

WARREN COUNTY TREASURER

Michael R. Swan
County Treasurer

Robert V. Lynch II, CPA
Deputy Treasurer

To: All Supervisors

From: Michael R. Swan, Treasurer

Date: February 22, 2018

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 January 31, 2018. Please note that we have not closed the year as of this date and we will provide final 2017 numbers near the end of April, 2018. We have noted the following items Supervisors should be aware of:

Revenues

County Clerk

County Clerk Fees – As of January 31, the department has received \$92,109 in County Clerk Fees in 2017 and \$100,400 in 2018 which is an increase of 9.0%. It should be noted that the 2018 amount is at 8.4% of the budget for this account so the actual revenue received is on target with the budget.

Mortgage Tax – As of January 31, the department has received \$139,004 in Mortgage Tax in 2017 and \$213,176 in 2018 which is a decrease of 53.4%. It should be noted that the 2018 amount is at 13.3% of the budget for this account so the actual revenue received is on target with the budget.

Automobile Use Tax – As of December 31, the department has received \$471,915 in Automobile Use Tax in 2016 and \$480,587 in 2017 which is an increase of 1.8%. It should be noted that the 2017 amount is the final amount and is at 101% of the budget for this account, so the actual revenue amount received exceeded the budget.

County Treasurer

Sales Tax – It has been noted that we have collected \$102,649 less in sales taxes through January, 2018 than we did through January, 2017 which is a 2.7% decrease.

Tourism

Occupancy Tax – The department has collected \$159,601 more in occupancy taxes as of December 31, 2017 than we did as of December 31, 2016 which is a 3.7% increase. This amount represents collections for each year through February 20. We have not finalized 2017 figures yet and expect to receive payments for 2017 through March 31, 2018.

Saratoga & North Creek Railway

The railroad has not paid the County's share of October, November and December, 2017 gross revenues as of the date of this report which was due by the 10th of the following month. We received a revenue report which notes that the County is owed \$38,024 for these three months. This has been a recurring problem with the railroad.

This was reported in the October, November and December budget analysis reports.

Westmount Receivables

Medicaid – The County is currently owed \$552,683 in patient Medicaid claims.

The Board has elected to pursue collection of the receivables. The County Attorney has been approved to enter into a contract with a third party to pursue the collection of Medicaid receivables on behalf of the County.

Universal Settlement - \$327,093 was recorded as a receivable for a universal settlement prior to the sale of Westmount. This amount is to be paid over a five year period. The first payment is being held up because the new owners of Westmount are contesting that they are entitled to receive a portion of this settlement.

Sheriff's Correction Division

Jail Services, Other Government – As of December 31, the department has received \$450,609 in Jail Services, Other Government in 2016 and \$175,615 in 2017 which is a decrease of 61%. It should be noted that the 2017 amount is the final amount for 2017 and was below the budgeted amount by \$24,385.

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 \$72,500 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 grant administrator handling this project for the County has been charged with a felony and everything is currently under investigation so it is uncertain when and if the County will receive payment. Based upon information provided by the Town of Queensbury, the Town fully paid their \$100,000 share of the project to the grant administrator who was acting on behalf of the Lake George Watershed Conference. The County only received \$50,000 of this money. We have recorded an allowance for doubtful accounts in the County Road fund for this other \$50,000 because it is questionable if the County is going to be able to collect these funds and it is likely that we will have to write this balance off.

Health Services

Home Nursing Charges – As of December 31, the department has received \$4,000,332 in Home Nursing Charges in 2016 and \$4,000,332 in 2017 which is a decrease of 7.3%. The 2017 final amount is \$492,025 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.

Terminated Employees

It is County policy that any unpaid accrued vacation at the time an employee ends employment with the County be cashed out in full to the terminated employee in the next payroll. The County currently allows employees who have given their notice and have unpaid vacation to extend their resignation date beyond the effective resignation date by keeping the employee an active employee in the payroll system after the employee's last day of physical employment and paying out the unpaid vacation on a daily basis until it runs out. This extension allows some employees to have an extra month of County paid health insurance if the extension of time goes past the end of the month. It also allows some employees an extra paid holiday if a holiday falls within the extension period. These are employees who have new full time jobs outside of the County and have effectively resigned, but the County is treating these employees as if they are still active full time employees with the County even though they are not physically able to perform the duties of the full time position that they resigned from.

