

BUDGET, FINANCE, AND PERSONNEL COMMITTEE

OF THE

DUTCHESS COUNTY LEGISLATURE

Thursday, June 7, 2018

Committee Chair Bolner called the committee to order at 6:05 p.m.

PRESENT 12 BLACK, BOLNER, TRUITT, INCORONATO, JETER-
JACKSON, JOHNSON, METZGER, MUNN, PAGE, PULVER,
ROMAN and SAGLIANO

ABSENT 0

PRESENT/LATE 0

QUORUM PRESENT

Committee Chair Bolner entertained a motion from the floor, which was seconded and carried, to suspend the rules to allow the public to address the Committee on agenda items.

No one wishing to speak, Committee Chair Bolner entertained a motion from the floor, which was seconded and carried, and the regular order of business was resumed.

Presentation: Fiscal Update by Budget Director Jessica White. Presentation Attached.

Questions and answers from presentation attached.

**2018156 SETTING PUBLIC HEARING FOR DUTCHESS COMMUNITY COLLEGE
BUDGET FOR JULY 9, 2018**

On motion by Legislator Truitt, duly seconded by Chairman Pulver, the foregoing resolutions were unanimously adopted by the Budget, Finance, & Personnel Committee.

**2018157 ESTABLISHING STANDARD WORK DAY FOR ELECTED AND
APPOINTED OFFICIALS EFFECTIVE JANUARY 2018**

On motion by Majority Leader Roman, duly seconded by Assistant Majority Leader Sagliano, the foregoing resolution was unanimously adopted by the Budget, Finance, & Personnel Committee.

**2018158 APPOINTMENT TO THE DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT
AGENCY**

On motion by Majority Leader Roman, duly seconded by Assistant Minority Leader Munn, the foregoing resolution was unanimously adopted by the Budget, Finance, & Personnel Committee.

**2018159 APPOINTMENT TO THE DUTCHESS COUNTY LOCAL DEVELOPMENT
CORPORATION**

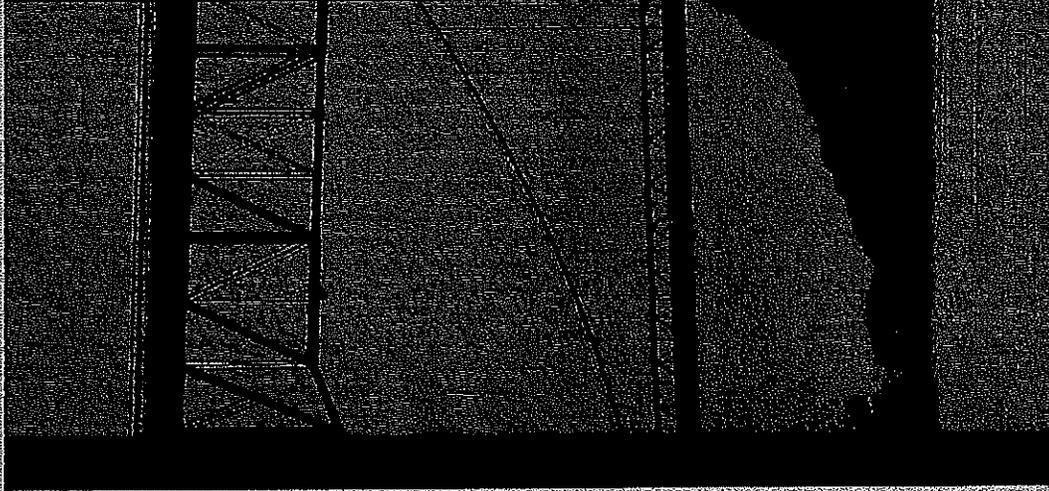
On motion by Majority Leader Roman, duly seconded by Legislator Truitt, the foregoing resolution was unanimously adopted by the Budget, Finance, & Personnel Committee.

There being no further business the meeting was adjourned.

