

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

Members: Chairman Castellano, Legislators Sullivan & Jonke

**Monday July 24, 2017
(Immediately Following Personnel Mtg. beginning at 5:30pm)**

The meeting was called to order at 5:44p.m. by Chairman Castellano who requested that Legislator Jonke lead in the Pledge of Allegiance. Upon roll call Legislator Jonke, Legislator Sullivan, and Chairman Castellano were present.

Item #3 - Approval of Minutes – June 26, 2017

The minutes were approved as submitted.

Item #10 - Discussion/ Historic Courthouse Audio System Upgrade

Chairman Castellano made a motion to amend the agenda to address item #10 at this time; Seconded by Legislator Sullivan. All in favor.

Director of IT/GIS Thomas Lannon stated the audio system in the Historic Courthouse has failed. He stated it is a combined system that is also used with the Office of Courts Administration to conduct regular court sessions in and has been failing for some time. He stated about a month ago there was a lightning strike which fried about three (3) pieces of equipment. He stated the equipment was old and there were many problems with it, especially with the wiring. He stated the building is very old, as is the wiring leading to the floor boxes where the microphones are plugged in. He stated a company from Albany who is contracted to handle all audio/video matters in the County came to look at the issue and it was decided to redo the boxes. He stated the boxes are problematic because they are analog and the quote is for running new digital equipment. He stated a "breakout box" would be installed, which is a digital line that will not fail. He stated it is a versatile system that microphones can be plugged into or sound can be played through and will last a long time. He stated the amplifier was not affected by the lightning strike, therefore everything but the amplifier will be replaced. He stated there is a good possibility that the cost of this will be offset by the Office of Courts Administration.

Legislator LoBue suggested investing in lightning rods to avoid further lightning strikes.

Director Lannon stated he does not believe the building was hit. He stated the power was blown in the Hamlet and caused the issue. He stated the equipment in the Historic Courthouse is located in the attic, which is a small, hot space. He stated the new unit

will be smaller and will not generate heat, nor will it be as susceptible to heat. He stated some of the old equipment was plugged directly into the wall, while some of it was plugged into a surge strip. He stated moving forward, everything will go through a battery backup which will isolate it and not allow any strikes to come through.

Legislator LoBue questioned if insurance will cover any of the costs.

Director Lannon stated he spoke to Senior Deputy County Attorney for Risk & Compliance Adrienne Lotto regarding insurance and she is looking into it. He added the County has a very big deductible. He restated that the Office of Courts Administration was contacted as well.

Legislator LoBue questioned if the new system will be wireless.

Director Lannon stated it will not be wireless. He stated one (1) wire will be run down from the attic and it will be plugged into a breakout box. He stated the microphones will then be plugged into the breakout box. He stated the digital system will provide control of the volume as well.

Legislator LoBue questioned if the audio will be better with the new system. She stated there are often complaints of not being able to hear well in the Historic Courthouse. She stated it has been discussed in the past that the historic value and the architecture of the Historic Courthouse makes it difficult to improve the audio.

Director Lannon stated the audio will be better, however the architecture of the building may still stand in the way in regards to the shape of the room and limitations of where speakers can be placed. He stated he believes it will sound much better. He stated this system will allow for better control of balancing the microphones. He stated currently, the wires are run under the floor and sometimes there is a humming sound through the microphone, which should be eliminated through the use of the digital system. He stated all of the existing plug-ins will remain because the court room must have the access to each part of the room.

Legislator LoBue suggested also replacing the microphone that the public utilizes to speak.

Director Lannon stated he will look into that. He stated any issues with the public microphone could have been a byproduct of the system itself.

Legislator LoBue stated at the Full Legislative Meetings, when members of the public speak at the microphone, the video camera is behind them; therefore the video shows them from the back. She requested that the video camera be positioned to better capture those who speak at the meetings. She stated seeing the side of the person as opposed to their back would be more respectful.

Director Lannon stated the cameras can be placed wherever the Legislature would like. He stated they are limited to the two (2) cameras. He stated discussions have been had in the past regarding mounting permanent cameras in the Historic Courthouse.

Chairman Castellano suggested moving the podium and microphone. He stated in order for this item to be reviewed at the Full Legislative Meeting a budgetary amendment will need to be submitted.

Legislator LoBue questioned what the cost of this system is.

Chairman Castellano stated the cost is \$22,541.69. He stated hopefully the Office of Courts Administration will reimburse the County if not all, some of this expense.

Legislator Sullivan stating having a working audio system in the Historic Courthouse is critical.

Chairman Castellano questioned how long the process would be of purchasing and installing the equipment.

Director Lannon stated the company works for municipalities and they have scheduled work in schools over the summer months. He stated they may not be able to begin until the first or second week in September. He stated when they were here they rigged the old system to work for the time being. He stated the sound will not be great, but it will not be any worse than last month's meeting. He stated this work should be complete by the end of September.

Legislator LoBue stated if need be the Full Legislative Meeting could be held in the TOPS Building.

Director Lannon stated he could check the audio in the Historic Courthouse prior to the Full Legislative Meeting to ensure it will work.

Chairman Castellano made a motion to approve, in concept, the budgetary amendment necessary for the audio system upgrade in the Historic Courthouse; Seconded by Legislator Sullivan. All in favor.

Item #4 - 2016 Audit Report/ PFK O'Connor Davies, LLP

a. Correspondence/ Commissioner of Finance/ Audit Responses

Chairman Castellano made a motion to waive the rules and accept the additional; Seconded by Legislator Jonke. All in favor.

Partners at PFK O'Connor Davies, LLP, Nicholas DeSantis and Allan Kassay were introduced to the Committee.

