

# WARREN COUNTY TREASURER

**Michael R. Swan**  
County Treasurer

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Deputy Treasurer

To: All Supervisors  
From: Michael R. Swan, Treasurer  
Date: March 22, 2017  
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 February 28, 2017. Please note that we have not closed the year as of this date and we will provide final 2016 numbers near the end of April, 2017. We have noted the following items Supervisors should be aware of:

### **Revenues**

#### **County Clerk**

**County Clerk Fees** – As of February 28, the department has received \$175,029 in County Clerk Fees in 2016 and \$173,582 in 2017 which is a decrease of 0.8%. It should be noted that the 2017 amount is at 14.5% of the budget for this account so the actual revenue received is lagging behind the budget.

**Mortgage Tax** – As of February 28, the department has received \$267,578 in Mortgage Tax in 2016 and \$239,124 in 2017 which is a decrease of 10.6%. It should be noted that the 2017 amount is at 15.4% of the budget for this account so the actual revenue received is lagging behind the budget.

**Automobile Use Tax** – As of February 28, the department has received \$31,346 in Automobile Use Tax in 2016 and \$32,532 in 2017 which is an increase of 3.8%. It should be noted that the 2017 amount is through January and is at 6.8% 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 \$418,115 more in sales taxes through February, 2017 than we did through February, 2016 which is a 6.5% increase.

#### **Saratoga & North Creek Railway**

We have not received the County's share of December, 2016, January and February, 2017 gross revenues from the railway which were due January 10, 2017, February 10, 2017 and March 10, 2017 respectively. The railway did provide the monthly revenue reports, but we have not received payment as of the date of this report.

#### **Tourism**

**Occupancy Tax** – The department has collected \$3,108 less in occupancy taxes as of December 31, 2016 than we did as of December 31, 2015 which is a 0.8% decrease. This amount represents collections for each year through March 21, 2017. We have not finalized 2016 figures yet and expect to receive payments for 2016 through March 31, 2017.

## Airport

**Restaurant** – In accordance to the FBO contract, a restaurant is required to be operated with minimum hours of 8:00 am to 3:00 pm, five days per week, Wednesday through Sunday from October 1<sup>st</sup> to April 30<sup>th</sup>, and with minimum hours of 8:00 am to 3:00 pm, seven days per week from May 1<sup>st</sup> to September 30<sup>th</sup>. The restaurant that is operating at the airport is currently open Tuesday through Thursday 5:00 pm to 9:00 pm and Friday and Saturday 5:00 pm to 10:00 pm which is not in compliance with the current contract.

Since the County receives a percentage of the gross restaurant revenue, the County is losing money during the minimum required hours that the restaurant is not in operation. The restaurant certainly has the right to exceed the minimum hours but must at least be open for the minimum hours required. The County needs to either enforce the existing contract or amend it regarding minimum hours of operation.

**The acting County Administrator has indicated that the FBO is willing to amend the existing contract regarding hours of operation. We have not been provided with a copy of an amended contract as of the date of this report.**

## Sheriff's Correction Division

**Jail Services, Other Government** – As of February 28, the department has received \$45,767 in Jail Services, Other Government in 2016 and \$18,608 in 2017 which is a decrease of 59%. It should be noted that the 2017 amount is through January and is 5% of the budget for this account, so the actual amount is lagging behind the budget.

## Nursing Home – IGT

We received notice that the County will be receiving \$2.4 million in 2015-16 Nursing Home IGT funding before the end of March, 2017 with a local match required payment of \$1.2 million covering the period of April 1, 2015 to December 31, 2015.

## 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 received \$30,000 in March and were notified that we should expect to receive \$50,000 during the second week in May (we have not received this payment as of the date of this report which was to be paid by the Town of Queensbury) and \$22,000 which was expected to be received in June (we have not received this payment as of the date of this report which was to be paid by the Town of Bolton).**

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.

**The acting County Administrator has indicated that the State is closing out the grant and is in the process of making the final payment to the towns and the County is expected to be made whole in March 2017. We were previously informed by the grant administrator that the towns had already received the State payment.**

## **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.

## Contract Retainage

Retainage is a form of security for proper completion of the work under construction contracts. Under General Municipal Law section 106-b(1) a local government may retain not more than five percent of each progress payment to the contractor if the contractor is required to provide a performance bond and a labor and material bond in the full amount of the contract. In all other cases, the local government may retain up to ten percent of each progress payment. The County's prior procedure was to properly withhold retainage on construction contracts until recent years when the current Superintendent of Public Works decided to no longer follow this procedure. The County's independent auditors issued a comment in the Management Letter that accompanied the 2015 audit report suggesting that the County review its policy and procedures surrounding the withholding of retainage on construction contracts. The State Comptroller's Office noted that contract retainage should be implemented. It should be noted that most local governments are currently following the practice of contract retainage.

For reasons noted above, the County should reinstate the past procedure of contract retainage and amend the Purchasing Policy to require retainage on construction contracts.

**The Purchasing Agent had indicated that this will be handled at the end of March, 2017, but this was tabled because the Superintendent of Public Works was unable to attend the committee meeting.**

## Siemens Co-Generation Lease

In accordance to the contract for the sale of the nursing home, Warren Operations is required to reimburse the County for the principal and interest paid on the Co-Generation lease with Siemens. The County billed Warren Operations for the December, 2016 lease payment on December 8, 2016, but we did not receive payment until February 17, 2017. We have received reimbursement for the January, 2017 lease payment made on March 21, 2017, but have not received payment yet for the February, 2017 lease payment.

## County Debt Balances

The following shows the County's current debt outstanding as of February, 2017 along with ending debt balances for future years:

	Current	End of 2017				2021-	2026-	2031-
	Balance	Balance	2018	2019	2020	2025	2030	2035
<b>Bonds</b>								
Pub Safety Bldg & Com Upgrade	7,695,000	6,555,000	5,430,000	4,325,000	3,240,000	-	-	-
Recovery Act Bonds, Various Proj	17,575,000	16,935,000	16,265,000	15,570,000	14,845,000	10,615,000	5,235,000	-
Court Expansion	8,000,000	7,665,000	7,325,000	6,980,000	6,625,000	4,720,000	2,535,000	-
<b>Capital Leases</b>								
Westmount Co-Generation Plant	158,441	-	-	-	-	-	-	-
Municipal Center Energy Project	1,397,703	1,209,177	1,003,899	781,029	539,915	-	-	-
Countryside Adult Home Energy Pr	141,209	122,233	95,092	66,762	37,616	-	-	-
<b>Bond Anticipation Notes</b>								
SUNY Adirondack NSTEM	3,278,000	-	-	-	-	-	-	-
Alder Brook Brdg over Trout Brdg	30,168	-	-	-	-	-	-	-
Harrington Road Bridge	11,957	-	-	-	-	-	-	-
Beach Road Bridge	119,986	-	-	-	-	-	-	-
2011 Storm Damage	220,000	-	-	-	-	-	-	-
West Brook Parking Lot	30,600	-	-	-	-	-	-	-
Total Outstanding	38,658,064	32,486,410	30,118,991	27,722,790	25,287,531	15,335,000	7,770,000	-

Please note that an estimated additional \$8.5 million will be issued for the Court Expansion project in bonds in 2017 and the SUNY Adirondack NSTEM BAN will be rolled into a \$5.8 million bond in 2017.

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