

ALBANY COUNTY FISCAL STRATEGIES

The Albany County Executive's Office has set forth the following strategies and guidelines for 2009. These strategies are presented as general guidelines for departments to follow in managing their financial affairs during the course of the coming year.

- A program of Performance Measurement shall be maintained for purposes of providing cost-effective and efficient services which lead to budgetary savings over time. This program shall consist of establishing desired outcomes for major programs within County government and meaningful, quantifiable targets toward reaching those outcomes each year. Progress toward meeting those targets and achieving the outcomes will be tracked throughout the year and reported back to County residents through the vehicle of the annual budget.
- The County must continue to diversify its economy in order to strengthen its property tax base by encouraging commercial development and expansion. It must also work to retain its existing base.
- 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 planned, approved, and implemented to ensure balance at the end of each fiscal year.
- Annual budgets shall be prepared and presented in accordance with standards set by the Government Finance Officers Association of the United States and Canada.
- A cash management system shall be maintained in accordance with the County's investment policy to ensure safety of principal, provide adequate liquidity to eliminate short term borrowing, and maximize investment earning.
- 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. Given the current difficulties in the municipal bond market, this Budget presumes delaying any bond sale at least until late 2009.
- The County will adhere to the principles and practice of sound "asset/liability management" which generally requires the matching of liabilities with appropriately structured assets to minimize interest rate volatility risks.
- Debt ratios shall 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. The County shall use cash financing for maintenance, repair, and new construction projects under \$250,00 where practical. Within existing fiscal constraints, a minimum total of \$500,000 in current funds each year shall be budgeted for this purpose.
 - ◆ Average annual general obligation original issue long term debt sales shall not exceed \$30 million or \$150 million over any consecutive five year period.

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- ◆ 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 instituted and 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.

ALBANY COUNTY FINANCIAL PLAN

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 between the other funds and back 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.

For this reason, the Subtotal of Appropriations line in the 2009 Budget Summary of All Funds is a better representation of the actual size of the Albany County budget.

ALBANY COUNTY FINANCIAL PLAN

COUNTY REVENUES

Where It Comes 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 2009 budgeted revenues 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

\$262,349,688

For 2009, local tax items in support of the Albany County budget amount to \$262.3 million — the largest category of budgeted revenue, representing about 48¢ of each dollar of revenue collected. This represents an increase of about \$7.7 million, about three percent

The single largest source of revenue in the Albany County budget is the County share of the New York State sales tax. Of the 8¢ collected on each dollar of taxable sales, New York State retains 4¢ and distributes 4¢ to Albany County. The County’s portion is shared in a 60/40 ratio with local governments throughout the County. The

County receives 2.4¢, and local governments receive 1.6¢ from each dollar of taxable sales in Albany County.

Economic Assistance/ Opportunity	39.3%
General Government	25.8%
Public Safety	12.4%
Health/Mental Health	7.1%
Undistributed	6.7%
Education	3.7%
Transportation	2.6%
Home/Community	2.1%
Culture/Recreation	0.3%

County sales tax collections are dependent on retail sales in the County and, ultimately, the health of the local economy. The 2009 budget estimates total sales tax collections of \$241.9 million and a County share of \$145.2 million. The municipal share is \$96.7 million. These figures reflect a 0.8 percent increase from the 2008 projected collections.

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 Tax Recording Fee.

2) DEPARTMENTAL AND MISCELLANEOUS INCOME

\$108,768,219

The departmental and miscellaneous income category is the second largest revenue category, representing 21¢ of each dollar of County revenue collected. The category includes interest income, 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).

Departmental and miscellaneous revenues projected in the 2009 County budget total \$108.8 million, an increase of about \$7.6 million from the 2008 budgeted level.

ALBANY COUNTY FINANCIAL PLAN

3) STATE AID

\$86,220,011

At \$86.2 million, state aid represents 17¢ of each dollar of County revenue collected.

State aid for 2009 reflects a decrease of approximately 3.9 percent, or approximately a \$3.5 million below the 2008 budgeted level. 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

\$58,648,729

At \$58.6 million, this category represents 11¢ of each dollar of revenue received by Albany County. The 2009 budgeted amount for this category reflects a 7.8 percent increase, approximately \$4.2 million above the 2008 budgeted level.

The federal aid category includes Medicare funding provided to the Nursing Home and the federal share of public assistance programs.

5) PROPERTY TAX

\$67,904,384

This property tax of \$67.9 million presented in this Budget represents a 4.2% increase from the prior year. The property tax represents approximately 12¢ 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 and fund balance applied to the budget while accounting for uncollectible taxes and deferred tax revenue yields the County tax.

Local Tax Items	44.9%
Department/Misc. Income	18.6%
State Aid	14.8%
Property Tax	11.6%
Federal Aid	10.0%

6) APPROPRIATED FUND BALANCE

This Budget proposes the use of balances from the Sewer District to offset the anticipated costs associated with the Mechanical Fine Screen Replacement Project. This funding will be used to replace screening equipment located in the preliminary treatment process that removes large debris to protect down stream process units.

