

WARREN COUNTY TREASURER

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To: All Supervisors

From: Christine V. Norton, Treasurer

Date: April 3, 2024

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 February 29, 2024. Please note that we have not closed the 2023 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 2023 numbers near the end of April, 2024. We have noted the following items Supervisors should be aware of.

General Fund Balance

The following shows the estimated balance of unappropriated surplus for the General Fund compared to the minimum balance needed to operate which equates to two months of operating expenses or 16.7%. The potential "Additional Appropriated 2024" amount is the amount the Budget Officer removed from the 2024 budget which can be appropriated in 2024 based on Board approval.

| | |
|--|---------------------------|
| Estimated Unappropriated Surplus - 2023 | \$ 44.2 million |
| Appropriated - 2024 Budget | <u>(1.9) million</u> |
| | 42.3 million |
| Approved Appropriated - 2024 | (4.9) million |
| Remaining Additional Appropriated - 2024 | <u>(0.5) million</u> |
| Balance Estimated Unappropriated Surplus | \$ 36.9 million |
| Minimum Surplus Balance Needed (2 months operating expense) - 2024 | <u>32.5 million</u> |
| Balance of Surplus Exceeding Minimum Balance | <u><u>4.4 million</u></u> |

Revenues

County Clerk

County Clerk Fees – As of February 29, the department has received \$153,399 in County Clerk Fees in 2024 and \$158,686 in 2023 which is a decrease of 3%. January actual revenues are 5% behind expected budgeted amounts.

Mortgage Tax – As of February 29, the department has received \$262,012 in Mortgage Tax in 2024 and \$260,558 in 2023 which is an increase of 0.6%. February actual revenues are 4% behind expected budgeted amounts

Automobile Use Tax – As of February 29, the department has received \$26,542 in Automobile Use Tax in 2024 and \$33,154 in 2023 which is a decrease of 20%. The 2024 actual revenue amount is through January and is 2% behind expected budgeted amounts.

County Treasurer

Sales Tax – We have collected \$138,063 more in sales taxes through February 29, 2024 than we did through February 29, 2023 which is a 1.4% increase. We have received \$1,436,457 more than the 2024 revenue budget to date which is a 17.1% increase. **The net County budget surplus after accounting for the distribution to the Towns and Village is \$761,322.**

VL/Tribal Compact Moneys (Casino) – The County had not received Mohawk Tribal casino payments since the 3rd quarter of 2019. We have received a lump sum settlement payment for 10/31/19 to 12/31/21 in the amount of \$410,788 of which \$88,841 had been accrued in 2019 and the balance of \$321,947 was recorded as revenue in 2023. We do not know anything about 2022 and 2023 amounts owed.

Tourism

Occupancy Tax – As of December 31, the department has received \$7,719,992 in Occupancy Tax revenue in 2023 and \$7,708,284 in 2022 which is an increase of \$11,708 or 0.15%. These amounts represent final collections for each year.

Building & Fire Code

Building Permits – As of February 29, the department received \$22,490 in building permits in 2024 and \$44,648 in 2023 which is a decrease of 50%. February actual revenues are 9% behind expected budgeted amounts.

It has been noted that there were several large projects in January and February, 2023 which we didn't have this year.

Expenditures

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. Please note that the Board approved to increase the reserve minimum balance to \$1,500,000 during the July Board meeting.

| <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 |
| 6/30/2023 | 1,350,382 | 1,000,000 | 2,608,069 | 4,958,451 |
| 7/31/2023 | 906,190 | 1,500,000 | 2,542,154 | 4,948,343 |
| 8/31/2023 | 743,919 | 1,500,000 | 2,059,526 | 4,303,445 |
| 9/30/2023 | 2,417,379 | 1,500,000 | 1,700,477 | 5,617,856 |
| 10/31/2023 | 2,295,143 | 1,500,000 | 1,268,482 | 5,063,625 |
| 11/30/2023 | 1,484,198 | 1,500,000 | 1,313,680 | 4,297,878 |
| 12/31/2023 | 2,043,167 | 1,500,000 | 760,023 | 4,303,190 |

DPW Waste Containers

Currently, we have \$1.1 million in waste container inventory without adequate control over where each container is located at any point in time or if the container even exists. This is caused by the nature of the waste hauling business where haulers are continually replacing full containers with empty ones that may be owned by other entities. We suggest purchasing a tracking device system where trackers can be attached to each waste container to allow for proper control over the whereabouts of each County owned waste container.

