

BUDGET COMMITTEE January 20, 2010

**** NOT APPROVED ****

Committee Members Present

T. Hopkins, D. Fanton, D. Cady, K. LaForge, T. O'Grady, C. Crandall *(Absent: P. Curran)*

Others Present

M. Alger, L. Ballengee, D. Burdick, W. Goetschius, L. Gridley, M. Healy, J. Margeson, B. Riehle, T. Ross, E. Ruckle, F. Sinclair

Budget Committee Chairman Theodore Hopkins called the meeting to order at 1:08 p.m.

Approval of Minutes

The December 16, 2009, Budget Committee minutes were approved on a motion by Legislator O'Grady, seconded by Legislator Fanton and carried.

Budget Committee

Budget Committee Chairman Theodore L. Hopkins stated that the Budget Committee is a subcommittee of the Ways and Means Committee and has no power to request a resolution. Any requests for resolution would be referred to the Ways and Means Committee.

Legislator Hopkins stated the Budget Committee will monitor the 2010 budget as the year moves along. The larger departments usually report on their financial status on a quarterly basis, and the smaller departments send their financial statements for the Budget Committee to review a few times a year. Legislator Hopkins noted that the 2009 sales tax revenue came in 6.43 percent lower than what was budgeted, stating that many things are fixed, and we can't make up revenue. The Budget Committee's role is to look at 2010 with the idea of what we can do to the 2011 budget to adjust for things that happen in 2010 so that the County remains in good financial strength.

Budget Process

County Administrator/Budget Officer John Margeson explained the budget process, noting the procedures and timetable that are generally followed. Mr. Margeson indicated that he personally reviews every budget and makes a determination as to whether each line item should remain as requested, or if it should be adjusted. Mr. Margeson works closely with the Treasurer/Deputy Budget Officer Terri Ross, and they let the Budget Committee know if any particular budget needs committee attention. Department Heads review their budget as amended by Mr. Margeson with the Budget Committee in August, and this presents an opportunity for the Department Head to raise issues with any concerns they may have regarding the changes Mr. Margeson made. Mr. Margeson stated that he works cooperatively with the Budget Committee in preparing the tentative budget, and it is usually released in late September. The tentative budget is presented to the full Board in October, and one or more Committee of the Whole meetings are scheduled to give all Legislators an opportunity to ask questions about individual line items. Once the tentative budget has been officially filed, any changes to amend the tentative budget must be approved by Board resolution. The public is provided an opportunity to comment on the tentative budget at a public hearing held either the first or second Thursday evening in November. At the second Board meeting in November, the Board will consider any resolutions to amend the tentative budget and a resolution to adopt the final budget.

Pursuant to County Law, County governments must adopt a final budget by December 20. If the Board fails to adopt a final budget, the tentative budget plus any amending resolutions become the final budget. County governments do not have the luxury of delaying the passage of a budget.

Fund Balance

Mr. Margeson talked about fund balance, noting that it is a very important aspect of County finances, and it is a fancy word for surplus. Mr. Margeson stated that the Department Heads do an excellent job of trying to operate their departments under budget every year. At the end of the year, if

we spend less than what was appropriated, it leaves money left over which falls to fund balance. On the revenue side of the budget, if we collect more revenue than budgeted, the excess helps build the fund balance. Mr. Margeson indicated that everyone has worked very hard to generate a positive fund balance at the end of the year. Mr. Margeson noted that six or seven years ago, we had a negative fund balance and were operating in deficit. The County wants to end every year in the black, and we currently have the largest fund balance we've ever experienced -- \$9.3 million. Mr. Margeson stated that he does not recommend a tremendous fund balance, but a modest one. Some budgetary experts believe that a fund balance should run at about 10 percent of a County's appropriations. The fund balance impacts your bond rate, and Moody's plans to rate Allegany County sometime this coming spring. Allegany County is in excellent financial condition, and our healthy fund balance should improve our bond rating which will enable us to secure a lower interest rate.

County Treasurer Terri Ross distributed a copy of a spreadsheet showing the fund balance history since 2001. Ms. Ross indicated that we used to appropriate money from the fund balance to lower the tax rate which didn't end up helping our financial position. This year was the first time in seven years that we have appropriated any fund balance.

Sales Tax Report

County Treasurer Terri Ross distributed copies of a Sales Tax Report summarizing sales tax receipts for 2008 and 2009 as well as 2010 receipts through January 13. Sales tax receipts in 2008 totaled \$18,240,274.57 with another \$17,983.34 in interest for a total of \$18,258,257.91. Sales tax receipts in 2009 totaled \$17,067,776.05 with another \$2,396.08 in interest for a total of \$17,070,172.13. The 2009 sales tax receipts were \$1,432,223.95 less than the \$18.5 million that was budgeted for 2009 and \$1,172,498.52 (6.43 percent) less than 2008 collections.

Ms. Ross stated that property tax and sales tax used to be almost even, but now our property taxes are \$27.14 million. State and federal revenue also used to be closer than it is now. Ms. Ross distributed copies of a spreadsheet summarizing the tax levy, average County tax rate, County taxable assessed value, total County Budget and sales tax over the last ten years.

Legislator Kevin LaForge asked if it's possible to obtain a breakdown of where sales tax revenue comes from, and Ms. Ross indicated that the information is not available by jurisdiction or by zip code.

Budget Funds

Ms. Ross explained that the General Fund in the County's budget represents the general operating cost centers and is the guiding source for all other funds. The other funds are as follows:

Fund CD1	WIA Grant Fund (Employment & Training)
Fund CS	Risk Retention Fund
Fund CSH	Risk Retention – Health Fund
Fund D	County Road Fund
Fund DM	Road Machinery Fund
Fund H	Capital Projects Fund
Fund S	Self-Insurance Fund
Fund V	Debt Service Fund

Ms. Ross indicated that different laws dictate how these funds are set up. Ms. Ross briefly mentioned four other funds that are not budgeted such as the Trusted Agency Fund which is used when we hold money for other people, the Payroll Fund which is used to hold money out for various taxes, the Fixed Asset Fund where the County's fixed assets are accounted for, and the W Fund which represents the County's long-term liabilities such as bond debt. Ms. Ross distributed a summary of the County's outstanding debt from 1996 through 2009. Ms. Ross also distributed several spreadsheets listing mandated programs that receive no funding, mandated programs that receive some funding, non-mandated programs that receive no funding, and non-mandated programs that receive some funding.

Ms. Ross stated that reserve funds are a part of the fund they are in and are listed in the schedule. Reserves are not budgeted, and some require a public hearing before the money can be used.

Ms. Ross distributed a spreadsheet comparing the last three years of adopted budgets.

Audits

Ms. Ross stated that they usually have auditors three times per year. By April 30 of every year, Ms. Ross must file a report with the Comptroller's Office regarding the County's financial position. Eldredge, Fox and Porretti prepare the County's annual financial statements. The Cost Allocation Plan is a report done by Maximus that pulls all costs, direct and indirect, so that those costs can be allocated or directed back to some of the departments. Ms. Ross indicated that there are also two actuarial audits for Workers' Compensation and Self-Insurance.

Constitutional Tax Limit

Ms. Ross indicated that the constitutional tax limit must be filed before adoption of the final budget. Many different factors impact and can change a county's constitutional tax limit. The state allows things like debt service payments and direct capital expenditures to be excluded from the tax limit which has a considerable impact on a county's limit. Ms. Ross distributed a copy of the report she filed with the NYS Comptroller's Office in November showing Allegany County's Constitutional Tax Limit at 84.11 percent. Ms. Ross noted that the Comptroller's Office likes the limits to be below 80 percent.

Courthouse Financing

Mr. Margeson and Ms. Ross have been working with our financial advisors at Municipal Solutions regarding options for the Courthouse financing. Ms. Ross indicated that we have a borrowing coming due in April, and we hope to combine the initial courthouse financing into that borrowing. We anticipate issuing a callable BAN for the courthouse so that in the event we are able to take advantage of some ARRA financing opportunities, we can participate in that pooled borrowing. We may see a higher rate on the callable BAN, but the advantages in the ARRA financing opportunity will outweigh that cost. The ARRA financing contain interest subsidies payable back to the County from the federal government. Our current bond rating is Baa2.

Adjournment

There being no further business to come before the committee, the meeting was adjourned on a motion by Legislator Fanton, seconded by Legislator O'Grady and carried.

Respectfully submitted,

Brenda Rigby Riehle, Clerk of the Board
Allegany County Board of Legislators

BUDGET COMMITTEE

February 17, 2010

**** NOT APPROVED ****

Committee Members Present

T. Hopkins, D. Fanton, D. Cady, K. LaForge, T. O'Grady, C. Crandall *(Absent: P. Curran)*

Others Present

M. Alger, L. Ballengee, D. Burdick, M. Healy, J. Margeson, T. Miner, D. Pullen, B. Riehle, T. Ross, F. Sinclair

Budget Committee Chairman Theodore Hopkins called the meeting to order at 1 p.m.

Approval of Minutes

The January 20, 2010, Budget Committee minutes were approved on a motion by Legislator O'Grady, seconded by Legislator Cady and carried.

FMAP (Federal Medicaid Assistance Program)

County Administrator/Budget Officer John Margeson stated that one aspect of the Stimulus Package that has had the most beneficial impact for county government is the Federal Medicaid Assistance Program (FMAP). Mr. Margeson stated that the federal government used to cover 50 percent of Medicaid costs. As part of the ARRA, the formula was increased from 50 percent to approximately 56.5 percent. For Allegany County, this change resulted in \$1.75 million in additional revenue that wasn't budgeted. The increase in FMAP was original supposed to expire in March of 2010; however, it has been extended to December 31, 2010. Mr. Margeson indicated that we recognized some of the increased FMAP in the 2010 budget, but we didn't expect to receive the increase for 12 months so we will receive more revenue than budgeted. Once the 2009 books are closed, we will see what kind of impact it had for 2009. We hope to see a budgetary surplus for 2009. Budget Committee Chairman Theodore Hopkins stated that the FMAP increase really helped cover shortages we experienced in other areas such as sales tax revenue.

NYSAC Conference Report

Legislator Hopkins stated that several Legislators attended the annual NYSAC Legislative Conference held in Albany from February 8-10, 2010. The overriding theme at the conference seemed to be that the next few years will be very tough on the state, and they will probably not be able to effectively address all of the problems.

Legislator Hopkins stated that this will be the first year since 1938 that so many state and federal level representatives are up for reelection at the same time. Legislator Hopkins reported that New Yorkers' wages have fallen by 6.1 percent, there will be a 30 percent increase in retirement costs, and health insurance costs are estimated to increase by 9 percent per year. Although it's nice to have a fund balance, Allegany County needs to be very cautious because we could face hard times. The state will also have to make additional cuts. Legislator Donald Cady commented that with inflation, our surplus could seem a lot smaller.

Sales Tax Report

County Treasurer Terri Ross distributed copies of a Sales Tax Report reflecting receipts through February 16, 2010, totaling \$2,038,109.92 and interest totaling \$181.99. Ms. Ross reported that while many counties have reported that their sales tax receipts have been down, and some in double digits, Allegany County's sales tax receipts are up about 6 percent from last month and 12 percent compared to last year at this time.

