

Budget Hearing
Audit & Control Committee
Wednesday, October 9, 2019 – 1:00 p.m.
Gerace Office Building, Mayville, N.Y.

Member Present: Chagnon, Nazzaro, Niebel, Muldowney, Gould

Others: Tampio, Dennison, Crow, Abdella, Hansen, Scudder, O'Connell

Chairman Chagnon called the meeting to order at 1:07 p.m.

Chairman Chagnon: Kathleen, Kitty, you have handouts in front of us, shall we start there?

Mrs. Dennison: The package that you have, as you can see, has three scenarios on it. It also has the tentative budget as proposed by the County Executive. What we have here are different alternatives. The first scenario one is the tentative budget and it includes all the changes that were discussed in this committees.

Chairman Chagnon: What is the last attachment?

Mrs. Dennison: Yes, the last attachment is the changes by account or I should say by classification that were approved last week by the various committees. With those changes in place, the first scenario is if there were no change in the tax rate. So it took those changes which had a net reduction to local share of about \$284,000. So with those changes incorporated, if we left the tax rate flat, there would still be the use of general fund balance of \$738,342. So that is scenario one. As I said it's the target or budget at a flat tax rate.

Scenario two is if we use the tentative budget as amended by the committees and then increase the tax rate up to the tax cap maximum –

Ms. Crow: Just to clarify, the tax levy up to the tax cap. The levy calculation is what – the levy is what the tax cap is based on, not the tax rate.

Mrs. Dennison: So you will see in the line, it says 2020 levy, so that is what Kitty is referring to so in scenario two, the levy at \$63,228,957, that is the (*inaudible*) levy per the New York State tax cap calculations and requirements. So that would allow an increase in the tax rate up to \$8.46 or an increase of 8 cents. At that level of levy, we would still need to use \$102,545 of general fund balance and \$627,700 of DM fund balance.

The final scenario is if we were to increase the tax levy to the point where we were using no general or DM fund balance and at that point we would qualify or be eligible to use the tax stabilization reserve of \$100,060. So if we were to raise the levy so that there would be no use of fund balances, that would bring us to a levy of \$64,859,142 or a tax rate of \$8.54.

The next exhibit is an update of the summary pages, the operating budget in the tentative budget binder has an update to include the changes that were proposed during committee. It is based on scenario number two. So these summaries assume that make the changes and increase

the levy up to the tax cap maximum. Then the final page is the actual amendments that we have already or proposed changes to the tentative budget that we included in the rates calculation.

Chairman Chagnon: So the local share summary is based on scenario two?

Mrs. Dennison: Correct. Would you like me to review for the committee the changes that we included?

Chairman Chagnon: That is where I was headed. Yes, I think that is a good suggestion, Kathleen.

Mrs. Dennison: So the final page in your packet is the increases and decreases in appropriations and the same for revenues. But if you turn to the backside on the lower left corner, there is a summary of the conceptual changes that are included. So there is an increase in the Internal Audit going from – there is no funding in the tentative budget so adding \$48,000 to the Internal Audit appropriations. For the Law Department, we now know that their services will not be reimbursed by the Raise the Age program with New York State so there is an increase of \$40,616 for additional work that one of the attorneys will be doing associated with Raise the Age. We moved all of the expenses for the Print Shop department into the Office Services department so there is no change in local share. Just a shift from one department to another. In the Sheriff's organization, the Sheriff added an Operations Assistant to help with the extra work due to the new discovery rules and requirements. There was also a part time position eliminated and the \$36,096 is the net increase because of those personnel changes. The Sheriff also reduced a couple of his contractual costs so there is a reduction of expenditures of \$42,600. Mental Hygiene has two new grants. There is no local share but there was an increase to revenues and appropriations of \$1.25 million dollars. Raise the Age, we just moved a budget from one account to another within the contractual category to putting it in the proper account. DPF, we increased property taxes on forested land so it's increase appropriations of \$4,100. The Public Defender, his revenue was reduced so that the overall local share would not be less than the 2019 local share. Revenues in the tentative budget were erroneously too high. Social Services, as you recall from Friday, a variety of changes proposed by Social Services that has a net reduction of local share of \$87,008, Office for the Aging, mileage expense was reduce \$6,140. In the Finance department the proceeds or loss on the sale of properties at auction, the loss was reduced and penalties and interest were increased so there is a decrease to local share of \$175,876. Overtime, that was reduced in several areas. The Jail clinic, the Finance department, and I believe nursing is the third one, and the reduction there is a little bit more than discussed during the committees because that reduction includes not only the reduction in the overtime but the associated FICA, Medicare, and retirement expenses attached to the reduction.

I would like to make one comment on the reduction that was proposed for department 1710, Insurance Administration. You asked to reduce the overtime by \$500.00 and then with the associated fringes, a reduction of \$618.00, but we failed to note during the committee meetings that the cost of Insurance Administration are essentially charged to the MS fund.

Ms. Crow: Both the CS and MS funds and then from there, allocated out to all County departments so if the intent is to reduce the local share, it would trickle out to all departments and would need several amendments.

Mrs. Dennison: So there is not a direct reduction in the local share with the elimination of that overtime because typically in the Insurance Administration, the revenue in that department equals expenditures so it has a local share of zero.

Chairman Chagnon: So what you have put before us today, you have reduced the overtime in that department but there is no effect on the local share?

Mrs. Dennison: That is not correct because right now what we have is, we reduced the overtime, we did not make the other associated changes. So at this point, because there are lots of them.

Chairman Chagnon: So you reduced the overtime in the department, but there is no effect on the local share.

Mrs. Dennison: Incorrect.

Ms. Crow: We didn't make all of the changes that would – she just took the local share out of the Insurance Administration department and normally you would see in 1710, that the expenses matched the revenues so there is zero local share. Right now, the expenses and revenues do not match because the only amendment proposed and included in here was reducing the overtime. So now the revenue looks higher than –

Chairman Chagnon: So it does have an impact on the local share?

Ms. Crow: It does impact it even though it would – to technically make the amendment correct, we would reduce the expense and revenue in A.1710 and then reduce the allocation of liability insurance to all County departments. Otherwise, we could leave it as is, and we will – it's going to be –

Legislator Nazzaro: It's a small number.

