

# WARREN COUNTY TREASURER

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County Treasurer

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To: All Supervisors

From: Michael R. Swan, Treasurer

Date: December 18, 2020

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 November 30, 2020 and noted the following:

### **Revenues**

#### **County Clerk**

**County Clerk Fees** – As of November 30, the department has received \$1,114,932 in County Clerk Fees in 2019 and \$974,465 in 2020 which is a decrease of 13%. It should be noted that the 2020 amount is through October and is at 76% of the budget for this account so the actual revenue received is behind the budget which is attributable to State shutdown. The November figures were not available as of the date of this report.

**Mortgage Tax** – As of November 30, the department has received 1,386,065 in Mortgage Tax in 2019 and \$1,981,380 in 2020 which is an increase of 43%. It should be noted that the 2020 amount through October and is at 104% of the budget for this account so the actual revenue received has already exceeded the budget. This variance was caused by the State Legislature failing to authorize a portion of the County's mortgage recording tax which expired on December 1<sup>st</sup>, 2018. The State Legislature approved the additional mortgage tax in 2019 and it was imposed with an effective date of April 1, 2019. The November figures were not available as of the date of this report.

**Automobile Use Tax** – As of November 30, the department has received \$412,366 in Automobile Use Tax in 2019 and \$393,984 in 2020 which is a decrease of 4%. It should be noted that the 2020 amount is through October and is at 81% of the budget for this account, so the actual revenue amount received is slightly below the budget.

#### **County Treasurer**

**Sales Tax** – It has been noted that we have collected \$2,388,905 less in sales taxes through the second payment for November, 2020 than we did through the second payment for November, 2019 which is a 4.6% decrease which is related to the State shutdown. There will be one more payment for November on December 31, 2020. The County is \$1,166,693 below the revenue budget and \$548,346 below the Distribution of Sales Tax expenditure budget for a net budget loss of \$618,347.

**VL/Tribal Compact Moneys (Casino)** – We have not received our 4<sup>th</sup> quarter payment from the State as of the date of this report. We typically receive this payment in April. We have estimated the payment to be \$88,841. We have contacted the NYS Gaming Commission and they noted that they have not yet received the payment from the Mohawk Indians. We have also not received any payments for 2020 which is budgeted for \$420,000. It has been noted that the casino closed on March 17, 2020 and did not reopen until August 28, 2020 so there was no revenue to share for this time period.

**Interest & Earnings** – As of November 30, the department has received \$249,313 in Interest & Earnings in 2019 and \$133,769 in 2020 which is a decrease of 46%. It should be noted that the 2020 amount is through October and is at 67% of the budget for this account, so the actual revenue amount received is below the budget and is the result of a significant decline in interest rates during the pandemic.

## Tourism

**Occupancy Tax** – The department has collected \$610,543 less in occupancy taxes as of November 30, 2020 than we did as of November 30, 2019 which is a 14% decrease and is attributable to the State shutdown.

## Sheriff's Correction Division

**Jail Services, Other Government** – As of November 30, the department has received \$224,972 in Jail Services, Other Government in 2019 and \$242,034 in 2020 which is an increase of 8%. It should be noted that the 2020 amount is through October and is at 121% of the budget for this account, so the actual revenue amount received has already exceeded the budgeted amount of \$200,000.

## Building & Fire Code

**Building Permits** – As of November 30, the department received \$217,273 in building permits in 2019 and \$175,035 in 2020 which is a decrease of 19%. It should be noted that the 2020 amount is at 87% of the budget for this account so that actual revenue received is below the budgeted amount of \$202,000 which is attributable to the State shutdown.

## Health Services

**Home Nursing Charges** – As of November 30, the department has received \$3,016,837 in Home Nursing Charges in 2019 and \$2,588,672 in 2020 which is a decrease of 14%. It should be noted that the 2020 amount is through October and is at 62% of the budget for this account, so the actual revenue amount received is below 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. **Over expended budget line items are highlighted in red.**

**There are numerous departments that have over expended line items or line items that are projected to be over expended unless action is taken. During these critical financial times, these issues need to be addressed. A department should not allow any of its budgetary line items to be over expended and if it does happen then immediate action needs to be taken to address the issue at their next committee meeting. For year-end we do budget transfers between fringe benefit codes of different departments but this is for year-end over expenditures that were not able to be addressed by departments before the end of the year. During the year, these issues need to be addressed on a monthly basis. A reserve for employee benefit accrued liability (A 867.00) has been established to help fund payments of accrued sick leave upon retirement that cannot be absorbed by a department's current budget. There is currently \$65,000 available in this reserve.**

## Adirondack Community College – Culinary Arts Center Project

In 2017, the County and Adirondack Community College entered into an agreement whereby the County would advance \$1 million dollars to the college to provide funding to allow the project to be completed. ACC had received a funding commitment of \$1 million from Empire State Development to provide funding for the project which was to be used to repay the County for the advance. In accordance to the agreement, ACC is to reimburse the County once they receive this money from Empire State Development. It has been noted that the project had been completed in September, 2018 and all the paperwork had been submitted to Empire State Development for reimbursement. As of the date of this report, the college has not received any reimbursement of the \$1 million dollars from Empire State Development. We have concerns over whether or not this funding is still available or has been reduced which would force the County to find another funding source.

