	40.4 million
Additional Appropriated During 2024	<u>(5.8) million*</u>
Balance Unappropriated Surplus	\$ 34.6 million
Minimum Surplus Balance Needed (2 months operating expense) - 2024	<u>32.5 million</u>
Balance of Surplus Exceeding Minimum Balance	<u><u>2.1 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
			\$ 5,838,848.75

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 3/31/24 and 6/30/24 and the unobligated balance remaining. ***A significant amount of ARPA funding remains unobligated as of 6/30/24. Any unobligated funds as of 12/31/24 must be returned to the US Treasury.***

	3/31/2024	6/30/2024
ARPA Funding Received	\$ 12,420,372	\$ 12,420,372
Expended to Date	(9,730,167)	(9,969,145)
Encumbered to Date	(1,069,842)	(976,145)
Unobligated Balance*	\$ 1,620,363	\$ 1,475,082

* - The details of the Unobligated balance as of March 31, 2024 and June 30, 2024 are as follows:

Project Name	3/31/2024		6/30/2024	
	Unobligated Amount		Unobligated Amount	
Warren County Community Services Board (Mental Health)	\$	444,448	\$	333,162
Warren County Administrative Costs		269,424		264,245
WC Employment and Training Admin-Trades Position		175,058		155,961
Employment Training - Summer Allocation		114,948		109,453
Mental Health - Wait House		111,287		111,287
Bikeway Connection Study		100,000		100,000
Multi-Department Technology Upgrades		86,433		86,433
JLABS Childcare		75,000		75,000
WC OES Marine Rescue Team		74,994		74,783
WC Employment and Training Administration-Supplement		69,191		65,576
National Council for Mental Wellbeing		35,000		35,000
WC Employment and Training Job Coach		30,000		30,000
Habitat for Humanity		17,157		17,157
Joseph Warren Historical Center		15,781		15,781
Pandemic Response Equipment		1,234		1,234
Technology Access for out of work residents		409		10
	\$	<u>1,620,363</u>	\$	<u>1,475,082</u>

County Clerk

County Clerk Fees – As of June 30, the department has received \$522,124 in County Clerk Fees in 2024 and \$522,699 in 2023 which is a decrease of 0.1%. June actual revenues are 9% behind expected budgeted amounts.

Mortgage Tax – As of June 30, the department has received \$788,571 in Mortgage Tax in 2024 and \$1,034,187 in 2023 which is a decrease of 24%. June actual revenues are 12% 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 June 30, the department has received \$189,212 in Automobile Use Tax in 2024 and \$217,052 in 2023 which is a decrease of 13%. The 2024 actual revenue amount is through May and is 2% behind expected budgeted amounts.

County Treasurer

Sales Tax – We have collected \$1,474,605 more in sales taxes through June 30, 2024 than we did through June 30, 2023 which is a 4.6% increase. We have received \$2,904,433 more than the 2024 revenue budget to date which is a 9.4% increase.

The net County budget surplus after accounting for the distribution to the Towns and Village is \$1,539,349.

Tourism

Occupancy Tax – As of June 30, the department has received \$1,250,169 in Occupancy Tax revenue in 2024 and \$1,149,511 in 2023 which is an increase of \$100,658 or 8.8%.

Sheriff’s Correction Division

Jail Services, Other Government – As of June 30, the department has received \$92,546 in Jail Services, Other Government in 2024 and \$44,395 in 2023 which is an increase of 108%. June actual revenues are 92% 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 June 30, the department received \$118,745 in building permits in 2024 and \$135,421 in 2023 which is a decrease of 12%. June actual revenues are 7% 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.

Expenditures

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 April 2024 to June 2024 below. This cash flow projection has been in a negative position since the beginning of the year and is now turning 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>4/30/2024</u>	<u>5/31/2024</u>	<u>6/30/2024</u>
Occupancy Tax Reserve	\$ 3,754,766	\$ 2,044,697	\$ 2,222,820
Reserve Minimum Balance	\$ (1,500,000)	\$ (1,500,000)	\$ (1,500,000)
Occupancy Tax Reserve - Available Balance	\$ 2,254,766	\$ 544,697	\$ 722,820
3 Month Revenue Projection	\$ 1,100,000	\$ 1,850,000	\$ 4,100,000
3 Month Expenditure Projection	\$ (3,636,111)	\$ (2,212,519)	\$ (3,423,974)
Projected Occupancy Tax Reserve - Available Balance	\$ (281,345)	\$ 182,178	\$ 1,398,846

The Following **Tourism: Occupancy Tax Collection** report was presented by the Treasurer at the July 23, 2024 Tourism Committee meeting.

