



# 2022

**STATE OF THE COUNTY**  
PUTNAM COUNTY NEW YORK





*“Laying the groundwork for future generations”*

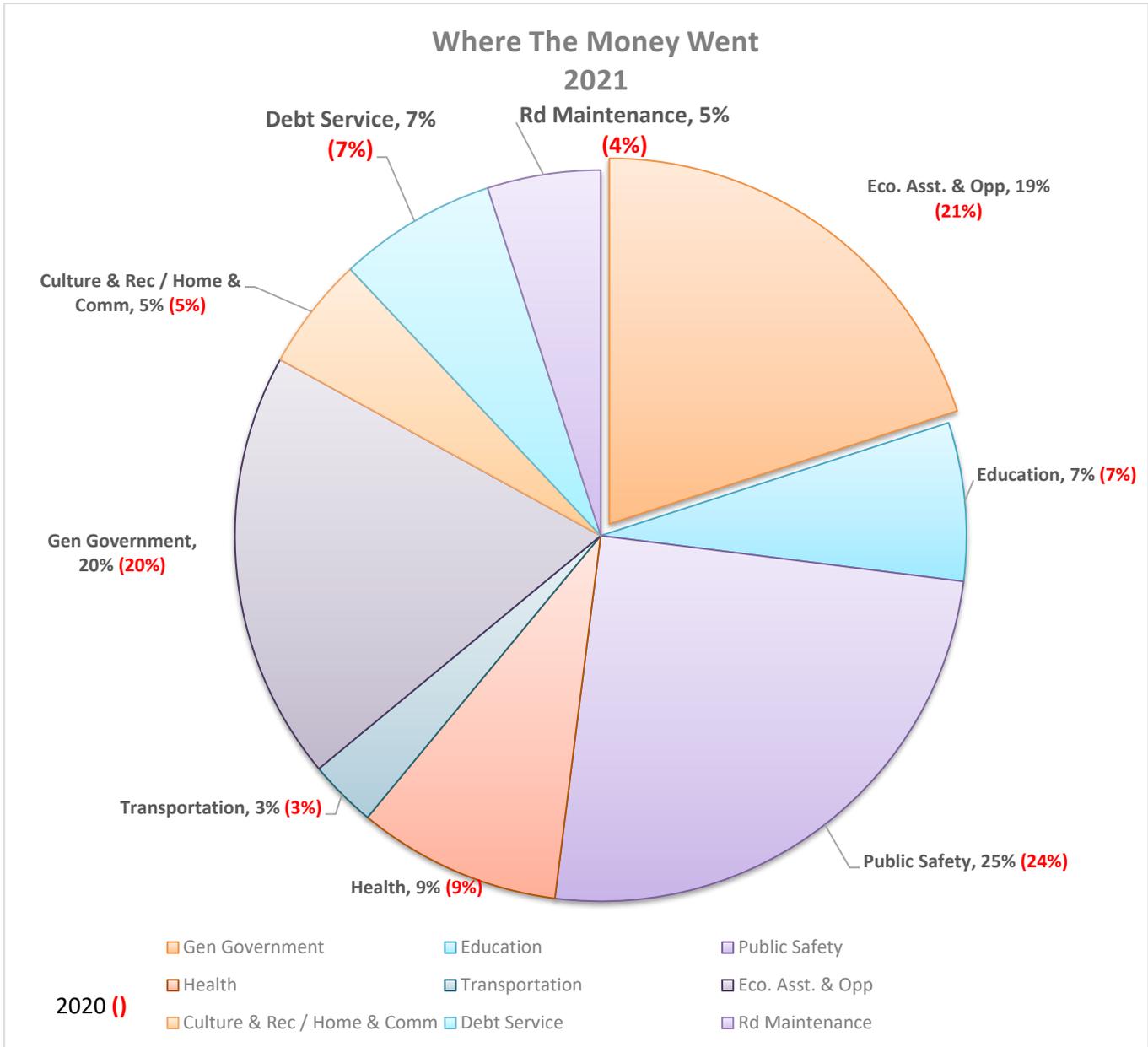
MaryEllen Odell  
*County Executive*

**FINANCIAL REPORT**

We are pleased to submit to the Legislature this report regarding the financial condition of Putnam County pursuant to Section 7.09 of the Putnam County Charter. We will review the results of County operations for the fiscal year ended December 31, 2021, including highlights of expenditures, revenues, and fund balance. We will then brief the board on highlights contained within the 2022-2023 New York State Budget, as proposed by Governor Hochul, which effect Putnam County. We will review the latest information that we have received regarding the Federal America Rescue Plan Act and its impact upon Putnam County Government. We will conclude this report by looking forward to the 2023 County Budget, highlighting the budget risk factors that threaten our ability to provide the services that the people of Putnam County have come to expect and deserve.