Debt Service – Transfer of Funds

Ms. Ross indicated that she plans to request a resolution transferring \$123,525 from V 599.00 (Debt Service Fund Balance) to V9730.600 (BAN Principal) at the Ways and Means Committee

meeting this afternoon. Ms. Ross explained that the transfer is necessary so that she can make the minimum principal payment on a bond anticipation note (BAN) that comes due in April. Ms. Ross indicated that after consulting with our financial consultants Municipal Solutions, she plans to roll the BAN (which requires a principal payment) rather than bonding it right now because the BAN rates are so much better than the bond rates. Ms. Ross noted that the courthouse addition and renovation will need to be financed from multiple sources, and she will plan to secure BANs for any balance that is not covered with ARRA or Build America funding until a more favorable bond rate becomes available. The Debt Service Fund is currently budgeted for approximately \$3 million. A motion was made by Legislator Fanton, seconded by Legislator Cady and carried to approve the transfer and refer the matter to the Ways and Means Committee. **Refer to Ways and Means Committee**

Comprehensive Plan – Transfer of Funds

Ms. Ross indicated that she also plans to request a resolution transferring \$30,000 from A6430.474 (Economic Development – Contractual) to A6431.474 (Comprehensive Plan – Contractual) at the Ways and Means Committee meeting this afternoon. Ms. Ross explained that \$30,000 was included in the Economic Development Marketing account for implementation of the Comprehensive Plan, and it should be under a separate line item in the budget. The resolution will authorize the creation of the new account and transfer of funds. Mr. Margeson confirmed that the Comprehensive Plan Implementation Group would need to bring any requests for expending the funds to the Ways and Means Committee for approval. A motion was made by Legislator O’Grady, seconded by Legislator Fanton and carried to approve the transfer and refer the matter to the Ways and Means Committee. **Refer to Ways and Means Committee**

Adjournment

There being no further business to come before the committee, the meeting was adjourned at 1:20 p.m. on a motion by Legislator O’Grady, seconded by Legislator Fanton and carried.

Respectfully submitted,

Brenda Rigby Riehle, Clerk of the Board
Allegany County Board of Legislators

BUDGET COMMITTEE

March 17, 2010

**** NOT APPROVED ****

Committee Members Present

T. Hopkins, D. Fanton, D. Cady, P. Curran, K. LaForge, C. Crandall *(Arrived Late: T. O'Grady)*

Others Present

M. Alger, D. Burdick, J. Foels, M. Healy, L. Gridley, J. Margeson, D. Pullen, B. Riehle, T. Ross

Budget Committee Chairman Theodore Hopkins called the meeting to order at 1:30 p.m.

Approval of Minutes

The February 17, 2010, Budget Committee minutes were approved on a motion by Legislator LaForge, seconded by Legislator Curran and carried.

Sales Tax Report

County Treasurer Terri Ross distributed copies of a Sales Tax Report reflecting receipts through March 15, 2010, totaling \$3,162,678.95 and interest totaling \$262.88. Allegany County has not seen a decrease in sales tax revenue as many counties have. Allegany County's sales tax receipts are approximately 12 percent higher than they were last year at this time.

Community College Report

Ms. Ross distributed a copy of the 2009 Community College Report *(attached to original minutes)*. The report included four spreadsheets showing: (1) Community College by Town sorted by greatest number of registered students to least; (2) Community College by College sorted by greatest number of registered students to least; (3) Community College Costs 2004-2009 by Town; (4) Community College Costs 2004-2009 by College. In 2009, we paid \$844,159.76 to Community Colleges which represented a 38.23 percent increase from the \$610,693 paid in 2004, and a 5.08 percent increase over the \$803,374.77 paid in 2008. In 2009, 905 Allegany County students were registered at Community Colleges.

Bond Anticipation Note (BAN)

At the February 17 Budget and Ways & Means Committee meetings, both committees approved a \$123,525 transfer so that the minimum principal payment on a bond anticipation note could be paid. The total BAN is \$1,333,525, and Ms. Ross believes the committee should consider paying the entire amount off, noting that a transfer of \$1,210,000 would be required to pay the BAN off in full. All banks are currently paying less than a half percent to use our money, and we would probably pay a rate of 1.5 percent if we rolled the BAN over. Ms. Ross indicated that the original BAN in the amount of \$1,468,000 was borrowed in 2007 for \$518,000 in equipment and \$950,000 toward bridges. Ms. Ross stated that Allegany County has sufficient fund balance to warrant paying the entire BAN, and with the current economy and the low interest rates received on cash investments, Ms. Ross believes it would be prudent to reduce the debt liability and recommended the following budget adjustment:

A15.599.00 Appropriate Fund Balance	\$1,210,000	
A9560.905 Interfund Transfer to V		\$1,210,000
V12.5031.00 Interfund Transfer from A	\$1,210,000	
V9730.600 BAN Principal		\$1,210,000

A motion was made by Legislator Cady, seconded by Legislator Fanton and carried to refer the County Treasurer's recommendation to the Ways and Means Committee for final approval. **Refer to Ways and Means**

Fund Balance

At the end of 2009, Allegany County had an estimated unreserved fund balance of \$9 million, and \$700,000 was appropriated in the 2010 budget. Committee members briefly discussed 2009 preliminary year-end figures, noting that a final report should be available in the near future.

Adjournment

There being no further business to come before the committee, the meeting was adjourned at 2 p.m. on a motion by Legislator Fanton, seconded by Legislator LaForge and carried.

Respectfully submitted,

Brenda Rigby Riehle, Clerk of the Board
Allegany County Board of Legislators

BUDGET COMMITTEE

April 21, 2010

**** NOT APPROVED ****

Committee Members Present

T. Hopkins, D. Cady, K. LaForge, C. Crandall *(Absent: P. Curran, D. Fanton, T. O'Grady)*

Others Present

M. Alger, L. Ballengee, D. Burdick, J. Foels, M. Healy, J. Margeson, B. Riehle

Media Present

B. Quinn – Wellsville Daily Reporter

Budget Committee Chairman Theodore Hopkins called the meeting to order at 1:05 p.m. Legislator Hopkins talked about wanting the committee to have a good understanding of any extra expenses that may be coming our way. Legislator Hopkins talked about being proactive in the budget process so that we are not caught overspending, under taxing, etc. The Board may want to do some things with our surplus money, but we don't want to spend so much that we have to tax more next year. County Administrator/Budget Officer John Margeson indicated that the retirement bill could be \$1.5 million more than what we budgeted in 2010. Mr. Margeson stated that he would put something together for the May meeting.

Approval of Minutes

The March 17, 2010, Budget Committee minutes were approved on a motion by Legislator LaForge, seconded by Legislator Crandall and carried.

Sales Tax Report

The Sales Tax Report was presented at the April 12 Ways & Means Committee meeting. Legislator Hopkins commented that most counties are seeing a huge reduction in sales tax revenues.

Transfer of Funds for Probation Department

Mr. Margeson requested a resolution transferring \$18,307 from A1990.4 (Contingency) to the following line items in the Alternatives to Incarceration budget:

A3142.407	ATI Office Supplies	\$ 540
A3142.416	ATI Telephone	\$ 1,100
A3142.802	ATI Retirement	\$ 3,360
A3142.803	ATI FICA	\$ 2,170
A3142.804	ATI Workers Comp.	\$ 628
A3142.805	ATI Disability	\$ 109
A3142.806	ATI Hospital/Medical Ins.	<u>\$10,400</u>
	Totals:	\$18,307

Mr. Margeson explained that when the Probation Department budget was put together, the figures were requested, and the revenue numbers were entered; however, the appropriation numbers were not. The request was approved on a motion by Legislator Hopkins, seconded by Legislator Cady and carried. **Refer to Ways & Means Committee**

Adjournment

There being no further business to come before the committee, the meeting was adjourned at 1:15 p.m. on a motion by Legislator LaForge, seconded by Legislator Cady and carried.

Respectfully submitted,

Brenda Rigby Riehle, Clerk of the Board
Allegany County Board of Legislators

BUDGET COMMITTEE
May 19, 2010

**** NOT APPROVED ****

Committee Members Present

T. Hopkins, D. Fanton, D. Cady, K. LaForge, T. O'Grady, C. Crandall

Absent

P. Curran

Others Present

J. Margeson, M. Alger, D. Roeske, T. Ross, W. Tompkins, L. Ballengee, P. Cockle, V. Pettit, D. Horan, A. Alsworth

Approval of Minutes

A motion was made by Legislator Fanton, seconded by Legislator O'Grady and carried to approve the minutes of April 21, 2010.

FIRST QUARTER DEPARTMENTAL FINANCIAL REPORTS:

Office for the Aging

Vicki Pettit, Accountant for the Office for the Aging, reported that the budget for the department is in line thus far for 2010.

Health Department

Lori Ballengee, Public Health Director, reported to the Committee that the budget for the Health Department is in line thus far for 2010. Ms. Ballengee issued a special thank you for Accountant Pamela Cockle for completing the financial report.

Public Works

David Roeske, Department of Public Works Superintendant, reported to the Committee that the budget for the Public Works Department is in line thus far for 2010. He will not be able to give a complete report until the third quarter. The revenues do not start to come into the department until that time. He has not received any negative feed back on the CHIP Funding at this time. Mr. Roeske asked the committee to review the report and if they had any questions to feel free to discuss it with him anytime.

There was discussion on the instillation of a humidifier in the new Public Safety Building and Mr. Roeske stated he will report back to the committee on its progress at a later date.

Sheriff/Jail

Sheriff William Tompkins reported to the Committee that the budget appropriations are in line thus far for 2010. The revenue from housing Federal inmates has improved from 2009 first quarter report due to the local inmates percentage is lower so we are able to house more Federal inmates. The estimated revenue for housing other county inmates is lower than anticipated due to lack of available space at the time of requests from other counties.

Sheriff Tompkins stated the new computer system is installed and he feels any issues that have transpired have been addressed at this time.

Legislator Cady asked how the revenue from the pistol permits is determined.

Legislator O'Grady asked how the revenue is determined for the cost of housing an inmate per day. There was a lengthy discussion on how this is determined, and how true of a figure it could be due to all the circumstances involved with each inmate.

Social Services Department

Donald Horan, Accountant for the Department of Social Services reported that the budget for the department is in line thus far for 2010. Mr. Horan stated his concerns with the appropriations for account #6150 – Supplemental Nutrition Assistance Program (Food Stamps) which he anticipates to be over budget by the end of the fiscal year if indications with increases in case loads continue.

The committee discussed their concerns on what items can be purchased with food stamps, and the change in regulation requirements for eligibility.

Ms. Ballengee, Public Health Director, stated the WIC Program has doubled in case loads so far this year.

Sales Tax

Terri Ross, County Treasurer, stated as of May 17, 2010 the General Budget has expended approximately 30% of the appropriations and revenue accounts are at approximately 49%. The over all General Budget is in line thus far for 2010.

Ms. Ross distributed copies of the 2010 Allegany County Sales Tax report for May. The sales tax receipts are down approximately \$35,000 or .6%. There was discussion on the closing of the Truck Stop in Belvedere and its effect on the sales tax revenue.

Ms. Ross discussed the State requirement for the County that addresses a fund balance policy that needs to be implemented within the year which applies to the new GASB #54. Ms. Ross will gather information from other counties and report back to the committee.

John Margeson – County Administrator/Budget Officer

Mr. Margeson distributed copies of the Standard & Poor's Global Credit Portal rating. Mr. Margeson stated Standard & Poor's gave an A+ long-term rating and stable outlook to Allegany County's general obligation bonds. Mr. Margeson stated this is very good news for the County to receive better interest rates. Standard & Poor's indicated the need for a fund balance policy to be implemented as soon as possible. There was discussion on the borrowing for the Court House project and the results will be determined and reported at next months meeting.

Mr. Margeson distributed a listing of anticipated increases in appropriations as they effect the 2011 County Operating Budget. The items (8) represent anticipated 2011 costs over and above typical operating expenses (attached to regular minutes). Mr. Margeson discussed each item. The anticipated total impact to the 2011 Budget is approximately 3.2 million.

There was discussion on the possibility of the State Retirement Incentive and how it will affect the County.

A motion was made by Legislator Fanton, seconded by Legislator Cady and carried to adjourn the meeting at 2:02 p.m.

