

WARREN COUNTY TREASURER

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County Treasurer

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To: All Supervisors
From: Michael R. Swan, Treasurer
Date: January 27, 2020
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 December 31, 2019 on a Preliminary basis. Please note that we have not closed the year as of this date and there will be significant additional Revenues and expenditures posted until we officially close the books over the next few months. We will provide final 2019 numbers near the end of April, 2020. We have noted the following items Supervisors should be aware of:

Revenues

Occupancy Tax

When the occupancy tax was adopted in 2003, the intent was that Tourism department operating expenses and tourism promotional expenses would be fully covered by this tax so that Warren County taxpayers would not be burdened by these costs. Resolution #558 of 2014 established a minimum balance of \$1,000,000 for the Occupancy Tax Reserve account for unexpected contingencies. This balance is also important for cash flow purposes so that the General Fund would not have to subsidize the cash flow needs of the Tourism department. The following is a history of the Occupancy Tax Reserve account from 2004 to 2018 with projected amounts obtained from the **2019 Warren County Financial Management Plan** for 2019 to 2023. We are very concerned about the projected trend which projects 2022 and 2023 being under the minimum Occupancy Tax Reserve balance of \$1,000,000. We feel that this trend should be addressed immediately and are concerned that no action had been taken with the 2020 budget to address this issue. Use of \$590,030 of the Occupancy Tax Reserve balance is included in the adopted 2020 budget.

<u>Year</u>	<u>Balance</u>
2004	2,049,475
2005	2,280,971
2006	2,247,400
2007	2,481,415
2008	2,542,772
2009	2,408,098
2010	2,656,100
2011	2,714,786
2012	2,496,472
2013	2,713,244
2014	3,018,439
2015	3,068,105
2016	3,014,323
2017	2,707,699
2018	2,543,935
2019 Projected	2,319,823
2020 Projected	1,733,241
2021 Projected	1,221,305
2022 Projected	780,484
2023 Projected	422,507

We reviewed the Tourism costs and the Occupancy Tax costs from 2015 to 2019 (amended budget) and noted that costs for the Tourism department increased by \$204,182 (9% total increase, 2.3% average per year) during this period while Occupancy Tax costs increased by \$930,468 (50% total increase, 12.5% average per year) during this period so it appears that Occupancy Tax costs are having a significant impact on the use of the occupancy tax reserve balance.

Airport

Airport Restaurant Concessions – It has been noted that the Aviator restaurant has closed for the winter starting January 20, 2020 and will reopen Memorial Day of 2020. The County collects five percent of the gross annual revenue generated by the restaurant in accordance to the lease agreement. Based on monthly restaurant gross revenue for 2019, we estimate that the County will lose \$10,300 in restaurant revenue and \$6,200 in sales tax revenue for 2020 during this closure period and the County most likely will not meet our 2020 restaurant revenue budget.

County Clerk

County Clerk Fees – As of December 31, the department has received \$1,323,306 in County Clerk Fees in 2018 and \$1,348,903 in 2019 which is an increase of 2%. It should be noted that the 2019 amount is at 108% of the budget for this account so the actual revenue received exceeded the budget.

Mortgage Tax – As of December 31, the department has received \$2,000,335 in Mortgage Tax in 2018 and \$1,714,297 in 2019 which is a decrease of 14%. It should be noted that the 2019 amount is at 101% of the budget for this account so the actual revenue received exceeded the budgeted amount. This was caused by the State Legislature failing to authorize a portion of the County's mortgage recording tax which expired on December 1st. The State Legislature approved the additional mortgage tax in 2019 and it was imposed with an effective date of April 1, 2019.

Automobile Use Tax – As of December 31, the department has received \$483,781 in Automobile Use Tax in 2018 and \$472,373 in 2019 which is a decrease of 2%. It should be noted that the 2019 amount is at 98% of the budget for this account, so the actual revenue amount received is slightly below the budget.

County Treasurer

Sales Tax – It has been noted that we have collected \$1,035,887 more in sales taxes through December, 2019 than we did through December, 2018 which is a 1.9% increase. We finished the year \$3,897,231 over budget for this revenue code. It should be noted that we also finished the year \$1,730,721 over budget in the Distribution of Sales Tax appropriation code which leaves a net budget gain of \$2,166,510.

Interest & Earnings – As of December 31, the department has received \$138,256 in Interest & Earnings in 2018 and \$283,767 in 2019 which is an increase of 105%. It should be noted that the 2019 amount is through November and is at 355% of the budget for this account, so the actual revenue amount has already exceeded the budget.

VLT/Tribal Compact Moneys (Casino) – As of December 31, the department has received \$333,345 in casino money in 2018 and \$306,561 in 2019 which is a decrease of 8%. It should be noted that the 2018 and 2019 amounts are through September and is at 71% of the budget for this amount, so the actual revenue amount received is below the budget.