## Expenditures

In 2021 total operating expenditures equaled \$154,287,717 compared to \$150,704,537 in 2020, an increase of \$3,583,180 over the prior year's expenditures equaling a 2.38% increase in spending. Major categories of expenditures continue to consist of Public Safety \$38,490,126 (25%); Economic Assistance & Opportunity \$29,829,401 (19%) and General Government Support \$32,024,286 (20%).

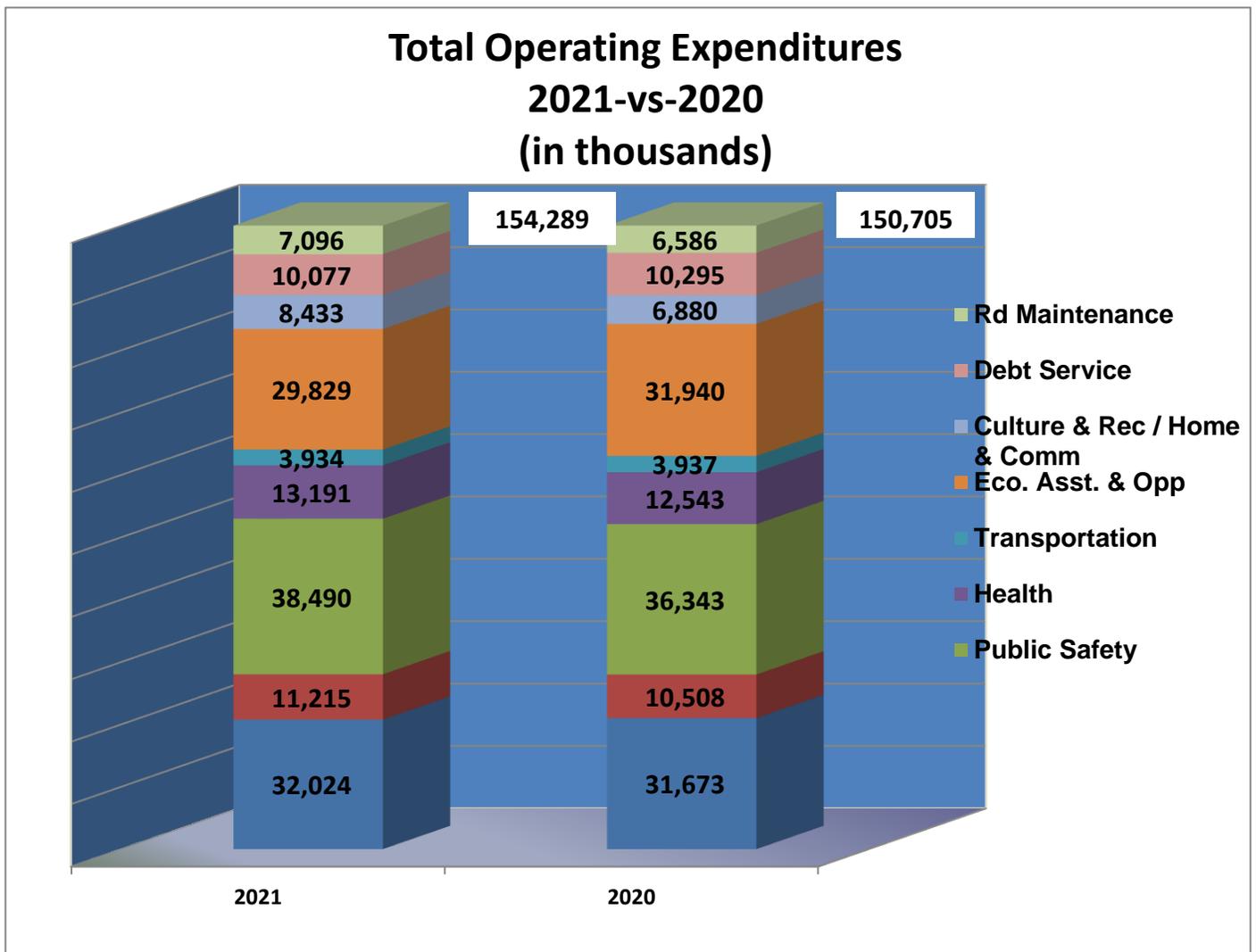


The increase of \$3,583,180 in expenditures is broken down as follows:

Public Safety	\$2,147,564
Culture & Recreation / Home & Community Services	\$1,552,976
Education	\$ 706,540
Health	\$ 647,809
Road Maintenance	\$ 509,819
General Government Support	\$ 351,086

These were offset by the following decreases in expenditures:

Economic Assistance & Opportunity	\$2,111,066
Debt Service	\$ 217,912
Transportation	\$ 3,636



The largest expenditure increase to the 2021 budget was seen in the category of Public Safety, which includes Sheriff and Corrections, Emergency Services, Probation, STOP DWI and Homeland Security increased by \$2,147,564 or 5.91% from 2020. The major increases were in the Sheriff and Correction departments totaling \$1,505,519. This was mainly due a rate increase to state mandated retirement costs.

In 2021, Education, which includes the 3-5 Special Needs Program and Community Colleges, increased by \$706,540. The 3-5 program increased by \$375,930. There was no program transportation from March through September of 2020. In 2021, program transportation resumed for the entire year. This resulted in transportation costs of approximately \$538,000 in 2021. Community College Tuition costs went up \$330,610. This was primarily due to mandated increases based on NYS approved chargeback rates. In addition, Westchester Community College tuition costs increased approximately \$208,000 in 2021.

Health saw an overall increase of \$647,809 with increases to Public Health programs of \$764,309 and decreases in Mental Health programs of \$116,500.

Public Health's increases were due to COVID 19. The Health Department was awarded an Epidemiology & Laboratory Capacity (ELC) grant from the New York State Department of Health (NYSDOH) in the amount of \$2,098,073 to enable school districts in the County to establish COVID-19 screen testing programs to support and maintain in-person learning (including public, private, BOCES, and charter schools as applicable). This grant is 100% reimbursable. In addition, there was an increase in personnel services and fringe costs including an increase in NYS mandated retirement costs which exceeded 10% from 2020.

The Early Intervention Program, (0-2), overall expenses increased by \$106,778 from 2021. There was an increase in Itinerant Services from 2020 as parents did not want Zoom therapy sessions for their children because of state mandated closures. With the resumption of in person sessions, Costs have returned to pre-pandemic levels for these same services.

Mental Health increases were in the Local Government Unit (LGU). This was primarily due in part to the HEALing Communities Study Service Agreement for Collaborative Research, a grant from Columbia University which is in Year 3 through March 30, 2022. This grant is 100% reimbursable.

Mental Health programs are down cumulatively from 2020 \$454,371. Most of the decrease is due to the Mental Health Supporting Housing program which is down \$332,015 from 2020. This was based on a recovery of prior year advances due to the final closeout of CY 2018 by the NYS Office of Mental Health (NYSOMH).

Culture & Recreation and Home and Community Services expenditures increased by \$1,552,976 or 24.06% from 2020. The major increase of \$1,230,431 from 2020 was due to all events being cancelled at Tilly Foster and the Golf Course because of COVID 19 and the Governor's restrictions regarding gatherings. This was offset by an increase in revenues respectively. In addition, Planning increased by \$408,116. These costs were to provide data management services, such as traffic counts, utilizing Federal United Planning Work Programs (UPWP) funds.

Road Maintenance, which includes both the County Road Fund and the Road Machinery Fund increased by \$509,819. Due to an active winter season in 2021, the County's snow & ice removal overtime was up as well as the use of calcium chloride compared to the 2020 snow season. Total overtime hours in 2021 were 3,373 compared to 1,387 in 2020. In 2021, the County ordered 8,486 tons of calcium chloride compared to 4,963 in 2020. In addition, during 2021, the price per ton went up from \$58/ton to \$66/ton.

General Government Support expenditures revealed a net increase of \$351,086 or 1.20% from 2020. There were several areas that had both increase and decrease variances. The largest increase was the Department of Finance \$888,928. This was due to a timing difference in the yearly payment of the County's Financial Reporting System. Another area that had an increased variance over 2020 included the Central Services Administration \$223,483. This increase was due in part to an increase in postage expense and gasoline chargebacks for the Sheriff and Correctional Facility due to Department gas pumps no longer in use.

