
Chautauqua County 2021 Tentative Budget
County Executive PJ Wendel
September 23, 2020



Good Evening Mr. Chairman, County Legislators, Department Heads, County Employees and Residents joining us via the live stream from home. Thank you for the opportunity to present the 2021 Tentative Chautauqua County Budget.



In 2019, we looked for bushels of pennies.

In 2019, we looked for bushels of pennies. And we found them, but in order to provide financial stability and adhere to our 5 year fiscal plan, in 2020 we needed to look for...



In 2020, we looked for Barrels of Pennies.

Barrels of pennies. Now that we find ourselves in the COVID crisis, we have a new challenge.



2021 Budget challenges:

- Current events may affect 2020 Fund Balance and have affected the 2021 Budget.
 - \$4-\$8M Drop in 2020 Sales Tax (10-20%)
 - \$450K Drop in 2020 Occupancy Tax (28%)
 - \$800K Deferral of capital projects
 - Increase in expenditures in order to protect citizens and employees

Because of these challenges, we made a significant amendment to the 2020 Adopted Budget. This amendment reduced expenditures by approximately \$4M, in response to the projected decline in sales tax revenue. This amendment was possible because of the hard work of all department heads, who scoured their budgets looking for opportunities to save money. In addition to the budget amendment implemented in May, we reduced expenditures further through the voluntary furlough program. All county employees are to be commended for their willingness to either participate in this program or to take on extra work to keep things operating smoothly during the furlough period. Let's take a moment to recognize the hard work of our department heads, county employees, and especially my budget team...

We need to Budget Outside the Box.



Our current situation also required a change in the way we thought about 2021. Every year, we talk about thinking outside the box. This year we needed to budget outside the box. Our situation reminded us of a legendary idea.

*You see things; and you say "Why?"
But I dream things that never were;
and I say "Why not?"*
George Bernard Shaw 1949
John F. Kennedy 1963

*Some men see things as they are, and
say why; I dream things that never
were and say why not.*
Robert F. Kennedy 1968

Credit for the historical context goes to Chairman Chagnon.
This is very inspirational, but I am sure you are wondering ...



What did this idea mean for the 2021 Budget?

- *We had to find new ways to ...*
 - *Deliver services*
 - *Utilize grants*
 - *Earn revenues*
 - *Do more with less*

In essence, think of things that have never been.

Budget Targets and Goals

- Reduce local share by 10%, compared with 2020 Adopted Budget.
- Identify effect of local share reduction on services.
- Present structurally balanced budget, with no use of fund balance.
- Maintain general fund balance of 5-15% of revenues, per Fiscal Management Policy.
- Minimize tax rate increase.

The “COVID” amendment to the 2020 budget reduced local share 6.3% (A, D, DM). The goal was to stretch that reduction to 10% from the adopted budget. There were several reasons we tried to achieve this reduction:

1. The 2020 budget included use of DM fund balance and transfers from the energy fund and landfill that might not be available in 2021.

2. We may need to use general fund balance in 2020. Our fund balance is low, so any use this year should be replenished.

3. Our current financial situation is fluid, and we are not certain what will happen with the economy. We had to plan for the worst, and make changes from that starting point.

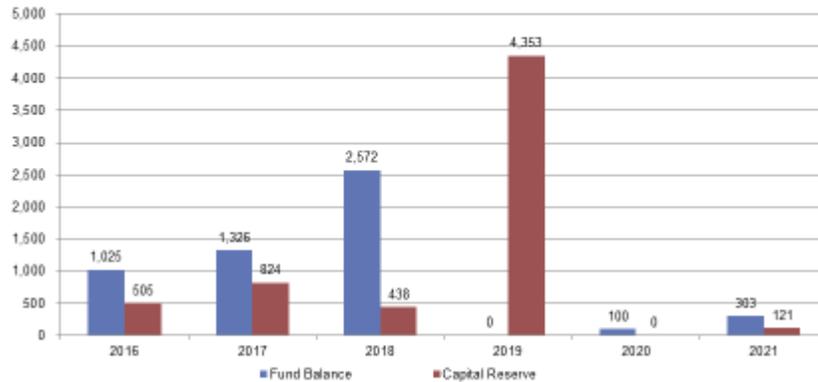
We needed to be fluid, a term we know all too well during the COVID-19 Pandemic.

We knew reaching this goal would present many challenges. While many departments were unable to achieve the goal, we found departments made every effort they could toward that end. Any further reductions would have resulted in cuts in public services. Furthermore, while we did not reduce local share as much as we projected, we maintained all current services.

Let's move on to our other goals.

