

# WARREN COUNTY TREASURER

Michael R. Swan  
County Treasurer

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To: All Supervisors

From: Michael R. Swan, Treasurer

Date: June 26, 2023

Subject: 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 May 31, 2023 and have noted the following items Supervisors should be aware of.

## **Revenues**

### **County Clerk**

**County Clerk Fees** – As of May 31, the department has received \$560,870 in County Clerk Fees in 2022 and \$427,089 in 2023 which is a decrease of 24%. It should be noted that the 2023 amount is at 32% of the budget for this account so the actual revenue received is significantly behind the budget.

**Mortgage Tax** – As of May 31, the department has received \$1,315,180 in Mortgage Tax in 2022 and \$868,442 in 2023 which is a decrease of 34%. It should be noted that the 2023 amount is at 37% of the budget for this account so the actual revenue received is behind the budget.

**Automobile Use Tax** – As of May 31, the department has received \$139,584 in Automobile Use Tax in 2022 and \$165,331 in 2023 which is an increase of 18%. It should be noted that the 2023 amount is through April and is at 36% of the budget for this account, so the final actual revenue amount received is on target to exceed the budget for the year.

### **County Treasurer**

**Sales Tax** – It has been noted that we have collected \$461,854 more in sales taxes through the first two payments for May 31, 2023 than we did through the first two payments for May 31, 2022 which is a 1.8% decrease. We will receive one more payment for May on June 30, 2023. We have received \$4,682,414 more than the 2023 revenue budget to date. **It should be noted that the net County budget surplus after accounting for the distribution to the Towns and Village is \$2,481,679.**

**Please note that we are currently looking at significant budget deficits for County Clerk Mortgage Tax and Clerk Fees and Sheriff Jail Services, Other Government so a portion of the Sales Tax budget surplus will be needed to offset these losses.**

**Interest & Earnings** – As of May 31, the department has received \$18,274 in Interest & Earnings in 2022 and \$532,647 in 2023 which is an increase of 2,814%. It should be noted that the 2023 amount is at 157% of the budget for this account so the actual revenue received has already exceeded the budget.

### **Tourism**

**Occupancy Tax** – The department has collected \$2,185 more in Occupancy Taxes as of May 31, 2023 than we did as of May 31, 2022 which is a 0.3% increase.

**Sheriff's Correction Division**

**Jail Services, Other Government** – As of May 31, the department has received \$223,836 in Jail Services, Other Government in 2022 and \$35,911 in 2023 which is a decrease of 84%. It should be noted that the 2023 amount is at 9% of the budget for this account so the actual revenue received is significantly behind the budget.

**Building & Fire Code**

**Building Permits** – As of May 31, the department received \$96,493 in building permits in 2022 and \$116,270 in 2023 which is an increase of 20%. It should be noted that the 2023 amount is at 44% of the budget for this account so that actual revenue received is on target to exceed the budget.

**Health Services**

**Home Nursing Charges** – As of May 31, the department has received \$554,561 in Home Nursing Charges in 2022 and \$421,298 in 2023 which is a decrease of 24%. It should be noted that the 2023 amount is through April and is at 11% of the budget for this account so that the actual revenue received is significantly behind 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.**

**Each department is responsible for ensuring that their budgets are not over expended and if they are, the issue should be addressed immediately.**

**County Attorney**

The following are the cumulative costs from January 21, 2019 to June 4, 2023 concerning the termination and subsequent re-appointment of a Legal Assistant in the County Attorney's office. This employee has not performed any work for the County during this time period. This case has now been settled and these are the final costs.

	<u>Amount</u>
Salary and Fringe - 1/21/19 to 12/31/21	\$ 152,993
Salary and Fringe - 1/1/22 to 12/31/22	64,625
Salary and Fringe - 1/1/23 to 6/4/23	26,433
Insurance Recovery - 3/14/22	<u>(87,310)</u>
Net Salary and Fringe Cost to Date	156,741
Employment Discrimination Settlement - Res#177 of 2023	<u>125,000</u>
Total Costs to Date	<u><u>\$ 281,741</u></u>

**School Resource Officer Contracts**

As noted below, we are having serious issues with the collection of amounts due for the 2022-23 school resource officer contracts. One of the schools has not even paid the amount due totaling \$38,000 and six of the schools paid late. The purpose of having the schools pay the entire contract in advance was so that no County funds would have to be used for these services. We are now, for the most part using County funds first and then getting reimbursed after. If we pay for the expenses first, then that has a negative impact on our cash flow. This whole set up was not supposed to impact any of the County's finances. We suggest adding a penalty provision in future contracts for not paying on time.

All of the schools signed their contracts after the school year began and after services were already being provided by the Sheriff Department. These contracts need to be signed prior to any services being provided. **This issue was first reported in the February, 2023 Budget Analysis Report and we have not received any corrective action.**

<u>School District</u>	<u>Contract Amount</u>	<u>Date Contract Signed</u>	<u>Due Date Of Payment</u>	<u>Amount Paid</u>	<u>Date Paid</u>
Hadley-Luzerne	90,000	9/26/2022	10/14/2022	90,000	11/8/2022
Queensbury	135,000	11/22/2022	10/14/2022	135,000	6/8/2023
North Warren	38,000	10/17/2022	10/14/2022	38,000	2/15/2023
Lake George	74,000	9/28/2022	10/14/2022	74,000	2/21/2023
Bolton	38,000	9/23/2022	10/14/2022	38,000	2/15/2023
Johnsburg	38,000	3/13/2023	10/14/2022	38,000	5/8/2023
Glens Falls City	38,000	1/11/2023	10/14/2022	-	Not Paid

