

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

Members: Chairman Castellano and Legislators Ellner & Gouldman

**Monday September 23, 2024
(Immediately following the Economic Development Mtg. at 6:30pm)**

The meeting was called to order at 6:49pm by Chairman Castellano who requested Legislator Gouldman lead in the Pledge of Allegiance. Upon roll call Legislators Ellner and Gouldman and Chairman Castellano were present.

Item #3 – Acceptance of Minutes – August 26, 2024

The minutes were accepted as submitted.

Item #4 – 2023 Audit Report/ PKF O’Connor Davies, LLP

Nicholas DeSantis, Partner at PKF O’Connor Davies stated the Legislature was provided with the Certified Annual Financial Report (CAFR) for the year 2023 as well as a smaller packet (attached) containing extrapolated information from the CAFR. He drew the Committee’s attention to the Certificate of Achievement for Excellence in Financial Reporting that was awarded to Putnam County for the 37th time. He stated this award is truly a compliment to the Finance Department and Administration. He stated Putnam County is one of 22 local governments in New York State to receive this award.

Alan Kassay, Partner at PKF O’Connor Davies explained the General Fund – Budget to Actual Summary on page 5 of the attached PowerPoint. He stated the fund balance at the end of the year was \$144,302,861.

Mr. DeSantis stated page 6 of the PowerPoint breaks down the different revenues collected, three of which are noteworthy.

Mr. Kassay stated the “Non-Property Taxes” shows the sales tax which was \$6 million higher than in 2022. He stated the “Use of Money and Property” which is from interest earnings was \$4.8 million higher than in 2022. He stated “Federal Aid” represents unspent ARPA (American Rescue Plan Act) funding and shows a negative variance of just under \$18 million. He stated these funds can only be recorded as revenue once they are spent.

Mr. DeSantis stated the total revenue shows a negative variance of \$5 million, however when that Federal Aid variance is added back in (as it will be once spent), it shows a positive variance of over \$12 million. He stated page 7 of the PowerPoint breaks down the expenditures.

Mr. Kassay stated most variances in expenditures were comparable to 2022.

Mr. DeSantis referenced page 4 of the PowerPoint which breaks down the fund balance and provided an overview of the different categories.

Mr. Kassay spoke to the Fund Balance comparison from 2020-2023 on page 4 of the PowerPoint. He stated there are three (3) new categories under Assigned Fund Balance. He stated the first is "Callable Bond" which money put aside to allow the County to call their bonds early and save on future interest payments. He stated the next is "Disaster Recovery" which is a cushion against any possible damage that may occur within the County. He stated the third is "Judgements and Settlements".

Mr. DeSantis stated these items are recommended by the Administration and incorporated into the financial statements. He stated Putnam County is in excellent financial shape, as evidenced by the County's Aa1 bond rating from Moody's, the second highest bond rating available.

Mr. Kassay stated page 8 of the PowerPoint Presentation shows a summary of other funds such as Capital Projects, County Road, Road Machinery, Transportation, Special Purpose, and Debt Service funds.

Chairman Castellano questioned if it is possible to have too much fund balance.

Mr. DeSantis stated he will never say there is too much. He stated after the COVID Pandemic Putnam County never saw a reduction in sales tax revenue. He stated Putnam County has a 2% property tax cap which has not been broken. He stated the County has sufficient reserves to meet the needs of municipal services as well as capital needs. He stated the County does not have much outstanding debt and what is outstanding was borrowed at a reasonable rate.

Mr. Kassay stated the fund balance can be used toward capital projects, which would avoid having to borrow.

Mr. DeSantis stated any remaining ARPA funds must be encumbered by the end of 2024 and expended by the end of 2026.

Legislator Gouldman stated Putnam County is in great shape in terms of sales tax and collected tax from online sales has made a huge impact.

Legislator Sayegh stated interest earnings have been used to fund capital projects. She questioned how the lower rates might affect this moving forward.

Commissioner Lewis stated the County is currently in a surplus for 2024, even though the Federal government has started to lower rates. He stated the County has fixed income through 2026, which preserved the interest at a higher rate.