2017-2018 Fiscal Update



June 7, 2018



2017 Annual Financial Report

2017 Adopted Budget Included the planned use or draw down of fund balance in the following funds:

All Funds	\$10,150,000
Taxpayer protection fund	<u>3,500,000</u>
Total Appropriated Fund Balance:	\$13,650,000

2017 Annual Financial Report

ALL OTHER REVENUES AND EXPENSES EQUAL- ONE WOULD EXPECT:

- Actual revenue realized would be \$13.65 million lower than expenses

ACTUALLY- Revenue realized is only \$4.1 million lower than expenses:

2017

Revenue \$466.7M

Expense \$470.8M

Total: (\$4.1M)

2017 Annual Financial Report- Impacts

	2016	2017
Revenue	\$465.5M	\$466.7M
Expense	\$456.3M	\$470.8M
Total:	\$9.3M	(\$4.1M)

Revenue:

- Sales Tax was up \$4.4M over last year
 - Federal Aid up \$3.8M related to Title XX to offset mandates and a change in Medicaid refund processing
- Mostly offset by:
- Decrease of \$1.5M in State Legislative Aid
 - Decrease of \$1.5M due to non-recurring casino revenue in 2016
 - Reduced inter-fund revenues primarily from the capital fund \$1.5M
 - Shared services reserve established in 2016 including \$2M non-recurring in 2017.

Expense:

- Increase in Mental Health and Substance abuse programming \$2.2M
- Health Insurance Increased \$3.7M
- Dutchess Community College \$1.4M
- Pre-School Special Ed up \$1.4M
- Child Institution and foster care costs up \$3.1M

Expenses

Financial Statement Expenses in the General Fund

Year	Expense (\$M)	Change
2011	\$409.0	
2012	\$408.9	-.02%
2013	\$404.0	-1.2%
2014	\$409.2	1.3%
2015	\$421.1	2.9%
2016	\$423.5	0.6%
2017*	\$430.8	1.7%

*Unaudited Per the Annual Financial Report

Average General Fund Spending Increase Per Year- Under 1%

Dutchess vs. Statewide County Average

- Dutchess Expenditures Per Capita are 26% Lower than the Statewide County Average
- Dutchess Tax Levy Per Capita 21% Lower than the Statewide County Average
- Dutchess Outstanding Debt Per Capita 71% Lower than the Statewide County Average

Fund Balance

GFOA Recommended: 2 Months General Fund Operating Expense- \$73M

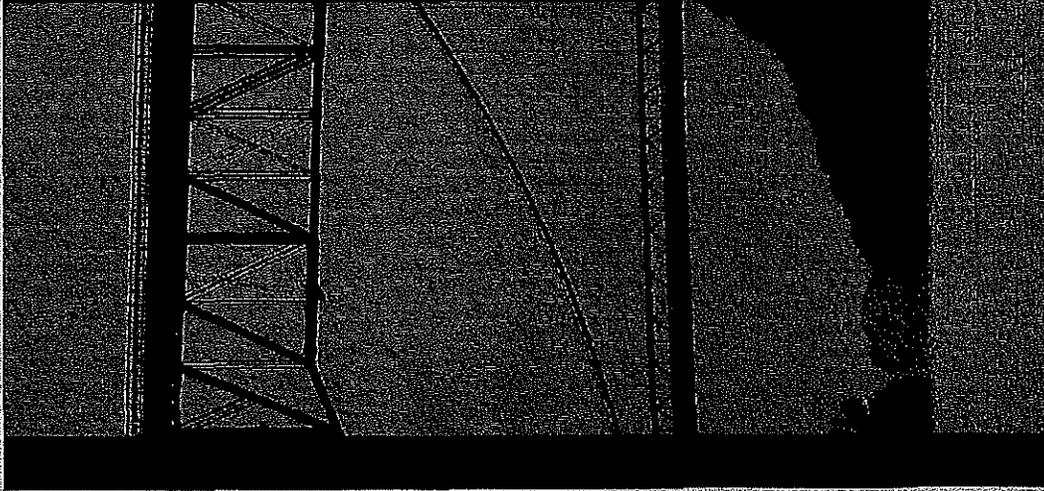
Fund balance management policy:

- Maintain 1-2 months of general fund operating expense- fund balance \$36-73M
- Over 2 months use for:
 - Property tax relief by offsetting current year expense
 - Pay down debt or avoid indebtedness

