

County of Ulster, New York

Analysis and Review  
of the  
Proposed 2015 Budget



October 28, 2014

The Honorable John R. Parete,  
Chairman of the Legislature  
The Honorable Richard A. Gerentine  
Chairman Ways and Means Committee  
Ulster County Legislature  
County of Ulster  
244 Fair Street  
Kingston, New York 12401

Dear Chairman Parete and Chairman Gerentine:

In accordance with the Ulster County Charter, the County Executive presents his budget for the subsequent year to the Legislature for consideration. The County Executive has conveyed his policies, both mandated and discretionary, through the budget document. The Legislature is afforded the opportunity to adopt the budget as presented, or to make certain changes through budget modification.

The proposed spending plan for fiscal year 2015 is \$334.5 million, a decrease of \$1.7 million (0.5% decrease) as compared to the adopted budget for 2014. The budget as proposed contains a property tax levy of \$77,943,104, a decrease of \$800,000 (1.0% decrease). Sales tax collections account for the largest single source of revenues for the County. The 2015 Executive Budget includes \$108 million of revenue for Sales Tax of which \$15.7 million is distributed by the County to its towns and the City of Kingston. This is \$3.3 million, or 3.7% more than the 2014 Adopted Budget. The increase is partly due to anticipated growth in sales tax in 2015 and also the restoration of the lost sales tax of January 2014. The County collects 4% sales tax on items sold or used in Ulster; 1% of that sales tax expired November 30, 2013 and was reinstated on February 1, 2014. This reinstatement included a requirement that the 2015 proposed budget

include the final phase of the Counties assumption of the Safety Net Program. It appears, based on the proposed budget, that this requirement has been met.

The 2015 budget funds 1,320 benefitted positions while the 2013 budget funded 1,316 benefitted positions. As of the date of this report, the Police Benevolent Association and the Superior Officers unit have contracts that expired at the end of 2009.

The sale of the Golden Hill Health Care Center was completed during 2013. At the time we presented our report on the 2014 proposed budget, all of the financial information relating to the sale was not available. The Audited Financial Statements issued in September 2014 contain the results of the sale. The County realized a revenue of \$11.25 million the General Fund from the sale along with an increase of \$13.8 million from the residual equity transfer for a total increase in the General Fund fund balance of \$25.05 million. In addition, \$864,000 was transferred into the Debt Service Fund and restricted to pay down the serial bonds of Golden Hill that were still outstanding as of the date of sale.

Exhibits 1(a) and 1(b) provide details regarding the changes in appropriations and estimated revenues. In addition to the departments that are specifically reviewed in our report, we have highlighted and italicized departmental variances from the previous years adopted budget. Hopefully this assists you when the departments come before you during your budget deliberations. Certain variances may be due to last year's sequestration of funds due to the sales tax renewal issue.

The proposed budget continues to rely upon the appropriation of fund balance (surplus accumulated from prior budget years) to help to provide resources to balance the proposed spending plan. A comparison of the appropriation of fund balance is as follows:

	2015 Proposed Budget	2014 Adopted Budget
General Fund	\$ 18,965,400	\$ 13,200,000
County Road Fund	-	2,685,000
Debt Service Fund	500,000	825,000
	<u>\$ 19,465,400</u>	<u>\$ 16,710,000</u>

As provided in the comparison of the proposed budget to the adopted budget, there is more reliance upon the use of fund balance in the General Fund, \$5.8 million to help finance the proposed spending plan. The \$18.9 million of appropriated fund balance in the General Fund represents 24.3% of the tax levy for 2015. The County's 2013 Comprehensive Annual Financial Report indicates that \$35.6 million of unassigned fund balance is available for use in years subsequent to 2013. The amount appropriated for use in the proposed budget, \$18.9 million, leaves a balance from the 2013 year of \$16.7 million. In addition, the proposed budget relies on the use of \$140,000 of restricted\assigned fund balance to fund specific programs.

The 2015 proposed budget also includes a number of new initiatives, which are briefly described below:

- Proposed establishment of an Infrastructure Investment Program in the amount of \$3.5 million to be funded from 2014 unassigned fund balance to restore and improve the County's aging infrastructure and support the timely completion of necessary capital projects.
- Proposed establishment of a Tax Stabilization Reserve Fund in the amount of \$1.5 million to be funded from 2014 unassigned fund balance to protect taxpayers from unsustainable and unpredictable fluctuations in County taxes, such as additional unfunded State mandates, increased pension costs, or cuts in State Aid.
- Proposed implementation of a three year takeover of municipal costs related to the Help America Vote Act ("HAVA"), which aims to reduce the town and city tax burden placed on residents from unfunded State Mandates. This plan

will provide towns and the City of Kingston with an opportunity to reduce taxes. The additional County cost in 2015 is estimated to be approximately \$200,000.

- Proposing \$500,000 of additional funding for job creation and retention programs to increase access to sustainable, long-term employment for the residents. This program will assist public assistance recipients in finding full time, secure jobs in local businesses with room for advancement. The initial pilot program will provide for twenty-five public assistance recipients to participate in the first year of the program.
- Implementing an apprenticeship training program where a local law will require contractors entering into bridge contracts with the County, in excess of \$500,000, to have apprenticeship agreements to provide opportunities for the next generation of highly-skilled laborers.

As the appropriating and policy determining body, the Legislature is obligated to review and analyze the Executive's proposed spending plan and the methods of financing. It has been our charge from the Legislature to evaluate the budget with the understanding that the County's financial stability is of paramount importance. Our focus is financial in nature and does not encompass policy issues, which are the purview of the Legislature. Revenues are identified by source and include such major categories as sales tax, departmental revenue, and Federal and State support. Departmental revenues budgeted for fiscal year 2015 are compared to fiscal year 2014 estimates and significant variances are reviewed. Most Federal and State revenues are evaluated as part of our overall departmental reviews. Those, which are categorical in nature, are reviewed for reasonableness. Expenditures of significant departments and or programs within departments are also reviewed. Since personnel costs represent a major portion of expenditures, they are evaluated on an aggregate basis. Fringe benefits are similarly reviewed on a countywide basis.

Our review is not restricted to areas which may result in tax savings. We are cognizant of the Legislature's concern to maintain financial integrity and promote stability. For this

reason, we not only review areas of potential savings, but also those areas, which may prove insufficient to provide adequate resources in light of current projections.

We look forward to meeting with the Legislature to discuss our findings.

Very truly yours,

*O'Connor Davies, LLP*

**O'Connor Davies, LLP**

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## REVENUES

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## REVENUES

### Sales Tax Revenues

Sales tax revenues comprise the largest single component of the revenue segment of the budget. We project the County's share of sales tax revenue for 2014 to be \$88.3 million, which is approximately \$700,000 less than the 2014 adopted budget of \$89.0 million. This amount is reflective of approximately \$2.2 million in anticipated lost sales tax due to 1% (out of a total of 4%) of the County share expiring on November 30, 2013 that was reinstated February 1, 2014. The Administration projects \$88.6 million inclusive of the lost revenues. As of October 14, 2014, the date of the latest sales tax payment, year to date collections from New York State are up an average of 1.7% from 2013, after adding back lost revenue for January 2014. Our 2014 projection through the remainder of the year assumes that payments in the fourth quarter will continue to grow at 1.7% over the 2013 actual amounts after adjusting for lost revenue for December 2013.

The County anticipates \$92.3 million from sales tax revenues in the 2015 budget. In deriving this estimate, the County projected a growth rate of approximately 1.75% above its 2014 projection of \$90.8 million (County projection of \$88.6 million plus lost January sales tax of \$2.2 million).

In deriving our estimate for 2015 we applied the same methodology that the County used in formulating their budget. That is, year to date receipts plus an estimate of the 4<sup>th</sup> quarter receipts plus an estimate from lost January 2014 sales tax times a growth rate of 1.75%. This resulted in an estimate of \$92.0 million, an amount that is \$350,000 less than the amount included in the proposed budget. Therefore we recommend a decrease to the 2015 proposed budget in the amount of \$350,000.

## **Interest and Penalties on Real Property Taxes**

The 2015 budget includes an estimate of \$4.7 million for interest and penalties on real property taxes, which is approximately \$100,000 greater than the amount budgeted in 2014 of \$4.6 million. Revenues earned through September 30, 2014 are \$3.7 million. Based on year to date collections we anticipate that the County will collect \$4.7 million in 2014, which is \$100,000 more than the amount contained in the adopted budget.

In deriving our 2015 estimate, we held our 2014 projection of \$4.7 million at the same amount. Based on this method, we believe that 2015 estimated collections of \$4.7 million will approximate the proposed estimate. We therefore recommend no change to the 2015 proposed budget.

## **Hotel/Motel Occupancy Tax**

The hotel occupancy tax represents 2% of eligible income from approximately 294 hotel registrants within the County. The 2015 budget includes an estimate of \$1,050,000 in the Financial Department and \$150,000 in the Tourism Department for a total Proposed Budget of \$1.2 million for hotel taxes, which is the same amount as included in the 2014 budget. Based on nine months of collections, we project total revenues to be approximately \$1.15 million during 2014, which is approximately \$50,000 less than the 2014 adopted budget.

In deriving our estimate for the 2015 year, we utilized our 2014 projection and assumed minimal growth (there were an additional 20 establishments registered with the Finance Department). Based on this methodology we estimate the County's collections will be \$1.2 million an amount equal to the proposed budget. Therefore we concur with the 2015 proposed budget for hotel/motel occupancy tax.



### **Off Track Betting Tax**

The off track betting tax represents a tax on eligible income from various off track betting locations within the County. The 2015 budget includes an estimate of \$100,000 for off track betting taxes, which is approximately \$50,000 less than the 2014 budget. Based on nine months of collections, we project total revenues to be approximately \$100,000 during 2014, which is \$50,000 less than the 2014 adopted budget.

In deriving our estimate for the 2015 year, we utilized our 2014 projection and estimate that there will be little fluctuation between years. Based on this methodology we estimate the County's collections will be approximately \$100,000. Therefore, we recommend no changes to the 2015 budget.

### **Gain on Sale of Tax Acquired Property**

The 2015 budget includes a \$675,000 estimate for Gain on Sale of Tax Acquired Property, which is \$50,000 greater than the amount budgeted in 2014. Revenues realized for 2013 were \$575,000, which were \$250,000 less than in 2012. Moreover, revenues earned in the current year through September 30<sup>th</sup> are \$1.5 million or \$900,000 more than the 2014 adopted budget. As indicated by historical figures, substantially all revenues are earned by September 30<sup>th</sup>, as most acquired properties are sold at an auction held annually in April. Therefore, we do not project any significant additional revenues related to these sales to be earned through year-end. Based upon the average amount earned in the past three years prior to 2014 and given the increase in property taxes receivable, we anticipate collections to approximate \$775,000, an amount that is \$100,000 greater than the proposed budget.

### **Deferred Taxes/Tax Overlay**

Governmental accounting principles provide that real property taxes may be accounted for as revenue if they are collected within the current fiscal period or within sixty days

subsequent to the end of the fiscal period. All property taxes not collected within this time frame cannot be reflected in the financial statements as revenue. The tax overlay in the 2014 and 2015 budget was \$750,000 and \$1 million, respectively. The 2012 surplus in real property tax revenue was \$800,000 while the 2013 deficiency was \$700,000, thus indicating the varying nature of real property tax collections from year to year. Our review of the taxes receivable County wide as of September 30, 2014 reveal that the taxes receivable have increased compared to the prior year. After applying an estimate of tax collections for October 2014 through February 2015 we project that an adjustment to property taxes will be required in the amount of \$500,000. We therefore project a surplus of \$250,000 in real property tax revenue.

We anticipate that 2015 collections will remain similar to that in 2014, and therefore we recommend leaving the conservative estimate contained in the 2015 budget. We recommend no change to the 2015 proposed budget.

### **County Clerk Fees**

The County Clerk collects a variety of fees for services rendered to the general public. These fees are related to mortgage recording and processing, deeds, passport applications, business certificates, notary public commissions and motor vehicle fees. County clerk fees are divided in the budget between the recording division and the motor vehicle division.

