

# WARREN COUNTY TREASURER

**Michael R. Swan**  
County Treasurer

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Deputy Treasurer

To: All Supervisors

From: Michael R. Swan, Treasurer

Date: July 25, 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 June 30, 2017 and have noted certain items Supervisors should be aware of.

## **Revenues**

### **County Clerk**

**County Clerk Fees** – As of June 30, the department has received \$588,038 in County Clerk Fees in 2016 and \$602,972 in 2017 which is an increase of 2.5%. It should be noted that the 2017 amount is at 50% of the budget for this account so the actual revenue received is on target with the budget.

**Mortgage Tax** – As of June 30, the department has received \$919,638 in Mortgage Tax in 2016 (minus \$463,377 for one-time overpayment) and \$909,775 in 2017 which is a decrease of 1.0%. It should be noted that the 2017 amount is at 59% of the budget for this account so the actual revenue received is on target to exceed the budget.

**Automobile Use Tax** – As of June 30, the department has received \$196,662 in Automobile Use Tax in 2016 and \$203,065 in 2017 which is an increase of 3.3%. It should be noted that the 2017 amount is through May and is at 43% of the budget for this account, so the actual revenue amount received is on target with the budget.

### **County Treasurer**

**Sales Tax** – It has been noted that we have collected \$367,340 more in sales taxes through June, 2017 than we did through June, 2016 which is a 1.6% increase.

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

We have received the County's share of December, 2016, January to June, 2017 gross revenues from the 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.

### **Tourism**

**Occupancy Tax** – The department has collected \$26,216 more in occupancy taxes as of June 30, 2017 than we did as of June 30, 2016 which is a 4% 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 Treasurer's Office had suggested several months ago to ask the current operator of the nursing home if they would be willing to pursue the billing and was subsequently told that they were not interested. It is our understanding that these claims may be past the re-billing time period allowed by Medicaid so we may not be able to collect on them. Any contract with a collection company should be based on a percentage of collection since there is a low probability of collection. We are not aware of any contracts for collection of these outstanding Medicaid payments as of the date of this report.**

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

**According to the County Attorney, the County and the FBO were not able to arrive at mutually agreeable language and the County does not want to pursue any further action on this issue. As it currently stands, the FBO is not operating the restaurant in compliance with the contract.**

## Sheriff's Correction Division

**Jail Services, Other Government** – As of June 30, the department has received \$190,662 in Jail Services, Other Government in 2016 and \$48,125 in 2017 which is a decrease of 75%. It should be noted that the 2017 amount is through April and is 12% 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 June 30, the department received \$89,502 in building permits in 2016 and \$85,383 in 2017 which is a decrease of 5%. It should be noted that the 2017 amount is at 49% of the budget for this account so that actual revenue received is currently on target with 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 June 30, 2017 which need to be addressed as soon as possible. **As noted below, several departments did not address this issue as reported in the April and May, 2017 Budget Analysis Reports:**

### **General Fund**

Legislative Board (**same issue in April and May, 2017**)  
Forfeited Crime Proceeds – DA (**same issue in April and May, 2017**)  
Public Defender (**same issue in May, 2017**)  
Budget Officer (**same issue in April and May, 2017**)  
County Clerk (**same issue in May, 2017**)  
Civil Service (**same issue in April and May, 2017**)  
Board of Elections  
Waste Management Containment  
Information Technology (**same issue in April and May, 2017**)  
Emergency Medical Service (**same issue in April and May, 2017**)  
Mental Health Admin (**same issue in April and May, 2017**)  
Public Nursing Home (**same issue in April and May, 2017**)  
Social Services (**same issue in April and May, 2017**)  
Office for the Aging (**same issue in April and May, 2017**)  
Long Term Care Ombudsman (**same issue in May, 2017**)  
Comm. Serv. Elderly – Warren – OFA (**same issue in April and May, 2017**)  
Home Energy Assist Program – OFA (**same issue in April and May, 2017**)  
Balancing Incentive Program – OFA (**same issue in April and May, 2017**)  
E.I.S.E.P. – Hamilton – OFA (**same issue in April and May, 2017**)  
Title VII Elder Abuse Prev – OFA (**same issue in April and May, 2017**)  
OFA HIICAP (**same issue in April and May, 2017**)  
Planning GIS Program

### **County Road**

Traffic Control  
Maintenance of Roads (**same issue in May, 2017**)  
Snow Removal – County (**same issue in April and May, 2017**)  
Services to Other Govts (**same issue in April and May, 2017**)

### **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 that DPW is in the process of working with the vendor who supplied the material to resolve this issue.**

## Insurance Reserve/Surplus

Resolution number 594 of 2011 authorized the creation of an insurance reserve in the amount of \$550,000 to offset potential costs if the County decides to terminate coverage with BSNENY and Resolution number 624 of 2014 increased the reserve to \$1,000,000. The reserve is funded by a factor added to the monthly health insurance cost charged to each County department and employee. The County's health insurance advisor determined the amount of monthly health insurance that is charged. A surplus is created when more funding is collected for the County and employee portions of health insurance than what is needed to pay health insurance administrative costs and claims.

As noted below, the authorized reserve of \$1,000,000 was fully funded at the end of 2014 with a current surplus balance of \$5,213,214 as of June 30, 2017. The County has been discussing implementing a self-insurance program starting with the next plan year which starts December 1, 2017. If this is approved, then approximately \$1,000,000 of the reserve will have to be paid to BSNENY. The surplus balance will still be available for use by the County.

	Reserve	Surplus	Total
12/31/2012	550,000	74,487	624,487
12/31/2013	550,000	1,053,283	1,603,283
12/31/2014	1,000,000	2,737,445	3,737,445
12/31/2015	1,000,000	4,375,037	5,375,037
12/31/2016	1,000,000	4,867,898	5,867,898
6/30/2017	1,000,000	5,213,214	6,213,214

## County Debt Balances

The following shows the County's current debt outstanding as of June, 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
<b>Bonds</b>									
Pub Safety Bldg & Com Upgrade	7,695,000	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	31,918	-	-	-	-	-	-	-	-
Municipal Center Energy Project	1,397,703	1,209,177	1,003,899	781,029	539,915	-	-	-	-
Countryside Adult Home Energy 1	134,928	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>49,176,026</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.