Mrs. Dennison: Yeah, and to change it in all of the departments obviously would be a large endeavor.

Chairman Chagnon: So we just leave it as it is and you've reduced the overtime in the department.

Ms. Crow: And then we will, in actuality, realize less revenue.

Mrs. Dennison: So you are o.k. with leaving that department. It should have a local share of zero right now and has a local share of negative \$618.00. I mean the other possibility that Kitty and I discussed is, understanding that you want to reduce overtime by \$500.00 and alternative would be possibly to reduce the overtime in the Finance Department, not in Insurance Administration. That has a direct local share reduction but it wouldn't be –

Legislator Nazzaro: It's such a small number.

Mrs. Dennison: Or the possibility is to not make (*cross talk*)...

Legislator Nazzaro: You're saying three options, don't make it, let it stand, or reduce the Finance overtime.

Mrs. Dennison: Yeah, not make the adjustment, let it stand, reduce Finance overtime or make the adjustment and do all of the other adjustments that go with it, so four options.

Ms. Crow: I personally am comfortable with leaving it as is. It's taking the effect of what you wanted. The resulting actual revenue expense will match each other at the end of next year and the tax levy would get the result of the levy (*inaudible*).

Chairman Chagnon: I'm o.k. with it as is.

Mrs. Dennison: I unfortunately Kitty and I don't agree on that. I mean, it's a small number but in the Insurance Administration the revenues and expenses are supposed to match. So I'm concerned if they don't match, we'll be forever saying, hmmm, why don't they match?

Legislator Nazzaro: That was going to be my quick comment.

Mrs. Dennison: It's not very clean.

Legislator Nazzaro: The background that I do, is it going to haunt you, is it going to like keep coming up in a small amount. That's why I say take it out of Finance.

Chairman Chagnon: (*Cross talk*) take it out of Finance.

Ms. Crow: At the end of every year we do an adjustment based on the actual expenses of that department to all departments at the end of every year so that it does equal by the end of the year.

Chairman Chagnon: Take it out of Finance.

Legislator Nazzaro: Yeah, take it out of Finance, please.

Ms. Crow: Then I can do an Executive transfer -

Chairman Chagnon: People just spent 5 minutes talking about \$500.00.

Mrs. Dennison: Right, so we will change the decrease in appropriation that was proposed to take place in department A.1710, will be made in department A1310. The last item on the conceptual list there is to remove two positions from the Department of Public Facilities. The Department of Public Facilities has adjusted personnel in the Buildings & Grounds department and that reduction is a reduction to local share of \$103,872.

Legislator Nazzaro: I just have a question on a number. Just for clarification, I think this is a very nice summary for thank you for preparing this.

Mrs. Dennison: Actually Kitty prepared this format. She came up with it and we used it when we were working with the County Executive and found it very effective.

Legislator Nazzaro: It's a nice clear picture so I really appreciate it. The tax stabilization reserve, is that what we currently have in there?

Ms. Crow: That's all that is in there right now and the only way of getting it is in the event that taxes, (*inaudible*) levy increase is more than 2 ½%. Then you can use the difference between what the proposed levy is and what would be a 2 ½% increase. So it would just be an opportunity to get that (*cross talk*) point and time that –

Legislator Nazzaro: Because I'm looking at your spreadsheets that you prepared previously and I go, wait a minute, I see exact number so that is what I figured. It's going to be there forever unless you override, right?

Ms. Crow: Yes, you are doing an override and you are proposing a levy that's more than 2 ½% increase.

Legislator Nazzaro: Not 2%, more than 2 ½%?

Ms. Crow: Correct, it has to be greater than 2 ½%.

Legislator Niebel: But that's the total that we have in the reserve is \$100,060?

Ms. Crow: Correct.

Legislator Nazzaro: Exactly that amount, that's it.

Ms. Crow: That's been sitting there for a while.

Legislator Nazzaro: Well, if you do (*cross talk*)...

Ms. Crow: Yeah, we just put it on there because just –

Mrs. Dennison: With the increase, scenario three, the increase in the levy is substantial now to qualify us to use the tax stabilization fund.

Legislator Niebel: Personally Mr. Chairman, I don't think that we should go there unless we absolutely have to.

Chairman Chagnon: I agree.

Legislator Nazzaro: I agree.

Chairman Chagnon: So, I'm looking at your top line scenario number one, up in the upper box, and it says flat tax rate which is the tentative budget, but, uses \$738,000 of general fund balance which is less than the tentative budget leaving the fund balance at \$10.8 million dollars or 4.7% of revenue. How does that 4.7% relate to the projections that you did?

Ms. Crow: I didn't give Kathleen updated numbers here because I did make some changes for a variety of reasons as they originally had been.

Chairman Chagnon: Projection was 5.3% for the end of 2020.

Ms. Crow: I incorporated some changes for 2019. I have the updated projections here that we can go through too.

Legislator Nazzaro: So which one is the correct one?

Ms. Crow: I would just ignore those percentages on there.

Legislator Nazzaro: On where?

Ms. Crow: On this sheet. I didn't recalculate every scenario. I made some changes to the 2019 projected fund balance that trickles out to all the years and only in one scenario.

Chairman Chagnon: This might be a good time for us to look at then Kitty. Obviously there's some assumptions built into this projection.

Ms. Crow: Well yeah and I didn't do a projection for every scenario here. This projection is based on, *(then handed out sheet to all members)*, like I said, I didn't do every scenario on here. This right here really is based on scenario number two which is going up to the *(inaudible)*, but it really doesn't change the fund balance projections by too much. Maybe like 1 bases point or something. So looking at the 5th page is where you, on the top left, shows operating surplus deficit as the first row.

One, as far as the 2019 amended budget, I dropped this column in here to include what our current – basically to have a projection of 2019 because this spreadsheet flows into the fund balance spreadsheet. So the amended column is really amended and projected so I dropped in everything that has been amended to the budget so far, through like this week, in this column and then I added a couple of other items to that. One is a resolution you will be seeing this month to amend the budget for additional funds for salt with the use of fund balance from that and our currently projected deficit, up until now, of about \$900,000 from shortfalls of revenue projected in HHS. So that's built into the 2019 column.