The 2015 proposed budget for the County Clerk fees in the recording division approximates \$1.4 million, which is \$400,000 less than the 2014 adopted budget. Our projected 2014 revenues of \$1.5 million are based on nine months of collections which were then annualized, resulting in an amount that is almost \$300,000 less than the 2014 adopted budget. Revenues as of September 2014 have dropped approximately 25% over the same time for 2013, resulting in the lowest fees collected at this time in the past five years. Management has indicated that a decrease in mortgage refinancing is the major reason for this decline in revenues. We based our 2015

projection on the 2014 projection held flat, resulting in an amount that is greater than the 2015 proposed budget in the amount of \$100,000. As such we recommend an increase to the proposed County Clerk fees for the recording division for 2015 in the amount of \$100,000.

The 2015 proposed budget for the County Clerk fees in the motor vehicle division is \$780,000, which is \$50,000 less than the 2014 adopted budget. Our 2014 projection based on the amount collected as of September 30<sup>th</sup> is comparable to the 2014 adopted budget. As there are no expected changes to any of the fees for 2015, our 2015 projection is based on the 2014 projection held flat. We therefore recommend an increase to the proposed County Clerk fees for the motor vehicle division for 2014 in the amount of \$50,000.

#### **Public Safety Administration - Emergency "911"**

In 2014, the County amended the adopted budget to account for three Federal grants in the amount of approximately \$700,000 and one state grant in the amount of approximately \$1 million, along with the corresponding increase in appropriations for equipment. The Federal Aid will support activities to prepare and prevent activities from terrorist events, while the State Aid will assist in enhancing the interoperability of communications in purchasing a high band paging system.

The 2015 proposed budget includes approximately \$1.7 million in Federal Aid, which continues the funding for the State Homeland Security program for anti-terrorism purposes. These grants will partially fund \$1.2 million in equipment and \$1 million in contractual expenditures in 2015.

#### **Appropriation from Reserves**

The 2015 proposed budget and 2014 adopted budget include the following appropriations from restricted fund balances (reserves):

	<b>2013 Year End Reserve Balances</b>	<b>2014 Adopted Budget</b>	<b>2015 Proposed Budget</b>	<b>Budget Initiatives/ Replenish- ment</b>	<b>Reserve Balances Remaining</b>
Civil & DA forfeitures	\$ 131,502	\$ -	\$ -	\$ -	\$ 131,502
Emergency Telephone (E-911)	79,414	(79,000)	-	-	414
Stop DWI	314,370	(180,000)	-	-	134,370
Probation Administration Fees	848,770	-	-	-	848,770
Child Safety Seats	5,860	-	-	-	5,860
Traffic Safety Board	3,598	-	-	-	3,598
Handicapped Parking Education	19,347	-	-	-	19,347
URGENT Forfeitures	178,981	(145,000)	(140,000)	-	(106,019)
Jail Telephone Commissions	338,619	-	-	-	338,619
Tourism	150,000	-	-	-	150,000
Social Services Donations	2,323	-	-	-	2,323
Social Services Restitution	121,665	-	-	-	121,665
Risk Retention	125,495	-	-	-	125,495
Infrastructure Investment Program	-	-	-	3,500,000	3,500,000
Tax Stabilization Reserve Fund	-	-	-	1,500,000	1,500,000
	<u>\$2,319,944</u>	<u>\$(404,000)</u>	<u>\$(140,000)</u>	<u>\$5,000,000</u>	<u>\$6,775,944</u>

The 2014 adopted budget included appropriations of \$404,000 from restricted reserves. The 2015 proposed budget includes the use of reserves of \$140,000 from the URGENT Forfeitures, which is a reduction of \$5,000 as compared to the 2014 adopted budget.

In addition, there are two 2015 budget initiatives which are the cause for the significant increase in the reserve balances. The \$3.5 million for the infrastructure investment program is to restore and improve the County's aging infrastructure, and will help to support the timely completion of necessary capital projects. The \$1.5 million for the tax stabilization reserve fund is to protect taxpayers from unsustainable and unpredictable fluctuations in County Real Property taxes.

### **Automobile Use Tax**

The 2015 proposed budget contains a revenue source in the amount of \$1.2 million from a tax on motor vehicle use. The tax is \$10 (\$5 per year) for passenger vehicles below 3,500 pounds, and \$20 (\$10 per year) for commercial vehicles and passenger vehicles greater than 3,500 pounds. This tax was implemented beginning with all new registrations as of February 2013, and all registration renewals as of May 2013. Our

2014 projection is based on year to date actual collections annualized to the end of the year, yielding approximately \$1.2 million, which approximates the 2014 adopted budget.

We based our 2015 projection on our 2014 projection and assumed no growth. Our 2015 projected Automobile Use Tax revenue is comparable to the proposed budget of \$1.2 million and therefore, we recommend no change.

## **Jail**

### *Inmate Board-Ins*

The County receives funds from surrounding Counties and the U.S. Marshalls for housing inmates in its facility. In 2014 and 2015 the County has been receiving \$102 per day from the U.S. Marshalls and \$85 per day for surrounding Counties board-in revenues.

#### Average Monthly Prisoner Board in Population

	2013	2014	
January	54	79	
February	51	11	
March	71	21	
April	75	24	
May	82	57	
June	85	15	
July	90	20	
August	89	7	
September	47	23	
October	33	22	estimated
November	25	22	estimated
December	18	22	estimated
Average	60	27	

The County's monthly average board-in population for 2014 is approximately 27 inmates; the U.S. Marshalls average 3 inmates and surrounding Counties average 24 inmates per month. Ninety percent of those inmates come from Dutchess County. Based on our calculation of average board-in inmates at their respective daily rates we project approximately \$1.4 million in revenues, which is approximately \$200,000 more than the 2014 adopted budget of \$1.2 million. According to the administration, their

largest source of inmates comes from Dutchess County which is currently in the process of the installation of pods to house their own inmates. It is expected that by February 2015 almost all inmates from Dutchess County will no longer be held at the Ulster County facility. Therefore we are projecting 2015 revenue of \$200,000, which is approximately \$600,000 less than the amount included in the 2015 proposed budget.

## **Department of Public Works**

### *Sale of Real Property*

The 2015 budget anticipates proceeds from the sale of 300 Flatbush Avenue in the amount of \$300,000. Proceeds from the sale of this property was previously included within the 2013 adopted budget in the amount of \$900,000. While we do not recommend any changes to this line item, we do call attention to the nature of this one time revenue source.

## EXPENDITURES

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## EXPENDITURES

### Personnel Expense

The primary purpose of government is the delivery of mandated and discretionary services. Many of the services provided are furnished directly by County employees. Personnel expenses, inclusive of salaries and overtime in the year 2015, to fund 1,320 benefited positions, are budgeted at a cost of \$79.1 million. The 2014 adopted budget totaled \$76.7 million to fund 1,316 benefited positions. Salary costs, inclusive of overtime approximate 24% of the 2015 proposed budget. The inclusion of fringe benefits, which are directly related to personnel expenditures, increases this percentage to approximately 37%.

The first step in our approach to analyzing the salary portion of personnel expense is directed at determining additional savings. To accomplish this objective, we analyzed total personnel expenses through the latest available payroll register and annualized this amount to project total personnel costs for the year. We compared the 2014 projected amount to the 2014 adopted budget to estimate the gross variance. Differences between projected salaries and the budget are usually attributed to various events such as not filling vacant positions, elimination of previously funded positions, terminations and retirements. For example, included in the 2015 proposed budget is a savings of \$200,000 which is the net effect of nine (9) positions being added and five (5) positions being eliminated.

In summary, our analysis indicates that total salaries excluding overtime and the possible settlement of expired labor contracts for 2014, will aggregate approximately \$70 million. Our projection is approximately \$4 million less than the 2014 adopted budget of which \$2.8 million is included in our personnel cost funding and \$1.2 million is included in the Department of Social Services administration finding as included on our summary of findings. **Our projection for 2014 does not include estimated figures for the possibility of settlement of any of the expired labor contracts.**

The second step in our approach is to compare our 2014 projected salaries, plus or minus any adjustments for step increases, positions not funded, etc., to the County's 2015 proposed budget. The 2015 proposed budget for salaries is \$76.4 million, which is approximately \$6.4 million more than our 2014 projected expense of \$70 million.

The final step in our approach is to compare the 2015 proposed budget to our 2015 projected salaries. Our 2015 projected salaries are \$72.8 million which is inclusive of contract settlements providing for a 2% increase in salaries for the majority of the County's bargaining units as well as an estimate for contractual step adjustments. Our projection is \$3.6 million less than the proposed budget of \$76.4 million. This projection is based on the assumption that the vacancy rates will remain relatively stable in 2015 when compared to 2014. Our projection for 2015 does not include an estimated figure for the settlement of the two labor contracts still expired, nor any vacancy savings that may accrue during 2015. It has been the policy of the County to not budget for these two items. A list of positions that were vacant at the time of our budget review is below:

<u>Department</u>	<u>Number of Positions</u>	<u>Salary</u>
Buildings	2	\$ 71,800
Bus Operations	1	38,398
Central Data Processing	2	91,897
Clerk	1	29,323
Commissioner of Finance	3	97,517
Environmental Control	1	55,047
Jail	2	82,182
Maintenance of Roads & Bridges	13	435,653
Mental Health Administration	1	52,526
Mental Health Programs	1	55,047
Personnel	1	29,323
Planning	1	65,334
Public Health	2	104,978
Safety Inspection	1	33,598
Social Services Administration	8	313,234
WIC Program	2	77,646
Total	<u>42</u>	<u>\$ 1,633,503</u>

## **Overtime**

The year to date actual overtime of \$2 million projected through the latest pay period, annualized for the fiscal year, results in a total of \$3.1 million. This is approximately \$700,000 more than the 2014 adopted budget total of \$2.4 million.

The 2015 proposed budget provides for overtime of \$2.7 million, a net increase of approximately \$300,000 over the adopted budget for 2014. Assuming vacancies remain stable throughout 2015, we project overtime to approximate our 2014 projections of \$3.1 million. However, this amount could be absorbed by vacancy savings in regular salary lines, and since no vacancy factor is utilized in 2015, we do not recommend any changes to the proposed budget.

## **Labor Contracts**

The following contracts have expired or will expire on the following dates:

Staff Association	12/31/16
Civil Services Employees Association	12/31/16
Sheriff's Association	12/31/15
Police Benevolent Association	12/31/09
Superior Officers' Unit	12/31/09

It has been the past practice of the County not to budget for retroactive settlements of labor contracts. When contracts are settled the County utilizes fund balance to fund the cost of contracts. As shown above, the County has two (2) contracts that have been expired since December 31, 2009. With consideration given for the compounding effect of retroactive settlements for these two contracts, a 1% award would cost approximately \$600,000 (exclusive of Fringe Benefits) for the years 2014 and prior, with an additional \$250,000 (exclusive of Fringe Benefits) for 2015. The County recently settled the contract with the Civil Service Employees Association ("CSEA"), as well as

the Ulster County Staff Association, both of which included increases of 2% for 2015 and 2016. The Sherriff's Association was also settled through 12/31/15, and provides for a 2% increase for 2015. Additionally, the Superior Officers' Unit also settled recently for the years 2008 and 2009 at 3% and 3.25% respectively. The retroactive cost of this settlement amounted to approximately \$185,000.

## Jail

The Ulster County Correctional Facility has a maximum capacity of 488 inmates. The average prisoner census for the nine months during the current year has averaged 367 inmates as compared to 340 for the same period last year. During the current year, the monthly average has been ranging from a low of 354 inmates to a high of 379 inmates. As mentioned earlier, Dutchess County is planning to reduce the number of board in prisoners which normally would have an impact on the overall census, however it appears that overall census is not dropping. These average inmate population figures assist in the preparation of our projections that follow.

