

# WARREN COUNTY TREASURER

**Michael R. Swan**  
County Treasurer

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Deputy Treasurer

To: All Supervisors  
From: Michael R. Swan, Treasurer  
Date: September 20, 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 August, 2017 and have noted certain items Supervisors should be aware of.

## **Revenues**

### **County Clerk**

**County Clerk Fees** – As of August 31, the department has received \$792,701 in County Clerk Fees in 2016 and \$818,040 in 2017 which is an increase of 3.2%. It should be noted that the 2017 amount is at 68% of the budget for this account so the actual revenue received is on target with the budget.

**Mortgage Tax** – As of August 31, the department has received \$1,202,386 in Mortgage Tax in 2016 (minus \$463,377 for one-time overpayment) and \$1,226,101 in 2017 which is an increase of 2.0%. It should be noted that the 2017 amount is at 79% of the budget for this account so the actual revenue received is on target to exceed the budget.

**Automobile Use Tax** – As of August 31, the department has received \$282,577 in Automobile Use Tax in 2016 and \$291,628 in 2017 which is an increase of 3.2%. It should be noted that the 2017 amount is through July and is at 61% 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 \$626,424 more in sales taxes through August, 2017 than we did through August, 2016 which is a 1.9% increase.

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

The contract year runs from July to June and the County was paid a total of \$77,023.86 for the contract year ending June 30, 2017. **In accordance to the contract the railroad is to pay the County a minimum of \$81,958 each contract year so the County is owed an additional \$4,934.14 which has not been paid as of the date of this report. The railroad has not paid the County's share of July and August, 2017 gross revenues as of the date of this report.**

### **Tourism**

**Occupancy Tax** – The department has collected \$21,222 more in occupancy taxes as of August 31, 2017 than we did as of August 31, 2016 which is a 1% increase.

## Westmount Receivables

**Medicaid** – The County is currently owed \$552,683 in patient Medicaid claims. Since the nursing home was sold on December 31, 2015, we have collected \$131,733 in claims which were mostly received in 2016 through the assistance of a County employee who handled the re-billing while working extra hours. This employee was no longer interested in doing this and ended the arrangement at the end of 2016. Since then, attempts have been made to find someone to take over the billing without success. It is most likely that a substantial balance of the Medicaid receivable will not be able to be re-billed due to the age of the receivable. A decision is needed to try and find someone else to handle the re-billing or to write-off the outstanding balance.

**The Board has elected to pursue collection of the receivables. The County Attorney is currently working with an individual who is willing 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 documentation that shows that this amount could be as high as \$1.3 million. We were told that payment was expected sometime this June, but we have not received anything. We understand that the County Attorney is currently involved in providing documentation requested by the Office of Medicaid Inspector General.

**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 August 31, the department has received \$276,890 in Jail Services, Other Government in 2016 and \$67,068 in 2017 which is a decrease of 76%. It should be noted that the 2017 amount is through July and is 17% 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 \$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 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 August 31, the department received \$135,147 in building permits in 2016 and \$121,154 in 2017 which is a decrease of 10%. It should be noted that the 2017 amount is at 69% of the budget for this account so that actual revenue received is currently on target to exceed the budget.

## Health Services

**Home Nursing Charges** – As of August 31, the department has received \$2,286,354 in Home Nursing Charges in 2016 and \$2,134,391 in 2017 which is a decrease of 7%. It should be noted that the 2017 amount is through July and is at 51% 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 August 31, 2017. **We are at a critical point in time and this needs to be addressed immediately.** As noted below, several departments did not address this issue as reported in the April, May, June and July, 2017 Budget Analysis Reports:

### General Fund

Legislative Board (same issue in April, May, June and July, 2017)  
Forfeited Crime Proceeds – DA (same issue in April, May, June and July, 2017)  
District Attorney (same issue in July, 2017)  
Public Defender (same issue in May, June and July, 2017)  
Justices & Constables (same issue in July, 2017)  
Budget Officer (same issue in April, May, June and July, 2017)  
County Clerk (same issue in May, June and July, 2017)  
Civil Service (same issue in April, May, June and July, 2017)  
Board of Elections (same issue in June and July, 2017)  
Information Technology (same issue in April, May, June and July, 2017)  
Sheriff's Law Enforcement  
Homeland Security  
Emergency Medical Service (same issue in April, May, June and July, 2017)  
Mental Health Admin (same issue in April, May, June and July, 2017)  
Public Nursing Home (same issue in April, May, June and July, 2017)  
Social Services (same issue in April, May, June and July, 2017)  
Long Term Care Ombudsman (same issue in May, June and July, 2017)  
Planning (same issue in July, 2017)  
Planning GIS Program (same issue in June and July, 2017)

