
2011 ALBANY COUNTY EXECUTIVE BUDGET

INTRODUCTION AND HIGHLIGHTS

Fiscal Strategies

Financial Plan

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VOLUME I

ALBANY COUNTY FISCAL STRATEGIES

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 earning.
- 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 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.
- 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 very low interest rates for short term debt, the County Comptroller has informed us that he intends to rollover existing Bond Anticipation Notes (BANs) rather than sell bonds. This Budget thus presumes delaying any bond sale at least until late 2011.
- 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. The County shall use cash financing for maintenance, repair, and new construction projects under \$250,000 where practical.
 - ◆ 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 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 2011 Budget Summary of All Funds is a better representation of the actual size of the Albany County budget.

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 2011 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.

ALBANY COUNTY FINANCIAL PLAN

1) LOCAL TAX ITEMS

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.

County sales tax collections are dependent on retail sales in the County and, ultimately, the health of the local economy. The 2011 budget estimates total sales tax collections of \$221.5, down from \$228.6 million budgeted in 2010 and a County share of \$132.9 million. The municipal share is \$88.6 million. These figures reflect a 1.25 percent increase from the 2009 actual receipts.

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

Departmental and miscellaneous income 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).

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 \$82.7 million presented in this Budget represents a 14.9 percent increase from the prior year. The property tax represents over 15¢ 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.

ALBANY COUNTY FINANCIAL PLAN

6) APPROPRIATED FUND BALANCE

This Budget proposes the use of balances from the Sewer District to offset the anticipated costs associated engineering and property repair and rental.

7) APPROPRIATED RESERVES

The 2011 Executive Budget proposes appropriating \$15.1 million in reserves. Details are in the Reserves section.

2010 ADOPTED BUDGET

Overall actual appropriation levels for the 2010 Adopted Budget were 573.6 million reduced from \$583.0 million in 2009.

2) 2011 EXECUTIVE BUDGET

Expenditures in the 2011 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.

ALBANY COUNTY FINANCIAL PLAN

Summary of Appropriations by Program, Revenues and Changes

	\$ Millions			Percent	
	2010 Adopted	2011 Proposed	Change	Percent Change	2011 Percentage of Total
Appropriations					
General Government	\$ 142.87	\$ 129.27	\$ (13.60)	-9.5%	23.5%
Education	\$ 24.78	\$ 24.99	\$ 0.21	0.8%	4.5%
Public Safety	\$ 72.63	\$ 72.73	\$ 0.10	0.1%	13.2%
Health/Mental Health	\$ 39.51	\$ 37.47	\$ (2.04)	-5.2%	6.8%
Transportation	\$ 15.86	\$ 14.35	\$ (1.51)	-9.5%	2.6%
Econ Asst/Opportunity	\$ 227.31	\$ 213.49	\$ (13.82)	-6.1%	38.9%
Culture/Recreation	\$ 1.46	\$ 1.32	\$ (0.15)	-10.1%	0.2%
Home/Community	\$ 12.34	\$ 11.78	\$ (0.56)	-4.5%	2.1%
Undistributed	\$ 36.90	\$ 44.12	\$ 7.22	19.6%	8.0%
Sub Total Appropriations	\$ 573.66	\$ 549.51	\$ (24.15)	-4.2%	100.0%
Interfund Transfers	\$ 37.87	\$ 46.01	\$ 8.14	21.5%	
Total Appropriations	\$ 611.53	\$ 595.51	\$ (16.02)	-2.6%	
Revenues					
Local Taxes	\$ 248.47	\$ 235.57	\$ (12.90)	-5.2%	51.8%
Dept/Misc Income	\$ 103.61	\$ 86.08	\$ (17.53)	-16.9%	18.9%
State Aid	\$ 80.34	\$ 78.39	\$ (1.94)	-2.4%	17.2%
Federal Aid	\$ 62.55	\$ 55.15	\$ (7.39)	-11.8%	12.1%
Subtotal Revenues	\$ 494.96	\$ 455.19	\$ (39.77)	-8.0%	100.0%
Interfund Transfers	\$ 37.41	\$ 44.16	\$ 6.75	18.0%	
Total Revenue	\$ 532.37	\$ 499.35	\$ (33.02)	-6.2%	
Fund Balance	\$ 0.40	\$ 1.26	\$ 0.86	215.0%	
Reserves	\$ 9.66	\$ 15.07	\$ 5.41	56.0%	
Levy for Budget Purposes	\$ 69.09	\$ 79.83	\$ 10.73	15.5%	
Allowances	\$ 2.85	\$ 2.85	\$ -	0.0%	
Grand Total Tax Levy	\$ 71.94	\$ 82.68	\$ 10.73	14.9%	