Respectfully submitted,

Alice Alsworth, Confidential Secretary
County Administrator's Office

BUDGET COMMITTEE
June 16, 2010

**** NOT APPROVED ****

Committee Members Present

T. Hopkins, D. Cady, D. Fanton, K. LaForge, T. O'Grady, C. Crandall *(Absent: P. Curran)*

Others Present

M. Alger, D. Burdick, M. Healy, J. Margeson, D. Pullen, B. Riehle, T. Ross, F. Sinclair

Budget Committee Chairman Theodore Hopkins called the meeting to order at 1 p.m.

Approval of Minutes

The May 19, 2010, Budget Committee minutes were approved on a motion by Legislator O'Grady, seconded by Legislator Cady and carried.

Sales Tax Report

County Treasurer Terri Ross distributed copies of a Sales Tax Report reflecting receipts through June 14, 2010, totaling \$7,123,589.29 and interest totaling \$542.97. Allegany County's sales tax receipts are approximately .568 percent lower (\$40,670.43) than they were last year at this time.

Executive Session

A motion was made by Legislator Fanton, seconded by Legislator O'Grady and carried to enter into executive session to discuss collective negotiations pursuant to article fourteen of the civil service law. Immediately following discussion, a motion was made by Legislator Fanton, seconded by Legislator O'Grady and carried to end the executive session and return to regular session.

Fund Balance

Budget Committee Chairman Theodore Hopkins stated that part of the committee's charge is to come up with a policy regarding unappropriated fund balance. County Treasurer Terri Ross indicated that she plans to bring some samples from other counties to our next meeting. Legislator Hopkins stated that we need to protect the overall financial position of the County. We need to do something to generate money other than property tax, and although we do not want to jeopardize development to keep our fund balance high, we do need to be careful. Ms. Ross commented that the way fund balance has to be reported is changing, and she will also plan to report on that at the next meeting.

Chairman Curt Crandall mentioned the need to establish special funds for development and infrastructure in addition to creating a fund balance policy. Chairman Crandall stated that we also need to identify criteria for selecting certain projects with an understanding of what results or returns we can anticipate.

Committee members briefly discussed the tax stabilization fund that was created by Resolution No. 159-00, and how something can be used depends on the language used when the accounts were created. We will want to make sure that the wording used to create any capital or reserve accounts reflects how we want to use the money without being overly restrictive. Ms. Ross stated that capital accounts and reserve funds are much different, and capital accounts typically have more flexibility.

Legislator Dwight Fanton stated that he believes we need to hoard some cash for the next year or two. Legislator Fanton asserted that we need to be careful about how much we are spending because we may not receive revenue like FMAP any more, and we are going to experience some new and/or increased expenses like the bond payment on the Courthouse addition.

Future Planning

Legislator David Pullen suggested asking Steve Hoover and Joe Sartori from Chemung County to sit down with our entire Board to discuss some of the positive things they have done in Chemung County. Committee members briefly discussed multi-year budgeting and planning.

Adjournment

There being no further business to come before the committee, the meeting was adjourned at approximately 1:45 p.m. on a motion by Legislator O'Grady, seconded by Legislator Fanton and carried.

Respectfully submitted,

Brenda Rigby Riehle, Clerk of the Board
Allegany County Board of Legislators

BUDGET COMMITTEE
July 21, 2010

****NOT APPROVED ****

Members Present: D. Fanton, D. Cady, K. LaForge, T. O'Grady, C. Crandall; *(Absent: P. Curran, T. Hopkins)*

Others Present: M. Alger, L. Ballengee, D. Burdick, A. Finnemore, M. Healy, J. Margeson, T. Ross, F. Sinclair, K. Toot

Call to Order: The meeting was called to order by Budget Committee Vice Chairman Dwight Fanton at 1:08 p.m.

Approval of Minutes: A motion was made by Legislator O'Grady, seconded by Legislator LaForge and carried to approve the Budget Committee minutes of June 16, 2010.

Sales Tax Report:

County Treasurer Terri Ross distributed copies of a Sales Tax Report including receipts through July, totaling \$9,113,510.14 and interest totaling \$826.70 (copy attached to original minutes). Allegany County's sales tax receipts are slightly above last year at this time by \$111,981.33. Last month's receipts are what made the difference. State reporting shows that we are slightly below last year at this time by (\$32,340.51) due to the state reporting January receipts in the prior year.

Ms. Ross also distributed copies of a "Local Government Snapshot" prepared by the Office of the State Comptroller, which illustrates what the last quarter looks like statewide. Western New York was nearly flat in sales tax collection at a negative 2.7, but that was better than the average. Trends in sales tax collection by County showed that Allegany County was stagnant.

Fund Balance Information:

County Treasurer Terri Ross provided information on new fund balance classifications that we will be required to incorporate into our financial reporting effective at year end 2011, pursuant to GASB regulations. She gave a summary of the five new titles:

Nonspendable Fund Balance: *(Currently part of our reserved fund balance, but in the future will be separated from fund balance)*

- Not in spendable form, such as reserves for physical inventories, prepaid amounts, and long-term loans/notes receivable
- Legally or contractually required to be maintained in tact, such as trust or principals
- Non-cash reserves, not expected to be converted to cash

Restricted Fund Balance: *(Currently part of our reserved fund balance – examples of some we have are repair reserve and solid waste reserve)*

- Restricted for a specific purpose; constraints are placed on the money by either:
 - ✓ Imposed by law through constitutional provisions or enabling legislation
 - ✓ Externally imposed by creditors, grantors, contributors, or laws or regulations of other governments
- Legally enforceable
- Cannot change the use of the funds

Committed Fund Balance: *(Currently similar to an appropriated fund balance)*

- Can only be used for specific purposes pursuant to constraints imposed by formal action (legislation, resolution, ordinance) of government's highest level of decision making authority (County Board of Legislators); not governed by constitutional law
- Can change the use of the funds if board removes or changes the constraint or specific purpose, using the same formal action that was used to commit the funds
- Differs from restricted in that constraints imposed on committed amounts are imposed by local government separate from the authorization to raise the revenues; therefore not considered legally enforceable, and the use can be modified and changed

Ms. Ross noted that funds could be committed for things such as raises, a specific project, purchase of vehicles, or bridges, and the funds would stay in the general fund as committed. Chairman Crandall questioned if we have a choice between the restricted and committed, because with the restricted, we'd have to make sure the purpose was what we wanted to use it for. Ms. Ross replied that there are certain ones that have to be set up that way by law.

Assigned Fund Balance: *(Currently similar to an appropriated fund balance)*

- Amounts that are constrained by government's intent to be used for specific purposes, but are neither restricted nor committed
- Intent should be expressed by Board or Committee or an official to which the governing board has delegated authority to assign dollars for intended purpose
- Does not require formal action by the Board
- Constraints are easily removed or modified
- All monies remaining in funds other than the General Fund will be placed in assigned fund balance in the specific fund, because the funds have been assigned to that fund specifically through budgeting resulting in the commitment to that fund (unless fund is carrying a negative fund balance); these funds should not have any classified unassigned fund balance
- General Fund monies in assigned fund balance conveys that the intended use of these amounts is for a specific purpose that is narrower than the general purposes of the government itself
- Governments should not have any assigned fund balance if it would result in a deficit in unassigned fund balance

Ms. Ross explained that funds could be assigned with a specific intention, such as bridges, even if unsure which bridges. The funds could then be committed at a later time. The purpose is to make things standard. The difference in using the assigned fund balance is that you don't have to see it in the General Fund; it will be in another fund, such as County Road.

Unassigned Fund Balance: *(Currently unappropriated unreserved fund balance)*

- The residual classification for the General Fund
- Represents the balance of fund balance that has not been assigned to other funds and that amount that is not restricted, committed, or assigned to any specific purposes within the General Fund (General Fund will be the only fund to report a positive unassigned fund balance)

Chairman Crandall commented that if we're going to commit funds for a specific purpose, we have to understand the restrictions, as we will be limiting our options. Ms. Ross noted that committed funds can be changed, but restricted funds are going to stay there. With some things, there is no choice. Legislator Fanton questioned if the funds set aside for payroll due to the unsettled union contracts were in a restricted fund balance. Ms. Ross replied that they are not reserved, but are set up as an accrued liability.

Ms. Ross noted that the new accounts won't be needed until we do our statements in 2011, and we'll have to change some account numbers. She will be talking with the auditors. During budgeting, we wouldn't have to assign money in each category (we currently use only three), but if we want to commit or assign funds, we will have to use these new categories. This is being mandated nationwide by GASB, which guides how we have to account for government money.

Establishment of a County Fund Balance Policy:

County Treasurer Terri Ross distributed copies of Niagara and Chautauqua Counties' Fund Balance Policies. The issue of developing a County Fund Balance Policy came up due to the County's large fund balance. When the bonding process took place for the Court Facilities Project, the question was asked if the County had a fund balance policy. Ms. Ross commented that we could always keep more than the policy says, and we could keep the policy fairly general. For example, anything above 6 percent in the fund balance could be used for the budget, and nothing could be used if it falls below 5 percent. A lot of policies will change because of the new GASB categories. There's plenty of time, and there are changes coming down the road on what we can do and how. Ms. Ross was requested to put a draft fund balance policy together for the Committee to look at. **REFERRED TO COUNTY TREASURER.**

Annual Budget Process:

County Administrator/Budget Officer John Margeson noted that he recently met with department heads to start the budget process. The Budget Committee will want to schedule two dates in August to begin meeting with department heads. **SPECIAL BUDGET COMMITTEE MEETINGS WERE SCHEDULED FOR AUGUST 30 AND 31 AT 9 A.M.**

Legislator Sinclair suggested that Committee Chairmen be notified during the budget process when notice is given to department heads, so they can work with departments on what's being submitted. Chairman Crandall explained how the budget process used to work and how it has evolved. He suggested a meeting to review the budget process with the entire Board. Subsequent to the meeting, Chairman Crandall scheduled a **COMMITTEE OF THE WHOLE MEETING, AUGUST 9, AFTER THE BOARD MEETING, TO REVIEW THE BUDGET PROCESS.**

Adjournment: There being no further business to come before the committee, the meeting was adjourned at 1:45 p.m. following a motion made by Legislator LaForge, seconded by Legislator O'Grady and carried.

Respectfully submitted,
Adele Finnemore, Deputy Clerk of the Board
Allegany County Board of Legislators

BUDGET COMMITTEE
August 18, 2010

**** NOT APPROVED ****

Committee Members Present

D. Fanton, D. Cady, P. Curran, K. LaForge, C. Crandall *(Absent: T. Hopkins, T. O'Grady)*

Others Present

M. Alger, L. Ballengee, D. Burdick, R. Christman, J. Margeson, D. Pullen, B. Riehle, T. Ross

Budget Committee Vice Chairman Dwight Fanton called the meeting to order at 1:07 p.m.

Approval of Minutes

The July 21, 2010, Budget Committee minutes were approved on a motion by Legislator Curran, seconded by Legislator LaForge and carried.

Sales Tax Report

County Treasurer Terri Ross distributed copies of a Sales Tax Report reflecting receipts through August 13, 2010, totaling \$10,368,600.70 and interest totaling \$826.70. Allegany County's sales tax receipts are approximately 2.74 percent higher (\$276,104.27) than they were last year at this time.

Review of 2011 Budget Requests

The Budget Committee will meet at 9 a.m. on August 30 and 31 to review 2011 Budget requests from Department Heads and recommendations by County Administrator/Budget Officer John Margeson.

New York State Budget and Reimbursements

Committee members briefly discussed the fact that the Oneida County Executive has been withholding weekly shares of Medicaid because New York State is behind in reimbursements for a variety of programs. County Administrator John Margeson commented that Oneida took the position that New York State is not honoring its obligations to keep revenue streams flowing so they aren't going to send their weekly Medicaid payments to the state. Herkimer County passed a resolution to withhold two Medicaid payments, and a few counties have passed legislation authorizing their County Treasurer to secure short-term funding to pay bills until they start receiving reimbursements from New York State. County Treasurer Terri Ross stated that Allegany County is waiting for about \$4 million from New York State. Mr. Margeson stated that NYSAC has taken a lukewarm position on this, noting that Executive Director Steve Acquario is concerned that if counties stop sending their weekly Medicaid payments, the state may have the authority to withhold other state aid by taking the position that counties are not meeting their legal obligations.

