

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

Members: Chairman Castellano, Legislators Nacerino & Tartaro

Thursday **6:30 PM** **January 23, 2014**

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

Item #3) Approval of Minutes – December 20, 2013

The minutes were approved as submitted.

Item #4) Correspondence/County Auditor

Item #4a) Sales Tax Report

Legislator LoBue asked if we track different categories within this budget line.

Commissioner Carlin stated that there is talk that the entire Hudson Valley Region got a boost from Superstorm Sandy repairs and what not. He stated it affects the counties south of us more but it is a trickle effect into Putnam County.

Legislator LoBue stated that it is construction cost and repair work from Sandy.

Commissioner Carlin stated that is correct, that is part of it. He stated that the sale of cars did well, too. He stated that he needs the report from the State to be sure but the State is always about six months behind in reporting.

Item #4b) Board In Revenue Report

Commissioner Carlin stated that we ended on a surplus in this budget line.

Item #4c) Transfer/Revenue Report

Legislator Tartaro asked why there was a \$60,000 credit in the day care line.

Commissioner Carlin stated that it is a Social Services transfer where they work within their budget and move money between categories. He stated depending on the category it gets charged to they will move money around to cover it.

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

Item #4e) OTB Report was duly noted.

Item #5) Correspondence/Commissioner of Finance
Item #5a) Approval/Budgetary Amendment (13A096)/Highway/Insurance Recoveries (Also Reviewed in Physical Services Committee)

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

Item #5b) Approval/Budgetary Amendment (13A097)/Sheriff/Cover Reimbursable Expenses

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

Item #5c) Approval/Budgetary Amendment (13A098)/Finance/Trade Adjustment Assist Program

The Committee approved said Budgetary Amendment.

Item #5d) Approval/Budgetary Amendment (13A099)/Sheriff/Cover Reimbursable Expenses

Legislator LoBue asked about the Warner Bros Pictures invoice.

Commissioner Carlin stated that it was for the filming of the Liam Neeson movie in Putnam Valley.

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

Item #5e) Approval/Budgetary Amendment (13A100)/Year End Entry #2

Chairman Castellano made a motion to accept the additional, seconded by Legislator Nacerino. All in favor.

Commissioner Carlin stated that in the packet for additional you have a request to increase the Legal Services line \$11,000 and he would like to incorporate that into this Year End Entry #2. He stated what the numbers would change to.

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

Item #5f) Approval/Bond Resolution/Finance/Bikeway IV (see Item #5g) (Also Reviewed in Physical Services Committee)

Legislator Tartaro asked if there was a schedule of debt service.

Commissioner Carlin stated that we do not have that yet but we will borrow for this in November. He stated the Board would get that in November.

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

Item #5g) Approval/Budgetary Amendment (14A002)/Finance/Update Capital Project Estimated Costs for Bikeway IV (Also Reviewed in Physical Services Committee)

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

Item #5h) Approval/Budgetary Amendment (14A003)/District Attorney/Establish 2014 Asset Forfeiture Program

Commissioner Carlin stated that this is done every year. He stated they take money from his reserve to set up his program. He stated it is a self-sustaining program and through the year whatever does not get spent is put back into his reserve and the next year it cycles again.

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

Item #5i) Approval/Budgetary Amendment (14A007)/Mental Health/Amend 2014 Mental Health Budget

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

Item #5j) Approval/Budgetary Amendment (14A008)/Health/Amend Rabies Grant

Legislator Oliverio stated that rabies has been reduced because the feral cat population has been reduced due to neutering and intervention by groups like Putnam Felines. He stated bats have been dying; it seems they are being wiped out by some strange fungus.

Legislator Scuccimarra agreed and stated that she believes bats are dying from the White Nose Fungus.

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

Item #5k) Approval/Budgetary Amendment (14A009)/Emergency Services/Hazard Mitigation Grant (Also Reviewed in Physical Services Committee)

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

Item #5l) Approval/Budgetary Amendment (14A010)/Sheriff/Purchase Narcotics Motor Vehicle

Undersheriff Convery stated that they would like to purchase three vehicles for the Narcotics Division and this transfer would cover the difference in the amount needed for the purchase and what they are already allotted for the purchase.

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

Item #5m) Approval/Budgetary Amendment (14A011)/Finance/County 6N Fund for Deductible

Legislator LoBue stated that she sent a memorandum to Commissioner Carlin with a number of questions regarding this fund and she thanked Commissioner Carlin for his detailed response. She asked Commissioner Carlin to explain how the money is being handled from this account in regards to the deductible.

Commissioner Carlin stated that we have done nothing with the funds and the account has remained dormant in the County's financial statements. He stated we have not added money to it from its inception and we have not taken money from it since its inception; there is a minuscule amount of interest. He stated that now that it is being utilized he will submit a report at the end of the year regarding the fund. He stated we will put the money that we aren't spending in the Judgment & Claims line into the 6N fund to start building the 6N fund back up.