Total Collections

	5/31/2024	6/30/2024	7/18/2024
Total Revenue Collected through 2024	\$733,861.69	\$1,250,166.26	\$1,591,536.80
Total Revenue Collected through 2023	\$706,392.52	\$1,150,911.14	\$1,422,715.00
Increase/(Decrease) from 2023	\$27,469.17	\$99,255.12	\$168,821.80
Increase/(Decrease) from 2023	3.89%	8.62%	11.87%

Short Term Rental Collections

	5/31/2024	6/30/2024	7/18/2024
Total Revenue Collected through 2024	\$131,686.85	\$180,980.09	\$212,285.57
Total Revenue Collected through 2023	\$83,475.87	\$103,615.69	\$114,216.78
Increase/(Decrease) from 2023	\$48,210.98	\$77,364.40	\$98,068.79
Increase/(Decrease) from 2023	57.75%	74.66%	85.86%

County Debt Balances

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

Bonds	Current	End of 2024	2029-				
	Balance	Balance	2025	2026	2027	2028	2033
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
Leased Commitments							
Copiers/Printers - National Business	231,997	200,298	135,457	68,690	-	-	-
Copier - Toshiba	17,085	15,570	11,835	7,936	3,871	-	-
Office Space - Mental Health	49,653	33,345	-	-	-	-	-
Bond Anticipation Notes							
Paving, Retaining Wall & Countryside	4,320,000	-	-	-	-	-	-
DPW - Emergency Road Repair	4,100,000	-	-	-	-	-	-
Total Outstanding	33,953,735	24,724,213	22,782,292	20,806,626	18,778,871	16,755,000	5,615,000

The 2024 Bond Anticipation Notes are expected to be rolled into a Bond in November, 2024 with additional funding relating to culvert repairs.

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.	1/31/2024	178

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

2. Overtime for Sheriff's Correction and Law Enforcement, Countryside Adult Home and Social Services are projected to exceed the 2024 budget.	4/3/2024	115
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<u>Department</u>	<u>Budget</u>	<u>Actual</u>	<u>% Used</u>	<u>Projected Actual</u>	<u>Projected Budget Deficit</u>
Sheriff's Correction Division	400,000	507,546	127%	1,015,092	(615,092)
Social Services	49,222	48,783	99%	97,566	(48,344)
Countryside Adult Home	26,000	25,771	99%	51,542	(25,542)
Sheriff's Law Enforcement	425,000	313,534	74%	627,068	(202,068)
Sheriff's 911 Center	60,000	36,900	62%	73,800	(13,800)
					<u>(904,846)</u>

Please note that the Sheriff has submitted a request to the Finance Committee to transfer \$350,000 from the Sheriff's Correction's salary budget into the Sheriff's Correction overtime budget. This amount is not enough to cover the projected budget deficit for the year.

3. Over expended department line items.

Legal Defense-Indigents - Retiree Hospitalization - \$7,727.94	5/10/2024	78
Public Defender - Health Ins Cost Reimb - \$352.16	5/29/2024	63
Public Defender-Upstate Quality Imp - Salaries-Overtime - \$7.67	5/29/2024	63
County Attorney - Salaries-Overtime - \$35.38	5/29/2024	63
Sheriff's 911 Center - Health Ins Cost Reimb - \$186.15	1/31/2024	178
Sheriff's Law Enforcement - Health Ins Cost Reimb - \$129.97	4/3/2024	115
School Resource Officers-Qsbury School Dist - Salaries-OT- \$3,470.73	1/31/2024	178
Probation - Salaries-Overtime - \$64.96	1/31/2024	178

Please note that the Sheriff has submitted a request to the Finance Committee to transfer \$3,470.73 from the Sheriff's School Resource Officer-Queensbury part time salary budget into the Sheriff's School Resource Officer-Queensbury overtime budget.

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	178
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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.