
2018 ALBANY COUNTY EXECUTIVE BUDGET

INTRODUCTION AND HIGHLIGHTS

FISCAL STRATEGIES



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ALBANY COUNTY FISCAL STRATEGIES

Certain strategies included in this budget, in addition to other steps being taken by the County Executive outside of the formal budget process, will maintain Albany County's path towards fiscal health, while providing the vital services that the people of Albany County deserve. The most important steps are outlined below:

Inter-municipal Cooperation – After years of being at the forefront of inter-municipal cooperation for the region, Albany County, as well as every other county outside of New York City was presented with an additional mandate during the Governor's annual State of the State address in May. The Governor's County-Wide Shared Services Initiative requires each County's Chief Executive Officer to create Shared Services Panels made up of local municipal leaders with the option of including representatives from school districts and special districts in their county. These Shared Services Panels were tasked with developing ideas to cut costs as well as increase efficiencies and collaborative efforts, then to hold three public meeting to present these ideas before voting on them and then forwarding the plan to New York State. Despite the tight timeframe, Albany County was able to both develop a plan containing real savings opportunities and then pass it with a unanimous vote of all local elected officials.

Consolidations and Partnerships – Over the past six years, the County has benefited from a series of Departmental consolidation and partnerships. By consolidating the legal functions spread throughout the County within the Department of Law, it continues to allow for a substantial decrease in the utilization of outside counsel. In 2017, the County Executive consolidated the Recreation Bureau and Hockey Facility as well as programming at Lawson Lake County Park and the Albany County Rail Trail into one centralized Recreation Department utilizing existing staff and resources while increasing services and programs offered to children and adults across the County.

Inter-Departmental Cooperation – All County Departments continue to seek additional opportunities to share services, consolidate locations and maximize limited resources. This year Project Growth, the County's progressive restorative justice program which enables youthful offenders to "work off" their restitution costs while learning valuable skills and earning some income, began reinvigorated programming involving staff in the Probation Department, Recreation Bureau, Sheriff's Department and Department of Law, as well as multiple labor unions. This allowed the offenders to learn about career opportunities while also being paid an hourly wage for the work that they accomplished which enabled them to both pay down their court ordered fines and restitution and provide a deterrence against repeat offense.

Nursing Home – In 2012 outside experts were recommending that the County Executive privatize the Albany County Nursing Home. Contrast that with the fact that the New York State Department of Health has recently approved a new Certificate of Need for the Albany County Nursing Home, which will allow us to proceed with a large-scale renovation of the facility, the majority of which will be reimbursed by NY State through our Medicaid rate. The project is a continuation of the improvements realized over the past several years that have greatly improved resident life and the environment of the facility. Through the efforts of the County Executive, the Executive Director of the facility, and the County Legislature we can one again be proud of having a top tier facility that is also be capable of operating in a fiscally sustainable manner.

Collective Bargaining – Over the course of 2017, the Director of Employee Relations, on behalf of the County Executive, has settled numerous collective bargaining agreements with the majority of the unionized County workforce. The finalized agreements are reflected in this budget and the few outstanding will be settled shortly at terms that are beneficial for both management and union membership. All those contracts that have been settled to date cover a five-year period to ensure long-term stability for the workers and recognize their hard work and contributions to the County.

Managing Indigent Legal Defense Expenditures – In June of 2016, the bill on Indigent Legal Defense Costs which was originally drafted by the County Executive and his staff passed both houses of the New York State Legislature. While the Governor unfortunately vetoed the bill in December of 2016, after weeks of negotiations at the State level, the Governor promised to introduce his own plan to help pay the costs borne by the County to provide suitable defense counsel to indigent people charged with crimes. He did this in the State 2017-2018 budget. While not as robust as the plan originally conceived by the County Executive, the bill is still a great first step in ensuring that every defendant is able to have suitable representation in court regardless of his or her ability to personally pay for it.