Mr. DeSantis stated he and Mr. Kassay will be presenting the Comprehensive Annual Finance Report (CAFR) for Putnam County for the year ended December 31, 2016. *(The 2016 CAFR is available on the Finance Department's website.)* He stated Putnam County has been an ongoing participant in the Government Finance Officers Association and its financial statements are annually evaluated at the completion of the audit. He stated the Finance Department puts together information from the past 10 years. He referred to page xiv of the CAFR which is a Certificate of Achievement for Excellence in Financial Reporting, which speaks to the Commissioner of Finance and his staff. He referred to page 30 of the CAFR which states that Putnam County is the primary government that is presented in the financial statements and the financial statements also include the Putnam Tobacco Asset Securitization Corporation. He stated the fund categories are listed on page 32 of the CAFR and are: the General Fund, which is the County's primary operating fund; the Capital Projects Fund; the Special Revenue Funds, which include the County Road Fund, Road Machinery Fund, Transportation Fund, Special Purpose Fund, and the Debt Service Fund; and Proprietary Funds. He drew the Committee's attention to the Independent Auditors' Report, which can be found two (2) pages after page xiv. He stated this report describes what has been performed for the County of Putnam. He stated Mr. Kassay will present details that occurred during 2016 insofar as comparing the results of certain revenues, certain budget information, and the overall financial condition of Putnam County as of December 31, 2016.

Mr. Kassay stated he prepared a handout primarily pertaining to the General Fund, which he provided to the Committee. *(This handout is attached to the minutes.)* He stated on page 4 of this handout a retrospective of the General Fund Balance is shown. He explained the components of the fund balance: non-spendable, restricted, assigned, and unassigned. He stated in 2016 about \$6 million was used to balance the 2017 budget. He stated in 2015 about \$7.7 million was used to balance the 2016 budget. He stated fortunately, the full amount of the fund balance was not fully utilized, and was actually added to.

Mr. DeSantis clarified that when the budget was adopted, money was appropriated from the fund balance. He stated the full amount of the \$7.7 million was not used in 2016.

Mr. Kassay reviewed the unassigned fund balance, which increased by 11% from 2015 to 2016. He stated the total fund balance increased by 7% from 2015 to 2016. He stated page 5 of the handout shows a summary of the revenues and expenditures contained in the budget. He stated total revenues in 2016 had a positive variance of over \$3 million as compared to the budgeted amount. He stated total expenditures in 2016 has a positive variance of \$7.9 million as compared to the budgeted amount. He stated the net change in fund balance on this page shows the prior year's encumbrances and the amount appropriated from the 2015 budget to balance the 2016 budget. He stated this line has a positive variance of \$11.1 million. He stated the end of the year fund balance was about \$37 million. He stated page 6 of the handout shows a more detailed report of the revenues and he reviewed the categories of revenue. He stated Non-Property Taxes had a positive variance of about \$4.3 million, which was

primarily due to sales tax. He stated there were prior period adjustments that contributed to the amount of Non-Property Taxes that were generated. He stated this was factored in to the 2017 budget and was budgeted more conservatively.

Legislator LoBue questioned if the adjustments were made through the State.

Mr. Kassay stated yes, the State controls the sales tax. He stated the State Aid generated a positive variance of almost \$800,000, which was from the economic opportunity development of \$1.8 million.

Mr. DeSantis stated that is usually related to other spending and may be seen on the other side of the equation. He clarified that when less is spent, less State Aid is provided.

Mr. Kassay stated the total revenues resulted in a positive variance of about \$3.2 million. He stated page 8 of the handout shows the same format for the expenditures. He stated General Government Support had a positive variance of about \$3 million.

Mr. DeSantis stated beginning on page 70 of the CAFR there is a lot of detail relating to the revenues, appropriations, and expenditures.

Mr. Kassay stated Public Safety resulted in a positive variance of about \$1.3 million, Economic Opportunity & Development generated a positive variance of about \$1.4 million, and Home and Community Services resulted in a positive variance of about \$500,000. He stated overall, the total expenditures generated a positive variance of about \$7.9 million.

Mr. DeSantis drew the Committee's attention to page 81 of the CAFR, which shows the balance sheet for the Capital Projects fund. He stated the total fund balance here is \$4,513,415 of which \$4,512,560 is restricted for expenditures in the Capital Projects fund and is probably the result of bonds being issued, but not spent by December 31, 2016. He stated pages 83 and 84 of the CAFR show the combining balance sheet of certain Non-Major Governmental Funds, which includes the County Road Fund, Road Machinery Fund, Transportation Fund, Special Purpose Fund, and Debt Service Fund. He stated page 104 of the CAFR shows the Internal Service Funds, which includes Worker's Compensation Benefits as well as the Casualty Reserve. He stated the Internal Service Funds operate on a full accrual basis, meaning that expenditures are recorded and there is an estimate made of potential liabilities and they are accrued. He stated based on the numbers on pages 104 and 105 of the CAFR, Putnam County's Worker's Compensation Benefits are in a good position. He stated potential liabilities have also been taken into consideration. He stated the Casualty Reserve Benefits are also in a good position. He stated he would like to review some of the footnotes, beginning on page 38 of the CAFR. He stated pages 38-39 are a description of the fund balance, which is divided into five (5) sections; non-spendable, restricted, committed, assigned, and unassigned. He stated unassigned means there has been no determination made as to what will be done with that money. He stated on page 41 of

the CAFR Note 2B reviews the Property Tax Limitation. He stated the Constitution of the State of New York determines how much money the County can raise in property taxes. He stated Putnam County raised the property taxes \$40 million out of the about \$200 million taxing authority. He stated this speaks to the overall good financial condition of the County and should be reflected with the rating agencies when the County goes for a bond rating.

Legislator Gouldman requested clarification on the property tax allowance.

