

WARREN COUNTY TREASURER

Michael R. Swan
County Treasurer

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To: All Supervisors

From: Michael R. Swan, Treasurer

Date: October 21, 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 August 31, 2020 and noted the following:

Revenues

Social Services

The State appears to be catching up with the reimbursements. The State has made payments covering the period through June as of September 30, 2019 and September 30, 2020.

County Clerk

County Clerk Fees – As of September 30, the department has received \$989,145 in County Clerk Fees in 2019 and \$849,428 in 2020 which is a decrease of 14%. It should be noted that the 2020 amount is at 67% of the budget for this account so the actual revenue received is behind the budget which is attributable to State shutdown.

Mortgage Tax – As of September 30, the department has received 1,166,918 in Mortgage Tax in 2019 and \$1,748,897 in 2020 which is an increase of 50%. It should be noted that the 2020 amount is at 92% of the budget for this account so the actual revenue received is on target to exceed the budget. This variance was caused by the State Legislature failing to authorize a portion of the County's mortgage recording tax which expired on December 1st, 2018. 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 September 30, the department has received \$332,015 in Automobile Use Tax in 2019 and \$303,855 in 2020 which is a decrease of 8%. It should be noted that the 2020 amount is through August and is at 63% of the budget for this account, so the actual revenue amount received is below the budget.

County Treasurer

Sales Tax – It has been noted that we have collected \$1,791,358 less in sales taxes through September, 2020 than we did through September, 2019 which is a 4.2% decrease which is related to the State shutdown. The County is \$569,646 below the revenue budget and \$267,734 below the Distribution of Sales Tax expenditure budget for a net budget loss of \$301,912.

VLT/Tribal Compact Moneys (Casino) – We have not received our 4th quarter payment from the State as of the date of this report. We typically receive this payment in April. We have estimated the payment to be \$88,841. We have contacted the NYS Gaming Commission and they noted that they have not yet received the payment from the Mohawk Indians. We have also not received any payments for 2020 which is budgeted for \$420,000.

Tourism

Occupancy Tax – The department has collected \$765,063 less in occupancy taxes as of September 30, 2020 than we did as of September 30, 2019 which is a 21% decrease and is attributable to the State shutdown.

Tourism/Occupancy Tax Revenue/Expenditure History

The following table shows the revenue and expenditure history for Tourism/Occupancy Tax from 2010 to 2019. The revenue/cost ratio shows how much revenue was received for each dollar spent. Please note that the revenue amounts do not include any sales tax generated by tourism. In 2012, \$270,000 was paid to the Village of Lake George for invasive species control which has skewed the numbers for that year. In 2015, an enhanced spending plan was incorporated to help reduce the amount in the occupancy tax reserve account. In addition, support for the Glens Falls Civic Center was implemented in 2015. Please note that after these additional costs were incorporated, the revenue/cost ratio started declining so the County was not earning as much revenue per dollar spent. Over the past 10 years the revenue/cost ratio is 1.0, so for every dollar spent, the County receives one dollar of revenue (excluding sales tax). The County may want to look at ways to improve the revenue/cost ratio so that we are receiving a better occupancy tax revenue return for each dollar spent.

<u>Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Surplus/ (Deficit)</u>	<u>Revenue/ Cost Ratio</u>
2010	3,406,584	3,158,582	248,002	1.08
2011	3,554,302	3,495,616	58,686	1.02
2012	3,688,797	3,905,472	(216,675)	0.94
2013	3,877,528	3,660,756	216,772	1.06
2014	3,970,139	3,661,944	308,195	1.08
2015	4,310,260	4,140,416	169,844	1.04
2016	4,336,103	4,334,424	1,679	1.00
2017	4,480,740	4,875,424	(394,684)	0.92
2018	4,659,837	4,839,875	(180,038)	0.96
2019	<u>5,012,023</u>	<u>5,187,583</u>	<u>(175,560)</u>	<u>0.97</u>
	<u>41,296,313</u>	<u>41,260,092</u>	<u>36,221</u>	<u>1.00</u>

Sheriff's Correction Division

Jail Services, Other Government – As of September 30, the department has received \$198,698 in Jail Services, Other Government in 2019 and \$124,957 in 2020 which is a decrease of 37%. It should be noted that the 2020 amount is through August and is at 62% of the budget for this account, so the actual revenue amount received is below the budgeted amount of \$200,000.

Building & Fire Code

Building Permits – As of September 30, the department received \$185,499 in building permits in 2019 and \$143,370 in 2020 which is a decrease of 23%. It should be noted that the 2020 amount is at 71% of the budget for this account so that actual revenue received is below the budgeted amount of \$202,000 which is attributable to the State shutdown.

Health Services

Home Nursing Charges – As of September 30, the department has received \$2,434,152 in Home Nursing Charges in 2019 and \$1,976,126 in 2020 which is a decrease of 19%. It should be noted that the 2020 amount is through August and is at 47% of the budget for this account, so the actual revenue amount received is below 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. **Over expended budget line items are highlighted in red.**

There are numerous departments that have over expended line items or line items that are projected to be over expended unless action is taken. During these critical financial times, these issues need to be addressed. A department should not allow any of its budgetary line items to be over expended and if it does happen then immediate action needs to be taken to address the issue at their next committee meeting. For year-end we do budget transfers between fringe benefit codes of different departments but this is for year-end over expenditures that were not able to be addressed by departments before the end of the year. During the year, these issues need to be addressed on a monthly basis. A reserve for employee benefit accrued liability (A 867.00) has been established to help fund payments of accrued sick leave upon retirement that cannot be absorbed by a department's current budget. There is currently \$65,000 available in this reserve.

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. The following project has been approved for closure by the Board of Supervisors but before that can happen we need an accounting from the State for the \$125,000 deposit.

Department of Public Works	Date of Last Activity	Cash	State/Federal Receivable	Deposit with Other Govt
H219 - RR Track Restoration	5/2009	-	-	125,000

Notes:

1. 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.

County Debt Balances

The following shows the County's current debt outstanding as of September 30, 2020 along with ending debt balances for future years:

	Current Balance	End of 2020 Balance	2021	2022	2023	2024-2028	2029-2033	2034-2038
Bonds								
Pub Safety Bldg & Com Upgrade	3,240,000	3,240,000	2,165,000	1,085,000	-	-	-	-
Recovery Act Bonds, Various Proj	13,070,000	12,305,000	11,630,000	10,935,000	10,205,000	6,110,000	1,140,000	-
Court Expansion - 2015	6,625,000	6,625,000	6,260,000	5,890,000	5,510,000	3,445,000	1,055,000	-
Court Expansion - 2017	7,390,000	7,390,000	7,030,000	6,665,000	6,290,000	4,295,000	2,040,000	-
SUNY Adirondack NSTEM - 2017	5,010,000	5,010,000	4,765,000	4,515,000	4,260,000	2,905,000	1,380,000	-
Capital Leases								
Municipal Center Energy Project	781,028	539,914	279,884	-	-	-	-	-
Countryside Adult Home Energy Proj	52,291	37,615	7,630	-	-	-	-	-
Total Outstanding	36,168,319	35,147,529	32,137,515	29,090,000	26,265,000	16,755,000	5,615,000	-

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