Committee members discussed Special Education funding, and Ms. Ross confirmed that the state owes Allegany County approximately \$750,000 for that program. Public Health Director Lori Ballengee expressed frustration that New York State arbitrarily changes the reimbursement rules after the services have been rendered so we may never receive reimbursements for some of the services that we were previously eligible for. Legislator Dwight Fanton suggested contacting our senate and assembly representatives to see if they can assist with this problem. Ms. Ross noted that some of the bigger counties will be experiencing huge losses in revenue, and she believes they will take some action or bring a suit against the state.

Adjournment

There being no further business to come before the committee, the meeting was adjourned at approximately 1:23 p.m. on a motion by Legislator LaForge, seconded by Legislator Curran and carried.

Respectfully submitted,

Brenda Rigby Riehle, Clerk of the Board
Allegany County Board of Legislators

BUDGET COMMITTEE
Special Budget Review
August 30, 2010

**** NOT APPROVED ****

Committee Members Present

D. Fanton, D. Cady, P. Curran, K. LaForge, T. O'Grady, C. Crandall (*Absent: T. Hopkins*)

Others Present

M. Alger, R. Anderson, D. Button, R. Christman, L. Edwards, G. Green, M. Healy, E. Herdman, C. Lorow, J. Margeson, T. Parker, S. Presutti, B. Riehle, T. Ross

Budget Committee Vice Chairman Dwight Fanton called the meeting to order at 9 a.m.

Housing Sale Statistics

At the August 23, 2010, Board meeting, Legislator Norman Ungermann read from a copy of a *NYS Department of Taxation and Finance Property Tax Monitor* article indicating that the median sale price of homes in Allegany County fell 35.3 percent from the second quarter in 2009 to the second quarter in 2010, and 31.1 percent from the second quarter in 2008 to the second quarter in 2010. Legislator Ungermann stated this is the largest reduction of any county in New York State, and he would like the flyer distributed at the Budget Committee meeting.

Budget Review Process

County Treasurer Terri Ross distributed copies of the 2011 Draft Budget Detail. Chairman Curtis Crandall stated that in previous years, the committee of jurisdiction would review each department's full budget, and individual line items would be discussed in more detail. Ms. Ross stated that Department Heads will be able to add explanations and provide more detail regarding line items once the new financial software is instituted next year. Ms. Ross stated that for the .1 Personnel expenses, committee members should only look at the total line under each cost center which reflects the proposed amount to cover all payroll costs for that department/cost center. The other lines reflect a breakdown of sick, vacation, compensation, etc. time, and those are calculated based on a percentage of the previous year expense.

Clerk of the Board – 2011 Budget Review

Clerk of the Board Brenda Rigby Riehle attended the meeting to discuss her 2011 budget requests for the following budget centers: Legislative Board (A1010), Clerk of the Board (A1040), Central Services – Printing (A1670), Central Services – UPS (A1672), Central Services – Postage (A1673), Unallocated Insurance (A1910), Municipal Association Dues (A1920), and the CS Risk Retention Fund. Mrs. Riehle's 2011 budget requests were very similar to 2010, and there were very few changes between what she requested, and what the Budget Officer recommended. Mrs. Riehle expressed concern about the \$1,000 that Budget Officer John Margeson cut from the A1010.405 (Legislative Board – Conference) account and the \$500 cut from the A1040.407 (Clerk of the Board – Office Supplies) account. Legislator Philip Curran indicated that it seems like some of the paperwork that is distributed could be cut back especially considering that much of it is also distributed electronically. Mrs. Riehle indicated that she would like to see more things distributed electronically, but some legislators prefer paper copies, and she has received some complaints in the past when legislators did not receive paper copies of certain things. A motion was made by Legislator

Curran, seconded by Legislator O'Grady and carried to accept the 2011 proposed budgets for the cost centers listed above as recommended by the Budget Officer.

District Attorney – 2011 Budget Review

District Attorney Terrence Parker attended the meeting to discuss his 2011 budget requests for the District Attorney's Office (A1165) and for Grand Jury (A1190) cost centers. Attorney Parker called committee members' attention to account A1190.429 which Budget Officer Margeson cut from the \$6,000 request to \$3,000. Attorney Parker also stated that he would like to see account A1165.436 increased to \$45,000 as there is a corresponding revenue account (A06.2610.VT) that completely offsets the appropriation, and Mr. Margeson and County Treasurer Terri Ross agreed. A motion was made by Legislator O'Grady, seconded by Legislator Fanton and carried to accept the District Attorney (A1165) and Grand Jury (A1190) 2011 proposed budgets as recommended by the Budget Officer.

Attorney Parker noted that he will be taking a memorandum to the next Ways and Means Committee to amend this year's budget to reflect actual changes in revenues and expenses.

County Attorney – 2011 Budget Review

County Attorney Thomas Miner attended the meeting to discuss his 2011 budget requests for the County Attorney's Office (A1420). Attorney Miner expressed concern regarding account A1420.432 that the Budget Officer cut from the requested amount of \$65,000 to \$56,000. Attorney Miner stated that this account is a pass-through, and the corresponding revenue account is budgeted at \$65,000. Attorney Miner believes these accounts should balance out because whatever they expend is how much they get reimbursed. Attorney Miner gave a brief history and explanation of the revenues collected or charged back by his office, noting that his office is maxed out, and he doesn't believe they can bill for any more hours. Attorney Miner also expressed concern regarding a \$300 cut to account A1420.409 which is used to pay fees for things such as membership to the Bar Association. Attorney Miner briefly explained the advantages of belonging to the Bar Association. A motion was made by Legislator Cady, seconded by Legislator O'Grady and carried to accept the County Attorney's (A1420) proposed 2011 budget as recommended by the Budget Officer.

Human Resources – 2011 Budget Review

Human Resources Specialist Bobby Budinger attended the meeting to discuss the Human Resources (A1430) 2011 budget requests. It was noted that account A1430.433 was adjusted from \$10,500 to \$11,225 to reflect a rate increase that came in after the 2011 budget was submitted. A motion was made by Legislator O'Grady, seconded by Legislator Cady and carried to accept the Human Resources (A1430) proposed 2011 budget as recommended by the Budget Officer.

Consumer Affairs – 2011 Budget Review

Weights and Measures Director Gilbert Green attended the meeting to discuss his 2011 budget requests for the Consumer Affairs Department (A6610). Mr. Green stated that the only difference between his requests and the Budget Officer's recommendations was a vehicle for \$20,000. Mr. Margeson indicated that all vehicles were removed from the budget and would be considered separately under the County's Vehicle Replacement Program. A motion was made by Legislator O'Grady, seconded by Legislator Cady and carried to accept the Consumer Affairs (A6610) proposed 2011 budget as recommended by the Budget Officer.

STOP DWI Program/Youth Bureau – 2011 Budget Review

STOP DWI Program Coordinator and Youth Bureau Director Linda Edwards attended the meeting to discuss her 2011 budget requests for the STOP DWI Program (A3141) and the Youth Bureau (A7310). Mrs. Edwards briefly talked about the increases she requested for the STOP DWI Program, noting that Budget Officer Margeson agreed with the changes. Mrs. Edwards stated that the state is no longer allowing the fringe costs associated with both positions to be absorbed by the STOP DWI Program as they have in the past, and those .8 accounts have been decreased for the STOP DWI Program and increased for the Youth Bureau to reflect that change. Mrs. Edwards stated that she receives very little revenue on the Youth Bureau side. Mrs. Edwards commented that Mr. Margeson's recommendations were close to her requests; however, he did cut her requested increase to the mileage (A7310.402) and printing (A7310.419) accounts. A motion was made by Legislator O'Grady, seconded by Legislator Curran and carried to accept the STOP DWI (A3141) and Youth Bureau (A7310) proposed 2011 budgets as recommended by the Budget Officer.

County Clerk's Office – 2011 Budget Review

County Clerk Robert Christman attended the meeting to discuss his 2011 budget requests for the County Clerk's Office (A1410). Mr. Christman stated that he was able to lower his .401 postage account by \$2,400 due to the mail box system the Bar Association created for the County Clerk's Office to forward material to attorneys, abstract companies, surveyors, etc. that purchase a mail slot. Previously the material would have been mailed, and this program has enabled the County Clerk's Office to save on postage and labor costs. Mr. Christman commented that the Budget Officer raised the anticipated 2011 revenues for Automobile Use Tax (A01.1136.00) from \$275,000 to \$300,000, and the revenues for County Clerk Fees (A02.1255.00) from \$500,000 to \$540,000. Mr. Christman stated that he believes he would have to have a really good year to meet these projections. Mr. Christman noted that Allegany and Onondaga have the lowest County Clerk fees in the state, and he hopes to maintain that. There has been an influx in passport applications, but that will probably flatten out a little as the post office has been sending out free advertising for their services. Mr. Christman talked about how important it is to inform constituents about doing business locally as Allegany County receives 20 percent of transaction fees for things processed locally which finances the cost of the personnel for the Motor Vehicle Department. Legislator O'Grady inquired if there was any way to put renewal forms on our web page, and Mr. Christman indicated that Albany has outlawed it. A motion was made by Legislator O'Grady, seconded by Legislator Curran and carried to accept the County Clerk (A1410) proposed 2011 budget as recommended by the Budget Officer.

County Treasurer – 2011 Budget Review

County Treasurer Terri Ross attended the meeting to discuss her 2011 budget requests for the following cost centers: Treasurer (A1325), Tax Sale and Redemption (A1362), Auditing (A1671), Community College (A2495) and County Reforestation (A8710). Ms. Ross indicated that her equipment costs went down because the new financial software was purchased in 2010. Ms. Ross indicated that she will need some scanners, and she has also been working with the Social Services Department on a check signer because their program is not compatible with laser printers. A few CPUs and calculators will also need to be replaced this year. Ms. Ross noted that postage expenses are going up, and she also requested an increase to her mileage account, noting that she will be the President of the NYS Association of Treasurers, and she will need to attend more meetings than in the past. Legislator Fanton asked about the capability to accept credit cards for permit fees. Ms. Ross stated that they are working on that, and the costs associated with taking credit card

payments for permits, taxes, etc., are in the 2011 budget. Ms. Ross noted that since her office will be relocating in 2011, she budgeted for a copier that will be a network printer and scanner that others can also use. Costs associated with this copier can be broken down and charged back if others start using it a lot. Ms. Ross stated that the \$27,720 appearing under A1325.429 in the 2010 budget will be eliminated in 2011 because they will no longer be receiving those grant funds.

The Tax Sale and Redemption (A1362) cost center remains at the 2010 level of \$10,000, and the Accounting and Auditing (A1671) cost center remains at \$56,000. Ms. Ross explained that the actuarial reports are paid from this account. GASB-45 regulations require that we look at post-employment benefits spread out through numerous years, and the actuarial reports tell us what those figures are. Although there is not currently any way to fund that long-term liability, the reports show hospital and medical costs for employees from the day they start until they leave. It's a guess based on risk assessment which results in an average cost per employee. We are required to do this every other year.

The budget for the Taxes on Municipal Property (A1950) went from \$4,000 in 2010 to \$6,000 in 2011 primarily due to the Court Street parcels that the County purchased. This account pays the taxes on municipally owned property that is not tax exempt because it is not currently used for County purposes. Ms. Ross also referred to the County Reforestation (A8710) account which covers taxes on the County's forested property.

Ms. Ross stated that Budget Officer Margeson reduced her request for the Community College (A2495) cost center from \$925,000 to \$900,000. Ms. Ross stated that this account varies depending on how many Allegany County residents attend or take classes at community colleges. We have spent approximately \$456,000 so far in 2010, and Ms. Ross believes we will end up spending \$900,000 this year. Increases have been substantial over the last five years. It was noted that community college costs are actually a town charge, and this is one of the charges the County covers in lieu of sharing sales tax.