Mr. DeSantis stated the calculation is based upon the County's full assessed evaluation. He stated Putnam County was allowed to raise the property taxes \$200 million. He stated based upon the amount it was raised, the 2016 budget had \$160 million left of that taxing authority. He stated this is an important number and some municipalities have run into issues where they did not have enough taxing power to fulfill the needs of municipal services. He stated the third paragraph on this page discusses the Tax Levy Limitation Law, which states that the property tax cannot be raised more than 2% without a public hearing and supermajority vote. He stated this law extends through June 2020. He references page 45 of the CAFR and stated at the beginning of 2016, Putnam County had an \$8 million tax anticipation note, which was redeemed during 2016 and was therefore not on the balance sheet at the end of the year. He stated the Fund Balance serves to help mitigate the need for the tax anticipation note, or with the amount borrowed. He stated the bottom of the page shows the amount of bonds payable which were \$60,589,575 at the end of the year. He stated page 46 of the CAFR lists other long term liabilities. He stated an amortization schedule for all bonds that were issued and outstanding as of December 31, 2016 is shown on page 47 of the CAFR and is broken down by year for the last five (5) years. He stated the debt service, principal, and interest are fairly level, showing that Commissioner Carlin structured it in such a way as to not have spikes within the budget, which is a good thing to do. He drew the Committee's attention to the middle of Page 53 of the CAFR where Retirement Incentives and Other Pension Obligations are discussed. He stated the County opted into a pension plan for Deputy Sheriffs and at the end of 2016, all existing liability from the pension system had been satisfied. He stated in 2013 and 2014 Putnam County took advantage of the retirement stabilization. He stated the 2014 portion of that liability was paid off in 2016 and all that remains is the 2013 portion.

Mr. Kassay stated the amount of the 2013 portion is \$2.5 million.

Mr. DeSantis stated page 55 of the CAFR discusses post-employment benefits. He stated the bottom of the page shows participation in health insurance. He stated page 56 of the CAFR shows the net post-employment obligation as of December 31, 2016 of \$118,454,817. He stated the County is not required to fund this money just yet. He stated there is no trust fund set up by New York State, as is with the pension system. He stated the County is on a "pay as you go" system for the active and retired employees as it pertains to health insurance.

Mr. Kassay stated in 2016 the actual amount paid is represented on the table under Contributions made and was \$3,911,120.

Mr. DeSantis stated a breakout of the Fund Balance categories is shown on page 59 of the CAFR.

Legislator Sullivan requested clarification on the table shown on page 56 of the CAFR, specifically the \$118,454,817 that is shown at the bottom.

Mr. Kassay stated basically, the County was recording what was being paid for retirees' health benefits, which is the amount of \$3,911,120. He stated the Governmental Accounting Standards Board (GASB) felt that all employees, while they were working, were accruing a piece of the amount that will be paid when they retire. He stated through the adoption of GASB 45 they came up with this pronouncement that counties had to determine what the actual liability at this point in time was for both retired and current employees. He stated an analysis was done based on age and years of service to find the amount. He described each line on the table.

Mr. DeSantis stated there are two (2) sets of financial statements in this report. He stated there are the fund financial statements, which are modified accrual, meaning it is a combination of cash basis disbursements and acknowledgement of accrued revenues and expenses. He stated there are also full accrual statements, which is shown on page 18 of the CAFR in the statement of net position. He stated the post-employment benefit liability is reported on page 18 of the CAFR, but not on page 67 of the CAFR, which shows the fund financial statements. He stated the fund statements are what the Legislators may be accustomed to through the adoption of the budget. He stated the full accrual statement, or the statement of net position, is what the Governmental Accounting Standards Board has required for all municipalities so everyone is on the same level when reviewing the financial statements. He stated the award he referenced earlier was received for complying with the rules and regulations as set forth by the Governmental Accounting Standards Board. He stated being awarded this certificate is something for Putnam County to be proud of, as there are less than 30 municipalities who receive this award within the State of New York.

Legislator Sullivan questioned if a comparative analysis of other counties could be provided in regards to the \$118,454,817 liability shown on page 56 of the CAFR.

Mr. Kassay stated a comparison would be very difficult because it is based on the age and gender of the employees as well as the benefits provided. He stated some municipalities have their employees or retirees contribute to their health insurance. He stated it would be very difficult, if not impossible, to have an "apples to apples" comparison.

Mr. DeSantis stated statistical information could be provided. He stated they can provide Commissioner Carlin with information as it pertains to their other clients, such as Westchester County.

Legislator Sullivan stated it would be helpful to look at other municipalities as well.

Mr. DeSantis stated on the bottom of page 55 of the CAFR the number of active and retired employees are shown. He stated other counties that he has audited have had a near equal amount of active and retired employees. He stated Putnam County has more active employees than retired employees, which is currently good because the amount of money going toward retirees is less. He stated eventually, the active employees will retire and their positions will be filled, which will begin to even out the number.

Mr. Kassay stated the amount of \$159,027,006, Actuarial Accrued Liability, shown on page 56 of the CAFR is going to appear on the full accrual statement. He stated this does not affect the budget, it is informational for the Governmental Accounting Standards Board.

Legislator Jonke questioned if the the \$3.2 million interest shown on page 56 of the CAFR is in relation to the \$159,027,006.

Mr. Kassay stated it is a calculation based on what the liability was at the beginning of the year and the end of the year.

Mr. DeSantis clarified that this is not interest that needs to be paid out. He stated it is an accounting entry to show what the liability would be. He stated if Putnam County shut down on December 31, 2016 and all the assets needed to be liquidated, that number would be a measure of what they would look at.

Mr. Kassay stated there was a bill in the New York State Assembly to establish a trust to fund this liability but it did not pass. He stated this bill would not require that this be funded, but would give the ability to fund it. He stated this amount does not affect the budget or the County's bond rating.

