

WARREN COUNTY TREASURER

Michael R. Swan
County Treasurer

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Deputy Treasurer

To: All Supervisors
From: Michael R. Swan, Treasurer
Date: February 26, 2015
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, 2014 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 a monthly update on 2014 in addition to a monthly analysis for 2015. We have noted the following items Supervisors should be aware of:

2014 Revenues

County Clerk

County Clerk Fees – As of December 31, the department has received \$1,372,333 in County Clerk Fees in 2013 and \$1,150,691 in 2014 which is a decrease of 16%. The 2014 final amount is at 85% of the budget for this account and is \$199,309 under budget.

Mortgage Tax – As of December 31, the department has received \$2,054,947 in Mortgage Tax in 2013 and \$1,746,755 in 2014 which is a decrease of 15%. The 2014 final amount is at 109% of the budget for this account and exceeds the budget by \$146,755.

Automobile Use Tax – As of December 31, the department has received \$463,927 in Automobile Use Tax in 2013 and \$459,502 in 2014 which is a decrease of 1%. The 2014 final amount is at 99% of the budget for this account.

Sheriff's Correction Division

Jail Services, Other Government – As of December 31, the department has received \$390,397 in Jail Services, Other Government in 2013 and \$592,048 in 2014 which is an increase of \$201,651. The 2014 final amount exceeded the budget by \$292,048.

Tourism

Occupancy Tax – The department has collected \$107,739 more in occupancy taxes as of December 31, 2014 than we did as of December 31, 2013 which is a 2.9% increase. This amount represents collections for each year through February 24. We have not finalized 2014 figures yet and expect to receive payments for 2014 through March 31, 2015.

2014 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.

Lake George Watershed Conference

This issue was previously reported in prior 2013 budget analysis reports and it has been reported that an application for payment has been submitted to the State. We have not received any funding to date from the Lake George Watershed Conference. We have not received any word on a corrective action to this issue.

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.

Invasive Species Boat Washing

The Invasive Species Boat Washing capital project was approved in January of 2014 and to date, the County has incurred \$362,731 in expenditures. No claims have been filed with the State for reimbursement and it has been our understanding that this is because we do not even have a contract yet with the State. The same individual who administered the funding for the Valley Woods Road Project with the Lake George Watershed Conference is also administering the State grant for the Invasive Species Boat Washing which has caused us great concern that we will not have timely filing of documents and State Aid claims. The County should be careful about starting capital projects before State funding has been properly secured with a signed contract.

2015 Revenues

County Treasurer

Sales Tax – It has been noted that we have collected \$207,907 more in sales taxes through January 31, 2015 than we did through January 31, 2014 which is a 6.2% increase. In order to meet the 2015 budget, sales tax revenues will need to increase by 2.5%.

Town Payments on Taxes – The following table shows the collections of Town payments on taxes as of February 23rd of each year:

Town	2014	2015	Difference
Bolton	3,800,000.00	4,400,000.00	600,000.00
Chester	1,500,000.00	1,750,000.00	250,000.00
Hague	1,175,000.00	1,574,506.69	399,506.69
Horicon	1,925,116.45	2,100,890.81	175,774.36
Johnsburg	680,000.00	662,000.00	(18,000.00)
Lake George	2,000,000.00	2,500,000.00	500,000.00
Lake Luzerne	640,000.00	695,000.00	55,000.00
Queensbury	5,000,000.00	10,000,000.00	5,000,000.00
Warrensburg	553,810.95	645,586.58	91,775.63
	<u>17,273,927.40</u>	<u>24,327,984.08</u>	<u>7,054,056.68</u>

The County has collected \$7.0 million more in Town payments on taxes in 2015 than in 2014. It is important that towns remit their tax collections to the County once they have met their tax warrant as this significantly affects cash flow.

2015 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.

Westmount – Siemens Contractual Obligations

It has been previously suggested by some that the County terminate all payments to Siemens in order to save money so it is important to understand what payments we are making to Siemens. We are currently paying for performance assurance and maintenance under a performance contracting agreement and capital lease payments under a separate capital lease agreement with Siemens. The following shows the County's contractual obligations for 2015 to 2018 under these two agreements:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Performance Contracting Agreement</u>				
Performance Assurance	9,317	9,690	10,077	10,480
Maintenance	<u>69,641</u>	<u>72,426</u>	<u>75,324</u>	<u>78,337</u>
	<u>78,958</u>	<u>82,116</u>	<u>85,401</u>	<u>88,817</u>
<u>Capital Lease Agreement</u>				
Lease Principal and Interest	<u>384,403</u>	<u>384,403</u>	<u>224,235</u>	<u>-</u>
Total	<u>463,361</u>	<u>466,519</u>	<u>309,636</u>	<u>88,817</u>

Any savings from the termination of payments to Siemens would have a short term affect and would still leave significant deficits to overcome for 2015 to 2017. According to the latest projections provided by the County Administrator we would still be looking at between \$800,000 and \$1.4 million in deficits for 2018 after termination of payments.

The termination of the maintenance payments may not have much of an impact since the co-generation plant will still need maintenance and the cost will be paid to other vendors instead of Siemens. It is important to understand that any default on the County's capital lease obligation with Siemens would most likely have an adverse effect on the County's credit and bond rating. This could have a negative impact on the County when we issue bonds this year for the court space.

County Debt

The following shows the County's current debt outstanding as of January 31, 2015 along with ending debt balances for future years:

	Current	End of 2015					2020-	2025-	2030-
	Balance	Balance	2016	2017	2018	2019	2024	2029	2034
Bonds									
Pub Safety Bldg & Com Upgrade	10,025,000	8,860,000	7,695,000	6,555,000	5,430,000	4,325,000	-	-	-
Recovery Act Bonds, Various Proj	18,785,000	18,190,000	17,575,000	16,935,000	16,265,000	15,570,000	11,545,000	6,405,000	-
Airport Hangar	160,000	-	-	-	-	-	-	-	-
Capital Leases									
Westmount Co-Generation Plant	909,038	587,123	221,019	-	-	-	-	-	-
Municipal Center Energy Project	1,730,060	1,570,826	1,397,703	1,209,177	1,003,899	781,029	-	-	-
Countryside Adult Home Energy Proj	189,104	165,663	141,209	115,818	88,084	59,553	-	-	-
Bond Anticipation Notes									
Abatement & Demolition #1	115,429	-	-	-	-	-	-	-	-
Abatement & Demolition #2	29,207	-	-	-	-	-	-	-	-
Alder Brook Brdg over Trout Brdg	90,504	60,336	30,168	-	-	-	-	-	-
Harrington Road Bridge	35,869	23,913	11,957	-	-	-	-	-	-
Beach Road Bridge	359,958	239,972	119,986	-	-	-	-	-	-
2011 Storm Damage	660,000	440,000	220,000	-	-	-	-	-	-
West Brook Parking Lot	91,800	61,200	30,600	-	-	-	-	-	-
Total Outstanding	33,209,603	30,199,033	27,442,642	24,814,995	22,786,983	20,735,581	11,545,000	6,405,000	-

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