

AUDIT & ADMINISTRATION COMMITTEE MEETING
Held In Room 318 of the
PUTNAM COUNTY OFFICE BUILDING
CARMEL, NEW YORK 10512

Members: Chairman Castellano, Legislators Albano & Nacerino

Tuesday **6:30 P.M.** **January 29, 2013**

The meeting was called to order at 6:31 P.M. by Chairman Castellano who requested Legislator Nacerino lead in the Pledge of Allegiance. Upon roll call, Legislator Nacerino and Chairman Castellano were present. Legislator Albano was absent.

Item #3) Approval of Minutes – November 13, 2012
November 26, 2012
December 27, 2012

The minutes were approved as submitted.

Item #23) Discussion/2012 Highway Overtime from December
Overtime/Temporary Report

Chairman Castellano made a motion to waive the rules, accept, and move Items #23, 25b, 25c, and 25d up for discussion and invited Commissioner of Highways & Facilities Fred Pena and Deputy Commissioner of Highways & Facilities John Tully forward.

Commissioner Pena stated that he provided the Committee with a report based on a request from the December 2012 Audit Meeting. This report shows the breakdown that was requested. He further stated that there was significant spending for Superstorm Sandy and if you pulled those amounts out of the totals, there were minor overages and one under run in overtime for 2012. He stated he listed the major items to help identify where the overtime was used in each account. The facilities account is very active in making unscheduled repairs.

Chairman Castellano stated that the report is rather detailed and you can see the impact that Superstorm Sandy had on us here in Putnam County, let alone the region. He appreciated that in the report Commissioner Pena made it clear the numbers for Superstorm Sandy expenses and the numbers without Superstorm Sandy expenses.

Legislator LoBue stated that under Facilities the items are very specific but under Parks they are specific and vague and asked that Commissioner Pena speak to that.

Commissioner Pena stated that some of those were grouped in, like "Events," they had several Bicentennial events, the Pow Wow, Veteran's events, etc.

Legislator LoBue asked where the breakdown is for those vague items, such as Events under the Parks account. She was told that no County funds were going to Bicentennial

events. She stated that she would like a breakdown for that Events item and the Hurricane Sandy items, as well.

Commissioner Pena stated that there is no further Hurricane Sandy breakdown. It was marked overtime for Hurricane Sandy.

Legislator LoBue asked if Commissioner Pena had where the crews were sent.

Commissioner Pena stated they have their FEMA application that they are submitting to FEMA with the details that FEMA requests. He can look at the application and see how far broken down that goes.

Legislator LoBue stated that would be helpful, yes.

Legislator Nacerino stated that tonight we are looking at the fiscal report rather than the backup that proves this report. Hurricane Sandy was an unanticipated, unprecedented expense. She further stated that within Commissioner Pena's department she assumes that he knows exactly where his men were and what services they were completing. She asked if Legislator LoBue was looking for the Department's out in the field tickets. She stated it is unclear what Legislator LoBue is looking for and if it is under the purview of this Committee to see all of the Highway Department field tickets. She further stated that as a new Legislator, that is her question.

Legislator LoBue stated that is not quite accurate.

Deputy Commissioner Tully stated that generally speaking the categories of expense that would get broken down within this is things such as tree removal, tree trimming and filling, traffic lane closures, flagging for work crews, generators, etc.

Legislator LoBue stated that is fine. You have things broken down in the report that are detailed and things that are not. Like "No Electric in Historic Courthouse" you have \$243. That is detailed.

Deputy Commissioner Tully explained that if you think about it, Superstorm Sandy the dollars that are next to it are as specific as that event in the Historic Courthouse, if you think about it in the big picture. Everything that happened that week is related to Superstorm Sandy, the response to that Historic Courthouse event is related to that specific event.

Legislator LoBue stated she is just asking for specification.

Legislator Oliverio stated that a copy of the FEMA application would suffice. If the Legislature could have a copy of the FEMA application, he believes, that would answer all the questions.

Commissioner Pena agreed.

Chairman Castellano asked when the Legislature could expect a copy of that document.

Commissioner Pena stated he can give the Legislature a current snapshot of the application right now. FEMA is not a quick process and there will be back and forth.

Chairman Castellano stated that is fine to start with first and then we will go from there.