Chairman Castellano asked what 6N stood for.

Commissioner Carlin stated that 6N is Section 6N of the General Municipal Law which covers the setup of the self-insurance fund.

Legislator Nacerino asked if this is the first claim that we have had since the inception of this fund in 2011.

Commissioner Carlin stated that yes that is correct.

County Attorney Jennifer Bumgarner stated that this is the first claim that we are using this fund for; this is not the first claim we have had since 2011.

Commissioner Carlin stated that we have saved approximately \$418,000 in premiums since that inception.

Legislator Albano stated that when that decision was made we also decided to insure the dams.

Commissioner Carlin stated that yes and that we also broadened our coverage so we actually save approximately \$175,000 per year since that change. He further stated

that we will probably start encumbering the funds before the Full Meeting under the emergency provisions and start spending money because they have been working over there. He stated that we've spent nothing so far but we wanted to bring you up to date.

Legislator Albano stated that we have been speaking in the last few days about the monitoring system at the Courthouse and he believes that we need to have something similar at Tilly Foster Farm.

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

Item #6) Approval/Fund Transfer (13T392)/Coroner/Provide Total Post-Mortem Exams as of 12/31/13

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

Item #7) Approval/Fund Transfer (13T399)/Planning/Cover Shortage on Invoice

The Committee approved said Fund Transfer.

Item #8) Approval/Fund Transfer (13T401)/Sheriff-Corrections/Clear Negative Accounts

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

Item #9) Approval/Fund Transfer (13T404)/Sheriff-Corrections/Outstanding Medical Bills from 2013

Undersheriff Convery stated that we have an individual that was assaulted at the Jail and ended up going to Westchester Medical Center with serious injuries. He stated that it will be mitigated but that we need to transfer the money in case we are found responsible. He briefly explained this issue.

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

Item #10) Approval/Fund Transfer (13T407)/Office for Aging/Cover Actual Costs

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

Item #11) Approval/Fund Transfer (14T003)/Highway/Reclassify Budget Entry

The Committee approved said Fund Transfer.

Item #12) Approval/Fund Transfer (14T004)/Health/Cover Chargeback Expenses

The Committee approved said Fund Transfer.

Item #13) Mortgage Tax Revenues Resolutions

Item #13a) Approval/Resolution Authorizing the Additional Sum of \$11,963.33 be determined as to be Received by the Recording Officer for the County of Putnam

Item #13b) Approval/Resolution Authorizing the Sum of \$352,019.00 be determined as to be Received by the Recording Officer for the County of Putnam

Commissioner Carlin stated that each year we analyze our cost of service to process tens of thousands of documents.

First Deputy County Clerk Michael Bartolotti stated that we take it off the top of the mortgage tax that comes into our office and it is disbursed as per law to the Towns, MTA, and what not. He stated our cost of personnel and physical costs that we incur in order to process the mortgages we take off the top under the Tax Law. He stated that after the resolution is passed it is submitted to NYS Taxation & Finance for approval and the numbers fall in line with our cost analyses that we do periodically throughout the year.

Legislator Tartaro referenced that a recent newspaper article stated that sales of single family homes went up by 20% in the past year. He asked First Deputy County Clerk Bartolotti if he thinks that assessment is accurate.

First Deputy County Clerk Bartolotti stated that revenues were up a little bit and typically a rise in sales drives that. He stated that his office was busier in the summer season which makes them optimistic but the foreclosures are still high.

Legislator LoBue asked if we could have a form similar to the sales tax report for this information.

Commissioner Carlin stated that he can do that and compile the six month numbers for a few years back.

Chairman Castellano made a motion to pre-file the necessary resolution for Item #13A, seconded by Legislator Nacerino. All in favor.

Chairman Castellano made a motion to pre-file the necessary resolution for item #13B, seconded by Legislator Nacerino. All in favor.

Item #14) Approval/Local Law to Amend the Code of Putnam County/Chapter 140 Entitled "Procurement Policy"

Legislator Oliverio stated that it seems to reduce the arduous nature of going to bid and especially enables the County, if we were to adopt this, to get lower prices for many of the bid out goods. He stated that he thinks this is a good idea and that we should pass it.

Commissioner Carlin stated this has been pushed by the New York State Association of Counties to save counties money.

Chairman Castellano stated that it seems like the appropriate thing to do.

Legislator Nacerino stated that she believes it speaks for itself.

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

Director of Purchasing, Alessandro Mazzotta, stated that it is another step in the direction of consolidating and streamlining efforts. He stated it will be a good tool for them and for the departments to utilize. He thanked the Committee.