Chairman Chagnon: 2019 amended.

Ms. Crow: Amended, yes. From the 2020 tentative column is, you can make a note that that is scenario two. So that would have the resulting levy and rate on the bottom there which is on your summary over there that Kathleen provided. Then the next page is the projection of the fund balance. It gets a little complicated here. So 2018, are the audited financials, 2019 column

here is now our projected based on the additional net revenue where we expect to meet for 2019 which is about \$800,000 based on our current amendment and projections. Going through these notes here to the right so the, due to other funds, that's the change in what was recorded on the 2018 financial statement that is due to the "D" fund. We are projecting that during 2019 we've already received the claimable revenue that was part of the \$4.5 million but would still have a \$1.7 million dollar deficit aside from that, that we are addressing by reducing the self-insurance reserve and then transferring, you'll see above, the \$1.2 million to the "D" fund. Further, we received the Extreme Weather funding, a little over \$500,000 that was amended into the budget to go back to the "D" fund. So that would address the deficit in the "D" fund so the "D" fund would be projected to be, fund balance, net zero by the end of this year.

The capital projects reserve is reduced from the \$6.6 million taking into consideration what we used in the adopted budget for 2019 plus additional use of reserve for capital that was approved by a resolution this year, plus projecting to potentially use another \$200,000 of that before the end of this year for the land purchase. So that is included in here as a reduction to the reserve for capital. So then that leaves our projected unassigned fund balance at the end of 2019 as \$11.5 million. Then we would be using potentially, if we raise taxes to the maximum under the tax limit, we would be using \$102,000 and so essentially that doesn't change much, our projection.

I also updated, down below, the projection of general funds revenues which also factors into the recalculation of the unobligated fund balance as a percentage of revenues. So that's really what kind of changed a lot here because I put in our 2019 projected revenues and then the updated 2020 projected revenues as a result of all the amendments that were contemplated.

Chairman Chagnon: The scenario two which included \$102,000 use of general fund balance, does it impact the unobligated fund balance?

Ms. Crow: Not much. It's not enough to change it a percentage point or even really a big – I mean it did before –

Chairman Chagnon: The number doesn't change.

Ms. Crow: Correct. All the other changes combined and the updating of the general fund revenues, this is the most up to date calculation.

Chairman Chagnon: The unobligated fund balance, you show for 2019 is the same as 2020, even though we're using \$102,000 of the general fund balance. I'm looking at the boxed line, unobligated fund balance.

Mrs. Dennison: It's assigned for use in 2019.

Ms. Crow: Yes and then there is nothing – we're assuming that we're not using any fund balance – it takes it out of, kind of the end of the prior year.

Chairman Chagnon: End of 2019 so it impacts 2019.

Ms. Crow: Because at the end of 2019, we have to show it as a designation for the next year's budget.

Chairman Chagnon: That is the same with the "DM" fund balance, as well?

Ms. Crow: The fund balance projections are just the general fund. They don't include the "D" and "DM" fund.

Mrs. Dennison: Mr. Chairman, going back to your initial question on the scenarios, I used a little bit earlier version of Kitty's projections, slightly different but, in scenario one, I took, instead of assigning \$102,000 for future budgets, I calculated the fund balance if we were assigning \$738,000. So if we were to go with scenario one, not increase the tax rate, we would fall below the 5%, at the end of 2019 or as of 1/1/2020.

Legislator Niebel: Kathleen, to what? To 4.7%?

Mrs. Dennison: Yes.

Legislator Niebel: Where do we find that on the chart here?

Mrs. Dennison: As Kitty has said, it's not on there –

Ms. Crow: I didn't do a fund balance chart for every single scenario, I'm just – to give you a reference point, it's going to go up plus or minus –

Legislator Niebel: (*Cross talk*) from talking to these guys.

Chairman Chagnon: I have intuition.

Legislator Niebel: Had you figured it out?

Chairman Chagnon: Yeah.

Legislator Niebel: That's what I thought. So it falls to 4.7%, the fund balance does under scenario one –

Ms. Crow: I'm not sure because I want to update because – it just depends on what revenues, are you using this –

Mrs. Dennison: I was using this revenue so I took this fund balance and potentially –

Ms. Crow: And reduced it by \$700,000 (*inaudible*) to 4.7%?

(*At this point, Ms. Crow & Mrs. Dennison were speaking amongst themselves....*)

Mrs. Dennison: Decrease the fund balance by the difference between the (*inaudible*)...

Legislator Niebel: (*Inaudible*) check with those guys or you just came up with the 4.7%? I'm just wondering because is that a figure we can use, 4.7?

Chairman Chagnon: Terry, when I was doing it, I was looking at the previous projections and recognizing that we had a \$500,000 budget amendment coming for 2019, for salt, and realizing that we had a shortfall in revenue that was still projected for HHS, so, that's why I was estimating we're going to be in that neighborhood.

Legislator Niebel: The 4.7?

Chairman Chagnon: Yes.

Mrs. Dennison: So actually in using Kitty's current version it's slightly different than the one I was using and now I'm coming up with 4.77%, so 4.8.

Legislator Niebel: So just to be clear, under the first scenario, we drop down to about 4.8% as far as the fund balance but in 2018, audited, we were about 4.1%?

Ms. Crow: Correct.

Legislator Niebel: So we've actually increased.

Ms. Crow: That is because we're taking money out of the Insurance reserve. We're reducing the Self-Insurance reserve which is the monies left over from the fire in Dunkirk. There is about \$1.7 million that is in there that we're taking out. One point two of that is going over to the "D" fund and the remaining \$500,000 will be retained in the general fund to add to the general fund. That too is, assuming everyone is in agreement with doing all of that but that is how it is presented here.

Legislator Niebel: I just wanted to be clear Kitty that 2018 it was 4.1 –

Chairman Chagnon: But there was "D" fund revenue that was not received in 2018.