Legislator LoBue asked when the deadline is for FEMA.

Commissioner Pena stated it is sixty days from December 15, 2012. It is coming up.

County Executive MaryEllen Odell stated they have a meeting with FEMA tomorrow at 3:00 PM.

Commissioner Pena stated that is correct but keep in mind that is our first draft; they might come back and have another round of questions and ask for more details and additional information.

Item #25) Other Business

Item #25b) Approval/Fund Transfer (12T467)/Highways & Facilities/Cover Overtime

Motion was made to approve said Fund Transfer.

Item #25c) Approval/Fund Transfer (12T468)/Highways & Facilities/Cover Overtime

Chairman Castellano stated that he assumes that there is extra money in the snow overtime because there was not a great deal of snow last year.

Commissioner Pena stated that is correct.

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

Item #25d) Approval/Fund Transfer (12T469)/Highways & Facilities/Cover Overtime

Motion was made to approve said Fund Transfer.

Item #25a) Approval/Budgetary Amendment (13A006)/Sheriff/Use of Funds from Federal Forfeited Asset Reserve

Chairman Castellano made a motion to waive the rules to accept #25a, seconded by Legislator Nacerino. All in favor.

Commissioner of Finance William Carlin stated that when the Sheriff receives proceeds from seized property from drug busts, etc., the Sheriff is allowed to decide how to spend that money. He further stated that the Sheriff is deciding to use it on digital telephone use for investigations.

Chairman Castellano asked if this goes into the courts at all.

Commissioner Carlin stated no, this is the Sheriff's share after it goes through the courts.

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

Item #4) Correspondence/County Auditor

Item #4a) Sales Tax Report

Commissioner Carlin stated that we ended up 3% over our budget, which we are very pleased about.

County Executive Odell stated that though we came in over 3% in sales tax this year, we received the results of the new mandate pension bill and health insurance cost. Pension is up 35% and health insurance costs are up 12%, which equates into \$3 million. Therefore, we think we are up \$1.5 million but we are actually down \$1.5 million.

Commissioner Carlin stated that mandates are a crushing burden on County governments.

Item #4b) Board In Revenue Report

Chairman Castellano stated that we ended with a little less than anticipated.

Commissioner Carlin stated that is correct. He further stated that in March, we thought it was going to be a lot worse. We are fortunate that a combination of our population and the Sheriff working the board-outs has helped bring that number to a manageable number.

Item #4c) Transfer/Revenue Report was duly noted.

Item #4d) Contingency/Sub-Contingency Report was duly noted.

Item #4e) OTB Report

Commissioner Carlin stated that every year we reduce the budget and it seems that we just cannot catch up with the steep decline in OTB revenues.

Item #5) Correspondence/Commissioner of Finance
Item #5a) Approval/Budgetary Amendment (12A114)/Sheriff/Cover Reimbursable Expenses

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

Item #5b) Approval/Budgetary Amendment (12A115)/Health/Establish State Revenue Budget Line - Immunization Grant (also reviewed by Health Committee)

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

Item #5c) Approval/Budgetary Amendment (12A116)/First Year End Entry

Commissioner Carlin stated that this Amendment is to correct entries, adjusting to actual, and the rest of it is re-classifying things into the proper accounts.

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

Item #5d) Approval/Budgetary Amendment (13A001)/Sheriff/Establish Selective Traffic Enforcement Program Budget Lines

Commissioner Carlin stated that we have a program for traffic enforcement and the grant covers everything but the FICA. So the County's contribution is the Social Security, the rest is paid for dollar for dollar by the State of New York.

Legislator Nacerino asked of this Item and other items that the County only needs to contribute for FICA and other fringe benefits, how does that impact pensions?

Commissioner Carlin stated that is carried in our future rate and legacy cost. It can be significant. Right now the pension for the police officers is around 30%, 28-29%. He further stated that if the County would like to add additional School Resource Officers and new individuals are put into that program, their legacy cost will need to be considered. When we started this program years ago, the pension costs were zero and the healthcare benefits were manageable. Now, we are talking about a pension rate of approximately 30% and an Empire Family Plan of approximately \$20,200 per year. The problem is if additional officers are added to the program and the schools only pay for what happens now, we have to consider what happens when these officers retire at age 45-50 and we have to pay retiree health insurance, which is in their contract, where the retiree only contributes 10%. It is approximately \$18,000 per year per officer and who is going to pick up that cost? Last year our Outside Auditor discussed retiree health insurance and he will talk about it again this year so we have a clear understanding of what a struggle is it for the County to pay that legacy cost.

