

Budget Hearing  
Administrative Services Committee  
Audit & Control Committee  
Tuesday, October 6, 2020 – 9:00 a.m.  
Legislative Chambers and Virtual via Zoom  
Gerace Office Building, Mayville, N.Y.

Members Present: A.S.: Scudder, Starks, Davis, Vanstrom, Muldowney  
A.C.: Nazzaro, Niebel, Gould, Odell, Harmon

Others: Tampio, Ames, DeAngelo, Dennison, Hansen, Crow, Button, Riley, Abram, Green,  
Barmore, Mihalko, Abdella, Carrow, Sanderson, Torres, Henry, Button, Calhoun

Chairman Scudder called the meeting to order at 9:02 a.m.

Chairman Scudder: Kathleen, do you have an overview for us?

Mrs. Dennison: I do have a few comments for the overview. This year I sent out an overview to you in advance to the meeting, so I hope that all of you had a chance to review that. That overview included a lot of the high points from the budget. Many of which were included in the County Executive's presentation to you a couple of weeks ago. Also, in that overview it lists- just takes you through the binder and gives you an idea of what materials are available to you. In addition to what's in the binder, I also prepared an exhibit which shows variances in rate and volume due to FTE changes. So, I think Jenelle handed out that exhibit to anybody that was not here yesterday. So, you have that as well. What that exhibit shows is for positions that were added and deleted in the budget- how much that contributed to local share and then it also shows the contribution to local share associated with what I call rate increases, which would be the changes in steps and contractual changes for base pay and changes in the rates for health insurance. So, we have that exhibit as well because in the 2021 budget for the first we have all the bargaining units settled, so it does include all of the agreed upon base pay increases for news year. It did cause quite a change in rate from the 2020 budget. As you recall, the 202 budget- when that budget was prepared the CSEA 6300 contract was still being negotiated, so the 2020 budget is really based on wages from 2018. Going from 2018 to 2021 there's quite a step up, so we wanted to quantify what that was for each department. So, you have that provided for you this morning.

The other thing I want to comment on is just what's within control of Department Heads and what is not entirely within their control because you'll see in a lot of the departments, especially in the wage category, the wages are going up and the comment is that it's due to contractual changes and benefits are the same thing. A lot of the department heads will say that's set by finance or by the contract and it's out of my control. Some of that- to a large extent that's true, but I just want to comment what is within the control of the departments is how many people they have. We're assigning the wages to the positions that they pick and also the benefits, but obviously the number of positions and which positions those are, that's entirely within the control of the department heads.

Also, when it comes to computer costs the IT Department provides a schedule for the department heads with the planned replacement of computer equipment. So, most of the department heads use that schedule. They do have the option to deviate from it if they choose to. So, if they are scheduled for computer replacements they can say I am going to pass on those for 2021 and that is their option. So, again, the computer costs- a lot of those are provided, but they are not necessarily out of the control of the department heads.

The last comment that I wanted to make as far as overview- what we've suggested to the department heads is that they walk you through the summary document that's in the binder that summarizes the budget at the classification level and it also includes commentary on major variances. So, that is our suggested approach to walk through that document and then there is the line item detail provided as well, if you have questions on a specific accounts or want to refer to specific accounts. So, that's what I have for the overview this morning.

Chairman Scudder: Thank you. If you do have a question or a comment go ahead because I can't really see anybody. You don't need to raise your hand or ask for permission, I would just encourage you to ask it or speak out if you need to. I guess we'll get started with Finance and that will be tab 21 in your book.

## **Finance**

Ms. Crow: Yes, tab 21, but remember to go past the- what's up front is the full tentative budget, so past the black divider and then tab 21. I'm here today with Todd Button, our first deputy director of finance and also the acting real property tax director. So, we're starting with what I would call our administrative departments of finance, real property tax and insurance administration. So, overall our projected budget is reduced from 2020 by 4.8%.

Moving on to the next page, the FTE's. That reduction is in part mostly to changes in staffing. For department 1310- Finance, as you may recall for the 2002 budget, we included two new purchasing positions to help us consolidate the purchasing function in finance. Our budget amendments for 2020 included the deferral of those positions and the 2021 budget adds one of those positions back, so it further defers one of those purchasing positions. We do still want to move forward with that centralized approach, but we feel we can (*inaudible*) that out more gradually considering the current budget constraints.

Additionally, we are reducing one senior account clerk. We had two- one retirement this year in our department and another one that's coming up in November and the proposed budget only refills one of those retirements. I'm hopeful that we will be able to manage the work load into next year only filling one of those, but it's going to have to kind of be wait and see. If we see the work load- if things are really falling through the cracks and I have concern that too much might be missed or we are getting behind, I'm not going to guarantee that I won't back in the middle of the next year to request a position to be added back at that time. For at least the short term we've been managing O.K. without that additional person on staff. The other justification, I believe, is one of the senior account clerks that we have- a lot of her time has been spent on occupancy tax enforcement, especially tracking down all the Airbnb type rentals on the website and since we have entered into that agreement with Airbnb, some of that work load will go away. We want her to focus more of her attention on other areas of enforcement and collection with respect to the occupancy tax, as well as helping with the shuffling of responsibilities while we're down one position.

Additionally, in the Real Property Tax office somebody left earlier this year and we have not refilled that position this year as part of our amended budget and we did not include that vacancy to be filled in 2021 either. Again, that is probably going to be somewhat of a stress on the department, especially since we are planning two auctions for next year and that legal aid position is generally most busy leading up to the auction, so we are going to do our best. We've been O.K. so far this year, but again, these changes kind of put us right at the edge. If anything else changed dramatically that would put a lot of stress on our organization, but we'll do our best.

So, no change in the insurance administration office. It seems to be running pretty smoothly there. The next is just the summary similar to the first page there, so I'll move on to the next, which is the department A1310. I already talked about the change in the staffing. The contractual line item there is the change there from the prior year budget is 2021 doesn't include additional cost for issuing any bonds next year. If we do end up issuing bonds next year we would have to amend the budget at that time to add in those costs, but you can see that 2019 and 2020 were higher mostly because of those- the bonds that we issued in 2019. What else is left in that contractual line item is our regular annual audit fees, GASB 75, other actuarial costs, and the change in benefits are mainly a change related to the positions. The bottom section there on revenue- we do receive a portion of the occupancy tax to fund collection and enforcement in the finance department. Our \$5,000 under sale of property and compensation, those are the fees that we get from the tobacco corporation as a rental fee for office space.

Under miscellaneous there is a- just in terms of the note there- that is not completely accurate- the note regarding the County Home. So, our credit card rebates are the main item in that classification for miscellaneous and our rebates are down slightly. They are based on a twelve month period, which is March to February and March 2021 we'll get the March 2020 through February 2021- that will be the period that they're looking at for rebates and now a lot of our spending is down this year just because we've reduced expenses across the board, therefore we're not paying as many items, therefore I'm projecting we're going to get a less rebate. Also, keep in mind we're paying everything electronically, so we still are- even if we're not getting the rebates, we're still saving because we're not issuing paper checks for the most part. The note regarding the County Home- in 2019 Todd did a cleanup of some of the reserves that we had for the County Home and there was an adjustment and that's why 2019 looked like we got a lot of refunds. It was letting go of some of that reserve for unemployment and for some of the record storage costs that we had on the books. Are there any questions on the finance office?

Then we will move on to Real Property Tax. Again, as I mentioned, we reduced one position so the wages and benefits reflect the net of the wage increases for the other positions and the change in benefits along with the reduction. There is an additional \$10,000 included under equipment for a new server that is needed. Under the contractual the budget was reduced for software modifications, so that that's always a questionable item. Under departmental income, we did include an increase for certificates of \$25,000. That's based on more of our current trends. The prior real property director had actually developed most of this budget, although some changes have been made. He did indicate that- made a note that fees- tax certificate fees have not been changed since 2012, so there's been no increase in what we charge for those tax certificates. If we wanted to increase them from \$20 to \$30, that would result in about \$30,000 to \$40,000 additional revenue. That's just for your information. I don't know if there's an interest in looking at those fees, but I wanted you to be aware that that's what we're currently charging and the fees have not changed since 2012.

Chairman Scudder: Can you just explain those fees a little bit more for me?

Mr. Button: Yeah. The department receives requests for- usually in the course of real estate transactions between buyer and seller- they have to ascertain that the property taxes are paid on the property. So, the attorney's will contact our office and ask for a tax certificate showing the liabilities have been paid or if there is an outstanding amount. It's a very quick search and we've been charging a nominal \$20 for that for quite some time.

Chairman Scudder: Any idea what other counties charge?

Mr. Button: I really don't know, Bob.

Chairman Scudder: Thank you.

Ms. Crow: O.k., any other questions on the property tax office? Then, the last page there 1710- Insurance Administration – that's the administrative costs for workers comp and casualty/liability programs. So, Dennis Brooks and two staff in his department – there's really not much change here as far as operations go. The revenues there are offset by what we bill to the liability fund and then to the workers comp funds, which we'll review later. Those two funds then charge back to all the county departments for each of those two programs. If there's no other questions on those departments- there's a scheduled break next, but I would offer to continue on to the next section if that's alright.

*(Cross-talk)*

Ms. Crow: That's under "Miscellaneous."

### **Miscellaneous**

Ms. Crow: If we move on to Miscellaneous that is at the end of the book here- department 99. I did pass out some change pages here. They're not necessarily changes, but they're just a different- the version that's included your book includes the D and the DM transfers for the transfer for the DPF departments. Since I'm not responsible for those departments I handed out on your desks a roll up that reflects just the departments that I'm responsible for budgeting. So, page number one, if you want to look at the one I handed out it gives you a more accurate picture of the items under my responsibility and the changes for the budget- budget year to budget year.

Mrs. Dennison: I just want to add a comment that the exhibit 99 is in your tentative book. That one includes the transfers because it ties to the tentative book that the public sees. So, when the public looks at section 99 they're going to see what's in the big book. As Kitty pointed out, it includes multiple departments, so it's a little bit harder to get a feel for what finance is responsible for.

Ms. Crow: So, overall there's a lot of items in department 99. All of them kind of independent from one another, but in aggregate you're seeing that it's a 2.3% reduction, but in this case this is mainly revenue, so a reduction is not necessarily a good thing. I wanted to be transparent here to show that there's actually reduction in revenues of \$981,000, which I'll talk about as we go through.

Moving on to the next page, which are FTE's. No change here, but the FTE's that roll up under department miscellaneous are some of the real property tax staff their time is charged back to the municipalities for work that they do for the municipalities. That's what that .6 FTE reflects.

I'm going to skip over the next page to where you would get to department 1310-9999 in your book and this is the second change page that I handed out. Again, mostly because on here it takes out some of the transfers and the property tax is not included on here. So, there's all revenues here. The first category is non-property tax items- that's where our sales tax is included. It also includes the off-track betting revenues, which have been trending up. So, I've budgeted additional revenue for that. With respect to the sales tax though, the proposed budget keeps the sales tax the same as the 2020 adopted budget. Now, our amended budget, as I'm sure you're all aware, has been reduced thus far by \$4 million from the 2020 adopted budget. Our current trends have a- what we've projected so far, we are in line right now as of today to meet our amended budget, which is \$4 million less. Now, I could talk a lot about sales tax. We do – entering the fourth quarter is by far our biggest quarter for receipts and includes the effects of the usual back to school shopping, holiday shopping- I would say we're really still, in my view, not out of the woods until we really see what happens through this quarter as far as our sales tax for this year. We should maybe be getting our next payment this week and then another one next week. So, by the time of the committee week we would have the next two sales tax payments and can give an update at that time. As far as why we budgeted what we did for 2021, I feel somewhat comfortable that's achievable, but it is going to depend a little bit- there's so much unknown for next year. You all know what's going on in the world and some people might think that its wishful thinking for next year, or some might think it's reasonable to think that we could be back to where we were. In 2019 (*inaudible*) 2020 budget- they're both about \$400,000 greater than what our 2019 actual was. So, prior to the pandemic if we had continued on our current trend, we would have well exceeded the 2020 budget. So, really what we're saying is we are projecting that our 2021 results will be just a little bit more than what our actual 2019 results were. That's another way to look at it. I would say that if you were looking to increase the levy more, this would be an area I would reducing the budget to be on the safer side- a more conservative approach. Then, with the mindset that if sales tax was doing better next year the budget could always be amended then and if there's other reductions you're looking at in the bug picture of the budget as you go through it- if you were going to reduce something somewhere else, as well as reducing sales tax, if we're doing better next year we can always add that expense back if the revenue is there. So, this is just really different for all of us in terms of what strategy we want to go forward with, but I'm just throwing out a couple of things for you to consider.

Chairman Nazzaro: We've had a lot of discussions on sales tax in our weekly meetings that we've had and I just want to make sure that everyone has the same information that I get. The last report- Todd, year to date- are we down about 11%?

Mr. Button: Ignoring January, February and March, which was trending ahead of the prior year, prior to COVID- for April through September we are running 10%-11% behind last year. As you may recall, and I apologize for not copying everyone on Audit & Control on this, but we started out April, May and June's sales tax distributions and we were running 25%-30% behind the prior year and fortunately when we got to the end of June the way the state distributes sales tax and trues up their allocations, we got a big bump, which brought that back to about 12% behind the prior year and a lot of that was due to the fact that the year before the state began taxing all internet transactions, but they had no methodology of how to allocate it amongst the counties and other municipalities until the final actual returns were coming in from all these businesses. So, where we were trending close to 30% behind all of a sudden we got a big bump at the end of June, which brought us back to about 12% behind schedule through April, May and June. Now, with July, August and September we're still running about 10% behind. I don't see that changing in the foreseeable future. The money that we're going to receive here in October is for August activity because we're always running two months behind from the state. I would be astounded if that 10% figure changed. I don't see it changing for the last quarter of this year either.

Chairman Nazzaro: The other big piece, and you alluded to it, June of 2019-

Mr. Button: June of 2019 was when they began taxation of internet transactions.

Chairman Nazzaro: And what that meant was before you had to have an operation in the State, correct?

Mr. Button: Yes, there was partial taxation if you had actual (*inaudible*) within the municipality, within the state. An Amazon warehouse sitting out in wherever shipping into the state that was not taxable prior to June of last year. So, luckily for that or we would have been in a much, much different-

*(Cross-talk)*

Mr. Button: Without out that change in the law we would be in real deep trouble without that taxation of internet sales because- and I don't know what you all personally do, but look what you look people do- Walmart.com, Amazon.com, everybody else dot com, getting it delivered at home- it would be bad to say the least.

Back to your question, Chuck, I don't see the 10% shrink going away anytime soon. I think we're going to be dealing with it at least through the end of the year and I'm sure into January, February, March of next year, without a doubt.

Chairman Nazzaro: There's so many factors here. We all know that. I do think the number that is budgeted is on the high side. I don't know by how much and I don't think anyone in this room knows by how much. One thing, with the effect of the COVID what's the unemployment rate going to be? I think a lot of people are making big purchases this year. It's been evident with car sales, appliances- people got the stimulus. So, that has been a big factor in making it higher than what people thought. People can't get supplies- to your point, the home building products. So, for next year, where that number should be- the concern is that as I looked

at the five year projections and where we're going to be, the fund balance is hovering around the 5.3% for this year? So, let's say we keep it the same and we fall \$2-\$3 million short or whatever the number could be- either we're going to be forced to do what we've done this year- come up with reductions, which is going to be very difficult to do because we've already done that. Many departments are lean. Congratulations and thank you for what you've done in finance, Kitty and Todd because 3 FTE's reduction is huge. Also, how would that affect going into 2022? So, I think the number is high. This is going to be a full Legislature discussion I'm sure, but I think the number is high-

Legislator Niebel: Kitty, did you say earlier that you think the next two sales tax payments would give us a better indication? Did I hear you right?