Mr. Kassay stated the interest earnings revenue was budgeted conservatively, which has resulted in a surplus for the County.

Mr. DeSantis stated as indicated by Commissioner Lewis, investments have been laddered so some will mature in 2025. He stated the County has cash available for investments to take advantage of those interest earnings.

Legislator Ellner stated at the recommendation of Commissioner Lewis the County will increase the cap on investment to capture some more revenue.

Chairman Castellano stated the County is borrowing less, which has led to the County being even financially stronger. He thanked Mr. DeSantis and Mr. Kassay for their presentation.

Item #5 – Correspondence/County Auditor

a. Sales Tax Report – Duly Noted

b. OTB Report

Chairman Castellano stated this report shows the school tax payment for the month of September.

c. Transfer/Revenue Report – Duly Noted

d. 2024 Contingency/Sub-Contingency Report – Duly Noted

Item #6 – Correspondence/ Commissioner of Finance

a. Overtime/Temporary Report – Duly Noted

b. Approval/ Budgetary Amendment 24A080/ DPW/ Insurance Recoveries/ Guardrail Damages (Also reviewed in Physical)

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

c. Approval/ Budgetary Amendment 24A081/ Health Dept./ Increased Cost of Preschool 3-5 Program (Also reviewed in Health)

Commissioner of Finance Michael Lewis stated the State reimburses 59.5% of this cost.

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

d. Approval/ Budgetary Amendment 24A082/ Sheriff's Dept./ License Agreement/ Computer Aided Dispatch Records Management System (Also reviewed in Protective)

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

e. Approval/ Budgetary Amendment 24A084/ Sheriff's Dept./ Officer to Attend DRE School & ARIDE Class

Commissioner Lewis stated this is a grant through the New York State Governor's Traffic Safety Committee.

Legislator Ellner questioned what DRE and ARIDE stand for.

Legislator Crowley stated DRE stands for Drug Recognition Expert.

County Auditor Sharkey stated ARIDE stands for Advanced Roadside Impaired Driving Enforcement.

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

f. Approval/ Budgetary Amendment 24A085/ Soil & Water/ Utilize Soil & Water Conservation District Trust Funds to Purchase Equipment (Also reviewed in Physical)

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

g. Approval/ Budgetary Amendment 24A086/ Legal Aid/ Recognize State Aid

Commissioner Lewis stated under State mandate the hourly rate went from \$75 to \$158. He stated the State provides 25% of that.

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

h. Approval/ Budgetary Amendment 24A087/ DPW/ Parks & Recreation Water Sewer Charges (Also reviewed in Physical)

Chairman Castellano questioned if this will be reimbursed.

Commissioner Lewis stated yes, 50%-60% will be reimbursed by the NYS DEP.

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

i. Approval/ Budgetary Amendment 24A088/ DGS/ Repair Mail Vehicle

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

Item #7 – Approval/ Fund Transfer 24T258/ Dept. of Social Services/ Fund Correct Budget Line for Agreement with Sheriff’s Department (Also reviewed in Health)

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

Item #8 – Approval/ Fund Transfer 24T259/ Dept. of Social Services/ Upgrade of Forensic Interviewer/Outreach Worker to Coordinator of the Child Advocacy Center (Also reviewed in Personnel)

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

Item #9 – Approval/ Fund Transfer 24T262/ Youth Bureau/ Temporary to Cover Maternity Leave (Also reviewed in Personnel)

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

Item #10 – Approval/ Fund Transfer 24T264/ Sheriff’s Dept./ Reclassification/ Lieutenant to First Sergeant (Also reviewed in Personnel)

Chairman Castellano stated there was a request from an employee to be demoted from Lieutenant to First Sergeant.

Legislator Crowley questioned if this change moves the employee into a union position.

Chairman Castellano stated that is what was discussed at the Personnel Committee Meeting. He stated this is a bit of a pay cut and was at the request of the employee.

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

Item #11 – Approval/ Fund Transfer 24T265/ Senior Resources/ Reclassification/ Fill Position Equivalent to Positions at other Senior Centers (Also reviewed in Personnel)

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

Item #12 – Approval/ Fund Transfer 24T267/ County Attorney/ Outstanding Legal Services through Year End (Also reviewed in Rules)

Commissioner Lewis stated over the past few years this has been a common budgetary.