Legislator Oliverio stated that is why we need to put retired individuals in the additional School Resource Officers program and not full-time. He will not support increasing the full-time people, not for School Resource Officers, you can hire retired individuals who know police work and are trained and still be safe. We have great retired individuals manning this building right now. The same type of caliber is out there.

Commissioner Carlin stated that the policy issue is the Legislature's. He stated he is not weighing in on whether we should have School Resource Officers or not. He stated that he needs the Legislature to know that the legacy costs are substantial. He does not want someone coming back 10 years from now and saying, "I did not know."

Deputy County Executive Walker stated that notwithstanding the legacy costs, there is also the immediate cost, next year's look back to this year salaries. Therefore, any dollar that goes onto any salary for any reason this year is reflected in our increased pension costs next year. Part of the increase in pension costs that the County Executive just mentioned is due to the look back on 2012 on actual salaries, overtime and base salaries. As a result, the impact is immediate and long-term.

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

Item #5e) Approval/Budgetary Amendment (13A002)/Sheriff/Establish Child Passenger Safety Program Budget Lines

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

Item #5f) Approval/Budgetary Amendment (13A003)/Sheriff/Establish Buckle Up New York Program Budget Lines

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

Item #5g) Approval/Budgetary Amendment (13A004)/Board of Elections/Reimburse Town of Carmel – HAVA Fed Aid

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

Item #5h) Approval/Budgetary Transfer (13T010)/Finance/Fund Greater County Match of I Love New York Program Funding

Commissioner Carlin stated that Director of Tourism Libby Pataki was successful in obtaining more money from the I Love New York Program and it is a dollar for dollar County match. Unfortunately, the way our County budget works is that the more money the Tourism Department gets from the State, that hurts them in their operating and it has happened in the past. The County has made up the difference. The County wants

them to use the I Love New York program money because it is a dollar for dollar leveraged match.

Legislator Nacerino stated that the grant is for specific needs and cannot be used for anything else.

Commissioner Carlin stated that is correct.

Chairman Castellano stated that the fact that it is larger than usual is a good thing.

Commissioner Carlin agreed. It is bad since we only give them one line item allocation, in the future he will break their budget out into three lines, keeping the I Love New York out so it does not adversely affect what they are doing and what they are trying to accomplish.

Legislator LoBue asked how this money will be spent is it for personnel or is it event driven?

Commissioner Carlin stated he believes the I Love New York money does not have to be event driven. So therefore we are making their operating budget whole because if we have to dedicate everything to the I Love New York match they will have nothing to run with. We have done this in the past a number of years ago.

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

Item #6) Approval/Fund Transfer (12T431)/Board of Elections/Purchase of New Computer for Voting Machine Technicians (moved from December Audit Meeting)

Motion was made to approve said Fund Transfer.

Item #7) Approval/Fund Transfer (12T447)/Health/Cover Anticipated Costs for Children with Special Needs for Remainder of 2012

Motion was made to approve said Fund Transfer.

Item #8) Approval/Fund Transfer (12T449)/Board of Elections/Voting Technicians Computer Equipment Quote Higher Than Anticipated on 12T431

Motion was made to approve said Fund Transfer.

Item #9) Approval/Fund Transfer (12T453)/Sheriff/Payout Comp Time as Per Contract

Motion was made to approve said Fund Transfer.

Item #10) Approval/Fund Transfer (12T454)/Sheriff/Cover Overtime through Year End and Payout Accruals to Retiring Employee

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

Item #11) Approval/Fund Transfer (12T455)/Sheriff/Payout Comp Time as Per Contract

Motion was made to approve said Fund Transfer.

Item #12) Approval/Fund Transfer (12T456)/Sheriff/Cover Overtime Through Year End

Motion was made to approve said Fund Transfer.

Item #13) Approval/Fund Transfer (12T461)/Social Services/Cover Projected Year End Costs for Local Share of OMH (also reviewed by Health Committee)

Commissioner Carlin stated this is a mandate.