Ms. Crow: Well, it will give us an indication- it will give us more information. It will give us more information to know if we're staying on this trend right around 10%-11% reduction from the prior year, but if it's greater than that, that is going to raise a lot of concern for me because like I said, the fourth quarter is by far- our fourth quarter is projected to bring in \$25 million in sales tax and that's projected at- I'm sorry, let's go back to 2019. 2019 brought in \$28,665,000 compared to quarter three which was \$16,850,000. So, it is by far- the biggest impact is the fourth quarter. So, if we don't keep up going into the rest of this year we are still treading water in terms of are we even going to make this year's budget because we're now in a position where there's not much time to make big changes between now and the end of the year. So, we really need to think a lot about the effects that this years and next year's budget could have on our fund balance. If we end up this year short, let's hope we don't, our fund balance is going to be below that five percent and then if we make our budget too thin for next year and we fall short next year that would further reduce our fund balance. So, we really- I can't stress enough, we have to really be careful with the 2021 budget because there's still so much unknown and so much volatility that I think I would agree with you that if we can be more conservative on the sales tax, that might mean raising the levy more for one year, but that would help us get to 2022 where we're not more drained of fund balance and put ourselves in further distress.

Chairman Scudder: I think we're- personally, I'm expecting the fourth quarter to do well because I think people have been holding back on their spending, but I think the optimism would be if we just matched last year's fourth quarter would be fantastic, but it's not going to erase what we've seen for the last four or five months. So, I think this is a- I think we're high on the projections for sales tax for next year. That's my thought.

Mr. Button: If the current budget figure is basically what we put in the adopted budget for this year and we've already taken \$4 million off of that and that's about where we're trending now, if you wanted to be optimistic but conservative I think you've got to chop about \$2 million off of that figure. I really do. What you have to consider is people are not paying their property taxes, people are unemployed, certain large segments of the economy are still not open- nobody's going to movies, only going out to eat at maybe 50% capacity, hotels and motels are still closed, the place down the street here has been closed since April until further notice- I don't see it getting better prior to June.

Chairman Scudder: A higher sales tax could kind of be a false indicator because there's so many other things happening. So, everyone decides we're going to go out and buy Christmas presents for everybody, but we don't pay our property taxes-

Mr. Button: We are about to get- we are about a month away from having another indicator of where the property tax situation is. In April when the County/Town bills came back for 2020 we set a new record here in the County with about \$3 million in unpaid taxes returned to the County above and beyond what it's ever been. Next week we're going to start getting back the unpaid village taxes, which in and of itself is not a large figure because of the size of our villages, but then the following month we're going to get back the unpaid school taxes and then we're going to see what people's ability has been to pay their property bills. Now, the problem is going to be that anything that's unpaid for the village and the schools is going to automatically get re-levied onto next year's county/town and this wheel keeps turning and it keeps turning upward and it's not a good place for us right now.

Chairman Scudder: Todd, did you say \$3 million above?

Mr. Button: About \$3 million above what it was in unpaid last year that were returned and last year was an increase over 2018.

Chairman Nazzaro: Todd, we have not made that entry yet, correct?

Mr. Button: Chuck, you may recall that back in the beginning of July I put an analysis out to you and the County Executive and Kitty and we have already booked a \$3 million adjustment to our property tax revenue this year as deferred unpaids. Yesterday I started another analysis to update that and I am afraid to have to tell you that we're going to have to book at least an adjustment for September of another \$750,000 down because we are still facing approximately \$3.7 million increase in unpaids over what we were last year. I'll be sending that email out probably this afternoon.

Chairman Nazzaro: I don't want to get off the sales tax just yet, but that's another concern I have. Obviously the property tax revenue that we collect is all a factor of the budget- what we're projecting the levy will be. We know our assessable property went up by I think about 4%.

Mr. Button: The assessed valuation was about 4%.

*(Cross-talk)*

Chairman Nazzaro: The assessed valuation went up by about 4% I think *(inaudible)* so that's a good thing, but then spending is up by about \$2 million give or take. So, the money that's in this budget for property taxes is just a factor of what we're saying the tax rate will be versus what the property is, but it doesn't take into account really what you're talking about, right?

Mr. Button: What your allowable revenue is.



Chairman Nazzaro: So, if next year we have that sales tax issue going on and all the other things and then this \$3 million is now \$3.7 million is deferred, but that number could be more next year, which affects the fund balance eventually, right?

Mr. Button: Yes. It affects your fund balance-

*(Cross-talk)*

Chairman Nazzaro: At what point does-

Mr. Button: At the standpoint of being an allowable fund balance to use. I mean, it doesn't- it's not a direct loss of fund balance like an expense is, but it is a reduction of your available fund balance and it becomes a restricted fund balance because you don't have the cash available.

Chairman Nazzaro: So you could- I should know this- our unobligated fund balance is how much right now?

Ms. Crow: It's about \$12 million-

Chairman Nazzaro: So you could eat up a good chunk of that by restricting it because of uncollected- you're deferring the collection because people aren't paying their property taxes.

Chairman Scudder: And realize that the auction doesn't correct that 100% either. We never bring in- if we're \$3.7 million and we went to auction with all that property, we're not going to bring in \$3.7 million.

Mr. Button: No.

Chairman Nazzaro: I mean, we didn't have an auction this year and it's been deferred.

Chairman Scudder: But it never brings in what's owed.

Chairman Nazzaro: Todd, I didn't want to put you on the spot for a number going back to the sales tax, but I don't know if we have telepathy or whatever but the \$2 million was what I was thinking and this budget is unlike any other budget we've done. Before we were always saying lets increase the projections. *(Inaudible)* we do wait- I know last year we made an adjustment I thought after we got more information-

Ms. Crow: Maybe a little bit.

Chairman Nazzaro: A little bit or it confirmed what we had budgeted was O.K. for 2020. This is going to be a big decision by the Legislature to say- the responsible thing to do is be realistic and next year if things come in better then that's a good thing.

Ms. Crow: Yeah and if we end next year with a surplus that surplus would result in an increase in fund balance.

Chairman Nazzaro: What I don't want to get into is a budget that we're forced to pass a large rate increase because of all these things that we don't know. Yes, the number is too high. I think we're hearing that from our finance management group. What we do with that information is up to us. This is a tough one.

Ms. Crow: Yeah.

Chairman Nazzaro: I think a lot of people spent money- they got the stimulus checks, they got the extra \$600 on unemployment- who knows. I think people spent a lot of big-

*(Cross-talk)*

Ms. Crow: With the interest rates being so low, a lot of people are buying those bigger onetime items, but that's not going to be a trend.

Legislator Odell: Even on the Planning & Economic Development side we've been watching this very closely. I'd be in favor of a \$2-\$3 million reduction just based on what we're seeing. *(Inaudible)* through the Chamber. We've still got retail down quite a bit. A lot of that *(inaudible)* is from the stimulus coming in early in the mid-summer and we've also got a lag in report. Businesses are closing on month to month- we might see that driven through the state and into our coffers a couple months later. I would be in favor of that because even on the occupancy tax side or travel and tourism side, state wide the numbers are looking at -42% this year.

*(Cross-talk)*

Legislator Odell: One's going to dovetail to the other. I'd rather under promise and over deliver and stay responsible. I'd be in favor of that \$2-\$3 million reduction.

Chairman Nazzaro: Kathleen, if we had a \$2 million rate- or if you reduce sales tax by \$2 million it would mean what, about 25 cents? 25 cents tax rate increase per thousand? Do you agree with that?

Mrs. Dennison: Yes.

Chairman Nazzaro: Do you agree with that?

Mrs. Dennison: Yes.

Legislator Niebel: The sales tax reduction- I think that's another issue that we'll have to discuss on Friday when Audit & Control get together just like yesterday we realized a \$237,000 savings in one of the social services accounts. So, again, I think that plus some of the sales tax issues we're going to have to discuss on Friday at Audit & Control.

Chairman Scudder: Sure.

Chairman Nazzaro: I agree with that but your committee can make a recommendation.

Chairman Scudder: But is it too early to do that?

Chairman Nazzaro: Well, my feeling is and we're in this together, but we're all going to vote on the budget. Yes, the Audit & Control Committee puts the budget together and says this thing balances and makes sense. What I like is when a committee- because that's what your committee oversees- makes a recommendation just like we had a couple amendments out of Human Services yesterday. That just means then we have an amendment on the table that you've recommended to Audit & Control and what we do with it- we're going to have all these other things and all these changes and then we, as a group, decide if we bring that forward to the legislature or do we think \$2 million is too much, not enough, or- that's what I prefer to bring to Audit & Control is a recommendation if you really believe in it because that gives it legs.

Legislator Niebel: Their committee can go on record as recommending something.

Chairman Nazzaro: Well, it's a formal amendment that we have to consider if I understand this process right.

*(Cross-talk)*

Legislator Odell: But the saving grace we got is the COVID finance team is meeting weekly and keeping a pulse on this right along. We can always amend, we can always adjust on the fly to keep us on course.

*(Cross-talk)*

Ms. Crow: You can make that motion and then that's passed on to Audit & Control and then potentially later this week we may have one more payment and next week for sure by the time you have your next committee meeting you might tweak your recommendation and they can further tweak-

Chairman Scudder: I get it. It's easy to amend it and then as long as it- *(inaudible)* and then where are we going to come up with that \$2 million and I realize we are all working together on this, so we're going to present it. Can we do that now?

Mrs. Dennison: Mr. Chairman, just to give you a little context or some numbers, if the sales tax revenue is reduced by \$2 million the levy would be \$68,288,302 and the tax rate would be 8.65. That would be an increase of 19 cents from the current tax rate and we would also be in excess of the tax cap by approximately \$2.9 million. I'm working on that now and testing that, but the tentative budget we're in excess of the tax cap by \$975,000, so we would be essentially adding \$2 million to that.

Ms. Crow: You're committee can make these recommendations in the context of there may be- we don't know what all the committees are going to recommend, so in the big picture you're making one and I think it will be their job to juggle all the recommendations-

*(Cross-talk)*

Chairman Scudder: *(Inaudible)* known and get it on paper. How's that?

Legislator Niebel: You're making a recommendation to Audit & Control?

Chairman Scudder: Yes. We do this one time a year. I need a reminder how to do this. Kathy, what do we do?

Clerk Tampio: You make a recommendation by a motion of your committee and it will be forwarded to Audit & Control and *(inaudible)* –

Chairman Scudder: A \$2 million reduction in the sales tax-

Clerk Tampio: Right. A motion with a first and second.

Chairman Scudder: Who's making that motion?

Legislator Starks: I'll make that motion.

Legislator Vanstrom: Second.

Chairman Scudder: All in favor?

*Unanimously Carried*

*(Cross-talk)*

Legislator Niebel: I have one more question. Todd or Kitty, the sales tax- are you indicating that we will have another sales tax payment this week?

Mr. Button: Yeah. In most months we receive two sales tax payments each month from the state.

Legislator Niebel: It's not once a month?

Mr. Button: No, it's usually twice a month. Although, in June and December we receive three payments.

Legislator Starks: So, it's possible by Friday that Audit & Control would have even more information.

Mr. Button: I'm expecting the first payment here for October to be here by Friday. If not Friday, it will be here Tuesday because of the holiday. I think the schedule is that we'll receive it this week. The first payment of the month is always the big one and the second payment is always an ancillary more minor payment. Again, what we're going to be receiving in October here is on August economic activity and I see no reason to expect that it's going to be any different than the 10-11 downward trend that we've experienced so far this year.

Legislator Niebel: You're probably right, but once we receive it we'll have a –

Mr. Button: Then you'll know. What makes this critical not only to the County, but also for the municipalities is the October payments are the last payments of the third fiscal quarter that we have to distribute to the municipalities as well. So, in addition to county leaders, I've also been copying the municipalities on a monthly basis as to what their position is going to be. Again, it's going to be 10%. I have no expectation that it's going to be any different.

Legislator Niebel: O.K., well-

Mr. Button: I hate to be Mr. Downer, but trends are trends and I don't see anything significant that's changed.

Legislator Niebel: But we'll have the first October payment hopefully by Friday and the second October payment-

Mr. Button: Yes, the following week.

Legislator Niebel: O.K.

Chairman Nazzaro: I realize there's a time lag-

*(Cross-talk)*

Mr. Button: Yes. October's money is sales tax collected in August activity remitted to the state in September and passed on to us in October. So, it's a two month lag on when the money was actually generated.

Legislator Niebel: But we'll have actual sales tax receipts on which to make a projection or take a look at your projection.

Mr. Button: Yes.

Legislator Odell: I'm just curious, Mr. Chairman, from a recording standpoint do you know what percentage of the sector reports monthly, versus quarterly, versus annually?

Ms. Crow: It's hard to read their schedule.

Legislator Odell: It probably depends on the size of the company and amount of *(inaudible)* but I was just curious.

Mr. Button: The bulk of the filing, I believe, is monthly. The thing of it is, is that actual sales tax returns filed by businesses- you file on a quarterly basis, however if you are of a certain size business wise you are required to remit monthly. So, whatever you collect in a given month you have to pay the following month, but then you file your reports on a quarterly basis. All reporting is quarterly, but remittances are- the bulk of it is monthly.

Legislator Odell: Monthly depending on the size of the operation.

Mr. Button: If you're a very small company, you only have to pay on a quarterly basis, but most of it I believe is monthly.

Chairman Nazzaro: Kathleen, you said it was 19 cents?

Mrs. Dennison: Yes.

Chairman Nazzaro: And how did you come up with that?

Mrs. Dennison: That is taking- O.K., the levy that we have in the tentative budget is \$66,425,000 so we're essentially adding \$2 million to that levy and then we have the same valuation. So, it would be the new levy divided by the existing valuation. It comes to a tax rate of 8.65.

Legislator Niebel: Or, Kathleen, approximately 1 cent increase per \$100,000?

Mrs. Dennison: 1 cent per \$78,000.

Chairman Nazzaro: And that's what I used to come up with the 25 cents. I must have missed something.

Mrs. Dennison: We have a couple changes that are not significant- a couple changes from yesterday, but that \$78,000 is an approximation. I think I have everything reprogrammed.

Chairman Nazzaro: That's fine, I just did simple math.

*(Cross-talk)*

Ms. Crow: I'm sure she can send out the calculation at the end of the day. If we want to move on to the next line item, which we touched on a little bit already, which is the budgeted net effect of two auctions next year. The biggest items in this classification are the interest and penalties that are collected, but also the loss on the sale. So, Todd and I talked a little bit about this line item yesterday and we might propose an amendment here as well, but we have to kind of work through the numbers a little bit more. By Friday we can kind of give you a revised figure here, but I tried to project out additional months of interest and penalties because we will

continue to collect those through June of next year for the auction that would have been this year and then we would have additional months of interest and penalties for the auction that would get pushed out- right now is proposed for September of next year, but then we have the additional further loss- an extra year that we need to add on of delinquent taxes. So, we want to fine tune this figure as well. The earlier projections is what the tentative budget reflects, but I think that it might be a little on the high side after Todd and I talked yesterday. So, we'll come up with a revised figure for that and any recommendation we would have for amending those numbers. I think the interest and penalties are O.K. as they're projected, it's just a matter of the additional delinquencies that would need to be added on.

