

WARREN COUNTY TREASURER

Michael R. Swan
County Treasurer

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To: All Supervisors
From: Michael R. Swan, Treasurer
Date: December 21, 2016
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 November 30, 2016 and have noted certain items Supervisors should be aware of.

Revenues

County Clerk

County Clerk Fees – As of November 30, the department has received \$1,090,459 in County Clerk Fees in 2015 and \$1,094,094 in 2016 which is an increase of 0.3%. It should be noted that the 2016 amount is at 91% of the budget for this account, so the actual revenue received is on target with the budget.

Mortgage Tax – As of November 30, the department has received \$1,607,913 in Mortgage Tax in 2015 and \$2,153,891 in 2016 which is an increase of 34%. It should be noted that the 2016 amount includes \$463,377 which relates to an unclaimed mortgage tax overpayment in 2014 which was not claimed by the borrower within two years of the recording date. The County can now keep this money. If you factor this payment out, the 2016 amount shows an increase of 5% over prior year and is at 117% of the budget.

Automobile Use Tax – As of November 30, the department has received \$408,469 in Automobile Use Tax in 2015 and \$407,451 in 2016 which is a decrease of 0.2%. It should be noted that the 2016 amount is through October and is at 86% of the budget for this account, so the actual revenue amount received is on target with the budget. The November collection amount was unavailable as of the date of this report.

County Treasurer

Sales Tax – It has been noted that we have collected \$1,027,036 more in sales taxes through the second payment for November, 2016 than we did through the second payment for November, 2015 which is a 2.3% increase. One more payment for November is expected at the end of December. In order to meet the 2016 budget, we need a 0.15% increase over 2015 actual.

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 1st to April 30th, and with minimum hours of 8:00 am to 3:00 pm, seven days per week from May 1st to September 30th. 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.

Tourism

Occupancy Tax – The department has collected \$5,226 more in occupancy taxes as of November 30, 2016 than we did as of November 30, 2015 which is a 0.14% increase. The most recent projections of the Occupancy Tax Reserve were prepared in October, 2016 and if you factor in the additional use of the reserve of \$125,000 for invasive species adopted in the 2017 budget (with the assumption that this funding would continue in future years) and the \$110,000 additional distribution of funds approved by resolution number 555 of 2016 for 2017 you get the following revised Occupancy Tax Reserve projection:

	2016 Amended Budget	2017 Projected	2018 Projected	2019 Projected	2020 Projected
Tourism Occupancy Revenue	\$4,378,123.00	\$4,488,123.00	\$4,588,123.00	\$4,688,123.00	\$4,788,123.00
Tourism Occupancy Expenses	\$4,962,979.98	\$5,023,023.15	\$4,663,025.81	\$4,706,710.16	\$4,749,954.54
Additional Occ Tax Use of Reserve - 2017 Adopted Budget - Invasive Species	\$0.00	(\$125,000.00)	(\$125,000.00)	(\$125,000.00)	(\$125,000.00)
Additional Distribution of Funds - Res #555 of 2016	\$0.00	(\$110,000.00)	\$0.00	\$0.00	\$0.00
Estimated Occ Tax Reserve Needed	(\$584,856.98)	(\$769,900.15)	(\$199,902.81)	(\$143,587.16)	(\$86,831.54)
Occupancy Tax Reserve - Beginning Balance	\$3,068,105.00	\$2,483,248.02	\$1,713,347.87	\$1,513,445.06	\$1,369,857.90
Occupancy Tax Reserve -Ending Balance	\$2,483,248.02	\$1,713,347.87	\$1,513,445.06	\$1,369,857.90	\$1,283,026.36
Required Minimum Reserve Balance	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00
Available Occupancy Tax Reserve Balance	\$1,483,248.02	\$713,347.87	\$513,445.06	\$369,857.90	\$283,026.36

It is important to note that the projection assumes that the funding for the Glens Falls Civic Center will end in 2017 and that the occupancy tax revenue has an average growth rate of 2.3% from 2017 to 2020. As noted above, we are currently only at a 0.14% growth rate. If this trend continues, we will deplete the available reserve balance much sooner. As noted above, there is only \$283,026 projected to be available in the reserve at the end of 2020 so an adjustment of the spending plan may need to be implemented in the near future.

Sheriff's Correction Division

Jail Services, Other Government – As of November 30, the department has received \$417,486 in Jail Services, Other Government in 2015 and \$390,724 in 2016 which is a decrease of 6%. It should be noted that the 2016 amount is through October and is at 98% of the budget for this account, so the actual revenue amount received is on target to exceed the budget.

Health Services

Home Nursing Charges – As of November 30, the department has received \$3,730,136 in Home Nursing Charges in 2015 and \$3,267,676 in 2016 which is a decrease of 12%. It should be noted that the 2016 amount is through October and is at 77% of the budget for this account, so the actual revenue amount is lagging behind the budget. It should be noted that a \$55,646 adjustment was made in March to reduce 2016 revenue in order to align the Home Nursing Charges and the Long Term Care programs. If you factor out this adjustment, then the 2016 actual amount through October for Home Nursing Charges is at 78% of the budget, so the unadjusted revenue amount is still lagging behind the budget.

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.

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.

Courthouse Expansion Project – Engineering Contract

We have noted some contract and billing issues that we are currently working on with DPW and the engineering firm which we expect to be resolved in the future. The details have been reported to the County Administrator.

We have resolved this issue with the engineering firm and have determined that the engineering firm had under billed the County by \$15,886 since 2014. The contract that is being used for this project was an existing contract for general engineering services. A request for proposal was not sent out for engineering services relating to the \$16.7 million Courthouse Expansion project. The contract that is being used requires an hourly billing based on actual hours worked and payment for out of pocket expenses with no ceiling on the total cost that can be billed. This is not an ideal type of contract for a project of this size and it is important that the engineering hours be closely controlled to keep project costs down.

County Debt Balances

The following shows the County's current debt outstanding as of November, 2016 along with ending debt balances for future years:

	Current Balance	End of 2016 Balance	2017	2018	2019	2020- 2024	2025- 2029	2030- 2034
Bonds								
Pub Safety Bldg & Com Upgrade	7,695,000	7,695,000	6,555,000	5,430,000	4,325,000	-	-	-
Recovery Act Bonds, Various Proj	18,190,000	17,575,000	16,935,000	16,265,000	15,570,000	11,545,000	6,405,000	-
Court Expansion	8,000,000	8,000,000	7,665,000	7,325,000	6,980,000	5,120,000	2,995,000	530,000
Capital Leases								
Westmount Co-Generation Plant	252,139	221,019	-	-	-	-	-	-
Municipal Center Energy Project	1,570,826	1,397,703	1,209,177	1,003,899	781,029	-	-	-
Countryside Adult Home Energy Pr	147,345	141,209	115,818	88,084	59,553	-	-	-
Bond Anticipation Notes								
SUNY Adirondack NSTEM	3,278,000	3,278,000	-	-	-	-	-	-
Alder Brook Brdg over Trout Brdg	30,168	30,168	-	-	-	-	-	-
Harrington Road Bridge	11,957	11,957	-	-	-	-	-	-
Beach Road Bridge	119,986	119,986	-	-	-	-	-	-
2011 Storm Damage	220,000	220,000	-	-	-	-	-	-
West Brook Parking Lot	30,600	30,600	-	-	-	-	-	-
Total Outstanding	39,546,021	38,720,642	32,479,995	30,111,983	27,715,581	16,665,000	9,400,000	530,000

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.