A comparison of the inmate population by month for the current and preceding year is presented as follows:

Average Monthly Inmate Population			
	2013	2014	
January	340	372	
February	347	379	
March	334	376	
April	336	369	
May	332	364	
June	330	355	
July	347	362	
August	346	373	
September	333	354	
October	345	367	estimated
November	343	367	estimated
December	350	367	estimated
Average	340	367	

### *Food Costs*

The 2015 proposed budget includes an appropriation of approximately \$700,000 to provide food for the inmates and correction officers on each respective tour. The Jail has contracted with Aramark to provide these food services. In addition, the County provides two kitchen employees. The appropriation for food services in 2014 is based on a contracted per meal charge for inmates of \$1.491 and a per meal charge for staff of \$2.185. We based our 2014 projection on a monthly jail population of 370 inmates and a cost per meal for inmates of \$1.491 and a cost per meal for staff of \$2.185. Therefore we project 2014 food expenditures to amount to \$700,000, which approximates the 2014 budget. Our 2015 projection of \$700,000 is based on the assumption that the average inmate/officer population will remain the same as in 2014. Based upon our projection, we recommend no changes to the 2015 budget.

### *Personnel Expenses*

We project the total salary costs at the Jail to be \$10.7 million for 2014, which is \$300,000 less than the 2014 adopted budget. The majority of savings is in regular pay line. This savings has been accounted for in the "Personnel Expense" section discussed earlier in the report.

The 2015 proposed budget includes \$11.6 million for personnel expense. The budget is comprised of the following:

Regular pay	\$ 9,295,615
Holiday pay	557,745
Line up pay	225,570
On-call pay	20,000
Shift differential	181,795
207-C	166,404
Part time pay	288,008
Overtime	908,240
	<u>\$ 11,643,377</u>

Based upon our 2014 projection of \$10.7 million, we are projecting that the actual expense will be \$10.9 million which would be a potential savings of approximately \$700,000 in 2015.

Overtime is a major expense in any Jail. Although the overall personnel expense account shows a favorable variance, the individual overtime account does not. Through nineteen pay periods in 2014, the Department has expended approximately \$775,000 for overtime. We project that total overtime costs for 2014 will be approximately \$1,050,000, which is \$250,000 more than the adopted budget. The 2015 proposed budget for overtime is approximately \$900,000. Based on the current year expenses as of September 30th, we are projecting 2015 overtime expenses to be \$1,100,000 which is \$200,000 greater than the 2015 budget.

#### *Medical Services*

Ulster County is currently in negotiations for a new contract with Correctional Medical Care, Inc. to provide health care services to the Jail. The proposed contract changes the structure of the contract whereby the County will pay a base amount and share in off-site costs for catastrophic cases. The provider will cover the first \$200,000 in catastrophic expenses for pharmacy and also the first \$200,000 for catastrophic medical costs. The next \$75,000 in costs for both pharmacy and medical will be borne by the County. Any costs over \$275,000 will be shared equally between the County and the provider. There is also a clause that states that if the \$200,000 limit is not reached, 75% of the excess is to be returned to the County, thereby creating the possibility for additional savings.

The 2014 adopted budget for medical services is \$3.05 million. Based on current expenditures through the end of the old contract and utilizing the new proposed rates through the end of the year, we project 2014 expenditures to be approximately \$2.85 million, which is \$200,000 less than the adopted budget. The 2015 proposed budget of \$2.9 million includes approximately \$2.6 million in base contract payments to the

provider plus \$300,000 for miscellaneous 207-C expenses, new hire physicals as well as an estimate of additional costs for catastrophic claims. Because of the unpredictable nature of catastrophic claims, we do not recommend any changes to the proposed budget.

### **Retirement Costs**

The County's contribution to the New York State Employees Retirement System is dictated by the rates set by the system. For the New York State sponsored employee pension plan year ended March 31, 2015 the rates range from 10.90% to 32.10% of covered salaries, with an effective rate of 20.77%. These rates apply to the final nine months of the 2014 year. For the plan year ending March 31, 2016, rates range from 10.50% to 28.20%, with an estimated effective rate of 18.89%.

The County utilizes a simplified approach in estimating retirement costs, which involves utilizing the estimated retirement bills at 25% of the prior year's bill and 75% of the subsequent year's bill. While this methodology is usually reasonable and consistently applied, it fails to account for the inaccuracies in the wage base calculation estimate made by the pension system. We projected the amounts using the estimated wages times the rates and noted the retirement costs were comparable to the County's method.

Based on the analysis of estimated payroll costs for 2014 and applying the 25% of the prior year's bill and 75% of the subsequent year's bill, we project 2014 expenditures to be \$14.75 million. This is approximately \$3.05 million less than the 2014 adopted budget of \$17.8 million (exclusive of Ulster Community College reimbursements). We estimate that the majority of this surplus relates to the Golden Hill Health Care Center ("GHHCC") salaries.

Based on the analysis of estimated payroll costs for 2015 and applying the rates above for the respective periods, we project 2015 expenditures to be \$15.1 million which is

approximately \$550,000 more than the 2015 proposed budget of \$14.55 million. We estimate the unfavorable variance is related to the estimated wage base provided by the retirement system, which is approximately \$1.5 million less than our projected salaries for 2014/2015. We assume this shortfall will be recognized by the retirement system when reconciling the 2015/2016 invoice at which time the invoice will include a reconciliation adjustment of \$275,000 and also adjust the wage base up \$1.5 million, which will increase the regular bill by the same amount.

The 2014 adopted and 2015 proposed budgets do not anticipate utilizing the pension system's "contribution stabilization program". New York State developed this program to enable expenditure relief and allow municipalities to defer fast rising pension costs. This program allows pension costs to be paid for on an amortized basis, as opposed to the year they are incurred. This program offers the County to elect to pay a portion of the annual retirement contribution over a ten year period. The County is able to participate in the program by December 15th of each year independent of the County's previous years' participation. The calculation of the maximum amount of payments that can be deferred is formula based and utilizes the normal contribution rate and a graded contribution rate.

The maximum amount eligible to be amortized for the plan year March 31, 2016 is estimated by NYS to be \$3.1 million for the original stabilization program. If the County elected to participate, the savings to the 2015 budget would be 75% of this amount, or \$2.3 million. The original stabilization program election would require an annual amortization payment, including interest, over the next ten years.

### **Health Benefits**

In January 2011 the County switched to a modified self insurance plan, which is administered by Empire Blue Cross Blue Shield POS plan ("point of service") and Empire Blue Cross Blue Shield PPO plan ("preferred provider organization") for



employees as well as several other plans for retirees. The benefits include health insurance for employees of the County and their dependents.

The expense to the County consists of actual claims incurred, an administrative fee, stop-loss insurance and is reduced by employee reimbursements. Based on actual expenditures through March 2014 (September 2014 for the Health Insurance Buyback), we project 2014 expenditures, net of employee reimbursements, to be \$21.3 million. This is approximately \$1.45 million less than the 2014 adopted budget of \$22.75 million.

The health insurance expenditure in the 2015 proposed budget aggregates to approximately \$23.0 million, which is \$250,000 more than the 2014 adopted budget of \$22.75 million or \$1.7 million greater than our 2014 projected expenditures. This represents an increase of approximately 8% over our 2014 projection. Due to the possibility of catastrophic claims creating a significant increase in costs and the lack of historical claims data, we do not recommend a change to the 2015 proposed budget.

### **Social Security Benefits**

Social Security benefits are comprised of two components; a Social Security rate of 6.2% and a Medicare rate of 1.45% for a combined rate for 2015 of 7.65%. This is the same rate as in 2014. For 2015, the Social Security rate of 6.2% will be applied to an estimated maximum of \$119,100 of wages, while the Medicare rate of 1.45% has no taxable base limitation.

We anticipate that the 2014 expenses for Social Security and Medicare will be \$5.6 million, which is approximately \$300,000 less than the adopted budget of \$5.9 million.

The County's total budgeted Social Security and Medicare costs for 2015 are \$6.1 million. Based upon the amounts budgeted for personnel expenses in 2015, along with the rates which will be in effect for 2015, we calculate the Social Security and Medicare costs to be approximately \$6.0 million, which is approximately \$100,000 less than the

2015 proposed budget. Due to the projections performed, we recommend decreasing the 2015 budget by \$100,000.

## **Unemployment**

The County is self insured for unemployment benefits and therefore bears the full cost when employees are terminated. Currently, the maximum benefit is \$405 per week for a total of 26 weeks resulting in a cost per employee of \$10,530. Based on the expenditures for the first two quarters of 2014, we project unemployment costs for 2014 to be approximately \$250,000, which is \$450,000 less than the 2014 adopted budget of \$700,000. We note that the unemployment costs for 2014 are significantly lower than in 2013 due to the sale of GHHCC effective June 2013.

For 2015, we assumed the number of individuals who are on unemployment throughout the year will remain the same or relatively similar to current levels. Based on this assumption, our projection of unemployment costs for 2015 are comparable to the 2015 proposed budget. Consequently, we recommend no change.

## **Department of Social Services**

The Department of Social Services ("DSS") provides mandated services to those residents who are unable to fully provide for themselves. DSS provides those services under three broad categories:

Medical Assistance  
Public Assistance  
Children's Services

The 2015 proposed budgeted expenditures of \$126.4 million for DSS is 37.8% of the total proposed County budgeted expenditures as compared to \$126.7 (37.7%) for 2014. New York State mandates define the majority of the services provided. The County taxation necessary to fund these mandates for the 2015 proposed budget is \$64.15

million, an increase of \$3.09 million over the 2014 adopted budget of \$61.06 million. Therefore, the County must continue its efforts to screen the eligibility of the participants and to encourage the participants to utilize the most cost effective of the services offered in order to control costs. The State has issued block grants for certain programs, and has also converted certain costs back to the counties in order for the State to meet federal welfare reform thresholds. Currently, it is prudent for the County to conservatively estimate its State and Federal revenues as well as the amount of program expenditures.

The methodology we used to evaluate the proposed 2015 budget consisted of analyzing historical financial information. Utilizing this information, we identified trends, projected costs and reviewed the assumptions made in preparation of the budget.

**As part of our analysis, we requested detailed information from the administration. For example: caseload information for each department within DSS by month, monthly expenditures for each department in DSS, revenue projections for each individual program by source. Unfortunately this year the reports provided did not include any caseload information or yearend revenue projections by source. Therefore, all projections were based upon historical expenditures and statistical averages; we were not given sufficient information to incorporate caseload variations into our projections.**

## **Revenues**

Each service category has a distinct reimbursement rate based upon current rules and regulations promulgated by both the Federal and State governments. In addition, the State and Federal Governments have created block grants to fund the operations of certain programs.

The following schedule summarizes total DSS revenues (000's omitted):

<b>Type</b>	<b>2013 Actual</b>	<b>2014 Adopted Budget</b>	<b>2015 Proposed Budget</b>
Federal	\$ 31,908	\$ 30,733	\$ 31,842
State	12,144	25,723	24,419
Other	9,064	9,226	5,956
County Taxation	57,223	61,056	64,153
<b>Total</b>	<b>\$ 110,339</b>	<b>\$ 126,738</b>	<b>\$ 126,370</b>

<b><u>Percentage</u></b>	<b>2013 Actual</b>	<b>2014 Original Budget</b>	<b>2015 Proposed Budget</b>
<b>Type</b>			
Federal	28.92%	24.25%	25.20%
State	11.01%	20.30%	19.32%
Other	8.21%	7.28%	4.71%
County Taxation	51.86%	48.17%	50.77%
<b>Total</b>	<b>100.00%</b>	<b>99.99%</b>	<b>100.00%</b>

## Expenditures

The following schedule summarizes the DSS program expenditures (000's omitted):

	2013 Actual	Adopted Budget	Proposed Budget
DSS Administration	\$ 21,518	\$ 31,251	\$ 33,289
Purchase of Services - Day Care Program	3,486	3,025	3,375
Services for Recipients	912	1,150	1,000
MMIS - Medicaid	36,709	39,358	36,279
Family Assistance	13,368	14,500	14,000
Children's Services	24,727	27,029	26,142
Juvenile Delinquent Care	287	350	350
State Training School	-	300	650
Safety Net	9,105	9,500	11,000
Home energy Assistance Program (HEAP)	92	95	135
Emergency Aid For Adults	135	180	150
Total	<u>\$ 110,339</u>	<u>\$ 126,738</u>	<u>\$ 126,370</u>

### Day Care

The Child Day Care program provides subsidies to households to help pay for the cost of day care for the children of working parents. Households in which the parent(s)\guardian(s) of the children are on Temporary Assistance receive fully subsidized day care services if necessary to pursue mandated activities directed toward self-sufficiency or to work. Households not in receipt of Temporary Assistance are required to pay a share of the cost, based upon household size and household income.