Legislator Jonke questioned, hypothetically, if the \$3.2 million amount was \$300 million, if the bond rating would still be unaffected.

Mr. DeSantis stated if the County did not disclose it there would be an issue; however the County does disclose it. He stated the rating agencies are familiar with how municipalities in New York State fund their liabilities and their post-employment benefits. He stated the bond rating right now is very good, which is attributed to both the environment as well as the financial health of Putnam County.

Legislator Jonke stated this report shows what a great job Commissioner Carlin is doing.

Legislator Sullivan requested clarification on the procedures performed related to potential liabilities with legal exposure.

Mr. Kassay stated a legal confirmation request is sent out to all attorney used by the County in the current year. He stated those attorneys then send back their response. He stated based upon their responses, they determine if there is something that should be accrued or not.

Legislator Sullivan questioned where this is referenced in the CAFR.

Mr. DeSantis stated litigation is on page 61 of the CAFR.

Mr. Kassay stated most of the information on this page came from Putnam County attorneys.

Mr. DeSantis stated there is reference to a potential lawsuit, however there is no financial information included.

Mr. Kassay stated there is a general disclosure that indicates there are some cases pending.

Legislator Sullivan stated Note 4 on page 63 of the CAFR says the County has an umbrella policy with \$10 million per occurrence and \$20 million in aggregate. He stated this is more than he thought the County had and asked Commissioner Carlin if this was correct.

Mr. Kassay stated that amount is updated each year.

Commissioner Carlin stated he would look into that.

Town of Southeast Councilwoman Lynne Eckardt questioned when the documents referenced during the meeting would be available on the website.

Commissioner Carlin stated the CAFR is currently available on the website.

Legislator Sullivan stated it is clear that a great job has been done managing the County for the taxpayers.

Mr. Kassay stated the audit was very well prepared for.

Legislator Sullivan stated in the business world anytime revenues are higher than expected and expenditures are lower than expected, the profits are that much higher. He stated this is the financial picture in Putnam County and everyone should be pleased that the County is being run very well.

Legislator LoBue questioned where Tilly Foster Farm and the Putnam County Golf Course were referenced in the CAFR.

Mr. Kassay stated those properties are not specifically referenced and would probably fall under recreation.

Legislator LoBue clarified that it is not broken out.

Mr. DeSantis stated there is not a detailed list in this report, just the capital projects amount.

Legislator LoBue referenced page iv of the CAFR which discusses GAAP (Generally Accepted Accounting Principles). She stated it is her understanding that in-house labor should be charged back for capital projects. She questioned if this was in compliance with GAAP.

Mr. DeSantis stated that is a budgetary decision. He stated when money is borrowed for capital projects and labor is being charged to the bond ordinance, the labor must be adequately documented to ensure it is appropriately charged to the correct project. He stated if it is not, it is a violation of the borrowing.

Legislator LoBue questioned what the case would be if the money being used is not borrowed, but from the General Fund.

Mr. DeSantis stated that money would be budgeted in the Department's budget.

Chairman Castellano and Legislator Sullivan thanked Mr. DeSantis and Mr. Kassay.

Item #5 - Update/ Putnam County Golf Course/ General Manager McCall

General Manager of the Putnam County Golf Course Michael McCall gave the attached PowerPoint Presentation. He stated there has been a lot of rain this year, especially on the weekends. He reviewed the number of rounds per month compared to previous years (slide 3). He stated it is not unusual not to have any rounds in March, and this year did not really get started until April 9th. He stated as compared to last year, the number of rounds in April were about the same. He stated there were two (2) weekends in May that were completely rained out. He stated the Golf Course brings in twice as much revenue on a weekend day as compared to a week day. He stated through information from the National Golf Foundation, they found that there have been 10 less playable days so far this year. He stated with an average of 150 rounds per day at an average rate of \$35.00 per round, those 10 unplayable days cost over \$50,000. He stated through June, there have been about 11,000 rounds, which is a bit lower than 2015 and 2016. He stated the Golf Course looks like it will come in on budget for the month of July. He stated in 2013 there were about 84 league rounds each week and there are now 188 league rounds each week, which is almost guaranteed unless there is poor weather. He stated the first women's league has just joined as well. He stated slide 4 shows the 2017 financials, actual versus budget. He stated golf is down about \$81,000 below budget, which can be attributed to the weather. He stated food and beverage is up about \$44,000 above budget and the banquet events are going well. He

stated total revenue is about \$36,000 below budget. He stated operating expenses are about \$39,000 above budget. He stated when the revenue from food and beverage goes up; the expense to the caterer does as well. He stated County chargebacks, insurance, and capital expenses are about \$53,000 below budget at this point in the year. He stated there is \$100,000 budgeted for capital improvements, of which about \$20,000 has been spent. He stated total expenses are about \$23,000 below budget through June. He stated there have been some issues in regards to property operations such as sewage backup. He stated the lines needed to be pumped and he now has this maintained regularly to avoid a crisis situation. He stated the air conditioning unit has been experiencing issues and shut down in the small banquet room during an event and a discount was issued. He stated slide 5 shows a comparison of the financials between this year and the past two (2) years. He stated as compared to 2016, golf is down 14%; food and beverage is up 14%; and expenses are up 7%. He stated this year the Golf Course is about \$60,000 behind where it was at this point in 2016. He stated he is trying not to spend the rest of the \$100,000 that was set aside for capital projects, although there are projects he would like to get done.

Legislator LoBue questioned what capital improvements were made with the \$20,000 that came out of the \$100,000 budgeted amount.