Chairman Scudder: I have two questions. Two auctions- just without getting into it, are we talking June and September?

Mr. Button: I believe that's the tentative plan, yes.

Chairman Scudder: As far as the interest and penalties, is that all collected to the county or do we pay some of that off to the state. Is this number-

Mr. Button: No, that's all our revenue.

Chairman Scudder: O.K.

Ms. Crow: So, as you-

*(Cross-talk)*

Mrs. Dennison: Kitty, what account were you just discussing that you wanted to amend?

Ms. Crow: The classification of other real property tax items. You'll see that the projected figure for 2020- the \$3,490,000- that's because we're not having the sale this year, so we're not going to record that loss from the sale, but we are continuing to collect additional interest and penalties because the auction is pushed out. So, we'll see a good- it will help us this year, but that doesn't mean that isn't going to be offset in the future.

Chairman Nazzaro: When you say collect interest and penalties; are people actually paying them? Are we accruing the revenue?

Mr. Button: Yeah. Interest on the property taxes is not a revenue until the tax is actually paid. It's not an accrual. Penalties, which is the 5% penalty that is immediately assessed when a tax is returned to the County unpaid, that is immediately booked as a revenue.

Ms. Crow: Some people are still coming in to pay, but we still have a lot of delinquencies because the interest and penalties doesn't stop even though we wouldn't be foreclosing until next June, so there is still some incentive for people to come in and redeem.

Mr. Button: We add 1% of interest every month to the base tax and penalties.

Chairman Nazzaro: And you record that as it's paid?

Mr. Button: Right. It's at the – the 1% each month is added to the receivables as far as the taxpayer is concerned, but it is not recorded on the County's books as a receivable or a revenue until it is paid.

Chairman Nazzaro: And you said the 5%-

Mr. Button: The 5% is immediately added to receivables and revenue upon return to the County.

Chairman Nazzaro: Even though it hasn't been collected yet?

Mr. Button: That's correct, yes. It's a statutory fee.

Legislator Niebel: But we don't always collect all the interest and penalties because some people just let their property go to auction.

Mr. Button: If a property goes to auction, O.K., which is basically the county's last ditch attempt to get things collected, the basis of the cost of the property is any unpaid taxes, plus the 5% penalties that have been assessed over the years, plus the 1% per month interest, plus the search fee that's added to those properties.

Legislator Niebel: So that's added to the price that somebody pays?

Mr. Button: Not added to the price. It becomes the basis of the County's invested cost of the property. The other thing you have to remember is that by the time a property – in our normal auction cycle, by the time a property goes to auction we have three years' worth of uncollected taxes on that property. For example, the auction that we were supposed to have this year was on delinquent 2018 taxes, but those properties that were delinquent in 2018 also have 2019 and 2020 taxes on them. So, a property that you were able to auction and we may get \$2,000 on it depending on if it's a vacant lot or a dilapidated house or whatever- whatever the accepted auction price is then we subtract all the base taxes, all the penalties and all the interest that's on that property and then the difference becomes your gain and loss. So, we essentially book revenue on the interest once we settle the auction receipt and Terry, I think you were the one that I sent an email to here a couple months ago- you were asking what the 2019 auction situation was and that one actually turned out to be a fairly fortuitous auction for us because the gain/loss that we showed at that auction was basically a wash on the interest and penalties on those properties. So, the County basically broke even on the actual property taxes. We collected the base taxes and we booked interest and penalty on that revenue when we sold the property, but the difference between the auction price and the taxes and the penalty interest became the loss. If you can wash out interest and penalties in your gain/loss, you're breaking even on the base taxes. I think that's a pretty good year. The problem that we're going to have in 2021, assuming that we're able to proceed with our two auctions is that now the auction that we were supposed to have this year now we're going to have four years' worth of taxes on those properties and you



know that the price that you're going to get on those properties is not going to increase. They're not going to be worth any more than they would have been worth last month if we'd have had the auction. We're going to be taking another year's worth of taxes hit on gain/loss, although we will also have an extra year's worth of interest on those two. It's kind of a-

Legislator Niebel: Todd, going back to your example of the \$2,000 sale of the property. It's conceivable we could have \$2,000 in aggregate of delinquent taxes, interest, and payments. So, we're selling it for \$2,000, but that just covers those aggregate-

Mr. Button: Right. That just means you've sold the property, you've collected the taxes, you collected the penalties, you have no gain/loss because you broke even.

Legislator Niebel: That's what happened before?

Mr. Button: No.

Legislator Niebel: At the last tax auction?

Mr. Button: No. The 2019 auction that I analyzed for you was that the auction proceeds were enough to cover the base taxes, but within the calculation of the gain/loss was the base taxes plus the accrued interest. So, the gain/loss became the value of the interest and penalties that we booked. We booked interest revenue, which was offset by gain/loss by the sale of property. Strictly speaking, on the property tax itself we broke even because we collected the base tax.

Mrs. Dennison: But we didn't get the interest. We wrote of the-

Mr. Button: No. When you auction a property- when you do the receipt for the auction itself, any interest on that property then becomes part of the revenue. So, the cash offer covers the base tax, which covers the receivable, we gain revenue because we have interest paid, but the difference between what you collected and what the valuation of the property was between taxes and interest is now a loss.

Chairman Nazzaro: So, let's say you have a \$2,000 amount and \$1,500 is the taxes and \$500 is interest and penalties. I pay you \$1,500 and I get the property. So, of the \$1,500 you're applying \$500 goes to interest and then the \$1,000 difference goes against the \$1,500 property tax receivable, so actually there's a - you did not collect \$500 on the property tax receivable. You're recognizing the interest income first.

Mr. Button: Yes. That's correct.

Mrs. Dennison: Todd, you said before that the penalties- which one is booked immediately? The penalties?

Mr. Button: Penalties. The 5% penalty is booked as revenue each year as the taxes are returned.

Mrs. Dennison: And the interest booked until-

Mr. Button: Interest is not booked until property is paid.

Mrs. Dennison: But both of those are paid off before any money actually goes to the taxes?

Mr. Button: In a sense, yes. The distinction in the auction is really not- it doesn't matter. If a taxpayer does not pay his taxes on time and then comes into the office prior to an auction scenario- a foreclosure scenario and comes into pay whether they're making a partial payment or they're paying in full, payments are applied first to interest, then to penalties, and then to base taxes. So, it's just like if you don't pay your credit card bill on a timely basis and you send in partial payments, the credit card company applies your \$35 a month to interest first and your principle doesn't go down. It's the same way we do it here.

Chairman Nazzaro: I would think you would apply to the penalty first because you've already recognized the penalty as income.

Mr. Button: Interest first, then penalty, then base.

Chairman Nazzaro: So the risk here, then, is as you're pointing out right now- this \$3 million plus the \$750,000 possibly for villages, plus maybe some school taxes- who knows- the problem is if we don't collect all that then that's going to flow eventually the fund balance?

Mr. Button: Yes.

Ms. Crow: If we don't have any other offsets in the budget at the end of the year.

Chairman Nazzaro: You're right. We always have all these other adjustments, I'm just trying to-

*(Cross-talk)*

Chairman Scudder: But when we have the auction- we aren't making money at the auction. That's what I'm saying. We're not going to put up \$3.7 million-

Mr. Button: The fact that you have a gain/loss means you're not making any money. We have the original tax that was due and then the fact that it wasn't paid on time you have interest and penalties on top of that and we're entitled to collect that, but if we have to auction that property we are not going to be made whole on the total amount that's due to us. As I was trying to point out to Terry, I think that a best case scenario on an auction would be that hey, at least we got the principal taxes paid and then if we have to show the fact that we have a loss- the loss is whatever the interest was, O.K., I'd be happy with that.

Chairman Scudder: Right.

Mr. Button: At least I'm whole on the principle.

Mrs. Dennison: Kitty, which account was it that you say you're going to modify?

Ms. Crow: It will be in the classification RE12, but I don't have the account numbers to give you right now.

Mrs. Dennison: Because when I do the amendment it needs to be an account number.

Ms. Crow: Yeah, if we propose an amendment to it I will give it to you by account number of course.

Chairman Scudder: But they were going to work on it-

Ms. Crow: I don't have an amendment today.

Chairman Scudder: Right. There was more to do, right?

Ms. Crow: Yes, I said we are going to revisit it and if we recommend a change we will provide it by Friday.

Mrs. Dennison: I'm just keeping a running list of potential changes as well as proposed amendments. So, I just want to make sure that I have it.

*(Cross-talk)*

Mr. Button: The gain/loss account is R105 and the interest and penalties is R109.

Chairman Scudder: O.K.

Ms. Crow: The next classification departmental income is where we record our indirect costs, which are overhead or *(inaudible)* type expenses that are billed to the enterprise funds to the sewer districts for administrative functions of the county to those funds and that fluctuates year to year kind of based on actual activities such as how many purchase orders, does each department- does the sewer district generate and then based on that number a share of the cost of purchasing department gets allocated to that fund, so there's many of these allocations but that's just one simple example.

Moving down to State aid, in this classification is where we record the subsidy that we receive from New York State for the loss of PILOTS associated with the NRG plant. So, that's over a 7 year period. Each year the subsidy is reduced based on a formula and that's where that reduction of \$145,000 is coming from.

Then, down under the inter-fund transfer line- two main things in this classification that are changes from last years is the landfill transfer of net profit from out of county waste is less than what it was in 2020. The 2020 budget included about \$483,000. The calculation of net profit for 2021, which is based on 2019 results is \$250,000, so that is a reduction in revenue.

Additionally, in the 2020 budget we included a million dollars as net profit from the energy plant and our new agreement, while it does pay a million dollars in lease revenue per year for the first ten years that essentially is covering our debt service. So, there is some projected net profit, but that net profit we need to retain in the energy fund to make up the difference and then our cash payment of debt service. I do have a full (*inaudible*) model that I could provide if you really want to look at that, but it's projecting out by- the agreement is a 20 year agreement. Over the first 10 years it essentially just pays down our debt. We do have some residual fund balance in the EE fund and then in the second 10 years is where it's pretty much strictly profit at that point that our debt is paid down. So, more detail will probably go to Public Facilities under that discussion but if any of you are more interested in projected PNL I can send you the model.

Chairman Scudder: What is the debt?

Ms. Crow: For the energy plant?

Chairman Scudder: Yes.

Ms. Crow: When we first constructed it?

Chairman Scudder: Yes.

Ms. Crow: Like how much is it?

Chairman Scudder: Yes.

Ms. Crow: Approximately \$10 million.

Chairman Scudder: O.K., that's what I thought.

Ms. Crow: I have that scheduled out too, so- and it's not strictly a million dollars per year because there's actually four bonds that are outstanding. Some of them age off before the 10 years. So that's 1310.9999.

Moving on to the next page which was 1355 for tax assessment. This is where we include fees for dispute. We really haven't had much activity there, we've really only had one large dispute at this time. I've kept the budget the same here. The next page 1362 is for tax advertising and expense, so this is where we include like we pay- our department pays for legal services of the law department, but most of the expense there is for the searches and mailings that we do. The revenue in this account is what we charge for the searches.

Moving onto 1364- this is the cost associated with- maybe I need to increase this one a little bit since we're having two auctions. I increased it a little bit, but this includes the auction (*inaudible*), security, vending, the auctioneer and it also includes a little bit here- I think we did add the additional for two auctions, but reduce the maintenance. This account is where we would charge any maintenance like if we needed to board up a window or put up a fence or something like that.

On the next page we have PILOTS. We did see an increase again this year as a result of the popular or unpopular windfarms, but it is providing additional revenue to the county.

Municipal sales tax is the pass through of sales tax to the municipalities. The state funds us the funds and we pass it on. That's a wash there, but we have to record it as an expense and revenue.

1989- these are services that we provide to the municipalities, so it's some of the office time of the employees of the tax department and then it's charged back to the municipalities.

Community college- this is slightly increased and based on an estimate that we worked on with JCC. The new structure of-

Chairman Nazzaro: I know we've had a lot of discussion with JCC and unfortunately their enrollment is down. So, in this budget are you building a *(inaudible)* in here? I'm just trying to- how did we come up with this?

Ms. Crow: It's based on the calculation up *(inaudible)* I believe and additional chargebacks from other community colleges. JCC is the bulk of it, but there's still-

Chairman Nazzaro: Right. I would like the whole committee to get a look at it. Could I get the calculations on how this was done? Pierre and I have had a lot of discussions with PJ and JCC on this and obviously the college is going through financial challenges so we *(inaudible)* a different model to give them *(inaudible)* based on the cash flow and then there was some FTE's and a way to get additional reimbursement up to a cap. So, when we look at this-

Ms. Crow: We can forward it on.

Chairman Nazzaro: The 2020 projection is a pretty solid number?

Ms. Crow: I mean, I looked at what our trends were at the time I was preparing the budget and- well, I can revise and look at that to see if it's trending-

*(Cross-talk)*

Chairman Nazzaro: *(Inaudible)* what we're budgeting for 2021.

*(Cross-talk)*

Ms. Crow: Yeah, we would have a better indicator than at the time of the budget. Some of the charges come after the semester starts.

Chairman Nazzaro: *(Inaudible due to distance from microphone)*

Mrs. Dennison: Yeah, it does. We got some correspondence from Mike Martello, which is in our budget files downstairs. I will look for that at the break or at the lunch break.

Chairman Nazzaro: O.K. It doesn't have to be done today, but *(inaudible)* so we can just make sure that we're comparing 2021 to 2020 and have a good clear-

Ms. Crow: The next page is the re-payment of the fire service loans to the fire departments- from the fire departments. Then, the next page here- the debt service. So, one of the- two main things here is that in the last two year's budgets we issued some bonds on the behalf of JCC and they pay them directly. So, in this year's budget I had assumed that it would be- it just wouldn't be recorded on our books, but accounting wise it does- the ins and outs have to be recorded, so the 2021 budget includes the correct accounting whereas we would show the expense of the bonds and then a revenue from JCC reimbursing us for the payment. In actuality they just pay directly to the bank. The other change here is- you can see down in the revenues the note regarding the helicopter. So, that Starflight helicopters were sold last year and the proceeds from the sale of those helicopters were set aside as a designation of fund balance for the repayment of debt. The negotiated sale price was negotiated to cover the remaining debt on the helicopter, so they're not (*inaudible*) so we can't pay them early, so it just doesn't need (*inaudible.*) So, you will see the expense of that here in the debt service account, but the use of that designation of fund balance is on the local share spreadsheet, which is just an exhibit in the tentative budget book. You'll see that corresponding \$292,000 that is offsetting the expense that's in this department. Additionally, there was some- at the time we were building the 2020 budget, we had projected what the actual cost for the bonds that we were going to issue at the end of 2019. So there were some slight differences in the actual debt service amounts for those items for the most part because we had issued the bonds for less number of years than was originally projected and the interest rate was different than, so the actual debt service for those are included in the 2021 budget.

The last page- this is the third modified rollup page that I provided to you because the one in your book included the transfers for the D and the DM funds, so this is just another view that I handed out that excludes those transfers to show what we were projecting for investment income and the transfer to capital. The net result there- the \$120,000 is that the interest income isn't covering what the proposed capital project requests are in the tentative budget, but we propose to utilize reserve for capital to offset the additional costs of the proposed capital budget. Fortunately, our investment earnings have been trending higher than budget again this year, so that's good news for us that those are dedicated revenues to our capital projects and capital reserves, so that is helping us to fund more projects next year.