Over the past few years the program has seen fluctuations in expenditures ranging from a low of \$3.2 million in 2010 to a high of \$3.7 million in 2012. The 2014 Adopted budget contained appropriations of \$3 million and our projected expenditure is \$3.5 million leaving this account \$500,000 over-expended. Because this program is funded through a block grant, the entire deficiency will be borne by the County.

The 2015 proposed budget includes an increase of \$400,000, or \$3.4 million. We project that expenditures will be \$3.5 million in 2015, therefore we recommend an increase of \$600,000 to the amount included in the 2015 proposed budget.

### *Medical Assistance*

Medical assistance is composed of two categories; Medicaid Management Information System ("MMIS") and Medical Assistance. The proposed budgeted of \$36.3 million represents 28.7% of the total DSS budget.

### *Medicaid Management Information System*

MMIS is the County's share of medical care and services to eligible participants. The costs are billed through New York State's Medicaid Management Information System. The County has no control over these costs and must fund 100% of this program.

Beginning in January 2006, the county's share of MMIS expenditures was "capped" according to a formula prepared by New York State. The Medicaid cap established calendar year 2005 as the base year for all future Medicaid payments. The cap calculations includes three major components: 1) all Medicaid program and administrative expenditures in 2005, 2) any weekly shares adjustments that relate to 2005 expenditures and 3) any revenues (rebates and recoveries) received by the County during 2005. The state issued initial cap amounts during 2006 and the County will make equal weekly payments based on this cap amount, which will represent the County's maximum responsibility. MMIS payments after 2005, will be increased by a non-compounded inflation factor of 3.5% in 2006, 3.25% in 2007, and 3% in 2008 through 2013, then, in 2014 an increase of 1% and thereafter capped at the 2014 levels. Based on this new formula for budgeting MMIS expenditures, we are projecting the Department's MMIS expenditures to be \$34.8 million in 2014. This is \$2.2 million less than the adopted budget of \$37.0 million.

In addition, the 2014 adopted budget also included \$2.2 million for Intergovernmental Transfers (IGT) expenditures. This amount was not spent in 2014 as all IGT transactions were accounted for in 2013 with the closure of GHGCC. This \$2.2 million surplus in IGT expenditures will be offset by deficiencies in two separate IGT revenue budgets totaling \$4.4 million. The net effect of IGT in 2014 will be a \$2.2 million deficiency as compared to the adopted budget. However, MMIS expenditures will create surplus of a similar amount bring the total impact on our 2014 projections to zero.

The MMIS base will remain constant in 2015. This will result in capped MMIS expenditures of \$36.1 million, which approximates the proposed budget. We therefore recommend no change to the 2015 proposed budget.

#### *Family Assistance*

This program provides financial assistance to eligible families with children deprived of parental support due to health, illness or other reasons. Although the number of cases in the non-service areas of family assistance and foster care had dropped in previous years due to welfare-to-work efforts and five-year limits for coverage established by the Federal government, the number of cases has risen sharply since the economic downturn began in 2008. Based on the County's actual expenditures as of September 30, we have projected 2014 expenditures for this program to be \$13.4 million, which is similar to the 2013 actual, and \$1.1 million less the 2014 adopted budget of \$14.5 million. After factoring in the applicable Federal and State aid, the County's local share would be \$4.1 million, which is \$400,000 less than the adopted budget.

The 2015 proposed budget of \$14 million reflects a 3.4% decrease over the 2014 adopted budget. Based on our projection for 2014 of \$13.4 million and applying a 5% growth in expenditures, we project program expenditures of \$14 million. Therefore we recommend no change to the 2015 proposed budget.

## *Safety Net*

Safety net is a mandated program whereby eligible participants receive basic living grants. Burials have historically been expended from this relief category, but that component has been eliminated from the 2015 proposed budget. This program serves Family Assistance participants who have reached the end of their eligibility for that program while still needing aid. The current growth in this program is driven by the amount of unemployment and the increase in eligible participants.

The County Executive implemented a change in the structure of this program beginning in 2013. Historically the cost associated with the Safety Net Program was 29% State share, and 71% Local share of which this share was billed to the Cities and Towns. Beginning with the 2013 budget, the County absorbed 1/3 of the local share, thus giving relief to the Cities and Towns. In 2014 and 2015 the County assumes an additional 1/3 of the cost each year whereby the entire program becomes the responsibility of the County. Therefore the 2014 adopted budget has the County assuming 2/3 of the cost of this program while the 2015 proposed budget has the County assuming all of the costs of the program.

We project expenditures of \$9.5 million in 2014 an amount similar to the County's projection and the adopted budget. The 2015 proposed budget includes \$11 million which is \$1.5 million more than the 2014 adopted budget. Based on the proposed modifications to the reimbursements to the Cities and Towns and the anticipated growth in expenditures, the County's share of the program is approximately \$3.1 million greater than that of the previous year. Based on our projection of \$9.5 million in 2014 and applying a conservative growth factor of 10%, we project expenditures in 2015 to be \$10.5 million, or \$500,000 less than the 2015 proposed budget. After applying applicable revenues, we anticipate a positive variance of \$300,000. Therefore we recommend a \$300,000 reduction to the 2015 proposed budget.



### *Childcare Division*

Childcare is a broad category that includes Foster Care, Institutionalized Youth, Adoption Subsidies and Medical Maintenance. Also included in this department are: Handicapped Children program (school-age chargebacks from local schools), Pre-Kindergarten Handicapped Children, Early Intervention and Medicaid adjustments to claims filed with New York State.

The 2014 adopted budget includes \$27.0 million for these expenditures; we are projecting expenditures to be \$25.9 million or approximately \$1.1 million less than budget. Based on budgeted federal and state reimbursement rates we anticipate revenues to be \$9.9 million or \$200,000 less than the adopted budget. The net impact on the County's local share is a favorable variance of \$250,000.

The County's 2015 proposed budget for these services is \$26.1 million, \$900,000 less than the 2014 adopted budget. Our analysis indicates that this appropriation should be \$25.9 million, which is \$200,000 more than the proposed budget. When historical reimbursement rates are taken into consideration the County can anticipate a reduction of \$150,000 in revenues. The net impact is a reduction of \$50,000 in the local share necessary to fund these programs.

### **Debt Service**

The adopted budget for 2014 reflects a budgetary provision of \$10.1 million for interest and principal payments on serial bonds. Based on debt service requirements as stated in the December 31, 2013 audited financial statements, we project that 2014 expenditures will be approximately \$50,000 less than the 2014 adopted budget.

The 2015 proposed budget includes appropriations of approximately \$9 million for interest and principal payments on serial bonds. Included in this amount are principal payments of \$5.65 million and interest payments of \$3.0 million on serial bonds

currently outstanding, as well as estimated payments on serial bonds expected to be issued in November 2014. The November 2014 borrowing has not occurred at the time of our analysis but the assumed payment amount for principal in 2015 is \$250,000 while the assumed interest payment is \$100,000. These amounts are similar to the payments due on the County's latest serial bond, issued in the amount of \$3.3 million with interest rates ranging from 2.0% to 3.25%. Based on debt service requirements for 2015 as stated in the County's December 31, 2013 audited financial statements, as well as the County's estimates regarding serial bonds for 2015, we project that 2015 principal and interest payments on serial bonds will be comparable to the 2015 proposed budget.

The 2014 adopted budget provided for \$125,000 of interest expense on \$10.87 million of Bond Anticipation Notes ("BAN's") currently outstanding. Based upon the stated interest rate of 1%, our calculations yield interest expense that is comparable to the 2014 adopted budget.

The County has, in addition to the payments on the serial bond indebtedness, included \$350,000 in the 2015 proposed budget for principal and interest payments for BAN's currently outstanding in the amount of \$10.87 million plus new money to be issued in November 2014 less anticipated principal payments to be made in November 2014. The County was unable to provide us with an estimate of the 2015 BAN. Therefore, we cannot recommend a change.

## **Department of Public Works**

### **Buildings and Grounds**

#### *Electricity/Gas*

A substantial portion of the budget for Buildings and Grounds is for electricity/gas expenditures. The 2015 proposed budget for Buildings and Grounds includes provisions for electricity/gas in the aggregate amount of \$1.5 million which is an

increase of approximately \$225,000 from the 2014 adopted budget. Our projection of 2014 expenditures through year-end is approximately \$1.6 million, which is \$350,000 more than the adopted budget.

We anticipate 2015 electricity/gas expenditures to approximate \$1.6 million. This projection utilizes 2014 projected expenditures as a base and assumes that any increase in rates may be offset by decreased usage since the winter of 2013-14 was a colder than normal winter. This estimate is approximately \$100,000 higher than the 2015 adopted budget. We are therefore recommending a \$100,000 increase to the 2015 budget.

#### *Heating Fuel*

The 2014 adopted budget for heating fuel in the Law Enforcement Division is \$450,000. Actual expenditures for heating fuel as of September 30, 2014 are \$280,000, an amount that is about \$50,000 higher when compared to the same time period in 2013. Assuming relative stability in prices for the last quarter, we project that 2014 cumulative expenditures will be \$450,000, an amount which approximates the adopted budget.

The 2015 proposed budget for heating fuel in the Law Enforcement Division is \$495,000, which is \$45,000 greater than the 2014 adopted budget. This increase allows for additional flexibility based on the prospect of unknown price increases in heating fuel in 2015. Therefore, we do not recommend a change in the 2015 proposed budget.

#### *Repairs and Maintenance*

The 2015 proposed budget includes various increases in building repairs and maintenance lines. Our discussions with management revealed intent to fund various items as shown below.

- Quarry Substation Building Improvements - \$125,000

- Court House Elevator Upgrades - \$ 46,000
- County Office Building Elevator Upgrades - \$ 50,000
- Fallen Heroes Memorial - \$85,000
- Family Court Moves Re-Configuration- \$325,000

In addition, \$92,500 is included in repairs and maintenance to maintain a newly acquired property at 94 Mary's Avenue ("STRIVE").

## **Highways and Bridges**

### *Salt and Chloride*

Year to date expenditures for salt and chloride are approximately \$750,000. Based upon historical information we project current year expenditures will be \$850,000 which is approximately \$150,000 greater than the adopted budget.

The 2015 proposed budget also includes \$700,000, which is the same amount that is contained in the 2014 adopted budget. Based upon average expenditures over the last three years, we project that 2015 expenditures will approximate \$800,000. Therefore we recommend an increase of \$100,000 to the 2015 proposed budget.

## **Community College Tuition**

The 2015 proposed budget provides for payments of tuition, as required by New York State, for County residents attending community colleges other than Ulster Community College. The average annual expenditures for 2012 and 2013 were \$3.4 million. The adopted budget for 2014 is \$3.85 million. Through nine months, the County has expenditures totaling \$1.7 million. Based on the past two years of activity through nine months, the expenditures incurred through September approximate 49% of the total expenditures for the year. Based on this trend, we anticipate the 2014 expenditures to approximate \$3.5 million, an amount that is \$350,000 less than the 2014 adopted

budget. Below is a schedule of payments to the top six colleges for the first semester of 2014/2015:

<u>School</u>	<u>Amount</u>	<u>Percentage</u>
1 Dutchess	\$ 562,389	35.32%
2 Orange	362,191	22.75%
3 Columbia Greene	272,597	17.12%
4 Fashion Institute of Technology	177,111	11.12%
5 Herkimer County	29,823	1.87%
6 Sullivan	112,869	7.09%
Other	75,351	4.73%
<b>Total</b>	<b>\$ 1,592,331</b>	

The 2015 proposed budget is \$4.2 million, an amount which is \$700,000 greater than our current year expenditure projection. Recently released information from the New York State Education Department indicates that for school year 2014/2015 there will be a slight increase in chargeback rates State-wide. The rates for the colleges comprising the majority of Ulster's chargeback's, and approximately 95% of the full time equivalent students attending out of County colleges (Dutchess Community College, Orange Community College, Columbia Greene Community College, Fashion Institute of Technology, Herkimer Community College and Sullivan Community College) show a weighted average decrease in fees of approximately .65% for the 2014/2015 year. We also assumed a conservative 10% increase in tuition for the 2015/2016 school year, which only affects the second half of 2015. Based upon this information, we anticipate the 2015 expenditures to approximate 2014 projected expenditures of \$3.6 million, which is \$600,000 less than the 2015 proposed budget. Therefore, we recommend a decrease of \$600,000 to the County's proposed Community College Tuition budget.

