

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: **BUDGET**

DATE: **JUNE 14, 2012**

Committee Members Present:

Supervisors Geraghty
Taylor
Kenny
Merlino
Conover
Mason
Westcott
Girard

Others Present:

Daniel G. Stec, Chairman of the Board
Paul Dusek, County Administrator
JoAnn McKinstry, Assistant to the Administrator
Joan Sady, Clerk of the Board
Supervisor Frasier
Supervisor Strainer
Supervisor Thomas
Supervisor Wood
Mike Swan, County Treasurer
Rob Lynch, Deputy Treasurer
Jen Switzer, Economic Development Corporation
Jon Alexander, *The Post Star*
Thom Randall, *Adirondack Journal*
Nicole Livingston, Second Deputy Clerk

Committee Member Absent:

Supervisor Monroe

Mr. Geraghty called the meeting of the Budget Committee to order at 11:08 a.m.

Copies of the Budget Agenda were provided to the Committee members, and a copy of same is on file with the minutes.

Mr. Geraghty turned the meeting over to Paul Dusek, County Administrator, who provided a power point presentation entitled "Warren County Multi-Year Financial Planning 2012", a copy of which is on file with the minutes.

Mr. Dusek apprised that the concept of multi-year financial planning was common in both the private and public sectors, although Warren County had not done it before. He further stated that this concept was determined necessary following the report that the County submitted last year to the State Comptroller's Office, in which the Comptroller recommended that the County have a long range operational plan to ensure that the County's resources were available to meet future operational and capital needs, as well as fund balance and cash flow needs. He pointed out that while developing this plan, feedback was received concerning the budget meetings and process, and concerns were raised that there was not enough time during the process to react to the changes that were being proposed. He noted it was important to look at where Warren County was as a whole, in terms of all of its' expenses, revenues and operations. Mr. Dusek added that this would provide the Supervisors with the tools that were needed in order to address the overall direction that the County was going in and to prioritize the programs that should be funded.

Mr. Dusek stressed that this was a basic plan and did not include every aspect of future costs or payments; however, he said, it did include the items that should be projected, such as known salary increases, pension costs, health insurance benefits and capital needs. He mentioned that the plan being presented today was not the full plan because in order for it to be completed, the Budget Committee, followed by the full Board of Supervisors, would need to make decisions as to the direction to proceed in terms of revenue estimates and expenditures from this point into the future. Ideally, he stated, he would like to have the plan completed prior to the commencement of the budget process to provide the budget team direction as to how to proceed with the development of the budget.

Mr. Dusek apprised that he had encouraged the Budget Officer to set an aggressive time schedule for the budget process. He remarked that Rob Lynch, Deputy Treasurer, and JoAnn McKinstry, Assistant to the Administrator, had put a tremendous amount of time into preparing the power point presentation that the Committee would be reviewing. He noted that they had used the forms available on the State Comptrollers website for multi-year planning which required a substantial amount of information to be filled in. Mr. Geraghty added that some of the figures in the presentation reflected increases which would be discussed further with the respective Department Heads during the budget process.

Mr. Dusek reviewed the power point presentation in detail with the Committee members. He advised that multi-year planning was about more than just budgeting revenues and expenditures, it was about the revenues available for the programs, the services and activities that Warren County offered or wanted to offer, and whether to undertake or continue the same with those revenues. He said that Warren County was currently involved in three kinds of activities, government activities; business-type activities; and component unit activities. Mr. Dusek asserted that the government activities encompassed most of the County's basic services including public safety, public works, economic assistance, health, parks and general support. He added that property taxes, sales tax, franchise fees and State and Federal grants financed most of these activities.

Mr. Dusek explained the business-type activities, noting the County charged a fee to customers to help cover all or most of the costs of certain services it provided. He stated the County's nursing home facility was reported in this category and in addition to the foregoing, he continued, the County operated a Certified Home Health Agency (CHHA).

Mr. Dusek referenced the component units and informed that the County included three separate legal entities in its' financial reports, the Warren County Soil & Water Conservation District, the Warren County Local Development Corporation and the Warren County Tobacco Asset Securitization Corporation. Although legally separate,

he said, these component units were important because the County was financially accountable for them.

Mr. Dusek apprised that the largest expenditures on programs, services and related activities fell under the categories of government activities and business-type activities. He remarked that these activities were addressed or covered by essentially five different funds of the County, which were the General Fund; the County Road Fund; the Road Machinery Fund; the Westmount (Enterprise) Fund; and the Debt Service Fund.

Under general government support, Mr. Dusek expounded, were the offices that supported government services, noting that said offices did not provide services directly to the public, but rather supported the rest of the government units that did provide those Public Services.

Mr. Dusek pointed out that contained in the General Fund, but not included in this or the following analysis, were Occupancy Tax Revenues and Program and Tourism Department Expenses. He stated that this was done because those monies were not used to offset County fund expenditures.

Mr. Dusek referred to the County Road Fund and noted that it was a separate fund over and apart from all the other government services. He apprised there was also a Road Machinery Fund that essentially rented out the equipment to the County Road Fund. He referenced the Westmount (Enterprise) Fund which concerned the entire operation (expenditures and revenues) involved with the County's maintenance of Westmount Health Facility. Mr. Dusek expounded that the Debt Service Fund provided for the source of revenues and expenditures for the bonds and capital leases.