(*Cross-talk*)

Ms. Crow: Yeah, the \$1.3 million is what I'm projecting for next year.

Chairman Nazzaro: How did you come up with that without getting too specific?

Ms. Crow: I did change- I can send you my spreadsheet. Basically, I was projecting it on the- well, I changed-

Mrs. Dennison: You changed the projection to include the new distribution of interest earnings between the general fund and the landfill.

Ms. Crow: Yes. That is included in here, but that wasn't driving the increase here. It is included, but previously the model just took a percentage of the fund balance, but I changed it to take it- I can't remember off the top of my head. I think it's more realistic. The previous model

that I used from predecessors I didn't think was the best way to portray or project how the interest income would be applied, so I changed it to nearer the investment earnings report so to speak.

Chairman Nazzaro: The *(inaudible)* factor here would be if we had less money to invest.

Ms. Crow: Yes. If we got into a situation where we were short of cash and had to liquidate some of our portfolio, then yes, our returns would diminish, but we're currently not in that cash position that we have to liquidate. To the extent that fund balance is stable, we would not be reducing our portfolio, but if we see fund balance go down I would right size our portfolio to reduce the portfolio by about that same amount so that we have our liquidity that we need for operations.

Chairman Nazzaro: Right. That's the point I want to make, Kitty. You said it well. I don't have an issue with that number, but that number would be a risk if at the end of the day we used our fund balance and would have to liquidate some funds *(inaudible)* that's invested to keep the cash position where it needs to be.

*(Cross-talk)*

Ms. Crow: But I did have to adjust that calculation a little bit. That kind of wraps up the miscellaneous category.

Mrs. Dennison: I was just going to say to the chairman to backtrack to the \$2 million adjustment on the sales tax. The \$2 million reduction of the sales tax does add 25 cents to the tax rate. The 19 cents is the change from the 2020 tax rate, so we went down by *(inaudible)* tentative budget we're going up 25 for the sales tax change and down because of the changes from yesterday. So, the 19 cents that is not the change due to the sales tax it's now just the new change from the 2020 tax rate.

Legislator Odell: *(Inaudible due to distance from microphone)*

Chairman Scudder: I think we should take a 10 minute break.

Ms. Crow: That would be great.

*(Ten Minute Break)*

Chairman Scudder: Alright, we're back.

### Fund Balances

Ms. Crow: So, the next item on the agenda was a review of the fund balances and if you go

Ms. Crow: The next item on the agenda was a review of the fund balances and if you go more towards the front of your book under fiscal status tabs- maybe about the third tab- and then the fiscal status tab and then schedule 1 is an exhibit of all the fund balances. Kathleen is going to go through this exhibit and then if you'd like we can review the five year projections which was an insert in your binders that shows the projected fund balance over the next several years.

Mrs. Dennison: So, schedule 1- the first column is the balance at \$123,113. Those are all of the balances for the various funds from the audited financial statements from the outside accountants. The estimated balance in the next column of \$123,120- I'm going to skip over the general fund for right now because Kitty has a complete model and that's the handout for you, the five year projections of cash flow and of the general fund balance. So, I think the general fund it's a little bit better to refer to that exhibit. The other funds- the \$123,120 estimated balance is the 2019 actual and then it's the projected gain or loss from the departments. In the budget summaries, as you're aware, we have the 2020 adopted and amended budgets and then there's also a column for 2020 projections. So, all of these different funds- the sewer funds, the landfill- they are projecting their gain or loss, which is essentially their contribution to or their use of fund balance during 2020. So, in most cases the estimated balance as I said is the 2019 actual plus the projection for 2020. Then, the use of fund balance columns those are the gain or loss for those different funds in the 2021 budget. That brings us to the final column which is the estimated balance at the end of 2021. It's our projection for this year plus what they are budgeted to gain or lose in 2021. I guess the only other comment I would make is there are a couple of significant changes from last year in the landfill fund and in the EWN and in the water funds. The landfill- if you look at last year's exhibit, the landfill was showing a negative fund balance and now it has a positive fund balance and the reason for that is a change as they move through their capital project their expansion at the landfill some of the funds move from capital assets which is fixed fund balance to a more what I would call a liquid fund balance. This is the liquid- the undesignated fund balance. So, the landfill- there was a transfer from capital assets to unrestricted fund balance because of the construction and progress on the expansion and the same kind of thing with the water funds. With the North Chautauqua County water district they are in the middle of a major construction event, so right now they have all of their fund balance tied up in the capital asset portion, so their liquid fund balance is very low- negative \$7 million. I just wanted to comment on those anomalies there. Are there any questions on the various fund balances other than the A fund?

Ms. Crow: I would also just point out- I mentioned earlier that we had some fund balance in the energy fund and you can see there it's projected that we'll have about \$1.5 million by the end of 2021. The last couple of years the energy plant had been operating at a loss, so that had been reducing some of the fund balance there and while we do have that there, until we pay the debt down I think the best strategy is to keep that there even with a new RNG plant that's a new operation that's just getting underway. There's still some unknowns there, so I think it would be a good thing to just hold on to that until we know all the debt is paid and then that could potentially come back to the county at that time.

Chairman Nazzaro: Could you explain why the D fund is basically depleted?



Mrs. Dennison: Yes, I can. The D fund- at the end of 2018 you may remember that the D fund was in the negative. So, at the end of 2019 we corrected that, but also in 2019 we collected a lot of revenue, mostly permit fees for wind farm- for reconstruction of roads damaged due to the windfarm installation. So, we've got the revenue in 2019. So we had a big bump up in the fund balance at the end of 2019 for the D fund, but most of that money- as I said, it was revenue that we received for construction on the roads. The roads will be constructed this year. So, we got the money in 2019, so we had to record it as a receipt. We're going to use it this year to do the work associated with those permit fees. There was some other monies that were received in 2019 for designated projects that are assumed to take place during this year. Now, with the- I guess this would be a question for Brad. I don't know if we're really going to be able to complete all of those projects in this year due to our COVID interruptions, but that's what the projection assumes- that we got all that money last year and we're spending it this year.

Chairman Nazzaro: Thank you.

Mrs. Dennison: One other comment before we move to Kitty to talk about the 5 year projections, this exhibit was done as of September 8<sup>th</sup>, so the projection of the general fund does not match the 5 year cash flow exhibit you have in your binder because the exhibit in your binder is as of September 23<sup>rd</sup>. So, the schedule 1 it shows the unobligated fund balance. As I said, those two will not match because they were done at different points in time and with more information behind the exhibit that you have in your binder.

Ms. Crow: In your budget binder you would have had an insert in the front pocket that is the five year projection. I forgot I created this new summary page to make it easier. So, the first page of the five year model- so the five year model.

*(Cross-talk)*

Ms. Crow: There's a lot of detail in here. It provides a projection of our expenditures, revenues, valuations and how that would affect the tax rate going forward or the levy going forward and then that flows into the model that projects what our unobligated general fund balance- A fund balance. It also ties into what our projected property tax cap would be in the out years as well. So, what I did to- rather than try to flip through each of the pages, this first page here which is the highlights of all of those other pages kind of put things onto one page, so I'm going to go through that first. Our appropriations in the 2021 budget increase- this is the amount increase and then the percent increase over the 2020 adopted budget. Before I go on I just want to say the projections are based on a certain set of assumptions. So, this is a model, this is a projections, and the next sheet will tell you what assumptions were used for those out years, so you can calibrate if you think- one of the assumptions you might want to in your head say well if this assumption was different you could apply that to the outer years. The other thing with the assumptions is that this model because the levy and the tax rate and the valuations are all tied together in one formula, so in doing this type of projections have to make an ending assumption so to speak and then everything backs into it. So, this model is projecting that we have a balanced budget in the out years and we're not using any fund balance. That's the assumption used in this model and then there would be a resulting shortfall or surplus based on that assumption and what the levy is. So, just keep that in mind. This shows what our projected

appropriation changes would be over time based on the assumptions used, likewise with the revenues. You can see our net general fund revenues increased only \$800,000 in 2021, but are projected to be higher in the out years and that's kind of a function of a few things, which we can discuss.

Then, the property tax levy. This is where things get a little different than we've seen in the past just because of mainly it's the way the sales tax is modeled out here because we're having one year where the sales tax is modeled out to be flat from 2020 to 2021 and then it assumes a 2% increase every year thereafter. So, in this year we're proposing to increase the levy \$2,196,000, but then the following year because we would have- it's assuming the sales tax has rebounded, now we're having an increase in sales tax that's kind of helping us overcome the other cost increases and so it shows that we don't need to increase the levy that much more, but then by 2023 our normal expense and revenue changes would start to occur so it would flatten out at that point.

Chairman Nazzaro: Where is note one? You referred to note one? Am I jumping ahead?

Ms. Crow: What page are you on? I'm on this page here where it just says highlights. It was after the cover page.

Chairman Nazzaro: Alright.

Ms. Crow: And then, the tax cap this just projects out based on what the levy is in those years based on all of the assumptions used whether we would be over or under the tax cap and then you can see the next row is the projected surplus or deficit, so again, we're assuming we're not going to use any fund balance so by the years 2024 and 2025 it's showing we would have a deficit of \$127,000 and \$171,000 that we would have to make up somehow. Then the effects of everything is shown there in how the tax rate changes over time and then where we sit as far as general fund as a percentage of revenues. So, that's kind of the high level summary on this page. It kind of captures everything that's on the following pages just on one snapshot page. So, if you want to go through any of the detail on the expense and revenue projections, those are more straight forward.

I think I would kind of go down to the page that starts out with the first row here that says operating surplus or deficit. Did everyone find that? It says operating surplus or deficit at the top. It's showing \$423,000. It's the sixth page from the title page. On the left top row it says operating surplus/deficit.

*(Cross-talk)*

Ms. Crow: O.K. So, in the column 2021 tentative our deficit is \$423,000. We're using \$292,700. That's the designation for the helicopters that I've mentioned earlier. We're using \$120,817 for reserve for capital and then \$10,000 of the 2% occupancy tax reserve. So, that gets us to our budget for a property tax levy of \$66,425,000. Then, up above the operating surplus/deficit is what we need without using any other fund balances or the net result- raising the property tax levy up to the cap- let me rephrase that. It's increasing the property tax to as much as we need without going over the cap. Therefore, in the first two years 2022 and 2023 projected the net deficit we've raised the property tax up to where we need it to without going

over the cap and we're using the designation of fund balance to pay the helicopter debt, so we're essentially- we have the balanced budget there and then you can see the effect assuming that the property valuations are increasing 2% each year what the rate would be in those years. So, in 2022 actually the rate would be reduced because again, mainly the sales tax is driving this because it's projected to come back more to normal in 2022. Then in the out years our deficit grows at a more normal rate and then what that's saying is we're at our tax cap limit so we would have to find other adjustments. In order to have a balanced budget. I know this is a lot. This model is very complicated. It takes a lot to update it.

The next page gets into what the projected fund balance is, which after this year- because fund balance you're not really adding to fund balance. Anytime fund balance changes its really just- most of the time that the fund balance changes it's the net result of our actual results at the end of the year whether we have an adjustment positive or negative adjustment to fund balance. We don't raise taxes to generate fund balance. It's just the result of our actual operations.

Chairman Nazzaro: I think this is a really good document and something we should focus on, but at the same time- and it's great what you did and it's based on the assumptions obviously that you built into this and we need to do this. In a perfect world if all these things happen this is where we're going to end up. There are areas of risk like the Medicaid. We had a big discussion yesterday in Health & Human Services about the Medicaid payment and Kathleen sent me the spreadsheet and Val sent me the letter from the state and actually our weekly payment that we pay the Medicaid went down by \$81,000 I think per week and there are other factors in their because we got relief and then that relief goes away in April of next year, but the letter we got from- I have it here, we're actually budgeting about \$1.9 million less in Medicaid expense payments than we incurred previously because before it was around \$30 million and now it's around \$28 million. When you look at the projection- like look at Medicaid-

*(Cross-talk)*

Ms. Crow: *(Inaudible)* we continue to get that additional subsidy-

*(Cross-talk)*

Chairman Nazzaro: *(Inaudible)* we're going to have that same Medicaid weekly payment over the next five years and that payment could be recalculated. The F map percentage comes into that at any time. I'm just pointing out you did what you-

Ms. Crow: You take a fixed set of assumptions and you model it out and then-

Chairman Nazzaro: But if it went back to the \$30 million, which it could, we didn't know, we had discussions in Audit & Control not too long ago saying we haven't heard yet, we haven't gotten our letter yet from the state, beware our weekly payment could go up or our weekly payment could go down. Luckily it went down significantly. That definitely helped us in preparing the 2021 budget. That would have been another \$2 million. That's a big risk.

*(Cross-talk)*

Chairman Nazzaro: It will change. We're not going to be paying the same \$28 million over the next five years. The other thing is sales tax. We just talked about that in here, which is fine, you based it on what you have in the tentative budget with a 2% increase each year, but of course now if that amendment goes through that you're recommending, which I don't disagree with, that would change all of this too.

Ms. Crow: Yes. We would have a deficit sooner than is projected in this model.

Chairman Nazzaro: It's a good document to focus on but if one or two things go wrong it changes it.

Legislator Niebel: Or the property valuations increase. This year 4% and most years it's been 2%.

Ms. Crow: Yeah, I mean back when I started in 2006 our trend was about 3% annually and then it leveled off down to 2% for quite a while. I think last year and this year we've seen an uptick, so it's good, but it's not something we can always count on. That just helps the rate to stay down and allows the levy to grow with the rate not going up. So, my personal feeling is the levy is more important than the rate and the levy should reflect what it is that we need to have a balanced budget. The rates going to be the rate, but I know the rate is what ends up affecting what people individually pay, but I think there was a reason they made the tax cap based on the levy and not on the rate.

So, then the next page just gives you the projection out of the fund balance. Like I said, it doesn't really change because we're not using fund balance and other than the designation for the helicopters we're not projecting to use fund balance. Unless we have an operating surplus at the end of the year would we add back to fund balance. So, it's pretty static after this year, but still at the bottom level of our range of 5%-15% of revenues.

The last page here just gives you the calculation of the property tax cap limits based on the 2021 budget and then the amounts projected. Just as a side note, the other handout I provided was what we got last week from the comptroller's office. Our fiscal stress score based on our 2019 results and we are- we have no designation, so we're not designating- our fiscal designation is no designation, so they don't consider us under fiscal stress. There were some environmental items. The environmental items are more like the percentage of households with public assistance, percent change in home value, median household income and things like that. I haven't really studied this myself, we just got it last week, but I thought I would just provide that to you so you could see what things the comptroller's office kind of looks at as indicators of stress or no stress. If you are going through this financial model feel free to call me or email. It is kind of complicated, I know. There's a lot of details in here, but I'd be happy to answer any questions you have on the model or the assumptions that we're using.

Chairman Nazzaro: Well, it's up to Chairman Scudder. It honestly is confusing. Does everybody understand- I had to read it several times myself- how that tax cap calculation is done? I mean, I know I had to go through it and I still get confused by it. The point I want to make is that really no matter what we do- Kitty, Todd, Kathleen correct me if I'm wrong- because we don't have the carry forward that we had last year plus the rate of inflation was 1.5%

or 2% so you have to use that. Pretty much no matter what we do, especially if that sales tax reduction goes through, we're going to have to override this tax cap.