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## CONTINGENCY

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## CONTINGENCY

The 2014 adopted budget provided for a contingency appropriation of \$3.3 million. Of this amount, \$1.3 million was earmarked for general contingency and other additional small projects. The remaining \$2.0 million was related to the County's sequestration plan that was to be implemented in the event that the 1% portion of Sales Tax requiring New York State approval did not pass in time to be reinstated by February 1, 2014. The sales tax was, in fact, reinstated as of February 1, 2014, and at the time of our analysis the \$2.0 million had been re-appropriated to the applicable budget lines for 2014, and the balance of approximately \$1.3 million remains unexpended. Per discussion with management, there is no additional anticipated use of these funds.

The 2015 proposed budget appropriates \$825,000 for general contingency purposes. This is approximately \$475,000 less than the provision included in the 2014 adopted budget. Historical analysis shows that there is generally minimal use of the contingent funds, however the nature of the budget line is for potential unanticipated expenditures. As such we do not propose any change to the 2015 proposed budget.

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## **SUMMARY OF FINDINGS**

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**Ulster County  
SUMMARY OF FINDINGS**

	2015		2014	
	Unfavorable Increase in County Share	Favorable Decrease in County Share	Favorable Variance	Unfavorable Variance
<b>Revenues</b>				
Sales and Use Tax	\$ 350,000	\$ -	\$ -	\$ 700,000
Interest and Penalties on Property Taxes	-	-	100,000	-
Hotel/Motel Occupancy Tax	-	-	-	50,000
Off Track Betting Tax	-	-	-	50,000
Gain on Sale of Tax Acquired Property	-	100,000	900,000	-
Deferred Taxes/Tax Overlay	A -	-	250,000	-
County Clerk Fees:				
Recording division	-	100,000	-	300,000
Motor vehicle division	-	50,000	-	-
Jail - Inmate Board-Ins	600,000	-	200,000	-
<b>Total Revenues</b>	<b>\$ 950,000</b>	<b>\$ 250,000</b>	<b>\$ 1,450,000</b>	<b>\$ 1,100,000</b>
<b>Expenditures</b>				
Personnel Costs:				
Salaries	\$ -	\$ -	\$ 2,800,000	\$ -
Overtime	-	-	-	700,000
Jail				
Medical services	-	-	200,000	-
Employee Benefits:				
Retirement Costs	550,000	-	3,050,000	-
Health Benefits	-	-	1,450,000	-
Social Security	-	100,000	300,000	-
Unemployment	-	-	450,000	-
Department of Social Services, Net:				
Administration	-	-	1,200,000	-
Day Care	100,000	-	-	500,000
Family Assistance	-	-	400,000	-
Safety Net	-	300,000	-	-
Child Care Division	-	50,000	250,000	-
Debt Service	-	-	50,000	-
Department of Public Works:				
Electricity and Gas	100,000	-	-	350,000
Salt and Chloride	100,000	-	-	150,000
Community College Tuition	-	600,000	350,000	-
Contingency	-	-	1,300,000	-
<b>Total Expenditures</b>	<b>850,000</b>	<b>1,050,000</b>	<b>11,800,000</b>	<b>1,700,000</b>
<b>Total Revenues and Expenditures</b>	<b>1,800,000</b>	<b>1,300,000</b>	<b>13,250,000</b>	<b>2,800,000</b>
<b>Net Impact to County Taxation</b>	<b>\$ -</b>	<b>\$ (500,000)</b>	<b>\$ 10,450,000</b>	<b>\$ -</b>
Other Matters for Consideration:				

A - Property Tax Overlay - Ulster County is responsible by State Law to guarantee the property taxes for Towns, Villages and School Districts.

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## CONCLUSION

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## CONCLUSION

The County has faced many challenges over the last few years. Our past reviews have highlighted these challenges and explained how the County was addressing them. They include: rising pension costs, rising health insurance costs, expiring labor contracts, sales tax renewals, State mandates, closing of Golden Hill Health Care Center and most importantly the longest recession of recent years. Through all of this, the County was able to avoid deferring pension costs, consolidated operations, reduced the size of the County workforce, actually completed the sale of GHHCC, absorbed the cost of the safety net program and is now doing the same for the costs associated with the Help America Vote Act (HAVA). All of these issues were addressed while keeping within the New York State Tax Cap and this year even reducing the tax burden on its citizens.

The 2013 audited financial statements indicate the County had assigned and unassigned Fund Balance of \$48.8 million (excluding encumbrances). This includes all of the transactions relating to the sale of GHHCC. Both the County projections and our projections indicate that the current operations will utilize approximately \$7 to 10 million of fund balance. This means that 2014 results will leave the County with approximately \$38 to 41 million of assigned and unassigned Fund Balance. The 2015 proposed budget is applying \$18.95 million of that amount to provide funding for its ongoing operations.

It is our recommendation that the County prepare a multi-year budget plan to ensure that the fund balance remains at its current healthy level. This budget relies on the application of fund balance to eliminate the need for a substantial tax increase, 24% based on this year's levy. Such a plan would protect the County from significant tax increases in the future while helping maintain balanced spending plans.

We also recommend that the County consider creating an internal service fund to account for its self-insured health benefits. Such a fund would have the benefit of

segregating fund balance generated from unspent health insurance appropriations in order to offset against future claim expense increases and/or unanticipated catastrophic claims.

In conclusion, the 2015 proposed budget appears to provide sufficient funding for all of its current operational needs. Our concern, as it is with every municipality, is that the fund balance remain at an appropriate level to sustain your desired services without having a large tax increase or a diminishment of these services in future years. As always, we are available to answer any questions that may arise at any time during your budget process.

## EXHIBITS

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**BUDGET SUMMARY FOR 2015**

	<b>2014 Adopted Budget</b>	<b>2015 Proposed Budget</b>	<b>Increase (Decrease)</b>	<b>Percentage</b>
Total Appropriations	<u>\$ 336,198,197</u>	<u>\$ 334,523,714</u>	<u>\$ (1,674,483)</u>	<u>-0.50%</u>
Revenues:				
State Aid	\$ 44,435,659	43,652,114	\$ (783,545)	-1.76%
Federal Aid	37,251,757	41,312,420	4,060,663	10.90%
Property Taxes	78,730,408	77,943,104	(787,304)	-1.00%
Sales Tax	104,059,402	108,002,757	3,943,355	3.79%
Appropriated Fund Balance	16,710,000	19,465,400	2,755,400	16.49%
Appropriated Reserve	404,000	-	(404,000)	-100.00%
Transfers	6,575,099	2,017,303	(4,557,796)	100.00%
Other	48,031,872	42,130,616	(5,901,256)	-12.29%
	<u>\$ 336,198,197</u>	<u>\$ 334,523,714</u>	<u>\$ (1,674,483)</u>	<u>-0.50%</u>

BUDGET INCREASES (DECREASES) WITH  
GROSS BUDGET AND COUNTY TAXATION BY DEPARTMENT

EXHIBIT 1A

			Increase (Decrease)	
	2014 Adopted Budget	2015 Proposed Budget	Amount	Percentage
COUNTY OPERATING DEPARTMENTS:				
1010 Legislature	\$ 549,482	\$ 648,255	\$ 98,773	17.98%
1040 Clerk of Legislature	809,993	892,305	82,312	10.16%
1110 Court Security	37,678	34,448	(3,230)	-8.57%
1162 Unified Court	14,500	14,500	-	0.00%
1165 District Attorney	3,988,643	4,123,117	134,474	3.37%
1170 Public Defender	2,193,274	2,335,798	142,524	6.50%
1185 Medical Examiner	375,292	349,765	(25,527)	-6.80%
1230 Executive	979,776	1,005,739	25,963	2.65%
1310 Finance	4,353,848	4,227,309	(126,539)	-2.91%
1315 Comptroller	905,545	944,855	39,310	4.34%
1340 Budget	391,296	329,780	(61,516)	-15.72%
1345 Purchasing	1,339,162	1,057,121	(282,041)	-21.06%
1355 Real Property	574,470	519,704	(54,766)	-9.53%
1410 County Clerk	3,860,288	3,917,456	57,168	1.48%
1420 County Attorney	1,219,580	1,483,658	264,078	21.65%
1430 Personnel	1,308,462	1,418,163	109,701	8.38%
1450 Board of Elections	2,047,633	1,829,764	(217,869)	-10.64%
1490 Public Works Admin	706,303	740,794	34,491	4.88%
1620 Buildings	8,743,173	10,006,712	1,263,539	14.45%
1640 Central Garage	792,555	852,240	59,685	7.53%
1680 Information Services	7,286,625	8,011,312	724,687	9.95%
1910 Unallocated Insurance	4,774,744	4,972,125	197,381	4.13%
1920 Municipal Dues	-	32,451	32,451	100.00%
1985 Distribution of Sales Tax	15,088,613	15,660,400	571,787	3.79%
1990 Contingent	3,266,518	825,000	(2,441,518)	-74.74%
2490 Comm College Tuition	3,856,285	4,241,914	385,629	10.00%
2495 Contribution to UCCC	6,280,863	6,401,632	120,769	1.92%
2989 Other Education	10,000	10,000	-	0.00%
3020 Public Safety Communication Sys.	3,137,095	4,662,271	1,525,176	48.62%
3110 Sheriff	10,015,381	9,380,058	(635,323)	-6.34%
3140 Probation	5,723,095	5,818,979	95,884	1.68%
3150 Jail	21,220,868	21,094,224	(126,644)	-0.60%
3155 Rehab Svcs	182,395	189,333	6,938	3.80%

## EXHIBIT 1A

Revenues - 2015 Proposed Budget			County Taxation		Increase (Decrease) Amount	Percentage
State	Federal	Other	2015	2014		
\$ -	\$ -	\$ -	\$ 648,255	\$ 549,482	\$ 98,773	17.98%
-	-	-	892,305	809,993	82,312	10.16%
32,000	-	-	2,448	2,678	(230)	-8.59%
-	-	-	14,500	14,500	-	0.00%
393,600	-	233,000	3,496,517	3,403,462	93,055	2.73%
597,255	-	1,000	1,737,543	2,020,653	(283,110)	-14.01%
-	-	715	349,050	375,037	(25,987)	-6.93%
-	-	-	1,005,739	979,776	25,963	2.65%
-	-	7,650,500	(3,423,191)	(5,295,744)	1,872,553	-35.36%
-	-	-	944,855	905,545	39,310	4.34%
-	-	-	329,780	391,296	(61,516)	-15.72%
-	-	112,500	944,621	1,227,662	(283,041)	-23.06%
-	-	15,500	504,204	556,270	(52,066)	-9.36%
-	-	2,276,785	1,640,671	1,148,434	492,237	42.86%
-	-	<b>23,757</b>	<b>1,459,901</b>	<b>1,161,580</b>	<b>298,321</b>	<b>25.68%</b>
-	-	41,800	1,376,363	1,282,662	93,701	7.31%
205,985	7,792	398,493	1,217,494	1,105,706	111,788	10.11%
-	-	1,225,200	(484,406)	(518,897)	34,491	-6.65%
266,160	-	1,221,066	8,519,486	7,720,844	798,642	10.34%
-	-	348,405	503,835	524,826	(20,991)	-4.00%
-	-	<b>351,875</b>	<b>7,659,437</b>	<b>6,652,125</b>	<b>1,007,312</b>	<b>15.14%</b>
-	-	850,100	4,122,025	3,924,644	197,381	5.03%
-	-	-	32,451	-	32,451	100.00%
-	-	108,002,757	(92,342,357)	(88,970,789)	(3,371,568)	3.79%
-	-	-	825,000	3,266,518	(2,441,518)	-74.74%
-	-	75,000	4,166,914	3,781,285	385,629	10.20%
-	-	-	6,401,632	6,280,863	120,769	1.92%
-	-	10,000	-	-	-	0.00%
-	1,706,723	844,704	2,110,844	2,220,791	(109,947)	-4.95%
50,750	28,500	996,291	8,304,517	8,877,056	(572,539)	-6.45%
834,988	295,625	471,000	4,217,366	4,053,733	163,633	4.04%
15,200	24,000	1,017,136	20,037,888	19,672,771	365,117	1.86%
38,250	-	2,000	149,083	142,145	6,938	4.88%