2016 Fund Balance: \$59.9M

2017 Fund Balance: \$55.4M

2018 Update



2018-2019 State Budget

- State Budget includes reduction for DCC \$241K
- Charitable trusts and Employer Payroll Tax- IRS to Provide Guidance
- Shared Services- Determining what's required in 2018
- Raise the Age Legislation- new costs funded as long as county is under the property tax cap
- Indigent legal services- OLS case load cap plan- \$773K allocation for Dutchess
- \$475 Million available State Wide for State & Municipal Facilities Program- Legislative Aid

Sales Tax

2016 Actual	2017 Adopted Budget	2017 Actual	Yr to Yr	Actual vs. Budget
\$179.8M	\$183.6M	\$184.2M	\$4.4M 2.4% ←	\$0.6M ← Actual
\$2.9M	Prior Period Adjustments	\$0.5M		
\$182.8M	Actual without Prior Period	\$184.7M	1.1% ←	Adjusted

2018 the County needs to have actual growth of 3% in order to make budget of \$190.2

2017 YTD	2018 YTD	YTD 2017 vs 2018	As of June 5th
\$57.9	\$62.4	7.8%	

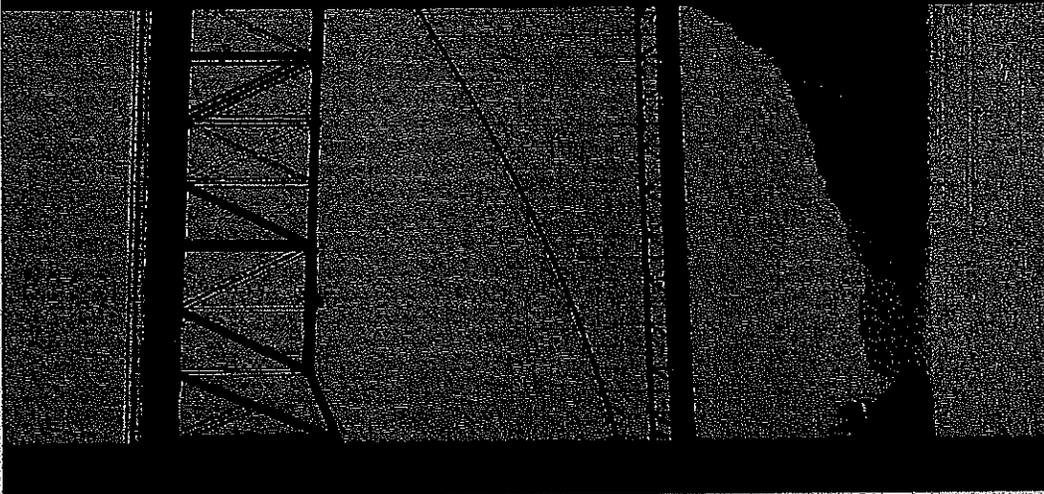
Economy

- CPI- 2.2% - 1st Quarter Average
- Unemployment- 4.8% - 1st Quarter Average
- Lower Caseloads at DCFS - 31K compared to 35K Beginning of 2017
- Housing Market – Average Days on the Market are 30% lower than this time last year
- YTD Average housing selling price is \$323K vs. \$289K last year up 12%

Coming Impacts

- CSEA Settlement
- Teamsters Settlement
- DCSEA outstanding contract
- DCC Asking for \$1.75M more
- State Sales Tax Payments have been inconsistent
- Casino revenue based on % of gross sales

QUESTIONS?



Ortiz, Sarah

From: Wager, Leigh
Sent: Monday, June 18, 2018 11:08 AM
To: Ortiz, Sarah
Subject: FW: Fiscal Update Presentation Answers

From: Morris, Carolyn
Sent: Monday, June 18, 2018 10:44 AM
To: CountyLegislature <CountyLegislature@dutchessny.gov>
Subject: FW: Fiscal Update Presentation Answers

Good morning:

Below are fiscal update presentation answers. Have a great day.

Carolyn Morris
Clerk
Dutchess County Legislature
845.486.2100

From: Munn, Kristofer
Sent: Friday, June 15, 2018 6:09 PM
To: White, Jessica <jwhite@dutchessny.gov>; Morris, Carolyn <cmorris@dutchessny.gov>
Cc: Seelbach, Heidi <hseelbach@dutchessny.gov>; Black, Hannah <hblackdc4@gmail.com>
Subject: RE: Fiscal Update Presentation Answers

Followups:

#1 - What is the total \$ of all authorized but not yet issued bonds?