**Occupancy Tax Supplemental Spending Plan Distributions**

Approval was made at the December 14, 2020 Occupancy Tax Coordination Committee meeting to distribute 75% of the supplemental spending plan distribution that was not included in the 2021 budget for a total amount of \$303,750. We suggest that this wait until we have actual figures for 2020 which will not be known until March 31, 2021. There is too much uncertainty with how much revenue we will collect for 2020 and for 2021. We may experience another shut down which will severely impact occupancy tax collections. In addition, we should not be relying on short term rental collections since the County Attorney still needs to resolve our issues with Airbnb and until that is done, we do not expect to collect any significant amounts for short term rentals.

The following are distributions that were made to the Towns, Village and City in 2020 based on 2019 collections. We assume that all or most of this money is unspent and would be available to fund any 2021 events that are allowed to occur.

	2020		
	Final 2019	Initial 2019	Total
<b>Bolton</b>	191,473.47	30,000.00	<b>221,473.47</b>
<b>Chester</b>	10,251.25	30,000.00	<b>40,251.25</b>
<b>Hague</b>	8,095.71	30,000.00	<b>38,095.71</b>
<b>Horicon</b>	4,868.46	30,000.00	<b>34,868.46</b>
<b>Johnsburg</b>	18,523.18	30,000.00	<b>48,523.18</b>
<b>Lake George - Town</b>	201,449.17	30,000.00	<b>231,449.17</b>
<b>Lake George - Villlage</b>	189,066.42	30,000.00	<b>219,066.42</b>
<b>Lake Luzerne</b>	4,670.20	30,000.00	<b>34,670.20</b>
<b>Queensbury</b>	175,434.10	30,000.00	<b>205,434.10</b>
<b>Stony Creek</b>	2,420.93	30,000.00	<b>32,420.93</b>
<b>Thurman</b>	355.14	30,000.00	<b>30,355.14</b>
<b>Warrensburg</b>	1,265.14	30,000.00	<b>31,265.14</b>
<b>City of Glens Falls</b>	18,209.76	30,000.00	<b>48,209.76</b>
	<u>826,082.93</u>	<u>390,000.00</u>	<u><b>1,216,082.93</b></u>

**We strongly recommend that we wait until April, 2021 to look at whether or not it would be prudent to distribute any money for a supplemental spending plan distribution. At that point in time we will have final 2020 numbers and hopefully a better idea of the effect of the pandemic on 2021 occupancy tax.**

**Capital Projects**

Departments should be reviewing their capital projects to make sure that they are closed soon after completion of the project. The following are capital projects where there has not been any recent activity and a determination should be made by the responsible department whether or not the project should be closed. Responsible departments should also determine if any outstanding State/Federal receivables associated with their projects are collectable and if not, they will have to be written off and a funding source will have to be identified for the costs not reimbursed by State/Federal government. The following project has been approved for closure by the Board of Supervisors but before that can happen we need an accounting from the State for the \$125,000 deposit.

Department of Public Works	Date of	State/Federal		Deposit with
	Last Activity	Cash	Receivable	Other Govt
H219 - RR Track Restoration	5/2009	-	-	125,000

Notes:

1. H219 – RR Track Restoration – The Treasurer’s Office has made numerous requests to DPW over the years to obtain an accounting from the State for the \$125,000 deposit that was made to the State without any success. **The State is currently reconciling this deposit and there appears to be \$901 remaining of this deposit which wasn’t spent by the State. The State is still in the process of reviewing this.**

## County Debt Balances

The following shows the County's current debt outstanding as of November 30, 2020 along with ending debt balances for future years:

	Current	End of 2020				2024-	2029-	2034-
Bonds	Balance	Balance	2021	2022	2023	2028	2033	2038
Pub Safety Bldg & Com Upgrade	3,240,000	3,240,000	2,165,000	1,085,000	-	-	-	-
Recovery Act Bonds, Various Proj	13,070,000	12,305,000	11,630,000	10,935,000	10,205,000	6,110,000	1,140,000	-
Court Expansion - 2015	6,625,000	6,625,000	6,260,000	5,890,000	5,510,000	3,445,000	1,055,000	-
Court Expansion - 2017	7,390,000	7,390,000	7,030,000	6,665,000	6,290,000	4,295,000	2,040,000	-
SUNY Adirondack NSTEM - 2017	5,010,000	5,010,000	4,765,000	4,515,000	4,260,000	2,905,000	1,380,000	-
Capital Leases								
Municipal Center Energy Project	781,028	539,914	279,884	-	-	-	-	-
Countryside Adult Home Energy Proj	37,615	37,615	7,630	-	-	-	-	-
Total Outstanding	36,153,643	35,147,529	32,137,515	29,090,000	26,265,000	16,755,000	5,615,000	-

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