(Continued)

BUDGET INCREASES (DECREASES) WITH  
GROSS BUDGET AND COUNTY TAXATION BY DEPARTMENT (Continued)

EXHIBIT 1A

	2014 Adopted Budget	2015 Proposed Budget	Increase (Decrease)	
			Amount	Percentage
3189 Drug Investigations	\$ 891,265	\$ 821,819	\$ (69,446)	-7.79%
3410 Fire Fighting	101,826	88,517	(13,309)	-13.07%
3411 Arson Task Force	68,111	62,006	(6,105)	-8.96%
3620 Safety Inspections	434,307	407,632	(26,675)	-6.14%
4010 Public Health	5,510,244	5,430,020	(80,224)	-1.46%
4082 WIC	827,241	784,211	(43,030)	-5.20%
4230 Cont.Narc. Add'l Cent Serv.	1,015,182	969,573	(45,609)	-4.49%
4310 Mental Health Admin	<b>2,608,642</b>	<b>1,997,995</b>	<b>(610,647)</b>	<b>-23.41%</b>
4320 Mental Health Support	1,699,808	1,963,768	263,960	15.53%
4322 MH Contracted Svcs-OMH & OMRDD Svcs	<b>6,306,375</b>	<b>7,052,163</b>	<b>745,788</b>	<b>11.83%</b>
4390 Psychiatric-Criminal Actions	100,000	300,000	200,000	200.00%
5630 Bus Operations	6,414,833	7,703,988	1,289,155	20.10%
5650 Off-Street Parking	53,306	55,718	2,412	4.52%
6010 Social Services	31,250,649	33,288,943	2,038,294	6.52%
6055 Day Care Block Grant	3,025,000	3,375,000	350,000	11.57%
6070 Services for Recipients	1,150,000	1,000,000	(150,000)	-13.04%
6101 Medical Assistance	200,000	180,000	(20,000)	-10.00%
6102 Medical Assistance-MMIS	39,157,933	36,098,504	(3,059,429)	-7.81%
6109 Family Assistance	14,500,000	14,000,000	(500,000)	-3.45%
6119 Child Care	27,029,176	26,142,000	(887,176)	-3.28%
6123 Juvenile Delinquent	350,000	350,000	-	0.00%
6129 State Training School	300,000	650,000	350,000	116.67%
6140 Safety Net	9,500,000	11,000,000	1,500,000	15.79%
6141 Home Energy Assistance	95,000	135,000	40,000	42.11%
6142 Emergency Aid for Adults	180,000	150,000	(30,000)	-16.67%
6410 Tourism	947,636	962,646	15,010	1.58%
6510 Veterans Services	828,359	743,135	(85,224)	-10.29%
6610 Weights & Measures	190,448	192,149	1,701	0.89%
6772 Office for the Aging	<b>2,803,327</b>	<b>3,042,831</b>	<b>239,504</b>	<b>8.54%</b>
6989 Other Eco.Opp & Development-Community Action	-	16,750	16,750	100.00%
7110 Parks	-	<b>302,917</b>	<b>302,917</b>	<b>100.00%</b>
7310 Youth Programs	358,162	367,774	9,612	2.68%



## EXHIBIT 1A

Revenues - 2015 Proposed Budget			County Taxation		Increase (Decrease) Amount	Percentage
State	Federal	Other	2015	2014		
\$ 20,000	\$ -	\$ 141,500	\$ 660,319	\$ 712,565	\$ (52,246)	-7.33%
-	-	-	88,517	93,010	(4,493)	-4.83%
-	-	-	62,006	68,111	(6,105)	-8.96%
-	-	6,500	401,132	428,307	(27,175)	-6.34%
2,055,615	271,816	621,755	2,480,834	2,601,281	(120,447)	-4.63%
-	724,900	-	59,311	102,341	(43,030)	-42.05%
158,936	700,997	-	109,640	109,640	-	0.00%
<b>429,610</b>	<b>175,289</b>	<b>12,692</b>	<b>1,380,404</b>	<b>2,023,480</b>	<b>(643,076)</b>	<b>-31.78%</b>
-	-	11,550	1,952,218	1,683,308	268,910	15.98%
<b>6,208,529</b>	-	-	<b>843,634</b>	<b>654,562</b>	<b>189,072</b>	<b>28.89%</b>
-	-	-	300,000	100,000	200,000	200.00%
3,261,090	2,085,222	581,120	1,776,556	1,332,143	444,413	33.36%
-	-	47,000	8,718	6,306	2,412	38.25%
8,169,299	18,430,801	112,900	6,575,943	5,554,872	1,021,071	18.38%
319,399	2,413,136	15,000	627,465	43,356	584,109	1347.24%
292,307	528,537	1,000	178,156	180,778	(2,622)	-1.45%
(573,074)	(573,074)	-	1,326,148	200,000	1,126,148	563.07%
-	-	1,301,000	34,797,504	36,498,139	(1,700,635)	-4.66%
176,615	8,299,931	1,255,480	4,267,974	4,553,241	(285,267)	-6.27%
13,062,991	2,547,299	2,309,954	8,221,756	9,255,913	(1,034,157)	-11.17%
63,000	5,250	10,500	271,250	271,250	-	0.00%
-	-	-	650,000	300,000	350,000	116.67%
2,833,300	55,000	950,000	7,161,700	4,108,492	3,053,208	74.31%
-	135,000	-	-	-	-	0.00%
75,000	-	-	75,000	90,000	(15,000)	-16.67%
63,325	-	176,500	722,821	830,731	(107,910)	-12.99%
12,982	-	-	730,153	815,377	(85,224)	-10.45%
10,242	-	90,000	91,907	85,638	6,269	7.32%
<b>1,032,911</b>	<b>864,541</b>	<b>113,049</b>	<b>1,032,330</b>	<b>908,173</b>	<b>124,157</b>	<b>13.67%</b>
-	-	-	16,750	-	16,750	100.00%
-	-	<b>104,625</b>	<b>198,292</b>	-	<b>198,292</b>	<b>100.00%</b>
213,818	-	-	153,956	168,424	(14,468)	-8.59%

(Continued)

BUDGET INCREASES (DECREASES) WITH  
GROSS BUDGET AND COUNTY TAXATION BY DEPARTMENT (Continued)

EXHIBIT 1A

	2014 Adopted Budget	2015 Proposed Budget	Increase (Decrease)	
			Amount	Percentage
7410 Libraries	\$ -	\$ 74,250	\$ 74,250	100.00%
7510 Historian	3,000	3,000	-	0.00%
7560 Other Performing Arts	-	64,750	64,750	100.00%
8020 Planning	1,935,050	1,974,097	39,047	2.02%
8040 Human Rights	21,454	22,109	655	3.05%
8090 Environmental Controls	372,485	355,346	(17,139)	-4.60%
8710 Conservation	3,000	403,975	400,975	13365.83%
8989 Other Home & Community	-	25,000	25,000	100.00%
9010 State Retirement	911,591	726,509	(185,082)	-20.30%
9030 Social Security	-	-	-	0.00%
9050 Unemployment Insurance	700,000	201,000	(499,000)	-71.29%
9055 Disability Insurance	133,550	131,050	(2,500)	-1.87%
9060 Hospital & Medical	4,670,135	4,696,626	26,491	0.57%
9089 Other Employee Benefits	1,519,108	1,712,493	193,385	12.73%
9730 BANS	325,000	350,000	25,000	7.69%
Appropriated Fund Balance	-	-	-	-
Deferred Property Tax	-	-	-	-
<b>A - GENERAL FUND</b>	<b>284,524,638</b>	<b>288,406,446</b>	<b>3,881,808</b>	<b>1.36%</b>
<b>B - COMMUNITY DEVELOPMENT</b>	<b>2,353,312</b>	<b>2,123,684</b>	<b>(229,628)</b>	<b>-9.76%</b>
<b>C - ENTERPRISE FUND</b>	<b>4,429,587</b>	<b>-</b>	<b>(4,429,587)</b>	<b>-100.00%</b>
<b>D - COUNTY ROAD FUND</b>	<b>19,660,158</b>	<b>19,457,065</b>	<b>(203,093)</b>	<b>-1.03%</b>
<b>E - ROAD MACHINERY FUND</b>	<b>5,951,000</b>	<b>5,953,000</b>	<b>2,000</b>	<b>0.03%</b>
<b>S - WORKERS COMP FUND</b>	<b>9,150,739</b>	<b>9,614,055</b>	<b>463,316</b>	<b>5.06%</b>
<b>V - DEBT SERVICE FUND</b>	<b>10,128,763</b>	<b>8,969,464</b>	<b>(1,159,299)</b>	<b>-11.45%</b>
<b>TOTAL ALL FUNDS</b>	<b>\$ 336,198,197</b>	<b>\$ 334,523,714</b>	<b>\$ (1,674,483)</b>	<b>\$ -0.50%</b>

## EXHIBIT 1A

Revenues - 2015 Proposed Budget			County Taxation		Increase (Decrease) Amount	Percentage
State	Federal	Other	2015	2014		
\$ -	\$ -	\$ -	\$ 74,250	\$ -	\$ 74,250	100.00%
-	-	-	3,000	3,000	-	0.00%
-	-	-	64,750	-	64,750	100.00%
99,000	683,941	45,300	1,145,856	1,157,357	(11,501)	-0.99%
-	-	-	22,109	21,454	655	3.05%
-	-	99,590	255,756	274,362	(18,606)	-6.78%
-	-	-	<b>403,975</b>	<b>3,000</b>	<b>400,975</b>	<b>13365.83%</b>
-	-	-	25,000	-	25,000	100.00%
-	-	726,509	-	177,061	(177,061)	-100.00%
-	-	-	-	-	-	0.00%
-	-	-	201,000	700,000	(499,000)	-71.29%
-	-	52,500	78,550	81,050	(2,500)	-3.08%
-	-	400,000	4,296,626	4,345,135	(48,509)	-1.12%
-	-	-	1,712,493	1,509,108	203,385	13.48%
-	-	-	350,000	325,000	25,000	7.69%
-	-	18,965,400	(18,965,400)	(13,200,000)	(5,765,400)	43.68%
-	-	(1,000,000)	1,000,000	750,000	250,000	33.33%
40,419,083	39,411,226	153,321,008	55,255,129	58,192,872	(2,937,743)	-5.32%
218,780	1,901,194	3,710	-	-	-	0.00%
-	-	-	-	-	-	0.00%
3,014,251	-	2,216,803	14,226,011	11,243,773	2,982,238	26.52%
-	-	5,953,000	-	-	-	0.00%
-	-	9,614,055	-	-	-	0.00%
-	-	507,500	8,461,964	9,293,763	(831,799)	-8.95%
<u>\$ 43,652,114</u>	<u>\$ 41,312,420</u>	<u>\$ 171,616,076</u>	<u>\$ 77,943,104</u>	<u>\$ 78,730,408</u>	<u>\$ (787,304)</u>	<u>-1.01%</u>