Goal: Present Structurally Balanced Budget

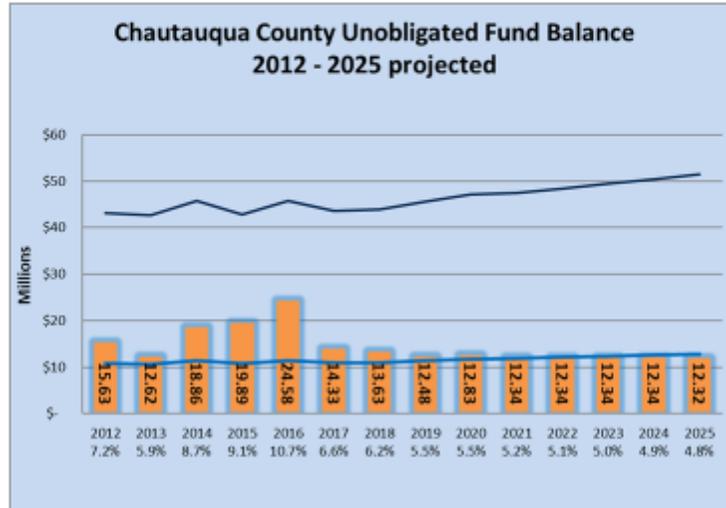
Budgeted Use of Fund Balance & Capital Reserve (A Fund)



We consider a structurally balanced budget one that uses no general fund balance, and covers recurring expenses with recurring revenues.

For the third year in a row, the budget uses no undesignated general fund balance. The budget used \$292,700 from a designation of fund balance and \$10,000 from the 2% occupancy tax reserve. The designation was created last year after a gain on the sale of StarFlight helicopters; however, the designation is for the debt service expenses associated with the purchase of the helicopters.

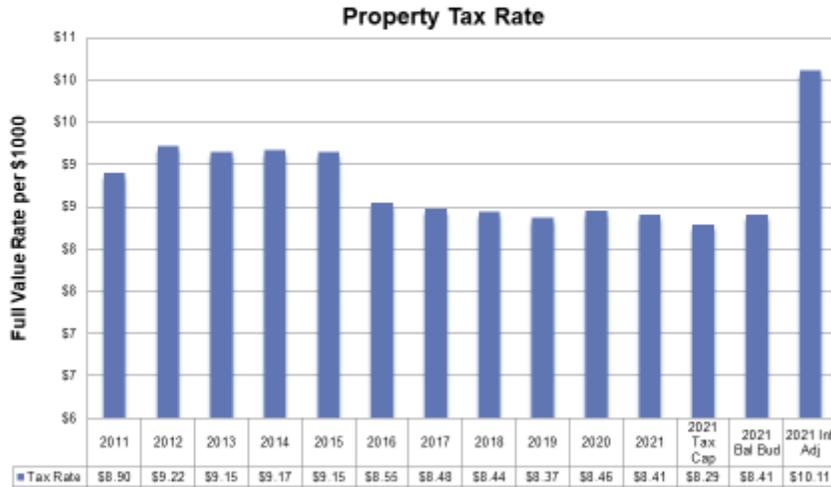
Goal: General Fund Balance 5-15% of Revenue



Maintaining our fund balance was a particularly challenging goal, given that we may need to use fund balance in 2020, and our fund balance is very close to the bottom of the recommended range. The 2021 Tentative budget is balanced, and preserves fund balance, which remains at the minimum level called for in our Financial Management Policy.

Our policy suggests general unobligated fund balance between 5 & 15% of general fund gross revenue. Our projection indicates the fund balance at the end of 2021 will be slightly above the minimum percentage at 5.2%, but the fund balance as a percentage of revenue will decrease in 2022 through 2025, so looking ahead we will have our work cut out for us.

Goal: Minimize Tax Rate Increase



Our final goal was to minimize the tax rate increase. New York State specifies what our tax levy can be, based on a variety of factors. The 2021 allowable Levy increase is \$1,221,034, compared with the \$2,317,810 allowed in 2020. The allowable increase for the 2020 levy carried over \$857,904 from prior years, which is not available to us this year. Further, the Levy growth factor, the lesser of inflation or 2%, for 2021 is 1.56%, vs. 2% allowed in 2020.

Due to a 4% increase in the county’s property valuation and efforts made by our departments to reduce local share, the tentative 2021 property tax rate is \$8.41 per thousand. This is 5 cents below last year, but 12 cents above the tax rate needed

to stay under the tax cap. Lowering the tax rate while remaining over the tax cap is a very unique situation; however, you can see that the proposed tax rate is significantly below \$10.11, the tax rate adjusted for inflation since 2011.

2021 Tentative Property Tax Levy & Rate

	2020 Adopted	2021 Tentative	\$ Change from Prior Year	% Change from Prior Year
Property Tax Levy	\$64,228,957	\$66,425,552	\$2,196,595	3%
Full Valuation	\$7,593,537,990	\$7,898,142,093	\$304,604,103	4%
Property Tax Rate	\$8.46	\$8.41	-\$0.05	-1%

So, in summary a tax rate reduction of 5 cents, with a total levy increase of \$2,196,595 is proposed for 2021.