Item #16) Discussion/Sharing of Excess Budgeted Sales Tax

Legislator Oliverio thanked Chairman Castellano for putting this on the agenda again. He stated that we have brought this up a number of times and there has been great discussion about it and also the County Executive has recently held meetings to this effect with the Towns. He further stated that he has always felt that since the Towns provide the infrastructure support for the sales tax, the Towns house the businesses that generate the sales tax, that we should share a portion of the excess budgeted sales tax with them. He believes that we should take this seriously and he believes it would not break the bank. He stated that he understands the County's view but he would like to further discuss this idea.

Legislator Nacerino stated that she would love to share the sales tax revenue if it was feasible but she does have some concerns. She stated that we do make the Towns whole. She further stated that we have done a good job making our projections real. She stated it also begs the question that if we do have surplus money then isn't that countered by the unfunded mandates that we have and all of the burdensome things that the County has to deal with. She asked Commissioner Carlin to speak to those points more.

Commissioner Carlin stated that we have approximately \$2 million more in sales tax revenue than we budgeted. He further stated that we decided not to borrow for the golf course equipment and instead used \$933,000 of that excess \$2 million to purchase that equipment. He stated that we have done the Year End entry to take care of shortfalls which leaves us with approximately \$1 million in excess budgeted sales tax. He stated that we need to keep in mind that we are in the NYS Pension Amortization Program and in short, we need to pay back approximately \$12 million over a 10 year period because if we did not enter that program there would have been program cuts and layoffs. He stated that we would like to pay down that amortization. He stated that he cannot say

tonight if we can do that or not because we need to see what taxes actually bring in because we might not have the actual cash to pay down the amortization.

Legislator Nacerino stated that theoretically we do not have this excess in cash the way that we speak of.

Commissioner Carlin stated that the County budget is not one-line it is thousands of lines and in our case because we do guarantee the Towns and Schools that a surplus balance does not mean cash.

Chairman Castellano asked Commissioner Carlin what he felt was an ideal surplus amount.

Commissioner Carlin stated that the ideal surplus amount is between 10-20% for counties. He further stated that a surplus is not cash in our case. He stated that the reason a lot of counties share their sales tax is, in short, because they have to. He stated if a county has a city then a city pre-empts. He stated the city gets their own sales tax. He stated that so rather than these counties having different sales tax rates than their cities they decide to share.

Legislator Nacerino asked if we were to share how would we decide on the allotment of funds.

Commissioner Carlin stated that in fairness we have to recognize the Towns and we met with them on December 4th and we told them why we couldn't share the base sales tax and he believes most of them understand that. He stated we are trying to find ways to partner with them. He stated that in the last year and a half, three of the counties around us have been downgraded by Moody's. He stated that we have not been downgraded. He stated that if we start going into sharing our main revenue source which accounts for 37-40% of our budget then that will be problematic.

Legislator Scuccimarra stated that she knows that her town is really pushing for this sharing but we need to educate the public on what the County does for us, making us whole, paying for community colleges, paying for elections, etc. She stated that is a big part of it. She stated that we did discuss at the last meeting that if the Towns need help on a project that the County is willing to partner with them to see it through, on a case-by-case basis. She stated that as much as she would like to share the sales tax we need to remember that our County is in good shape and that sharing it would just rock the boat, even though the Towns do need it.

Legislator Oliverio stated that we setup a budget and that our budgetary process is very focused and fine-tuned so at the end we know pretty much within \$1-2 million, which sounds like a lot but is not on the size of our budget, where we will have our expenses and revenue. He stated we create our budget with all of our bills in mind. He stated then we get this excess because it is a great business year, you only give a portion of that excess to the Towns. He stated that if sales tax is down that year and there is not an excess then the Towns do not get anything that year. He stated that we can give 10% of the excess, it is not a lot, but it is a thank you. He stated that we meet our

obligations through the budget process. He stated that this sharing of a portion of the excess budgeted sales tax is a nice gesture.

Legislator LoBue stated that she supports what Commissioner Carlin is saying and she believes this is a catch-22. She stated that if we start sharing the sales tax then we might need to raise the tax levy to cover the required services. She stated that we are basically taking from the same pie. She stated that either it is the Town raising the tax levy or the County raising their tax levy. She stated that we need stricter cost controls. She stated we need to do things with a plan and vision for the future.

Item #17) Discussion/Fiscal Vision & Accountability Commission

Legislator Nacerino stated that she would like to re-introduce this Commission. She stated that she sent a memorandum to Legislator Scuccimarra asking her to reach out to those individuals that previously served on the Commission to see if they were interested in serving again.

Legislator Scuccimarra stated that she sent out a letter today to the previous members. She stated that she is open for input on others that Legislators feel should be on this panel.

