

WARREN COUNTY TREASURER

Michael R. Swan
County Treasurer

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To: All Supervisors
From: Michael R. Swan, Treasurer
Date: April 24, 2023
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 March 31, 2023 and have noted the following items Supervisors should be aware of. Please note that we have finalized the 2022 numbers and have provided the following analysis:

2022 Unassigned Fund Balance

The following shows the Unassigned Fund Balances for the General, County Road and Road Machinery Funds covering the period of 2018 to 2022. Please note that included in the General Fund, County Road and Road Machinery balances for 2020 is an accounting change related to accrued vacation in the amounts of \$2,435,262, \$158,011 and \$41,840, respectively, which account for a portion of the increase in fund balance. Please note that an additional \$777,898 was appropriated from General fund balance in 2023 and more will be appropriated with the recent settlement of the PBA and PSBA union contracts.

Unassigned Fund Balance/Surplus(Deficit)

	2018	2019	2020	2021	2022
General Fund	22,960,849	23,155,426	26,832,093	36,590,975	40,208,679
County Road	982,348	797,513	1,223,936	563,530	2,307,808
Road Machinery	464,020	169,122	578,549	285,484	145,062

General Fund 2022 Budget Results

The following shows an analysis of the General Fund adopted budget and actual balances. As noted below, the amended budget produced a \$7.6 million deficit while the actual for the year was a \$6.5 million surplus. This produced a \$14.1 million favorable budget variance.

	Adopted	Amended	Actual	Variance
General Fund (Excluding Tourism)	Budget	Budget	Balances	Favorable (Unfavorable)
Revenues	140,369,746	151,865,458	155,761,792	3,896,334
Expenditures	141,589,124	159,488,747	149,298,401	10,190,346
Surplus/(Deficit)	(1,219,378)	(7,623,289)	6,463,391	14,086,680

The following shows some noteworthy General Fund variances between 2022 amended budget and actual balances

	Amended	Actual	Variance
	Budget	Balances	Favorable (Unfavorable)
Revenues			
Sales Tax	56,621,485	70,464,584	13,843,099
Interest & Earnings	30,000	309,725	279,725
Mortgage Tax	2,250,000	2,743,746	493,746
Home Nursing Charges	4,100,000	1,773,712	(2,326,288)
Education of Handicapped Children	1,760,621	1,450,992	(309,629)
Social Services Admin (State)	2,541,677	3,149,115	607,438
Repay of Child Care	1,506,000	1,841,895	335,895
Child Care	1,300,000	994,328	(305,672)
Expenditures			
Distribution of Sales Tax	26,545,894	32,983,673	(6,437,779)
Health Services - Contract	1,254,352	737,658	516,694
Ed/Physically Handicapped Child-Travel	2,961,299	2,651,071	310,228
OFA-Hamilton County - Contract	340,419	89,170	251,249
Salaries	42,943,782	40,796,475	2,147,307
Health	9,526,190	8,859,069	667,121
Retirement	5,497,869	4,903,186	594,683

2022 Restricted Fund Balance

The following shows the Restricted Fund Balances for the General, Debt Service, County Road and Road Machinery Funds as of December 31, 2022.

Restricted

General Fund	<u>Purpose</u>	Balance End of Year
Capital		
Rehabilitation of County Buildings	Future building capital costs	\$ 145,133
Up Yonda Repairs & Improvements	Future Up Yonda capital costs	161,117
Railroad Repairs	Future railroad capital costs	9,580
County Railroad Repairs	Future County railroad capital costs	256,348
Computers	Future computer capital costs	329,578
Vehicles	Future vehicle capital costs	282,311
Airport Repair & Projects	Future airport capital costs	132,375
SUNY Adirondack Cap Imp	Future SUNY Adironadack capital costs	100,000
Countryside Rehabilitation	Future Countryside capital costs	3,000
Election Equipment	Future election equipment costs	430,009
Total		<u>\$ 1,849,451</u>
Other Restricted		
Occupancy Tax	Future costs relating to tourism	\$ 6,531,055
Forfeitures Crime	Future Sheriff and DA crime fighting costs	518,614
Environmental Testing Fund	Future costs relating to environmental testing	158,916
Stop DWI	Future costs of the Special Traffic program	146,620
Westmount Legacy Costs	Future costs relating to Westmount retirees	3,635,663
Insurance	Future costs relating to uninsured losses	15,000
Employee Benefit Accrued Liability	Future costs relating to accrued employee benefits	65,000
Total		<u>\$ 11,070,868</u>
Debt Service Fund		
Debt		
Bonded Debt	Future debt service costs	\$ 103,534
Total		<u>\$ 103,534</u>
County Road Fund		
Capital		
Highway Road Projects	Future highway road capital costs	\$ 462,112
Total		<u>\$ 462,112</u>
Road Machinery Fund		
Capital		
Motor Fuel Farms	Future motor fuel farm capital costs	\$ 42,759
Mobile Brine Unit Repairs	Future mobile brine unit repairs	\$ 9,383
Total		<u>\$ 52,142</u>