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

Item #13 – Approval/ Fund Transfer 24T270/ Dept. of Social Services/ Fund SPO Agreement with Sheriff's Department

Chairman Castellano made a motion to approve Fund Transfer 24T270; Seconded by Legislator Gouldman. All in favor.

Item #14 – Approval/ Fund Transfer 24T273/ Emergency Services/ Dispatch Backup Center – 4 Powerphone Licenses (Also reviewed in Protective)

Chairman Castellano made a motion to approve Fund Transfer 24T273; Seconded by Legislator Ellner. All in favor.

Item #15 – Approval/ Fund Transfer 24T280/ Soil & Water/ Utilize NYS Dept. of Agriculture and Markets Funds for Fish Cradles at Kirk Lake (Also reviewed in Physical)

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

Item #16 – Approval/ Fund Transfer 24T290/ Senior Resources/ Vehicle Leasing Expenses through Year End

Tom DiMarchi, Office for Senior Resources Fiscal Manager, stated they had budgeted for the cost of new vehicles being added to the fleet in 2024 and this moves the money into the right programs.

Chairman Castellano made a motion to approve Fund Transfer 24T290; Seconded by Legislator Gouldman. All in favor.

Item #17 – Approval/ Fund Transfer 24T291/ Senior Resources/ Food & Janitorial Expenses due to Increased Meals Served

Office for Senior Resources Director Michael Cunningham introduced Nutrition Manager Kevin Monahan. He stated there has been a significant increase in the number of meals served.

Nutrition Manager Monahan stated right now the projection is that there will be a 20% increase in meals served as compared to 2023. He stated they are on track to serve 105,000 meals to seniors this year; last year they served 87,000. He stated although this is an additional expense, it is due to more people being helped.

Director Cunningham stated this is an indication of getting back to where they were before COVID.

Legislator Gouldman questioned if the increase is across the board or if certain centers are seeing more participation.

Nutrition Manager Monahan stated it is across the board, which is very nice to see.

Legislator Sayegh stated the increase in participation may also be related to the increased price of groceries.

Nutrition Manager Monahan stated that is possible.

Director Cunningham stated they are also working with Cornell Cooperative Extension to have freezers filled with available meals at the centers. He stated there is also a produce delivery program for the seniors.

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

Item #18 – Other Business

a. Approval/ Fund Transfer 24T305/ Social Services/ Misc. Code Blue Expenses

Chairman Castellano made a motion to waive the rules and accept the other business; Seconded by Legislator Ellner. All in favor.

Chairman Castellano stated code blue is when the County houses people when the temperature drops below 32 degrees. He requested clarification on the transfer as it states it was previously non-reimbursable.

Dan Birmingham, Southeast resident, stated this program is vital as in the past there were homeless residents who froze to death.

Legislator Sayegh stated funds unused last year are being repurposed this year.

Commissioner Lewis stated the funding is coming from their contract line to go to these miscellaneous code blue expenses.

Chairman Castellano made a motion to approve Fund Transfer 24T305; Seconded by Legislator Ellner. All in favor.

Item #19 – Adjournment

There being no further business at 7:40pm, Chairman Castellano made a motion to adjourn; Seconded by Legislator Gouldman. All in favor.

Respectfully submitted by Administrative Assistant Beth Robinson.

County of Putnam, New York

Report to the County Legislators

December 31, 2023

Nicholas DeSantis, Partner
Alan Kassay, Partner

September 23, 2024

Agenda

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

- Fund Balance - General Fund Retrospective
- General Fund - Budget to Actual Summary
- General Fund - Budget to Actual - Revenues
- General Fund - Budget to Actual – Expenditures
- Other Governmental Funds

Audit Results

We have completed our audit of the 2023 financial statements of the County of Putnam in accordance with auditing standards generally accepted in the United States of America. The **objective of our audit was to obtain reasonable assurance about whether these financial statements are free of material misstatement.** As part of the scope of our work, we reviewed management's accounting estimates and the accounting treatment afforded to all significant accounting matters.