Ms. Ross briefly talked about the revenues her office collects, noting that the Budget Officer did increase some of her requests. A motion was made by Legislator O'Grady, seconded by Legislator Curran and carried to accept the 2011 proposed budgets presented by the County Treasurer as recommended by the Budget Officer.

Information Technology – 2011 Budget Review

IT Director Deborah Button attended the meeting to discuss her 2011 budget requests for Information Technology (A1680) and Central Service Telephone (A1610). Ms. Button stated that usage and phone service drive the costs for the phone budget. Maintenance costs doubled in 2009 primarily from adding the jail. The IT personnel are able to handle many of the maintenance issues, and costs would be much higher if so many things were not handled internally. Cell phone costs are charged back to departments. The phones for the new Courthouse addition will be handled by the County, and those costs will be charged back to the Court System based on the number of lines they use. Committee members briefly discussed administrative fees that should be associated with handling the phone system. Legislator Kevin LaForge questioned having contracts with both AT&T and Verizon, and Ms. Button confirmed that she would prefer to work with one carrier, but she couldn't get some of the departments on board with that. It was noted that the Budget Officer did not make any changes to the 2011 requests for the Information Technology (A1680) Department. Chairman Crandall asked about the \$3,000 appearing under A1680.421, and Ms. Button indicated that covers the training for new software. A motion was made by Legislator Cady,

seconded by Legislator LaForge and carried to accept the 2011 proposed budgets for Information Technology (A1680) and Central Service Telephone (A1610) as recommended by the Budget Officer.

Probation Department – 2011 Budget Review

Probation Director Robert Starks attended the meeting to discuss his 2011 budget requests for the Probation Department (A3140, A3142, and A3143). It was noted that the Probation Department's 2011 proposed budget for the A3140 cost center is less than it was in 2010, and Budget Officer Margeson agreed with Mr. Starks' requests. Account A3140.449 covers the cost of the mental health professional in the jail, and there is an offsetting revenue associated with this account. Mr. Margeson reduced Mr. Starks' request for A3142.806 from \$13,440 to \$11,500. Mr. Starks indicated that their revenue stream is down to about 12 percent. County Treasurer Ross stated that extra retirement costs associated with early retirements will be taken out of a separate account, and amounts in individual departmental budgets are based on how much a grant will reimburse. A motion was made by Legislator Cady, seconded by Legislator LaForge and carried to accept the 2011 proposed budgets for the Probation Department (A3140, A3142, and A3143) as recommended by the Budget Officer.

Assessments – 2011 Budget Review

Real Property Tax Director Steven Presutti attended the meeting to discuss his 2011 budget requests for the Real Property Tax Department (A1355). The Budget Officer did not make any changes to Mr. Presutti's requests. Mr. Presutti stated that the \$2,490 appearing in the equipment .201 account is money left over from a grant, and there is a corresponding revenue account. Mr. Presutti noted that the \$27,100 appearing under account A1355.429 reflects the state's charge for the assessment program. A motion was made by Legislator LaForge, seconded by Legislator Curran and carried to accept the 2011 proposed budget for the Real Property Tax Department (A1355) as recommended by the Budget Officer.

Elections – 2011 Budget Review

Election Commissioners Elaine Herdman and Catherine Lorow attended the meeting to discuss their 2011 budget requests for the Board of Elections (A1450). The Budget Officer did not make any changes to the requested amounts. Ms. Herdman expressed concern about their storage issues and indicated that they could not continue to work under these conditions. Much of the problem appears to involve the lack of adequate storage and access to the new voting machines. Committee members briefly discussed the possibility of renting space from the Soil and Water Conservation District and agreed to discuss it more at the upcoming Personnel Committee meeting. Ms. Herdman also spoke about the low salaries of the Commissioners, noting that she went back to a 2008 Journal of Proceedings book to see what full-time Department Heads earned, she took an average and then divided it in half to come up with a figure of \$25,000 as a proposed salary for the Election Commissioners. Ms. Herdman stated that she also requested an increase for technicians because of the many duties they have to perform. A motion was made by Legislator LaForge, seconded by Legislator O'Grady and carried to accept the 2011 proposed budget for the Board of Elections (A1450) as recommended by the Budget Officer.

Community Services – 2011 Budget Review

Dr. Robert Anderson attended the meeting to discuss his 2011 budget requests for the accounts associated with Community Services (A4191, A4220, A4310, A4311, A4312, A4313, A4314, A4315, A4316, A4317, A4390). Dr. Anderson indicated that his budget requests do not increase any County costs, and Budget Officer Margeson did not make any

changes to his requests. It was noted that there was a typographical error under account A4220.456. The correct figure should be \$307,748, and Ms. Ross indicated that she will make the necessary changes. Legislator O'Grady asked how County money is allocated and if there is a good way to identify which programs the County supports. Dr. Anderson indicated that expenses are clearly broken down by cost center. Program costs exceed \$2.5 million, but with \$2.3+ million in revenue, the County cost is approximately \$225,000 which is applied to areas that are not covered by other revenue. Dr. Anderson stated that the investment of County dollars ends up saving money in the long run. If the County did not put money into Intensive Case Managers that oversee seriously mentally ill patients, those patients would go back to hospitals, and the County cost would have to be applied to mental hospitals, and no state aid could be applied. Dr. Anderson indicated that they try to avoid using cases under the Mental Hygiene Law to save the County money. Legislator O'Grady expressed concern about the Drop-in-Center and the deterioration of the community. Dr. Anderson stated that complaints have typically been about County residents that we are responsible for, and our out-of-county population has decreased. Dr. Anderson indicated that keeping people in the community is often an economical decision based on good clinical judgment to keep people out of the hospital. Dr. Anderson briefly talked about federal salary sharing for their portion of Medicaid. Dr. Anderson indicated that they were just notified that they will have to use or lose a portion of the money this year. A motion was made by Legislator Cady, seconded by Legislator LaForge and carried to accept the 2011 proposed budget for Community Services as recommended by the Budget Officer.

Public Defender – 2011 Budget Review

County Administrator/Budget Officer John Margeson indicated that Public Defender Barb Kelley was not able to attend the meeting, and he briefly reviewed his recommendations with the committee. A motion was made by Legislator O'Grady, seconded by Legislator Curran and carried to accept the 2011 proposed budget for the Public Defender's Office (A1170) as recommended by the Budget Officer.

Veterans' Service Agency – 2011 Budget Review

Mr. Margeson indicated that Veterans' Service Agency Director Scott Spillane was not able to attend the meeting, and he briefly reviewed his recommendations with the committee. Mr. Margeson indicated that the Veterans' Office receives \$5,000 in revenue annually to offset expenses. Any costs associated with the relocation to Crossroads will be absorbed under another account. It was noted that there was a typographical error for account A6510.402. That correct figure is \$1,000, rather than \$100, and Ms. Ross will make the necessary correction. A motion was made by Legislator LaForge, seconded by Legislator O'Grady and carried to accept the 2011 proposed budget for the Veterans' Service Agency (A6510) as recommended by the Budget Officer.

Adjournment

There being no further business to come before the committee, a motion was made by Legislator O'Grady, seconded by Legislator Cady and carried to adjourn the meeting at 11:50 a.m.

Respectfully submitted,
Brenda Rigby Riehle, Clerk of the Board
Allegany County Board of Legislators

BUDGET COMMITTEE
Special Budget Review
August 31, 2010

**** NOT APPROVED ****

Committee Members Present

D. Fanton, D. Cady, P. Curran, K. LaForge, T. O'Grady, C. Crandall *(Absent: T. Hopkins)*

Others Present

M. Alger, C. Braack, K. Dirlam, P. Gallmann, J. Garmong, S. Grugel, M. Healy, D. Horan, T. Hull, J. Margeson, V. Pettit, Y. Rechichi, B. Riehle, T. Ross, P. Schmelzer, F. Sinclair, W. Tompkins, K. Toot, J. Tucker

Budget Committee Vice Chairman Dwight Fanton called the meeting to order at 9:04 a.m.

Fire Service – 2011 Budget Review

Fire Coordinator Paul Gallmann attended the meeting to discuss his 2011 budget requests for the Fire (A3410) and Fire E-911 (A3510) budget centers. Mr. Gallmann expressed concern regarding Budget Officer John Margeson's \$6,000 cut to his .2 equipment accounts. Mr. Gallmann stated that when Fire Service goes to high band communications, the County will have to purchase 22 pagers. Committee members asked if Mr. Gallmann believes that the price of pagers will go down in the future, and Mr. Gallmann indicated that there is only one manufacturer, so with no competition he does not anticipate that the costs will go down. Mr. Margeson commented that Mr. Gallmann still has about \$3,400 in his 2010 .2 budget, and Mr. Gallmann indicates that he hopes to purchase some of the pagers this year. A motion was made by Legislator Curran, seconded by Legislator LaForge and carried to accept 2011 proposed budgets for the Fire (A3410) and Fire E-911 (A3510) cost centers as recommended by the Budget Officer.

Emergency Services – 2011 Budget Review

Office of Emergency Services Director John Tucker attended the meeting to discuss his 2011 budget requests for Office of Emergency Services (A3640). Mr. Tucker indicated that Budget Officer Margeson removed the \$25,000 that Mr. Tucker had put in his .2 line item for a new vehicle. Mr. Tucker indicated that the office currently has a 1998 Jeep Wagon with approximately 73,000 miles on it. Although it's not that many miles, the seat brackets and floor boards are starting to rust out. Mr. Margeson reminded committee members that all vehicle requests were removed from the budget and will be considered at a later time under the County's Vehicle Replacement Program. Mr. Margeson did not make any other changes to Mr. Tucker's requests. Mr. Tucker explained the revenue his department receives. Allegany County's federal aid for the Office of Emergency Services has been capped at \$21,247 (A11.4305.00). The New York State Department of Health reimburses the office per graduating student for the EMS training they provide. They also receive a Homeland Security Grant for the period 2009 to 2012, and the balance gets reappropriated in the next year's budget. Approximately \$50,000 has been earmarked for the interoperable communications project and can be used for items not covered by the PSIC Grant. A motion was made by Legislator O'Grady, seconded by Legislator LaForge and carried to accept the Emergency Services (A3640) 2011 proposed budget as recommended by the Budget Officer.

Sheriff's Office – 2011 Budget Review

Sheriff William Tompkins attended the meeting to discuss his 2011 budget requests for the Sheriff's Office (A3110, A3111, A3112, A3117, A3150, and A3152). It was noted that the ACT II Batterers Program (A3117) should have a budget of \$10,000 for 2011, and there is a corresponding revenue for the same amount. Sheriff Tompkins expressed concern regarding cuts that Budget Officer Margeson made to the Jail's equipment account (A3150.2). Sheriff Tompkins indicated that the funds cut were for security cameras in the Jail to cover blind spots in the pods and a lift chair that would be used to move inmates from a top floor to a lower floor for medical issues. Sheriff Tompkins

requested that \$3,000 be reinstated to cover those costs. Sheriff Tompkins stated that the Budget Officer reduced A3150.215 from \$8,500 to \$5,500 which represents the cost of new food trays for the Jail. Our current trays are worn out, and the insulation no longer works as it should. The Budget Officer cut A3150.447 from \$500,000 to \$450,000. The Sheriff indicated that this line item pays for medical needs of inmates, and the number is driven by the local population only. It is difficult to know exactly what our costs will be, but we have had a very high local population, and we will most likely hit \$500,000 this year. We are able to charge some costs back to Medicaid, but there are limitations. The Sheriff also commented on Mr. Margeson's increase in revenue account A03.2264.06FD (Housing Federal Prisoners) from \$2 million to \$2.2 million. The Sheriff stated that now that the local population has gotten so high, we can't house as many out-of-county inmates which will result in less revenue. The Sheriff indicated that probation violations have been the cause of the increases we are seeing in the local population. Legislator O'Grady asked about the cost to transport inmates, and the Sheriff indicated that his Accountant could supply that information, but we are spending money above and beyond what we get reimbursed to transport out-of-county inmates. Legislator Cady asked about the possibility of giving one of the vehicles that would go to auction to the Office of Emergency Services, and the Sheriff indicated that typically the vehicles that are sent to auction are well used with a lot miles, and they would most likely not fit the needs of the Office of Emergency Services. Legislator LaForge asked if the Sheriff wanted more experience with the Telestaff Program before cutting any of the overtime line items. The Sheriff indicated that he did, and also noted that the County saved almost 600 hours estimated at \$18,000 this last pay period by using the Telestaff Program. County Administrator/Budget Officer John Margeson asked if there has been any change in the contract with the Marshals. Sheriff Tompkins indicated that the Jail Administrator is putting information together. The accreditation should make a difference, and we hope to see an increase in the daily fee we receive from housing out-of-county inmates. A motion was made by Legislator LaForge, seconded by Legislator Curran and carried to accept the Sheriff's Office proposed 2011 budget as recommended by the Budget Officer.

