

AUDIT & ADMINISTRATION COMMITTEE MEETING
Held via Audio Webinar Pursuant to Temporary Emergency Orders

Members: Chairman Castellano, Legislators Gouldman & Sayegh

Monday

6:30pm

August 24, 2020

The meeting was called to order via audio webinar at 6:32pm by Chairman Castellano who lead in the Pledge of Allegiance. Upon roll call Committee Members Gouldman, Sayegh & Chairman Castellano were present.

Item #3 - Approval of Minutes – July 27, 2020

The minutes were approved as submitted.

Item #4 - 2019 Audit Report/ PFK O'Connor Davies, LLP

Nicholas DeSantis, Partner at PFK O'Connor Davies, LLP stated tonight they will present the results of the 2019 Financial Report for the County of Putnam. He stated two (2) documents were provided, the Comprehensive Annual Financial Report (CAFR) and the summary booklet. He stated on page XV of the CAFR is a Certificate for Achievement for Excellence in Financial Reporting, which Putnam County has again been awarded. He stated this is a continuing major accomplishment for Putnam County, not many municipalities within the State of New York have achieved this level of award and transparency in their reporting. He stated this is a significant accomplishment by the Finance Department with the support of the Administration and Legislature. He stated on the next page of the CAFR is the Auditor's opinion, which is a clean audit opinion.

Alan Kassay, Partner at PFK O'Connor Davies, LLP stated page 5 of the summary booklet is the general fund budget. He stated in 2019, there was a negative variance of \$6,247,670 for total revenues and a positive variance of \$14,352,025 for total expenditures. He stated for the operations of revenues and expenditures, there was a surplus of \$9,726,640. He stated Putnam County ended the year with a total fund balance of \$50,632,139. He stated he would like to point out that "Non-Property Taxes" which includes sales tax, was up \$3.2 million or 7.6% from the prior year. He stated in 2018 sales tax was up \$4.5 million from 2017. He stated the sales tax has been continually increasing, however due to COVID-19 the current standing may be different. He stated they have seen a decrease in sales tax in May and June of 2020, but an increase in July. He reviewed the specific expenditures on page 7 in the summary booklet. He stated overall, expenditures increased by \$1.6 million, or 1.2%. He stated page 8 of the summary booklet shows the other governmental funds. He explained the asterisk on "Debt Service Funds" shows that in 2019 the County refunded three (3) existing bonds by issuing a refunding bond, which resulted in an overall savings of \$151,163. He drew the Committee's attention back to page 4 in the summary booklet, which shows the Fund Balance for the General Fund. He reviewed the four (4) different

categories that make up the Fund Balance; nonspendable, restricted, assigned, and unassigned.

Mr. DeSantis stated the County's overall financial health is very strong. He stated this is due to good budgeting, oversight, and management of the County's financial affairs. He stated page 42 of the CAFR provides definitions for the various Fund Balance categories. He stated in terms of sales tax, the State Comptroller has circulated a chart that shows Putnam County through the end of July 31, 2020 is down 6.1% when compared to 2019. He stated if this trend continues, the County will end up with a shortfall of about \$4 million. He stated fortunately, Putnam County is well positioned to absorb that shortfall without any drastic measures. He stated on page 45 of the CAFR the Property Tax Limitation is explained, which entitles counties to levy 1.5% of the five (5) year average full valuation of taxable real estate. He stated that would allow remaining taxing power of \$166 million. He stated of course, the County would not want to levy, but it helps in the evaluation for the County's bond rating. He reviewed the tax receivables on page 46 of the CAFR. He stated the County has \$30,759,149 in outstanding property taxes, of which \$18,320,781 are liens. He stated \$12,278,577 is recorded as an allowance for uncollected property taxes. He stated page 48 of the CAFR shows the County's long-term liabilities. He stated as of January 1, 2019 the County had \$57,936,475 in outstanding bonds, \$3,315,000 was added, \$8,468,350 was retired, leaving a balance at the end of the year of \$52,783,125. He stated the bonds have been structured in a way to keep the debt service fairly level over the next five (5) years.

Legislator Gouldman thanked Mr. DeSantis and Mr. Kassay for the report. He stated this is good news for the taxpayers in Putnam County.

Legislator Sayegh stated we have a great team in Putnam County and she is pleased, but not surprised, by the County's financial standing. She stated the Administration and the Finance Department work very hard. She questioned the large increase on the bond structuring chart on page 49 for the years 2025-2029.

Mr. Kassay stated the first five (5) lines show the individual years and the payments for each year, while the line for 2025-2029 encompasses the payments for those five (5) years together.

Legislator Albano stated this is great to hear, the County is moving in the right direction.