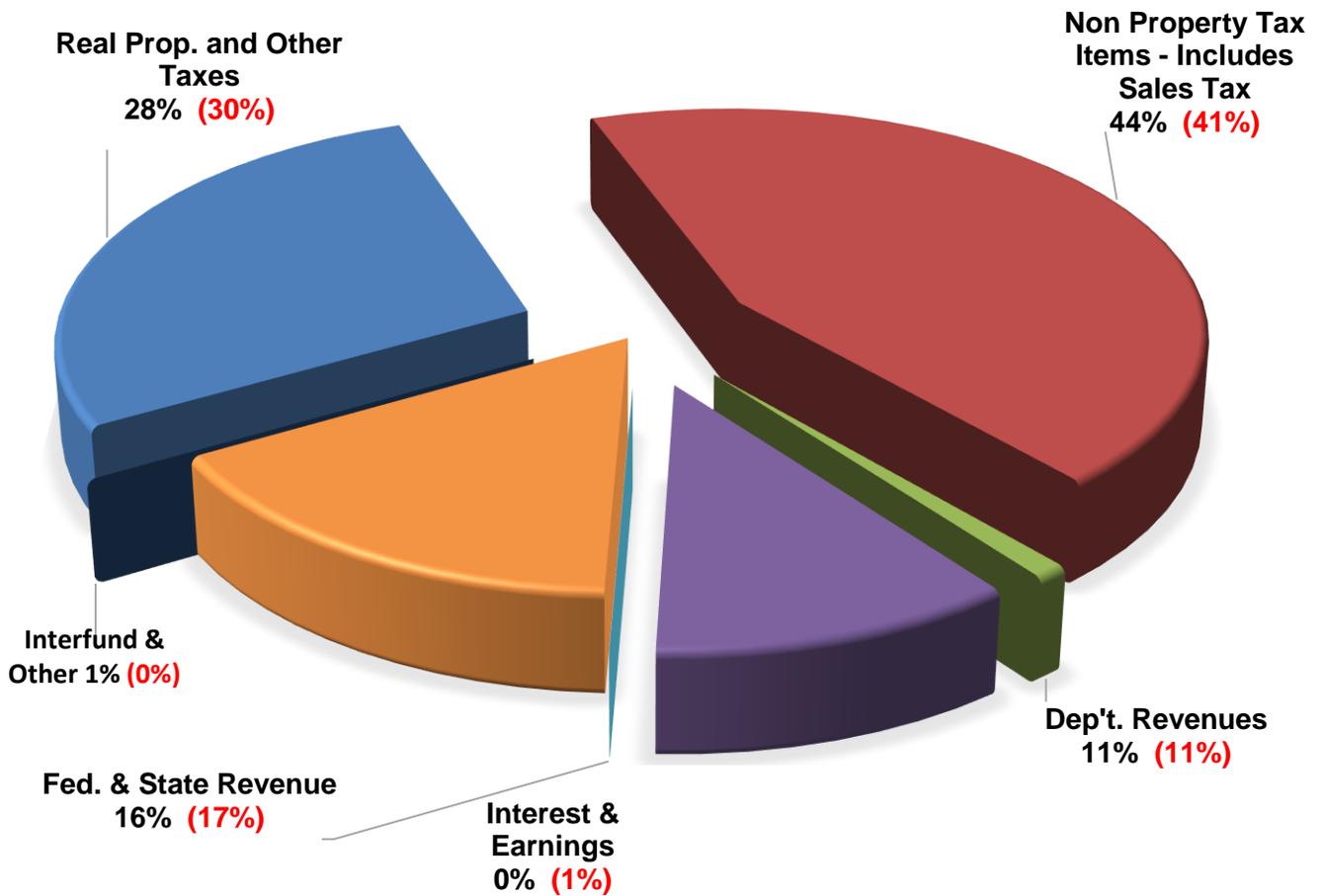
The largest expenditure decrease to the 2021 budget was seen in the category of Economic Assistance and Opportunity which decreased by \$2,111,066 or 6.17% from 2020. The major decrease was the Medicaid Local Share. In January of 2020 due to FMAP funding, the County's weekly local MMIS share was reduced from \$178,129 to \$144,458 beginning July 2020 through the middle of January 2021. It was further reduced to \$117,818 from the middle of January 2021 until the end of May 2021. This resulted in a cumulative savings of approximately \$1.5 million. These savings were offset from June 2021 until end of October 2021 when the weekly local MMIS weekly share was increased from \$117,818 to \$157,961. Currently, the weekly local MMIS share is \$133,052 since November of 2021. Child Care also saw a decrease of \$1,074,963 as the second major decrease. Child Care had a decrease in CSE placements from 2020. These appropriations were offset by a reduction of revenues in the same categories.