Office for the Aging – 2011 Budget Review

Office for the Aging Director Kimberley Toot and Accountant Vickie Pettit attended the meeting to discuss 2011 budget requests for the Office for the Aging (A6772, A6773, A6774, A6775, A6776, A6777, A6778, A6779, A6780, A6781, A6782, A6783, A6784, A6785, A6786, A6787). Mrs. Toot distributed copies of a spreadsheet summarizing the department's 17 different grants and how the 2011 budget would be allocated for each grant. Mrs. Toot indicated that they will be experiencing a \$12,000 decrease in federal funding, a \$1,000 decrease in state funding, and a \$19,159 decrease in County funding. Ms. Toot noted that her budget does not include the rent and electric utility expenses for the new facility as those expenses were put in a separate account. This budget is keeping services flat with a slight decrease in home care. Mrs. Toot mentioned that Budget Officer Margeson removed her request for a van as well as for a new Senior Account Clerk Typist. Mrs. Toot briefly spoke about maintaining good accounting practices, and the need for a Senior Account Clerk Typist. Mrs. Toot stated that they still need to negotiate the meal cost with the vendor, but they did budget for an increase. They are in the second year of a four-year contract; the first two years were set, and now the price for the remaining two years needs to be set. A motion was made by Legislator LaForge, seconded by Legislator Cady and carried to accept the Office for the Aging proposed 2011 budgets as recommended by the Budget Officer.

Health Department – 2011 Budget Review

Deputy Public Health Director Thomas Hull attended the meeting to discuss the Health Department's 2011 budget requests (A1185, A2960, A4010, A4035, A4037, A4040, A4043, 4046, A4050, A4051, A4052, A4053, A4054, A4056, A4060, A4070, A4071, A4072, A4189, A4190, and A4191). Mr. Hull indicated that his only concern with Mr. Margeson's recommendations was the removal of a truck they wanted to get for a Sanitarian to replace an older vehicle, and that request will be considered at a later time. Legislator O'Grady suggested that perhaps the mileage benchmark of 100,000 miles for replacement could be bumped up to 125,000 miles. Chairman Crandall questioned the big increase to A4035.421, and Mr. Hull explained that account finances the cost of tuition reimbursement per the nurses' contract. Legislator O'Grady questioned the increase in account

A4050.456 from \$3,200 in 2010 to a request of \$7,500 for 2011. Mr. Hull indicated that through the Drinking Water Enhancement Grant, they would like the Health Department to increase their use of a contract engineer for biannual inspections, and there is a corresponding revenue that offsets this account. A motion was made by Legislator O'Grady, seconded by Legislator LaForge and carried to accept the Health Department proposed 2011 budgets as recommended by the Budget Officer.

Social Services Department – 2011 Budget Review

Social Services Commissioner Patricia Schmelzer and Director of Administrative Services Donald Horan attended the meeting to discuss the 2011 budget requests for the Social Services Department (A6010, A6055, A6070, A6101, A6106, A6109, A6119, A6129, A6140, A6141, A6142, and A6150). Mrs. Schmelzer indicated that Budget Officer John Margeson did not make any changes to their 2011 budget requests. Both food stamps and HEAP accounts have increased quite a bit, but they are both 100 percent reimbursable. Mrs. Schmelzer explained the various contracts covered under A6010.478, noting that no local share is used for this account. Some of the increase represented a transfer from other programs. Mrs. Schmelzer indicated that the increase in A6010.103 merely reflects a bookkeeping change and directive from the County Treasurer. Mrs. Schmelzer stated that they will get \$680,000 for FMAP which is up from the originally budgeted amount of \$600,000, but an overall decrease from the \$1.2 million we received last year. It was noted that our weekly Medicaid payment is completely funded in the 2011 budget because the FMAP money needs to be kept track of separately since it's ARRA funding. The overall increase in the Social Services budget for 2011 was \$498,282 or 3.63 percent. Of the 3.63 percent increase, 2.5 percent or \$344,850 was for Medicaid, and 1.13 percent or \$153,432 was for all of the other programs combined. Legislator LaForge asked about fraud detection and Mrs. Schmelzer stated that they only investigate individuals and can't go after providers. Mrs. Schmelzer noted that fraud money they have been able to recover appears on the back of the monthly Human Services report. A motion was made by Legislator Curran, seconded by Legislator LaForge and carried to accept the Social Services proposed 2011 budgets as recommended by the Budget Officer.

Public Works – 2011 Budget Review

Public Works Fiscal Officer Yvonne Rechichi attended the meeting to discuss 2011 budget requests for the Public Works Department (A1490, A1620, A3152, A8160, D Fund, DM Fund, and H Fund). Committee members commented on the Budget Officer's \$5,900 cut to account A1620.202. Ms. Rechichi indicated that Mr. Margeson cut several items, and the floor scrubber and miscellaneous tools were left in the budget. Legislator Curran asked if we had enough floor space to warrant a floor scrubber, and it was noted that this would be for the new addition. Legislator O'Grady asked if we get reimbursed from the state for items used to keep the Courthouse clean. Mr. Margeson and Ms. Rechichi confirmed that the County receives a partial reimbursement on some things based on square footage; however, we do not receive any reimbursement for utility costs. The Court System maintenance reimbursement (revenue account A10.3262.00) was budgeted at \$150,000 for 2011. The increase in account A8160.202 represents the cost for a new mower for the transfer station plus miscellaneous tools. Legislator LaForge asked if the Public Works Department would be replacing other solid waste material, and Ms. Rechichi indicated that one container was cut, and they also requested a tank trailer and International trailer that need to be replaced. Chairman Crandall mentioned that \$400,000 was requested in an attempt to budget closure costs, but the Budget Officer cut some of that. After the current closure phase, we should have about \$1 million left in our closure reserve. Final closure will be about \$2.4 million. Legislator Fanton asserted that \$150,000 will help, but we need to start putting away for this. Chairman Crandall stated that we are still not covering these types of expenses, and that is one reason he supports a pay-as-you-go program. County Treasurer Terri Ross commented that post closure fees will be higher yet. Legislator Sinclair asked if the proposed expenditures for the renovation of the Child Support Building and new Maintenance Building are in the 2011 budget. There is \$70,000 under A1620.412 for asbestos abatement, but nothing has been budgeted for the renovation or construction costs. A motion was made by Legislator LaForge, seconded by Legislator O'Grady and carried to accept the Public Works Department's proposed 2011 budgets as recommended by the Budget Officer.

Planning and Development – 2011 Budget Review

County Planner Kier Dirlam distributed copies of his 2011 budget requests for the Planning Department (A8020). Mr. Dirlam expressed concern about Budget Officer Margeson's \$800 cut to his .402 mileage account. In 2010, the budget amount for .402 was \$500; however, Mr. Dirlam recalculated his anticipated travel and believes he will be close to \$2,000 in 2011. Mr. Dirlam noted that the increase in the .420 line item from \$900 in 2010 to \$3,000 in 2011 is due to the requirements in New York State Law for training of all Planning Board members. Mr. Margeson raised the .492 account used to finance a contract with Southern Tier West from Mr. Dirlam's request of \$19,250 to \$21,000. Mr. Dirlam stated that the Budget Officer removed his \$20,000 request for contractual services for continuation of the Hazard Mitigation Plan. Mr. Dirlam said that they have a lot of support from towns and villages to continue with hazard mitigation work, and a lot of grant money can be procured from that program.

Mr. Dirlam also distributed copies of the 2011 budget requests that Development Director John Foels made for the Development Office (A6430). Although nothing was requested in 2011, Mr. Dirlam noted that the Development Office may need new computers in the near future. Line item .414 was adjusted to reflect that all building rental money will be handled in a separate account. Mr. Dirlam noted that Mr. Margeson made a \$20,000 cut to the .474 request for marketing, advertising and promotion expenses, but he can't speak as to how it's being utilized as Mr. Foels controls that spending. Mr. Sinclair mentioned the need to prepare reports for the 80 businesses that still remain in the Empire Zone. A motion was made by Legislator Curran, seconded by Legislator Fanton and carried to accept the Planning (A8020) and Development (A6430) proposed 2011 budgets as recommended by the Budget Officer.

Tourism – 2011 Budget Review

Greater Allegany County Chamber of Commerce Executive Director Sherry Grugel distributed copies of her 2011 budget requests for the Tourism Program (A6989). Ms. Grugel stated that the Budget Officer removed her \$1,500 request in account A6989.201 for a new computer, and pointed out that the Tourism Specialist is using his personal laptop for the Tourism Program because the Tourism computer is no longer operational. Mr. Margeson indicated that he would like to purchase a computer out of a different budget this year. Ms. Grugel stated that New York State has put the matching grant back in the state budget, and although the amount Allegany County receives will be about the same, the state will be distributing money to regions rather than individual counties. Ms. Grugel budgeted \$60,000 for the County's 50 percent share under account A6989.475. Ms. Ross briefly explained how the matching grant works, noting that payroll or mileage cannot be put through I LOVE NY funding. The Budget Officer cut the .477 line item which represents the County's contract with the Greater Allegany County Chamber of Commerce for tourism services from the requested \$85,200 to \$75,000. Legislator Timothy O'Grady commented on the big jump in cost from 2009 to 2010 when the County started contracting with the Chamber for tourism services. Ms. Grugel stated that the manpower for tourism has doubled. Legislator O'Grady asked if the increased efforts helped bring in more revenue. Legislator O'Grady stated that revenue numbers appear to be down so we are not really getting anything for our increased expenditures and efforts. It was noted that New York State has experienced a significant drop across the state. Legislator Philip Curran stated that you should never pull back in a down period because being aggressive is the only thing that will pull us out. Legislator Frederick Sinclair commented that if we are holding flat during a recession, we are doing well, and this is not the time to cut back. Ms. Grugel stated that they are trying to realign their focus, and they have been seeing an increase in attendance at festivals and outdoor activities. Legislator Kevin LaForge stated that this is our sales department, and you do not get rid of your sales department in tough times. Planner Kier Dirlam commented that it usually takes a few years to see positive results. Legislator O'Grady stated that the only thing we have to tour is outdoors. We are at a disadvantage for available tourism sites. Ms. Grugel stated that we need to promote what we do have, and there are things here than can put us on the map. Chairman Crandall stated that we did cut back for three or four years, and the County Historian/Tourism Specialist was not able to expend the efforts that we previously had. We are currently getting a big bang for our buck. A motion was made by Legislator Curran, seconded by Legislator LaForge and carried to accept the 2011 proposed

budget for the Tourism Program (A6989) as recommended by the Budget Officer. (Voting No: O'Grady)

Employment & Training – 2011 Budget Review

Employment & Training Director Jerry Garmong attended the meeting to discuss his 2011 budget requests which fall under the CD1 Fund. Mr. Garmong stated that his budget requests are down significantly from previous years, and this is the lowest budget he has submitted in ten years in anticipation of budget cuts. Mr. Garmong stated that if he doesn't get it, he doesn't spend it, and he has had to adjust his accounts for decreased funding. Mr. Garmong indicated that he is trying to stay as conservative as possible. His contract with the Workforce Investment Board runs from July 1 through June 30. Mr. Garmong stated that they try to go after any additional funding that becomes available, and his budget can change at a moment's notice. A motion was made by Legislator Curran, seconded by Legislator LaForge and carried to accept the 2011 proposed budget for Employment & Training (CD1 Fund) as recommended by the Budget Officer.