General Manager McCall stated work was done in the kitchen such as replacing tiles and repairing holes in the wall. He stated the Department of Health came and the kitchen has been made more sanitary by adding stainless steel around the equipment and adding boards that can be easily cleaned. He stated the kitchen upgrades cost about \$16,000. He stated the deck was also re-carpeted. He stated the required ADA improvements were done separately from the \$100,000 budgeted for capital improvements.

Legislator Sullivan questioned why General Manager McCall does not want to spend the rest of the budgeted \$100,000.

General Manager McCall stated when the operating budget was put together a line of \$100,000 was included for capital improvements. He stated that money is there, however he is cognizant that the revenues are down so he is trying to balance the budget.

Legislator Sullivan stated the reason the money is in the budget is so it can be utilized for capital improvements, which the Golf Course is significantly in need of. He stated the walls downstairs are chipped and dented. He stated the men's locker room is old and in dire need of improvement. He stated he would like the remainder of the money budgeted for capital projects to be utilized for that reason rather than being saved or used for operating expenses.

Legislator LoBue stated capital improvements are supposed to come before the Legislature because the Golf Course is a County facility. She stated the projects to be done should be prioritized. She stated projects such as the roof and air conditioning

system are a priority while the smaller projects such as chipped walls are not as important. She stated money is being invested in this facility in order to get a return back.

Legislator Albano stated the money is in the line for the anticipated capital projects. He stated the necessary things are being done, such as the kitchen.

General Manager McCall stated the projects that are being done are not randomly selected. He stated at this time he would like to review the ADA upgrades and will address the capital projects afterwards. He stated slide 8 actually shows the Friday night events. He stated of the eight (8) Friday night events held this year, five (5) of them needed to be held indoors, which effects attendance. He stated slide 9 shows the women's bathroom after the ADA upgrades were made. He stated the doorway was widened and an ADA stall and shower were installed. He also stated the capacity was increased as well. He stated a ramp has also been added to allow ADA access to the deck. He stated the remaining ADA projects to be completed are to add a portable lift for the stage and improving the parking.

Legislator LoBue questioned how much these upgrades cost.

General Manager McCall stated the bathroom cost about \$77,000.

Legislator LoBue questioned where the money came from.

General Manager McCall stated that money came out of the ADA budget line.

Commissioner Carlin explained that the budgeted money for ADA projects goes through the capital projects line.

Legislator Albano stated the bathroom was a big project.

Legislator LoBue stated a few months ago when discussions were had regarding the County's responsibility to make the Golf Course ADA compliant, adding parking spots in the back was mentioned. She questioned if this was completed yet.

General Manager McCall stated the parking spots are not done yet, but are currently being engineered by the Highway & Facilities Department.

Legislator LoBue stated the addition of the ramp to allow wheelchair access to the deck is great and allows individuals to view the band and event taking place on the lower level.

General Manager McCall stated it is great that these improvements are being done and more people who may not have been able to attend before are now attending the events. He stated slide 11 shows a list of improvements that still need to be made. He stated the Golf Course is working with the Highway & Facilities Department to put

together some of the projects on this list such as the HVAC replacement and roof replacement. He stated some of the plumbing improvements are not necessarily huge capital projects, but still need to be done. He stated for example, the dishwasher gets clogged because the pipe is very small. He stated many of these issues can be attributed to the age of the building.

Legislator Sullivan questioned what year the building was built.

General Manager McCall stated it was built in 1960.

Legislator LoBue questioned who did the work on the bathroom.

General Manager McCall stated the downstairs bathroom was done by Gatey Construction. He stated the County purchased the materials and the company provided the labor. He stated the County's plumber also did some work in the beginning. He stated there are other projects to be done and planned out. He stated as resources become available it will be brought to the Highway & Facilities Department or the Legislature.

Legislator Sullivan questioned how much each of the projects listed would cost.

General Manager McCall stated costs are currently being projected for each improvement. He stated the HVAC and roof replacements are being planned out by the Highways & Facilities Department. He stated they are also getting a quote for a gutter, which needs to be done to divert water away from the building. He stated the gutter may be a repair that comes out of the \$100,000 budgeted amount because it needs to be done.

Legislator Sullivan stated the Golf Course is a busy place that attracts many people and it is important to continue with the improvements being made.

General Manager McCall stated there are also limited time frames to complete these projects within because the Golf Course is busy all year long. He stated the ramp was done during a week in July when no events were scheduled. He stated the bathroom was done in the winter and was completed before the first Friday night event. He stated this year has been rough due to the weather, but positive changes are being made. He stated the Golf Course has 4,000 likes on Facebook for the events are there were over 300 people at the last event. He stated they also had a singles mixer, which over 100 people attended. He stated the Golf Course is a great place with many people utilizing it; however it takes hard work to keep it up.

Item #6 - Correspondence/ County Auditor

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

e. Contingency/Sub-Contingency Report – Duly Noted

Item #7 - Correspondence/ Commissioner of Finance

a. Overtime/Temporary Report

Legislator LoBue questioned why the Temporary amount for Planning is over budget.

Commissioner of Finance William Carlin stated he believes that line is for the intern in the Planning Department, but he will find out for sure. He stated John Pilner also comes back to help in the Planning Department and he may be paid from that line as well. He stated a budgetary amendment may be required for this line.

Legislator LoBue questioned what the line *Sheriff - Youth & Community* is used for.

Commissioner Carlin stated he believes that line is used for the SPO (Special Patrol Officer) program.

b. Approval/ Budgetary Amendment 17A035/ Youth Bureau/ Increased Funding Allocations for the Runaway & Homeless Youth Program through the NYS Office of Children & Family Services

Chairman Castellano made a motion to approve Budgetary Amendment 17A035; Seconded by Legislator Jonke. All in favor.

c. Approval/ Budgetary Amendment 17A037/ County Executive/ Preliminary Engineering & Legal Work/ Creation of Three Sewer Districts in Putnam County (As reviewed in Physical Services – Amended)

Legislator LoBue stated she voted against the application of the grant funding and she will not be voting in favor of this either. She stated there is no back up information or delineation of district lines.

