

October 26th, 2012

To the Honorable Legislature of Greene County
411 Main Street Suite 408
Catskill, NY 12414

Re: Submittal of "In Process" Budget for Fiscal Year 2013

Enclosed herewith, please find required documentation summarizing the operational budget for all Greene County functions, as they relate to the budget year 2013. Included, you will find traditional line item listings of typical expenses of each department, paired with corresponding revenues estimates credited to the same department. In addition, there is a series of summary tables and/or spreadsheets which are offered as evidence or supporting documentation.

As was outlined in last year's document, this budget presentation also goes beyond what New York State has rendered its requirement for local government, by prescribing a limitation of property tax levy increases to a concocted formula hereto for known or described as a two (2%) percent tax cap. Notwithstanding this contrived label, this budget as proposed will reduce the level of taxation more than the State has required.

As shown below (table # 1) the State's calculation of a two (2%) percent tax increase limitation would have allowed Greene County to increase the levy by \$763,000.00 or by nearly three and three-quarters (3.75%) percent. The State legislation causes a conflict or misinterpretation with the community. How can a three 3.75% increase equal a two (2%) percent increase? Well, certainly it can't.

Therefore, in keeping with our budget philosophy of last year, the proposed increase for FY 2013 is a true two (2%) percent. We will do better than the State has required of us, since doing otherwise would only confuse the residents.

However, the modest tax levy increase and the mandated service requirements imposed by the State come at a cost. That is, county government cannot focus on its primary missions, since most efforts and expenditures are geared to State required programs. This reality cannot continue! Local residents demand and are entitled to quality roads, economic development or jobs programs and public safety. Yet these programs are not able to meet expectations when the State requires the county to expend its resident's tax dollars on other State initiatives.

As with all annual budget blueprints, summation is necessary in order for the public to better understand the central points of the document. The central points of this proposed budget include the following:

- a) Increased expenditures in the highway dept of approximately \$300,000.00. This will afford the county to increase its road maintenance efforts.
- b) Increased expenditures in the 911 Emergency Dispatch Center of \$110,850.00. Hurricane Irene clearly highlighted the need to increase the number of emergency dispatchers and to increase the training provided within the center.
- c) Improved financial position of all Fund Balances. (See Table # 2) The obvious foot note to this condition is the estimated receipts due from FEMA and State SEMO relative to storm damage from Irene. As of this printing, approximately \$5 mil has been collected while millions more are awaiting receipt. Indeed, even after Irene costs are borne by the county, our fund balances and financial position has improved. This county has a strong financial footing based upon years of conservative budgeting.
- d) Improved efforts to replace an aging fleet of vehicles, from Sheriff front line patrol cars to the highway fleet by maintaining capital expenses for such planned obsolescence. With the inception of dedicated capital improvement efforts and the reporting requirements of GASB 54, the county is now reserving sufficient funds as a means to accommodate vehicle replacement schedules.
- e) Modest wage increases to staff, after sustaining two years of stagnation. This budget provides for modest wage increases that have been denied in previous budgets. This is coupled with continued pressure on health care costs. The county's ability to limit health care cost increases on an annual basis has strictly been attained via a reduction in the overall full time work force. (See Table # 3) While employment has been reduced by approximately 150 positions over the course of the last few years, health care costs have remained flat, which technically means costs have risen. This phenomenon will not hold after work force stabilization has occurred.
- f) Growth in the Sales Tax has helped balance this budget. It will be necessary to continually review receipts during the fiscal year to ensure estimates will be reached. As shown in Table # 4, Sales Tax estimates have been evaluated and "stress tested" in order to affirm conservative budgeting. Table # 5 also provides a snapshot of Sales Tax receipts from a historical perspective; again confirming that FY 2013 estimates remains achievable.

- g) If there is a single significant point of reference with this budget, it is the rate and level of expenditure increase over the current year. Overall, this budget only increases expenditures by \$1.1 mil. This increase seems unlikely given the fact the required pension contributions have increased \$700,000.00 by themselves (See Table 6). This pension increase was absorbed, by the county's decision to close its Certified Home Health Agency (CHHA). The removal of the CHHA reduced spending by \$xx, thereby negating the pension increase. It must be noted that this type of expenditure trade off is unlikely to be repeated in the future. That makes policy regarding state mandate relief, all the more necessary.

Lastly, as budget projections are made beyond FY 2013, changes to employee/retiree health care programs are necessary. The county cannot maintain the existing legacy costs associated with the current program. Those changes will need to be discussed and debated soon.

We ask that a public hearing be called as soon as practicable. In addition, Legislative sub-committee meeting may be appropriate to review department budgets and to interview department heads while seeking clarification on the budget

Thank you for the opportunity to submit this proposal. If any Legislator has questions, please feel free to contact my office. I look forward to the review process and trust that the proposed budget for FY 2013 is considered a solid and realistic document.

Respectfully submitted,

Shaun S. Groden
Greene County Administrator

Mary Jo Jaeger
Deputy Budget Officer