

# WARREN COUNTY TREASURER

**Michael R. Swan**  
County Treasurer

**Robert V. Lynch II, CPA**  
Deputy Treasurer

To: All Supervisors  
From: Michael R. Swan, Treasurer  
Date: November 28, 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 October, 2017 and have noted certain items Supervisors should be aware of.

## **Revenues**

### **County Clerk**

**County Clerk Fees** – As of October 31, the department has received \$995,674 in County Clerk Fees in 2016 and \$1,029,337 in 2017 which is an increase of 3.4%. It should be noted that the 2017 amount is at 86% of the budget for this account so the actual revenue received is on target to exceed the budget.

**Mortgage Tax** – As of October 31, the department has received \$1,530,048 in Mortgage Tax in 2016 (minus \$463,377 for one-time overpayment) and \$1,560,955 in 2017 which is an increase of 2.0%. It should be noted that the 2017 amount is at 100.7% of the budget for this account so the actual revenue received has already exceeded the budget.

**Automobile Use Tax** – As of October 31, the department has received \$369,682 in Automobile Use Tax in 2016 and \$380,028 in 2017 which is an increase of 2.8%. It should be noted that the 2017 amount is through September and is at 80% of the budget for this account, so the actual revenue amount received is on target to exceed the budget.

### **County Treasurer**

**Sales Tax** – It has been noted that we have collected \$838,330 more in sales taxes through October, 2017 than we did through October, 2016 which is a 2.0% increase.

### **Tourism**

**Occupancy Tax** – The department has collected \$139,546 more in occupancy taxes as of October 31, 2017 than we did as of October 31, 2016 which is a 4% increase.

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

The railroad underpaid the County \$143.58 with the payment for the County's share of September revenues because it did not include our share of freight revenue. The railroad has not paid the County's share of October, 2017 gross revenues as of the date of this report which were due November 10, 2017.

### Westmount Receivables

**Medicaid** – The County is currently owed \$552,683 in patient Medicaid claims.

**The Board has elected to pursue collection of the receivables. The County Attorney is planning on bringing a request to the next Support Services Committee meeting to enter into a contract to pursue the collection of Medicaid receivables on behalf of the County.**

**Capital Appeals** - \$795,463 was recorded as a receivable for capital appeals covering the period of 2007 to 2015 prior to the sale of Westmount. We have documentation that shows that this amount could be as high as \$856,000. We have received \$489,729 in October and expect to receive an estimated \$366,357 by the end of November.

**Universal Settlement** - \$327,093 was recorded as a receivable for a universal settlement prior to the sale of Westmount. This amount is to be paid over a five year period. The first payment is being held up because the new owners of Westmount are contesting that they are entitled to receive a portion of this settlement.

### Sheriff's Correction Division

**Jail Services, Other Government** – As of October 31, the department has received \$349,930 in Jail Services, Other Government in 2016 and \$112,263 in 2017 which is a decrease of 68%. It should be noted that the 2017 amount is through September and is 28% 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 \$72,500 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 October 31, the department received \$180,080 in building permits in 2016 and \$169,502 in 2017 which is a decrease of 6%. It should be noted that the 2017 amount is at 96% of the budget for this account so that actual revenue received is currently on target to exceed the budget.

### Health Services

**Home Nursing Charges** – As of October 31, the department has received \$2,919,283 in Home Nursing Charges in 2016 and \$2,748,653 in 2017 which is a decrease of 6%. It should be noted that the 2017 amount is through September and is at 65% of the budget for this account, so the actual revenue amount is lagging 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.