7) APPROPRIATED RESERVES

Hotel occupancy tax revenues are expected to be lower during the first half of 2009 due to a temporary expiration of a portion of the tax rate, which provides revenues to service debt associated with the Albany County Civic Center. The 2009 budget proposes using \$120,221 in appropriated reserves.

ALBANY COUNTY FINANCIAL PLAN

COUNTY EXPENDITURES – Where it goes

1) 2008 ADJUSTED BUDGET **\$576,561,200**

Overall actual appropriation levels for the 2008 Adjusted Budget increased by \$8.6 million, over the 2008 adopted level of \$567,987,923.

2) 2009 EXECUTIVE BUDGET **\$580,704,252**

Expenditures in the 2009 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. A fund summary appears at the end of each fund section and is referenced in the Table of Contents.

a) GENERAL GOVERNMENT **\$149,681,788**

Appropriations for general government purposes are \$149.7 million, an increase of \$5.0 million from the 2008 budgeted level. General government expenditures in 2009 account for approximately 26¢ of each dollar of County spending.

b) EDUCATION **\$21,329,607**

Appropriations for education are \$21.3 million, an increase of about \$0.5 million from the 2008 budgeted level. Education spending accounts for 04¢ of every dollar of County spending in 2009.

c) PUBLIC SAFETY **\$72,099,961**

Appropriations for public safety are \$72.1 million, an increase of \$1.4 million from the 2008 budgeted level. Public safety spending accounts for 12¢ of every dollar of 2009 County spending.

d) HEALTH AND MENTAL HEALTH **\$41,243,918**

Appropriations for health and mental health are \$41.2 million, a \$2.1 million increase from the 2008 budgeted level. Spending on health, mental health and addiction control services accounts for 7¢ of every dollar of County spending.

e) TRANSPORTATION **\$15,374,220**

Appropriations for transportation for 2009 are \$15.4 million, an increase of \$0.3 million from the 2008 budget.

f) ECONOMIC ASSISTANCE **\$228,149,322**

Appropriations for economic assistance are \$228.1 million, up \$2.7 million from the 2008 budgeted level. Economic assistance spending, the largest category of spending, accounts for 39¢ of every dollar Albany County will expend in 2009.

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g) CULTURE/ RECREATION

\$1,487,808

Appropriations for Culture/ Recreation total \$1.49 million, a decrease of \$86 thousand from the 2008 budgeted level. Recreation spending accounts for less than 1¢ of every dollar of County spending.

h) HOME/ COMMUNITY

\$12,409,489

Home/Community appropriations total \$12.4 million, a \$355 thousand decrease from the 2008 budgeted level. This category includes \$10.2 million in Sewer District appropriations, which are supported entirely by fees to local municipalities. Home/ Community spending accounts for about 2¢ of every dollar of County spending.

i) UNDISTRIBUTED

\$38,928,139

Undistributed appropriations in the 2009 budget total \$38.9 million, an increase from the 2008 budgeted level of \$1.2 million. This category 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. Spending for this category accounts for 7¢ of every dollar of 2009 County spending.

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, and compensated absences, 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 principals as promulgated in the "Codification of Governmental Accounting and Financial Reporting Standards," as published by the governmental Accounting Standards Board, in conjunction with the Governmental Accounting Research Foundation of the Government Finance Officers Association.

EMPLOYEE COUNT

This Budget proposes 2,920 positions, down 72 from 2008 (adjusted) and virtually even with the 2,922 in 1995. Over the last 12 years, the growth in the number of employees in those agencies has offset the reductions in agencies overseen by the County Executive. The agencies overseen by separately elected officials include the Legislature, the Board of Elections, the Comptroller, the Coroners, the County Clerk, the District Attorney, and the Sheriff.

	1995	2000	2005	2009 Proposed	Change 2005- 2009	Percent Change 2005- 2009	Change 1995- 2009	Percent Change 1995- 2009
Positions Overseen by County Execu- tive	2,313	2,381	2,215	2,075	-144	-6.50%	-242	-10.46%
Positions Overseen by Separately Elected Offi- cials	609	682	769	845	80	10.40%	240	39.41%
Total	2,922	3,063	2,984	2,920	-64	-2.14%	-2	-0.07%

