

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

Members: Chairman Castellano, Legislators Albano & Gouldman

Friday **October 7, 2016**
(Immediately following the Economic Development Budget Meeting beginning at 6:00pm)

The meeting was called to order at 6:30 P.M. by Chairman Castellano who requested Legislator Albano lead in the Pledge of Allegiance. Upon roll call Legislators Albano & Gouldman and Chairman Castellano were present.

Item #3 - 2017 Budget Review

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

Legislator LoBue questioned why Personnel Services, line 51000, increased.

Commissioner of Finance William Carlin stated the increase is due to contracts and the reclassification of a position.

Chairman Castellano stated this discussion can be had at the Personnel Budget Meeting.

Legislator Gouldman questioned what is included in line 410010, Real Property Taxes.

Commissioner Carlin stated that is the property tax levy.

Legislator Gouldman questioned if the line included commercial and residential properties.

Commissioner Carlin stated that is correct.

Legislator Gouldman questioned the projected increase in Real Property Tax, line 410010, from 2016 to 2017.

Commissioner Carlin stated the increase will be in the general fund. He stated it increases and decreases in other funds, but the total is the 1% increase in the total tax levies which is about \$41,435,000.

Legislator Gouldman questioned if there is a trend that this determination was based off of.

Commissioner Carlin stated that amount is what can be used under the tax cap. He stated if the trend continues the mandates go up.

Legislator Gouldman questioned what line 410811, Payments in Lieu of Taxes, was for.

Commissioner Carlin stated the Payments in Lieu of Taxes (PILOT) are on the Industrial Development Agency (IDA) properties that are still under their 10 year PILOT agreement. He stated this tax incentive has expired for one (1) property, which will now move to the regular section of the tax roll. He stated this is why this budget line shows a decrease for 2017 as compared to 2016.

Legislator Gouldman questioned line 410812, Federal Payment in Lieu of Taxes.

Commissioner Carlin stated that is for certain park lands.

Legislator Gouldman questioned line 410900, Interest and Penalties on Real Property Taxes.

Commissioner Carlin stated that is revenue for Putnam County. He stated this line has remained stable since 2015 and believes there will be \$4,900,000 revenue in 2017.

Legislator Gouldman questioned if there is a trend that has led to the prediction of the increase of about \$2 million in Sales and Use Tax, line 411100.

Commissioner Carlin stated sales tax has been higher, although he is not exactly sure why. He stated the estimated sales tax revenue for 2017 was based on the amount of sales tax collected this year, which he believed to be a conservative approach.

Legislator Albano stated the number could possibly be higher.

Commissioner Carlin stated that is unknown, especially with the upcoming Presidential Election.

Legislator Gross questioned line 426901, Tobacco Settlement Monies.

Commissioner Carlin stated that amount is usually between \$25,000 and \$30,000. He stated when the County securitized the tobacco revenues years ago, there is an amount allowed for County expenses, which goes right to the general fund.

Legislator Gross questioned if there is an end date on that.

Commissioner Carlin stated there is, but it is very far away.

Legislator Gouldman stated for 2016, about \$12,000 in revenue was projected in line 426101, Fine and Forfeited Bail Bond, however the Actual Budget shows over \$73,000. He questioned the difference between the original and actual budget.

Commissioner Carlin stated in 2016, a \$50,000 forfeited bail was received, which is very rare.

Legislator Gouldman questioned how far into the future the Tobacco Settlement Monies, line 426901, will go.

Commissioner Carlin stated it will go past 2031.

Legislator Gouldman questioned if the amount received each year will remain constant.

Commissioner Carlin stated each year, the amount that the County received from the settlement increases a little bit. He compared this to the lottery when someone opts to take the cash up front. He stated the risk goes to the bond holders who bought the securitized payments for 25 or 30 years. He stated before the bond holders get paid, the County is paid for administrative expenses, which is shown in line 426901 and will increase a little each year.

Legislator Gouldman questioned if the revenue is paid by the tobacco companies.

Commissioner Carlin stated the money comes out of the revenues that they pay and then the bond holders get the residual amounts. He stated the bond holders are those who bought the County's securitized lottery.

Legislator LoBue questioned line 54634, Telephone.

Commissioner Carlin stated Chief Deputy of Finance Anita Gilbert analyzes the phone bills from each department and adjusts the budget accordingly. He stated some departments' telephones lines have increased, while others have decreased.