BUDGET INCREASES (DECREASES) WITH GROSS  
BUDGET AND COUNTY TAXATION BY FUNCTION

EXHIBIT IB

	2014 Adopted Budget	2015 Executive Budget	Increase (Decrease)	
			Amount	Percentage
<b><u>Legislature:</u></b>				
1010 Legislative Board	\$ 549,482	\$ 648,255	\$ 98,773	17.98%
1040 Clerk of Legislative Board	809,993	892,305	82,312	10.16%
	1,359,475	1,540,560	181,085	13.32%
<b><u>Judicial:</u></b>				
1110 Court Security	37,678	34,448	(3,230)	-8.57%
1162 Unified Court	14,500	14,500	-	0.00%
1165 District Attorney	3,988,643	4,123,117	134,474	3.37%
1170 Public Defender	2,193,274	2,335,798	142,524	6.50%
1185 Medical Examiner	375,292	349,765	(25,527)	-6.80%
	6,609,387	6,857,628	248,241	3.76%
<b><u>County Executive:</u></b>				
1230 County Executive	979,776	1,005,739	25,963	2.65%
<b><u>Finance:</u></b>				
1310 Finance	4,353,848	4,227,309	(126,539)	-2.91%
1315 Comptroller	905,545	944,855	39,310	4.34%
1340 Department of Budget	391,296	329,780	(61,516)	-15.72%
1345 Purchasing	1,339,162	1,057,121	(282,041)	-21.06%
1355 Assessment	574,470	519,704	(54,766)	-9.53%
	7,564,321	7,078,769	(485,552)	-6.42%
<b><u>Staff:</u></b>				
1410 County Clerk	3,860,288	3,917,456	57,168	1.48%
1420 Department of Law	1,219,580	1,483,658	264,078	21.65%
1430 Department of Personnel	1,308,462	1,418,163	109,701	8.38%
1450 Elections	2,047,633	1,829,764	(217,869)	-10.64%
1490 Public Works Admin	706,303	740,794	34,491	4.88%
	9,142,266	9,389,835	247,569	2.71%

Revenues - 2015 Proposed Budget			County Taxation		Increase (Decrease) Amount	Percentage
State	Federal	Other	2015	2014		
\$ -	\$ -	\$ -	\$ 648,255	\$ 549,482	\$ 98,773	17.98%
-	-	-	892,305	809,993	82,312	10.16%
-	-	-	1,540,560	1,359,475	181,085	13.32%
32,000	-	-	2,448	2,678	(230)	-8.59%
-	-	-	14,500	14,500	-	0.00%
393,600	-	233,000	3,496,517	3,403,462	93,055	2.73%
597,255	-	1,000	1,737,543	2,020,653	(283,110)	-14.01%
-	-	715	349,050	375,037	(25,987)	-6.93%
1,022,855	-	234,715	5,600,058	5,816,330	(216,272)	-3.72%
-	-	-	1,005,739	979,776	25,963	2.65%
-	-	7,650,500	(3,423,191)	(5,295,744)	1,872,553	-35.36%
-	-	-	944,855	905,545	39,310	4.34%
-	-	-	329,780	391,296	(61,516)	-15.72%
-	-	112,500	944,621	1,227,662	(283,041)	-23.06%
-	-	15,500	504,204	556,270	(52,066)	-9.36%
-	-	7,778,500	(699,731)	(2,214,971)	1,515,240	-68.41%
-	-	2,276,785	1,640,671	1,148,434	492,237	42.86%
-	-	23,757	1,459,901	1,161,580	298,321	25.68%
-	-	41,800	1,376,363	1,282,662	93,701	7.31%
205,985	7,792	398,493	1,217,494	1,105,706	111,788	10.11%
-	-	1,225,200	(484,406)	(518,897)	34,491	-6.65%
205,985	7,792	3,966,035	5,210,023	4,179,485	1,030,538	24.66%

(Continued)

BUDGET INCREASES (DECREASES) WITH GROSS  
BUDGET AND COUNTY TAXATION BY FUNCTION (Continued)

## EXHIBIT 1B

	2014	2015	Increase (Decrease)	
	Adopted	Executive		
	Budget	Budget	Amount	Percentage
<b><u>General Services:</u></b>				
1620 Buildings	\$ 8,743,173	10,006,712	\$ 1,263,539	14.45%
1640 Central Garage	792,555	852,240	59,685	7.53%
1680 Central Data Processing	7,286,625	8,011,312	724,687	9.95%
	16,822,353	18,870,264	2,047,911	12.17%
<b><u>Special Items:</u></b>				
1910 Unallocated Insurance	4,774,744	4,972,125	197,381	4.13%
1920 Municipal Association Dues	-	32,451	32,451	100.00%
1985 Distribution of Sales Tax	15,088,613	15,660,400	571,787	3.79%
1990 Contingent Account	3,266,518	825,000	(2,441,518)	-74.74%
	23,129,875	21,489,976	(1,639,899)	-7.09%
<b><u>Education:</u></b>				
2490 Community College - Out of Cnty	3,856,285	4,241,914	385,629	10.00%
2495 Contribution To Community Coll	6,280,863	6,401,632	120,769	1.92%
2980 Other Education	10,000	10,000	-	0.00%
	10,147,148	10,653,546	506,398	4.99%
<b><u>Public Safety:</u></b>				
3020 Public Safety Communication Sys	3,137,095	4,662,271	1,525,176	48.62%
3110 Sheriff	10,015,381	9,380,058	(635,323)	-6.34%
3140 Probation	5,723,095	5,818,979	95,884	1.68%
3150 Jail	21,220,868	21,094,224	(126,644)	-0.60%
3155 Rehabilitation Services	182,395	189,333	6,938	3.80%
3189 Drug Investigations	891,265	821,819	(69,446)	-7.79%
3410 Fire Fighting	101,826	88,517	(13,309)	-13.07%
3411 Arson Task Force	68,111	62,006	(6,105)	-8.96%
3620 Safety Inspections	434,307	407,632	(26,675)	-6.14%
	41,774,343	42,524,839	750,496	1.80%

Revenues - 2015 Proposed Budget			County Taxation		Increase (Decrease) Amount	Percentage
State	Federal	Other	2015	2014		
\$ 266,160	\$ -	\$ 1,221,066	\$ 8,519,486	\$ 7,720,844	\$ 798,642	10.34%
-	-	348,405	503,835	524,826	(20,991)	-4.00%
-	-	351,875	7,659,437	6,652,125	1,007,312	15.14%
266,160	-	1,921,346	16,682,758	14,897,795	1,784,963	11.98%
-	-	850,100	4,122,025	3,924,644	197,381	5.03%
-	-	-	32,451	-	32,451	100.00%
-	-	108,002,757	(92,342,357)	(88,970,789)	(3,371,568)	3.79%
-	-	-	825,000	3,266,518	(2,441,518)	-74.74%
-	-	108,852,857	(87,362,881)	(81,779,627)	(5,583,254)	6.83%
-	-	75,000	4,166,914	3,781,285	385,629	10.20%
-	-	-	6,401,632	6,280,863	120,769	1.92%
-	-	10,000	-	-	-	0.00%
-	-	85,000	10,568,546	10,062,148	506,398	5.03%
-	1,706,723	844,704	2,110,844	2,220,791	(109,947)	-4.95%
50,750	28,500	996,291	8,304,517	8,877,056	(572,539)	-6.45%
834,988	295,625	471,000	4,217,366	4,053,733	163,633	4.04%
15,200	24,000	1,017,136	20,037,888	19,672,771	365,117	1.86%
38,250	-	2,000	149,083	142,145	6,938	4.88%
20,000	-	141,500	660,319	712,565	(52,246)	-7.33%
-	-	-	88,517	93,010	(4,493)	-4.83%
-	-	-	62,006	68,111	(6,105)	-8.96%
-	-	6,500	401,132	428,307	(27,175)	-6.34%
959,188	2,054,848	3,479,131	36,031,672	36,268,489	(236,817)	-0.65%

(Continued)

BUDGET INCREASES (DECREASES) WITH GROSS  
BUDGET AND COUNTY TAXATION BY FUNCTION (Continued)

EXHIBIT IB

	2014 Adopted Budget	2015 Executive Budget	Increase (Decrease)	
			Amount	Percentage
<b>Health</b>				
4010 Public Health	\$ 5,510,244	\$ 5,430,020	\$ (80,224)	-1.46%
4082 WIC	827,241	784,211	(43,030)	-5.20%
4230 Cont.Narc. Add'l Cent Serv.	1,015,182	969,573	(45,609)	-4.49%
4310 Mental Health Admin	2,608,642	1,997,995	(610,647)	-23.41%
4320 Mental Health Support	1,699,808	1,963,768	263,960	15.53%
4322 MH Contracted Svcs-OMH & OMRDD Svcs	6,306,375	7,052,163	745,788	11.83%
4390 Psychiatric-Criminal Actions	100,000	300,000	200,000	200.00%
	<u>\$ 18,067,492</u>	<u>\$ 18,497,730</u>	<u>\$ 430,238</u>	<u>2.38%</u>



Revenues - 2015 Proposed Budget			County Taxation		Increase (Decrease) Amount	Percentage
State	Federal	Other	2015	2014		
\$ 2,055,615	\$ 271,816	\$ 621,755	\$ 2,480,834	\$ 2,601,281	\$ (120,447)	-4.63%
-	724,900	-	59,311	102,341	(43,030)	-42.05%
158,936	700,997	-	109,640	109,640	-	0.00%
429,610	175,289	12,692	1,380,404	2,023,480	(643,076)	-31.78%
-	-	11,550	1,952,218	1,683,308	268,910	15.98%
6,208,529	-	-	843,634	654,562	189,072	28.89%
-	-	-	300,000	100,000	200,000	200.00%
<u>\$ 8,852,690</u>	<u>\$ 1,873,002</u>	<u>\$ 645,997</u>	<u>\$ 7,126,041</u>	<u>\$ 7,274,612</u>	<u>\$ (148,571)</u>	<u>-2.04%</u>

(Continued)

**BUDGET INCREASES (DECREASES) WITH GROSS  
BUDGET AND COUNTY TAXATION BY FUNCTION (Continued)**
**EXHIBIT IB**

	2014	2015	Increase (Decrease)	
	Adopted	Executive		
	Budget	Budget	Amount	Percentage
<b><u>Transportation:</u></b>				
5630 Bus Operations	\$ 6,414,833	7,703,988	\$ 1,289,155	20.10%
5650 Offstreet Parking	53,306	55,718	2,412	4.52%
	6,468,139	7,759,706	1,291,567	19.97%
<b><u>Department of Social Services:</u></b>				
6010 Social Services Administration	31,250,649	33,288,943	2,038,294	6.52%
6055 Day Care Block Grant	3,025,000	3,375,000	350,000	11.57%
6070 Services For Recipients	1,150,000	1,000,000	(150,000)	-13.04%
6101 Medical Assistance	200,000	180,000	(20,000)	-10.00%
6102 Medical Assistance - MMIS	39,157,933	36,098,504	(3,059,429)	-7.81%
6109 Family Assistance	14,500,000	14,000,000	(500,000)	-3.45%
6119 Children's Services	27,029,176	26,142,000	(887,176)	-3.28%
6123 Juvenile Delinquent Care	350,000	350,000	-	0.00%
6129 State Training School	300,000	650,000	350,000	116.67%
6140 Home Relief -Safety Net	9,500,000	11,000,000	1,500,000	15.79%
6141 Home Energy Assistance	95,000	135,000	40,000	42.11%
6142 Emergency Aid for Adults	180,000	150,000	(30,000)	-16.67%
	126,737,758	126,369,447	(368,311)	-0.29%
<b><u>Economic Assistance and Opportunity:</u></b>				
6410 Tourism	947,636	962,646	15,010	1.58%
6510 Veterans Service	828,359	743,135	(85,224)	-10.29%
6610 Weights and Measures	190,448	192,149	1,701	0.89%
6772 Office for the Aging	2,803,327	3,042,831	239,504	8.54%
6989 Other Economic Opportunities 7 Develop.	-	16,750	16,750	100.00%
	4,769,770	4,957,511	187,741	3.94%
<b><u>Culture and Recreation</u></b>				
7110 Parks	-	302,917	302,917	100.00%
7310 Youth Programs	358,162	367,774	9,612	2.68%
7410 Libraries	-	74,250	74,250	100.00%
7510 County Historian	3,000	3,000	-	0.00%
7560 Other Performing Arts	-	64,750	64,750	100.00%
	361,162	812,691	451,529	125.02%