Three Year Financial Plan

Due to prudent financial management and responsible belt-tightening, Albany County was able to remain below the property tax cap in 2014, 2015, 2016 and 2017. In fact, the 2015 and 2016 adopted budgets held the property tax levy flat, providing significant financial relief to Albany County taxpayers. In 2017, the County had a modest increase to the tax levy, which equated to a nominal decrease to the amount paid by an average homeowner because our tax base has continued to broaden and grow over the past several years. Albany County was able to achieve this through disciplined spending, realistic revenue projections and assistance from state and federal leaders. The following information was prepared using historical trends, current federal and state statutes and current expectations regarding the economic future.

The following assumptions were utilized to arrive at the estimates below. Revenues will grow approximately 2 percent per year over the next 3 years.

Personnel costs will grow according to contractual agreements – this includes estimates of 2 percent annually.

New York State retirement system contributions will continue their decline from the heights seen in recent years. However, use of the pension amortization or smoothing program requires payments based on past amortizations, which will keep payments steady.

Health care expenses are estimated to increase by 6 percent per year, based on various forecasts for medical inflation. While a number of potential avenues for savings are possible, past experience has shown that health care expenses will continue to rise considerably faster than inflation. However, a thorough analysis of actual expenses throughout the last few years along with increased contribution rates from employees has kept growth below projections.

This analysis assumes no changes to the sales tax distribution formula and includes a growth factor of 2 percent annually.

	2018 Proposed	2019	2020	2021
REVENUES				
Sales Tax	\$268,564,800	\$273,936,096	\$279,414,818	\$285,003,114
Dept/Misc. Income	\$169,825,031	\$173,221,532	\$176,685,962	\$180,219,681
State Revenues	\$73,498,642	\$74,968,615	\$76,467,987	\$77,997,347
Federal Revenues	\$74,278,266	\$75,763,831	\$77,279,108	\$78,824,690
Property Tax Levy	\$92,496,319	\$94,346,245	\$96,233,170	\$98,157,834
TOTAL REVENUES	\$678,663,058	\$692,236,319	\$706,081,046	\$720,202,666
Expenses				
Personnel and FICA	\$147,648,458	\$150,601,427	\$153,613,456	\$156,685,725
NYS Retirement	\$21,554,503	\$21,576,058	\$21,597,634	\$21,619,231
Health Care	\$50,212,970	\$53,225,748	\$56,419,293	\$59,804,451
Sales Tax Distribution	\$107,425,920	\$109,574,438	\$111,765,927	\$114,001,246
Medicaid	\$66,424,143	\$68,483,291	\$70,606,273	\$72,795,068
Debt Service	\$33,055,574	\$34,047,241	\$35,238,895	\$36,472,256
Community College	\$10,500,000	\$10,500,000	\$10,500,000	\$10,500,000
Other	\$241,841,490	\$244,259,905	\$246,702,504	\$249,169,529
TOTAL EXPENSES	\$678,663,058	\$692,266,109	\$706,439,962	\$721,041,445
Surplus/(Deficit)	\$0	(\$31,790)	(\$362,936)	(\$844,839)

The Albany County Executive's Office has set forth the following strategies and guidelines. These strategies are presented as general guidelines for departments to follow in managing their financial affairs during the course of the coming year.