EMPLOYEE COUNT

FUND	DEPT	DESCRIPTION	2007 Adopted	2008 Adjusted	2009 Proposed
A	1010	County Legislature	53	53	53
A	1161	Nursing Home Project Office	0	3	3
A	1163	Court Facilities Project	4	4	4
A	1164	Unified Courts Administration	20	20	10
A	1165	District Attorney	63	68	68
A	1170	Public Defender	52	49	49
A	1171	Alternate Public Defender	10	10	11
A	1185	Coroners	6	6	6
A	1230	County Executive	9	9	9
A	1310	Finance	22	21	20
A	1315	Audit and Control	21	22	22
A	1340	Management and Budget	5	5	6
A	1345	Central Purchasing	9	8	8
A	1355	Real Property Tax Service Agency	6	5	5
A	1410	County Clerk	33	33	33
A	1411	Hall of Records	19	19	19
A	1420	Law	15	15	15
A	1430	Civil Service	7	7	7
A	1432	Human Resources	23	23	24
A	1440	Plans and Projects	6	6	6
A	1450	Board of Elections	26	26	26
A	1610	General Services	7	7	6
A	1620	Building Services	95	97	97
A	1640	Fleet Management	3	3	3
A	1660	Central Supply	10	10	10
A	1670	Central Printing Services	5	5	5
A	1680	Information Services	27	29	31
A	3020	Emergency Telephone/E-911	19	21	21
A	3110	Sheriff	169	172	175
A	3140	Probation	127	127	126
A	3150	Correctional Facility	423	422	422
A	3189	STOP-DWI	4	4	4
A	4010	Health	104	109	107
A	4059	Care of Handicapped Children	36	35	33
A	4221	Substance Abuse Central Management	22	22	22
A	4310	Mental Health	75	91	90
A	4315	Intensive Case Management	23	23	22
A	4610	Crime Victim and Sexual Violence Center	14	14	14
A	6010	Social Services	361	364	366
A	6119	Children, Youth and Families	193	195	196
A	6510	Veterans Service Bureau	4	4	4
A	6610	Consumer Affairs	6	6	6
A	6772	Aging	11	11	11
A	7110	Parks and Recreation	0	0	0
A	7181	Hockey Facility	2	2	2
A	7310	Youth Bureau	6	5	5
A	8020	Economic Development, Conservation and Planning	8	8	9
A	8021	Stormwater	0	0	1
D	5010	Public Works	7	7	7
D	5020	Highway-Engineering	11	12	12
D	5110	Maintenance of Roads and Bridges	101	100	98
DM	5130	Road Machinery Maintenance	15	15	15
G	8110	Sewer District	3	3	3
G	8120	Sanitary Sewers	2	2	2
G	8130	Sewage Treatment	76	75	73
NH	6020	Residential Health Care Facilities	611	535	518
		Total	2989	2947	2920

UNAPPROPRIATED UNDESIGNATED FUND BALANCE BY FUND

	Fund Balance Available Close 2001	Change During 2002	Fund Balance Available Close 2002	Change During 2003	Fund Balance Available Close 2003	Change During 2004	Fund Balance Available Close 2004	Change During 2005	Fund Balance Available 2005
General	35,569,746	(2,981,441)	33,588,305	(2,515,535)	31,072,770	(5,156,181)	25,916,589	1,833,484	27,750,073
Road	34,678	754,103	788,781	(529,154)	259,627	120,445	380,072	(298,039)	82,033
Road Machinery	102,508	(92,750)	9,758	16,542	26,300	70,064	96,364	(38,272)	58,092
Sewer	1,419,140	541,872	1,961,012	76,177	2,037,189	(922,092)	1,115,097	658,632	1,773,729
Nursing Home	682,521	(705,542)	(23,021)	710,611	687,590	(635,184)	52,406	2,337,927	2,390,333
Total	37,808,593	(2,483,758)	36,324,835	(2,241,359)	34,083,476	(6,522,948)	27,560,528	4,493,732	32,054,260

	Change During 2006	Fund Balance Available Close 2006	Proposed Use of Fund Balance for 2007	Projected Fund Balance Close 2007	Proposed Use of Fund Balance for 2008	Projected Fund Balance Close 2008	Proposed Use for 2009	Projected Fund Balance Close 2009
General	8,046,621	35,796,694	(809,626)	34,987,068	(2,034,720)	32,952,348	0	32,952,348
Road	280,605	362,638	63,492	426,130	0	426,130	0	426,130
Road Machinery	46,607	104,699	(99,004)	5,695	0	5,695	0	5,695
Sewer	1,727,231	3,500,960	(100,731)	3,400,229	(1,753,540)	1,646,689	1,140,000	506,689
Nursing Home	(659,324)	1,731,009	(3,681,728)	(1,950,719)	(1,731,009)	(3,681,728)	0	(3,681,728)
Total	9,441,740	41,496,000	(4,627,597)	36,868,403	(5,519,269)	31,349,134	1,140,000	30,209,134

Sources: Annual Financial Report Update Document for the County of Albany (for FY Ended 2001)
 Annual Financial Report Update Document for the County of Albany (for FY Ended 2002)
 Annual Financial Report Update Document for the County of Albany (for FY Ended 2003)
 Annual Financial Report Update Document for the County of Albany (for FY Ended 2004)
 Annual Financial Report Update Document for the County of Albany (for FY Ended 2005)
 Annual Financial Report Update Document for the County of Albany (for FY Ended 2006)
 2007 Adopted budget for the County of Albany