This practice creates additional costs to the County with additional health insurance costs and holiday pay costs. There is also an increased risk to the County in cases where the former employee gets injured and must go on disability during this extension period. The County is reporting the employee as a full time active employee and so is the employee's new employer, so there is a risk that the County could be held responsible for disability costs to a former employee. Another issue occurs if the terminated employee works for another government agency during this extension period where both the County and the new employer are reporting the employee as a full time active employee for New York State Retirement which causes issues with the retirement system.

We suggest that the Human Resources department look into ways of eliminating this practice in order to save the County money and reduce its exposure to unnecessary risks.

We received correspondence from the Chairman of the Board indicating that this issue will be reviewed by the County Administrator, Human Resources Director and the County's labor negotiating team. The Chairman stated that since allowing the use of the vacation accrual in this manner has been the past practice of the County, the best way to proceed with this matter is through the labor negotiation process.

Lake Champlain Lake George Regional Planning Board

The County currently has an arrangement with the Lake Champlain Lake George Regional Planning Board to pay their payroll, payroll taxes, retirement, health insurance and retiree's health insurance and the LCLG Planning Board then reimburses the County. The organization is currently late in reimbursing the County for December, 2017 health insurance in the amount of \$6,083.

The organization is routinely one payroll behind in reimbursing the County for wages, taxes and retirement. They should be reimbursing the County each pay week for that particular payroll so that the County isn't advancing funds. We should either change the procedure to require payment up front before any paychecks are issued or we should end this arrangement and let the LCLG Planning Board handle their own payroll and fringe benefits. There is no authority for the County to be advancing funds to this organization through interest free loans to fund their operations.

This was reported in the October, November and December, 2017 budget analysis reports.

County Road Projects

The following shows the County Road project amended budget and costs for the past five years along with the amount of CHIPs funding included in the budget. Please note that any unexpended balance gets carried over to the subsequent year and is added to that year's budget for road projects. As noted below, DPW was unable to expend \$1,342,813 of the 2017 amended budget for the road projects.

	2013	2014	2015	2016	2017
Amended Budget	1,852,377	3,446,729	2,760,988	3,304,044	4,377,877
Amount Expended	1,548,327	2,787,119	2,495,668	2,708,714	3,035,064
Amount Unexpended	304,050	659,610	265,320	595,330	1,342,813
CHIPs Funding included in Amended Budget	1,650,176	1,792,175	1,827,675	2,026,128	2,255,870

It is our understanding that it is important that a certain number of miles of road be paved each year in order to properly maintain the County road at an acceptable level. If the DPW department is unable to complete the number of miles allotted in the amended budget, then consideration needs to be given to contract out the work that will not be completed by County staff.

County Debt Balances

The following shows the County's current debt outstanding as of January, 2018 along with ending debt balances for future years:

	Current Balance	End of 2018 Balance	2019	2020	2021	2022- 2026	2027- 2031	2032- 2036	2037
Bonds									
Pub Safety Bldg & Com Upgrade	6,555,000	5,430,000	4,325,000	3,240,000	2,165,000	-	-	-	-
Recovery Act Bonds, Various Proj	16,935,000	16,265,000	15,570,000	14,845,000	14,080,000	9,635,000	4,015,000	-	-
Court Expansion - 2015	7,665,000	7,325,000	6,980,000	6,625,000	6,260,000	4,305,000	2,060,000	-	-
Court Expansion - 2017	8,500,000	8,085,000	7,740,000	7,390,000	7,030,000	5,120,000	2,975,000	535,000	-
SUNY Adirondack NSTEM	5,763,765	5,485,000	5,250,000	5,010,000	4,765,000	3,465,000	2,015,000	360,000	-
Capital Leases									
Municipal Center Energy Project	1,209,177	1,003,899	781,029	539,915	279,884	-	-	-	-
Countryside Adult Home Energy Proj	115,818	95,092	66,762	37,616	7,630	-	-	-	-
Total Outstanding	46,743,760	43,688,991	40,712,790	37,687,531	34,587,515	22,525,000	11,065,000	895,000	-

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