

**AUDIT & ADMINISTRATION COMMITTEE
BUDGET MEETING
HELD IN ROOM 318 OF THE
PUTNAM COUNTY OFFICE BUILDING
CARMEL, NEW YORK 10512**

Members: Chairman Castellano, Legislators Jonke & Sullivan

**Monday October 16, 2017
(Immediately following the Personnel Budget Meeting beginning at 6:00pm)**

The meeting was called to order at 8:08p.m. by Chairman Castellano who requested that Legislator Jonke lead in the Pledge of Allegiance. Upon roll call Legislator Jonke and Chairman Castellano were present. Legislator Sullivan was absent. Chairman Castellano stated Legislator Albano would sit on the Committee in Legislator Sullivan's absence.

Item #3 – 2018 Budget Review

Insurance Expense – Account 1915 (page 42)

Legislator Albano questioned if there are any changes in the insurance.

Senior Deputy County Attorney for Risk & Compliance Adrienne Lotto stated there are no changes in coverage. She stated they opted not to extend to cyber liability coverage right now because the coverage, from the insurance perspective, is not quite there yet. She stated the coverage only had a \$50,000 option and would cost \$2,800. She stated all other aspects have remained the same. She stated there is a \$250,000 deductible and the umbrella is still at \$20 million and \$10 million.

(Discussion continued after Department of Finance)

Purchasing – Account 1345 (pages 18-19)

Director of Purchasing Alessandro Mazzotta stated for 10 years, the Purchasing Department has very good stability in regards to personnel. He stated this year, the employee in the Senior Account Clerk position retired in July and unfortunately the employee in the Project Coordinator position passed away in September. He stated he is considering and developing a restructure and what was submitted in the budget was his initial best thought. He stated his budget was submitted prior to the passing of the Project Coordinator, therefore this initial plan may change as he plans the restructure further. He stated the changes may not include significant cost changes, but rather title changes. He stated it is his hope that the Legislature understands his need for flexibility moving forward. He stated as it stands, the Purchasing Department is being run by himself and one (1) part time employee.

Legislator Jonke clarified that the Purchasing Department currently has two vacant full time positions.

Director Mazzotta stated yes.

Chairman Castellano stated although reorganization is not generally done during the course of the year, this is a special circumstance and will be addressed at the appropriate time.

Legislator Nacerino stated the Purchasing Department was faced with unanticipated circumstances, therefore the need for flexibility moving forward is understandable. She questioned if the Project Coordinator position is a civil service tested position or an appointed position. She questioned how soon Director Mazzotta can move forward.

Director Mazzotta stated the Project Coordinator was previously a management position that moved into a PuMa position. He stated he has been working with Personnel to rethink the positions as far as title or classification. He stated this is the first time in 10 years the positions in the department have needed to be addressed.

Central Services – Account 1610 (page 39) (forwarded from Physical Services)

Chairman Castellano stated Central Services was addressed at the Physical Services Budget Meeting, however Director Mazzotta was not in attendance. He questioned if Director Mazzotta had any comments regarding this account.

Director Mazzotta stated line 51094, Temporary, was lowered for 2018. He stated an employee retired over the summer and there were then two (2) employees in the Mail Room. He stated the mail services were restructured and he decided not to hire a third person because the workload could be handled with the two (2).

Chairman Castellano stated that is great.

Director Mazzotta stated the funding in line 54314, Postage, is subject to Federal postage rates and Gasoline, line 54371, is subject to that market but the usage is usually consistent.

Information Technology – Account 1680 (pages 40-41)

Director of IT/GIS Thomas Lannon stated as discussed last year, the IT department is investing in its infrastructure. He stated this year disaster recovery equipment will be added as well to ensure the safe back-up of all equipment. He stated they have found that leasing works better and keeps the payments more consistent, which makes the budget easier to manage.

Legislator LoBue questioned which line Director Lannon was referring to.

Director Lannon stated line 52630, Computer Equipment.

Legislator LoBue questioned what was being purchased.

Director Lannon stated that line will be used to purchase data storage equipment, which will increase storage capacity, and disaster recovery equipment to ensure the data is being backed-up.

Legislator Albano questioned if the data is being backed-up on the cloud.