### County Road

Traffic Control (same issue in June and July, 2017)  
Maintenance of Roads (same issue in May, June and July, 2017)  
Services to Other Governments

### Road Machinery

Machinery

### **SUNY Adirondack**

It has been reported by SUNY Adirondack that Warren and Washington Counties' joint contribution to the college's operating budget is approximately 11.5 percent which they consider low compared to community colleges of similar size which have an average sponsor contribution of approximately 15.6 percent. We feel that the contributions of \$8.5 million by Warren and Washington Counties for the NSTEM project should also be factored into this contribution analysis. The debt service costs for this project will be spread over a 20 year period. If you factor in an average annual debt service cost to the operating contribution then the Warren and Washington Counties' joint contribution increases to an estimated 13.1 percent.

The following shows Warren County's budgeted college education costs for 2017 and 2018:

	2017	2018	Amount	Percent
	<u>Adopted Budget</u>	<u>Budget Request</u>	<u>Increase/(Decrease)</u>	<u>Increase/(Decrease)</u>
NSTEM Debt Service	37,370	387,316	349,946	936%
Operating Contribution	1,929,629	1,968,221	38,592	2%
College Chargebacks	<u>375,000</u>	<u>350,000</u>	<u>(25,000)</u>	<u>-7%</u>
Totals	<u>2,341,999</u>	<u>2,705,537</u>	<u>363,538</u>	<u>16%</u>

As noted above, the 2018 requested budget for college education costs has significantly increased over 2017 with a 16% increase.

## County Road Projects

We have noted that the Riverbank Road CR11 project which was completed in 2016 for \$152,391 by our DPW staff needs to be redone in 2017. The Superintendent of Public Works indicated at the May 2017 Public Works Committee meeting that there was an issue with the material. If that is the case, then the County needs to seek compensation from the vendor who supplied the defective material. The County has contracted with an outside contractor to redo the road in 2017 for \$116,060 which was transferred into the County Road fund from the General Fund unreserved fund balance as part of the \$577,255 transfer approved at the June Board meeting.

**It is our understanding from DPW that the vendor has agreed to compensate the County \$7,500 for the defective material only, even though additional costs related to this material were incurred by the County to fix the road. After factoring in the compensation from the vendor, the County has incurred a \$108,560 loss relating to redoing this road project. We suggest that the County Attorney look into whether compensation is owed to the County relating to additional costs incurred by the County that are directly related to the defective material. We are not aware of any corrective action concerning this issue as of the date of this report.**

## Airport Access Road

DPW is in the process of building an emergency access road into the airport which was previously approved by the Board. The Superintendent of DPW has indicated that this is not a highway road which means that the County Road fund must be reimbursed for all costs associated with the construction including labor, equipment use and any materials. A source of funding for this project must be identified in the General Fund to reimburse the County Road fund. An estimate of the cost of the project was not determined by DPW. **The Superintendent of DPW has indicated that he will find a source of funding through unneeded funds in a capital project.**

## County Debt Balances

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

	Current Balance	End of 2017 Balance	2018	2019	2020	2021- 2025	2026- 2030	2031- 2035	2036- 2040
<b>Bonds</b>									
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	-
<b>Capital Leases</b>									
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 I	128,603	122,233	95,092	66,762	37,616	-	-	-	-
<b>Bond Anticipation Notes</b>									
SUNY Adirondack NSTEM	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
<b>Total Outstanding</b>	<b>47,997,783</b>	<b>46,750,175</b>	<b>43,688,991</b>	<b>40,712,790</b>	<b>37,687,531</b>	<b>24,590,000</b>	<b>13,515,000</b>	<b>1,760,000</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.