

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

Members: Chairman Castellano and Legislators Ellner & Gouldman

**Monday July 24, 2023
(Immediately following Economic Development Mtg. beginning at 6:15pm)**

The meeting was called to order at 7:28pm by Chairman Castellano who requested Legislator Ellner lead in the Pledge of Allegiance. Upon roll call Legislator Ellner and Chairman Castellano were present. Legislator Gouldman was absent. Legislator Nacerino sat on the Committee in Legislator Gouldman's absence.

Item #3 – Acceptance of Minutes – June 26, 2023

The minutes were accepted as submitted.

Item #4 – 2022 Audit Report/ PFK O'Connor Davies, LLP

Nicholas DeSantis, Partner at PFK O'Connor Davies, LLP stated the Committee was provided two (2) documents: an abbreviated report and the Comprehensive Annual Financial Report (CAFR), both of which will be referred to. He stated the CAFR is in draft form as they are waiting for a few documents from the Finance Department. He stated those documents should not change the result of the audit and both County Executive Kevin Byrne and Commissioner of Finance Michael Lewis were eager to share the result of the audit with the Legislature as soon as possible. He stated the CAFR includes their opinion letter, which he read the first paragraph of. He stated when they sign and date the letter, it will be known as a "clean opinion" which is one of the highest opinions possible.

Alan Kassay, Partner at PFK O'Connor Davies, LLP drew the Committee's attention to page 4 of the smaller report, attached here for reference. He stated this page shows the general fund balance from 2019 to 2022. He explained the addition of two (2) new categories under "Assigned Fund Balance", Post Employment and State Aid.

Mr. DeSantis stated there are five (5) categories for fund balance: nonspendable, restricted, committed, assigned, and unassigned. He explained that \$2 million of the 2022 nonspendable fund balance was used toward the prepayment of the County's retirement bill. He stated the bill is due in February, but by prepaying in December the County received a discount.

Mr. Kassay stated in 2022 the County had to institute a GASB (Governmental Accounting Standards Board) pronouncement, GASB 87 which required leases to be recorded.

Mr. DeSantis explained items in the restricted category are for funds that have to be used for specific things. He stated for example, law enforcement covers funds collected by the District Attorney or Sheriff and can only be used in a specific way. He stated grants and obligations are another example of funds with rules attached. He stated the committed category is not currently being used by the County, but would include funds to be used under the discretion of the Legislature. He stated the assigned category targets certain money for certain items that may become necessary. He stated these funds can be modified. He stated for example, funds were targeted for future capital projects. He stated in a situation such as the July 9, 2023 storm that caused damage throughout the county, these funds can be used toward repairs. He spoke to the new Post Employment category under assigned fund balance. He stated New York State has not established a trust where the County can annually contribute to Post Employment benefits. He stated currently, the County pays retiree health insurance as it occurs each year. He stated insurance policies are increasing about 7% or 8% annually, therefore this targeted category might help mitigate those increases. He stated the State Aid category was added as a buffer in case state aid is reduced in the future. He stated the unassigned fund balance includes monies that have not yet been allocated, some of which came from the surplus of sales tax.

Commissioner Lewis stated in reference to the Future Capital Projects category, that money can be used to defray potential bonds because the rates are still high.

Mr. Kassay referenced the chart on page 5 of the attached report, General Fund – Budget to Actual Summary and explained the revenues and expenditures the County had for the year 2022. He stated overall, expenditures did not increase much over the previous year. He states pages 74-75 of the CAFR provide further detail.

Mr. DeSantis provided clarification on the “Total Other Financing Sources”. He stated when the budget was adopted, the \$3.9 million shown in “Net Change in Fund Balance” was partially due to purchase orders already in progress from 2021 that automatically used the 2021 budget funds to roll over into 2022. He stated the budget was then amended during the year to take certain capital projects into consideration and the appropriation for the fund balance was increased by almost \$8 million. He stated with that change, a contribution was made to the capital fund for capital projects, as mentioned by Mr. Kassay. He stated page 6 of the attached report shows the variance of revenue categories, the highest of which is \$17.4 million from the excess of sales tax over the budgeted amount. He explained the footnotes on the bottom of page 6 of the attached report, which provide more detail on the figures in the chart.

Mr. Kassay referenced the chart on page 7 of the attached report, General Fund – Budget to Actual Expenditures and explained the positive variances the County had for the year 2022. He stated the net change in fund balance was a positive \$21.8 million and the fund balance at the end of the year was \$112.4 million. He stated page 8 of the attached report provides a synopsis of all other funds, all of which had positive variances and positive balances at the end of the year.

Mr. DeSantis stated each of the funds are in good financial condition. He stated page 52 of the CAFR shows the bond schedule. He stated the amount outstanding at the end of 2022 was \$45 million, which represents less than 5% of the constitutional debt limit that the County can incur.

Mr. Kassay stated page 61 of the CAFR details the cost of post employment benefits, which cost the County \$5.5 million in 2022.

Commissioner Lewis stated that was the basis for the \$5 million in the reserve.

Mr. DeSantis referred to page 73 of the CAFR which shows the balance sheet for the General Fund. He stated on the balance sheet under the “Liabilities, Deferred Inflows of Resources and Fund Balance” section there is a category labeled “unearned revenues” with \$22.2 million which represents the ARPA (American Rescue Plan Act) funds. He stated the ARPA funding has been received but is classified as “unearned” because it has not yet been spent. He stated it is important to keep in mind that the ARPA funds have to be committed by 2024 and spent by 2026.

Commissioner Lewis stated of the \$19 million allocation \$14 million was from ARPA funds and \$5 million was sales tax sharing.

