

WARREN COUNTY TREASURER

Christine V. Norton
County Treasurer

Robert V. Lynch II, CPA
Deputy Treasurer

To: All Supervisors

From: Christine V. Norton, Treasurer

Date: December 3, 2024

Subject: *October/November 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 October 31, 2024, *adding the most recent results of the November Finance & Budget Committee meeting to provide you the most up to date analysis*, and have noted the following items Supervisors should be aware of.

October/November EXECUTIVE SUMMARY:

- **General Fund Balance (GFB) BELOW Minimum by \$115K** Pg. 2/3
based on Nov Finance & Budget Comm Mtgs
 - 10.31.24 GFB Exceeded Minimum by \$900K
- **ARPA Dollars at Risk is \$1M, with plans in place to fully** Pg. 3/4
obligate by the 12.31.24 Federal deadline
- **Sales Tax Exceeds Prior Year Total by \$1.7M (3%)** Pg. 5
 - 2025 Adopted Budget based on 2024 Sales Tax PROJECTIONS vs 2023 ACTUALS = *tighter 2025 sales tax revenue go forward*
- **Occupancy Tax Exceeds Prior Year Total by 3% - or -** Pg. 5
\$171K-\$186K
 - Decline in room volume, offset by increased nightly rates, as well as Occ Tax enforcement efforts (\$126K), *will result in flat to declining Total Occ Tax Revenue in 2024*
- **Occupancy Tax Reserve – Negative Shift in Projections** Pg. 6
- **Unpaid DOT Project Claims - \$2M Over a Year-Old** Pg. 9
 - *Presents a cashflow concern for the County*
- **Outstanding Issues to be Addressed – many resolved** Pg. 10

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>(6.9) million*</u>
Balance Unappropriated Surplus	33.4 million
Minimum Surplus Balance Needed (2 months operating expense) - 2024	<u>32.5 million</u>
Balance of Surplus Exceeding Minimum Balance - 10/31/24	0.9 million
Additional Appropriated, Approved at 11/22/24 Finance & Budget	<u>(1.0) million*</u>
Balance of Surplus Below Minimum Balance - 11/22/24	<u>\$ (0.1) million</u>

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

Date	Resolution Number	Description	Amount
Board Approved			
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
			<u>6,892,814.75</u>
Finance & Budget Committee Actions to be Approved at December Board Meeting			
11/22/2024	-	Treasurer - Bond Closing Costs	67,206.00
11/22/2024	-	Sheriff - Overexpended line items	497,500.00
11/22/2024	-	Mental Health - Psychiatric Exp/Criminal	450,000.00
			<u>\$ 1,014,706.00</u>

Revenues

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 September 30, 2024 Budget Analysis Reports.

As of 10/31/24, there is approximately \$1,000,000 in unobligated funds at risk of being returned to the US Treasury. Please see the analysis of ARPA funds expended and obligated as of 10/31/24 and the unobligated balance remaining on the following page.

ARPA Funding Received	\$12,420,372
Expended to Date	(10,677,969)
Encumbered to Date	<u>(771,683)</u>
Unobligated Balance	<u>\$ 970,720</u>

- **ARPA Immediate Next Steps:** The County Administrator is working with impacted Department Heads and the Planning Department to ensure that 100% of unobligated funds are reallocated to ARPA compliant projects to ensure these funds are fully obligated by 12/31/24.
 - At the 11/15/24 Board meeting, the following ARPA funded projects were approved:
 - The Board Room Renovations capital project in the amount of \$400,000 and
 - The Municipal Center Roof Repairs capital project in the amount of \$100,000
 - Leaving approximately \$244,000 in unobligated funds that the County Administrator has identified ARPA compliant projects that can be obligated by 12/31/24.
 - In addition, there are approximately \$256,000 in additional unobligated ARPA dollars that remain with Departments. The County Administrator has confirmed with each Department Head that these funds will be obligated by 12/31/24

County Clerk

County Clerk Fees – As of October 31, the department has received \$921,472 in County Clerk Fees in 2024 and \$889,325 in 2023 which is an increase of 4%. October actual revenues are 10% behind expected budgeted amounts.

Mortgage Tax – As of October 31, the department has received \$1,433,539 in Mortgage Tax in 2024 and \$1,803,281 in 2023 which is a decrease of 21%. October actual revenues are 15% 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 October 31, the department has received \$371,325 in Automobile Use Tax in 2024 and \$390,757 in 2023 which is a decrease of 5%. The 2024 actual revenue amount is through September and is on target with expected budgeted amounts.