Ms. Crow: Yes, but that's not impacting the - because we're reducing the, due to other funds, by the end of 19' so that won't -

Chairman Chagnon: But he was talking about 2018. The 2018 was impacted by that revenue that wasn't received by the end of 2018. So the, due to other funds, is greater –

Ms. Crow: That's what the original projection that I included, that's before I updated (*cross talk*).

Legislator Nazzaro: So Terry to Pierre's point, 2018 (*cross talk*).

Mrs. Dennison: Artificially low. It's low on December 31st, on that day.

Legislator Nazzaro: It's a timing thing. Kitty, did you explain – on your projections now using scenario two, on the 2019 projected, you said projected surplus deficit from prior year, \$801,000, what was that again?

Ms. Crow: Because I was – I added in all the amendments that had been made to this year's budget so far and then I added the use of fund balance of \$500,000 for salt and a remaining shortfall from HHS projected about \$900,000.

Legislator Nazzaro: That number just seems based on prior discussion we had?

Ms. Crow: Correct.

Legislator Nazzaro: The \$801,000 seems, which is good, it seems like it's lower – I expected that deficit to be higher because based on everything that we have talked about. I thought it was like, pushing \$2 million or something.

Ms. Crow: We started out with 1. –

Mrs. Dennison: We started out around \$2 million and then departments contributed savings of about \$500,000. That brings us to about \$1.5 which kind of splits between salt and HHS revenue shortfalls.

Legislator Nazzaro: Brings what to \$1.5, the deficit?

Mrs. Dennison: Expected remaining challenges to the amended budget.

Legislator Nazzaro: So that number is still obviously not going to fluctuate either way?

Mrs. Dennison: It's not fluctuating away?

Legislator Nazzaro: It could fluctuate either way. It could get better or worse.

Mrs. Dennison: Correct.

Legislator Nazzaro: I mean, that's your best calculation information that you have now.

Ms. Crow: Yes.

Chairman Chagnon: That's an up to date projection.

Legislator Nazzaro: I just wanted to make that point clear. The only true numbers that are final are 2018.

Mrs. Dennison: That is correct.

Chairman Chagnon: I still keep coming back to the significant risks that are already embedded in the 2020 budget. These projections are based upon hitting the budget revenue and hitting the budget expenses and there is significant risks in the 2020 budget on both those areas.

Legislator Nazzaro: And one of those, Mr. Chairman, risk, will happen.

Chairman Chagnon: Yes.

Legislator Nazzaro: So it's a known risk that just has not been budgeted for.

Chairman Chagnon: So what is the feeling of the committee at this point?

Legislator Nazzaro: You know where I stand.

Legislator Muldowney: Forgive me for being late, could we just quickly go over the three scenarios. I have to (*inaudible*)...

Mrs. Dennison: Sure. The first column is the tentative budget which is the budget as proposed by the County Executive. Scenario one is the tentative budget plus the changes that we're approved by the committees last week. So this page is the changes and those changes reduced the use of fund balance by \$288,000. So scenario one, there still is no change in the tax rate, there is a lesser use of general fund balance because of the savings that were implemented or proposed last week. So that is scenario one. As we talked before, scenario one, given that it still uses over \$700,000 use of fund balance, would case the fund balance to drop below the 5% of revenues.

Legislator Muldowney: That would be the 4.8%?

Mrs. Dennison: Yes. Scenario two is if we raised the tax levy up to the maximum based on the tax cap calculations from New York State. So the tax cap maximum levy is \$64,228, 957. So if we put the levy at that amount, we would increase the tax rate by 8 cents and we would still have to use general fund balance of \$102,545.

Then scenario three is if we use no general fund balance and no "DM" fund balance. These two scenarios two and three, are both based on implementing all the changes that we discussed last year. So scenario three, we would be increasing the tax levy to \$64,859,000 or a tax rate increase of 17 cents.

Legislator Muldowney: One of the last meetings we had was if we did nothing, then next year would be even worse, right? (*Inaudible*)... Does scenario one take that into consideration or that –

Ms. Crow: Scenario one would only impact the fund balance going forward because – well, it does reduce some of the projection costs in revenues going forward so it does have an impact. It lessens the projected deficits but in all of these scenario's, there is still a projected deficit if we're going to keep the tax rate flat beyond 2020.

Legislator Muldowney: But if we do scenario two.

Ms. Crow: Scenario two, further scenario two is – it helps reduce but there's still –

Chairman Chagnon: And that is what the projection is based on, scenario two. So that would say at the end of 2020 we will be at 5.1% for our unobligated fund balance. Dropping to 5% in 2021, 4.9% in 2022.

Ms. Crow: Yeah, and then for 2021, I mean, we'd still be looking at a projected deficit of \$1.4 million dollars. Assuming that we would want to keep the rate flat again in 2021 and not use any fund balance.

Legislator Muldowney: Thank you.

Legislator Nazzaro: What do we and I know it's here and I should have that number memorized but the tax levy that was in the Executive's budget, how much is the tax levy actually going up?

Legislator Niebel: Two point seven.

Legislator Nazzaro: Which is how much in dollars?

Chairman Chagnon: One million six eighty two.

Legislator Nazzaro: Oh, it is right there. So I just want to point out that the revised numbers you gave us, all the projections, which was based on scenario two, we would be raising the levy by, if scenario two is adopted, we'd be raising the levy by \$2.3 million from the \$1.682. Even with that, based on projections, we're still operating at a deficit, a slight deficit, is that correct? And is it the \$730,000 –

Ms. Crow: You could say that we still are not structurally balanced.

Legislator Nazzaro: I just want to make that point which we can all read the numbers but sometimes we have so many numbers in front of us, even if we adopted scenario two, again, have slight increase in the tax rate, raising another \$2.3 million levy, we're still operating at \$730,000 operating deficit.

Ms. Crow: Correct and then remember again too, aside from the general fund balance being where it is, at the end of 2019, we're going to have zero "D" fund balance. If we use the \$627,000 of the "DM" fund balance, we have about \$200,000 left of "DM" balance so that would –

Mrs. Dennison: I was going to say, as you know, those fund balances, looking back a year ago, I mean, they were close to almost a million dollars (*cross talk*) in each one.