Historian – 2011 Budget Review

County Historian Craig Braack attended the meeting to discuss his 2011 budget requests for the County uHistorian (A7510). Mr. Braack indicated that Budget Officer Margeson made cuts to his .4 accounts totaling \$200. Mr. Braack stated that the current County Museum is not in good condition. A motion was made by Legislator O'Grady, seconded by Legislator Curran and carried to accept the 2011 proposed budget for the County Historian (A7510) as recommended by the Budget Officer.

County Administrator – 2011 Budget Review

County Administrator/Budget Officer John Margeson prepared 2011 budget requests for the following cost centers: A1011, A1320, A1340, A1622, A1990, A5630, A7180, A7185, A8720, A8730, A8751, A8752, and A8823.

Mr. Margeson stated that he increased the A1011.409 account from \$40,000 in 2010 to \$60,000 for 2011, noting that the labor attorneys are paid out of this account. Based on collective agreements, hopefully \$60,000 will be enough. Bond, Schoeneck & King are also paid from this account for consultations with the County Administrator, Personnel Officer and a few other Department Heads. The PEF Contract was approved by the local membership yesterday, and mediation with AFSCME has begun. They have not yet started mediation with the Sheriff, and they are currently in impasse.

Account A1320 (Auditor) pays the stipend for the Budget Officer and Deputy Budget Officer.

Account A1990 (Contingent) finances the cost of unexpected expenses and emergencies. Ms. Ross stated that the expense actually shows up in other accounts, and as we transfer from A1990 to other accounts to cover an expense, the amended budget amount for A1990 decreases.

Mr. Margeson stated that he budgeted account A5630 (Bus Transportation) at \$810,000 based on our contract with First Transit. We are in our second year of a three-year contract. Last year this account was budgeted at \$756,000; however, there may not be a net increase based on how much revenue we receive. Mr. Margeson budgeted \$700,000 in revenue account A10.3589.01 that will offset the expense. Legislator O'Grady stated that he believes the goal is to get out from under this and wondered if we should establish a deadline for when we would like to see zero County dollars going into this. Legislator O'Grady also suggested establishing a set amount we plan to spend every year, noting that this could go on indefinitely if we just keep financing it. Chairman Crandall stated that a zero contribution may not be achievable, but even \$100,000 is inexpensive for the services being provided compared to what the alternatives could be. Legislator O'Grady asserted that he just wants to see an honest bottom line. Hopefully those figures can be brought out so we know what we would be spending if we didn't have this program. Chairman Crandall indicated that several sets of books need to be compared and compiled, and the County Treasurer needs to be able to match with their figures. Legislator Don Cady asked if the routes can be arbitrarily changed, and Mr. Margeson

indicated that the routes can be changed in consultation with the Transportation Task Force; however, it's not just done arbitrarily, it would be based on ridership. Legislator Cady expressed concern about bus routes to and from Whitesville because he received a letter complaining about the County discontinuing the route, and he wondered where to direct them. Mr. Margeson stated that if they are losing money on a route, they sometimes need to make changes. Committee members briefly talked about the possibility of scaling back and just transporting social services recipients. Mr. Margeson stated that it could be difficult to get transporters to bid on providing service if we take away the public transportation portion.

There was a slight increase in the overall A7180 (Beach & Pool) accounts to reflect an increase in the hourly pay for the director and lifeguards.

Mr. Margeson stated that the CSH Risk Retention Health Fund was decreased by \$328,000 compared to 2010 levels. Although Mr. Margeson anticipates some increases in third-party claims administrator fees which are paid from account CSH1710.430, he believes we will see large reductions in hospital, medical and prescription costs. Mr. Margeson reduced account CSH9061.807 which represents the hospital and medical expenses for employees by \$300,000 for 2011, and he reduced CSH9063.807 which represents prescription costs for employees by \$100,000 for 2011. Mr. Margeson explained that account CSH9064.806 budgeted at \$52,000 for 2011 represents the amount paid to employees who opt not to participate in the County's insurance plan because they have it elsewhere.

Committee members reviewed the V Debt Service Fund. Ms. Ross stated that there are some new things because of the new borrowing. Ms. Ross briefly addressed the ARRA borrowing, interest subsidy on the Build America Bonds we used, and the Development Zone borrowing. We will pay the bond principal as it is, and then we will receive a subsidy back. We are in the process of negotiating with the Office of Court Administration for their portion of the subsidy on the Courthouse Project, and that will come back to us as revenue from the state. We do not have any short-term borrowing out there right now. Some bonds have clauses that bonds cannot be paid early, but Terri checks on that every year. We level our debt so total payments won't fluctuate much. Our out-of-pocket expense for the new Courthouse Project will be approximately \$600,000 per year.

A motion was made by Legislator O'Grady, seconded by Legislator LaForge and carried to accept the 2011 proposed budgets for the following cost centers as recommended by the Budget Officer: A1011, A1320, A1340, A1622, A1990, A5630, A7180, A7185, A8720, A8730, A8751, A8752, and A8823 as well as CSH and V Funds.

Ms. Ross noted that the committee members will notice Intrafund Transfers listed in the General Fund, and those figures represent what the other Funds need from the General Fund to make their Funds whole.

Adjournment

There being no further business to come before the committee, a motion was made by Legislator Cady, seconded by Legislator Curran and carried to adjourn the meeting at noon.

Respectfully submitted,
Brenda Rigby Riehle, Clerk of the Board
Allegany County Board of Legislators

BUDGET COMMITTEE
September 14, 2010

**** NOT APPROVED ****

Committee Members Present

D. Fanton, D. Cady, K. LaForge, C. Crandall *(Absent: P. Curran, T. Hopkins, T. O'Grady)*

Others Present

M. Alger, D. Burdick, M. Healy, T. Hull, J. Margeson, B. Riehle, F. Sinclair

Budget Committee Vice Chairman Dwight Fanton called the meeting to order at 1:10 p.m.

Approval of Minutes

The August 18, 2010, Budget Committee minutes were approved on a motion by Legislator LaForge, seconded by Legislator Cady and carried.

Future Meetings

The next Budget Committee meeting was scheduled for Thursday, September 23, at 1:30 p.m. County Administrator/Budget Officer John Margeson indicated that he plans to present some recommendations regarding changes to the 2011 preliminary budget at that meeting. Mr. Margeson stated that he plans to officially file the tentative budget the last week in September.

Adjournment

There being no further business to come before the committee, the meeting was adjourned at approximately 1:15 p.m. on a motion by Legislator LaForge, seconded by Legislator Cady and carried.

Respectfully submitted,

Brenda Rigby Riehle, Clerk of the Board
Allegany County Board of Legislators

BUDGET COMMITTEE
September 23, 2010

**** NOT APPROVED ****

Committee Members Present

D. Fanton, D. Cady, C. Crandall (Absent: P. Curran, T. Hopkins, K. LaForge, T. O'Grady)

A quorum was not present and no official business was conducted.

Others Present

M. Alger, D. Burdick, J. Margeson, B. Riehle, T. Ross, F. Sinclair

Budget Committee Vice Chairman Dwight Fanton called the meeting to order at 1:10 p.m.

2011 Budget

County Administrator/Budget Officer John Margeson distributed a summary of where we are at with the 2011 Tentative Budget as follows:

	<u>2010 Budget</u>	<u>2011 Tentative Budget</u>
Total Appropriations	\$ 111,342,718	\$ 123,030,999
Total Revenues	\$ 84,203,684	\$ 95,422,081
Real Property Tax (+1.73%)	27,139,034	27,608,918
Average County Tax Rate (+0.58%)	\$16.91/thousand	\$17.01/thousand
Co. Taxable Assessed Value	\$1,604,163,777	\$1,622,476,722
Amount from Fund Balance	\$ 700,000	\$ 950,000

Mr. Margeson stated that the General Fund Balance is approximately \$12.7 million, and he is recommending using \$950,000 which will take the balance down to approximately \$11.8 million. Mr. Margeson explained that there are two items in the Social Services budget that are really driving the significant increases we are seeing in both the appropriations and revenues. When we prepared our 2010 Budget, we were instructed to remove the appropriations for HEAP and Food Stamps, so we did. This year, the state reversed their decision, and instructed DSS Commissioners to put HEAP and Food Stamps back in the County Budgets. Both programs are 100 percent funded with federal and state funding, and both the appropriation and revenue sides had to be increased by \$7.7 million just for these two accounts. The net impact to the taxpayer is zero.

The other item driving the appropriation side of our 2011 Budget is the Retirement System bill, which was budgeted at \$2.3 million. In 2010, we had to budget 12.1 percent of total payroll to pay the February 2011 bill at the end of 2010. The NYS Comptroller's Office instructed us to increase that amount to 16 percent of total payroll in 2011, which represented an increase of over \$1.4 million. Legislator Donald Cady asked if these figures include the County's payment for the early retirement incentive, and County Treasurer Terri Ross

indicated that it does. Ms. Ross also noted that our total bill to the Retirement System has been estimated at \$3.57 million; however, not all of that comes out of General Fund.

Mr. Margeson confirmed that he will make note of these changes on his budget summary so that others will understand why we are seeing the increased figures.

Mr. Margeson explained that revenue account A08.2701.11 (RPYE DSS Dependent Children), budgeted at \$1,061,028, represents money that is Allegany County's after reconciliation by the state revealed that they had previously paid less than what was due to Allegany County. Mr. Margeson indicated that the state typically sends money to the counties before all expenses are known to keep a positive cash flow, and sometimes they under pay and sometimes they over pay. The reconciliation is always behind, and Allegany County does not book the revenue until the reconciliation has been completed.

Legislator Dwight Fanton asked about the appropriated fund balance for the County Road Fund and the Road Machinery Fund. Mr. Margeson explained that those funds have their own fund balances, and he used about half of each to balance those budgets.

Legislator Cady asked if the budget includes payment for the bonding of the new buildings, and Mr. Margeson indicated that it does. Chairman Curtis Crandall commented that our improved bond rating also saved us a lot of money.

Legislator Fred Sinclair mentioned employee health insurance and the new regulations that will require us to cover students until they are 26. Committee members briefly discussed this issue. Mr. Margeson indicated that he anticipates our overall health insurance costs to go down now that we are switching carriers.

Mr. Margeson plans to release the tentative budget the middle of next week. A Committee of the Whole meeting has been scheduled for 10 a.m. on October 12 so that the entire Board can discuss the 2011 Budget and address any concerns they may have.

Adjournment

The meeting was adjourned at approximately 2:15 p.m. on a motion by Legislator Cady, seconded by Legislator Fanton and carried.

Respectfully submitted,

Brenda Rigby Riehle, Clerk of the Board
Allegany County Board of Legislators

BUDGET COMMITTEE

October 20, 2010

**** NOT APPROVED ****

Committee Members Present

D. Cady, P. Curran, K. LaForge, T. O'Grady, C. Crandall *(Absent: D. Fanton, T. Hopkins)*

Others Present

M. Alger, L. Ballengee, D. Burdick, M. Healy, J. Margeson, B. Riehle, T. Ross

Board Chairman Curtis Crandall called the meeting to order at 1:05 p.m.

Approval of Minutes

The August 30, August 31, September 14, and September 23, 2010, Budget Committee minutes were approved on a motion by Legislator O'Grady, seconded by Legislator Curran and carried.