Director Lannon stated due to the amount of data to be backed-up, the cloud is not a viable option because it is not an instant back-up. He stated this back up is off-site so in the case of a building being destroyed, the data would still be preserved. He stated this disaster recovery equipment is semi-unique in that typically, if a disaster occurs the equipment would need to be put back into position and then roll the back-up onto the other equipment. He stated the new equipment will be automatic.

Legislator LoBue questioned if the equipment are servers.

Director Lannon stated they are best described as storage servers. He stated they are big hard drives.

Legislator LoBue questioned if the County could qualify for funding from Homeland Security.

Director Lannon stated when a specific grant is found, they can sometimes offset the costs however there was nothing available at this time. He stated they were able to do some upgrades at the 911 Center but even that funding has decreased in recent years.

Chairman Castellano questioned why line 51094, Temporary was doubled from \$5,000 in 2017 to \$10,000 for 2018.

Director Lannon stated they are finding more work that needs to be covered. He stated they utilize interns, which helps a lot. He also stated when filming needs to be done for events, it is cheaper to use funds in the temporary line rather than the overtime line.

Department of Finance – Account 1310 (pages 14-15)

Chairman Castellano stated the projected revenue for 2018 in line 411100, Sales and Use Tax is \$58,513,608.

Commissioner Carlin stated that is a 2% increase over the 2017 projection.

Legislator LoBue questioned why nothing was budgeted for 2018 in line 54125, Legal Services.

Commissioner Carlin stated that line was set up for the watershed. He stated the County acted as the conduit between the Courts and the participating agencies for business being conducted there. He stated that is rolled over year to year.

Chairman Castellano questioned line 427705, Vacancy Control.

Commissioner Carlin stated every few months he comes before the Legislature to sweep the vacancy control. He stated the Vacancy Control Factor includes most departments except for Corrections, where the money goes right into their overtime. He stated the \$300,000 of revenue that is projected in the 2018 budget is what can be used.

Legislator Jonke questioned why the Sheriff's Department and Corrections do not follow the same process as other departments.

Commissioner Carlin stated because the Sheriff's Department and Corrections are 24/7 they need to cover their shifts. He stated that is why there is such a push to fill any vacancies in those departments.

Legislator Jonke stated there are overtime lines in the budgets for the Sheriff's Department and Corrections.

Commissioner Carlin stated they do have overtime lines, however they come before the Legislature throughout the year to move funds from their personnel lines to increase their overtime line, which is why it is not taken from Vacancy Control.

Chairman Castellano clarified that if there is an unfilled position in the Sheriff's Department or Corrections, instead of going to Vacancy Control, the funds go straight to their overtime budget.

Commissioner Carlin stated yes, they will come before the Legislature to do so.

Legislator Jonke stated they have a healthy overtime line.

Commissioner Carlin stated they do, because their operation requires overtime.

Legislator Jonke questioned how it was decided that the Sheriff's Department and Corrections would follow a different process in regards to overtime.

Commissioner Carlin stated it would not be practical to sweep the Sheriff's Department or Corrections overtime because they would need to come before the Legislature to take the funds out of contingency rather than keeping it within their own budget. He stated it is more efficient for the funding to go from one line to another rather than sending it to multiple lines.

Insurance Expense – Account 1915 (page 42) (continued)

Legislator LoBue questioned the \$25,000 increase in line 54830, Excess Liability for 2018. She questioned if the increase was a result of litigation.

Commissioner Carlin stated litigation plays a large part in the increase. He stated NYMIR (New York Municipal Insurance Reciprocal) pays for the insurance recovery, which runs the bill up.

Legislator LoBue questioned the actual amount spent in 2017 of \$561,416.57 as compared to the budgeted amount of \$700,000.

Commissioner Carlin stated it is paid quarterly and the full budgeted amount will be used.

Tax Advertising & Expense – Account 1362 (page 22)

Chairman Castellano questioned line 410511, Gain from Sale of Tax Acquired Property.

Commissioner Carlin stated the number in that line fluctuates greatly; therefore an estimated small \$100,000 gain was put in the budget. He stated it all depends on the properties that are sold during the year and what the basis is. He stated this year there was a big loss because of the sale of George's Super Serve. He stated you will never get what the basic taxes are on most of these properties.

