

# WARREN COUNTY TREASURER

**Christine V. Norton**  
County Treasurer

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

To: All Supervisors

From: Christine V. Norton, Treasurer

Date: January 3, 2025

Subject: ***November 2024 Budget Analysis Report, with key updates through 12.31.24***

## **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 imperative 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, 2024, and have noted the following items Supervisors should be aware of.

### **November EXECUTIVE SUMMARY, with key updates through 12.31.24:**

- **CONCERNS:**
  - **General Fund Balance (GFB) BELOW Minimum by \$195K** Pg. 2/3  
based on Nov Finance & Budget Comm Mtgs
    - 10.31.24 GFB EXCEEDED Minimum by \$900K
  - **Psychiatric Exp/Criminal – 400% increases since 2021; 2024** Pg. 8  
YTD actual of \$1.1M with only \$600K budgeted for 2025
  - **Sales Tax:** Pg. 5
    - **drop of 31%, or \$908K, in final November payment**
    - 2025 Adopted Budget based on 2024 Sales Tax PROJECTIONS  
vs 2023 ACTUALS = **tighter 2025 sales tax revenue go forward**
  - **Occupancy Tax Reserve – Negative Shift in Projections** Pg. 7
  - **Unpaid DOT Project Claims - \$2M Over a Year-Old** Pg. 8
    - presents a *cashflow concern* for the County
- **POSITIVES:**
  - **ARPA Dollars at Risk is \$0, all has been obligated** Pg. 4
  - **Mortgage Tax Administrative Fee:** Pg. 3
    - new revenue source of \$198K
    - represents a 5% increase in Department revenue
  - **Sales Tax Exceeds Prior Year Total by \$1.3M (1.9%)** Pg. 5
  - **Interest & Earnings – significant increase:** Pg. 5
    - 20% increase from prior year, and
    - 82% ahead of expected November budgeted amount
  - **Occupancy Tax Exceeds Prior Year Total by 3%, or \$186K** Pg. 6
    - Occ Tax Collection Enforcement efforts account for \$151K,  
or 2%, of the total increase in 2024 Occ Tax collections

## 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%*.

*Please note this is on a budget basis only and should be used as a tool to determine available amounts for additional appropriations during the year.*

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>(8.0) million*</u>
Balance Unappropriated Surplus	32.3 million
Minimum Surplus Balance Needed (2 months operating expense) - 2024	<u>32.5 million</u>
Balance of Surplus Exceeding/(Below) Minimum Balance	<u>\$ (0.2) million</u>

\* - The details of the Additional Appropriated Surplus – 2024 can be found on the following page:

Date	Resolution Number	Description	Amount
<b>Board Approved</b>			
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
10/18/2024	381	Coroners - Autopsies	75,000.00
10/18/2024	382	Various department equipment purchases	182,500.00
10/18/2024	385	County Attorney litigation expenses	3,000.00
10/18/2024	387	DSS - Court ordered detention costs	293,466.00
12/20/2024	497	Mental Health - Psychiatric Exp/Criminal	450,000.00
12/20/2024	502	Sheriff - Overexpended line items	497,500.00
12/20/2024	506	Treasurer - Bond Closing Costs	67,206.00
12/20/2024	549	Municipal Center Heating System Repairs	80,319.04
			<u>\$ 7,987,839.79</u>
<div style="display: flex; align-items: center;"> <div style="width: 20px; height: 15px; background-color: #92d050; margin-right: 5px;"></div> <span>Required appropriation of General Fund Balance (66%)</span> </div>			\$ 5,249,339.79
<div style="display: flex; align-items: center;"> <div style="width: 20px; height: 15px; background-color: #ff0000; margin-right: 5px;"></div> <span>Optional appropriation of General Fund Balance (34%)</span> </div>			\$ 2,738,500.00
			<u>\$ 7,987,839.79</u>

## Revenues

### County Clerk

**Mortgage Tax Administrative Fee** – In October, 2024, the Board approved the County Clerk to retain the necessary expenses incurred to administer and collect tax on mortgages at an annual amount of **\$197,744**. For 2024, this amount will be allocated in three equal amounts in October, November and December. *This new revenue source represents 5% of total revenue for the County Clerk.*

**County Clerk Fees** – As of November 30, the department has received **\$1,027,268** in County Clerk Fees in 2024 and \$984,563 in 2023 *which is an increase of 4%*.

- *November actual revenues are 11% behind expected budgeted amounts.*

## County Clerk (cont.)

**Mortgage Tax** – As of November 30, the department has received \$1,548,198 in Mortgage Tax in 2024 and \$2,035,696 in 2023 which is a *decrease of 24%*. *November actual revenues are 18% 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 November 30, the department has received \$415,236 in Automobile Use Tax in 2024 and \$429,699 in 2023 which is a *decrease of 3%*.

- The 2024 actual revenue amount is through October and is on target with expected budgeted amounts.