The Superintendent of Public Works has indicated that GPS trackers may not be necessary as it is anticipated that the County will be hauling the waste once we purchase two new trucks that were recently funded. ***An effort should still be made to identify and account for the \$1.1 million in waste container inventory.***

Overtime

The following shows the departments that already have issues with their overtime budget after only two months into the year. *This needs to be effectively managed or at this rate we are projecting budget deficits for these five departments totaling \$913,297 which will have to be absorbed by the department or funded elsewhere.*

| <u>Department</u> | <u>Budget</u> | <u>Actual</u> | <u>% Used</u> | <u>Projected Actual</u> | <u>Projected Budget Deficit</u> |
|-------------------------------|---------------|---------------|---------------|-------------------------|---------------------------------|
| Countryside Adult Home | 26,000 | 11,815 | 45% | 70,889 | (44,889) |
| Sheriff's Correction Division | 400,000 | 175,612 | 44% | 1,053,675 | (653,675) |
| Social Services | 49,222 | 13,874 | 28% | 83,244 | (34,022) |
| Sheriff's 911 Center | 60,000 | 15,748 | 26% | 94,486 | (34,486) |
| Sheriff's Law Enforcement | 425,000 | 95,204 | 22% | 571,226 | <u>(146,226)</u> |
| | | | | | <u>(913,297)</u> |

2022 BAN Proceeds

On May 24, 2022, the County issued \$7.9 million in bond anticipation notes (BANs) at 3% interest to fund three capital projects. The following shows the amount issued, spent and the remaining balance for each project as of February 29, 2024. As noted below, DPW has spent \$4.1 million of this funding.

We are required to spend at least 85% of the bond proceeds within 3 years of the issuance date. We issued the 2022 BAN on May 24, 2022 so we have until May 24, 2025 to spend 85% of these proceeds. As noted below we have only spent 52%. *The DPW Superintendent has indicated that he expects to spend 85% of the BAN proceeds by the May 24, 2025 deadline.*

| <u>Project</u> | <u>Amount Issued</u> | <u>Amount Spent</u> | <u>Balance Remaining</u> |
|-----------------------------------|----------------------|---------------------|--------------------------|
| H415-2022 Bonded Road Projects | 6,200,000 | 3,079,706 | 3,120,294 |
| H401-Sagamore Retaining Wall | 700,000 | - | 700,000 |
| H406-Countryside 2021 Capital Imp | 1,000,000 | 1,000,000 | - |
| | <u>7,900,000</u> | <u>4,079,706</u> | <u>3,820,294</u> |

Percent Spent 52%

County Debt Balances

The following shows the County’s current debt outstanding as of February, 2024 along with ending debt balances for future years:

| Bonds | Current Balance | End of 2024 Balance | 2025 | 2026 | 2027 | 2028 | 2029- 2033 |
|--------------------------------------|--------------------|------------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| Recovery Act Bonds, Various Proj | 10,205,000 | 9,445,000 | 8,660,000 | 7,840,000 | 6,990,000 | 6,110,000 | 1,140,000 |
| Court Expansion - 2015 | 5,510,000 | 5,120,000 | 4,720,000 | 4,305,000 | 3,880,000 | 3,445,000 | 1,055,000 |
| Court Expansion - 2017 | 5,910,000 | 5,910,000 | 5,520,000 | 5,120,000 | 4,715,000 | 4,295,000 | 2,040,000 |
| SUNY Adirondack NSTEM - 2017 | 4,000,000 | 4,000,000 | 3,735,000 | 3,465,000 | 3,190,000 | 2,905,000 | 1,380,000 |
| Leased Commitments | | | | | | | |
| Copiers/Printers - National Business | 252,863 | 200,298 | 135,457 | 68,690 | - | - | - |
| Copier - Toshiba | 18,265 | 15,570 | 11,835 | 7,936 | 3,871 | - | - |
| Office Space - Mental Health | 60,405 | 33,345 | - | - | - | - | - |
| Bond Anticipation Notes | | | | | | | |
| Paving, Retaining Wall & Countryside | 6,320,000 | 3,720,000 | 2,480,000 | 1,240,000 | - | - | - |
| Total Outstanding | 32,276,533 | 28,444,213 | 25,262,292 | 22,046,626 | 18,778,871 | 16,755,000 | 5,615,000 |

Budget Exception Report

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. Many of these items have been over expended for months without any action taken to amend the budgets.

Each department is responsible for ensuring that their budgets including salary and fringe are not over expended and if they are, the issue should be addressed immediately. Legally, the County is not allowed to incur costs for goods or services without sufficient budget in the expenditure line item to cover these costs.

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