Chairman Castellano thanked PFK O'Connor Davies, LLC. He stated this is a great report and the fact that Putnam is in good financial health is good news for everyone in the County. He thanked everyone involved for doing such a great job.

Mr. DeSantis stated Putnam County has put themselves in a good position to weather this economic turmoil caused by the COVID-19 pandemic.

Item #5 - Correspondence/County Auditor (Attached for Information Only)
a. Sales Tax Report – Duly Noted

- b. **Board In Revenue Report** – Duly Noted
- c. **Transfer/Revenue Report** – Duly Noted
- d. **2020 Contingency/Sub-Contingency Report** – Duly Noted

Item #6 - Correspondence/Commissioner of Finance

- a. **Overtime/Temporary Report (Attached for Information Only)** – Duly Noted
- b. **Approval/ Budgetary Amendment 20A041/ Planning Dept./ Data Management Services Using Federal UPWP (Unified Planning Work Program) Funds (Also reviewed in Physical)**

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

Legislator Sayegh stated the Budgetary Amendment is for \$294,252 however the attached backup has an amount of \$394,252. She questioned this difference.

Commissioner of Finance William Carlin stated \$100,000 had originally been budgeted.

- c. **Approval/ Budgetary Amendment 20A043/ Finance/ Account for NYS Indigent Legal Services Second Update Quality Improvement & Caseload Reduction Agreement (Also reviewed in Protective)**

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

- d. **Approval/ Budgetary Amendment 20A044/ Finance/ Closeout Completed Capital Projects (Also reviewed in Physical)**

Legislator Sayegh questioned if the bond proceeds were related to the retired and refinanced bonds.

Commissioner Carlin stated many times, they are issued but then not needed. He stated they get closed out in one year and opened the next. He stated these bond proceeds were never issued.

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

- e. **Approval/ Budgetary Amendment 20A045/ Health Dept./ Fingerprinting those Assigned to Child Advocacy Center (Also reviewed in Health)**

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

f. Approval/ Budgetary Amendment 20A046/ Health Dept./ Provide Funding for Reorganization discussed at August 13, 2020 Personnel Committee Mtg.

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

Item #7 - Approval/ Fund Transfer 20T143/ Emergency Services/ Cover Dispatch Temporary Line (Also reviewed in Protective & Personnel)

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

Item #8 - Approval/ Fund Transfer 20T154/ Temporary/ Additional Funds Needed for Transcription of Minutes per NYS Executive Order due to COVID-19

Legislator Sayegh questioned if this is the second fund transfer for this purpose. She stated she believes the first one was for \$3,000.

Chairman Castellano stated the Governor's Executive Order 202.1 suspending the Open Meetings Law was extended therefore the stenographer services are still necessary.

Legislator Gouldman questioned if the County will receive reimbursement for this expense.

Commissioner Carlin stated it is unlikely the County will be reimbursed.

Chairman Castellano stated the County will inquire with the Federal and State governments for possible reimbursement, but if none is received it is a cost encumbered on the County.

Legislator Montgomery stated she would like to clarify the rules of the Executive Order 202.1. She stated it is her understanding that the County is permitted to hold an in-person meeting at this point.

Legislative Counsel Robert Firriolo stated that is correct, an in-person meeting would need to comply with all of the current COVID-19 restrictions including 50% capacity, social distancing, and wearing masks. He stated the Legislature would not be able to resume normal public meetings, they would be restricted. He stated with all Legislators and staff, there would only be two (2) or three (3) members of the public allowed in the room.

Legislator Montgomery stated if the in-person meetings were to resume at 50% capacity, the meetings would no longer need to be transcribed. She suggested moving the location of the meeting to a larger room.

Chairman Castellano stated it is a possibility, but the public attendance would be limited in the Legislative Meeting Room.

Legislator Montgomery stated hopefully we can move toward that and avoid this large expense. She stated the meeting could also be offered via webinar for the public that is unable to attend in person.

Chairman Castellano stated the Legislature is doing their best to abide by the Executive Order currently in place. He stated going back to Legislator Sayegh's question, this is the fifth fund transfer, there were two (2) for \$3,000 each, two (2) for \$2,000 each, and this one is for \$5,000 to cover future costs and hopefully not all of it will be needed.

Chairman Castellano made a motion to approve Fund Transfer 20T154; Seconded by Legislator Sayegh. All in favor.

**Item #9 - FYI/ County's Deposit & Investment Policies for the Second Quarter
Ending June 30, 2020 – Duly Noted**

Item #10 - Other Business – None

Item #11 - Adjournment

There being no further business at 7:15pm, Chairman Castellano made a motion to adjourn; Seconded by Legislator Sayegh. All in favor.

Respectfully submitted by Administrative Assistant, Beth Green.