Chairman Castellano stated a positive outcome is that the property is put back on the tax rolls.

Expense on Property Acquired for Tax – Account 1364 (page 23)

Commissioner Carlin stated they expect this to be stable. He stated it is the County special district taxes, including Carmel Sewer 2 and water bills in Southeast.

Legislator Albano stated Sewer 2 just paid the bond and questioned if this would affect the County.

Commissioner Carlin stated yes, it helped lower the cost.

Legislator Jonke questioned if the County pays both capital and operation & maintenance.

Commissioner Carlin stated yes, no one is exempt.

Taxes/County Property – Account 1950 (page 46)

Commissioner Carlin stated the amount shown in line 54911, Taxes and Assess on County Property for 2018, \$194,000, is around where it will be at the end of 2017 as well.

Legislator Albano questioned if these are properties the County is selling.

Commissioner Carlin stated yes, the taxes need to be paid on them.

MTA Mobility Tax – Account 1980 (page 47)

Commissioner Carlin stated a resolution should be passed allowing the County to have the ability to automatically adjust this tax depending on personnel because it is tied to payroll.

Legislator Albano stated this tax is a drain on the County, especially considering the maintenance that is done at the stations and tracks.

Contingency Fund – Account 1990 (page 49)

Legislator LoBue questioned the decrease in line 54980, General Contingencies from 2017 to 2018.

Commissioner Carlin stated the decrease is due to the PuMa and PCSEA union contracts.

Tax Anticipation Notes – Account 9760 (page 215)

Commissioner Carlin stated no tax anticipation notes are being issued, which speaks to the work done by the Legislature and the County Executive. He stated by following processes the County has, the short term debt interest has been eliminated.

Chairman Castellano stated in 2016 the actual was \$53,773.33, 2017 was \$0 and \$0 is anticipated for 2018.

Commissioner Carlin stated because no debt has been issued, no interest needs to be paid.

Debt Service – Account 9710 (pages 231-232)

Commissioner Carlin stated this is the one (1) part of the budget the Legislature cannot change. He stated debt is guaranteed with the full faith and credit of the County.

Legislator LoBue questioned what the debt service is on the \$2.1 million for Tilly Foster Farm.

Commissioner Carlin stated he would get that information.

Legislator LoBue questioned how much the budget was underrun last year.

Commissioner Carlin stated it was underrun a couple million dollars. He stated in 2016 there was a large surplus of about \$5 million in sales tax. He stated 2017 will not have such a surplus.

Legislator LoBue requested the percentages that the budget was overran in revenues and underran in expenditures.

Commissioner Carlin stated he will get the information.

Use of Reserve/Fund Balance – Account 427161 (page 14)

Commissioner Carlin stated the decrease in line 427161, Fund Balance, between 2017 and 2018 is due to the completion of the pension amortization. He stated the pension expense and the fund balance both dropped. He stated the County is now all caught up with the retirement program.

Financing of Capital Projects

Commissioner Carlin stated the capital projects are only done by bonds; the only funds the County pays are for the County match of \$100,000. He stated nothing is done or spent until a bond resolution passes through the Legislature. He stated the capital projects budget is a wish list and has no real meaning until a bond resolution is brought before the Legislature. He stated as long as the County sticks with the program, no more than the \$4.6 million that is coming off will be borrowed. He stated that way, the debt will not rise and the County has lowered its debt over the past few years.

Legislator Albano stated hopefully the interest rates will stay the way they are.

Commissioner Carlin stated if the interest rates increase, less would be borrowed.

Legislator LoBue stated in the County Executive's budget address, a \$350,000 increase in debt service was mentioned.

Commissioner Carlin stated that is in reference to the principal and interest payments. He stated some projects that were borrowed for are being paid off faster than some of the older ones. He stated depending on the amount of years attached to the debt, the payment may be accelerated. He stated that is why the debt service is up, but the total debt is down.

Item #4 – Other Business – None

Item #5 – Adjournment

There being no further business, at 8:41p.m. Chairman Castellano made a motion to adjourn; Seconded by Legislator Jonke. All in favor.

Respectfully submitted by Administrative Assistant Beth Green.