## American Rescue Plan Act (ARPA) Dollars AT RISK:

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.*
- The above requirement also applies to any funds that are *reallocated* for use by the County for providing any other government services.
- This risk was reported in the March 31, June 30 through October 31, 2024 Budget Analysis Reports.

As of 11/30/2024, there is approximately **\$900,000** in unobligated funds. As of the date of this report, the entire \$900,000 has been obligated. The breakdown between expended and encumbered to date are estimated as there will be additional transactions before we close the books, but the net amount will be unchanged.

	<u>11/30/2024</u>	<u>Estimated 12/31/2024</u>
ARPA Funding Received	\$ 12,420,372	\$ 12,420,372
Expended to Date	(11,253,605)	(11,265,921)
Encumbered to Date	<u>(247,386)</u>	<u>(1,154,451)</u>
Unobligated Balance	<u>\$ 919,382</u>	<u>\$ -</u>

## County Treasurer

### Sales Tax:

- We have collected \$1,289,732 more in sales taxes through November 30, 2024 than we did through November 30, 2023 which is a **1.9% increase**.
- We have received \$3,717,257 more than the 2024 revenue budget to date which is a **5.6% increase**.
  - **The net County budget surplus after accounting for the distribution to the Towns and Village is \$1,970,146.**
- **There was a significant drop in sales tax revenue with the final payment for November with a \$908,315 (31%) decline.**
  - We have not received any information concerning the cause of the decline but we are typically advised to wait until the end of the quarter as there may be adjustments and timing differences between individual payments within a quarter.

**Interest & Earnings** – As of November 30, the department has received \$1,743,116 in Interest & Earnings in 2024 and \$1,456,423 in 2023 which is an **increase of 20%**.

- **November actual revenues are 82% ahead of expected budgeted amounts.**
- We have seen a **\$128,463 (43%) increase** in income from our bond investment account as of November 30, 2024 compared to this time last year.

## Sheriff's Correction Division

**Jail Services, Other Government** – As of November 30, the department has received \$162,513 in Jail Services, Other Government in 2024 and **\$104,365** in 2023 which is an increase of **56%**. October actual revenues are **158%** 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 November 30, the department received \$249,537 in building permits in 2024 and \$285,014 in 2023 which is a **decrease of 12%**.

- 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**

## Tourism

**Occupancy Tax** – As of November 30, the department has received \$6,396,444 in Occupancy Tax revenue in 2024 and \$6,101,043 in 2023 which is *an increase of \$295,401 or 5%*, broken out as follows:

- *Year over Year increase in Occ Tax Collections = 3%*
- *Occ Tax Enforcement Efforts = 2%*.

As noted below, this increase has remained at **5%** for total collections through December 30, 2024.

### *Total Collections*

	<b>10/31/2024</b>	<b>11/30/2024</b>	<b>12/30/2024</b>
Total Revenue Collected through 2024	\$ 5,979,515	\$ 6,396,444	\$ 7,028,271
Total Revenue Collected through 2023	\$ 5,808,231	\$ 6,101,043	\$ 6,690,892
Increase/(Decrease) from 2023	<u>\$ 171,281</u>	<u>\$ 295,401</u>	<u>\$ 337,378</u>
Increase/(Decrease) from 2023	3%	5%	5%

### *Short Term Rental Collections*

	<b>10/31/2024</b>	<b>11/30/2024</b>	<b>12/30/2024</b>
Total Revenue Collected through 2024	\$ 771,550	\$ 802,571	\$ 1,077,098
Total Revenue Collected through 2023	\$ 640,799	\$ 661,151	\$ 910,037
Increase/(Decrease) from 2023	<u>\$ 130,731</u>	<u>\$ 141,420</u>	<u>\$ 167,060</u>
Increase/(Decrease) from 2023	20%	21%	18%

\*\*\*Occupancy Tax Enforcement Efforts in 2024 has collected \$150,930. When factored into total collections vs 2023 this equals a 3% year over year increase\*\*\*

\*\*\*Ongoing Occ Tax Enforcement hopes to collect \$188,750 from delinquent Occ Tax Filers.

## 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 November 30, 2024. As noted below, DPW has spent \$4.7 million of this funding.

Project	Amount Issued	Amount Spent	Balance Remaining
H415-2022 Bonded Road Projects	6,200,000	5,176,882	1,023,118
H401-Sagamore Retaining Wall	700,000	357,956	342,044
H406-Countryside 2021 Capital Imp	1,000,000	1,000,000	-
	<u>7,900,000</u>	<u>6,534,838</u>	<u>1,365,162</u>

Percent Spent 83%

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 above we have spent 83%.
  - *The DPW Superintendent has indicated that he expects to spend 85% of the BAN proceeds by the May 24, 2025 deadline.*

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

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.