Reviewing the General Fund Revenue Worksheet, Mr. Dusek stated the figures listed in the columns labeled Actual were actual audited financial results at the end of the respective years, the Estimated figures were based on the budget and the Projected figures were based on the budgeted numbers. He noted if 2012 did not come in as budgeted and there were variances, it would effect all of the outlining numbers.

Mr. Dusek continued to review the presentation in detail and directed the Committee members to the Revenue Analysis and Projections portion of the packet. He highlighted the projections in Federal Aid, State Aid, Mortgage Tax Revenue, Automobile Use Tax Revenue, Jail Services Revenue and Sales Tax Revenue.

Mr. Kenny referred to the Jail Services Revenue and questioned the significant increase from 2011 to 2012. Mr. Dusek responded the 2012 figure was based on new initiatives the Sheriff planned on undertaking this year, such as housing Federal inmates.

Relative to the Sales Tax Revenue, Mr. Dusek explained they had determined that the 2012 budgeted amount of \$42.1 million should be increased to \$44 million for 2013, followed by a \$1 million increase each year. He reminded the Committee members that the Sales Tax Revenue was shared with the towns and the County only kept half of the amount received to put towards the budget.

Mr. Westcott asked if the increase in gas prices had been considered during the development of this plan and Mr. Dusek replied there was so much speculation associated with the gas prices, it was difficult to predict and include in these projected figures; therefore, he said, they had decided not to factor in gas on the sales tax. He added they also did not calculate for gas increases in the budget, due to the amount of uncertainty involved.

In discussing the General Fund Surplus (Deficit), Reserves and Impact of Local Actions, Mr. Dusek cautioned using surplus revenues against a regularly occurring expense; otherwise, he noted, said fund would be decreased to an uncomfortable level. He recalled that a resolution had been adopted setting forth a policy in which the Unappropriated Fund Balance must be kept between \$6 million as a minimum and \$12 million as a maximum. He opined that the \$6 million minimum may be too low, thereby necessitating the County to continue to borrow funds for cash flow purposes. He announced that in preparing the figures in the presentation, they did not utilize any of the fund balance.

Mr. Dusek reviewed the Expenditures by Object and Function worksheet, and noted a significant increase projected for 2013. He stated that the projected increase for 2013 could be attributed to the following additional expenses: Technology Replacement Plan and Vehicle Replacement Plan, and the worksheets outlining the associated costs for such were included in the packets. Mr. Dusek also reviewed the Summary of Increases General Fund sheet, which explained in detail the reasons the expenditures were increasing.

Mr. Kenny referred to the Sheriff Overtime Costs in the amount of \$167,889 and he questioned the amount over budget given the overtime analysis that was conducted and addressed recently. Mr. Geraghty interjected that the majority of the overtime costs were due to the jail costs, such as suicide and hospital watches, which were difficult to plan for throughout the year. Previously, Mr. Geraghty continued, the overtime costs could be attributed to staffing; however, he said, the staffing levels were now appropriate. Mr. Dusek summarized a projected total increase from 2012 to 2013 in all the items listed in the amount of \$2,849,680.

Relative to the County Road Fund, Mr. Dusek apprised that they had assumed the exact expenditures that the County was currently incurring for 2012 with no increase; however, he said, the Superintendent of Public Works had stated that additional

funding was needed, especially for highways because the roads would continue to deteriorate and the current funding level was not sufficient. He added that the Superintendent had also advised additional funding was needed for machinery which was not included in the presented figures.

Mr. Dusek expounded the next steps in completing a Multi-Year Financial Plan for the County were as follows:

- determine the amount of revenue that would be available;
- address projected yearly deficits in the General Fund;
- address projected yearly deficits in the County Road and Machinery Fund;
- address projected deficits in the Westmount (Enterprise) Fund;
- address the \$600,000 potential exposure due to Hudson River/Black River assessment;
- assess Collective Bargaining Agreement financial impacts in future years;
- consider future non-union wage adjustments;
- address inflation, utilities, vehicle gas, etc.;
- consider proposed County Road Improvement Plan and Machinery Enhancement Plan-which were not covered in any future projections; and
- court physical space needs that were not addressed in the multi-year plan.

Mr. Dusek recommended the prioritization of programs/activities and related expenses. The information provided in the packet, he said, would give the Budget Committee the tools necessary to make decisions during the budget process to set the overall direction for the County. He thanked Mrs. McKinstry and Mr. Lynch for all their work on this presentation. Mr. Geraghty suggested that the Budget Committee meet again in two weeks to further discuss the information that was provided today. Mr. Kenny congratulated all those responsible for putting this packet together and noted this was the most transparent and realistic budget document he had seen in fifteen years. Mr. Conover echoed Mr. Kenny's statements.

Mr. Dusek added if any Committee members had questions or concerns, they could email them to him prior to the next meeting.

There being no further business to come before the Committee, on motion made by Mr. Kenny and seconded by Mr. Taylor, Mr. Geraghty adjourned the meeting at 12:55 p.m.

Respectfully submitted,

Nicole Livingston, Second Deputy Clerk