Legislator LoBue stated that she is not in favor of this commission. She stated that the Legislature is the Committee. She believes that when commissions like this are formed that they take on a life of their own. She stated that she does not want this to turn political and turn into promoting political ideas.

Legislator Nacerino stated that she does not believe this will turn political. She stated that the objective is to have people together in a commission to brainstorm and to bring forth ideas and innovative approaches. She believes this commission is a good thing.

Legislator LoBue stated that it seems like this is already done because letters were sent inviting people to a commission without any approval from the entire board.

Legislator Nacerino stated that we spoke about this months ago.

Legislator LoBue stated that you did not get approval and according to the Charter you need approval to start a commission.

Legislator Nacerino stated it is preliminary, nothing has been formed yet.

Chairman Castellano asked if there was a timetable on the responses.

Legislator Scuccimarra stated that there is not a timetable on the responses. She stated she does not see a downside to this commission.

Chairman Castellano asked when the last time was that we had this commission.

Legislator Oliverio stated 4-5 years ago. He stated that all that needs to be done is a description of the commission goes before the Rules Committee, is passed, and then to the Full Legislature Meeting. He stated majority will rule. He stated he does not know why this is before the Audit Committee. He stated he can reference it to Rules, get the information, pass through Rules, and send to the Full.

Legislator Nacerino stated that this is exploratory.

Legislator Albano stated that he thinks this is a good thing that people are thinking outside of the box to come up with creative ideas to put something together. He stated if it accomplishes something we will be thrilled and if it doesn't then it will die off and go away. He stated he believes this is a good thing to try something creative and it may work out.

Chairman Castellano, with input from the Committee and other Legislators, moved this item to the March Rules, Enactments, and Intergovernmental Relations Committee.

Item #18) FYI/Schedule of Revenues/Fines Levied by Boards/Consumer Affairs

Director of Consumer Affairs Jean Marie Noel stated that these are the final figures as of last week and now the books will be closed. She stated that the department worked very hard to be within its budget. She further discussed the activities of her department in 2013.

Legislator LoBue asked if there was an uptick in renovations in 2013.

Director Noel stated it was a lot of Hurricane Irene and Superstorm Sandy.

Item #19) Other Business

Item #19a) Approval/Real Property/Application for Correction of Assessment Rolls and Tax Rolls

Commissioner Carlin stated that these were tax exemptions that were removed in error.

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

Item #19b) Approval/Putnam Arts Council Grants for 2014

Legislator LoBue stated that this is very important because Putnam Arts Council hands out this money to various artists, this money is not kept by the Putnam Arts Council, they are an umbrella.

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

Item #19c) Discussion/Definition of Fiscal Impact on Transfers and Amendments

Chairman Castellano stated that Legislator Wright brought up at the last Full Meeting the definition of Fiscal Impact on our Transfers and Amendments. He stated that in the past they decided to put the fiscal impact for both the present year and the future year on the transfers and amendments which does cause some confusion at times. He stated that he was thinking of just having it for the fiscal year that this is impacting so we know where it goes from there. He stated if the information is relevant for the next year, we should put it on there. He stated that if we are guessing, we should not put it on there.

Legislator LoBue asked Commissioner Carlin if the current course of action is on a case-by-case basis.

Commissioner Carlin stated that the definition of fiscal impact was discussed a few years ago in Committee. He stated that the result of that discussion was if the department is staying within their own budget for the funds to cover an expense then there is no fiscal impact. He stated if the department has to go outside of their budget such as contingency, to cover an expense then that is a fiscal impact. He stated that is how the Board defined it years ago. He stated to keep in mind that we do not know benefit costs, years out.

Chairman Castellano stated that he believes we should keep it with only the current year fiscal impact on the forms. He further stated that a 2014 fiscal impact of Zero (0) is within the department's budget and any other number besides Zero (0) on the fiscal impact line means the department had to go outside of their departmental budget.

Commissioner Carlin stated that we should put the definition on the forms as well.

Chairman Castellano agreed.

Legislator Tartaro asked if monies taken out of contingency are noted on the forms.

Commissioner Carlin stated that they are noted as a fiscal impact.

Chairman Castellano stated that we should try just putting down one year fiscal impact on the forms and see how it goes.

Item #15) Discussion/Chapter 35 of the Putnam County Code/Defense & Indemnification

At 7:38 PM, Chairman Castellano made a motion to move into Executive Session to discuss litigation and for discussions with the County Attorney, seconded by Legislator Tartaro. All in favor.

At 8:05 PM, Chairman Castellano made a motion to come out of Executive Session, seconded by Legislator Tartaro. All in favor.

No action was taken in Executive Session.

There being no further business, at 8:05 P.M., Chairman Castellano made a motion to adjourn, seconded by Legislator Tartaro. All in favor.

Respectfully submitted by Krista M. Butler, Administrative Assistant.