- A rigorous cash management system shall be maintained to ensure sufficient cash, safety of principal, provide adequate liquidity to eliminate short term borrowing and maximize investment earnings. When the County Executive first took office, Albany County resorted to borrowing Tax Anticipation Notes (TAN) for the purposes of accelerating funds to cover cash flow and day to day operational expenses. In 2014, pursuant to County Executive's request, the County Legislature authorized a TAN of \$9.9 million. Due to aggressive fiscal management, the County has not relied on this short-term borrowing since 2014.
- Expenditure controls must be sufficient to ensure that agencies stay within their budgets.
- The County must continue to diversify its economy in order to strengthen the property tax base, improve employment opportunities and capitalize on existing resources. By encouraging commercial development and expansion through coordinated planning, leveraging grant opportunities and maintaining communication with the business community, the existing economic base will grow and new sectors will flourish.
- Long-range planning processes shall be undertaken in conjunction with the capital improvement program, capital budget and operating budget.
- Duplicative functions within County government shall be eliminated where feasible and warranted. Consolidation of functions within and between departments shall be pursued wherever such consolidation will result in greater economy and efficiency or improved quality service.
- Annual budgets shall be prepared and presented in accordance with standards set by the Government Finance Officers Association of the United States and Canada.
- Capital projects requiring debt financing should be planned and implemented so as to allow debt obligations to be issued in the most cost effective way. Appropriate care should be taken in considering the issuance of debt for capital projects, including debt of those enterprises for which the County is contingently liable.
- Debt ratios should be maintained at or below the following levels:
 - Net direct general obligation debt as a percentage of estimated full value shall always remain less than three percent on an average basis over any five consecutive years.
 - The ratio of net direct general obligation debt service expenditures as a percentage of combined general fund expenditures shall not exceed ten percent per year over any consecutive five years.
 - Average annual general obligation original issue long term debt sales shall not exceed \$30 million or \$150 million over any consecutive five-year period.
 - Self-supporting general obligation debt shall be issued commensurate with the respective needs of the enterprises which are to operate these projects. When practical, revenue supported debt shall be utilized in order to minimize any impact on the General Fund.
- A system of internal controls shall be maintained to ensure compliance with all applicable laws, optimal cost effectiveness of County services and prudent stewardship over public funds. All employees will be responsible and accountable for the safekeeping of public assets. Management shall endeavor to consistently monitor and improve the system of controls.
- All departments are responsible for recovery of budgeted non-tax revenues as planned in the annual budget.
 - Departments shall maintain an adequate billing and claiming process in order to effectively manage their accounts receivable system in conformance with the fiscal plan and sound business principles.

FUND STRUCTURE

State and federal law requires some of the County's accounts to be segregated from all others. These accounts are formed into separate "Funds" for each specialized purpose. The fund structure allows each fund's finances to be kept distinct from the regular County expenses in the General Fund.

- The **General Fund** (A Fund) contains appropriations and expenditures for the majority of the County's operations.
- The **Community Development Fund** (CD Fund) was established to administer federal Community Development Block Grants.

- The **Risk Retention Fund** (CS Fund) was established to hold monies in reserve for potential losses to the County.
- The **Highway Fund** (D Fund) was established by the State in support of road maintenance to keep those expenses distinct and recognizable.
- The **Road Machinery Fund** (DM Fund) was established by the State in support of road machinery maintenance, to keep those expenses distinct and recognizable.
- The **Nursing Home Fund** (NH Fund) and **Debt Service Fund** (V Fund) were established to segregate expenses and revenues used for the County’s Residential Health Care Facilities and for repayment of bonds and notes, respectively.
- The **Sewer District Fund** (G Fund) is financed by charges to local governments and cannot receive County tax funds.

With the exception of the Sewer District, the specialized funds can receive County tax funds if their own revenues are not sufficient to make them self-supporting. This has almost always been the case in recent years. The method of subsidizing the separate funds is the “interfund transfer,” whereby the General Fund “spends” some of its money, which becomes “income” for the fund receiving the subsidy. There are also some instances in which there are interfund transfers from the other funds to the General Fund.

An unfortunate side effect of the fund mechanism is that some dollars are counted twice in the County budget. A dollar of subsidy funds is “spent” once when it moves from the General Fund to the subsidized fund. It is also “spent” again when the recipient fund uses it to pay its bills. The Interfund Transfer is not a true expenditure, but it is counted that way for budgetary purposes. Likewise, the revenue is counted twice: when it arrives from its source (sales tax for instance); and again when it is transferred from the general fund to the subsidized fund.

For this reason, the Subtotal Appropriations line in the 2018 Budget Summary of All Funds is a better representation of the actual size of the Albany County budget compared to the higher figure labeled Total Appropriations.

COUNTY REVENUES

Where Revenues Come From

The County budget is typically supported by five ongoing revenue sources: local tax items (primarily the sales tax), departmental income, state aid, federal aid, and property taxes. A summary of 2018 budgeted revenues anticipated to be received by the County is presented in the budget. A fund summary appears at the end of each fund section and is referenced in the Table of Contents. Each of the County’s revenue sources is discussed briefly below.