#2 - I was already aware that the administration believes the current system is fairer (as you state four times in your reply) and now know that it feels the alternative would devastate the cities (also 4 times). Are you willing to provide a cumulative (or year by year) sales tax difference comparing current numbers to a what-if that assumes the 1989 agreement had been renewed?

#3 - Thank you.

- K

Kristofer Munn

Minority Whip, Dutchess County Legislature
Representing District 20 - Red Hook & Tivoli
845-293-2088 (voice & text)

From: White, Jessica
Sent: Friday, June 15, 2018 2:05 PM
To: Morris, Carolyn
Cc: Seelbach, Heidi; Munn, Kristofer
Subject: Fiscal Update Presentation Answers

Please see answers to Legislator Munn's questions below:

Q: What is our current debt ratio and what will it be assuming all approved bonds are issued?

The below is our current Debt Ratio from our official statement. It is impossible to project what the ratio will be as bonds are only partially issued on a yearly basis when projects are moving forward and at the same time on a yearly basis, debt is retired.

Debt Ratios

The following table presents certain debt ratios relative to the County's capital indebtedness as of February 2, 2018.

	<u>Amount</u>	<u>Debt Per Capita ⁽¹⁾</u>	<u>Debt To Full Value ⁽²⁾</u>	<u>Debt Per Capita/ Per Capita Income ⁽³⁾</u>
Net Direct Debt	\$ 78,425,000	\$ 265	0.26%	0.07%

(1) Based on a 2016 population of 295,905 (interim data from the US Census Bureau).

(2) The full valuation of the County for 2018 is \$30,040,912,405.

(3) According to the 2016 American Community Survey - 5 Year Estimates (US Bureau of the Census) the per capita personal income for County residents is \$35,101.

Q: Had the sales tax agreement not been renegotiated to capture more for the county, how much less tax revenue would have been forgone - cumulatively?

The sales tax was not renegotiated to capture more money for the County. When the County Executive took office, the sales tax agreement in place was expired and according to State Counsel, without an agreement, by state law, sales tax should have been distributed based on population or in the case of a village, assessed value within the town. Had the county followed state law, our two cities would have been devastated. In June of 2013 the County reached an agreement with the cities that would not devastate their revenue streams, but would be fair for them as well as the other municipalities where the revenue is collected. Under the 1989 agreement, the county used 81.5% to cover its state mandated county-wide programming, and shared 3.1% with the City of Beacon, 7.1% with the City of Poughkeepsie and distributed 8.3% to the rest of the towns and villages based on population and assessed value for the villages. Under this agreement, of the total distributed to the municipalities in Dutchess County, the cities received 55% and the towns and villages shared the remaining 45% based on population and assessed value where a town contained a village. The County Executive sought a fairer approach without devastating the cities.

The agreement reached began in 2014 and provided for a guaranteed \$25M set allocation for the cities, towns and villages as well as a distribution of sales tax growth compared to the 2012 base year. This formula distributes the 18.5% of sales tax growth entirely by population (assessed value split for villages within a town) so towns and villages now receive 85% of shared growth compared to 45% in the prior agreement and the cities will receive 15% compared to 55% under the previous agreement. This is a fairer approach to the distribution as sales tax revenue is collected county wide,

not just in our city centers. Again, if the County and Cities had not come to an agreement, the sales tax formula would have had to be changed to a straight split by population which would have devastated our two cities. Of all of the approaches and formulas considered, the guaranteed \$25M plus growth was the most fair for all involved. The County realized a \$5.7 million increase in sales tax per year by negotiating the new sales tax agreement with the Cities, however, at the time, the County had been charging municipalities for their share of election costs as allowed by State law- with the implementation of the new sales tax contract, the County took back election costs and stopped the chargeback. Also, in the first year, the County established the \$2 million Municipal Innovation grant aimed at helping the municipalities reduce ongoing costs and the County has continued that program at between \$1 million - \$2 million per year. Finally, the County is not required to share any revenue with municipalities, it does so based on an agreement with the Cities only who are waiving a preemptive right to implement their own sales tax in favor of sharing ours.