County Treasurer

Sales Tax – We have collected \$1,771,471 more in sales taxes through October 31, 2024 than we did through October 31, 2023 which is a 2.9% increase. We have received \$3,311,935 more than the 2024 revenue budget to date which is an 5.6% increase. **The net County budget surplus after accounting for the distribution to the Towns and Village is \$1,755,326.**

Interest & Earnings – As of October 31, the department has received \$1,621,544 in Interest & Earnings in 2024 and \$1,300,798 in 2023 which is an increase of 25%. October actual revenues are 79% ahead of expected budgeted amounts.

We have seen a \$115,000 (40%) increase in income from our bond investment account as of October 31, 2024 compared to this time last year.

Tourism

Occupancy Tax – As of October 31, the department has received \$5,979,515 in Occupancy Tax revenue in 2024 and \$5,808,231 in 2023 which is an increase of \$171,284 or 3%.

While this increase was still 3% (\$186K) as of the November Finance & Budget meeting, due to reduced room volume, offset by increased room rates, and Occ Tax enforcement efforts (\$126K), Total 2024 Occ Tax Revenue will likely be flat to declining (see the Treasurer's Report on Pg.7 for more details).

Sheriff's Correction Division

Jail Services, Other Government – As of October 31, the department has received \$149,664 in Jail Services, Other Government in 2024 and \$79,689 in 2023 which is an increase of 88%. October actual revenues are 147% 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 October 31, the department received \$224,211 in building permits in 2024 and \$259,584 in 2023 which is a decrease of 14%. October actual revenues are 1% 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. 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.

Expenditures

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 August 2024 to October 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.***

	<u>8/31/2024</u>	<u>9/30/2024</u>	<u>10/31/2024</u>
Occupancy Tax Reserve	\$ 2,676,774	\$ 4,900,483	\$ 3,886,445
Reserve Minimum Balance	<u>\$ (1,500,000)</u>	<u>\$ (1,500,000)</u>	<u>\$ (1,500,000)</u>
Occupancy Tax Reserve - Available Balance	\$ 1,176,774	\$ 3,400,483	\$ 2,386,445
3 Month Revenue Projection	\$ 3,700,000	\$ 1,600,000	\$ 1,500,000
3 Month Expenditure Projection	<u>\$ (1,831,788)</u>	<u>\$ (2,580,333)</u>	<u>\$ (1,921,322)</u>
Projected Occupancy Tax Reserve - Available Balance	<u>\$ 3,044,986</u>	<u>\$ 2,420,150</u>	<u>\$ 1,965,123</u>

The Following **Tourism: Occupancy Tax Collection** report was presented by the Treasurer at the November 22, 2024 Finance & Budget Committee meeting.

Total Collections

	9/30/2024	10/31/2024	11/18/2024
Total Revenue Collected through 2024	\$ 5,260,836	\$ 5,979,515	\$ 6,162,730
Total Revenue Collected through 2023	\$ 5,158,055	\$ 5,808,231	\$ 5,977,016
Increase/(Decrease) from 2023	<u>\$ 102,781</u>	<u>\$ 171,284</u>	<u>\$ 185,714</u>
Increase/(Decrease) from 2023	2%	3%	3% ***

Short Term Rental Collections

	9/30/2024	10/31/2024	11/18/2024
Total Revenue Collected through 2024	\$ 507,094	\$ 771,550	\$ 908,527
Total Revenue Collected through 2023	\$ 405,582	\$ 640,799	\$ 776,407
Increase/(Decrease) from 2023	<u>\$ 101,512</u>	<u>\$ 130,751</u>	<u>\$ 132,120</u>
Increase/(Decrease) from 2023	25%	20%	17%

******* *2024 Occupancy Tax Enforcement Efforts have collected \$126K or 2%. Therefore, when factored into total collections vs 2023, there is really only a 1% year over year increase. In addition:*

- 2024/2025 Occ Tax Enforcement Efforts expect to collect an additional **\$158K** from **WIP Notices of Determination** filed in 2024
- General Fund Interest & Penalties:
 - 2024 Collected to Date: **\$25K**
 - 2024/2025 WIP expected to be another **\$83K**
- **2024 Occ Tax Gross Revenues are likely flat to declining as volume is down but room rates have increased. We are working on getting you more insight into this impact.**

County Debt Balances

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

	Current	End of 2024					2029-
	Balance	Balance	2025	2026	2027	2028	2033
Bonds							
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	210,918	200,298	135,457	68,690	-	-	-
Copier - Toshiba	15,885	15,570	11,835	7,936	3,871	-	-
Office Space - Mental Health	38,766	33,345	-	-	-	-	-
Bond Anticipation Notes							
Paving, Retaining Wall & Countryside	4,320,000	-	-	-	-	-	-
DPW - Emergency Road Repair	4,100,000	-	-	-	-	-	-
Total Outstanding	33,920,569	24,724,213	22,782,292	20,806,626	18,778,871	16,755,000	5,615,000

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.