1) LOCAL TAX ITEMS

The single largest source of revenue in the Albany County budget is the County share of the sales tax. Of the 8¢ collected on each dollar of taxable sales in the County, New York State retains four cents and distributes four cents to Albany County. Pursuant to County law, forty percent of County sales tax collections are then provided to local governments throughout the County based on population. The County receives 2.4¢, and local governments receive 1.6¢ for each dollar of taxable sales in Albany County.

County sales tax collections are dependent on retail sales in the County and, ultimately, the health of the local economy. The 2018 budget estimates sales tax collections of approximately \$268.6 million, which is 2 percent higher than the amount budgeted for 2017. The 2018 proposed budget reasonably forecasts growth in 2018 as inflation remains low. The 2018 budget assumes a County share of sales tax collections of \$161.1 million and a distribution to localities of \$107.4 million.

Other revenues that make up the local tax items category include payments in lieu of taxes, income from the sale of tax acquired properties, interest and penalties on delinquent taxes, and the County’s portion of the Hotel / Motel Tax. In addition, this category includes revenue from the Mortgage Recording Fee

2) DEPARTMENTAL AND MISCELLANEOUS INCOME

Departmental and miscellaneous income includes interest income and fees for services charged by the various departments to users of those services, including other governments.

Examples of these revenues include fees charged by the County Clerk, public health fees, Civic Center revenues, fees charged to the State for state highway snow removal, fees charged to other governments for boarding prisoners at the County Correctional Facility, commissions from vending sales, and income collected by the County Nursing Home for residential care, and the intergovernmental transfer (IGT).

3) STATE AID

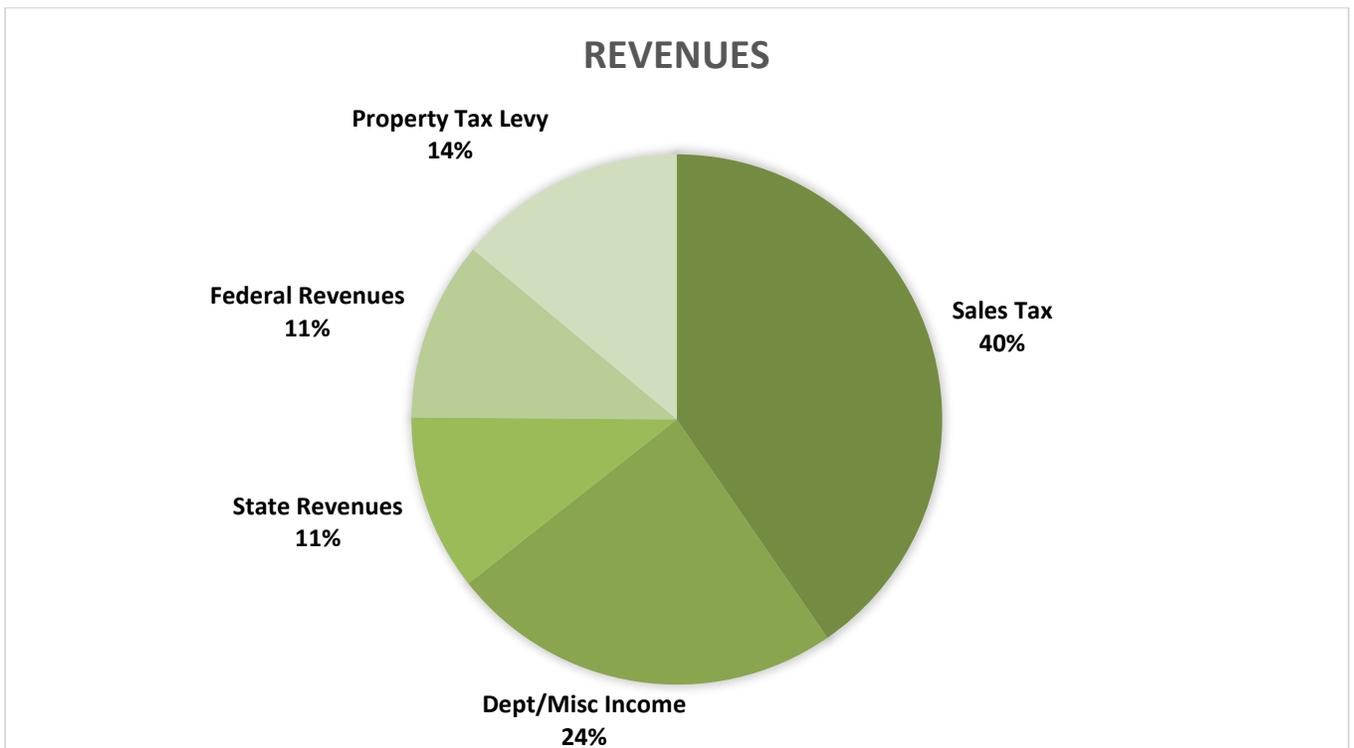
Included in the state aid category are individual items such as aid to court facilities, public health grants, funding for aging and youth programs, and the State share of public assistance programs.

