

WARREN COUNTY TREASURER

Michael R. Swan
County Treasurer

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To: All Supervisors

From: Michael R. Swan, Treasurer

Date: December 19, 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 November, 2017 and have noted certain items Supervisors should be aware of.

Revenues

County Clerk

County Clerk Fees – As of November 30, the department has received \$1,094,094 in County Clerk Fees in 2016 and \$1,140,616 in 2017 which is an increase of 4.3%. It should be noted that the 2017 amount is at 95% of the budget for this account so the actual revenue received is on target to exceed the budget.

Mortgage Tax – As of November 30, the department has received \$1,690,514 in Mortgage Tax in 2016 (minus \$463,377 for one-time overpayment) and \$1,753,175 in 2017 which is an increase of 3.7%. It should be noted that the 2017 amount is at 113.1% of the budget for this account so the actual revenue received has already exceeded the budget.

Automobile Use Tax – As of November 30, the department has received \$407,451 in Automobile Use Tax in 2016 and \$417,697 in 2017 which is an increase of 2.5%. It should be noted that the 2017 amount is through October and is at 88% of the budget for this account, so the actual revenue amount received is on target to exceed the budget.

County Treasurer

Sales Tax – It has been noted that we have collected \$908,254 more in sales taxes through the second payment for November, 2017 than we did through the second payment for November, 2016 which is a 1.9% increase. The final and third payment for November has not been received yet as of the date of this report.

Tourism

Occupancy Tax – The department has collected \$185,031 more in occupancy taxes as of November 30, 2017 than we did as of November 30, 2016 which is a 5% increase.

Saratoga & North Creek Railway

The railroad underpaid the County \$143.58 with the payment for the County's share of September revenues because it did not include our share of freight revenue. The railroad has not paid the County's share of October and November, 2017 gross revenues as of the date of this report which were due by the 10th of the following month. This has been a recurring problem with the railroad.

This was reported in the October budget analysis report. We are not aware of any action being taken by County administration to address this issue as of the date of this report.

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.

Capital Appeals - \$795,463 was recorded as a receivable for capital appeals covering the period of 2007 to 2015 prior to the sale of Westmount. We have received \$489,729 in October and received a final payment of \$310,509 in December for a total amount of \$800,238.

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 November 30, the department has received \$390,724 in Jail Services, Other Government in 2016 and \$128,298 in 2017 which is a decrease of 67%. It should be noted that the 2017 amount is through October and is 32% of the budget for this account, so the actual amount is lagging significantly 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 \$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.

Building & Fire Code

Building Permits – As of November 30, the department received \$192,913 in building permits in 2016 and \$185,001 in 2017 which is a decrease of 4%. It should be noted that the 2017 amount is at 105% of the budget for this account so that actual revenue received has currently exceeded the budget.

Health Services

Home Nursing Charges – As of November 30, the department has received \$3,267,676 in Home Nursing Charges in 2016 and \$3,085,601 in 2017 which is a decrease of 6%. It should be noted that the 2017 amount is through October and is at 73% of the budget for this account, so the actual revenue amount is lagging 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.

The following departments had deficit balances in some of their appropriation codes as of November 30, 2017. **We are at a critical point in time and this needs to be addressed immediately by County administration.** As noted below, several departments are not addressing this issue in a timely manner:

General Fund

County Administrator

Forfeited Crime Proceeds – DA (same issue in April, May, June, July, August, September and October, 2017)

Public Defender (same issue in May, June, July, August, September and October, 2017)

Justices & Constables

County Clerk (same issue in May, June, July, August, September and October, 2017)

Board of Elections

Buildings (same issue in October, 2017)

Health & Human Services Building

Beach Road Parking Lot

Sheriff's 911 Center

Sheriff's Law Enforcement

Probation

Probation – Pretrial (same issue in September and October, 2017)

Sheriff's Correction Division (same issue in September and October, 2017)

Fire Prevention & Control

Health Services

Airport

Countryside Adult Home

OFA – Warren County

Parks & Recreation (same issue in September and October, 2017)

Planning GIS Program

County Road

Traffic Control (same issue in June, July, August, September and October, 2017)

Engineering (same issue in October, 2017)

Maintenance of Roads (same issue in May, June, July, August, September and October, 2017)

Snow Removal - County

Services to Other Governments (same issue in August, September and October, 2017)

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.

This was reported in the October, 2017 budget analysis report. We are not aware of any action being taken by County administration to address this issue as of the date of this report.

Lake Champlain Lake George Regional Planning Board

The County currently has an arrangement with the Lake George Lake Champlain 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 currently owes the County \$18,567 for health, dental and retirement costs covering the period of August, 2017 to October, 2017 and \$11,545 for payroll and fringe benefits for payroll ending December 10, 2017 for a total outstanding amount of \$30,112. 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, 2017 budget analysis report. We are not aware of any action being taken by County administration to address this issue as of the date of this report.

County Debt Balances

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

	Current	End of 2017				2021-	2026-	2031-	2036-
	Balance	Balance	2018	2019	2020	2025	2030	2035	2040
Bonds									
Pub Safety Bldg & Com Upgrade	6,555,000	6,555,000	5,430,000	4,325,000	3,240,000	-	-	-	-
Recovery Act Bonds, Various Pro	17,575,000	16,935,000	16,265,000	15,570,000	14,845,000	10,615,000	5,235,000	-	-
Court Expansion - 2015	7,665,000	7,665,000	7,325,000	6,980,000	6,625,000	4,720,000	2,535,000	-	-
Court Expansion - 2017	8,500,000	8,500,000	8,085,000	7,740,000	7,390,000	5,520,000	3,425,000	1,050,000	-
SUNY Adirondack NSTEM	5,763,765	5,763,765	5,485,000	5,250,000	5,010,000	3,735,000	2,320,000	710,000	-
Capital Leases									
Westmount Co-Generation Plant	-	-	-	-	-	-	-	-	-
Municipal Center Energy Project	1,397,703	1,209,177	1,003,899	781,029	539,915	-	-	-	-
Countryside Adult Home Energy	122,233	122,233	95,092	66,762	37,616	-	-	-	-
Bond Anticipation Notes									
SUNY Adirondack NSTEM	-	-	-	-	-	-	-	-	-
Alder Brook Brdg over Trout Brdg	-	-	-	-	-	-	-	-	-
Harrington Road Bridge	-	-	-	-	-	-	-	-	-
Beach Road Bridge	-	-	-	-	-	-	-	-	-
2011 Storm Damage	-	-	-	-	-	-	-	-	-
West Brook Parking Lot	-	-	-	-	-	-	-	-	-
Total Outstanding	47,578,701	46,750,175	43,688,991	40,712,790	37,687,531	24,590,000	13,515,000	1,760,000	-

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