Unpaid DOT Capital Project Claims

The following is an aging report for DOT capital project unpaid claims as of October 31 of each year. As noted below, there are \$6,012,263 in unpaid claims that are more than 90 days old, of which \$2,090,354 are over a year old.

- This is a significant improvement (20%) from the \$7,546,092 in unpaid claims over 90 days old reported in last month's report.
- 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.

	<u>Current</u>	<u>1-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>90+ Days</u>	<u>Total</u>
10/31/2022	\$ -	\$ -	\$ 1,272,299	\$ 384,982	\$ 1,394,003	\$ 3,051,284
10/31/2023	\$ 1,533,829	\$ 1,162,804	\$ 1,277,154	\$ 538,891	\$ 2,098,039	\$ 6,610,717
10/31/2024	\$ 283,625	\$ -	\$ -	\$ -	\$ 6,012,263	\$ 6,295,888

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

Issue	Amount	Owner	Date Identified	Days Issue Is Outstanding
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1. \$1.1 million in DPW waste containers was not being inventoried and properly controlled. The depreciated cost is \$568,000.	\$ 28,743	DPW	1/31/2024	290
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November update: All but \$228,956 has been located. This was discussed by the Superintendent of Public Works at the Public Works committee meeting on October 23, 2024. It was decided to write-off all assets not found that were between the ages of 14 to 43 years which total \$192,763 and are fully depreciated. The remaining \$36,193 will be kept on the books with the hope that they may turn up. One container valued at \$7,450 was located by the department in November leaving a balance of \$28,743 not located.

2. Overtime for Sheriff's Correction, Law Enforcement, 911 center and DPW Airport have exceeded the 2024 budget.	\$ 385,878	Sheriff/DPW	4/3/2024	227
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Department	Amended Budget	Actual	% Used	Projected Actual	Projected Budget Deficit
Sheriff's Correction Division	750,000	778,148	104%	933,777	(183,777)
Sheriff's Law Enforcement	476,590	552,837	116%	663,404	(186,814)
Sheriff's 911 Center	60,000	62,739	105%	75,286	(15,286)
Airport	15,000	17,457	116%	20,948	(5,948)
					(385,878)

Resolution requests for the Sheriff's Corrections, Law Enforcement, 911 Center and DPW Airport were approved at the November 22, 2024 Finance & Budget Committee to address the overtime issues.

3. Over expended department line items.

District Attorney - Health Ins. Cost Reimb - Retiree	\$ 183	District Attorney	8/29/2024	83
Legal Defense-Indigents - Retiree Hospitalization	\$ 5,880	Assigned Counsel	5/10/2024	190
Legal Defense-Indigents-Dental Insurance	\$ 56	Assigned Counsel	8/2/2024	56
Legal Defense-Indigents - Hurrell-Harring - Salaries-Overtime	\$ 192	Assigned Counsel	7/2/2024	141
Public Defender-Counsel At First Appearance - Health Ins Cost Reimb	\$ 106	Assigned Counsel	8/2/2024	56
Public Defender-Upstate Quality Imp - Salaries-Overtime *	\$ 8	Public Defender	5/29/2024	175
County Clerk-Health Insurance Cost Reimbursement	\$ 198	County Clerk	8/2/2024	56
County Attorney - Salaries-Overtime *	\$ 35	County Attorney	5/29/2024	175
Board of Elections-Dental Insurance	\$ 180	Board of Elections	8/2/2024	56
Public Records - Salaries-Overtime*	\$ 8	County Clerk	7/31/2024	90
Sheriff's 911 Center - Interoperable Comm Grant - Tech Equip*	\$ 13,282	Sheriff	8/29/2024	83
Sheriff's 911 Center - Interoperable Comm Grant - Repair/Maint*	\$ 8,199	Sheriff	8/29/2024	83
School Resource Officers-Wsburg School Dist - Salaries - Regular **	\$ 23,530	Sheriff	8/29/2024	83
School Resource Officers-Wsburg School Dist - Social Security**	\$ 1,087	Sheriff	8/29/2024	83
School Resource Officers-Wsburg School Dist - Hospitalization**	\$ 9,499	Sheriff	7/2/2024	141
School Resource Officers-Wsburg School Dist - Medicare**	\$ 254	Sheriff	8/29/2024	83
School Resource Officers-Wsburg School Dist - Retirement**	\$ 9,505	Sheriff	7/31/2024	112
School Resource Officers-Wsburg School Dist - Dental Insurance**	\$ 110	Sheriff	7/31/2024	112

* - Resolution request to handle the overexpended budget was approved at the November 22, 2024 Finance & Budget Committee.

** - Portion of overexpended amount was taken care of through approved resolution request at the November 22, 2024 Finance & Budget Committee. The balance relates to a miscoding of an SRO's time during the summer to the school SRO general ledger codes. A journal entry will be done to correct.

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.	Unknown	Treasurer	1/31/2024	290
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