Legislator LoBue questioned why there is an increase in line 54646, Contracts.

Commissioner Carlin stated in 2017, they will have to do a full year GASB (Government Accounting Standards Board) 45. He stated this is done every two (2) years and the first year is a full GASB 45 actuarial evaluation, which is more involved and more costly. He stated the cost is less in the interim year.

Legislator Gouldman questioned if new computers were being purchased under line 54382, Computer.

Commissioner Carlin stated that line is for the costs associated with Munis.

Legislator Gouldman questioned the reduction in line 58001, State Retirement.

Commissioner Carlin stated the state retirement is lower because the amortization is being paid off. He stated this decrease will be seen throughout the budget.

Legislator Gouldman questioned how much will be saved by paying off the amortization.

Commissioner Carlin stated about \$730,000 will be saved.

Purchasing – Account 1345 (pages 17-18)

Legislator Gouldman questioned what line 426551, Minor Sales Other was used for.

Commissioner Carlin stated Minor Sales Other is usually for the sale of old vehicles, scrap metal, or anything similar.

Legislator Gouldman questioned what Rebates, line 42770G, was for.

Commissioner Carlin stated the County credit card has rebates, just like any personal card. He stated this credit card is used to make big purchases.

Chairman Castellano questioned why the 2016 actual budget for that line is \$574.20.

Commissioner Carlin stated he expects the rest of the rebates to come through toward the end of the year.

Legislator LoBue questioned Advertising, line 54664.

Commissioner Carlin stated that is mostly used for the bids.

Legislator Gouldman questioned the increase in line 52120, Office Equipment.

Commissioner Carlin stated credit card machines with chip readers are being purchased from that line. He stated they are \$500 per machine.

Director of IT/GIS Thomas Lannon stated if the County continues to utilize the credit card machines without chip reading ability, the County is liable for any fraudulent activity on a card.

Chairman Castellano questioned what would happen in the case that someone's card did not have a chip.

Director Lannon stated the card companies are required to supply a card with a chip by the end of this year. He stated the merchants are required to have the machines in place before that.

County Auditor Michele Sharkey stated the money in line 52120, Office Equipment, is to purchase 10 credit card machines at \$500 each.

Legislator LoBue stated she recently signed up for a new card and she got a disclaimer that the responsibility was on her to utilize the chip.

Director Lannon stated many merchants still do not have the chip reader, and therefore the customer is required to swipe. He stated in that case, the way the law is written, if there is any fraudulent activity, the merchant is responsible.

Commissioner Carlin stated credit card fraud is a huge problem.

Chairman Castellano stated when the County receives a payment via credit card the customer is charged a percentage of the payment. He questioned where this percentage charge is shown.

Director Lannon stated it is not shown because the County does not absorb the cost.

Chairman Castellano questioned what the percentage fee is.

Commissioner Carlin stated the percentage is 2% or less.

Legislator Gouldman requested clarification if the fee is considered revenue.

County Auditor Sharkey stated it is not considered revenue.

Director Lannon stated some counties pay the fee to accept credit cards without charging the consumer a fee. He stated if someone were to make a large payment using a credit card, the County would lose money by not charging the fee.

Legislator Addonizio stated some smaller stores still do not accept credit cards because they cannot afford the fee attached.

Director Lannon stated the County has a very good negotiated rate, and some merchants pay more than the County.

Chairman Castellano stated County Clerk Bartolotti is planning to do some electronic filing and questioned how the money goes through the system.

Director Lannon stated he is unsure, but knows that credit cards are currently being accepted in the County Clerk's office.

Real Property Tax Services – Account 1355 (pages 19-20)

Legislator Gouldman stated line 54680, Data Processing, has \$10,000 allocated for 2016, however just under \$3,000 has been spent year to date. He questioned the large difference.

County Auditor Sharkey stated that line was used to purchase paper and toner for bills.

Commissioner Carlin clarified that the paper and toner are used for School, Town, and County bills. He stated the 2016 actual budget does not yet include the school bills for this year.

Legislator Gouldman questioned what line 54782, Software Accessories is used for.

Commissioner Carlin stated that is used for the licensing for the software used for tax maps.

Tax Advertising & Expense Account 1362 (page 21)

Legislator LoBue requested clarification of budget line 410511, Gain from Sale of Tax Acquired Property.