Revenues

County Clerk

County Clerk Fees – As of March 31, the department has received \$337,032 in County Clerk Fees in 2022 and \$251,415 in 2023 which is a decrease of 25%. It should be noted that the 2023 amount is at 19% of the budget for this account so the actual revenue received is significantly behind the budget.

Mortgage Tax – As of March 31, the department has received \$814,481 in Mortgage Tax in 2022 and \$383,552 in 2023 which is a decrease of 53%. It should be noted that the 2023 amount is at 16% of the budget for this account so the actual revenue received is significantly behind the budget.

Automobile Use Tax – As of March 31, the department has received \$60,134 in Automobile Use Tax in 2022 and \$69,654 in 2023 which is an increase of 16%. It should be noted that the 2023 amount is through February and is at 15% of the budget for this account, so the final actual revenue amount received is slightly behind the budget for the year.

County Treasurer

Sales Tax – It has been noted that we have collected \$742,379 more in sales taxes through March 31, 2023 than we did through March 31, 2022 which is a 5.2% increase. We have received \$3,254,545 more than the 2023 revenue budget to date. **It should be noted that the net County budget surplus after accounting for the distribution to the Towns and Village is \$1,724,909.**

Please note that we are currently looking at significant budget deficits for County Clerk Mortgage Tax and Clerk Fees and Sheriff Jail Services, Other Government so a portion of the Sales Tax budget surplus will be needed to offset these losses.

Interest & Earnings – As of March 31, the department has received \$4,917 in Interest & Earnings in 2022 and \$296,967 in 2023 which is an increase of 5,940%. It should be noted that the 2023 amount is at 88% of the budget for this account so the actual revenue received is significantly ahead of the budget.

Tourism

Occupancy Tax – As of December 31, the department has received \$6,895,987 in Occupancy Tax revenue in 2021 and \$7,708,284 in 2022 which is an increase of \$812,297 or 12%. Of the 2022 total amount, \$1,203,612 is from short term rentals and remarketers. These amounts represent final collections for each year.

The department has collected \$32,838 less in Occupancy Taxes as of March 31, 2023 than we did as of March 31, 2022 which is a 7% decrease.

Sheriff's Correction Division

Jail Services, Other Government – As of March 31, the department has received \$110,916 in Jail Services, Other Government in 2022 and \$18,948 in 2023 which is a decrease of 83%. It should be noted that the 2022 amount is at 5% of the budget for this account so the actual revenue received is significantly behind the budget.

Building & Fire Code

Building Permits – As of March 31, the department received \$52,961 in building permits in 2022 and 62,274 in 2023 which is an increase of 18%. It should be noted that the 2023 amount is at 23% of the budget for this account so that actual revenue received is slightly behind the budget.

Health Services

Home Nursing Charges – As of March 31, the department has received \$263,404 in Home Nursing Charges in 2022 and \$186,409 in 2023 which is a decrease of 29%. It should be noted that the 2023 amount is through February and is at 5% of the budget for this account so that the actual revenue received is significantly behind 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.**

Each department is responsible for ensuring that their budgets are not over expended and if they are, the issue should be addressed immediately.

County Attorney

The following are the cumulative costs from January 21, 2019 to April 9, 2023 concerning the termination and subsequent re-appointment of a Legal Assistant in the County Attorney's office. This employee has not performed any work for the County during this time period.

	<u>Amount</u>
Salary and Fringe - 1/21/19 to 12/31/21	\$ 152,993
Salary and Fringe - 1/1/22 to 12/31/22	64,625
Salary and Fringe - 1/1/23 to 4/9/23	17,284
Insurance Recovery - 3/14/22	<u>(87,310)</u>
Net Salary and Fringe Cost to Date	147,592
Employment Discrimination Settlement - Res#177 of 2023	<u>125,000</u>
Total Costs to Date	<u><u>\$ 272,592</u></u>

School Resource Officer Contracts

As noted below, we are having serious issues with the collection of amounts due for the 2022-23 school resource officer contracts. Three of the schools have not even paid the amount due totaling \$206,000 and four of the schools paid late. The purpose of having the schools pay the entire contract in advance was so that no County funds would have to be used for these services. We are now, for the most part using County funds first and then getting reimbursed after. If we pay for the expenses first, then that has a negative impact on our cash flow. This whole set up was not supposed to impact any of the County's finances. We suggest adding a penalty provision in future contracts for not paying on time.