Ms. Crow: Yes.

Chairman Nazzaro: I mean, because we're going the other way and it's based on the levy like you said, which is *(inaudible.)*

Ms. Crow: Yeah.

Chairman Nazzaro: No matter what we do- and we talked about it yesterday- we may be at risk if we override the cap, which I don't know how we're going to get around that and then- what is it called?

Ms. Crow: Raise the Age.

Chairman Nazzaro: Yeah. The Raise the Age funding that we get 100%, right? From the state? We get about \$500,000 of Raise the Age funding. That could go away. I know NYSAC is lobbying that because right now *(inaudible)* if you override the tax cap, then you don't get that funding.

Ms. Crow: Yes, and I know that and-

Legislator Odell: And probably other programs will be contingent on that too, Chuck.

Chairman Scudder: That was my next question. Are there others?

Ms. Crow: We're not aware of any others. Just the Raise the Age and that was something new I think last year that became part of the rules, so to speak. I remember at our legislative conference last year that was something that came up. The expense and the revenues are- correct me if I'm wrong- our actual receipts for Raise the Age haven't been as high as what is budgeted.

Mrs. Dennison: That's correct, yes.

*(Cross-talk)*

Chairman Nazzaro: *(Inaudible)* is in the budget, correct?

Mrs. Dennison: Correct.

Ms. Crow: I'm aware of at least one other county who's- I'm sure there'll be plenty of others this year exceeding the tax cap, but in their budget losing that revenue was of less concern than what they needed to have a balanced budget and exceeding the tax cap. So, I mean, it is an unusual year in terms of the way that we no longer have a carryover that we've had from prior years because in the last many years we've been under our tax cap limit, which allows us to carry some of that forward. So, we did have the benefit last year of carrying forward \$857,000- we

were able to carry over from prior years from 2019 to 2020 that we no longer have as part of our calculation. That's the biggest driver in terms of our change in the allowable levy increase. Going from 2% to 1.5% is less of an impact, but it does also impact us.

Chairman Scudder: Ready to move on? It looks like it.

Ms. Crow: Going on to the self-insurance, which is our workers comp plan budget, which is way back in the back of the book, number 43. You had a little bit of a preview to this budget a couple months back when we passed the resolution for the workers comp administrative costs and allocations to all the municipalities. The county is the administrator for the municipal plan, so the MS fund includes all the cost of the entire plan and then the revenues back from each of the plan participants. So, all the municipalities as well as the county's share of that plan are included in the MS fund. So, we did have- I forgot my summary sheet. Overall, to the county's share of that plan it's almost flat. Our investment earnings are helping to offset some of the cost increases and the other note I made in here is it may look like the prior year refunds running a little bit higher in prior years, but we did have some one-time refunds coming to us, so that's not expected to continue in the trend. Unless you have any questions on the workers comp plan, there are no other changes in the plan itself or *(inaudible.)*

*(Inaudible)* is the 98 liability insurance. You skip over the health insurance and liability is the next one. We did have a little bit of an increase in some of our premiums, which we had amended this year's budget for, so that's just offset. So, the CS fund is the charges. We aggregate all the costs with our liability insurance program, so we have several different premiums that we pay to cover the county and those are allocated back to the respective departments based on different methodologies for each premium and then it also covers the administrative cost of the staff in the insurance office. I did make a note there, if you're looking at 2019 actual, the inter-fund transfers there we did transfer out of the CS fund to the A and the DM funds, so that was a onetime occurrence.

Mrs. Dennison: And that transfer was part of the exercise to bring the D fund out of its negative balance.

Ms. Crow: So, if you want to go on to the health insurance fund- Jean Riley, our new HR Director, her and I have- I have brought her up to speed on this.

Ms. Riley: Kitty, I'm on the Zoom for this one and then I'm going to come up at noon for the HR budget.

Ms. Crow: O.K., good. So, just as a reminder, HR administers the health insurance plan benefits. I assist in terms of the financials of the plan and developing the budget in conversation with Jean and Eric Bens, the Insurance Administrator. So, in the M fund- I don't know if you all still have this diagram that I've done for prior years. Maybe some of the newer Legislators- I'll get you one, but this kind of just shows how the allocation of the plan works. So, in the M fund we pay all of the plan benefits like medical insurance, our pharmacy, dental, vision, other administrative costs are aggregated in the M fund and then that's offset by the employer cost being charged back to the departments based on their actual employees health insurance election, whether it's single, family of two, or family of three and also from retirees who are contributing

to their retiree benefit as well. So, there's kind of a lot going on in terms of the accounting of this, but the M fund kind of gives you the picture of our health plan in total- the total cost for active employees and retirees. So, on the summary page- and there are a couple of changes this year that I want to highlight. So, on the summary page here it's just showing you the change in the appropriations are down. Mainly, that's contributable to the conversion to having a single plan option being the high deductible plan, so in total our premium costs have reduced. Correspondingly, you can see the reduction- some reduction in revenue there because revenues were also reduced because there's less of an employer share and less of an employee share because the plan cost itself is down. That gives you a subtotal of what- I separated this out by the cost for active employees and then the undistributed benefits. That's really the retiree cost there. Then, we have a category there- rebates on our pharmacy, which has really been trending up a lot higher. We'd brought on a consultant last year or maybe it was even the year before who has really helped us take a closer look and renegotiate some of the structure of our agreement with Univera to increase our rebates and it's definitely paid off. That's just showing how the rebates helped to offset the overall plan cost. That's the big picture highlight there- that first page.

There's no FTE's that are allocated to this fund. The administrative cost of the insurance administrator's office in HR is allocated to this fund, which gets kind of billed back to departments through the premiums that they all pay.

Skipping down to the page that's 1910- Administration- so, the administration is really the cost of the HR insurance office as well as the third party administrator for our dental and vision plan.

The next page M1930- judgements and claims- this is where you have all the costs associated with our active employees. That revenue note there just means I've moved the revenue to a different place within the M fund as more of an accounting change than any reduction in revenue.

The M90609999- this shows the employer and employee contributions for the active employees. This is actually where the rebates get budgeted, but the note is here (*inaudible*) a portion of those rebates are going to offset some employer paid benefits and then the remainder of that rebate reduces the premium cost that the employer and employee and retiree's all share.

The last page there just shows you the retiree benefit and that's when some employee retires with an earned benefit in health insurance- they can either continue their health insurance or cash out the value. We have seen a trend the last few years of the cash out amount increasing and that is hopefully starting to taper off. We'll see. Then, the revenue there is just the employer and retiree contributions to offset the premium costs. So, as far as the overall premium components, the budget did assume 7% increase in the medical plan and a larger increase in our pharmacy plan, which is self-funded. It actually looks like a larger percent increase because of the shift to the high deductible plan. We're still projected to spend kind of the same dollars, but the percent increase looks like its higher, but in total we're spending- if you really want to know the details, I can get into it with you. We have kind of near final rates from Univera, which the pharmacy is a little bit higher, but the medical is a little bit lower, so we're pretty close to what is included in the budget, so we're not proposing any changes to the budget based on that. Sometimes we might have a bigger variance to what we are kind of getting close to in finalizing with Univera, but it's not enough to make a change in the budget. I don't know if there's anything you want to add, Jean, but that's kind of the summary. She's still getting her head wrapped around it.

Ms. Riley: I went to budget 101 class last week. I guess I can just speak in general that the increase to the premium this year- we were actually planning on it being a little higher and of course, as we normally do, as you would do, is try to beat them up the best that you can to get the least amount of increase and I think Univera understands that the County is probably their biggest client, so they know when we're at the renewal table they better have a pencil sharpened because they always come in with this crazy high increase rate and then eventually the whittle it down. Overall, I think the increase for next year without knowing the claims experience they gave us a fair- the increase is fair from what I can tell.

Chairman Nazzaro: So, Kitty, I understand that you built in the 7% rate increase for the medical and the pharmacy at a slightly higher increase, so how much reflected in that total number because when we did the collective bargaining they moved to the high deductible and we were going to see savings. So, are you able to- I don't need to see spreadsheets or any of that, but can you at least identify for us- we know in this budget we have to account for the pay increases, which was fairly significant because we had a two year catch up period. So, some of those pay increases were offset by savings and health insurance. Are you able to give us an approximate number?

Ms. Crow: If you go to the first page of this section here you can see that the actual appropriations go down \$727,000.

Chairman Nazzaro: So, are you saying that is what we-

Ms. Crow: The way this is devolved is taking a snapshot of the census at the time we are starting the budget and applying the overall planned rates times the number of people enrolled and that's giving you the reduction from the prior year, notwithstanding the fact that the actual enrollments in single, family of 2 and family of 3 are the exact same as last year to this year in terms of level of coverage, but it's clear we've reduced cost on the premiums.

Chairman Nazzaro: But the revenue went down by \$1.6 million. So the appropriations went down-

Ms. Crow: Yeah, but the local share- the reduction in the local share is reduced \$340,000. There's also a lot of changes because in 2020- well, the 2020 budget was based on some people still being enrolled in the-

Chairman Nazzaro: I would have expected to see higher savings because of them going to the high deductible.

Ms. Crow: But there's also increases in the- so, there's the medical premium change for the PPO to the high deductible, but there's also- we're self-funded for pharmacy, dental and vision regardless if you're on the PPO or the high deductible plan. Either one of them before included dental and vision so there's increases associated with those two components, but I can try and work on some further detail for you to-



Chairman Nazzaro: But isn't our cost- maybe I'm just reading this wrong. When I take the decrease in the revenue- the revenue decreased by \$1.6 million before getting into the retirees and the appropriations went down by \$920,000, so didn't the cost go up?

Ms. Crow: Well, I mean, I've moved where I've budgeted some of the revenues before, so I'll have to give you a different level of detail than can be provided in the way the budget is entered.

Chairman Nazzaro: Yeah because I just think it's important to understand because we-

Ms. Crow: The other thing that we can show is the health insurance- like, this is where we aggregate all the costs and all the offsets. In the individual department budgets is where you see the actual cost to the county for the total cost of all the people who- all the positions and what level of coverage they have.

Chairman Nazzaro: There's many moving parts. You have an increase in the premium, you have people changing coverage, you have people who retire- do you recall what was originally estimated the savings would be in 2021 based on the new contracts that we approved for-

Ms. Crow: Not off the top of my head, but I can look it up.

Chairman Nazzaro: I just want to make sure what we expected is what we achieved. We all supported those contracts, at least most of us, and we just want to make sure the expected savings-

Legislator Starks: And that was the reason we were all so supportive.

Legislator Odell: Right.

Chairman Nazzaro: I understand, Kitty. It's hard- I'll try not to micromanage this thing, but I just think it's important that what we expected, happened.

Legislator Odell: Exactly.

*(Cross-talk)*

Ms. Crow: I'll have to prepare something else for you because as you may recall, when we provide that summary at the time of the contract, we're comparing to what it would have been projected to be. So, when we were presenting the contract it was saying if we had continued on this trajectory of more than half of the employees being on the PPO, we would have been up here, but without doing that we're going to be here. In addition, we were projecting what we assumed what would be the percent increase in the health plan each year.

Chairman Nazzaro: Did we meet our projections on people going into the high deductible?

Ms. Crow: Pardon?

Chairman Nazzaro: The people going into the high deductible- did we-

Ms. Crow: Yes. That's what I was showing- when we present the results of the contract because we're projecting each year. You're saying o.k., if we stay with the PPO we're going to be like this. If we project everyone moving to the high deductible, we're going to be like this. And if we assume a 6% increase or whatever I used, I think it was 6%, in the premium costs that's where we would be. Well, now our blended premium increase is different than 6% and now we know everyone is on the high- but it's not a budget year to budget year projection, it's of what we would have been if we stayed at the PPO, so that's a different calculation than budget year to budget year. Are you following me?

Chairman Nazzaro: I do.

Ms. Crow: I can break down something for you- some type of presentation so that it-

Chairman Nazzaro: I just think it's important- not to get down in the weeds, but I just think it's important to make sure we're saving-

*(Cross-talk)*

Ms. Crow: The real place to look is in the budgets across all the departments and see what the net- I think I had prepared that at one point.

*(Cross-talk)*

Chairman Scudder: We don't want to see what it's costing us every year, we want to see what we're saving.

Legislator Odell: They put the projections forward and we made our decision at that time based on those projections.

Chairman Nazzaro: That was a big change and I feel it's definitely a positive change.

Legislator Odell: Oh yeah.

Ms. Crow: We've definitely saved money.

*(Cross-talk)*

Ms. Crow: On the detail, like page 2 of 3, this is just one area where you can see that the change from 2020 adopted budget to right in the middle of the page is the M19304540UNIV account, which is the Univera premiums for active employees. What we budgeted for 2020 was \$11,291,000. We're budgeting \$9,415,000 for 2021.

Chairman Nazzaro: Where are you now? Behind the orange tab?

Ms. Crow: Yes, page 2 of 3. The premiums are going down, but the HSA contributions go up- it's still in that-

Chairman Nazzaro: So, the premiums are going down, but the contribution by the County- because in 2021 we're not funding- are we still funding the deductible?

Ms. Crow: No, it was a one year.

Chairman Nazzaro: In 2020 we were funding the deductible, so that's why I'm just expecting- I would have expected to see a bigger savings because in 2021 we're not funding that deductible.

Ms. Crow: We're funding some of it, we're just not funding 100% of it.

Chairman Nazzaro: How much?

Ms. Crow: We're paying 90% of the total plan cost.

Chairman Nazzaro: We're still paying 90%-

Ms. Crow: No, we're paying 90% of the total plan cost. The total plan cost is defined as the premium plus the deductible, so whatever that is, is what we're paying, which is more than the employer share of the deductible calculation was prior, but the combination of that plus the high deductible premium was still less than the PPO premium.

Chairman Nazzaro: O.K., I'll just wait for more clarification.

Ms. Crow: I don't have anything else unless anyone has any questions of me.

Chairman Scudder: Anybody? Any questions? It looks like we're good.

Ms. Crow: Thank you.

## **Human Resources**

Chairman Scudder: O.K., here we go.

Ms. Riley: Well, as I said with the Health Insurance budget, I went to budget 101 class last week, so I'm stepping my way through this and forgive me if I need to take a note and get back to you on anything that may need to be explained further that I don't have the answer to. Overall, it seems as though the HR budget is- we don't really have too much going on from an expense standpoint. On the summary page, we look at- of course, the HR group consists of the

Human Resources Department, the two full time employees that are in the health insurance benefits and then of course, our president of our large union that has now been placed from a year ago into the HR budget, so we carry the expense for him.

If we look- pretty much the changes would be in salary increases, basically. On the expense side- revenue, we are continuing to project- well, this next year for the exams that we do for testing and of course on the health insurance, the premiums and then what's billed out. Not really anything too much to explain there.

As we move along, on FTE's you'll see there's no change there and we're going to continue with the head count that we currently have and you'll see that little change in difference- those are the employees that get charged out to the benefit- a percentage of their time gets charged out to the M fund and that's basically for the administration.

As we continue along to the next page- of course all three departments- we're not really going to get into that one. As far as HR you'll see we're broken down by- the full HR department

Mrs. Dennison: Jean, you really gave the comments on this, the only thing I would add is just that you'll see in the 2020 projections that on the revenue- this is for A1430- we did take the revenue projections down in 2020 from \$20,000 to \$10,000 because exams have not been given, so yes, revenue in 2020 but as Jean indicated, we're expecting that to come back to a normal level in 2021.