Legislator Nazzaro: So the point is going forward, unless some miraculous something happens, we're not going to have the use of those fund balances anymore which is another caution sign.

Mrs. Dennison: Yes.

Ms. Crow: In terms of the tax cap, when we don't use up to the full amount, that's further limiting us in future years. Not that it can't be done to override the tax cap, I mean, it can be but depending on the makeup of the Legislature, that might be easier or harder in any given year. But, that's what it would require if we got to a point where there was not sufficient fund balance or other (*inaudible*) on the horizon that we don't know of any new revenues that are going to be coming down the pike.

Legislator Niebel: Kitty, we don't know that for a fact but there are some things out there like the Tribal Compact, correct? That was \$750,000 budgeted this year that we didn't receive so we didn't budget for it next year. But, that money, that \$750,000 is there. New York State has it, they just haven't released it to us, correct?

Ms. Crow: Well, they don't have it. I am not counting on it.

Legislator Niebel: Oh, they don't have it?

Ms. Crow: I'd assume that if it was being paid to them, they would have it but I'm going to assume that it's not being paid to them either. I don't know the details of it, however, I know that there is already one ruling made on it. They're fighting it but I would not count on it until I see it in the bank.

Chairman Chagnon: Kitty, you are correct. The money has not been paid to New York State.

Mrs. Dennison: And just to clarify, the 2019 budget included \$725,000, not \$750,000. I mean that is, as the County Executive pointed out in his presentation, that certainly is an opportunity or potential opportunity.

Ms. Crow: Yeah, I mean, I wouldn't give – my own opinion, I wouldn't count on that anymore less than I would count on some other things that are contemplated in the budget. I mean, you can only take into consideration what you know at the time.

Legislator Niebel: And is that the total or do they owe us more for years past?

Ms. Crow: It's always based on – I mean, it's not a fixed amount. It's based on whatever would have been collected that year. So yeah, we have been projecting/

Legislator Niebel: I understand that. Is there cumulative payments that they haven't made to us in the past?

Ms. Crow: Yes. Since they stop making payments, we can say that what we budgeted for that time period is – we know what that number is, that we budgeted for that we did not receive.

Legislator Niebel: And that amount is \$725,000 or is it more?

Ms. Crow: The \$725,000 was the amount that we budgeted for 2019. There was years prior that we didn't receive it as well.

Legislator Niebel: Do we –

Ms. Crow: I don't know whatever settlement they might come up with would be retroactive to the last date or not, maybe they will settle on something else, maybe they will say, o.k., from this day forward we'll start paying, who's to say.

Legislator Niebel: But that is a source of potential revenue that's out there, potentially.

Ms. Crow: Yes, potentially but we can only use revenue that we can count on.

Chairman Chagnon: We have enough risk already baked into this budget.

Legislator Nazzaro: We can wiped that, if we got that in, that would be used to help –

Legislator Muldowney: How long in arrears?

Ms. Crow: I think it was like 2017 that was – we received the first of two payments in 2017 but nothing since then.

Mrs. Dennison: I'm looking it up now.

Legislator Niebel: We're talking about risk so I just want to point out that if there is some potential out there for additional revenue, perhaps. I don't know what the percentage is, but, -

Ms. Crow: That could help us in our future year deficits.

Mrs. Dennison: To Kevin's question, the last time we recorded actual revenue for the Tribal Compact was in 2017. We had budgeted \$730,000, we recorded \$176,000, so that's the last time that we actually got money. We budgeted \$725,000 in 18' and \$725,000 in 19'.

Legislator Niebel: Only \$176,000.

Ms. Crow: We received the first of two payments in 2017.

Mrs. Dennison: Prior to that in 16' and 15', we received \$727,000 and \$732,000 respectively.

Legislator Nazzaro: In the book under Fiscal Status and I know we've been changing on the "A" fund but in the "D" fund –

Mrs. Dennison: That will change.

Ms. Crow: That have to be corrected to zero.

Legislator Nazzaro: So at the end of 2020, the "D" fund will –

Ms. Crow: No at the end of 2019.

Legislator Nazzaro: O.k., the end of 2019 the "D" fund balance will be a goose eggs, zeros, and the "DM" fund will be \$200,000. To me, that is a significant issue because we don't have any way of –

Ms. Crow: Yes, in my 10 years, we would be concerned if either one of those fund balance was going before a million and now we're to zero. Typically when amendments come for transportation items throughout the year, a lot of times we were use "D" or "DM" fund balance and rightly so because those were funds that were dedicated to transportation and we know that weather and things like that can defer projects and we're returned that pretty regularly and I think that is what we would be doing. It was appropriate for that use but now we will only be able to draw from the general fund or not do those things.

Legislator Niebel: Mr. Chairman, could we discuss possible additional cuts to the budget?

Chairman Chagnon: Certainly.

Legislator Niebel: One of the cuts that I think we ought to perhaps take a look at is the District Attorney's office for 2020. He's requested an additional one and a half FTE's. He requested 2 ½ in the tentative budget but the County Executive had decreased that by one person. I'm wondering if we could perhaps decrease that by another person. In 2016, the District Attorney's office actually had 19 ½ employees and that was up from 17 ½. That was David Foley. David was elected in 2015, he was leaving in 2016 actually and so was Grace Hanlon. A lot of experience there, they handled a lot of cases so what Mr. Foley did was he budgeted for next year 2 full time employees for 2016. Today, even with one less, o.k., if we do cut the District Attorney's budget by an additional one person, he will still have 22 people which is 3 ½ people more than what he had in 2016. So, I think this department has seen a significant increase over the past four years. If we did decrease this by one Assistant District Attorney, say \$60,000 and the fringe benefits at \$15,000, that would be \$75,000 less in this budget and that \$75,000 could be used for, well, either in the Public Facilities because Brad has talked about a shortfall in his department, especially the roads, or we could use that to further decrease the amount that we're taking out of the fund balance. So that's just a thought. I throw that out for discussion.

Chairman Chagnon: Any discussion?

Legislator Gould: Maybe even half a person. He's at 22.57. Maybe the five seven.

Legislator Niebel: Allow an increase of one but not the half.

Chairman Chagnon: So you are suggesting an option to what Terry was suggesting being remove the .57 rather than remove the one?