Chairman Castellano stated the County is not yet at that point.

Legislator Jonke stated the reason to fund the feasibility study is to create a map.

Chairman Castellano stated the feasibility study is where the project begins.

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

d. Approval/ Budgetary Amendment 17A038/ County Clerk/ Grant Award – Local Government Records Management Improvement Fund (LGRMIF) (Also reviewed in Rules)

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

e. Approval/ Budgetary Amendment 17A039/ Department of Social Services/ Child Advocacy Program Awarded Sub-Award through NYS National Children's Alliance

Chairman Castellano made a motion to approve Budgetary Amendment 17A039; Seconded by Legislator Jonke. All in favor.

f. Approval/ Budgetary Amendment 17A040/ Planning Dept./ Provide for ADA Transit Accessibility II Project Grant Award

Legislator LoBue questioned what this award will be used for.

Commissioner Carlin stated this is in relation to the New Freedom Grant, which is for work on sidewalks and roads around the bikeway. He stated this grant was originally applied for in 2011 and it went through the process, was awarded, and was bid out. He stated it cost more, so more funding was received but the County also needs to contribute a greater local match. He stated nothing in the project has changed.

Legislator LoBue questioned what areas would be worked on.

Commissioner Carlin stated he does not have that information right now, but will ask the Highways & Facilities Department or Planning Department send it to the Legislature.

Chairman Castellano requested that this information be received prior to the August 1st Full Legislative Meeting.

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

Item #8 - Approval/ Fund Transfer 17T131/ Sheriff's Dept./ Replacement ERT Uniforms (Also reviewed in Protective)

Legislator Jonke made a motion to waive the rules and accept the additional; Seconded by Legislator Sullivan. All in favor.

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

Item #9 - Approval/ Fund Transfer 17T135/ Legislative Office/ Deputy County Attorney Attending Legislative Meeting (Also reviewed in Personnel)

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

Item #10 - Discussion/ Historic Courthouse Audio System Upgrade (Continued)

Commissioner Carlin stated he would prepare a budgetary amendment for the Historic Courthouse Audio System upgrade.

Item #11 - Other Business

**a. Approval/ Real Property/ Refund of Taxes/ Roberta Perry-Mapp/
Town of Kent/ Tax Map #11.13-1-37**

Chairman Castellano made a motion to waive the rules and accept the Other Business; Seconded by Legislator Jonke. All in favor.

Legislator Jonke stated he would be abstaining from items #11a. and #11b. as they are corrections that occurred in the Town of Kent, where he is the Assessor.

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Sullivan. By poll vote: 2 Ayes: Chairman Castellano and Legislator Sullivan. One Abstention: Legislator Jonke.

**b. Approval/ Real Property/ Refund of Taxes/ Christine Lovett/ Town of
Kent/ Tax Map #32.6-1-1**

Chairman Castellano made a motion to waive the rules and accept the Other Business; Seconded by Legislator Jonke. All in favor.

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Sullivan. By poll vote: 2 Ayes: Chairman Castellano and Legislator Sullivan. One Abstention: Legislator Jonke.

**c. Approval/ Fund Transfer 17T149/ Sheriff's Dept./ Cover Cost of
Motorcycle**

Chairman Castellano made a motion to waive the rules and accept the Other Business; Seconded by Legislator Jonke. All in favor.

Chairman Castellano made a motion to approve Fund Transfer 17T149; Seconded by Legislator Jonke. All in favor.

Item #12 - Adjournment

There being no further business, at 7:10p.m. Chairman Castellano made a motion to adjourn; Seconded by Legislator Sullivan. All in favor.

Respectfully submitted by Administrative Assistant Beth Green.

Corresponds with item #4

County of Putnam, New York

Report to the County Legislators

December 31, 2016



**KNOW
GREATER
VALUE**

Nick DeSantis, Partner
Alan Kassay, Partner

July 24, 2017



Agenda

Audit Results – PKF O’Connor Davies Opinion on Financial Statements

- Fund Balance - General Fund Retrospective
- General Fund - Budget to Actual Summary
- General Fund - Budget to Actual - Revenues
- General Fund - Budget to Actual - Expenditures

Audit Results

We have completed our audit of the 2016 financial statements of the County of Putnam in accordance with auditing standards generally accepted in the United States of America. The objective of our audit was to obtain reasonable assurance about whether these financial statements are free of material misstatement. As part of the scope of our work, we reviewed management's accounting estimates and the accounting treatment afforded to all significant accounting matters.

Audit Scope

Our audit approach was directed at the evaluation of all significant aspects of the County's operations to reduce audit risks to an acceptable level. Our primary focus was not on individual transactions and balances but on the financial statements we are opining on taken as a whole. We are satisfied that the scope of our audit was sufficient to enable us to express our opinion on these financial statements.

We have issued an unmodified (or clean) opinion relating to the County of Putnam as of December 31, 2016 and for the year then ended.

