

BUDGET COMMITTEE

July 20, 2022

Call to Order: The meeting was called to order at 1:30 p.m. by Budget Committee Chairman Brooke Harris.

Roll Call: B. Harris, D. Healy, J. Burdick, K. Demick, D. Fanton, S. Havey, J. Ricci, P. Stockin

Other Attendees: G. Barnes, T. Boyde, A. Carrow, P. Curran, A. Cyr, K. Dirlam, G. Hanchett, K. Hooker, C. Knapp, T. Linn, J. Ricketts-Swales, B. Riehle, D. Root, T. Ross

Approval of Minutes:

A motion was made by Legislator Healy, seconded by Legislator Havey, and carried to approve the June 15, 2022, Budget Committee minutes.

Sales Tax Report

County Treasurer Terri Ross distributed the 2022 Allegany County Sales Tax Report reflecting net receipts totaling \$14,710,584.15 through July 13, 2022. The year-to-date figures show gross receipts had an increase of \$732,520.74, or 5.155 percent more compared to last year at this time, with net collections up approximately 3.514 percent. Ms. Ross stated that we took a significant hit with our first payment owed to the State that was due end of June or the first of July, due to Statewide reconciliations. Ms. Ross stated that Dave Lucas sent out a notice from NYSAC regarding the reconciliation explaining how the State calculated our Sales Tax during COVID-19. Ms. Ross explained that this reconciliation favored New York City's share of the Sales Tax, and they will likely do another adjustment sometime during the year. Ms. Ross stated that we are still up approximately 5.1 percent overall after taking out the diversion. Ms. Ross noted that the final AIM diversion was taken out in May, and Distressed Hospitals taken out in February. Ms. Ross stated that we are still up about 3.5 percent from where we were last year at this time. Legislator Burdick asked Ms. Ross to clarify what she meant by "significant hit." Ms. Ross stated that New York City received the biggest benefit from this reconciliation because the calculation used to give us our Sales Tax during COVID-19 was heavier toward the smaller counties. Ms. Ross stated that the calculation has been revised. Ms. Ross explained that the State periodically performs reconciliations and this was obviously a big hit for Allegany County. County Administrator Carissa Knapp explained that we receive Sales Tax every month from the State, and that Sales Tax is derived from a formula that the State reconciles periodically. Ms. Knapp explained that the formula was changed during COVID-19 because there was no Sales Tax coming out of New York City. Ms. Knapp explained that even before COVID-19, the formula produced an estimate of what our monthly Sales Tax would be. Ms. Knapp stated that NYSAC is warning counties not to rely too heavily on the reconciliation numbers when budgeting for 2023. Committee Chairman Harris explained that just because they call them quarterly reconciliations, these reconciliations may address more time than just the previous three months. Legislator Healy asked if the State is audited and by who. Ms. Ross stated that she believes the State is audited but she is not sure who the firm is, nor when that happens. Ms. Knapp stated that the result of the reconciliations depends heavily on the information provided from the vendors. Ms. Knapp stated that there are several points for errors such as how they fill out their forms, how long it takes for the State to audit that, and then how long it takes to audit the State's payments back to the counties.

Bi-Annual General Fund Report

Committee Chairman Harris stated that the Bi-Annual General Fund Report was not submitted to everyone because it is very large, but that the Treasurer's Office can provide copies upon request. The report shows the budget status for four of the largest County Departments through June 30, 2022. Ms. Ross gave an update for each of the four departments.

Department of Health

Ms. Ross stated that the Department of Health is well within their budget, expending approximately 42 percent of their budget. Ms. Ross explained that their revenues are difficult to analyze because of claiming and several large account receivables pending from the prior year. Ms. Ross stated that the report will show their activity for 2021, and their year to date transactions. Ms. Ross stated that she has no concerns about their budget at this point in time. Ms. Ross explained that six months is a good indicator of expenses, but not very good for revenues for any department due to cyclical transactions.

Department of Public Works

Ms. Ross stated that the Department of Public Work's budget is not easy to look at because of their capital projects, CHIPS, road machinery, and where they are at in the season. Ms. Ross stated that overall they have expended approximately 34 percent of their total budget. They are reflecting some large revenues of approximately 63 percent because General Fund sends money to other funds such as the County Road Fund and the Road Machinery Fund, but they are in good shape at this point.

Department of Social Services

Ms. Ross stated that the Department of Social Services is primarily General Fund and they have expended approximately 30 percent of their budget with revenues at approximately 6 percent. They are cyclical and highly aided, but she has no concerns for them at this time. Ms. Ross noted that the Department of Social Services is one of the largest budgets at approximately \$32 million.

Sheriff's Office

Ms. Ross stated that the Sheriff's Office has a 911 Grant placed in Capital that extends over various years until the grant has ended. They have expended approximately 46 percent of their budget, and received approximately 25 percent of their revenues. Ms. Ross stated that her only concern is with housing which is not likely to come in at what was budgeted, but otherwise they are in good shape. Legislator Healy asked how their previous budget looked when the books were closed. Ms. Ross stated that for 2021, they had a total of \$9.4 million in expenses and almost \$2.2 million in revenues. Ms. Ross stated that this is very typical for the Sheriff's Office, and she did not have any issues closing the books for them as they had enough money in their budget to cover any overages. Legislator Healy stated that they never have the total picture until the books are closed in April. Ms. Ross stated that is correct, and then that is reported to the State.

Allegany County

Ms. Ross stated that the General Fund Countywide is the primary fund for organizational costs for all departments. Ms. Ross stated that the County has expended approximately 48 percent of the budget, and received approximately 52 percent of revenues. Ms. Ross explained that taxes and the levy are in the General Fund Budget and does not get deducted until the end of the year, but we are on task to meet that line item. Ms. Ross stated that Sales Tax is running close to the budget, but we are still ahead. Committee Chairman Harris asked if there is a department that will have a known large capital expense every 10 years, can a reserve fund be established for that purpose and budget for it annually? Ms. Ross stated that a reserve fund could be established, but she would just assign Fund Balance to that project just as you would assign funds to Economic Development. Ms. Ross explained that it is part of the Fund Balance policy that you can assign funds to certain projects as needed.

Budget 101 Handout

Ms. Ross provided a Budget 101 report and stated that in January she had provided this report to the Legislators as part of the Budget 101 training. This version has been updated with actuals from 2008 through 2021. She felt that this report would be beneficial as they prepare for the 2023 Budget. Ms. Ross noted that internet sales were captured in 2019 and AIM and Distressed Hospital diversions began in 2020 and ended in 2022. Ms. Ross also noted that the 2022 column consists of budgeted values.

Adjournment

There being no further business to come before the Committee, the meeting was adjourned at 1:52 p.m. following a motion by Legislator Ricci, seconded by Legislator Havey, and carried.

Respectfully submitted,

Tiffany Linn, Confidential Secretary
Allegany County Board of Legislators