4) FEDERAL AID

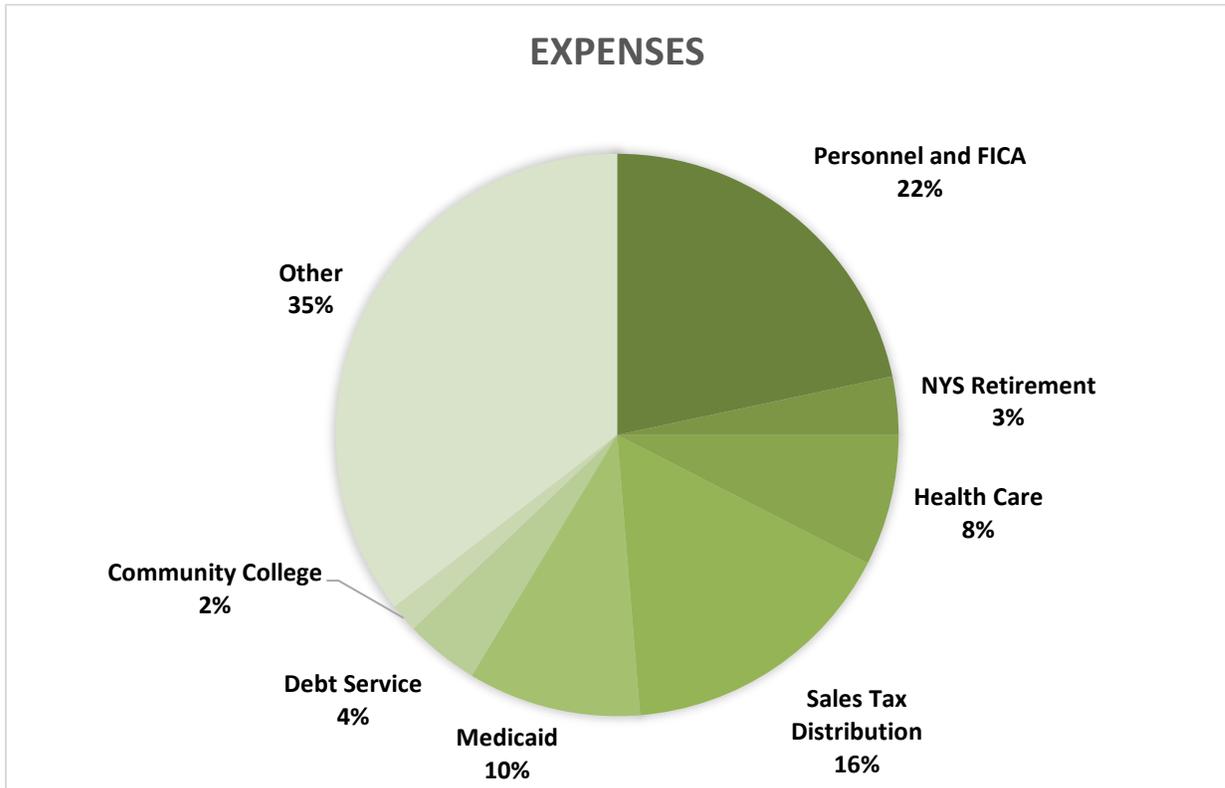
Among other things, the federal aid category includes Medicare funding provided to the Nursing Home and the federal share of public assistance programs.