In 2021, Debt Service had a net decrease of \$217,912. While there was a cumulative increase in principal and interest debt payments of \$376,623, these increased costs were offset by a decrease of \$594,535 due to an advance refunding of both 2012 and 2013 bonds respectively. The County started in 2021 to pay down its Energy Performance Contract which was entered in 2020 which installed energy saving equipment and/or upgraded existing facilities to enhance performance

## **REVENUES**

For fiscal year 2021, operating revenues totaled \$180,420,346 an increase of \$14,252,043 over 2020. The main County revenue sources continues to be Non-Property Taxes including Sales and Use Tax \$79,874,066 (44%); Real Property Tax \$48,352,752 (28%); Federal and State Aid \$29,767,987 (16%); and Departmental Revenues \$19,564,854 (11%).

## WHERE THE MONEY CAME FROM 2021



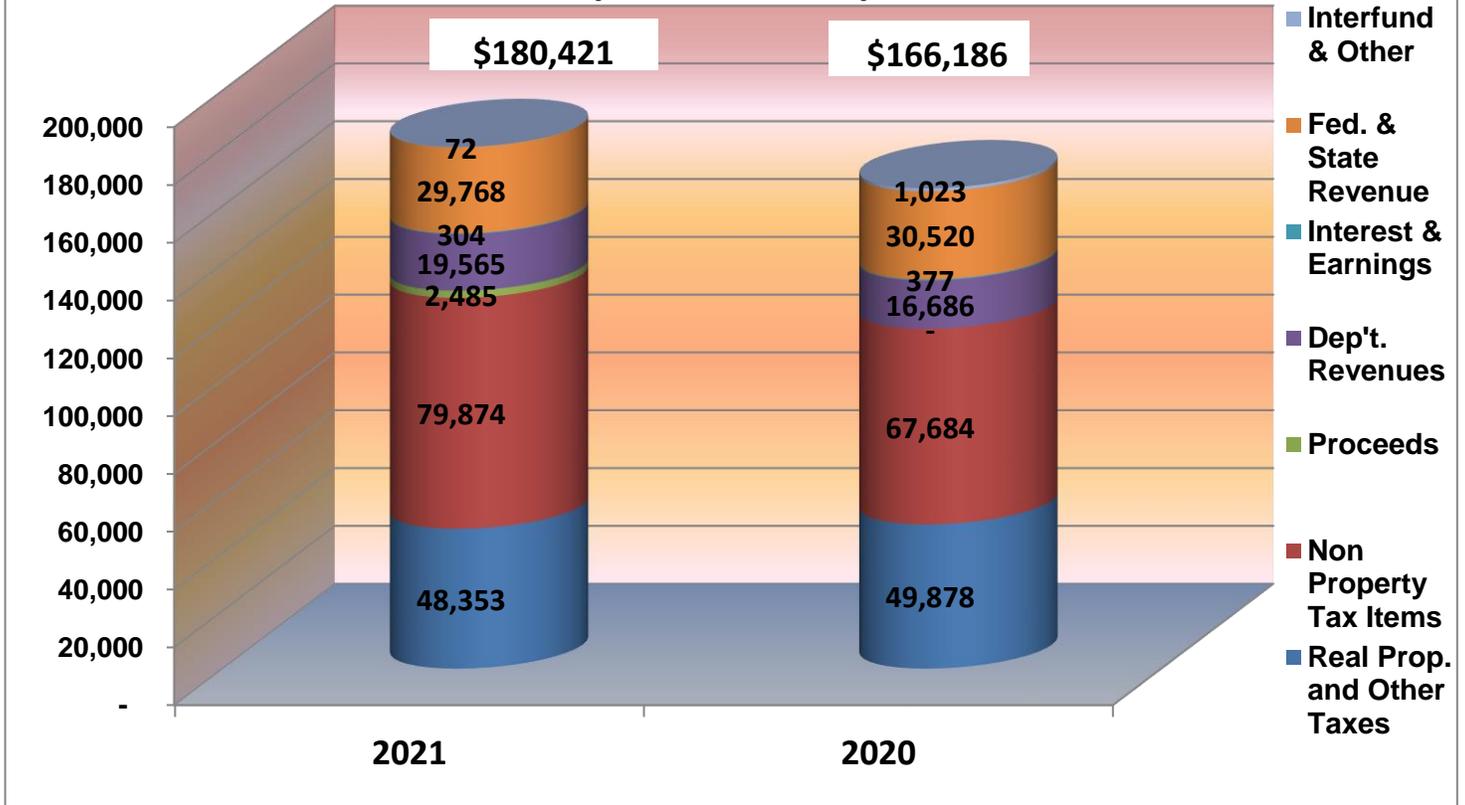
The increase of \$14,252,043 is broken down as follows:

Non-Property Tax Items	\$ 12,190,118
Departmental Revenues	\$ 2,879,035
Debt Service – Refunding	\$ 2,485,000

This was offset by the following decreases:

Real Property and Other Taxes	\$ 1,525,710
Interfund	\$ 951,704
State and Federal Aid	\$ 751,957
Interest & Earnings	\$ 72,739

## Total Operating Revenues 2021 vs 2020 (in thousands)



State and Federal revenues combined had an overall net decrease of \$751,957 over 2020. This broke down to an increase of \$610,981 in Federal revenues and a decrease of \$1,362,938 in State revenues.

The major increase in Federal revenues was \$530,958 for Public Health Other revenues was for the Epidemiology & Laboratory Capacity (ELC) grant from the New York State Department of Health (NYSDOH) as mentioned in the section above. Other notable increases were noted in Transportation from the CARES Act Grant in the amount of \$383,689. These programs had offsetting increases in expenditures.

These revenue increases were offset by the following decreases primarily in Social Services programs including Family Assistance (\$125,040), Service for Recipients (\$291,805), and The Food Stamp Program (\$100,750). These programs had offsetting decreases in expenditures.

The major decreases in State revenues were for Programs for Senior Resources (\$528,610), Mental Health (\$489,555), and reimbursement (\$436,750) for Indigent Legal Services.

Total Taxes, which includes Real Property Taxes decreased by a net of \$1,525,710. \$1,836,803 of that amount was a result of the allowance for uncollected taxes increasing due to an uptick in tax liens. These revenues were not considered measurable and available under the modified accrual basis of accounting.

Departmental Revenues saw an overall increase of \$2,879,035. This was a result of various increases and decreases within the category. Major increases included Jail Facilities (\$689,850). Daily board in rates remained at \$150 per day for 2021 however the daily average board ins increased from 21 to 30 a day in 2021. Other Culture and Recreation Charges (\$613,743) increased due to full operation at the Putnam County Golf Course; HEAL Study with Columbia University (\$323,608); Clerk Fees (\$285,382); and Premiums on Obligations (\$253,453) as result of bond and refunding bond issuances during 2021.

Interest & Earnings decreased by \$72,739 because of the Federal Reserve lowering the interest rate to almost 0% back in March of 2020 to help boost the economy due to the Coronavirus pandemic. Rates have since climbed back slowly during 2021. The County is looking into investing in short- and long-term investments based on competitive market interest rates.

In 2021, total Non-Property Tax items which include Sales & Use Tax, Automobile Use Tax and the E911 surcharge increased by record levels of \$12,190,118. The automobile use tax increased by \$41,533 and the E911 surcharge increased by a nominal amount of \$4,220. Sales Tax had its highest yearly increase on record when the COVID-19 pandemic drastically suppressed collections. The pace of growth in 2021 exceeded pre-pandemic

levels with an increase of \$12,144,365 over 2020. Factors driving sales tax growth include inflation, the increase price of motor fuel and an increase in consumption and other sectors such as retail trade which include both in-store and online sales are various reasons for the significant increases. It should be noted that the County is still being imposed with the state diversion of local sales tax for AIM related purposes. In addition, the State's executive budget continues the Distressed Provider (Hospital) Relief Fund permanently to support financially distressed facilities throughout the state through the collection of a portion of sales tax revenue from counties and New York City.

### **FUND BALANCE / FINANCIAL POSITION**

Putnam County will end Fiscal Year 2021 with an estimated \$68.3 million unaudited, unassigned, unappropriated general fund balance, an increase of \$24.9 million dollars or 36% from 2020. This fund balance was achieved as the County continued to implement and maintain sound fiscal practices in spending less than it received. This general fund balance is an indicator that Putnam County remains in good fiscal health, even as our economy continues to face uncertainties due to global and national economic instability. Issues such as inflation, the most recent invasion of Ukraine, and supply chain slowdowns can all create economic downturns that can require our fund balance to stabilize our financial position.

The County's bond rating has been affirmed at Aa1 by Moody's Investors Services. This high rating enables the County to borrow for capital projects at favorable rates thus saving money for the taxpayers.