Legislator Gould: Right.

Mrs. Dennison: if I could just clarify the .57. Part of that .12 of that is attributable to changes in the FTE county for existing attorneys. I believe the FTE account and Janelle correct me if I'm wrong on this, I mean, the FTE count sometimes has a little bit of flux in it. I think those positions were essentially full time positions but they just didn't register as a full FTE in the 2019 budget. So my point is is that the .12 is not really a change or not really an addition to the staff, just a, kind of a recalculation of the existing staff. So it would be –

Legislator Niebel: A .45?

Mrs. Dennison: Yes.

Ms. Hansen: Are you referring to the change in allocation from the STOP DWI?

Mrs. Dennison: No. He had a couple of positions that they're full time people – they are like .95.

Ms. Crow: It's based on the hours of full time that they work.

Legislator Gould: I thought that was all going to be changed? With the District Attorney and the Public Defender, they were all going to full time positions now.

Mrs. Dennison: That has happened, that's why I'm saying, I think in 19', there was some kind of little bit of an abnormality with a couple of the positions in the District Attorney's budget. They are full time people but they did not just register as a one.

Ms. Crow: The FTE number, it's not a one. We have to manually amend it to reflect the calculation of the hours so it's something that we do in the Budget department for the FTE count in some cases.

Legislator Gould: I'm trying to make it easy for everybody.

Ms. Crow: It's just that if you want to reduce a part time position, then you say a part time position.

Mrs. Dennison: I'm just saying, there is not a position that was newly added that's .57. The ones that are new, there is a Narcotic Investigator, that's a .49 and the cost for that position including wage and fringe is \$32,336 and the new District Attorney is additional 1 FTE, one full position and the budgeted expense for that including fringe is a salary of \$60,000 and with fringe it's \$86,435.

Legislator Nazzaro: An FTE for the DA office is how many hours?

Ms. Crow: I think they work 40 hours.

Legislator Nazzaro: So it's 2080?

Ms. Crow: Yeah.

Legislator Nazzaro: I know it varies by department so I just wanted to make sure.

Mrs. Dennison: Their clerical staff is 40, but I think their – I mean their management staff, I mean it's salary –

Legislator Nazzaro: But you still calculate an FTE based on hours so I think that you have to deal with dollars rather than hours (*cross talk*)...

Ms. Crow: I wouldn't worry so much about the FTE number as much as the dollars. But I think that the District Attorney had some rationale for the increases that he proposed. I'd assume that you would want to hear from him to maybe or assumed you did when he was here for his hearing with Public Safety.

Legislator Niebel: Yes, he came to Public Safety. He advocated for increase of – well, when he came before the County Executive, he advocated for an increase of 2 ½ people. By the time it got to us in Public Safety, it was 1 ½. I'm just throwing this out for possible discussion here at this time. So, Mr. Chairman, there's a, I guess, a discussion to ask whether or not we could possibly decrease this position by one person or .45?

Mrs. Dennison: It would be .49.

Legislator Nazzaro: I guess I would need to understand the effect of that, because I know it was at the bail reform, the new discovery laws that are kicking in here in January. There is a lot of unknowns and also we have a very serious problem in this County and all over with narcotics. So, I would need to hear how that would impact his operation before I would consider Mr. Chairman.

Legislator Muldowney: I remember him bringing up some points of Raise the Age, (*inaudible*), no bail also, as a result of it. This has nothing to do with it but I know that other offices across the State are adding attorneys because of the result of this legislation. I think it's again, New York State dumping on the locals. I do have some reservations about it.

Chairman Chagnon: Terry, for me, when we discussed this in the hearing with Public Safety and Audit & Control, he was very impassioned about what he needed in the tentative budget and frankly, I, at that point, didn't feel any desire or appropriateness to reduce the tentative budget based upon what he told us. What I am going to suggest since this suggestion has not come up, since Public Safety Committee has met, is that, I would like to see a discussion between the District Attorney and the Public Safety Committee next week to see if and if then a

proposed amendment to our recommended budget came from Public Safety, I would feel better about that because not being a member of Public Safety, but sitting through the hearing, I didn't hear anything that motivated me to reduce further and it didn't come up from the Public Safety Committee. So, if the Public Safety committee meets with the District Attorney and brings forward a recommendation, I think that would be the appropriate way to go at this point.

Legislator Niebel: I'm fine with that.

Chairman Chagnon: I would hope that you would invite the District Attorney to meet with your committee next week.

Legislator Niebel: We'll extend an invitation.

Legislator Nazzaro: Before we get into discussing the different scenarios and where we go, there is one other item that I want to bring up and this may be going back to Public Safety as well. I realize that it had no budget impact, but I was quite disturbed when we were talking about the Fly Car. As you know in the Executive's budget, he has a 4th Fly Car in there to be stationed in Asheville, I believe, to service, mainly the southern part of the County, specifically Jamestown. When asked, when is the last time we had a financial statement for that area, including the ambulance, they have not been done since, I believe, the end of March. I realize it's budget neutral but at this time, I'm not willing to support, in this budget, an additional Fly Car. We can always do it later because it's budget neutral but until we actually see what is this performing. We heard that so far they are not billing because they haven't gotten approval from the State, Medicaid, what I heard. We're all aware, by reading the papers and here in discussions that Jamestown is seriously looking into going into the ambulance business. They already have a CON from many years ago in their capital plan. They have (*inaudible*) two ambulances. I think we all need to and not saying it hasn't been done but I think we need to have a Countywide solution for this. Once we approve the budget Mr. Chairman for an additional Fly Car, that's saying that we endorse that and it's budgeted. Again, it's offset by revenue but I'm not convinced that it is offset by revenue. I'm not saying that I don't support the fourth Fly Car, I just think it's premature to put it in this budget until we have statements that are current, until the end of September, showing what the Fly Car ambulance operating on. We have again, a new administration coming into Jamestown. The Mayor is not running so there is going to be a new Mayor. I know that there are a lot of discussions and in representing Jamestown, I think we shouldn't rush this. Get the numbers, see what happens in Jamestown. We can always put it in.