Fund Balance – General Fund Retrospective

	Increase (Decrease) 2016 vs 2015	2016	2015	2014	2013
<i>Nonspendable:</i>					
Prepaid expenditures	\$ (537,977)	\$ 1,848,189	\$ 2,386,166	\$ 3,733	\$ 121
Long-term receivables	-	2,000,000	2,000,000	2,000,000	2,415,400
	(537,977)	3,848,189	4,386,166	2,003,733	2,415,521
<i>Restricted:</i>					
Law enforcement	70,124	349,983	279,859	287,917	317,492
Health	(75)	20,308	20,383	19,633	-
Driving while intoxicated	(14,139)	33,586	47,725	74,369	101,729
Grants	(27,675)	1,466,612	1,494,287	898,099	908,086
	28,235	1,870,489	1,842,254	1,280,018	1,327,307
<i>Assigned:</i>					
Purchases on order	234,971	1,332,822	1,097,851	1,078,141	1,069,574
Subsequent year's expenditures	(1,721,198)	6,038,802	7,760,000	2,807,518	3,750,000
Retirement	-	3,568,196	3,568,196	3,400,000	3,500,000
Capital projects	893,022	1,580,488	687,466	642,122	1,100,000
Tax stabilization	-	3,537,683	3,537,683	3,537,683	3,537,683
6N Insurance	2,000,000	2,000,000	-	-	1,000,000
	1,406,795	18,057,991	16,651,196	11,465,464	13,957,257
Total Assigned					
	11%	13,869,403	12,476,739	20,129,757	18,825,288
Unassigned					
Total Fund Balances	7%	\$ 37,646,072	\$ 35,356,355	\$ 34,878,972	\$ 36,525,373

General Fund – Budget to Actual Summary

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues	\$ 126,860,425	\$ 128,670,027	\$ 131,904,382	\$ 3,234,355
Total Expenditures	135,600,676	137,364,061	129,450,848	7,913,213
Excess (Deficiency) of Revenues Over Expenditures	(8,740,251)	(8,694,034)	2,453,534	11,147,568
Total Other Financing Uses	(117,600)	(163,817)	(163,817)	-
Net Change in Fund Balance	(8,857,851)	(8,857,851)	2,289,717	11,147,568
Fund Balance - Beginning of Year	8,857,851	8,857,851	35,356,355	26,498,504
Fund Balance - End of Year	\$ -	\$ -	\$ 37,646,072	\$ 37,646,072

General Fund – Budget to Actual Revenues

	Budget		Actual	Variance with Final Budget (Negative)
	Original	Final		
REVENUES				
Real Property Taxes	\$ 28,083,782	\$ 28,083,782	\$ 26,363,542	\$ (1,720,240)
Other Tax Items	5,082,000	5,402,108	5,479,429	77,321 1
Non-Property Taxes	55,814,000	55,814,000	60,120,626	4,306,626 2
Departmental Income	11,740,949	11,116,448	10,808,034	(308,414)
Use of Money and Property	312,395	315,395	312,191	(3,204)
Licenses and Permits	792,000	792,200	861,486	69,286
Fines and Forfeitures	190,266	190,266	249,508	59,242
Sale of Property and Compensation for Loss	187,950	86,529	107,346	20,817
State Aid	15,484,881	16,263,244	17,022,342	759,098 3
Federal Aid	8,374,618	9,499,370	9,367,302	(132,068)
Miscellaneous	797,384	1,106,685	1,212,576	105,891
Total Revenues	\$ 126,860,225	\$ 128,670,027	\$ 131,904,382	\$ 3,234,355

General Fund – Budget to Actual Revenues (Continued)

1. Other Tax Items – \$443,396 increase over 2015, interest and penalties on real property taxes.
2. Non-Property Taxes – Sales tax, \$5.04 million increase over 2015.
3. State Aid – Variance from Economic Opportunity and Development, \$1.8 million.

Overall – Positive Budget Variance of \$3,234,355.

Revenues – Overall Increase of \$7.3 million, = to 5.8% Increase

General Fund -- Budget to Actual Expenditures

	Budget		Actual	Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
General Government Support	\$ 27,454,729	\$ 27,126,498	\$ 24,070,985	\$ 3,055,513 1
Education	9,494,670	9,848,810	9,618,908	229,902
Public Safety	36,343,712	37,655,195	36,303,280	1,351,915 2
Health	13,476,552	13,687,273	12,945,287	741,986
Transportation	1,334,726	1,334,726	1,311,625	23,101
Economic Opportunity and Development	35,262,715	35,633,701	34,241,746	1,391,955 3
Culture and Recreation	5,105,550	5,071,766	4,686,558	385,208
Home and Community Services	2,268,438	2,159,107	1,640,432	518,675 4
Employee Benefits	4,684,584	4,696,584	4,578,254	118,330
Debt Service - Interest	175,000	150,401	53,773	96,628
Transfers Out/In	(117,600)	(163,817)	(163,817)	-
Total Expenditures	135,483,076	137,200,244	129,287,031	7,913,213
Net Change in Fund Balance	(8,857,851)	(8,857,851)	2,289,717	11,147,568
FUND BALANCE				
Beginning of Year	8,857,851	8,857,851	35,356,355	26,498,504
End of Year	-	-	\$ 37,646,072	\$ 37,646,072

General Fund – Budget to Actual Expenditures (Continued)

1. General Government Support – Spread throughout all of the functions; Coroners-\$117,538, County Clerk-\$177,576, Dept. of Highways-\$498,931, Contingency-\$936,072.
2. Public Safety – Bureau of Emergency Services-\$950,048, Sheriff-\$539,282.
3. Economic Opportunity and Development–Social Services Admin-\$244,592, Office for Senior Resources-\$273,974
4. Home and Community Services – Planning-\$465,906.

Overall – Positive Budget Variance of \$7,913,213.

Total Budget-Revenues & Expenditures – Positive Budgetary Variance of \$11,147,568.