The County's cash position increased significantly from 2020 to 2021 by approximately \$37.5 mainly due to an increase in sales tax collections.

Due to a steady and robust cash position, the County pursuant to its investment policy are looking at liquidity proficiency by investing in both short-term and long-term investments such as Certificate of Deposits and Treasury investments.

## **2022-2023 NEW YORK STATE BUDGET**

While there were few unfunded mandates proposed in the Governor's budget, the budget does not include any significant mandate relief for Counties. This Budget continues the practice of diverting County sales tax dollars to fund State Government purposes, such as the Distressed Hospital Fund and increases in Pre-K special education provider rates at significant costs to counties. On a positive note, Counties were encouraged by proposals that addressed long-sought county priorities like providing permanency in local sales tax rates, ending the diversion of local taxes to pay for the State's AIM program, making significant investments in public health, and supporting veterans and infrastructure. A detailed analysis prepared by the New York State Association of Counties (NYSAC) regarding the 2022-2023 New York State budget is available for review at [WWW.NYSAC.ORG](http://WWW.NYSAC.ORG).

## **AMERICAN RESCUE PLAN ACT**

On January 6, 2022, the US Department of Treasury issued its Final Rule, effective April 1, 2022, regarding funds received pursuant to the American Rescue Plan Act (ARPA). The County has received its first tranche of \$9,548,753.50 or 50% of the \$19,097,507 allocation. The County's administration began asking county departments, not for profit agencies, and local town and villages to propose projects that meet the eligible use requirements pursuant to the Final Ruling of the ARPA funding. These submissions were to due back on February 28. We are currently evaluating all the information provided and plan to go before the Legislature by May 1<sup>st</sup> with an allocation plan.

## **2023 COUNTY BUDGET**

The County will face significant challenges in crafting the 2023 County Budget. First and foremost, it is very likely that this budget will have to continue to address the lack of meaningful mandate relief from the Federal and State Governments. Mandated costs such as Medicaid, Preschool Education, pensions, and health Insurance programs have reached unsustainable levels. The County also must deal with the diversion of its sales tax to cover expenses typically paid for by the State (AIM and Distressed Hospital Fund). Although the projected tax cap for 2023 is projected to be 2% yielding approximately \$1.2 million, the administration will be proposing to freeze the County property tax levy in 2023. We will continue to work with the Legislature to keep County Government as efficient, effective, and affordable as possible for our constituents.

Respectively submitted.

Mary Ellen Odell

*Putnam County Executive*

## Share the Growth Plan

*Proposal to share sales tax revenue with towns and villages in way that doesn't hinder the fiscal strength of our County Government*

- 1) Acknowledge that the County already does share sales taxes and intends to continue paying the community college tuition and board of election costs without charging back the towns.
- 2) Account for the county ability to share revenue with local municipalities based on the entire fiscal position of the County, including taking into consideration fund balance and mandated expenses over which the County has no control.
- 3) Recognize that this cannot be counted on as a regular revenue stream for town and villages, and that funds should be used for infrastructure improvements and not be relied on for general budget purposes.
- 4) Funds allocated by the County will be distributed based on population as determined by the 2020 Federal census.



## Share the Growth Putnam

### **A common sense proposal for sharing sales tax growth with local communities in Putnam County**

#### **Background**

Like the rest of the state, local small businesses in Putnam County's towns and villages collect sales tax and send that money to New York State. The state then keeps its portion of the sales tax revenue and gives the rest back to the county or city where the tax was collected. Eighty percent of counties outside of New York City then share a portion of sales tax revenues back to the cities, towns, villages and/or school districts within their borders. Putnam County is one of only 11 out of 57 counties outside of New York City that share no sales tax revenues with its local communities. All counties surrounding Putnam County share sales tax, including Dutchess, Orange, Rockland, Ulster and Westchester counties.

From the local perspective, Putnam County's lack of sales tax revenue sharing is a significant loss of funding for local communities. In 2019, shared sales tax revenues accounted for nearly 10% of the total revenue for local governments. As New York State begins collecting sales tax from on-line retailers, sales tax revenues have significantly increased. In December, 2021, Putnam County's Finance Commissioner William Carlin announced that he expected the county to see an estimated \$16m increase in 2021 sales tax revenues over 2020.