Chairman Nazzaro: Do you know what happened in contractual? You're budgeting basically what the amended budget- the amended budget we dropped it by \$20,000- what was that amended- why did we drop the \$20,000?

Mrs. Dennison: That was- it's equal to the amended budget and it was dropped primarily just due to savings by the department- no travel- there's also- there are less expenses because there are no exams being given, so there's no security for exams. So, the projection is that the amendments that we made in May due to COVID, we would achieve all of those reduction.

Chairman Nazzaro: In 2020?

Mrs. Dennison: In 2020.

Chairman Nazzaro: And then in 2021 we would go back to normal?

Mrs. Dennison: Correct.

Chairman Nazzaro: Alright. Thank you.

Ms. Riley: For the benefits group there- other than the notes and the reasons for change there is allowing for some changes in health insurance elections, there's really nothing significant there.

Mrs. Dennison: And just a footnote with this- this is department 1430 and you'll notice that the local- it's budgeted to have a local share because all of those expenses here are charged to the health insurance fund, so all of those expenses are reimbursed by the M fund, so it's

always a local share of zero. So, any increase in expenses here unfortunately will show up as expenses in the M fund- the administration section of the M fund.

Ms. Riley: The final page, of course, is our- the president of the union the 6300 and the expenses associated with him, which mainly is his salary and salary increase and we did remove the license reimbursement fees, which HR was budgeting per the contract \$5,000 a year per an agreement that was reached back in 1997 and they negotiated to have that \$5,000 earmark is how they called it back then to have it removed from the HR budget.

Mrs. Dennison: There are actually two accounting changes for 2021. The one that Jean just mentioned is that those license fees there's no longer the revenue and the corresponding expense in HR. All those license fees are charged directly to the departments and they have included those in their respective budgets. Also, HR used to receive revenue from the enterprise funds to offset the cost of the CSEA president. We are stopping that transfer and we're including those expenses in the indirect cost allocation program. So, that revenue that's approximately \$5,000 no longer comes to HR. So, instead of the enterprise funds being charged directly for the CSEA president, they are charged through the indirect cost allocation program and those indirect cost- that revenue comes into the finance department now. It does not come in- nothing comes to HR for that.

Chairman Nazzaro: We actually made 2020 amendments to account for that?

Mrs. Dennison: Correct.

Chairman Nazzaro: It was in the original adopted budget, but then we amended it-

Mrs. Dennison: That's correct, yes. The licensing fees too. The change was amended, so that's why you'll see in the amended budget that there is no revenue because as Chuck pointed out, both of those have been amended and those practices are continuing in 2021.

Ms. Riley: Of course the specifics are behind that, but for me being new, I think it was a fairly simple budget for HR this year.

Mrs. Dennison: I met with Jessica Wisniewski before she left and went through the account detail with Jessica and I think they really did do a careful job of monitoring their expenses and cutting them where they could and the department continues to now. I know they do keep a very close eye on the expenditures.

Chairman Nazzaro: I just wanted to say I was on the search committee along with Jay and Pierre and I think we have a good find here. Jessica was great. She did an excellent job, but I now Jean is up to the task and her background is impressive, so welcome.

Ms. Riley: Thank you. I'm happy to be here. It's been a learning experience every day. I'm reading a lot and applying a lot and it's great to be here.

Chairman Scudder: Alright. Thank you very much. Any other questions for HR? It is 12:15. We are 15 minutes ahead of schedule, so let's go to lunch. We have an hour and fifteen minutes. We'll be back at 1:30 p.m.

*(Break for Lunch 12:15 p.m. – 1:30 p.m.)*

### **Information Technology**

Mr. DeAngelo: So, this year we were asked to reduce 2021 by 10%, which I found very difficult to do. I did get down to negative 4.8% overall for our four departments. I'll go through each department individually if that works for everybody. I'll talk about staffing first. Overall, we're going to maintain the same number of staff that we have this year into next year. I do anticipate two retirements that will be filled. One will be filled most likely at a lower grade and the other one will be filled at a lower step, so that will see a little bit of point one savings across the entire budget for point ones.

*(Cross-talk)*

Mr. DeAngelo: So, starting on 1610, which is office services, that primarily is our postal service, mail processing and courier service, which is the interoffice mail throughout the county. We're seeing a bit of a drop in expenses primarily due to less paper usage- a significant less usage of paper during COVID and I do expect a little bit of that to continue into 2021. So, you hear a lot of talk about some departments trying to go paperless and implementing new applications that are supposed to allow them to work remotely and more effectively and one of the positive aspects of that is a reduction in paper use. This department, in addition to courier and postal service, is also responsible for buying all the paper for all the departments and envelopes. So, we buy it all in bulk and then *(inaudible)* out to the departments as they need it. However, on the revenue side it's just a pass through that we do with the paper. So, because we're seeing lower expense on the paper side we're going to see lower revenue on that as well. That's pretty much a wash when it comes to our department, but it's an overall savings for the county just by using less paper and good for the environment on top of that. Do you want me to do questions for each department?

Chairman Scudder: We'll just ask questions if we have one.

Mr. DeAngelo: O.K., just interrupt and I'll plow ahead. Our communications department – A.1650 is all of our telephones and fax machines. We do still have a few fax machines in use, unfortunately. That is pretty much a pass through. Again, whatever we spend on a monthly basis to take care of our phone system we bill back to the departments based on the number of lines that they utilize. We also support phones for a couple of outside agencies; all the courts, the CRIDC office- I don't know what it stands for. It's up on 2 Academy, but we take care of their phones too. So, that gives us a little bit of extra revenue throughout the year. I'm able to reduce a little bit of software and hardware maintenance costs on our communication systems next year. Over the past few years we've seen a gradual reduction in the amount that it costs for us to run our phone system. We anticipated this. We have upgraded our phone system and completed that in February, actually, the landfill was the last place to get new phones. So, everyone is on one

phone system and we do anticipate a lower cost moving forward. This is the first full year we'll be on the new system, so moving into the future we'll have a better handle on how much the savings is going to be year to year.

If I could bounce back real quick to office services. The major expense item, just so everybody is aware, is postage. So, out of that \$351,000 budgeted a large portion of that is postage and again, it's billed back to the departments as they use it.

Legislator Odell: Jon, do you see that trending down (*inaudible*) more than you-

Mr. DeAngelo: A little bit. Over the past few years we've seen a little bit going down. We have a couple of major users that haven't changed. The Board of Elections, Taxes and those types of things still go out and cost a lot of money, especially the Board of Elections. So, our big ticket items haven't gone down, but I think the day to day usage we're seeing a gradual reduction.

Chairman Nazzaro: I see you budgeted the same amount that you had in 2020.

Mr. DeAngelo: Correct. We checked with the Post Office to see if they anticipated any rate changes in 2021 and they did not. Sometimes they're the last people to know, believe it or not.

Moving to A.1680, that is our Information Technology Department. That is our largest department and that takes care of all the computers, cell phones, communications when it comes to data across all of our locations and supporting all of our departments, and it also includes what I call enterprise wide efforts- things like email, enterprise backup systems, things that touch every single department. If a department has a specific application that just supports them, they budget for that in their own departments. So, this budget covers things like email, basic network infrastructure, payroll and finance system comes out of this, our timekeeping system comes out of this, so things that really span across the enterprise come out of our main department. Looking at some of the expenses, as I mentioned at the beginning, we are going to be re-hiring a retirement at a lower grade. I'm not sure how much lower it's going to be, but there will be a little bit of savings there. We do see an increase in our point fours due to our enterprise backup maintenance. A few of these systems come up for renewal every three years. What I've tried to do is scatter them across different annual budgets so that in one year I don't have three big numbers coming due when it comes to maintenance. Next year happens to be out enterprise backup system. We backup all of our server data down to a Jamestown offsite location. So, that is actually about a \$70,000 number. An increase of only \$26,290- if I didn't have that backup maintenance to pay we would actually see a reduction in that, but this year it's the enterprise backup. In 2022 it will probably be the email (*inaudible*) that's also (*inaudible*.) A couple of big ticket items that get expensed every two years.

Legislator Starks: It's probably a small ticket, but you mentioned cell phones? I'm just curious how many county employees carry cell phones? Is it just a few or a large number?

Mr. DeAngelo: I can't tell you off the top of my head how many cell phones we have. I can tell you we are Verizon's largest customer and we have over 500 cellular lines. That includes every sheriff's car has a little modem on it that counts as a line. It includes those. That number

has gone up significantly over the past probably five years due to a more mobile work force. It's not a horrible thing. We are supporting Board of Elections, who is also going to more of a device based process, so they're having a lot of devices.

Legislator Starks: So, it's not necessarily phones that you're carrying. They're in the sheriff's cars, there are different categories.

Mr. DeAngelo: That's some of it. There's certainly a lot of iPhones out there. We're not only using them for voice, but also for mobile hot spots. A lot of people working remotely were able to use their cellphone as a mobile hotspot, so that-

Legislator Starks: When you said cell phone, I just thought of phone and not the general-

Mr. DeAngelo: Yeah, it's a little more involved, so it includes all of our data devices. There's a lot of phones out there, but from what we see, they're put to good use.

Legislator Niebel: Jon, as far as the sheriff's cars, there's only 25 or 30?

Mr. DeAngelo: We have approximately- I'm going to say over 100 but under 120 modems.

Legislators Niebel: As far as the sheriff's cars?

Mr. DeAngelo: Yes.

Legislator Niebel: There's only 25-30 cars on patrol. Correct?

Mr. DeAngelo: I believe so. I would say to hold that question for the Sheriff when he's up here. I know that we have about 100 modems out to the Sheriff's Department. So, where they use them, I'm not entirely sure.

Legislator Niebel: Sure.

Mrs. Dennison: Just to confirm- the departments, they are budgeting their own cellphone usage?

Mr. DeAngelo: That is correct. Yes. We get one bill from Verizon and we charge it back to all the departments as per their use.

Mrs. Dennison: So, each department is responsible for monitoring its own usage- number of cell phones and its own usage of those phones.

Mr. DeAngelo: Although we do all the maintenance on it and ordering and all the fun stuff. The other significant thing I wanted to note in the 1680 was a significant reduction in the employee benefits and that is due to the transition to the HD health care plan. I had quite a few people on the PPO and they got moved over to the HD, so we saw a drop of \$29,527 and that's



primarily due to that. Then I did have to put in a little increase in revenue and what we do every year is we have an agreement with Health and Human Services that we charge back a lot of our work that we do for them- all the Health Department and the Social Services and they get reimbursed- I think you talked about that yesterday- by either the state or feds for a portion of that. I will say that through COVID it became really clear how much effort it takes to support Health and Human Services in our county, especially when they're working remotely. So, it takes an astounding amount of time of my staff so I decided to increase the revenue that we would get from them since we're spending more and more time taking care of Health and Human Services I felt it appropriate that we would have to charge them more in that annual agreement then they would get reimbursed back. So, that's why the increase in revenue you see in the 1680 account.

The last department is actually the sub-department of 1680 and is the GIS department. The only thing we have in there is consulting dollars and licensing for the product. That has been pretty consistent across the years. Other departments help support that. Environment Health, the South Sewer District, the Health Department, the Board of Elections, the IDA- basically anybody that has specific projects with regard to GIS- Tax Department is big- they help (*inaudible*) so, that \$30,000 is the only money that goes into our GIS. Other departments support that individually as well and we manage the entire project. That is all the departments. We finally closed the print shop last year, so that is no longer what we consider a department. There is-

(*Cross-talk*)

Mr. DeAngelo: The page is in there with last year's information, but because we are no longer running the print shop, we don't have to worry about that moving forward. I'm happy to answer questions.

Legislator Niebel: Jon, on the print shop- we've had a print shop ever since I can remember, have there been any negative effects of closing the print shop?

Mr. DeAngelo: Sure. There have been. We have outsourced-

Legislator Niebel: Getting supplies to departments and stuff?

Mr. DeAngelo: In some cases. The print shop not only did actual printing, they did some design work and they also took care of all that paper ordering that I talked about. So we maintain the paper ordering. We just moved that into office services now. What we're not doing is the actual printing and design work, so we've outsourced that. Right now the contractor is Jamestown Rubber Stamp. I think there is a- I think we're getting high quality and responsive results from Jamestown Rubber Stamp, however it was very convenient to have our print shop downstairs. If we were printing the budget and we were in the middle of it and we found an error we could run downstairs and tell them to hold the press literally and they could make that change. We don't have that type of flexibility or convenience any longer. This is a company that is going by- once we click approve, that's what they're printing and it's incumbent on us to make sure things are right before we send it to them.

Legislator Niebel: We used to print Board of Election Ballots.

Mr. DeAngelo: We are still doing that in house. We still have the two units that we utilize for that and –

Legislator Niebel: The machines?

Mr. DeAngelo: Yes. We're going to be printing taxes in house this year. So, we'll probably continue to do that. So, those are two big items that we're still maintaining in house. A lot of the departments- their print jobs are the ones being outsourced- the day to day printing.

Chairman Scudder: Thank you. Any other questions?

### **Board of Elections**

Ms. Sanderson: The Budget Director and the County Executive had asked that the departments look at their budgets carefully and try to do a 10% decrease. We worked very hard and we did get it down to show a 10% decrease from last year, so we're proud to present that to you.

If you look at our fulltime employees, we did have to hire additional seasonal employees due to additional elections, which then brought our full time employees up from last year, 1.1 employee. Next year in 2021, we do see that we are going to decrease that with those seasonal employees with less hours that they will be used which then is reflected in our salaries, in the .1's. With less seasonal, less hours, we're down \$18,393 in .1's.

Contractual, we don't have a lot there. We were very lucky to receive several grants this year that we're using up for a lot of our COVID supplies and employee (*inaudible*) so with that we're able to increase our revenues and increase our expenditures meanwhile saving 10% in that budget. There is a slight increase in our health insurance and that's mainly due to Commissioner Green retiring, going from a Medicare program to a health insurance, we'll be picking that up.

Our revenues, you can see where we're taking a \$19,000 increase in our shared services. We're anticipating increasing our fees back to the schools, villages, and special elections to help with some revenue coming in to the Board of Elections. Then slightly down to the New York State aid in the revenue you can see that we listed the several grants that we have received. We also received another grant that will be coming before the Legislature shortly and that's the Civic Center grant for \$72,000 that's not listed there but will help in this year's budget both revenue and expenditures.

Legislator Nazzaro: Is that 2020 or 2021?

Mrs. Sanderson: We're anticipating spending it in 2020 and if anything is left over, it will come over to that. Any questions?

Legislator Gould: What's other incidentals? Not much money but I'm just curious.

Mrs. Sanderson: I apologize, I didn't bring the budget in front of me. Let me take a peek. In the budget itself in incidentals, and I apologize, without looking at that line item, I don't recall off the top of my head but I didn't bring the budget with me. What is the amount?

Legislator Gould: It's a \$100.00, I'm just curious. Slush fund? I'll bet ya.

Legislator Nazzaro: Norm's retirement party.

Legislator Niebel: As far as the 2021 budget, I think you guys have done a great job, thank you but what about 2020? What is coming up, what do you see? Are we going to be short in 2020, by the end of the year?

Mr. Green: The expenses are exploding. We're staffing poll sites, we're bringing in all kinds of cleaners for COVID, we have six people over there, -

Legislator Niebel: Overtime?