Please note the negative shift in projected Occ Tax Reserve Cash Flow from September 2024 to November 2024 below as we enter our County’s Tourism “slow season”. We expect the Occ Tax Reserve Available Balance and related cash flow to continue to decline in the coming months, and ***it is imperative that this analysis be fully considered prior to further Occ Tax spend.***

	9/30/2024	10/31/2024	11/30/2024
Occupancy Tax Reserve	\$ 4,900,483	\$ 3,886,445	\$ 3,697,376
Reserve Minimum Balance	<u>\$(1,500,000)</u>	<u>\$(1,500,000)</u>	<u>\$(1,500,000)</u>
Occupancy Tax Reserve - Available Balance	\$ 3,400,483	\$ 2,386,445	\$ 2,197,376
3 Month Revenue Projection	\$ 1,600,000	\$ 1,500,000	\$ 1,500,000
3 Month Expenditure Projection	<u>\$(2,580,333)</u>	<u>\$(1,921,322)</u>	<u>\$(1,721,322)</u>
Projected Occupancy Tax Reserve - Available Balance	<u>\$ 2,420,150</u>	<u>\$ 1,965,123</u>	<u>\$ 1,976,054</u>

## Psychiatric Exp/Criminal

The following analysis shows the history of psychiatric criminal evaluation costs from 2016 to 2024.

- The final costs for 2024 are expected to be \$1.5 million and the County only budgeted \$600,000 for 2025.
- This means that the County will be looking to appropriate an additional \$1 million out of the 2025 General Fund Balance which is already projected to be below the minimum threshold.
- Please see attached 2021 document from NYSAC discussing the history of these costs and providing recommendations for reform.

<i>Psychiatric Exp/Criminal Totals: 2016 -2024 Actuals</i>											
	ACTUALS										BUDGET
	2016	2017	2018	2019	2020	2021	2022	2023	2024**	2025 Budget**	
50/50 County/NYS & County ONLY	\$28,200	\$3,900	\$103,000	\$21,100	\$42,200	\$222,300	\$306,800	\$846,200	\$1,091,300	\$600,000	
\$\$\$ Change		-\$24,300	\$99,100	-\$81,900	\$21,100	\$180,100	\$84,500	\$539,400	\$245,100	-\$491,300	
% Change		-86%	2541%	-80%	100%	427%	38%	176%	29%	-45%	
NYS STOPPED 50% Funding in 2021						X	X	X	X	X	
<b>2021-2024 Increase in Exam \$\$\$</b>						<-----	<b>\$869,000</b>	<----->			
						<-----	<b>391%</b>	<----->			
<b>2016-2024 Increase in Exams \$\$\$</b>	<-----	-----	-----	-----	<b>\$1,063,100</b>	-----	-----	-----	----->		
	<-----	-----	-----	-----	<b>3770%</b>	-----	-----	-----	----->		
<b>2024** Psychiatric Expenses NOT YET complete/finalized!</b>											
<b>2025 Budget** - at least 45%+ UNDERBUDGETED right out of the gate (1.1.25)</b>											

## Unpaid DOT Capital Project Claims

The following is an aging report for DOT capital project unpaid claims as of November 30 of each year. As noted below, there are **\$5,884,411 in unpaid claims that are more than 90 days old, of which \$2,090,354 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.**

	Current	1-30 Days	31-60 Days	61-90 Days	90+ Days	Total
11/30/2022	\$ 628,216	\$ -	\$ -	\$ 1,220,620	\$ 1,353,285	\$ 3,202,121
11/30/2023	\$ 6,088,754	\$ 1,533,829	\$ 1,162,804	\$ 1,277,153	\$ 2,636,930	\$ 12,699,471
11/30/2024	\$ -	\$ -	\$ -	\$ -	\$ 5,884,411	\$ 5,884,411



**County Debt Balances**

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

	Current	End of 2024					2029-	2034-	2039-
	Balance	Balance	2025	2026	2027	2028	2033	2038	2040
<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	-	-
Paving, Culverts and SUNY ADK Voltage-2024	19,795,000	19,795,000	18,935,000	18,045,000	17,110,000	16,125,000	10,415,000	3,270,000	-
<b>Leased Commitments</b>									
Copiers/Printers - National Business	205,615	200,298	135,457	68,690	-	-	-	-	-
Copier - Toshiba	15,583	15,570	11,835	7,936	3,871	-	-	-	-
Office Space - Mental Health	33,346	33,346	-	-	-	-	-	-	-
<b>Bond Anticipation Notes</b>									
Paving, Retaining Wall & Countryside	-	-	-	-	-	-	-	-	-
DPW - Emergency Road Repair	-	-	-	-	-	-	-	-	-
<b>Total Outstanding</b>	<b>45,284,543</b>	<b>44,519,214</b>	<b>41,717,292</b>	<b>38,851,626</b>	<b>35,888,871</b>	<b>32,880,000</b>	<b>16,030,000</b>	<b>3,270,000</b>	<b>-</b>

The 2024 Bond Anticipation Notes were 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**.

The total bond issued was **\$19.8 million** and the County received a premium of **\$1.6 million** for a total of **\$21.4 million in proceeds**.

**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.**