Chairman Chagnon: Because it's budget neutral.

Legislator Nazzaro: Right. That's my sentiments, my feelings.

Chairman Chagnon: Chuck, I'm so glad that you opened that door because I agree with everything you said and my hot button is, that the Fly Car bills for its services in every part of Chautauqua County except for the City of Jamestown. So the additional Fly Car is needed ostensibly because of the amount of calls in the City of Jamestown that they are not receiving compensation for. So, until this situation in the City of Jamestown straightens itself out so that

the additional Fly Car calls are not needed in the City or, that the Fly Car gets compensated for their work in the City, I can't support the 4th Fly Car either.

Legislator Gould: Do you want me to talk about it a little bit? My people are dying out there because the Fly Car is supposed to be covering our area is in Jamestown. I don't feel that is fair at all.

Chairman Chagnon: Right, thank you.

Mrs. Dennison: Mr. Chairman, may I speak to that briefly?

Chairman Chagnon: Sure.

Mrs. Dennison: I did meet with Director Griffith on Monday to review the revenue items that are in the 2020 budget and we also looked preliminarily at 2019. Their recent call volume for, I believe it was for the month of September, they are averaging 12 calls a day and so we did look at the revenues that are in 20' budget and our conclusion was that they are sustainable with 4 Fly Cars even if there was not revenue from the City of Jamestown. Based on the mix that they have that we used in the 19' budget, looking at an elevated call volume of around 12 calls a day and that is what they are doing now so we kind of said, well, if we leave that about the same, how much money will it generate? And it did make a reasonable budget for 2020. Kind of our assumption was, o.k., there is 12 calls a day now, if there is a 4th Fly Car obviously there would be more calls and so even if we don't get revenue from Jamestown, we might go from 12 calls to about 15 calls a day and 12 of those 15 would be revenue generating.

Chairman Chagnon: So if I might, the corollary to that is that if the program would be self-sustaining at 4 Fly Cars without revenue from Jamestown, then it should be self-sustaining with 3 Fly Cars without revenue from Jamestown.

Mrs. Dennison: Yes.

Chairman Chagnon: So by taking the 4th Fly Car out, we're not affecting the sustainability of the program.

Mrs. Dennison: I would agree with that.

Chairman Chagnon: So it is ostensibly budget neutral.

Legislator Nazzaro: Correct.

Legislator Gould: We heard that three years ago. It was budget neutral and it hasn't been yet.

Chairman Chagnon: So taking it out of the budget gives us a couple of months to see what the results really are for 2019.

Legislator Gould: I'm for that.

Legislator Niebel: Mr. Chairman, it's also a fairness issue. People all over the County are paying for the Fly Car for this service except in the City of Jamestown. So, I tend to agree with you and Chuck. This 4th Fly Car would be established in Ashville but a lot of its calls would be in the City of Jamestown. So, the City has a certificate of need and the only thing they have to do is come up with a billing system just as the City of Dunkirk has. So, I agree, I think we take it out for the time being and give Director Griffith a chance to further negotiate with the Mayor and with the Jamestown City officials.

Chairman Chagnon: Who would like to make a motion?

Legislator Nazzaro: I will make a motion that we remove from the tentative budget, funding and correlating revenue for the 4th Fly Car which is housed in Emergency Services and just with an asterisk that we will reevaluate this down the road when we get the financial performance statements and based on further discussion with the City of Jamestown.

Legislator Gould: I will second that.

Chairman Chagnon: Any discussion on the motion? Hearing none, all those in favor?

Unanimously Carried

Chairman Chagnon: Thank you.

Legislator Gould: How much is that Kathleen?

Mrs. Dennison: Zero local share.

Chairman Chagnon: There is no local share in there. O.k., so now stepping back to the big picture again, we have the proposed changes to the tentative budget that have all been listed out, the proposed amendments and we have discussed several different scenarios so now the next thing in front of us is to approve the proposed amendments to the 2020 budget and to decide on the scenario that we would like to incorporate. They're separate but very much embedded in each other.

Ms. Crow: You could do the amendments and then amend how much use of fund balance.

Chairman Chagnon: Thank you, you said it much better than I was going to. So, let's first take the proposed amendments to the 2020 tentative budget. Is there any discussion about changes or increases or decreases to the proposed amendments?

Mrs. Dennison: Mr. Chairman, just to note that in addition to the changes that you have here, a couple of comments. At this time, on the back page, there is an increase use of fund

balance and a decrease use of fund balances as further development to what Kitty just said. Those two items would not be – they are for reference only, they are not part of the amendments.

Chairman Chagnon: Thank you for pointing that out.

Mrs. Dennison: And we earlier discussed a change under Decrease Appropriations, the third line from the bottom, instead of A.1710 it would be A.1310.

Chairman Chagnon: Right.

Mrs. Dennison: And then there would be an additional Decrease in Appropriations for A.3989.EMS in .1 and .8's, personal services and employee benefits for amount to be determined and then there would be a decrease in revenue A.3989.EMS and it would be – there are several revenue accounts for that endeavor.

Chairman Chagnon: I understand Kathleen but we've already passed a motion on the Fly Car, so what we're dealing with now is the proposed amendments as presented to us today and thank you for pointing out that the increase use of fund balance and decrease use of fund balance are not amendments that are under discussion at this point. So, any other suggestions for changing the proposed amendments? If not, I would entertain a motion to accept the proposed amendments.

Legislator Niebel: Motion to accept.

Legislator Muldowney: Second.

Chairman Chagnon: Discussion on the motion? Hearing none, all those in favor?

Unanimously Carried

Chairman Chagnon: Now that brings us to the scenarios which deals with the tax levy which is driven by the tax rate increase and the resulting use of fund balance.