Summary of Revenues by Classification (Governmental Funds)

Revenue Classification	2020	2021	Increase/(Decrease)	
	Adopted Budget	Tentative Budget	Amount	Percent
Departmental Income	\$18,566,319	\$19,797,893	\$1,231,574	6.6%
Fines, Licenses, Miscellaneous	\$2,192,447	\$1,987,952	-\$204,495	-9.3%
Shared Services	\$5,189,817	\$4,964,087	-\$225,730	-4.3%
New York State Aid	\$38,759,198	\$37,787,583	-\$971,615	-2.5%
Federal Aid	\$31,949,826	\$31,914,174	-\$35,652	-0.1%
Sales Tax - Pass Thru	\$29,280,977	\$29,280,977	\$0	0.0%
Sales Tax - County Portion	\$42,066,707	\$42,066,707	\$0	0.0%
Other Tax Items	\$7,139,999	\$7,594,405	\$454,406	6.4%
Use of Money & Property	<u>\$1,255,065</u>	<u>\$1,916,277</u>	<u>\$661,182</u>	<u>52.7%</u>
Total Revenues				
(excluding transfers & property tax)	\$176,400,385	\$177,310,055	\$909,670	0.5%

And now for the numbers ...

Revenues increased by 0.5%, driven by increases in interest earnings and departmental income from enhanced mental hygiene operations. New York State Aid declined due to changes in health and human services programs. Many of the reductions in revenue are accompanied by reductions in appropriations. The 2021 Tentative Budget for sales tax is equal to the 2020 Adopted Budget, which was \$42,066,707.

Summary of Expenditures by Classification (Governmental Funds)

Expenditure Classification	2020	2021	Increase/(Decrease)	
	Adopted Budget	Tentative Budget	Amount	Percent
Personal Services	\$62,379,691	\$65,534,066	\$3,154,375	5.1%
Employee Benefits	\$34,473,538	\$35,901,936	\$1,428,398	4.1%
Subtotal Personal Services & Employee Benefits	\$96,853,229	\$101,436,002	\$4,582,773	4.7%
Equipment	\$901,731	\$512,687	-\$389,044	-43.1%
Contractual - Pass Thru Sales Tax	\$29,280,977	\$29,280,977	\$0	0.0%
Contractual - Medicaid	\$30,230,664	\$28,307,216	-\$1,923,349	-6.4%
Contractual - All Other	\$81,642,685	\$79,880,358	-\$1,762,327	-2.2%
Principal and Interest	\$3,153,253	\$3,722,190	\$568,937	18.0%
Subtotal Other Appropriations	\$145,209,210	\$141,703,427	-\$3,505,783	-2.4%
Total Expenditures (excluding transfers)	\$242,062,439	\$243,139,429	\$1,076,990	0.4%

Expenditures were held to an increase of 0.4%.

Personal Services increased 5% due to contractual changes. This is because for the 2021 budget all county bargaining units are under contract, whereas the 2020 budget was approved prior to settling our largest contract with CSEA 6300. Under the newest contract, all employees are now on high deductible health insurance plans which helped mitigate the increase in benefit expenditures.

You can see departments held the line on contractual costs and equipment; those costs decreased 2% and 43%, respectively. Our Medicaid weekly contribution decreased at the end of June, and is expected to remain below the level budgeted in 2020.

2021 Proposed Positions

# of FTE	2020 Budget	2021 Tentative Budget	Change
Governmental Funds	1218.79	1214.28	-4.51
Enterprise Funds	70.84	68.76	-2.08
Total All Funds	1289.63	1283.04	-6.59

Staffing is at minimum levels necessary to maintain public services. New funded positions include 5 positions in the Public Defender's Office, 5 for mental hygiene which are grant funded, and 11 positions associated with transitioning CARTS bus drivers from substitutes to full time employees.

As I noted previously, for the first time in several years contracts are in place for all bargaining units. Therefore, the tentative budget includes all wages and benefits.

Accomplishments in 2021 Budget

- No reduction in services
- Return to normal road maintenance schedule
- Addition of fourth Fly Car
- Addition of Safety Coordinator
- Conservative sales tax budget
- Conservative occupancy tax budget
- \$11M investment in capital projects and heavy equipment

We were able to accomplish this tentative budget without a reduction in services our county residents rely on, including a return to a normal road maintenance schedule for 2021.

We also added a fourth fly car to the emergency services budget to enhance services, response time, and generate revenue opportunities. This will only be implemented if we can secure contracts to ensure the revenue will come in as projected. We also are adding a County Safety Coordinator, a position long requested by our Labor Relations Council. This position will develop safety plans and conduct safety trainings and investigations to help prevent future accidents. Not only

will this generate savings in future claims, but most importantly ensure the safety of our employees and visitors.

The 2021 Tentative Budget keeps the sales tax budget flat compared with the 2020 Adopted Budget. This represents an increase of \$432,091 over 2019 actual results.

The 2021 Tentative Budget keeps occupancy tax at the 2020 Amended Budget, approximately 30% below the 2020 Adopted Budget.

Capital projects include investments in road machinery, brownfield remediation, jail equipment, and improvements to the JCC campus, to name a few.

Challenges Ahead

- Returning sales tax and occupancy tax revenue to pre-COVID levels
- Leveraging grants to enhance our services, without creating long-term dependence on grant funding
- Navigating changing directives and/or funding from NYS
- Continuing to deliver the same services as efficiently as possible.

The challenges are many, but I am confident the 2021 Tentative Budget provides a plan for continued success in Chautauqua County.

In summary, I leave you with our budget mission.

My goal is to make our 2021 comeback greater than our 2020 setback!