Sales Tax Report

County Treasurer Terri Ross distributed copies of a Sales Tax Report reflecting receipts through October 13, 2010, totaling \$13,902,703.79 and interest totaling \$1,072.47. Ms. Ross stated that many counties' sales tax receipts were down significantly with this last payment. Allegany County received \$39,000 less than the check before; however, overall our sales tax receipts are approximately 2.68 percent higher (\$362,921.12) than they were last year at this time. Ms. Ross stated that she should receive a quarterly report from the state next month. They are still trying to develop a better system for reporting sales tax to the counties, and Ms. Ross indicated that additional information should be received at the County Treasurers' meeting next Friday.

Departmental Reports

Committee members asked Ms. Ross to request all departments to complete a one-page third quarter financial summary for review at the next meeting. The following departments should also be requested to attend the meeting to discuss their reports: Social Services, Public Works, Sheriff, Health, Office for the Aging, Probation.

Committee members briefly discussed wanting to also see financial activity for the departments for the last few months of the year. Legislator Philip Curran questioned how shortfalls are handled and what happens to the money remaining in budgets at the end of the year. Ms. Ross explained how the year-end transfer process to balance the books works. Any excesses or shortfalls will show and be reflected in the final fund balance.

Budget Review

Chairman Curtis Crandall thanked Legislator Curran for his previous comments regarding the budget review process, noting that distributing departmental budget sheets to committee members prior to the review process might make the review more meaningful and beneficial, and we should plan to do that next year.

Adjournment

There being no further business to come before the committee, the meeting was adjourned at approximately 1:30 p.m. on a motion by Legislator O'Grady, seconded by Legislator Curran and carried.

Respectfully submitted,

Brenda Rigby Riehle, Clerk of the Board
Allegany County Board of Legislators

BUDGET COMMITTEE
November 17, 2010

**** NOT APPROVED ****

Committee Members Present

T. Hopkins, D. Fanton, D. Cady, P. Curran, K. LaForge, T. O'Grady, C. Crandall

Others Present

M. Alger, L. Ballengee, D. Burdick, R. Hartwick, M. Healy, J. Hopkins, D. Horan, J. Margeson, B. Riehle, D. Roeske, T. Ross, D. Scholes, P. Schmelzer, F. Sinclair, R. Starks

Budget Committee Chairman Theodore Hopkins called the meeting to order at 1 p.m.

Approval of Minutes

The October 20, 2010, Budget Committee minutes were approved on a motion by Legislator Curran, seconded by Legislator Fanton and carried.

Sales Tax Report

County Treasurer Terri Ross distributed copies of a Sales Tax Report reflecting receipts through November 15, 2010, totaling \$15,148,379.62 and interest totaling \$1,268.27. Sales tax collections are \$456,819.72 or 3.11 percent higher than last year at this time. Legislator Frederick Sinclair questioned the interest figure, and Ms. Ross indicated that they just are not paying much interest right now.

DEPARTMENTAL THIRD QUARTER REPORTS

Social Services Department

Social Services Commissioner Patricia Schmelzer and Director of Administrative Services Donald Horan noted that their accounts are accurate and very close to projections. Mrs. Schmelzer indicated that they received \$888,605 in ARRA money that was not originally anticipated, and this enables them to spend less local money. The state is currently withholding 1.1 percent on reimbursements for claims submitted; however, if they reach what is needed, they will reimburse some of that 1.1 percent.

Public Works Department

Public Works Superintendent David Roeske distributed amended copies of this third quarter budget report. Mr. Roeske expressed concern about revenue collections in the County Road and Road Machinery Funds, but noted that they hope to come out alright. They are a little behind in the bridge schedule, but any capital money for bridges will carry over to the next year. They still have not received all of their CHIPS money, but they did put in for it.

Sheriff's Office

Sheriff's Office Accountant Randy Hartwick indicated that the Sheriff's office is looking pretty good overall. Mr. Hartwick projected that revenue may be approximately \$184,000 higher than budgeted, and appropriations may be approximately \$409,000 less than budgeted. Mr. Hartwick indicated that the Marshals have reorganized the way they are doing things so our state food and transportation numbers are down a little. Projected payroll in A3110 is expected to exceed budget; however, it will be offset by savings in A3112 and A3150. Projected appropriations in A3112 are expected to be less than budgeted as they have decided not to replace the E-911 logging recorder as originally planned, and they do not believe they will need to replace it in the near future. Projected appropriations in A3150 are expected to exceed the budget due to inmate medical expenses.

Health Department

Public Health Director Lori Ballengee indicated that their revenues will fall short almost \$845,000. They have exceeded revenue collections for some programs, but the Preschool Special

Education Program will be short over \$1 million because they have not been able to bill Medicaid for services since September 2009. Mrs. Ballengee indicated that it is unlikely that they will ever be able to recover all of the lost revenue. It's another unfunded mandate, and we will be faced with the same issues in 2011. Mrs. Ballengee indicated that they are down a little in flu reimbursement. They are billing private insurance plus Medicare, and they are having a little trouble getting all that done, but they do hope to see those revenues go up in the near future. Mrs. Ballengee stated that the Health Department should still end the year \$443,051 to the good. County Administrator/Budget Officer John Margeson stated that they budgeted considerably less revenue for the Preschool Special Education Program in 2011 in anticipation of having a problem. Committee members discussed the Preschool Special Education Program further, and Mr. Margeson noted that counties have been complaining about the program for 15 years. About 12 years ago, the state increased their percentage to 59.5 percent, but we are not receiving Medicaid payments. Mrs. Ballengee stated that they made changes to the reimbursement rules after services were already provided, and it can be very difficult to receive reimbursements. Without the Preschool Program, it only costs about \$500,000 to run the Health Department for the year.

Office for the Aging

Office for the Aging Director Kimberley Toot stated that the Office for the Aging will be right in line with their budget for 2010, but they are very concerned about 2011. Mrs. Toot indicated that the state reduced their aid by \$24,000, with \$15,000 of that falling to the Meals-on-Wheels Program. They were able to move some money around for the remainder of 2010, but it will be very difficult in 2011. The Senior Foundation has committed to raising \$10,000 for the Meals-on-Wheels Program, but we will need to make up the difference. The United Way contributes \$7,000 to the Senior Foundation which they turn over to the County for the Lifeline Program. Committee members briefly talked about the possibility of Mrs. Toot talking with our new grant writer to see if there are any charitable groups we do not know about. Mrs. Toot noted that they do plan to have a big fundraiser on May 21, 2011, and more information will become available in the future.

Probation Department

Probation Director Robert Starks distributed copies of a corrected third quarter financial report, and indicated that his accounts are accurate and very close to projections. Mr. Starks noted that their Shared Services Grant is only half of what it's been in the past.

Budget Chairman Theodore Hopkins suggested that committee members review the financial reports provided from the smaller departments and contact the appropriate department head with any questions or concerns, or bring the issue back to the Budget Committee.

Jail Housing/Debt Reserve

County Treasurer Terri Ross distributed a spreadsheet outlining the revenue received for housing prisoners beginning August 2007 through December 2009. *(Copies of the information were placed in the mail slots of Legislators not at the meeting.)* The total amount received for the period was \$6,611,818. Principal and interest paid on the bonds beginning September 2007 through December 2009 was \$6,433,952.

Ms. Ross stated that as of October 31, 2010, we have received enough housing revenue to cover the cost of the bond payments only. We have received a total of \$177,866 over the amount paid out in Bond principal and interest since 2007. It was also noted that we did incur costs associated with the BANs in 2005 and 2006 totaling \$1,887,512 during the construction phase of the project.

Committee members briefly discussed Resolution No. 118-04 which established the Public Safety and Training Facility Debt Reserve Fund. Budget Committee Chairman Hopkins stated that the resolution only established the account and did not fund it. If the Board wants the account funded, they would need to identify the funding source and direct the County Treasurer accordingly. Legislator Frederick Sinclair stated that when the County is made whole for its expenses associated

with the bond, excess revenues could be put in that account. Legislator Hopkins commented that there are also operating expenses associated with housing prisoners, and the taxpayer is currently paying those. Even when the debt payments are satisfied, we need to decide how the revenue from housing prisoners should be accounted for. Legislator Hopkins also expressed concern that our local population has been increasing which will not allow us to house as many prisoners from other places. Legislator Philip Curran suggested that doing an addendum to the resolution might better explain the process.

Adjournment

There being no further business to come before the committee, the meeting was adjourned at approximately 1:50 p.m. on a motion by Legislator Fanton, seconded by Legislator Curran and carried.

Respectfully submitted,

Brenda Rigby Riehle, Clerk of the Board
Allegany County Board of Legislators

BUDGET COMMITTEE
December 15, 2010

**** NOT APPROVED ****

Committee Members Present

T. Hopkins, D. Fanton, D. Cady, K. LaForge, T. O'Grady, C. Crandall (Absent: P. Curran)

Others Present

M. Alger, L. Ballengee, D. Burdick, M. Healy, J. Hopkins, J. Margeson, B. Riehle, T. Ross, E. Ruckle, F. Sinclair

Budget Committee Chairman Theodore Hopkins called the meeting to order at 1 p.m.

Approval of Minutes

The November 17, 2010, Budget Committee minutes were approved on a motion by Legislator O'Grady, seconded by Legislator Fanton and carried.

Sales Tax Report

County Treasurer Terri Ross distributed copies of a Sales Tax Report reflecting receipts through December 13, 2010, totaling \$16,449,585.23 and interest totaling \$1,424.36. Sales tax collections are \$674,325.41 or 4.28 percent higher than last year at this time. Ms. Ross stated that two more payments will be posted to the 2010 Budget for sales tax revenue. Committee members briefly discussed internet sales and the associated sales tax.

Budget Procedures

Committee members discussed how budget figures were reviewed this year, and they decided that they would prefer to receive copies of the departmental requests a week prior to the Budget Committee meeting when those cost centers will be reviewed. Ms. Ross indicated that after this coming year, department heads will be able to add detailed information right when they enter their budgets on the computer, and that should make the review process a little easier.

Legislator Fred Sinclair suggested that when Budget Officer/County Administrator John Margeson gives the marching orders for budget preparation that he let outside and contract agencies know that the Chairman from their committee of jurisdiction may be contacting them to discuss what they are doing and where they plan to go with their budgets.

Legislator Timothy O'Grady stated that he is concerned that for the last three years the only way we were able to get a balanced budget was to increase taxes or raise revenues. Although we have a surplus now, that may not always be there. Legislator O'Grady suggested that a more comprehensive review of mandated and non-mandated programs is necessary so that Legislators will be knowledgeable about which services could be cut and what the financial ramifications of cutting a certain service might be. Legislator O'Grady stated that if times get really tough, the Legislators need to have a good understanding of which services can be reduced or eliminated, and it would be nice to know ahead of time what the impact will be. Mr. Margeson stated that much of the information will be speculative. We can determine how much we might save from certain programs, but it can be difficult to determine the overall impact. Legislator Dwight Fanton briefly commented on Allegany County's tax rate, noting that the rate per thousand might be high, but generally speaking our homes are not assessed as high as other areas. Chairman Curtis Crandall stated that we have to grow the tax base, and we are at a point where this Board can have a positive influence on that. Legislator Sinclair stated that we should contact Congressman Tom Reed to facilitate our infrastructure at Crossroads. Chairman Crandall and Legislator Hopkins suggested that Mr. Margeson expand the list of mandated and non-mandated programs that we currently have to include a flow chart or summary of possible ramifications of eliminating certain programs, and Mr. Margeson indicated that he could do that.

Adjournment

There being no further business to come before the committee, the meeting was adjourned at approximately 1:42 p.m. on a motion by Legislator Fanton, seconded by Legislator O'Grady and carried.

Respectfully submitted,

Brenda Rigby Riehle, Clerk of the Board
Allegany County Board of Legislators