Mr. Green: All kinds of overtime, but fortunately the grants that we have are going to cover us and we're going to be able to come in under budget this year because of the grants. If it weren't for the grants, we'd be up here raising a red flag telling you there trouble, because there is trouble. This is going to be the, obviously, the roughest election in the history of Chautauqua County or the United States of America. It's all (*inaudible*). You go over to our Board of Elections office and you'll see six people that are sitting there, they are up in the front handling absentee ballots. We're going to get, we predict 20,000. We're at 10,000 right now absentee and our record is 4,000.

Legislator Niebel: So five times as much this year?

Mr. Green: Yes, and we're talking about, for instance, in Fredonia, we (*inaudible*) massive poll site that we can only allow 50 people into the poll site at a time. We got troubles all over the place but budget wise because of grants we've been able to secure, we're going to be o.k.. The County is not going to have to dip into any monies extra. We're not going to be coming back and we think we might be able to turn back money. We want you to be very careful when you talk to people. These grants were for excess expenditures so it's not covering the budgeted expenditures, it's covering new unanticipated expenditures. Obviously when we came to see you last year, there was no pandemic going on.

Legislator Niebel: The poll site in Fredonia that you are talking about, is that BOCES?

Mr. Green: No, Whelock.

Legislator Niebel: Oh, o.k.

Mr. Green: Whelock covers the entire Village of Fredonia, its five election districts, serves about 5,000 voters and the Governor of the State of New York has said that you can only have 50 people in the poll site at a time. We're ready for it, we're making plans for it, we're going to take care of it and for the first time in our history you're going to see lines at the poll sites. We expect that but voters are going to be patient with us.

Legislator Niebel: Thanks.

Mr. Green: Want to talk about cell phones? We're adding 150 cell phones because you're having electronic poll books this year and the electronic poll book operates just like a cell phone does. We're going from paper poll books to electronic poll books. Not quite 150, that's an exaggeration.

Mr. Abram: One twenty four.

Mr. Green: But we're being really careful. It costs us \$10.00 a month to run that cell phone. Don't we all wish that we could get cell phones for \$10.00 a month? We're running those cell phones and we're turning them off. We can only turn them off for 3 months at a time and if we make a mistake, it's 124 times \$10.00, it's an expensive mistake.

Legislator Niebel: But you've budgeted for it?

Mr. Green: Yes.

Legislator Nazzaro: Was that covered by a grant?

Mr. Green: No, well, the original purchase of the electronic poll books was covered by a grant but the ongoing expense of operation is not covered by the grant. There is some savings there. I mean, in the end, it's a slow process, the savings and the fact that we don't have to print poll books anymore but yea, we still do have to print poll books but we found out we do many poll books in case the electronic poll book were to fail. People need to be able to continue to vote without things you don't think about but we have to think about as you remember Terry.

Chairman Scudder: Anything else?

Legislator Nazzaro: I noticed that you have this cyber security grant. In the 2021 budget it recognizes the balance of \$71,000. Not to jump the gun but in 2022, are we going to have additional expense because of that or cyber security or there are probably other grants available?

Mr. Green: The cyber security grant is going to do things like, we're going to be putting key pads – no one is going to be allowed inside the Board of Elections or anywhere without electronically tapping in, I guess it's a good word for it and make sure what it can get (*background noise*) nobody can get in to. I can't tell you how much work this has piled on our Information Services Department. I love it when these people come in and look at us. They come and look at us from the State level and they say, oh my goodness, Jon DeAngelo runs one of the best departments if not the best department in the State of New York. We've already got so much of the security already in place but that didn't mean that there wasn't a ton of stuff that we have to do to meet not just Chautauqua County standard, not New York standards, but world standards. We cannot allow the Russians to even get into our telephone system. They can't get into anything or the Chinese and we will be in the New York Times if the Chinese happen to invade the Board of Elections while the four of us know nothing about it. We don't understand cyber security. We try, we go to training, we work very hard at this but Jon DeAngelo is, so to

speaking, our God in this and he's the one that guides us and tells us what to do. His staff are wonderful to work with and we're a team and I just can't say enough about what goes on in his department.

Chairman Scudder: Good job. Anything else? Thank you.

### County Clerk

Mr. Barmore: My budget person couldn't be here this afternoon so I'm going to try and make her presentation.

Mrs. Dennison: Larry, just for your information and the rest of the group. We have just been suggesting that the department heads walk through the budget summary and then the detail by account number we will refer to as people have questions or if there is something particular that you want to bring to our attention from there you can.

Mr. Barmore: I have a summary here somewhere. I've been going through these papers so many times this morning that they are probably not in order anymore or right side up.

I don't know where you want to start but we're going to remove one position from the County Clerk's office for next year. We already had one lady who took a maternity leave and then after the leave was over, decided not to return at all and we've discovered through efficiencies that we've started in the Clerk's office that we can actually get along without this employee. So we're going to take it out for next year and save the money.

As far as the budget goes, our projected personal services for this year are \$1,051,000 and change and next year we budgeted \$1,134,000 and change and it's gone up for the same reason as everybody else's is going up. Employees get contracted wage increases and the cost of insurance and everything else is going up. Our contractual has actually gone down \$4,000 for the entire department for next year. Employee benefits are going up \$46,000 and that again is the increases in insurance that everybody is seeing. Our income for this year, we budgeted \$1.968 million and next year we expect it to be \$2.377 million dollars. Mostly because a lot of things that we aren't getting this year, the housing market pretty much dried up for a while, the DMV's were more or less virtually closed down for four months and now people are trying to catch up. The funny thing is, everybody calls me all the time and they get so excited my driver's license ran out and what am I going to do? I can't get into the DMV and as soon as I tell them not to worry, the Governor has extended all driver's licenses indefinitely and I would suggest that you get it done as soon as possible so you don't have to get involved in the rush that's inevitably going to come at some point. And then, oh, I'm cool. So, we're inevitably going to have a rush at the end and we expect to have much more business next year than normally that we would have had. With all said and done, we expect to return \$290,000 to the general budget next year which is a little less than what we had projected this year but that was before we knew what was going to happen this year too.

Is that summary enough or do I need to go on?

Chairman Scudder: Yea, and if anybody has any questions, they'll just shout it out.

Mr. Barmore: Well, we have the County Clerk budget summary so I guess – it's in front of me and we can all read it but personal services, we project this year \$285,000, next year, \$312,000. It's higher for all the reasons we discussed. Once again, I think the contractual is down \$4,000 and we project our income to go up \$59,000. We've had a lot of additional on-line searches. Whenever somebody goes onto IQS which stands for Info Quick Services which is our software vendor where we keep all of our County Clerk records on, when you go on-line it costs you money and we get a percentage of that. In fact, I think we get most of it. Those types of searches have really, really increased especially during this pandemic so we're getting a lot more income that way. As far as the summary for the entire department goes, Kia is my Deputy, Kia Mihalko, by the way, and my Weights and Measure's Director, Bob Calhoun, and our Records Coordinator and County Historian, Michelle Henry. Kia could give you the over view on the Department of Motor Vehicles.

Ms. Mihalko: Our contractual wage increases are quite a bit. We did have somebody retire this year so we have some newer people who will be coming in. We cut where we could. There wasn't really much you can cut with the DMV being a State run office. The on-line appointment system is kind of killing us right now. We're not getting enough people in and out of the offices so we're kind of hoping once the on-line reservation system stops, everybody can come in normally and pay normally instead of doing more things on-line. When they do them on-line, our fees are less, we get back less.

Legislator Nazzaro: Are you concerned at all, I read the note obviously of what you just said, you know a lot of people because of the COVID, - I'll use myself. I used to go on-line and then after I became a Legislator realizing that you get to keep, how much is it?

Mr. Barmore: Thirteen point seven except I learned yesterday there is one thing – oh, enhanced driver's licenses. You have to do them in-house, you can't do those on-line, we get 30% for those and I wasn't aware of that until yesterday.

Legislator Nazzaro: Then, I used to renew on-line, my registrations then, going into the office even though sometimes I had to wait but I wanted to be a good County Legislator, good citizen and bring the money into the County. Now, I went back the other way, I know that you can drop them off and I said, nope, I'm not going to do that so I went on-line. Are you at all concerned that people now got back into that habit and find it easier in many cases to go on-line? I hate to say that.

Mr. Barmore: Not only have they gotten somewhat back into that habit, New York State is so far behind that the people aren't getting their returned documents in a timely fashion so they come screaming to us and then we have to do another free service for New York State to print their paperwork out for them and give it to them just so they have their documents when they want them.

Legislator Nazzaro: This is a lot like the other things we've had to deal with in the last few days. We don't know what is going to happen in 2021, nobody does. So you are projecting for Motor Vehicles what you budgeted for 2020, even though the projected is coming in significantly less.

Ms. Mihalko: Right which when we talked about it in June or pre-June, we kind of thought maybe the Governor wasn't going to keep the on-line appointment system and we did try to not do the on-line appointment system but we kind of, were made to implement that because people can't listen and wear masks and stand 6 feet apart. So we had lines out the door so we implemented the on-line appointment system so when we projected that we thought that we would be o.k. opening back up, but we weren't. So we're hoping that once the on-line appointment system goes, people still haven't renewed their registrations. They are waiting because they have extended it. So, now I'm guessing that October is going to be boosted because they think that they only extended that until November 3<sup>rd</sup> unless the Governor is going to extend it again, but we don't know. It's like a month by month, sometimes a week by week basis for us still.

Legislator Nazzaro: So what's going to happen if all of a sudden a big hush here? Are you going to be able to handle it?

Ms. Mihalko: I'm going to have to get another office.

Legislator Nazzaro: You will, I know.

Mr. Barmore: Another problem that we have that's kind of coincidental but, when this pandemic all started everybody cancelled their vacation plans so now that things are somewhat back to normal, all our people are taking their vacations and their days off so we're short staffed everyday so we can do less and less work than we normally would be able to do. But, they have been coming, you have to give them their time off.

Legislator Nazzaro: I guess we'll have to wait and see right?

Ms. Mihalko: Kind of a waiting game, absolutely.

Mr. Barmore: Everybody that knows how to do our job better than we do doesn't understand why we can't go out and hire some more people to get this job done faster. I try to explain to them it takes 2 months to get somebody in the position through the civil service regulations and then it takes two months longer to train them how to do the job and in the meanwhile we have to take somebody off of their job to train them and when all said and done, the four months have gone by and we wouldn't need them anyways. But, I get that suggestion several times a day, to hire more people.

Legislator Niebel: On the base pay, it shows that it's going up 9%. The CSEA contract increases call for 3%. Could you explain a little bit more the difference between the 3% and the 9%? I noticed that your FTE's remained the same at 16.47, so you're not adding people, it just seems the base pay is going up quite a bit.

Mrs. Dennison: The 9% is due to the compounding of all of the increases that are in 2021 that were not in 20'. As we said earlier, the 2020 budget really reflex 2018 wages. So the 2020 budget does not include the 50 cent increase that was in the contract. The 50 cents on July 1,

2019, there was then a 3% increase on January 1, 2020, and a 3% increase on January 1, 2021. Plus step increases, so the 50 cents, it doesn't sound like much but if you look at the average hourly rate, it equates to about 2 ½%. So you have 2 ½%, plus 3%, plus 3%, plus step increases.

Legislator Niebel: Kathleen, so that's accumulative for the last two or three years then?

Mrs. Dennison: Correct.

Legislator Niebel: What about the over scheduled hours, \$10,000 this year? That's new?

Mr. Barmore: No, we've had that forever. Chances are –

Legislator Niebel: It doesn't show going back to 2018.

Mr. Barmore: Actually I think last two, three years, just to make the Legislature happier with our budget, we threw that figure in with our regular payroll rather than have it –

Legislator Niebel: Broken out.

Mr. Barmore: It was that way when I got here and so we never changed it but basically what it is, is, during the wintertime whenever the trails are open and it snows, we open our Mayville DMV on Saturdays and pay the employees overtime to take care of all the out-of-State snowmobilers that come here and want to register their sleds.

Legislator Niebel: O.k., so the over scheduled hours were included in your base pay prior to 2020?

Mr. Barmore: I believe so.

Legislator Niebel: Now it's broken out this year?

Ms. Mihalko: I think Kathy did it that way.

Mrs. Dennison: The over scheduled hours is the – most of the DMV people are scheduled for 35 hours so the budgeted position includes 35 hours. The over scheduled hours is the time between 35 and 40 hours a week. Extra time that they will work that is not classified as overtime. But when it is actually paid out, it is included with base pay. It's not separated out in the actual amount.

Legislator Niebel: Kathleen, I understand that. I'm just looking at the breakdown here and I don't see the over scheduled hours itemized for 2018 or 2019 but I do for 2020.

Mr. Barmore: I distinctly remember having them separated but we rolled them into the other – (*cross talk*)....

Legislator Niebel: Before?



Ms. Mihalko: Correct and each of our DMV offices used to be open one night late also so that would also other than the Saturdays make up for that. If nobody else has any questions, I'll let the other two do their summaries.

Mrs. Henry: I'm going to speak to you about the Records Management budget and then if you want to do Weights and Measures, next you can or if you want me to move right onto the Historian, I can do that too. So for Records Management, there is a bit of a decrease because there is only two of us in the department and we have been working 40 hours a week instead of 35 because we had a very large volume of scanning that was being sent to us from all of the departments for whom we scan their records and we're also helping the Clerk's office with a big data conversion correction project. So we were working extra hours when the shutdown happen. Of course, we dropped down to 35 and so we have budgeted for that for next year either so that's why there is a reduction in work hours. There is a little bit of an increase in an I.T. charge or software that we're going to have installed on our computers. We pay the full price for the software that all of the departments use to access their digital files. It just made more sense for that to be a Records Management charge rather than try and charge it out to each of the departments based on the volume of digital files that we maintain for them. We don't have to pay for any of our hardware, our vendor, Info Quick Solutions provides that so that is nice. If we need a new piece of equipment we just ask them and they provide it for us. So we are going to have to pay for some software through. Then there is a reduction in employee benefits which is due to the high deductible insurance. Any questions?

Chairman Scudder: Why don't you go right into Historian.

Mrs. Henry: Not much change in there. I did reduce travel and postage because I don't know that there is going to be much travel. There certainly wasn't this year, there may not be next year either as meetings and conferences get cancelled. There is a little increase to retirement which I don't have any control over and revenue projections are tough to predict. It's a small amount anyway. It's based on the number of requests that we get for assistance with doing research and what we charge them. That's it.

Chairman Scudder: Thank you.

Mr. Calhoun: I'm the Director of Weights and Measures. Our big changes was the contractual wage increase, the increase of cost of printing, since we had to go to JRSC instead of printing in-house and there was a contractual increase in meal allowance that made some difference. We're expecting, so far this year, outside of the months that we had to cancel, we are taking more octane samples for the State and we get reimbursed for that so that will be an increase in revenue there. We have lost a few stores so we took a slight hit there for our revenue. Any questions? We did decrease our vehicle fuel for the upcoming year and I previously had a County cell phone. I turned that in and no longer using that.

Chairman Scudder: Looks good. Any questions, comments, and concerns?

Mrs. Dennison: I just have one over all comment I want to make about the Clerk. When you look at the local share summary, the first page of the summary it shows the percentage change is negative 21.7. I just want to point out that in most cases that would be a good thing but in this case it is not. Because the Clerk has a negative local share in 2021, the local share is less negative so the contribution is going down so the change is unfortunately unfavorable.

Chairman Scudder: Thank you.