Legislator Nazzaro: First of all, thank you Mr. Chairman. I know we've had – last week we had very good discussions and we continue those discussions today and I think it's great that we're all working toward a common goal. With that being said, nobody likes to raise a tax rate, myself included. I have sat here now for 12 budgets and when you look at the tax rates over the last say, 13/14 years, back in 2006, our tax rate was \$9.49 per thousand. Currently, it's at \$8.38 per thousand. I'm in support of scenario number two which would increase the tax rate by roughly 1% or .8 cents per thousand which would, as shown on the sheet, would still use \$102,000 in fund balance, but down significantly from one million plus, in the general fund, the "A" fund that was in the County Executive's budget. This puts us a little better footing going into the future. It's probably not enough but it still keeps our undesignated fund balance around the 5% based on the projections as opposed to say 4.8%. While we're still operating at a deficit but I think we have to – we have done a lot of good things here, a lot of good things but we have

to be sensible and make the right choices. So I'm recommending scenario number two Mr. Chairman.

Chairman Chagnon: Other comments, other questions?

Legislator Niebel: Mr. Chairman, I think the County Executive has put forth a very lean budget. I think that it is a responsible budget and I'm happy with some of the reductions that we have made as far as the use of the fund balance so I like scenario one. No tax increase. I think our taxpayers deserve a reasonable tax rate and I think \$8.38 is that.

Legislator Gould: I like scenario two. For the last five years we've lowered the taxes from \$9.49 to \$8.38. Now if we are going to go up a dime, that's just taking back part of what we have given them for the last five years. I feel that's fair. Fair to the County and fair to the people.

Legislator Muldowney: I too don't like to raise taxes, like anybody, but I'm for scenario two and the reason I think we are forced into this, I think the County Executive did put together a good budget for unfortunately New York State doesn't pay their bills and they are putting more legislation on us and we have to pay for it. If those two scenarios didn't happen, we would be in good shape to continue on to keep the taxes flat or even maybe a little decrease but, in my mind, scenario two is the way we're being forced into.

Chairman Chagnon: I don't like to raise taxes either. I would echo what Jay said is that, we lower the tax rate for 5 years in a row. It's not realistic to think that we can continue to do that every year. We struggled last year trying to lower the tax rate again, realizing that eventually that had to turn. To Kevin's point, as we sit here right now, one could argue as our County Executive did, we've made nearly a \$3 million dollar loan to the State of New York for the Compact revenue that we haven't received in the last 2 ½ years and will be not receiving next year at the rate we're going. So, if we had received that, our fund balance would be looking much better and we may have been able to continue without a tax rate increase. But, given the reality of where we are, given that the probability of receiving that revenue, all to be refunded to us within the next year, is slim at best and given the substantial risks that do exist in 2020, that are already embedded in this budget, I am also supporting scenario two.

Legislator Niebel: Mr. Chairman, just one last comment. A few years ago we sold the County Home, we sold it for \$16.5 million dollars. At that time, we did promise the taxpayers a tax reduction. Now granted, we have done that, I think that we have fulfilled most of that promise over the last five years but I think we can sustain, keep the tax rate at what it was, one more year. After this year, I'm not so sure but I think the tax rate of \$8.38 per thousand is sustainable for next year.

Chairman Chagnon: Terry, not to argue with you, this is not an argument –

Legislator Niebel: I don't mind.

Chairman Chagnon: I would just point out that, if we were to go with scenario one, we would be violating our own policy of maintaining the fund balance at a minimum of 5%. Right?

Mrs. Dennison: Yes.

Legislator Gould: I personally wish it was 15 ½% for many years.

Chairman Chagnon: You think that 5% is too low?

Legislator Gould: That's unreasonable, so..

Legislator Nazzaro: The only other comment, there are so many unknowns. The economy has been doing very well and our sales tax has been going up. We have had good investment earnings so far, I just read your report, but, that can change with a snap of the finger based on the bond markets and stock market and everything. So besides the risk that our Chairman has identified which again, I have to compliment Mr. Chagnon because he goes above and beyond the duty of putting time into this so besides the risk that you have identified, we have all the things that are totally out of our control happening nationally and statewide. But to Terry's point, we do the projections that you roll out, we do what we ask and you do a very fine job going out to see where we are going to be at in 2024 and so forth, but in 2020, if some of these risk don't materialize or some of the risks go away because things that we hope to happen, do happen, and things we hope not to happen, don't happen, then at the end of next year, we'll be here again, and I think we set goals for this committee and follow our financial plan that we want a minimum fund balance, undesignated of 5% which I agree with Jay, I think it's a little low. It's just a recommendation. They don't like it to go above 15% but also, you have to look at these "D" and "DM" funds and I'm very concerned about where these fund balances are now, virtually non-existent. So, nobody wants to raise the taxes but in perspective, it's 8 cents, it's \$8.00 on a \$100,000 home. I think it's time.

Legislator Niebel: Just one last comment. Mr. Chairman, the 5% I think is a goal, isn't it or a recommendation for the Legislature because we have exceeded that at times and we have not met that at times.

Chairman Chagnon: Our policy is to keep the fund balance between 5 and 15%.

Legislator Niebel: O.k., but it has varied from time to time?

Chairman Chagnon: Oh it's varied, yes.

Legislator Niebel: Including lower than 5% at times?

Chairman Chagnon: Before we privatized the County Home and raised the sales taxes, it was just dipping below 5% on its way to zero.

Legislator Niebel: O.k., thanks.

Chairman Chagnon: Any other comments? Then I would entertain a motion on which scenario we chose.

Legislator Nazzaro: I make a motion that we approve scenario number two.

Legislator Gould: Second.

Chairman Chagnon: Any further discussion? All those in favor of the motion to adopt scenario please say aye.

Carried w/ Legislator Niebel voting "no".

Chairman Chagnon: Is there anything else to come before the committee today?

Mrs. Dennison: Just a point of order. So, you want to wait until next week to possibly entertain any other changes, any changes to the District Attorney's budget?

Chairman Chagnon: Yes. The committees always have an opportunity to propose further amendments and further amendments can be made on the floor of the Legislature. So, this is the recommendation of the Audit & Control committee now that we have finalized today and this will be discussed in the committees next week.

Ms. Crow: It will be prefiled for your meeting, right?

Chairman Chagnon: Right.

Ms. Crow: So we'll do the resolution for that.

Chairman Chagnon: Right. Anything else? Jay you're up.

Legislator Gould: I make a motion to adjourn.

Legislator Nazzaro: Second.

Unanimously Carried (2:38 p.m.)

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