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Corresponds with item #5




Putnam County Golf Course

2017 Mid-Year Review


1



Rain




2



Golf Rounds

	Rounds by Month											
	2011	2012	2013	2014	2015	2016	2017					
Jan	0	118	0	0	0	0	0					
Feb	0	249	0	0	0	0	0					
Mar	32	2,068	53	44	0	1,810	0					
Apr	2,060	3,273	2,955	2,774	2,448	2,802	2,856					
May	3,244	3,854	3,311	3,934	4,922	4,097	3,718					
Jun	5,255	4,945	4,730	4,896	4,665	5,179	4,846					
Jul	5,064	5,062	4,836	5,004	5,324	5,199						
Aug	3,988	5,075	5,451	5,447	5,277	5,075						
Sep	2,797	3,804	4,289	4,282	4,027	3,863						
Oct	1,806	2,083	3,031	2,843	2,878	3,098						
Nov	1,016	824	1,254	997	1,838	1,579						
Dec	200	0	178	0	1,059	215						
Total	25,462	31,355	30,088	30,221	32,438	32,917	11,420					

3



Financials

YTD Actual vs Budget (Through June)

	2017 Actual	2017 Budget	Variance \$	Variance %
Revenues				
Golf	\$482,136	\$563,250	↓ (\$81,114)	↓ 14%
Food & Beverage	\$544,204	\$500,000	↑ \$44,204	↑ 9%
Total Revenue	\$1,026,340	\$1,063,250	↓ (\$36,910)	↑ 3%
Expenses				
- Operating Expenses	\$969,736	\$930,054	↑ \$39,682	↑ 4%
- Chargebacks/Insurance/Capital Exp	\$58,408	\$111,600	↓ \$53,192	↓ 47%
Net Operating Profit/(Loss)	(\$23,701)	(\$829)	↓ (\$22,872)	

4

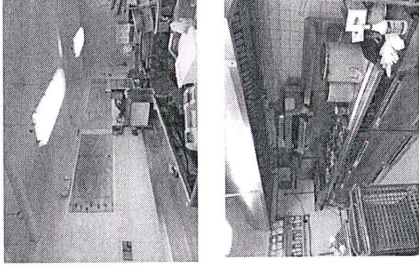


3 - Year History YTD Actuals (Through June)

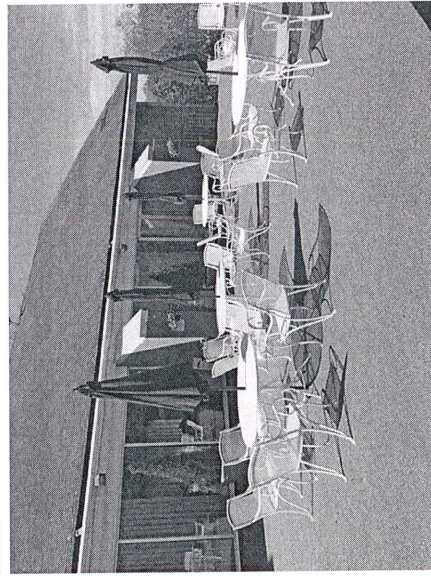
Financials

	2017	2016	2015	Variance '17 - '16 %
Revenues				
Golf	\$482,136	\$560,484	\$514,016	↓ 14%
Food & Beverage	\$544,204	\$476,330	\$518,113	↑ 14%
Total Revenue	\$1,026,340	\$1,036,814	\$1,032,129	↓ .5%
Expenses				
- Operating Expenses	\$969,736	\$899,451	\$902,002	↑ 7%
- County Chargebacks	\$58,408	\$98,941	\$73,927	
Net Operating Profit/(Loss)	(\$23,422)	\$38,422	\$56,200	

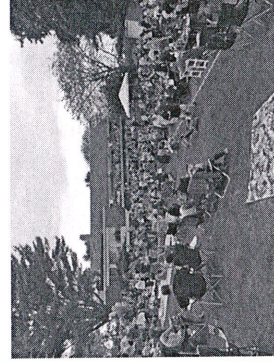
Kitchen



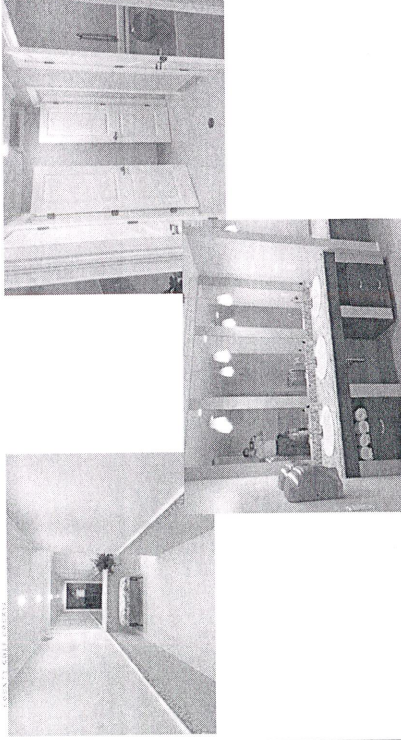
Deck Carpeting



Friday Nights

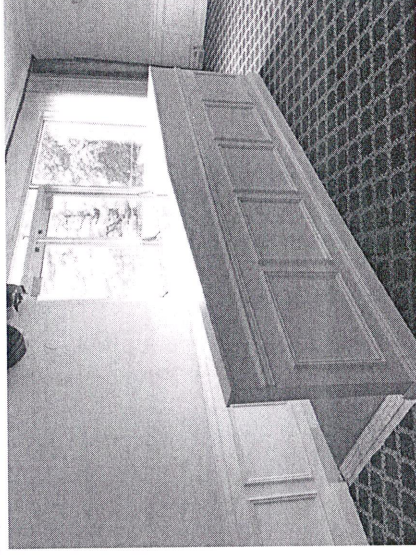


Women Bathroom (ADA)



9

Ramp to Deck (ADA)



10

Continued Improvements



- HVAC Replacement
- Roof Replacement
- Plumbing Improvements
- ADA Requirements
- Men's Bathrooms
- Café Kitchen Area
- Cart Paths
- Increased General Maintenance

11

Questions ?



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