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

Item #14) Approval/Fund Transfer (12T462)/Social Services/Cover Unforeseen Year End Costs

Commissioner Carlin stated this is a mandate.

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

Item #15) Approval/Fund Transfer (12T463)/Health/Cover Anticipated Preschool Care Expenses through 2012 Due to Increase in Children

Commissioner Carlin stated this is a preschool mandate.

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

Item #16) Approval/Fund Transfer (12T464)/Planning/Cover December NYCOMCO Invoice

Motion was made to approve said Fund Transfer.

Item #17) Approval/Fund Transfer (12T465)/Sheriff/Cover 2012 Year End Costs

Legislator Oliverio asked why this was not in the normal format.

County Auditor Michele Alfano-Sharkey stated because it was too large.

Commissioner Carlin stated that it was sent by the Sheriff directly and the Finance Department inputted it directly.

Legislator Oliverio stated it is difficult to read.

Commissioner Carlin stated he could standardize it and put a cover on it for the February Full Legislative Meeting. There is zero fiscal impact.

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

Item #18) Approval/Fund Transfer (13T001)/Social Services/Caseworker Coverage for Maternity Leave & Clerical Support Coverage for Medical Leave without Pay

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

Item #19) Approval/Fund Transfer (13T005)/Health/Cover Anticipated Expenses for 2012 (also reviewed by Health Committee)

Commissioner Carlin stated this is a mandate. This program, behind Medicaid, ranks as number two on the highest mandated programs list; pension is the other of the big three.

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

Item #20) Approval/Fund Transfer (13T006)/Social Services/Cover Costs through 3/31/13 when Incumbent is Expected to Return from Medical Leave without Pay (also reviewed by Health Committee)

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

Item #21) Approval/Bond Resolution/Refunding of Certain Outstanding Serial Bonds

Commissioner Carlin stated that the good news is, we are proposing to do a bond refunding, we just did one last year. We are hoping to save the County approximately

\$2 million budgetary so present value savings of approximately \$1.5 million, which is 8%. The State Comptroller says that to do a bond refunding by law you have to save 2% so it would be a very favorable transaction that we are projecting right now so we will see what the market is like on February 28, 2013 when we go to market. If we can achieve these numbers it would be really great for the County and its taxpayers.

Chairman Castellano asked if this is because interest rates are so low.

Commissioner Carlin stated that it is because of a couple of things. Interest rates are so low and interest rates are so low because the County has a nice bond rating which is done through good government practices.

Legislator LoBue asked what the bonds are yielding and what page shows the definite savings.

Commissioner Carlin stated he believes it is approximately 2% and that the savings are not definite yet but the projected savings is right after the legal notice. He further stated that another benefit of this refunding will be the Office of Court Administration; they pay a 10% interest subsidy on the bonds issued for the Courthouse so they would pay less and will also be a beneficiary of this refunding.

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

Item #22) Approval/County Tax Bill Insert

Chairman Castellano stated that this is something that Chairman of the Legislature Richard Othmer has brought forward but unfortunately he is not well tonight and could not be present at this meeting.

Commissioner Carlin stated that he fully understands what Chairman Othmer would like to do and has been working with him and County Auditor Sharkey on this item. He further stated that Chairman Othmer would like an insert, which is done in many counties, where you point out how much of the budget is mandated so people can see how little discretionary parts of our budget we actually have. This will not change the County tax bill. This will be an insert and we are all in favor of having this insert. He further stated he will have something prepared around when next year's tax bills go out for review by the Committee.

Chairman Castellano stated that he will have this on the agenda next month as well just in case Chairman Othmer had anything he would like to add. He asked if Commissioner Carlin liked the way that Washington County has their insert, as shown in the backup for this item.

Commissioner Carlin stated that he will have this one and a few other counties to choose from, just in case the Legislature might like a pie chart instead of a table. He

stated he will present a few options. He believes that the message to drive home the mandates is a good one.

This item was moved to the February Audit & Administration meeting for further discussion.

Item #24) Schedule of Revenues/Fines Levied by Boards/FYI was duly noted.

There being no further business, at 7:15 P.M., Chairman Castellano made a motion to adjourn, seconded by Legislator Nacerino. All in favor.

Respectfully submitted by Krista M. Butler, Administrative Assistant.