From: Christine V. Norton, WC Treasurer

To: Haley Gilligan & the Members of The Support Services Committee: Subject: ***Executive Summary: Treasurer's 2025 Year in Review Update to the Support Services Committee***

Date: June 22, 2026

Please Note: I have all of the detailed quantitative and qualitative facts to support this Executive Summary, simply ask and I will provide.

WARREN COUNTY TREASURER

To: All Supervisors and Department Heads

From: Christine V. Norton Treasurer

Date: June 22, 2026

Subj: ***2025 Fiscal Year in Review***

Executive Summary – 2025 Year in Review

Overview:

Warren County enters 2026 with stronger cash flow, improved collections, higher investment returns, and several major operational successes. The County's most significant priorities remain strengthening governance and internal controls; reviewing the rigor of financial decisions through the established Committee/Board processes vs. time pressured decisions (floor resolutions), including ROI; completing fraud-related forensic reviews, creating and/or updating key policies and contracts, and addressing recurring structural budgeting weaknesses to avoid a future fiscal cliff.

Key Risks and Lessons Learned

Strengthening Governance, Controls, and Accountability

- Critical financial and operational policies, procedures, and contracts require ongoing modernization/maintenance to align with current practices, strengthen internal controls, and reduce risk.
- Several key County procedures and contracts had not been updated for many years, including Arrow Bank agreements dating back to 1998.
- A countywide initiative led by the WC Risk Manager is underway to update critical policies, procedures, and contracts in alignment with NYS Comptroller guidelines and best practices.

Committee/Board Processes in Supporting Major Financial Decisions and Related ROI:

When boards repeatedly bypass a disciplined committee review process and instead make significant financial decisions through time-pressured floor resolutions, the result is increased risk to the County, poor outcomes, and diminished taxpayer value ($3m Winter's Dream; $2.5M Johnsburg Sewer Guarantee). Without sufficient analysis, challenge, vetting, and understanding of long-term financial impacts, million-dollar decisions are more likely to result in cost overruns, control failures, missed opportunities, and corrective actions that could have been avoided.

The true cost is not just the dollars lost on any one decision, but the cumulative impact of repeated poor decisions over time. In contrast, a rigorous committee and board review process serves as a critical governance control that improves decision quality, strengthens accountability, protects taxpayer resources, and maximizes long-term return on investment. Repeatedly bypassing that process effectively eliminates one of the County's most important safeguards against financial and operational failure.

Even when the Committee/Board review process operates as intended, it is critical to learn from past Board decisions that did not result in the expected outcome, are no longer value add to the County and/or continue to diminish taxpayer dollars (CDTA, LGTV, Joseph Waren Museum, numerous Occupancy Tax awards challenges and related ROI).

December 2025 ACH Fraud

- At the April 2026 Board meeting, the WC Sheriff reported that, with assistance from federal and state forensic agencies, that the December 2025 ACH fraud/crime was solved ***and that all but $48K of the remaining $1.6M in fraudulent funds had been identified for recovery by the County***.
- External forensic experts and the NYS Office of the State Comptroller are reviewing not only the fraudulent transaction itself, but also governance, communication, and County-wide internal control failures that may have contributed to the ACH fraud loss.

- Particular focus is being placed on whether the failure to communicate a July 2025 vendor fraud alert to the Treasurer's Office contributed to the fraud's success, as well as independently validating and corroborating of the WC Sheriff's statements made at the April 17^{th} Board Meeting regarding the Treasurer's Office and Arrow Bank.

Budgeting and Fiscal Sustainability

- Significant year-end swings in the General Fund Balance in both 2024 and 2025 highlight the need for improved forecasting and budget accuracy.
- Several budget lines, including Overtime, Psychiatric Exams, and Medical Examiner/Coroner services, have been consistently underfunded relative to actual costs since 2019.
- The NYS Office of the State Comptroller has emphasized the importance of avoiding the "Fiscal Cliff" through realistic budgeting and long-term fiscal planning.
- The Treasurer's Office will host a second NYS OSC budget training: Budget Accuracy/Transparency & How to Avoid the Fiscal Cliff" in July for all WC Board Members and their respective Municipalities. This meeting will be open to all WC Dept Heads and their fiscal teams.

Outstanding Management Recommendations and Required Control Improvements per the County's External Auditor's – Drescher & Malecki - (2023 & 2024)

- Implementation of UKG and updated Time, Attendance, and Approval policies addressed prior audit findings related to timekeeping controls and **the 2027 WC Budget Process will address significant overtime variances**.
- Documented succession and transition plans remain outstanding.
- Formal IT access reviews and segregation-of-duties controls remain a priority.
- A review of performance management and salary increase practices is recommended to ensure consistency, transparency, and accountability.

Debt and Capital Planning

- Debt should be issued only when proceeds are needed and expended promptly for their intended purpose.
- DPW ended 2025 with $14 million in unspent budget authority, primarily related to the November 2024 culvert bond proceeds.
- While these proceeds generated approximately $360,000 in annual interest income, timely expenditure remains necessary to maintain tax-exempt bond compliance.

Key Opportunities and Successes

Stronger Cash Flow and Revenue Collection

- Delinquent property taxes declined by $1.4 million (12%) in 2025 due to proactive collection efforts, improving County cash flow.
- Collection of Federal and State receivables improved significantly, reducing outstanding balances by 60% year-over-year.
- Adult Use Cannabis revenue generated $318K in 2025, with 75% distributed to participating municipalities.

Investment Performance

- A revised investment strategy is producing strong results, with Interest & Earnings exceeding budget by 29% through April 2026.
- The County's $45K investment in cashVest generated approximately $470K in additional interest income—a 944% return on investment.
- Additional interest revenue opportunities remain available through banking relationship improvements.

Major Operational Successes

- **MyWarren Property Tax System** was developed entirely in-house, saving taxpayers an estimated $300,000+ while improving controls, efficiency, and service delivery.
- **Countywide UKG Implementation** successfully modernized payroll, timekeeping, attendance, and leave management, strengthening transparency and internal controls. The WCSO is scheduled to go live by September 2026.
- A new Installment Agreement Law aligned County practices with NYS Real Property Tax Law while expanding flexible payment options for taxpayers.

Economic and Revenue Growth

- Sales tax increased 1.9% in 2025, with additional revenue expected from New York's Short-Term Rental Sales Tax Law.
- Occupancy Tax revenue increased 3.7% to $8.3 million in 2025.
- Casino revenue resumed following COVID-related delays, generating $821K ($321 in 2023 and $500K in 2025) in delayed payments.
- ARPA projects remain on track for full expenditure by the end of 2026.

Emerging Short-Term Rental (STR) Opportunity

- Platform compliance and reporting remain significant statewide challenges.
- The County continues to work with NYS Tax & Finance, NYSAC, and state leaders to improve platform compliance, reporting transparency, and revenue allocation accuracy.
- Enhanced enforcement and compliance efforts present an opportunity to further increase County and municipal revenues.