The following departments had deficit balances in some of their appropriation codes as of October 31, 2017. **We are at a critical point in time and this needs to be addressed immediately.** As noted below, several departments are not addressing this issue in a timely manner:

### General Fund

Forfeited Crime Proceeds – DA (same issue in April, May, June, July, August and September, 2017)

Public Defender (same issue in May, June, July, August and September, 2017)

County Clerk (same issue in May, June, July, August and September, 2017)

Buildings

Probation – Pretrial (same issue in September, 2017)

Sheriff's Correction Division (same issue in September, 2017)

Planning GIS Program

Parks & Recreation (same issue in September, 2017)

### County Road

Traffic Control (same issue in June, July, August and September, 2017)

Engineering

Maintenance of Roads (same issue in May, June, July, August and September, 2017)

Services to Other Governments (same issue in August and September, 2017)

### Airport Access Road

DPW is in the process of building an emergency access road into the airport which was previously approved by the Board. The Superintendent of DPW has indicated that this is not a highway road which means that the County Road fund must be reimbursed for all costs associated with the construction including labor, equipment use and any materials. A source of funding for this project must be identified in the General Fund to reimburse the County Road fund. An estimate of the cost of the project was not determined by DPW. **The Superintendent of DPW has indicated that he will find a source of funding through unneeded funds in a capital project.**

### Terminated Employees

It is County policy that any unpaid accrued vacation at the time an employee ends employment with the County be cashed out in full to the terminated employee in the next payroll. The County currently allows employees who have given their notice and have unpaid vacation to extend their resignation date beyond the effective resignation date by keeping the employee an active employee in the payroll system after the employee's last day of physical employment and paying out the unpaid vacation on a daily basis until it runs out. This extension allows some employees to have an extra month of County paid health insurance if the extension of time goes past the end of the month. It also allows some employees an extra paid holiday if a holiday falls within the extension period. These are employees who have new full time jobs outside of the County and have effectively resigned, but the County is treating these employees as if they are still active full time employees with the County even though they are not physically able to perform the duties of the full time position that they resigned from.

This practice creates additional costs to the County with additional health insurance costs and holiday pay costs. There is also an increased risk to the County in cases where the former employee gets injured and must go on disability during this extension period. The County is reporting the employee as a full time active employee and so is the employee's new employer, so there is a risk that the County could be held responsible for disability costs to a former employee. Another issue occurs if the terminated employee works for another government agency during this extension period where both the County and the new employer are reporting the employee as a full time active employee for New York State Retirement which causes issues with the retirement system.

We suggest that the Human Resources department look into ways of eliminating this practice in order to save the County money and reduce its exposure to unnecessary risks.

## Lake Champlain Lake George Regional Planning Board

The County currently has an arrangement with the Lake George Lake Champlain Regional Planning Board to pay their payroll, payroll taxes, retirement, health insurance and retiree's health insurance and the LCLG Planning Board then reimburses the County. The organization currently owes the County \$24,784 for health, dental and retirement costs covering the period of July, 2017 to October, 2017 and \$13,062 for payroll and fringe benefits for payroll ending November 12, 2017 for a total outstanding amount of \$37,846. We should either change the procedure to require payment up front before any paychecks are issued or we should end this arrangement and let the LCLG Planning Board handle their own payroll and fringe benefits. There is no authority for the County to be advancing funds to this organization through interest free loans to fund their operations.

## County Debt Balances

The following shows the County's current debt outstanding as of October, 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	6,555,000	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	-	-	-	-	-	-	-	-	-
Municipal Center Energy Project	1,397,703	1,209,177	1,003,899	781,029	539,915	-	-	-	-
Countryside Adult Home Energy	122,233	122,233	95,092	66,762	37,616	-	-	-	-
<b>Bond Anticipation Notes</b>									
SUNY Adirondack NSTEM	-	-	-	-	-	-	-	-	-
Alder Brook Brdg over Trout Brdg	-	-	-	-	-	-	-	-	-
Harrington Road Bridge	-	-	-	-	-	-	-	-	-
Beach Road Bridge	-	-	-	-	-	-	-	-	-
2011 Storm Damage	-	-	-	-	-	-	-	-	-
West Brook Parking Lot	-	-	-	-	-	-	-	-	-
<b>Total Outstanding</b>	<b>47,578,701</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.