Tourism

Occupancy Tax – The department has collected \$350,473 more in occupancy taxes as of December 31, 2019 than we did as of December 31, 2018 which is a 7% increase. This amount represents collections for each year through January 16. We have not finalized 2019 figures yet and expect to receive payments for 2019 through March 31, 2020.

Sheriff's Correction Division

Jail Services, Other Government – As of December 31, the department has received \$116,213 in Jail Services, Other Government in 2018 and \$238,842 in 2019 which is an increase of 106%. It should be noted that the 2019 amount is through November and is at 136% of the budget for this account, so the actual revenue amount received has already exceeded the budget.

Building & Fire Code

Building Permits – As of December 31, the department received \$204,493 in building permits in 2018 and \$225,265 in 2019 which is an increase of 10%. It should be noted that the 2019 amount is at 113% of the budget for this account so that actual revenue received has exceeded the budget.

Health Services

Home Nursing Charges – As of December 31, the department has received \$3,752,172 in Home Nursing Charges in 2018 and \$3,385,308 in 2019 which is a decrease of 10%. It should be noted that the 2019 amount is through November and is at 81% of the budget for this account, so the actual revenue amount received 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.

Capital Projects

Departments should be reviewing their capital projects to make sure that they are closed soon after completion of the project. The following are capital projects where there has not been any recent activity and a determination should be made by the responsible department whether or not the project should be closed. Responsible departments should also determine if any outstanding State/Federal receivables associated with their projects are collectable and if not they will have to be written off and a funding source will have to be identified for the costs not reimbursed by State/Federal government. **DPW closed three projects that were on this list, H214, H323 and H357, but we haven't seen any action taken on the current list below.**

Department of Public Works	Date of Last Activity	Cash	State/Federal Receivable	Deposit with Other Govt
H199 - Corinth Road	5/2016	100,508	22,119	-
H200 - Quaker Road Signal Imp	12/2013	-	11,283	-
H219 - RR Track Restoration	5/2009	-	534	125,000
H258 - Tannery Bridge over Stony Creek	8/2010	-	63,791	-
H291 - Elevator Repair - Municipal Center	No Activity	-	-	-
H346 - Env Assess - Airport Obstruct Rem	12/2015	-	-	-
H348 - Airport Equipment Building Repair	8/2016	1,758	301	-
H355 - Municipal Cntr Security Renovation	10/2016	-	-	-
H361 - Brant Lake Lower Dam	12/2015	-	-	-

Notes:

1. H200 – Quaker Road Signal Imp – There is a liability back to the General Fund that is not funded for \$136,647 which will need funding before it can be repaid and the project closed.
2. H219 – RR Track Restoration – The Treasurer's Office has made numerous requests to DPW over the years to obtain an accounting from the State for the \$125,000 deposit that was made to the State without any success. We need some sort of documentation from the State showing that they spent the County's money on this project.
3. H291 – Elevator Repair – Municipal Center – This project was opened in August, 2008 for \$41,800 and has had no activity. This project was funded with reserve money and if there is no expectation to expend this money in the near future then it must be returned to the Reserve, Rehab County Buildings (A 871.00) in the General Fund.

Sheriff Payroll Policies

Resolution No. 412 of 2019, approved at the September 20, 2019 Board meeting, resolved that the Warren County Sheriff's Department will implement a written paid time off accrual policy to be formally adopted by Warren County in its capacity as co-employer. As of the date of this report, this has not been completed.

County Debt Balances

The following shows the County's current debt outstanding as of December 31, 2019 along with ending debt balances for future years:

	Current	End of 2019				2023-	2028-	2033-
Bonds	Balance	Balance	2020	2021	2022	2027	2032	2037
Pub Safety Bldg & Com Upgrade	4,325,000	4,325,000	3,240,000	2,165,000	1,085,000	-	-	-
Recovery Act Bonds, Various Proj	15,570,000	15,570,000	14,845,000	14,080,000	13,280,000	8,605,000	2,740,000	-
Court Expansion - 2015	6,980,000	6,980,000	6,625,000	6,260,000	5,890,000	3,880,000	1,565,000	-
Court Expansion - 2017	7,740,000	7,740,000	7,390,000	7,030,000	6,665,000	4,715,000	2,515,000	-
SUNY Adirondack NSTEM - 2017	5,250,000	5,250,000	5,010,000	4,765,000	4,515,000	3,190,000	1,700,000	-
Capital Leases								
Municipal Center Energy Project	781,028	781,028	539,915	279,884	-	-	-	-
Countryside Adult Home Energy Proj	66,761	66,761	37,616	7,630	-	-	-	-
Total Outstanding	40,712,789	40,712,789	37,687,531	34,587,515	31,435,000	20,390,000	8,520,000	-

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