Revenues - 2015 Proposed Budget			County Taxation		Increase (Decrease) Amount	Percentage
State	Federal	Other	2015	2014		
\$ 3,261,090	2,085,222	\$ 581,120	\$ 1,776,556	\$ 1,332,143	\$ 444,413	33.36%
-	-	47,000	8,718	6,306	2,412	38.25%
3,261,090	2,085,222	628,120	1,785,274	1,338,449	446,825	33.38%
8,169,299	18,430,801	112,900	6,575,943	5,554,872	1,021,071	18.38%
319,399	2,413,136	15,000	627,465	43,356	584,109	1347.24%
292,307	528,537	1,000	178,156	180,778	(2,622)	-1.45%
(573,074)	(573,074)	-	1,326,148	200,000	1,126,148	563.07%
-	-	1,301,000	34,797,504	36,498,139	(1,700,635)	-4.66%
176,615	8,299,931	1,255,480	4,267,974	4,553,241	(285,267)	-6.27%
13,062,991	2,547,299	2,309,954	8,221,756	9,255,913	(1,034,157)	-11.17%
63,000	5,250	10,500	271,250	271,250	-	0.00%
-	-	-	650,000	300,000	350,000	116.67%
2,833,300	55,000	950,000	7,161,700	4,108,492	3,053,208	74.31%
-	135,000	-	-	-	-	0.00%
75,000	-	-	75,000	90,000	(15,000)	-16.67%
24,418,837	31,841,880	5,955,834	64,152,896	61,056,041	3,096,855	5.07%
63,325	-	176,500	722,821	830,731	(107,910)	-12.99%
12,982	-	-	730,153	815,377	(85,224)	-10.45%
10,242	-	90,000	91,907	85,638	6,269	7.32%
1,032,911	864,541	113,049	1,032,330	908,173	124,157	13.67%
-	-	-	16,750	-	16,750	100.00%
1,119,460	864,541	379,549	2,593,961	2,639,919	(45,958)	-1.74%
-	-	104,625	198,292	-	198,292	100.00%
213,818	-	-	153,956	168,424	(14,468)	-8.59%
-	-	-	74,250	-	74,250	100.00%
-	-	-	3,000	3,000	-	0.00%
-	-	-	64,750	-	64,750	100.00%
213,818	-	104,625	494,248	171,424	322,824	188.32%

(Continued)

BUDGET INCREASES (DECREASES) WITH GROSS  
BUDGET AND COUNTY TAXATION BY FUNCTION (Continued)

EXHIBIT IB

	2014 Adopted Budget	2015 Executive Budget	Increase (Decrease)	
			Amount	Percentage
<b><u>Home &amp; Community Services:</u></b>				
8020 Department of Planning	\$ 1,935,050	1,974,097	\$ 39,047	2.02%
8040 Human Rights Commission	21,454	22,109	655	3.05%
8090 Environmental Control	372,485	355,346	(17,139)	-4.60%
8710 Conservation	3,000	403,975	400,975	13365.83%
8989 Other Home and Community	-	25,000	25,000	100.00%
	<u>2,331,989</u>	<u>2,780,527</u>	<u>448,538</u>	<u>19.23%</u>
<b><u>Employee Benefits:</u></b>				
9010 State Retirement	911,591	726,509	(185,082)	-20.30%
9030 Social Security	-	-	-	0.00%
9050 Unemployment Insurance	700,000	201,000	(499,000)	-71.29%
9055 Disability Insurance	133,550	131,050	(2,500)	-1.87%
9060 Hospital & Medical	4,670,135	4,696,626	26,491	0.57%
9089 Other Employee Benefits	1,519,108	1,712,493	193,385	12.73%
	<u>7,934,384</u>	<u>7,467,678</u>	<u>(466,706)</u>	<u>-5.88%</u>
<b><u>Interfund Transfers &amp; Debt Service:</u></b>				
9730 Bond Anticipation Notes - Interest	<u>325,000</u>	<u>350,000</u>	<u>25,000</u>	<u>7.69%</u>
 Total General Fund - Unadjusted	<u>284,524,638</u>	<u>288,406,446</u>	<u>3,881,808</u>	<u>1.36%</u>
<b><u>Adjustments:</u></b>				
Appropriated Fund Balance	-	-	-	-
Deferred Property Tax	-	-	-	-
 Total General Fund - Adjusted	<u>\$ 284,524,638</u>	<u>\$ 288,406,446</u>	<u>\$ 3,881,808</u>	<u>1.36%</u>

Revenues - 2015 Proposed Budget			County Taxation		Increase (Decrease) Amount	Percentage
State	Federal	Other	2015	2014		
\$ 99,000	683,941	\$ 45,300	1,145,856	\$ 1,157,357	\$ (11,501)	-0.99%
-	-	-	22,109	21,454	655	3.05%
-	-	99,590	255,756	274,362	(18,606)	-6.78%
-	-	-	403,975	3,000	400,975	13365.83%
-	-	-	25,000	-	25,000	100.00%
99,000	683,941	144,890	1,852,696	1,456,173	396,523	27.23%
-	-	726,509	-	177,061	(177,061)	-100.00%
-	-	-	-	-	-	0.00%
-	-	-	201,000	700,000	(499,000)	-71.29%
-	-	52,500	78,550	81,050	(2,500)	-3.08%
-	-	400,000	4,296,626	4,345,135	(48,509)	-1.12%
-	-	-	1,712,493	1,509,108	203,385	13.48%
-	-	1,179,009	6,288,669	6,812,354	(523,685)	-7.69%
-	-	-	350,000	325,000	25,000	7.69%
40,419,083	39,411,226	135,355,608	73,220,529	70,642,872	2,577,657	3.65%
-	-	18,965,400	(18,965,400)	(13,200,000)	(5,765,400)	-43.68%
-	-	(1,000,000)	1,000,000	750,000	250,000	33.33%
\$ 40,419,083	\$ 39,411,226	\$ 153,321,008	\$ 55,255,129	\$ 58,192,872	\$ (2,937,743)	-5.05%

(Continued)

BUDGET INCREASES (DECREASES) WITH GROSS  
BUDGET AND COUNTY TAXATION BY FUNCTION (Continued)

EXHIBIT IB

	2014 Adopted Budget	2015 Executive Budget	Increase (Decrease)	
			Amount	Percentage
<b><u>Community Development:</u></b>				
6290 Office Of Employment & Training	\$ 788,435	875,042	\$ 86,607	10.98%
6291 Participant Support	6,000	6,000	-	0.00%
6292 Job Training and Services	805,377	877,742	72,365	8.99%
8668 Rehabilitation Loans & Grants	690,200	300,400	(389,800)	-56.48%
9789 Other Long Term Debt, HUD Loans	63,300	64,500	1,200	1.90%
	2,353,312	2,123,684	(229,628)	-9.76%
<b><u>Enterprise Fund:</u></b>				
6020 Golden Hill Health Care Center	4,429,587	-	(4,429,587)	-100.00%
Appropriated Fund Balance	-	-	-	0.00%
	4,429,587	-	(4,429,587)	-100.00%
<b><u>County Road Fund:</u></b>				
D5010 Highway Administration	3,650,879	2,995,226	(655,653)	-17.96%
D5020 Engineering	431,564	497,399	65,835	15.25%
D5110 Maintenance of Roads- Bridges	9,003,392	9,302,577	299,185	3.32%
D5112 Permanent Improvements	3,011,864	3,014,251	2,387	0.08%
D5142 Snow Removal	3,562,459	3,647,612	85,153	2.39%
Appropriated Fund Balance	-	-	-	0.00%
	19,660,158	19,457,065	(203,093)	-1.03%
<b><u>Road Machinery Fund:</u></b>				
E5130 Road Machinery	3,418,979	3,601,697	182,718	5.34%
E5190 Stockpile	285,000	334,000	49,000	17.19%
E9901 Transfers to other funds	2,247,021	2,017,303	(229,718)	-10.22%
Appropriated Fund Balance	-	-	-	0.00%
	5,951,000	5,953,000	2,000	0.03%

Revenues - 2015 Proposed Budget			County Taxation		Increase (Decrease) Amount	Percentage
State	Federal	Other	2015	2014		
\$ 52,300	\$ 822,742	\$ -	\$ -	\$ -	\$ -	-
-	6,000	-	-	-	-	-
166,480	711,262	-	-	-	-	-
-	300,000	3,710	(3,310)	(63,300)	59,990	-94.77%
-	61,190	-	3,310	63,300	(59,990)	-94.77%
218,780	1,901,194	3,710	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	2,995,226	3,650,879	(655,653)	-17.96%
-	-	-	497,399	431,564	65,835	15.25%
-	-	2,091,803	7,210,774	6,543,871	666,903	10.19%
3,014,251	-	-	-	-	-	-
-	-	125,000	3,522,612	3,302,459	220,153	6.67%
-	-	-	-	(2,685,000)	2,685,000	-100.00%
3,014,251	-	2,216,803	14,226,011	11,243,773	2,982,238	26.52%
-	-	5,517,000	(1,915,303)	(2,096,021)	180,718	-8.62%
-	-	436,000	(102,000)	(151,000)	49,000	-32.45%
-	-	-	2,017,303	2,247,021	(229,718)	-10.22%
-	-	-	-	-	-	-
-	-	5,953,000	-	-	-	-

**BUDGET INCREASES (DECREASES) WITH GROSS  
BUDGET AND COUNTY TAXATION BY FUNCTION (Continued)**

	2014 Adopted Budget	2015 Executive Budget	Increase (Decrease)	
			Amount	Percentage
<b><u>Workers Compensation Fund:</u></b>				
S1710 Workers' Compensation	\$ 2,955,739	2,713,055	\$ (242,684)	-8.21%
S1720 Benefits and Awards	6,195,000	6,901,000	706,000	11.40%
	9,150,739	9,614,055	463,316	5.06%
<b><u>Debt Service:</u></b>				
V9710 Serial Bonds	10,128,763	8,969,464	(1,159,299)	-11.45%
Appropriated Fund Balance	-	-	-	0.00%
	10,128,763	8,969,464	(1,159,299)	-11.45%
Total - All Funds	\$ 336,198,197	\$ 334,523,714	\$ (1,674,483)	-0.50%



Revenues - 2015 Proposed Budget			County Taxation		Increase (Decrease) Amount	Percentage
State	Federal	Other	2015	2014		
\$ -	\$ -	\$ 7,000	\$ 2,706,055	\$ 2,948,739	\$ (242,684)	-8.23%
-	-	9,607,055	(2,706,055)	(2,948,739)	242,684	-8.23%
-	-	9,614,055	-	-	-	-
-	-	7,500	8,961,964	9,293,763	(331,799)	-3.57%
-	-	500,000	(500,000)	-	(500,000)	-100.00%
-	-	507,500	8,461,964	9,293,763	(831,799)	-8.95%
<u>\$ 43,652,114</u>	<u>\$ 41,312,420</u>	<u>\$ 171,616,076</u>	<u>\$ 77,943,104</u>	<u>\$ 78,730,408</u>	<u>\$ (787,304)</u>	<u>-1.00%</u>

**SCHEDULE OF ADOPTED PROPERTY TAX LEVIES  
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Adopted Tax Levies</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
2006	64,973,736		
2007	69,858,781	4,885,045	7.52%
2008	72,410,702	2,551,921	3.65%
2009	74,350,140	1,939,438	2.68%
2010	76,944,960	2,594,820	3.49%
2011	76,944,960	-	0.00%
2012	78,860,389	1,915,429	2.49%
2013	78,730,408	(129,981)	-0.16%
2014	78,730,408	-	0.00%
2015	* 77,943,104	(787,304)	-1.00%

\* Proposed

**SCHEDULE OF TAXABLE ASSESSMENTS  
LAST TEN FISCAL YEARS**


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<u>Year</u>	<u>Full Value of Taxable Assessments</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
2006	16,583,471,592		
2007	18,988,287,662	2,404,816,070	14.50%
2008	20,935,729,372	1,947,441,710	10.26%
2009	21,484,261,701	548,532,329	2.62%
2010	20,945,147,626	(539,114,075)	-2.51%
2011	19,938,963,280	(1,006,184,346)	-4.80%
2012	18,857,224,609	(1,081,738,671)	-5.43%
2013	18,509,048,159	(348,176,450)	-1.85%
2014	17,944,467,814	(564,580,345)	-3.05%
2015	* 17,580,867,251 (Estimated)	(363,600,563)	-2.03%

\* Total Assessed valuation is from the Assessor's Report included with Executive Summary