5) PROPERTY TAX

This property tax of \$92.5 million presented in this Budget represents a 1.8 percent increase from the prior year. The property tax represents just under 14 percent of each dollar of County revenue. The property tax figure is determined differently than any other revenue in the budget. Since it is the only revenue that the County can directly control, it is calculated as the residual after all other sources of revenue have been estimated. The total amount of appropriations less than the total amount of revenues, fund balance and reserves applied to the budget while accounting for uncollectible taxes and deferred tax revenue yields the County tax. This year, the property tax cap inflation factor imposed on municipalities throughout the state was 1.84% - plus the quantity change factor.



ALBANY COUNTY FISCAL STRATEGIES



6) APPROPRIATED FUND BALANCE

This Budget does not rely on any existing general fund balances to fund expenditures.

7) APPROPRIATED RESERVES

The 2017 Proposed Budget does not propose utilizing any general fund reserves.

8) 2018 EXECUTIVE BUDGET

Expenditures in the 2018 Executive County budget are allocated to nine categories: general government, education, public safety, health and mental health, transportation, economic assistance, culture/ recreation, home/community, and undistributed. Undistributed includes a portion of reserve funds, as well as those health insurance costs that are attributable to the County's retirees. Appropriations for debt service are also included within this category. A fund summary appears at the end of each fund section and is referenced in the Table of Contents.

FINANCIAL INFORMATION

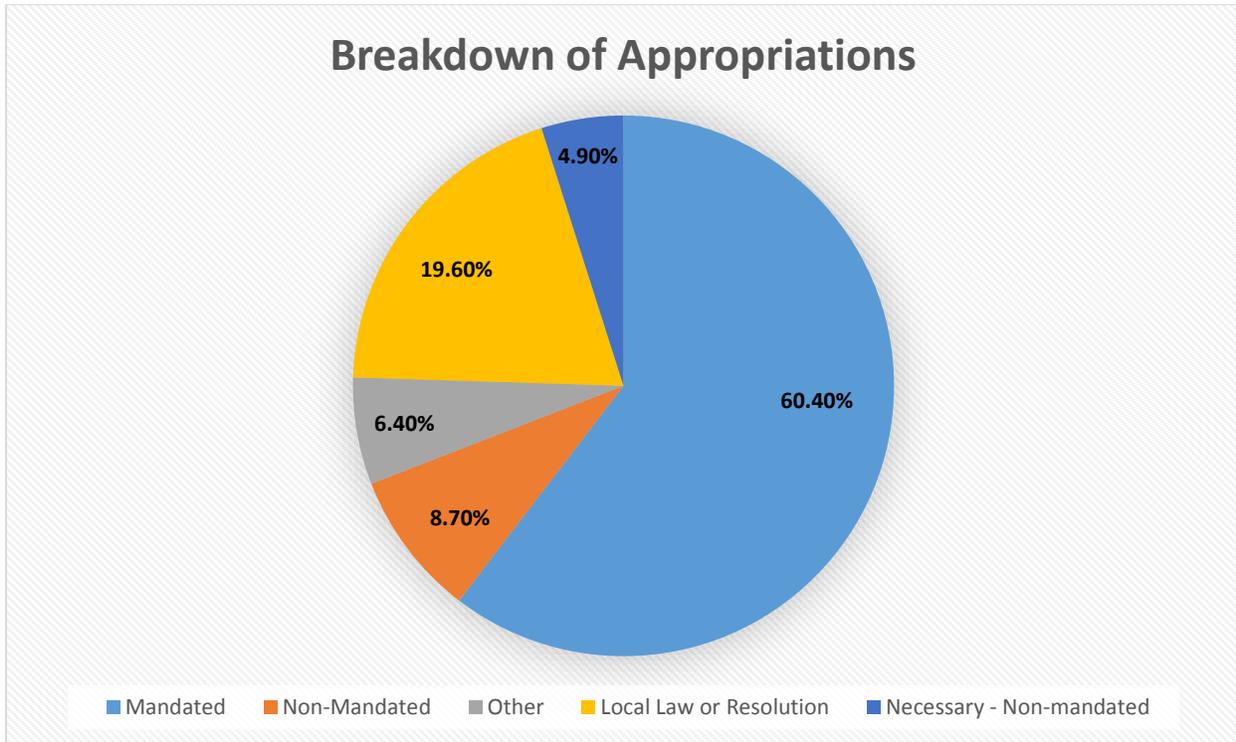
The Budget is developed on the basis of principles that are consistent with Generally Accepted Accounting Principles (GAAP), except that the budget treats encumbrances as expenditures, whereas GAAP treats them as reservations of fund balances.

