

WARREN COUNTY TREASURER

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County Treasurer

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To: All Supervisors

From: Michael R. Swan, Treasurer

Date: January 22, 2021

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, 2020 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 2020 numbers near the end of April, 2021. We have noted the following items Supervisors should be aware of:

Revenues

County Clerk

County Clerk Fees – As of December 31, the department has received \$1,350,892 in County Clerk Fees in 2019 and \$1,217,026 in 2020 which is a decrease of 10%. It should be noted that the 2020 final amount is at 95% of the budget for this account so the actual revenue received is below the budget which is attributable to State shutdown.

Mortgage Tax – As of December 31, the department has received 1,714,297 in Mortgage Tax in 2019 and \$2,424,001 in 2020 which is an increase of 41%. It should be noted that the 2020 final amount is at 128% of the budget for this account so the actual revenue received has exceeded 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 December 31, the department has received \$442,166 in Automobile Use Tax in 2019 and \$426,793 in 2020 which is a decrease of 3%. It should be noted that the 2020 amount is through November and is at 88% 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 \$695,860 less in sales taxes through December, 2020 than we did through December, 2019 which is a 1.2% decrease which is related to the State shutdown. We finished the year \$340,027 over budget for this revenue code even with the State withholding \$224,293 from the County's sales tax during the year for AIM payments to the towns and village. It should be noted that we finished the year \$68,451 over budget in the Distribution of Sales Tax appropriation code which leaves a net budget surplus of \$271,576.

VL/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. It has been noted that the casino closed on March 17, 2020 and did not reopen until August 28, 2020 so there was no revenue to share for this time period.

Interest & Earnings – As of December 31, the department has received \$276,010 in Interest & Earnings in 2019 and \$137,877 in 2020 which is a decrease of 50%. It should be noted that the 2020 amount is through November and is at 69% of the budget for this account, so the actual revenue amount received is below the budget and is the result of a significant decline in interest rates during the pandemic.

Tourism

Occupancy Tax – The department has collected \$612,727 less in occupancy taxes as of December 31, 2020 than we did as of December 31, 2019 which is a 15% decrease and is attributable to the State shutdown. This amount represents collections for each year through January 15. We have not finalized 2020 figures yet and expect to receive payments for 2020 through March 31, 2021.

Sheriff's Correction Division

Jail Services, Other Government – As of December 31, the department has received 232,022 in Jail Services, Other Government in 2019 and \$304,421 in 2020 which is an increase of 31%. It should be noted that the 2020 amount is through November and is at 152% of the budget for this account, so the actual revenue amount received has already exceeded the budgeted amount of \$200,000.

Building & Fire Code

Building Permits – As of December 31, the department received \$231,985 in building permits in 2019 and \$200,589 in 2020 which is a decrease of 14%. It should be noted that the 2020 amount is at 99% of the budget for this account so that actual revenue received is slightly below the budgeted amount of \$202,000 which is attributable to the State shutdown.

Health Services

Home Nursing Charges – As of December 31, the department has received \$3,146,612 in Home Nursing Charges in 2019 and \$2,859,020 in 2020 which is a decrease of 9%. It should be noted that the 2020 amount is through November and is at 68% 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. 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.

Adirondack Community College – Culinary Arts Center Project

In 2017, the County and Adirondack Community College entered into an agreement whereby the County would advance \$1 million dollars to the college to provide funding to allow the project to be completed. ACC had received a funding commitment of \$1 million from Empire State Development to provide funding for the project which was to be used to repay the County for the advance. In accordance to the agreement, ACC is to reimburse the County once they receive this money from Empire State Development. It has been noted that the project had been completed in September, 2018 and all the paperwork had been submitted to Empire State Development for reimbursement. As of the date of this report, the college has not received any reimbursement of the \$1 million dollars from Empire State Development. We have concerns over whether or not this funding is still available or has been reduced which would force the County to find another funding source.

Occupancy Tax Supplemental Spending Plan Distributions

Approval was made at the December 14, 2020 Occupancy Tax Coordination Committee meeting to distribute 75% of the supplemental spending plan distribution that was not included in the 2021 budget for a total amount of \$303,750. We suggest that this wait until we have actual figures for 2020 which will not be known until March 31, 2021. There is too much uncertainty with how much revenue we will collect for 2020 and for 2021. We may experience another shut down which will severely impact occupancy tax collections. In addition, we should not be relying on short term rental collections since the County Attorney still needs to resolve our issues with Airbnb and until that is done, we do not expect to collect any significant amounts for short term rentals.

The following are distributions that were made to the Towns, Village and City in 2020 based on 2019 collections. We assume that all or most of this money is unspent and would be available to fund any 2021 events that are allowed to occur.

	2020		Total
	Final 2019	Initial 2019	
Bolton	191,473.47	30,000.00	221,473.47
Chester	10,251.25	30,000.00	40,251.25
Hague	8,095.71	30,000.00	38,095.71
Horicon	4,868.46	30,000.00	34,868.46
Johnsburg	18,523.18	30,000.00	48,523.18
Lake George - Town	201,449.17	30,000.00	231,449.17
Lake George - Village	189,066.42	30,000.00	219,066.42
Lake Luzerne	4,670.20	30,000.00	34,670.20
Queensbury	175,434.10	30,000.00	205,434.10
Stony Creek	2,420.93	30,000.00	32,420.93
Thurman	355.14	30,000.00	30,355.14
Warrensburg	1,265.14	30,000.00	31,265.14
City of Glens Falls	18,209.76	30,000.00	48,209.76
	<u>826,082.93</u>	<u>390,000.00</u>	<u>1,216,082.93</u>

We strongly recommend that we wait until April, 2021 to look at whether or not it would be prudent to distribute any money for a supplemental spending plan distribution. At that point in time we will have final 2020 numbers and hopefully a better idea of the effect of the pandemic on 2021 occupancy tax.

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. **The State is currently reconciling this deposit and there appears to be \$901 remaining of this deposit which wasn’t spent by the State. The State is still in the process of reviewing this.**

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 implemented. This issue was first reported in the December, 2019 Budget Analysis report with no action taken. It should also be noted that in 2015 the Board of Supervisors adopted a County-wide FMLA policy which is not currently being followed by the Sheriff Department which had elected to follow their own plan. This should also be approved by the Board of Supervisors as a co-employer.

County Debt Balances

The following shows the County's current debt outstanding as of December 31, 2020 along with ending debt balances for future years:

	Current	End of 2020				2024-	2029-	2034-
Bonds	Balance	Balance	2021	2022	2023	2028	2033	2038
Pub Safety Bldg & Com Upgrade	3,240,000	3,240,000	2,165,000	1,085,000	-	-	-	-
Recovery Act Bonds, Various Proj	12,305,000	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	539,914	539,914	279,884	-	-	-	-	-
Countryside Adult Home Energy Proj	37,615	37,615	7,630	-	-	-	-	-
Total Outstanding	35,147,529	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.