Q: What is the purpose of a fund balance - how and under what circumstances should it be used?

There are multiple Fund Balance classifications, however, the one we typically identify and refer to is the unassigned fund balance which represents the difference between assets and liabilities in a governmental fund as of a point in time. It's purpose is to provide a cushion so that when the County faces uncertainties, we know that we can weather the storm until the next budget cycle. Additionally, rating agencies like Moody's and Standard and Poor's look to fund balance as an indicator of the fiscal health of the County and its ability to meet obligations. This is one of the factors looked at when issuing a bond rating which is a key component in how much interest we will pay on future debt issues. The County's fund balance policy is to strive to maintain our general fund balance between 1-2 months of general fund operating expenditures which based on the 2017 unaudited financial report was between \$36-72 million. We are well positioned at \$55 million. It is appropriate to include the planned draw down of fund balance as part of a yearly spending plan especially if there is expected normal replenishment. During the budget process the Budget Office projects fund balance to determine what if any fund balance should be appropriated to keep within that 1-2 month range, while limiting property tax we raise to support the budget.

Have a nice weekend!

Regards,

Jess

Jessica White

Budget Director

Dutchess County Budget Office

22 Market Street

Poughkeepsie, NY 12601

Phone: 845-486-2010 Fax: 845-486-2021

Email: jwhite@dutchessny.gov

From: Seelbach, Heidi <hseelbach@dutchessny.gov>

Sent: Tuesday, June 12, 2018 11:34 AM

To: White, Jessica <jwhite@dutchessny.gov>

Subject: RE: Fiscal Update Presentation

This schedule is updated to reflect the growth payments.

From: White, Jessica

Sent: Monday, June 11, 2018 3:50 PM

To: Seelbach, Heidi

Subject: FW: Fiscal Update Presentation

Could you answer the below questions?... I'll work on the second one and you can review.

Thanks,

Jess

Jessica White
Budget Director
Dutchess County Budget Office
22 Market Street
Poughkeepsie, NY 12601
Phone: 845-486-2010 Fax: 845-486-2021
Email: jwhite@dutchessny.gov

From: Morris, Carolyn
Sent: Monday, June 11, 2018 1:29 PM
To: White, Jessica <jwhite@dutchessny.gov>
Cc: Munn, Kristofer <kmunn@dutchessny.gov>
Subject: RE: Fiscal Update Presentation

Good afternoon Jess:

Please see questions below as it relates to the Fiscal Update presentation. Thanks.

Carolyn Morris
Clerk
Dutchess County Legislature
845.486.2100

From: Munn, Kristofer
Sent: Sunday, June 10, 2018 2:05 PM
To: Morris, Carolyn <cmorris@dutchessny.gov>
Subject: RE: Fiscal Update Presentation

Q: What is our current debt ratio and what will it be assuming all approved bonds are issued?

Q: What is the purpose of a fund balance - how and under what circumstances should it be used?

Q: Had the sales tax agreement not been renegotiated to capture more for the county, how much less tax revenue would have been forgone - cumulatively?

That's all for now.

- K

Kristofer Munn
Minority Whip, Dutchess County Legislature
Representing District 20 - Red Hook & Tivoli
845-293-2088 (voice & text)

From: Morris, Carolyn
Sent: Friday, June 08, 2018 9:37 AM
To: CountyLegislature
Cc: County Legislators; Ortiz, Sarah
Subject: FW: Fiscal Update Presentation

Good morning –

Please see attached presentation from last night and forward any questions you may have. Have a nice weekend.

Carolyn Morris

Clerk

Dutchess County Legislature

845.486.2100

From: White, Jessica

Sent: Friday, June 8, 2018 9:26 AM

To: Morris, Carolyn <cmorris@dutchessny.gov>; Bolner, Donna <dbolner@dutchessny.gov>

Subject: Fiscal Update Presentation

Attached is the fiscal update presentation from last night. It will be posted to the below page link shortly, along with prior year updates and Annual Financial Reports. Let me know if there are any follow up questions I can answer.

Regards,

Jess

<http://www.dutchessny.gov/CountyGov/Departments/Budget/27197.htm>

Jessica White

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