Commissioner Carlin stated in regards to line 410511, Gain from Sale of Tax Acquired Property, the projected revenue for 2017 is \$100,000 because the County has not received the \$200,000 as projected in previous years. He stated this year, the \$200,000 in revenue was exceeded due to the sale of a special property; however most of the properties sell at a loss.

Legislator LoBue questioned the revenue in line 412350, Charges for Tax Redemption.

Commissioner Carlin stated the County advertises the properties and charges \$50 per parcel to do so. He stated line 54910, Tax Advertising and Expense, shows the expense of advertising. He stated the bulk of the advertising is done at the end of the year.

Expense on Property Acquired for Tax – Account 1364 (page 22)

Commissioner Carlin stated this account shows the school taxes that the County pays.

Legislator LoBue stated in 2016, line 54911, Taxes and Assessments on County Properties was budgeted at \$164,598.66.

Commissioner Carlin stated the amount budgeted for 2016 was not enough. He stated he believes it will be around \$200,000 in 2017. He stated these are properties owned by the County that school taxes need to be paid on.

Chairman Castellano questioned why 2017 is being projected higher.

Commissioner Carlin stated he believes the amount will be closer to what it was in 2015, which was \$198,827.34.

Information Technology – Account 1680 (pages 39-40)

Legislator Gouldman stated he was glad to see Telephones, line 54634, separated from Cellphones, line 54635. He stated this separation is better for transparency. He questioned the amount of \$900 in line 54635, Cellphones.

Director Lannon stated the amount is for a phone and an air card, which provides internet availability.

Legislator Gouldman questioned the increase in line 51000, Personnel Services.

Commissioner Carlin stated the new Deputy Director position is being added and there is a reclassification. He stated this can be discussed further at the Personnel Budget Meeting.

Legislator Gross questioned if a vehicle was being purchased from line 52650, Motor Vehicles.

Director Lannon stated an IT vehicle, a Tahoe was junked. He stated the vehicle currently being used is an old bus from transit, which is not running very well and is not practical.

Legislator LoBue questioned how old the Tahoe was.

Director Lannon stated he is unaware how old the vehicle was.

Commissioner Carlin stated the Tahoe was redlined by the Highway Department.

Director Lannon stated they sent the vehicle over to the Highway Department to have some work done and they were told they were not getting it back.

Legislator Gross questioned how the amount of \$20,000 was decided.

Director Lannon stated he inquired with the Purchasing Department about how much money to set aside and he was told to set aside \$20,000. He stated it should be enough for a stripped Jeep that they have used in the past.

Legislator LoBue questioned why the Department is looking into a Jeep.

Director Lannon stated the Jeep is useful to load equipment into the vehicle.

Legislator Gouldman questioned if line 52140, Audio Visual Equipment, is standard each year.

Director Lannon stated it is standard. He stated that funding is used to keep the equipment up-to-date.

Legislator Gouldman stated there is a large difference between the 2016 original and actual budget for line 52140, Audio Visual Equipment. He questioned if the full amount will be spent.

Director Lannon stated they may or may not spend the full amount. He stated the equipment will be reviewed to see if it will last another year, if not it will be replaced. He

stated they are planning to replace a portable PA system that is transported to various events, which is about \$2,000.

Legislator Gouldman stated he has received some complaints about the audio quality at the Full Legislative Meetings.

Director Lannon stated he would look into that.

Legislator LoBue stated the audio issue in the Historic Courthouse was looked into several years ago and because of the historic nature of the building, it is very difficult to wire a system without doing damage.

Director Lannon stated it is also difficult to find new wires for the wire boxes that are in place. He stated they have also looked into permanently mounting cameras in the Historic Courthouse because it is a big process to bring over the equipment for each Full Meeting. He stated he would like to place a camera in room #318 of the County Office Building to videotape and possible stream the Committee Meetings as well. He stated the benefit of this is that the audio is uploaded immediately. He stated he would like to discuss the possibility to placing a camera in the Historic Courthouse in the future. He restated the difficulty of wiring equipment the building, however wireless technology is improving.

Legislator Gouldman stated he is in favor of videotaping the Committee Meetings. He stated in the last several months there have been some big topics being discussed and having the meetings on video would provide further transparency.

Director Lannon stated placing a camera in room #318 would be fairly easy to do.

Legislator LoBue questioned if there was any way to improve what is already hardwired in the Historic Courthouse.