The basis for accounting is a modified accrual basis. Under this basis of accounting, revenues are recognized when measurable and available to pay current liabilities. Measurable means the amount of the transaction is determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized when the related fund liability is incurred, except for principal and interest on long-term debt which are recorded as expenditures when paid, compensated absences and judgments and claims which are recognized as a liability in the applicable fund if payable with current financial resources.

The County complies with the Uniform System of Accounts as prescribed for the Counties of New York State. This system conforms with generally accepted accounting principles as promulgated in the "Codification of Governmental Accounting".

MANDATES

The chart below shows the breakdown of how monies are disbursed within the Albany County budget. The largest portion of the County’s budget is mandated spending. In total, 60.4% of the County's budget addresses unfunded mandates. Some of the biggest disbursements made to mandated programs include \$66.4 million to the NYS Medicaid program (\$4.8 million for the local share of the IGT), and \$35 million to Child Welfare Protection. Additionally, almost \$49 million in funding is for the Albany County Correctional Facility, a portion of which is also mandated.



While many of these programs are essential to our constituents; with a tax levy of only \$92.5 million, it is increasingly difficult for the County to fund over \$38.5 million to provide programs and resources mandated by the Federal and State government. The County has provided these funds while staying below the property tax cap and without cutting any local services such as road repair and snow removal, parks and recreation, and veteran’s assistance.

Almost 20 percent of the budget is made up of Local law, Resolution or Charter requirements. Sales tax distribution, our biggest disbursement in this category, will be over \$107 million in 2018. The remaining sections of the budget, totaling 20% goes to non-mandated and other necessary programs.

ALBANY COUNTY FISCAL STRATEGIES

The 2018 Executive Budget proposes funding for 2,567 positions. This is an increase of 30 positions from the 2017 Adopted Budget.

	Total Employees								2018	Change	%	Change	%	Change	%
									Part	2017-	2017-	2011-	2011-	2000	2000
	2000	2011	2013	2014	2015	2016	2017	2018	Time	2018	2018	2018	2018	2018	2018
Positions Overseen by The Executive	2,331	1,702	1,621	1,551	1,593	1,671	1,695	1,714	134	19	1.1%	12	0.7%	-617	-26.5%
Positions Overseen by Separately Elected Officials	732	832	822	801	817	826	842	853	44	11	1.3%	21	2.5%	121	16.5%
Total	3,063	2,534	2,443	2,352	2,410	2,497	2,537	2,567	178	30	1.2%	33	1.4%	-496	-16.2%

The County Executive will continue to evaluate and examine each position both filled and vacant, for need, efficiency and funding impact. Positions and programs which lose State or Federal funding will be eliminated, the only exception being if the program can become self-funded via another alternative revenue source. The County cannot afford to pick-up the full county-share of these programs.

A priority for this administration will be a continued focus on training for employees regarding program delivery. The County will continue to partner with other government entities and private organizations to provide training and resources to all departments and employees. Every effort will be made to seek out trainings which come at no cost to the County. In order to provide quality services to the community, our workforce must be up to date on modern methods and best practices for the various systems of care and delivery of services. This is part of the reason that a tuition reimbursement and training program has been established by the County Executive within the Department of Human Resources. We will also focus greater attention on ensuring that County protocols are updated and followed.

Since 2000, the total number of County employees has decreased by 16.2 percent. Those departments under the control of separately elected officials have collectively increased by 16.5 percent or 121 employees. In contrast the number of employees under the direct management of the County Executive decreased by 26.5 percent or 617 employees.