Audit Scope

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

We have issued an unmodified ("clean") opinion relating to the County of Putnam as of December 31, 2023 and for the year then ended.

Fund Balance – General Fund Retrospective

	Increase (Decrease) 2023 vs 2022	2023	2022	2021	2020
<i>Nonspendable:</i>					
Prepaid expenditures	\$ 146,947	\$ 2,158,798	\$ 2,011,851	\$ 2,409,653	\$ 1,895,830
Leases	(115,940)	-	115,940	-	-
Long term receivables	-	4,000,000	4,000,000	4,000,000	4,000,000
	<u>31,007</u>	<u>6,158,798</u>	<u>6,127,791</u>	<u>6,409,653</u>	<u>5,895,830</u>
<i>Restricted:</i>					
Law Enforcement	(8,467)	549,746	558,213	549,688	630,310
Health	(5,987)	14,321	20,308	20,308	16,433
Driving while intoxicated program	53,936	72,707	18,771	-	24,834
Opiod	1,385,400	1,385,400	-	-	-
Grants and obligations	426,503	1,622,538	1,196,035	3,198,393	2,354,823
	<u>1,851,385</u>	<u>3,644,712</u>	<u>1,793,327</u>	<u>3,768,389</u>	<u>3,026,400</u>
<i>Assigned</i>					
Purchases on order	(643,358)	964,528	1,607,886	1,047,092	1,560,936
Subsequent year's expenditures	1,368,920	3,652,611	2,283,691	2,917,315	2,207,565
Subsequent Year - Retirement	(1,193,196)	1,500,000	2,693,196	2,693,196	3,568,196
Subsequent Year - Future Capital projects	(488,086)	5,250,000	5,738,086	738,086	738,086
Retirement	5,193,196	5,193,196	-	-	-
Future Capital projects	7,500,000	7,500,000	-	-	-
Tax stabilization	2,500,000	7,500,000	5,000,000	3,537,683	3,537,683
Insurance	-	5,800,000	5,800,000	3,800,000	4,000,000
Post Employment	1,000,000	6,000,000	5,000,000	-	-
State aid	-	5,000,000 *	5,000,000	-	-
Callable bond	3,000,000	3,000,000 *	-	-	-
Disaster Recovery	2,000,000	2,000,000 *	-	-	-
Judgements and Settlements	3,000,000	3,000,000 *	-	-	-
	<u>23,237,476</u>	<u>56,360,335</u>	<u>33,122,859</u>	<u>14,733,372</u>	<u>15,612,466</u>
Unassigned	6,597,226	78,139,016 **	71,541,790	65,679,390	43,267,359
Total Fund Balance	28% \$ 31,717,094	\$ 144,302,861	\$ 112,585,767	\$ 90,590,804	\$ 67,802,055

** Represents approximately 44% of the 2024 Appropriations, same as 2022

General Fund – Budget to Actual Summary

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues	\$ 157,991,846	\$ 189,250,187	\$ 184,213,602	\$ (5,036,585)
Total Expenditures	<u>161,513,423</u>	<u>169,496,426</u>	<u>147,391,077</u>	<u>22,105,349</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,521,577)	19,753,761	36,822,525	17,068,764
Total Other Financing Sources (Uses)	<u>(370,000)</u>	<u>(21,368,858)</u>	<u>(4,989,491)</u>	<u>16,379,367</u>
Net Change in Fund Balance	(3,891,577)	(1,615,097)	31,833,034	33,448,131
Fund Balance - Beginning of Year	<u>3,891,577</u>	<u>1,615,097</u>	<u>112,469,827</u>	<u>110,854,730</u>
Fund Balance - End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 144,302,861</u></u>	<u><u>\$ 144,302,861</u></u>