Director Lannon stated that can be looked into. He stated the system is not that old.

Legislator Gouldman stated there is a trend in line 54310, Office Supplies, where the amount in the line is much more than what is being spent. He stated for 2016, year to date, \$477.13 has been spent however \$3,500 was budgeted. He stated this concerns him because as the end of the year approaches, the Department may purchase items that are not necessary just to spend the money.

Legislator Nacerino questioned if this appropriation is equitable. She stated not much money is being spent from this line and she too is concerned with the possibility of a "use it or lose it" mentality.

Director Lannon stated office supplies are not ordered until it is necessary to do so. He stated the Department takes stock once a year of what they need. He stated he understands the concern, however the IT Department does not have a "use it or lose it"

mentality. He stated last year, the full amount that was in the line was not spent. He stated they purchase what is necessary to keep the Department going.

Chairman Castellano stated in 2015, this amount of money expended from this line was \$1,359.13 and so far in 2016, the amount is \$477.13. He questioned if Director Lannon believes having \$3,500 in that line is necessary.

Director Lannon stated he is comfortable with the amount is \$3,500 because the IT Department does the printing for the County and if they have a big job and they need to purchase paper, he would rather have the money in the line ready to be used. He stated unused money in that line is given back.

Chairman Castellano stated in the last couple of years there is a good history of being well below the \$3,500 amount.

Legislator Nacerino questioned if the IT Department projects their paper usage for the year.

Director Lannon stated they can absolutely project the paper usage; although he does not know the number off the top of his head. He stated the budgeted amount is always \$3,500; however that amount is not spent.

Legislator Nacerino stated based on past usage, in order to save some money, this may be a good line to decrease.

Chairman Castellano stated there is a history that the line is staying below \$3,500.

Legislator Nacerino stated the amount being spent is grossly below the budgeted amount.

Legislator Albano made a motion to decrease budget line 54310, Office Supplies, by \$1,000; Seconded by Legislator Gouldman. By poll vote: Two Ayes and One Nay – Chairman Castellano (Shortly after, Legislator Gouldman withdrew his second – Motion Fails.)

Chairman Castellano stated his no vote is based on the fact that Director Lannon has demonstrated good reasoning for the amount of money in this line. He stated he does not believe Director Lannon should have to request extra money if a large project comes in.

Legislator Gouldman withdrew his second. No action taken.

Legislator Gouldman questioned why line 54510, Machine Maintenance, has been increasing over the past few years.

Director Lannon stated that money is used for the contracts for the equipment to keep it 24/7-365 ready. He stated the prices keep increasing. He stated there is a four (4) hour response time on all of the storage servers, where all the files are stored.

Legislator LoBue questioned if the agreement with the Town of Kent regarding their email storage is included in that line.

Director Lannon stated since their emails are stored on the County server, it is included in that line in a round-about way.

Legislator Nacerino requested that Director Lannon reiterate why the increase between 2016 and 2017 is so significant.

Director Lannon stated the contracts for maintenance of the machines and servers are paid from this line. He stated the response for maintenance and repairs are covered. He stated most of the time, a technician is sent to perform the repair. He stated there is additional equipment that has caused the amount to increase. He stated the storage keeps growing, which requires more servers.

Legislator LoBue questioned if the Town of Kent is being charged to store their emails on the County server.

Director Lannon stated the Town of Kent is not being charged.

Legislator Gouldman questioned why the amount in line 54782, Software Accessories spent year to date for 2016 is much lower than what was budgeted.

Director Lannon stated software licensing is renewed in November, therefore it is not shown in the year to date budget yet.

Legislator Gouldman questioned why the budgeted amount has decreased in 2017.

Director Lannon stated he is hoping it will be less. He stated the IT Department is trying to do away with unnecessary software throughout the County.

Insurance Expense – Account 1915 (page 41)

Legislator LoBue questioned the increase in line 54830, Excess Liability.

Commissioner Carlin stated the premium went up due to lawsuits. He stated the County is defended by NYMIR on many actions.

Legislator LoBue questioned what the deductible is.

Commissioner Carlin stated the deductible is \$250,000.

Legislator Albano questioned if there is a deductible on property damage.

Commissioner Carlin stated the deductible is \$250,000.

Legislator LoBue clarified that for 2017, both the deductible and premium have been increased.

Commissioner Carlin stated that is correct. He stated the amount is still below where it was years ago.