Mr. DeSantis stated on the same balance sheet there is \$2 million under the category “opioid related”. He stated the State Comptroller came out with a directive at the end of June 2023 advising municipalities how to account for the opioid settlement. He stated the County is entitled to receive \$2 million of opioid settlement funds, of which the County has already received about \$700,000. He stated there is an amortization schedule for these funds and the number will reduce each year until all the funding has been received.

Commissioner Lewis stated the County will receive scheduled payments through 2035.

Mr. DeSantis stated page 88 of the CAFR shows the Capital Projects Fund. He stated having a report detailing each project and how much has been spent and how much is left to be spent on each would be beneficial to include in the CAFR.

Commissioner Lewis stated the County has an internal report showing that information.

Mr. DeSantis stated in 2022 \$18.6 million was spent on capital projects and at the end of the year there was a fund balance of \$15 million with no outstanding debt against it.

Legislator Ellner questioned what the liability for comp time is.

Mr. Kassay stated at the end of 2021 the liability was \$5.8 million and at the end of 2022 it decreased to \$4.9 million.

Chairman Castellano questioned how the fund balance is.

Mr. DeSantis stated the fund balance is in excellent shape. He stated the County did well through the pandemic. He stated the Federal Government made the counties whole and the Administration and Commissioner of Finance set that money aside in the fund balance, which is why some things were earmarked for future use. He stated there is still a healthy amount of uncommitted money. He stated the rating agencies look at the fund balance as a whole.

Chairman Castellano thanked Mr. DeSantis and Mr. Kassay for their presentation this evening.

Item #5 – Correspondence/County Auditor

- a. **Sales Tax Report** – Duly Noted
- b. **Board In Revenue Report** – Duly Noted
- c. **OTB Report** – Duly Noted
- d. **2023 Contingency Report** – Duly Noted
- e. **Transfer/Revenue Report** – Duly Noted

Item #6 – Correspondence/ Commissioner of Finance

- a. **Approval/ Budgetary Amendment 23A040/ Sheriff’s Dept./ Cyber Fraud Task Force Grant (Also reviewed in Protective)**

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Nacerino. All in favor.

- b. **Approval/ Budgetary Amendment 23A041/ District Attorney/ Use Asset Forfeiture Funds to Purchase Video & Recording Equipment for Kent Police Dept. (Also reviewed in Protective)**

Legislator Nacerino applauded District Attorney Tandy for partnering with local police departments to share this funding.

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Ellner. All in favor.

- c. **Approval/ Budgetary Amendment 23A042/ Health Dept./ NYS DOH Public Health Infrastructure, Workforce, & Data Systems Grant Award (Also reviewed in Personnel)**

Commissioner Lewis stated these figures are prorated with an effective date of October 1, 2023 through December 31, 2023.

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Ellner. All in favor.

d. Approval/ Budgetary Amendment 23A044/ Emergency Services/ Advanced Life Support (ALS) Ambulance Service Contract/ Empress Ambulance (Also reviewed in Protective)

Commissioner Lewis stated this goes along with item #14 on the agenda. He stated the County has good interest rates and his suggestion is to fund the incremental difference for this new contract now.

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Nacerino. All in favor.

e. Approval/ Budgetary Amendment 23A045/ Dept. of Public Works/ Storm Damage Repair (Also reviewed in Physical)

Commissioner Lewis stated the damage cause by the July 9, 2023 storm necessitated this funding. He stated an application has been made for FEMA reimbursement for these repairs.

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Ellner. All in favor.

f. Approval/ Budgetary Amendment 23A046/ Sheriff's Dept./ Payment Received from Prevention Council of Putnam for Compliance Checks at Alcohol Establishments (Also reviewed in Protective)

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Nacerino. All in favor.

Item #7 – Approval/ Fund Transfer 23T153/ Dept. of Public Works/ Close out Capital Projects and Transfer to Capital Projects Reserve for Future Projects (Also reviewed in Physical)

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Ellner. All in favor.

Item #8 – Approval/ Fund Transfer 23T158/ Dept. of Social Services/ Health Insurance Coverage due to Change in Hours (Also reviewed in Personnel)

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Nacerino. All in favor.

Item #9 – Approval/ Fund Transfer 23T162/ Youth Bureau/ Cover Maternity Leave (Also reviewed in Personnel)

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Ellner. All in favor.

**Item #10 – Approval/ Fund Transfer 23T189/ Planning Dept./ Education & Training
(Also reviewed in Personnel)**

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Ellner. All in favor.

**Item #11 – Approval/ Fund Transfer 23T192/ Emergency Services/ Additional Funding
for 2 Message Boards (Also reviewed in Protective)**

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Nacerino. All in favor.

Item #12 – Approval/ Fund Transfer 23T193/ Finance/ Correct Vacancy Control Entry

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Nacerino. All in favor.

**Item #13 – Approval/ Fund Transfer 23T195/ Emergency Services/ Additional Funds
to Upfit 2023 Tahoe (Also reviewed in Protective)**

Chairman Castellano made a motion to approve Fund Transfer 23T195; Seconded by Legislator Ellner. All in favor.

**Item #14 – FYI/ County’s Deposit & Investment Policies for the 2nd Quarter Ending
June 30, 2023**

Commissioner Lewis stated the County hired an investment strategist company and under their recommendation, the County was able to take the surplus sales tax revenue from the past few years and ladder its investments. He stated more money was put into investment tools sponsored by NYSAC (New York State Association of Counties), NACo (National Association of Counties), and GFOA (Government Finance Officers Association). He stated the sales tax revenue has saved the County from having the utilize the fund balance.

Item #15 – Other Business – None

Item #16 – Adjournment

There being no further business at 8:19pm, Chairman Castellano made a motion to adjourn; Seconded by Legislator Ellner. All in favor.

Respectfully submitted by Administrative Assistant Beth Robinson.