**Overtime**

The following shows the departments that already have issues with their overtime budget after five months into the year. All of the departments below have already used more than 50% of their budget with the Sheriff's Correction and Countryside Adult Home already exceeding the budget. This is concerning and needs to be immediately addressed. **This issue was first reported in the February, 2023 Budget Analysis Report and we have not received any corrective action.**

<u>Department</u>	<u>Budget</u>	<u>Actual</u>	<u>% Used</u>
Sheriff's Correction	200,000	312,293	156%
Countryside Adult Home	26,000	28,059	108%
Social Services	49,222	46,193	94%
Sheriff's Law Enforcement	257,500	171,024	66%
Sheriff's 911 Center	40,500	21,529	53%

**Airport Costs**

The following shows a ten-year history of Airport operating and capital costs. The airport has averaged an annual \$501,445 operating deficit during this time period and an annual total deficit including capital costs of \$641,324. The debt costs relate to the construction of an airport hangar which was authorized in 2006 and funded with \$1.0 million in debt. The local share costs represent the County's portion of capital project costs. The operating deficit for 2023 is budgeted to be \$279,620.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Revenues	137,363	123,924	125,883	161,099	201,943	190,579	308,210	255,802	297,822	352,865	2,155,490
Expenditures	845,725	817,233	789,850	704,605	880,286	572,882	552,173	506,929	701,075	799,187	7,169,945
Operating Deficit	(708,362)	(693,310)	(663,967)	(543,506)	(678,343)	(382,303)	(243,963)	(251,127)	(403,253)	(446,322)	(4,568,133)
<b>Capital Costs</b>											
Local Share	96,566	56,772	117,015	48,889	140,228	60,513	142,684	80,887	119,470	19,759	882,783
Debt Principal	160,000	160,000	160,000	-	-	-	-	-	-	-	480,000
Debt Interest	18,000	12,000	6,000	-	-	-	-	-	-	-	36,000
<b>Total Deficit</b>	<b>(982,928)</b>	<b>(922,082)</b>	<b>(946,982)</b>	<b>(592,395)</b>	<b>(818,571)</b>	<b>(442,816)</b>	<b>(386,647)</b>	<b>(332,014)</b>	<b>(522,723)</b>	<b>(466,081)</b>	<b>(5,966,918)</b>

**Occupancy Tax Reserve**

We have historically waited until after year end to close the revenues and expenditures to the Occupancy Tax Reserve. We have decided to start closing on a monthly basis this year to more easily provide up to date information of the reserve available balance. We created two sub accounts, Occupancy Tax Reserve – Minimum Balance and the Occupancy Tax Reserve – Encumbered in order to better track reserve activity. The Occupancy Tax Reserve balance is equivalent to the unappropriated surplus balance for the General Fund and represents what amount is currently available. The Occupancy Tax Reserve – Minimum balance represents the amount of reserve that we must keep on hand for cash flow. The Occupancy Tax Reserve – Encumbered balance represents the amount that has been obligated either through a contract or purchase order and is not available for other uses. A significant amount of the Occupancy Tax Reserve – Encumbered balance covers periods throughout the year. The following represents the balances at the end of each month for the three reserve accounts.

<u>Date</u>	<u>Occupancy Tax Reserve</u>	<u>Occ Tax Reserve- Minimum Balance</u>	<u>Occ Tax Reserve- Encumbered</u>	<u>Total</u>
12/31/2022	5,235,115	1,000,000	295,940	6,531,055
1/31/2023	3,297,376	1,000,000	2,247,601	6,544,977
2/28/2023	3,195,170	1,000,000	2,203,803	6,398,973
3/31/2023	3,186,913	1,000,000	2,310,769	6,497,682
4/30/2023	1,404,577	1,000,000	3,957,577	6,362,154
5/31/2023	1,402,862	1,000,000	2,476,644	4,879,506

**County Debt Balances**

The following shows the County’s current debt outstanding as of May, 2023 along with ending debt balances for future years:

	<u>Current Balance</u>	<u>End of 2023 Balance</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028-2032</u>	<u>2033-2037</u>
<b>Bonds</b>								
Pub Safety Bldg & Com Upgrade	1,085,000	-	-	-	-	-	-	-
Recovery Act Bonds, Various Proj	10,935,000	10,205,000	9,445,000	8,660,000	7,840,000	6,990,000	2,235,000	-
Court Expansion - 2015	5,510,000	5,510,000	5,120,000	4,720,000	4,305,000	3,880,000	1,565,000	-
Court Expansion - 2017	6,290,000	6,290,000	5,910,000	5,520,000	5,120,000	4,715,000	2,515,000	-
SUNY Adirondack NSTEM - 2017	4,260,000	4,260,000	4,000,000	3,735,000	3,465,000	3,190,000	1,700,000	-
<b>Leased Commitments</b>								
Voting Machines	159,095	159,095	121,688	82,703	42,140	-	-	-
Copiers/Printers - National Business	299,028	263,215	200,298	135,457	68,690	-	-	-
Copier - Toshiba	-	-	-	-	-	-	-	-
Office Space - Mental Health	18,183	-	-	-	-	-	-	-
<b>Bond Anticipation Notes</b>								
Paving, Retaining Wall & Countryside	6,320,000	6,320,000	3,720,000	2,480,000	1,240,000	-	-	-
<b>Total Outstanding</b>	<b>34,876,306</b>	<b>33,007,310</b>	<b>28,516,986</b>	<b>25,333,160</b>	<b>22,080,830</b>	<b>18,775,000</b>	<b>8,015,000</b>	<b>-</b>

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