Legislator LoBue questioned if Departments with a high rate of litigation are looked into.

Commissioner Carlin stated yes, there is a Litigation Mitigation Task Force.

Legislator Gouldman questioned if insurance from each department could be separated.

Commissioner Carlin stated it would not be feasible; however some specialized insurances are broken out.

Chairman Castellano questioned if the Defensive Driving Fees, line 412660, was money collected from employees who take the course.

Commissioner Carlin stated that is correct.

Taxes/County Property – Account 1950 (page 45)

Commissioner Carlin stated the taxes are for sewer and water.

Chairman Castellano stated for 2017, the amount has decreased by \$100,000.

Commissioner Carlin stated a bond for sewer was paid off.

Legislator LoBue questioned if the amount is reduced for people in the district.

Commissioner Carlin stated yes.

MTA Mobility Tax – Account 1980 (page 46)

Legislator Albano stated this amount is taxed on payroll.

Chairman Castellano questioned why the 2017 tentative budget is \$4,000 higher than the 2017 requested budget.

Commissioner Carlin stated the increase is due to the payroll.

Contingency Fund – Account 1990 (page 48)

Legislator LoBue questioned what the amount in line 54987, Subcontingency Butterfield, represents.

Commissioner Carlin stated Director of the Office for Senior Resources Pat Sheehy made a request for new employees. He stated the Administration believed it would be beneficial to wait until the Butterfield Senior Center opens to have a better idea of how many workers they will require.

Chairman Castellano questioned what the \$75,000 amount in line 54981, Subcontingency is for.

Commissioner Carlin stated that money is for the Industrial Development Agency (IDA).

Legislator Nacerino clarified that the personnel hired for Butterfield is not to exceed the amount in line 54987, Subcontingency Butterfield.

Commissioner Carlin stated that is correct. He stated that the Administration did not want to grant the funding for the personnel before the opening of the Senior Center, or before a plan was generated and presented to the legislature.

Legislator LoBue questioned when that plan would be presented to the Legislature.

Commissioner Carlin stated once Butterfield opens and the Administration has an idea of the number of people utilizing the Center and what their needs are, a plan will be made.

Tax Anticipation Note – Account 9760 (page 215)

Commissioner Carlin stated the County is in a good position because of the amount of sales tax.

Debt Service – Account 9710 (pages 231-232)

Legislator Gouldman questioned what line 42770C, Unclassified ARRA was for.

Commissioner Carlin stated in 2010, the County issued ARRA bonds and receives a subsidy of about \$80,000 per year from the Federal Government to offset the debt service cost.

Legislator Gouldman questioned how long the County will be receiving these funds.

Commissioner Carlin stated the County will continue to receive the funds through somewhere between 2020 and 2025.

Legislator Gouldman stated there are many budget lines that are labeled "PUB IMP" and questioned what that stands for.

Commissioner Carlin stated those lines are Public Improvement Bonds. He stated the lines with "PUB REF" are Public Refunding Bonds.

OTB – Account 427201 (page 14)

Commissioner Carlin stated in terms of revenue year to year, this line has become more stable. He stated the changes made last year in terms of what the County pays the schools are incorporated.

Legislator LoBue questioned if the 2017 budgeted amount is a reflection of the changes made.

Commissioner Carlin stated yes, it is a reflection of the changes and the revenue from this year, which is slightly ahead.

Chairman Castellano stated the OTB is a beautiful building.

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

Commissioner Carlin stated \$3.6 million was used and the remaining of the \$6 million was used for the pension amortization pay off. He stated it is a total of \$6,038,802.

Financing of Capital Projects

Commissioner Carlin stated the Capital Projects Committee met and everything was financed through bonds. He stated this is just a template, and anything that is to be borrowed will come before the Legislature.

Legislator LoBue questioned if the Putnam County Golf Course has its own line.

Commissioner Carlin stated the Golf Course was given its own line for renovations.

Commissioner Carlin stated overall, the Department Heads did a great job in keeping their budget level as compared to last year. He stated there are very little changes when comparing the 2017 requested budget to the 2017 tentative budget.

Item #4 - Other Business - None

Item #5 - Adjournment

There being no further business, at 7:35 P.M., Legislator Albano made a motion to adjourn; Seconded by Chairman Castellano. All in favor.

Respectfully submitted by Administrative Assistant Beth Green.