General Fund – Budget to Actual Revenues

	Budget		Actual	Variance with Final Budget (Negative)
	Original	Final		
REVENUES				
Real Property Taxes	\$ 30,382,478	\$ 30,382,478	\$ 29,301,109	\$ (1,081,369)
Other Tax Items	5,216,800	5,460,852	5,410,056	(50,796)
Non-Property Taxes	75,895,000	77,205,632	89,627,893	12,422,261
Departmental Income	13,201,784	13,594,832	12,495,701	(1,099,131)
Use of Money and Property	1,022,833	3,559,301	6,598,936	3,039,635
Licenses and Permits	884,700	1,218,108	954,255	(263,853)
Fines and Forfeitures	92,306	102,756	174,283	71,527
Sale of Property and Compensation for Loss	71,100	156,114	120,612	(35,502)
State Aid	21,942,276	25,867,273	25,137,307	(729,966)
Federal Aid	8,133,069	29,497,076	11,598,066	(17,899,010)
Miscellaneous	1,149,500	2,205,765	2,795,384	589,619
Total Revenues	\$ 157,991,846	\$ 189,250,187	\$ 184,213,602	\$ (5,036,585)

General Fund – Budget to Actual Expenditures

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
General Government Support	\$ 32,503,610	\$ 34,017,721	\$ 29,353,041	\$ 4,664,680
Education	12,583,694	13,094,876	13,045,098	49,778
Public Safety	43,507,804	44,629,898	39,310,568	5,319,330
Health	15,771,888	18,186,272	15,983,261	2,203,011
Transportation	1,579,276	1,579,276	1,525,288	53,988
Economic Opportunity and Development	38,796,515	40,003,568	32,484,018	7,519,550
Culture and Recreation	7,252,224	8,046,724	7,003,291	1,043,433
Home and Community Services	2,668,693	3,088,372	1,873,341	1,215,031
Employee Benefits Undistributed	6,849,719	6,849,719	6,813,171	36,548
Transfers Out/In	370,000	21,368,858	4,989,491	16,379,367
Total Expenditures	161,883,423	190,865,284	152,380,568	38,484,716
Net Change in Fund Balance	(3,891,577)	(1,615,097)	31,833,034	33,448,131
FUND BALANCE				
Beginning of Year	3,891,577	1,615,097	112,469,827	110,854,730
End of Year	\$ -	\$ -	\$ 144,302,861	\$ 144,302,861

Other Governmental Funds

	Capital Projects Fund	County Road Fund	Road Machinery Funds	Transportation Fund	Special Purpose Fund	Debt Service Funds
Revenues	\$ 11,632,151	\$ 5,763,422	\$ 2,393,181	\$ 3,992,963	\$ 4,314	\$ 7,885,967
Expenditures	<u>(18,745,710)</u>	<u>(4,686,066)</u>	<u>(2,195,441)</u>	<u>(2,617,257)</u>	<u>(123,322)</u>	<u>(7,898,659)</u>
Other financing sources(uses)	<u>5,132,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,414</u>
Net Change in Fund Balance	(1,981,148)	1,077,356	197,740	1,375,706	(119,008)	24,722
Fund Balance - Beginning	<u>15,000,387</u>	<u>2,767,638</u>	<u>760,537</u>	<u>3,595,550</u>	<u>497,527</u>	<u>165,662</u>
Fund Balance - Ending	<u>\$ 13,019,239</u>	<u>\$ 3,844,994</u>	<u>\$ 958,277</u>	<u>\$ 4,971,256</u>	<u>\$ 378,519</u>	<u>\$ 190,384</u>

All Funds, have positive fund balances at year-end.

Summary – Closing Points

Issued an **UNMODIFIED OPINION (CLEAN)**

*Received the **Certificate of Achievement in Financial Reporting**
- 32 of the last 33 years*

Moody's Bond Rating at Aa1 -

*"Obligations judged to be of high quality and
subject to very low credit risk".*

Tax Anticipation Notes

*Last issued Tax Anticipation Notes in December 2015, 8th year in a row.
Reduced need to borrow from \$17 million in 2013, to \$0 in 2015
Saving annual interest expense by as much as \$165,000 per year,*

Issued Report to Those Charged With Governance -

*"Management Letter", No Material weaknesses
noted.*

New GASB Pronouncements:

GASB Statement No. 87 - Leases. Implemented in 2022.

GASB Statement No. 96 - Subscription-Based Information Technology
Agreements (SBITA). 2023.

Contact Us

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