All of the schools signed their contracts after the school year began and after services were already being provided by the Sheriff Department. These contracts need to be signed prior to any services being provided. **This issue was first reported in the February, 2023 Budget Analysis Report and we have not received any corrective action.**

<u>School District</u>	<u>Contract Amount</u>	<u>Date Contract Signed</u>	<u>Due Date Of Payment</u>	<u>Amount Paid</u>	<u>Date Paid</u>
Hadley-Luzerne	90,000	9/26/2022	10/14/2022	90,000	11/8/2022
Queensbury	130,000	11/22/2022	10/14/2022	-	Not Paid
North Warren	38,000	10/17/2022	10/14/2022	38,000	2/15/2023
Lake George	74,000	9/28/2022	10/14/2022	74,000	2/21/2023
Bolton	38,000	9/23/2022	10/14/2022	38,000	2/15/2023
Johnsburg	38,000	3/13/2023	10/14/2022	-	Not Paid
Glens Falls City	38,000	1/11/2023	10/14/2022	-	Not Paid

Overtime

The following shows the departments that already have issues with their overtime budget after only three months into the year. Sheriff's Correction, Countryside Adult Home and Social Services have already used more than 50% of their budget. This is concerning and needs to be immediately addressed. **This issue was first reported in the February, 2023 Budget Analysis Report and we have not received any corrective action.**

<u>Department</u>	<u>Budget</u>	<u>Actual</u>	<u>% Used</u>
Sheriff's Correction	200,000	188,295	94%
Countryside Adult Home	26,000	15,736	61%
Social Services	49,222	27,615	56%
Sheriff's Law Enforcement	257,500	95,394	37%
Sheriff's 911 Center	40,500	12,843	32%

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.

The County implemented a self-insurance program starting December 1, 2017. As a result, \$918,922 was paid to BSNENY to terminate coverage. As noted below, the balance of the reserve and surplus as of December 31, 2022 is \$8,065,410. Consideration should be given to using some of this reserve to lower employee and County health insurance costs in the future.

	<u>Reserve</u>	<u>Surplus</u>	<u>Total</u>
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
12/31/2017	81,078	5,441,408	5,522,486
12/31/2018	81,078	5,426,650	5,507,728
12/31/2019	81,078	6,577,870	6,658,948
12/31/2020	81,078	7,140,560	7,221,638
12/31/2021	81,078	8,178,492	8,259,570
12/31/2022	81,078	7,984,332	8,065,410

County Debt Balances

The following shows the County's current debt outstanding as of March, 2023 along with ending debt balances for future years:

	<u>Current</u>	<u>End of 2023</u>					<u>2028-</u>	<u>2033-</u>
	<u>Balance</u>	<u>Balance</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2032</u>	<u>2037</u>
Bonds								
Pub Safety Bldg & Com Upgrade	1,085,000	-	-	-	-	-	-	-
Recovery Act Bonds, Various Proj	10,935,000	10,205,000	9,445,000	8,660,000	7,840,000	6,990,000	2,235,000	-
Court Expansion - 2015	5,890,000	5,510,000	5,120,000	4,720,000	4,305,000	3,880,000	1,565,000	-
Court Expansion - 2017	6,290,000	6,290,000	5,910,000	5,520,000	5,120,000	4,715,000	2,515,000	-
SUNY Adirondack NSTEM - 2017	4,260,000	4,260,000	4,000,000	3,735,000	3,465,000	3,190,000	1,700,000	-
Leased Commitments								
Voting Machines	194,924	159,095	121,688	82,703	42,140	-	-	-
Copiers/Printers - National Business	309,140	263,215	200,298	135,457	68,690	-	-	-
Copier - Toshiba	447	-	-	-	-	-	-	-
Office Space - Mental Health	23,337	-	-	-	-	-	-	-
Bond Anticipation Notes								
Paving, Retaining Wall & Countryside	7,900,000	6,320,000	4,740,000	3,160,000	1,580,000	-	-	-
Total Outstanding	<u>36,887,848</u>	<u>33,007,310</u>	<u>29,536,986</u>	<u>26,013,160</u>	<u>22,420,830</u>	<u>18,775,000</u>	<u>8,015,000</u>	<u>-</u>

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