From the county perspective, there have been a number of sound reasons that have prevented Putnam County from finding the right model for sales taxes sharing with local municipalities, including:

- Putnam County provides a number of essential services and support to local Towns and Villages that no one would like to see jeopardized, including Community College Chargebacks (\$3.3m), Board of Election expenses (\$2m), Aid and Incentives for Municipalities (AIM) related payments (\$400,000), and serving as a backstop to local municipalities and school districts against property tax arrears so local budgets are kept whole (\$26m);
- Putnam County currently has an Aa1 credit rating which reflects its strong fiscal management and health. Given that sales tax revenues are a key source of revenue for the county budget, sales tax sharing must be done in a way that preserves the county's fiscal stability and good standing; and

- The desire to ensure that sales tax revenues shared with local municipalities fund activities that align with county priorities, such as creating local economies that sustain sales tax growth and investing in high quality of life in communities.

### **A new approach**

Over that past year, a team of representatives from local municipalities began working with Putnam County representatives to create a collaborative, common sense proposal for sharing sales tax with local communities in Putnam County. The core of the proposal focuses on providing a share of any annual increase or growth in sales tax revenue to local municipalities, an approach borrowed from a sales tax sharing agreement negotiated between neighboring Dutchess County and its cities, towns and villages in 2013. This new approach successfully addresses many of the past barriers to a local sales tax sharing agreement:

- Local Towns and Villages appreciate and value the essential services and support Putnam County currently provides to local municipalities. By focusing just on sharing annual growth in sales tax revenues, the county's budget is left whole and existing programs and services that support localities are maintained;
- The county would only share sales tax surpluses with local municipalities in years when the annual sales tax collected has grown compared to the previous year, so the county's fiscal health is protected in economic downturns. Local municipalities would have to treat the funding as a sporadic funding stream, potentially depositing funds in a stand-alone account so it is treated differently than the general fund;
- In order to align spending priorities, the County will define allowed local activities for shared sales tax revenue investments in capital infrastructure and social infrastructure that are proven to support local economic development and improve community health and quality of life. In this approach to sales tax sharing, county and local efforts are aligned to create a shared interest in investing in the conditions that create sales tax revenue growth, build local economies, and create stronger communities.
- Putnam County retains the ability to protect its fiscal health and strong Aa1 credit rating by waiting for the official financial accounting to be complete at the end of the fiscal year before determining what surplus of sales tax revenues can be shared with local municipalities. This allows the county to ensure that any unforeseen annual budget costs (like unexpected inflation or unfunded state or federal mandates) are paid for before sharing locally.
- Surplus sales tax would be shared with local municipalities, with share of revenues based on local population according to the 2020 US Census.
- Finally, a county sales tax sharing program would create a new and significant source of local revenues that can contribute to stabilizing, if not lowering, a local municipalities tax levy if invested in a strategic manner.

This new approach to local sales tax sharing can be a historic achievement, a “Business Partnership for Putnam County” that aligns county and local incentives to support economic development, build healthier communities, and improve quality of life for all residents. By adopting this approach, Putnam County can ensure that everyone benefits from growth in a strong economy and remind people how much good work can get done when we work together.

## Sales Tax & ARPA Allocation Plan

*Proposal for the Putnam County Legislature to allocate \$10 million to be shared, based on population percentage, with our towns and villages. \$5 million can come from the American Rescue Plan Act of 2021 (ARPA) and \$5 million from the Sales Tax Allocation Plan (Share the Growth)*

### **Recommended Allocation**

MUNICIPALITY	2020 Census Population	Allocation Percentage	Sales Tax Funds Allocation	ARPA Funds Allocation	Total Allocation
Town of Carmel	33,576	34%	1,718,884	1,718,884	3,437,769
Town of Kent	12,900	13%	660,401	660,401	1,320,801
Town of Putnam Valley	11,762	12%	602,142	602,142	1,204,284
Town of Patterson	11,541	12%	590,828	590,828	1,181,656
Town of Philipstown	7,221	7%	369,671	369,671	739,341
Town of Southeast	15,550	16%	796,064	796,064	1,592,128
Village of Brewster	2,508	3%	128,394	128,394	256,788
Village of Cold Spring	1,986	2%	101,671	101,671	203,342
Village of Nelsonville	624	1%	31,945	31,945	63,890
<b>Total</b>	<b>97,668</b>	<b>100%</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>10,000,000</b>

# Putnam

# Is Prepared

A Family Guide For **Preparing For Emergencies in Putnam County**



Fires, Storms, Floods, Hazardous Materials Incident

**ARE YOU READY?**

Earthquakes, Tornadoes: **Be Prepared!**





**Nobody is going to break us; we're strong, we're Ukrainians!**

Volodymyr Zelensky  
*President of Ukraine*