FUND	DEPT	DESCRIPTION	2013	2014	2015	2016	2017	2017	2018
			Adopted	Adopted	Adopted	Adopted	Adopted	Revised	Proposed
A	1010	County Legislature	56	57	58	59	61	62	62
A	1161	Nursing Home Project Division	-	-	-	-	-	-	-
A	1163	Court Facilities Project	1	1	1	-	-	-	-
A	1164	Unified Court Administration	9	9	9	9	9	9	9
A	1165	District Attorney	63	61	65	65	65	66	67
A	1170	Public Defender	38	38	39	39	39	46	46
A	1171	Division of Alternate Public Defender	10	10	11	12	11	11	11
A	1173	Office of Immigration Assistance		-	-	-	3	3	3
A	1185	Coroners	6	6	6	6	6	6	6
A	1230	County Executive	14	13	13	13	13	13	13
A	1310	Division of Finance	18	20	22	23	24	24	24
A	1315	Comptroller	20	21	22	22	23	23	23
A	1340	Department of Management & Budget	3	4	4	4	4	4	4
A	1345	Central Purchasing Division	7	7	7	7	7	7	7
A	1355	Real Property Tax Svc Age	5	5	5	5	5	5	5
A	1410	County Clerk	29	29	29	29	29	29	29
A	1411	County Archives	17	17	18	18	18	18	18
A	1420	County Attorney	30	32	33	34	34	34	34
A	1430	Civil Service	6	6	6	6	6	6	6
A	1432	Human Resources	18	18	18	18	19	19	19
A	1440	Division of Plans and Projects	6	5	6	6	6	6	6
A	1450	Board of Elections	24	24	24	24	24	24	24
A	1610	General Services Administration	5	5	5	5	5	5	5
A	1620	Division of Building Services	75	74	74	76	76	76	76
A	1640	Division of Fleet Management	3	3	3	3	3	3	3
A	1660	Central Supply Division	6	6	6	6	6	6	6
A	1670	Central Printing Services	4	4	4	4	4	4	4
A	1680	Division of Information Services	25	25	25	26	26	26	26
A	3020	Emergency Telephone/E-911	28	31	32	35	35	35	35
A	3110	Sheriff	176	175	177	180	191	194	198
A	3140	Probation	103	101	103	103	103	103	102
A	3150	Correctional Facility	410	401	407	408	409	409	409
A	3650	Demolition/Stabil. Unsafe	-	-	-	-	4	4	4
A	3189	STOP-DWI	3	3	3	4	4	5	5
A	4010	Department of Health	82	84	85	89	91	92	91
A	4059	Care of Handicapped Children	27	26	27	27	27	27	25
A	4310	Mental Health	91	83	90	89	90	92	94
A	4610	Crime Victim and Sexual Violence Center	12	12	12	12	13	13	13
A	6010	Department of Social Services	302	266	293	307	308	308	307
A	6119	Children, Youth and Families	163	163	165	170	175	181	180
A	6510	Veterans Service Bureau	3	4	4	4	4	4	4
A	6610	Consumer Affairs	3	3	5	5	5	5	5
A	6772	Department For The Aging	9	9	9	9	9	9	10
A	6778	Employment-Elderly/Handic	-	-	-	-	-	-	-
A	7181	Hockey Facility	2	2	2	2	-	-	-
A	7310	Youth Bureau	3	3	3	3	3	3	3
A	7410	Recreation Department	-	-	-	-	8	8	8
A	8020	Economic Development	2	1	1	2	2	2	2
A	8021	Stormwater Coalition	2	2	2	2	4	4	3
D	5010	Public Works Administration	8	8	8	9	9	9	9
D	5020	Highway-Engineering Division	10	10	10	10	9	9	9
D	5110	Maintenance of Roads & Bridges	68	67	68	68	68	68	68
DM	5130	Road Machinery Maintenance	13	13	13	13	13	13	13
G	8110	Sewer District Administration	3	3	4	4	4	4	4
G	8120	Sanitary Sewers	2	2	2	2	2	2	2
G	8130	Sewage Treatment	73	73	73	73	73	74	73
NH	6020	Residential Health Care Facilities	347	307	299	348	348	349	355
		Total	2,443	2,352	2410	2497	2537	2,561	2567