Mr. Barmore: I'd like to make one comment before we go. When I arrived here the Weights and Measures Department was costing local share well over \$100,000, if I remember correctly and thanks to the excellent management that we've got in place here now, I think it's down around \$16,000 maybe. Can thank you Dollar General because we get a \$1,000 a year for every one of those they build in this County so that helps too.

Legislator Nazzaro: How many Dollar Generals are there?

Mr. Barmore: I really don't know. They are building a new one down on Winsor Street. I used to own the property right across the street and like a fool, I sold that. It's probably worth a fortune now.

*(Unknown Speaker)* Twenty two.

Legislator Nazzaro: And you get a \$1,000 per –

Mr. Barmore: We get a \$1,000 for every store that enrolls in our pricing accuracy waiver which allows you to put the price on the shelf rather than mark every item on the shelf and it's a \$1,000 a year for every store that we have in the program. I think we have what, 110 right now?

Mr. Calhoun: *(Inaudible)*..

Mr. Barmore: A lot more than it was five, six years ago. I know, by 20 or 30 stores.

Mrs. Dennison: While we're waiting for a response from the County Attorney, I do have some additional information like the Community College chargebacks.

Legislator Nazzaro: Kathleen, we were just talking about that variance in the salaries because of the two year effect plus you have the step increases so we've had many discussions about this.

Mrs. Dennison: Yea, Terry raised a good question because one of the first departments that I worked with was this North Chautauqua Lake Sewer District. One of the departments, I think it only has one person in it, their wages were going up 12 ½% and I looked at it first and thought, something must be wrong here. Unfortunately no because with that one person with the step increases and accumulative increases, that was the increase for their department.

Mr. DeAngelo: Terry, I just confirmed with the Sheriff's Department, so they have about 75 modems that are in use. A lot of the other departments, JPD, Ellicott, all those, they use modems but they are billed back to them. They have a total of 144 lines in use. That includes that 75, so the other lines would be cell phones and things like that.

Legislator Niebel: Jon, the Sheriff's Department doesn't have that many cars.

Mr. DeAngelo: Now that question you are going to have to ask them but I just wanted to get you the numbers.

Legislator Niebel: Thank you.

Legislator Starks: Thank you for clarifying. It was a bigger *(inaudible)*....

Chairman Scudder: Did you want to go ahead?

Mrs. Dennison: Or I can save it until the end.

### **County Attorney**

Mr. Abdella: I will summarize by stating, as far as our big numbers go, the local share is showing an increase of 3.8%. We, notwithstanding, we have reduced one of the attorney positions in our office from 100% time to 80% time. This is a Family Court position where thus far the volume of caseload relating to Raise the Age has not materialized as was expected by the State, yet anyway. So we are proposing to reduce that position. Notwithstanding our point ones show an increase of 1% but then, as you all know, can be related to a lot of different reasons. The .8's are showing an increase of 10% which can relate to individual selections of insurance and other things, the retirement system aspects as well. So we are a personal driven department and I know you all are aware of the workloads and we'll try to cut that by 20% of an attorney but I would not be able to recommend any other cuts at this point. Our .4 is down, I believe slightly as well. Happy to answer any questions.

Legislator Niebel: Steve, actually I'm surprised that your FTE's are down by 20%, well, o.k., not 20%, but .20. For everything that you guys do, I'm surprised. You haven't asked for an increase in a person or whatever. Overall I think this is a very tight budget. Thank you. Looks good.

Chairman Scudder: Thank you for what you guys do. Appreciate it. Why don't you bring us up on that Community College right now if you don't mind?

Mrs. Dennison: Community College, we did communication with Mike Martello who is the Vice President of Administration at JCC to get his input and I'll read you exactly what he told us. He says it better than I could. He says, "We've had conversations with Chuck, Pierre, and P.J. and they indicated they would make every effort to continue with the floor and ceiling model that we implemented in calendar year 2019". He said, "Based on the floor and ceiling model and using the 2019 FTE's as a floor, with a 2% increase in the chargeback rate, we estimated the 2021 calendar year funding". So we used the funding from JCC which is \$4.2

million and then added an additional factor for the other colleges that we reimburse. So the short answer is, yes, we're using the floor and ceiling model. I guess what is not entirely clear is, you know, the whole SUNY system has made a determination on whether they are going to use that model. We did recently get a communication through NYSAC about chargeback fees and it just gave the fees for each community college. It really didn't address the question of ceilings and floors and which method they were using. So, as I said, again, the short answer is we are - the budget that's in the 2021 budget is based on the best information from JCC themselves.

Legislator Nazzaro: Did we increase the amount for out-of-County?

Mrs. Dennison: A little bit. In 2019, the actual for the out-of-County was \$447,000. Our 2020 budget was \$450,000 and the 2021 budget is \$465,000.

Legislator Nazzaro: O.k., not significant.

Mrs. Dennison: The JCC component and the out-of-County component, they both are going up about 3.5-3.6% so we increase the out-of-County commensurately with JCC.

Legislator Nazzaro: In the letter memo that Mike wrote, that is accurate because P.J., Pierre, and I, we wanted to respond to them so they didn't have the fluctuations in their cash flow so that's why we adopted the floor system. Again, I agree with you Kathleen, based on the information we have, we're doing the best estimate that we can do.

Mrs. Dennison: The preliminary versions of the budget, the budget was a little bit lower just based on enrollment trends. But, I wanted to make sure that we got the information from JCC because they figure they probably know – they are the best place to make the determination of what that chargeback would be to them.

Legislator Nazzaro: Right. Now I will say, they have done a great job down there at the college. They got hit by the pandemic like everyone else did but if we see the trend continue to go down in the FTE's then that floor may have to change. I mean, when we set up the floor, it was based on growth in the enrollment at JCC. Again, we had incentives built into there with a cap that we give them a floor and if it went up by a certain amount of FTE's, they would benefit from that so it would not be punitive and then we add a cap. But the only asterisk or point here is that enrollment started to decline and I hope it doesn't on a steady basis because then we would have to revisit where that floor should be because we can only do so much as a County.

Chairman Scudder: O.k. thank you.

### **County Legislature**

Clerk Tampio: As you can see from the first sheet, we see a 4.5% overall reduction in the local share and we have the four sub-departments under the Legislature. We can get into everything else later. So the FTE's, you see a .03 reduction and that is due to, when we changed Deputy Clerk's, Lori's hours were 40 per week and our new Deputy Clerk is 37.5. Likewise, Lori is a part-time stenographer that puts in little bit less hours than when Olivia was the part-time stenographer so that accounts for that change. The Legislature, the A1010, you'll see under

the .1, personal services, there is a slight increase and that is because this year we tallied the actual total salaries, yearly salaries for the elected officials. The reason for the change from the prior years the way it was figured, I'll let Kathleen explain that a little.

Mrs. Dennison: In the prior year budgets we had a figure in and we applied the managerial increase which is 2 to 3% but I noticed that the amounts paid to Legislature are fixed dollar amounts so we just budgeted more properly this year and put in the actual fixed dollar amount for each of the individuals.

Clerk Tampio: There is a slight decrease in contractual and that is due to a reduction in mileage from \$16,500 down to \$16,000 and the Chairman also wanted to eliminate the training amount of \$500.00 so that is zero but that was partially offset by the 2% increase in legal services line which is something we've seen pretty much every year coming from the Law Department. Of course, we have no revenue.

For the A1040, Clerk/Legislative Board. There is a slight increase due to the 3% raises that were input and continuing this year again, 10% of my salary and benefits is allocated to the North Chautauqua County Water District. We saw a decrease in our contractual. There are no computer replacements required this year and we had some further, 10% reductions in lines like office supplies, etc.. So there is a slight change in the .8's and increase in insurance costs.

The A.1320, Internal Audit. Chairman Chagnon discussed this extensively with Legislator Nazzaro and it was their opinion to eliminate the amount for an internal audit, bringing the budget down to zero.

Chairman Nazzaro: I just want to say that it pained me to do that because I think there is benefit to having an internal audit program but Kathleen is correct. We talked about it and because of the situation we're in, we took it out. That is my contribution, but I won't do internal audits for free.

Clerk Tampio: I would say, if we took out the Conflict Administration budget and just looked at the A.1010, 1040, and this one, 1320, we would have achieved that 10% local share reduction. So the last one is the Conflict Administration, the A.1162.1120, and that's under the Unified Court system but of course the Legislature oversees the Conflict Administration budget. We put in a salary for a salaried employee and benefits, the .8's. At this point and time the Chairman is pursuing a contractual arrangement. We offered an RFP and received one response so that is in the process at this point and under discussion. So the contractual amounts include the costs of all assigned counsels and some expenses attributed to the Assigned Counsel Administrative position where we added some costs for administrative functions, training of assigned counsel, memberships, and legal organizations and expert services that may be needed as an assigned counsel represents an indigent client. All these expenses were reviewed and approved by the Office of Indigent Legal Services upon their discussion with us and that's for year two budget which actually the year two budget with the State has already concluded so we will be working on year three soon and then they have the employee benefits. The one thing that you'll see under the revenue that it based solely on the expenses of the Assigned Counsel administrative program. That's the salaries, the benefits, and the administrative functions that are attributable to the grant only, the Hurrell settlement grant through ILS. So, there was a concern when we reviewed this budget with the County Executive in that due to our trends with the total

assigned counsel costs that that contractual line, the point four would be too low, that we will exceed it again. You'll see this year we kind of projected that we're going to be over \$700,000 and the budgeted amount was \$530,000. In 2019, you'll see that it was \$790,000, in 2018, it was \$763,000 so we're hopeful that the Assigned Counsel program may decrease expenses but it's not a certainty. It depends on how many indigent cases we have to represent. Family Court cases, the amount of those cases far exceed the criminal court cases for indigent legal representation but the Hurrell grant funds only cover expenses related to the criminal costs. So, Kathleen, do you have anything to add to our discussion?

Mrs. Dennison: Yes, I think Kathy really hit on the high points but I just want to stress that this budget for Assigned Counsel is one that really needs to be seriously considered because we have – the initial information from the Office of Indigent Legal Services was that our local share for Assigned Counsel would never go up. But as we have worked with the Office of Indigent Legal Services on the grant reimbursements and got more information, we have learned that that never go up clause, it only applies to criminal cases. As Kathy pointed out the vast majority of the Assigned Counsel cases are Family Court. The Hurrell settlement does not cover Family Court. So, I think our assumption that the local share is going to stay at \$524,000, is probably in light of the information we have now is not reasonable. I shouldn't say it's not reasonable, it's going to be very difficult to achieve. The reason that we left it in the tentative budget at the \$524,000 is because, it's kind of funny a couple of the other things that we were using information that we had at that time, but new information indicates that we will not get reimbursement for all of the Assigned Counsel for Family Court. The other reasons we left it at the \$524,000 is that as Kathy mentioned, we don't have the Conflict Administrator in place yet. The Conflict Administrator does or will review all of the Assigned Counsel expenses so we're hoping that there will be some economies of scale, some savings when those bills are more thoroughly reviewed and they say the Administrator can review the Family Court Assigned Counsel items so that will help but the grant funding will not help that picture. So this is an area where we have struggled to meet the local share for several years and I think that we would struggle to meet the \$424,000 in 2021 as well.

Legislator Nazzaro: Thank you Kathleen. I will say, I was on the interview committee along with Terry and others. We went through quite the process of interviewing and just did not find the right fit so I think what Chairman Chagnon did, putting out an RFP and I reviewed the one proposal we got. I'm quite confident that will be in place in 2021, as far it looks. I know that they have to finalize the agreements, it's not fully executed. I agree with you, this has always been a risk area. We never hit our budgeted amount. It's always more, but hopefully by having this position, that was the intent too, was to bring the cost down. So, I can we will wait and see.

Mrs. Dennison: If we are proceeding with a contract arrangement rather than an employee arrangement, again, this is a new development, the other question is whether we want to amend the budget to take the position out. So that out the personal services and the employee benefits and replace it with contractual costs?

Legislator Nazzaro: I think that is a real good point because we do have the proposal back, it has a dollar amount in there, so Kathy, it just has to be finally reviewed and signed, correct?

Clerk Tampio: I know that Pierre has been talking with Steve Abdella as far as developing the actual contract, which we do not have at this point.

Legislator Nazzaro: Right, but I would agree with you Kathleen. Because we went through how many interviews, Terry? I mean, we met many times.

Legislator Niebel: Quite a few.

Legislator Nazzaro: So, it sounds like it definitely will be contracted.

Mrs. Dennison: Of course that would not change the local share because whatever the cost is, it's going to be – that portion we know will be reimbursed.

Legislator Niebel: No, but we have an accurate figure to put into the budget.

Mrs. Dennison: Yea, if we end up going with a contract instead of an employee, eventually we'd have to amend the budget.

Legislator Nazzaro: You are not going to have employee benefits though.

Mrs. Dennison: There would not be any local share change because whatever the cost of the contract is, it's going to be grant funded.

Clerk Tampio: Right, the revenue will change (*cross talk*)..

Mrs. Dennison: But, as I say, it would save doing an amendment later.

Legislator Nazzaro: You're right, it's revenue neutral because it's funded.

Mrs. Dennison: It sounds like you are going to go ahead with the contract and if that's the case, I would recommend that we change it now.

Legislator Nazzaro: I would defer to our Chairman but I agree with that but it would be up to Pierre.

Legislator Niebel: Whenever the contract is signed. Do you expect it to be signed in the next week or two Kathy? Or, it's hard to say?

Clerk Tampio: I don't know that for a fact. Chairman Chagnon I know has been working on it and he's hopeful to have it done within the month, yes.

Legislator Niebel: I think if we had that done, I think we could put that into the budget and it would reflect accurately our costs for that.

Legislator Nazzaro: No change in local share though.

Legislator Niebel: That's true.

Clerk Tampio: It's an amendment, you can either do it now or later, it's going to be the same thing and it will just eliminate the .1 and the .8 and then transfer that to the contractual line, the cost of the contract and reduce the revenue.

Legislator Niebel: This isn't a question for Kathy, more of a question for Kathleen. You mentioned that you made adjustments to the .1 to factor in the fact that managers don't – managers such as Legislators don't receive the 2% managers' increase because we have a flat fee. Did you make similar adjustment, not that it would be a big figure, but did you make similar adjustments to the County Clerk, the Sheriff, and the County Executive?

Mrs. Dennison: Yes we did. And the District Attorney's salary. We made the adjustments to the three positions you mentioned and then the District Attorney's salary also is set by the State so we made sure that matches.

Legislator Niebel: O.k., because before we had included 2% managers' increase for those positions but not this year?

Mrs. Dennison: In the 2020 budget they were correct. The Legislators were not correct. But in the 2020 budget the County Executive, the Sheriff, and the County Clerk were set to the statutory increase. The actual may vary a little bit because the, at least with the Sheriff and I think all three of them, the statutory increase is based on the consumer price index which we don't know at the time the budget is done but we set the budget to our best guess of what the CPI will be.

Legislator Niebel: Not a big adjustment but just to be consistent.

Mrs. Dennison: Yes.

Chairman Scudder: Alright, do we have anything else to be discussed? Alright, we need a motion to adjourn.

MOVED by Legislator Starks, SECONDED by Legislator Vanstrom to adjourn.

*Unanimously Carried (3:08 p.m.)*

Respectfully submitted and transcribed,  
Kathy Tampio, Clerk/Olivia Ames, Deputy Clerk/Lori J. Foster, Sr. Stenographer