ALBANY COUNTY FINANCIAL PLAN

Summary of Appropriations by Category of Expense, Revenues, and Changes

	\$ Millions			Percent		
	2010 Adopted	2011 Proposed	Change	Percent Change	2011 Percentage of Total	
Appropriations						
Personnel	\$ 127.60	\$ 113.00	\$ (14.60)	-11.4%	20.6%	
Equipment	\$ 0.83	\$ 0.65	\$ (0.18)	-21.9%	0.1%	
Contractual	\$ 353.40	\$ 345.26	\$ (8.14)	-2.3%	62.8%	
Distribution of Municipal Sales Tax	\$ 91.43	\$ 88.60	\$ (2.83)	-3.1%	16.1%	
Medicaid	\$ 55.65	\$ 59.63	\$ 3.98	7.2%	10.9%	
Community College Tuition	\$ 10.28	\$ 10.65	\$ 0.37	3.6%	1.9%	
All Other Contractual	\$ 196.04	\$ 186.38	\$ (9.66)	-4.9%	33.9%	
Fringe (Retirement & Health Insurance)	\$ 54.30	\$ 51.36	\$ (2.94)	-5.4%	9.3%	
Debt Service	\$ 23.40	\$ 25.15	\$ 1.75	7.5%	4.6%	
All Other (Risk Retention, etc.)	\$ 14.13	\$ 14.09	\$ (0.04)	-0.3%	2.6%	
Sub Total Appropriations	\$ 573.66	\$ 549.51	\$ (24.15)	-4.2%		
Interfund Transfers	\$ 37.87	\$ 46.01	\$ 8.14	21.5%		
Total Appropriations	\$ 611.53	\$ 595.51	\$ (16.02)	-2.6%		
Revenues						
Local Taxes	\$ 248.47	\$ 235.57	\$ (12.90)	-5.2%	51.8%	
Sales Taxes	\$ 228.57	\$ 221.50	\$ (7.07)	-3.1%	48.7%	
Other Local Taxes	\$ 19.90	\$ 14.07	\$ (5.83)	-29.3%	3.1%	
Dept/Misc Income	\$ 103.61	\$ 86.08	\$ (17.53)	-16.9%	18.9%	
State Aid	\$ 80.34	\$ 78.39	\$ (1.94)	-2.4%	17.2%	
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Allowances	\$ 2.85	\$ 2.85	\$ -	0.0%		
Grand Total Tax Levy	\$ 71.94	\$ 82.68	\$ 10.73	14.9%		

ALBANY COUNTY FINANCIAL PLAN

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.

POSITION AND EMPLOYEE COUNT

This Budget proposes 2,114 positions at year end, down 551 from 2010 adjusted. Over the last sixteen years, the growth in the number of employees in those agencies supervised by separately elected officials 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	2010 Ad- justed	2011 Positions Funded At Year End	Change 2010- 2011	Percent Change 2010- 2011	Change 1995- 2011	Percent Change 1995- 2011
Positions Over- seen by County Executive	2,313	2,381	2,215	1,817	1,322	-495	-27.24%	-991	-42.84%
Positions Over- seen by Sepa- rately Elected Officials	609	682	769	848	792	-56	-6.60%	183	30.05%
Total	2,922	3,063	2,984	2,665	2,114	-551	-20.68%	-808	-27.65%

It is important to note that position count does not always equal total employee count. Albany County Charter requires appropriations to be displayed by way of line-item budgeting. For this reason, there is usually a difference between what is appropriated and what is actually required to meet payroll expenses. Many departments utilize Personal Services Savings (PSS) as a way to effectively manage their personnel costs while keeping important flexibility within agencies.

Included in the totals above are the net change of the early retirement incentive, layoffs, and a limited number of new, mostly entry-level, positions. The Executive Budget assumes that vacancies that occur throughout the year due to normal turn over or planned reductions for which the specifics are not yet available will be placed into the PSS line.

This Budget proposes a 20.68 % reduction in the County workforce by the end of 2011.

POSITION COUNT

Fund	Dept	Description	2009 Adopted	2010 Adjusted	2011 Proposed	2011 Funded January 1st	2011 Funded December 31st
A	1010	County Legislature	53	54	53	53	53
A	1163	Court Facilities Project	4	3	2	2	2
A	1164	Unified Courts Administration	10	10	10	10	10
A	1165	District Attorney	69	67	54	54	54
A	1170	Public Defender	49	45	43	42	42
A	1171	Alternate Public Defender	11	11	11	11	11
A	1185	Coroners	6	6	6	6	6
A	1230	County Executive	9	9	9	9	9
A	1310	Finance	20	20	20	20	20
A	1315	Audit and Control	22	21	19	19	19
A	1340	Management and Budget	6	5	5	5	5
A	1345	Central Purchasing	8	8	8	8	8
A	1355	Real Property Tax Service Agency	5	4	4	5	5
A	1410	County Clerk	33	33	31	31	31
A	1411	Hall of Records	19	18	18	18	18
A	1420	Law	15	15	15	12	12
A	1430	Civil Service	7	6	6	6	6
A	1432	Human Resources	23	17	17	17	17
A	1440	Plans and Projects	6	6	4	4	4
A	1450	Board of Elections	26	26	26	26	26
A	1610	General Services	7	5	5	5	5
A	1620	Building Services	102	83	72	72	72
A	1640	Fleet Management	3	3	3	3	3
A	1660	Central Supply	10	9	6	6	6
A	1670	Central Printing Services	5	5	4	4	4
A	1680	Information Services	30	29	28	28	28
A	3020	Emergency Telephone/E-911	21	23	22	22	22
A	3110	Sheriff	175	175	172	169	169
A	3140	Probation	126	118	115	113	113
A	3150	Correctional Facility	422	420	416	389	389
A	3189	STOP-DWI	4	5	5	5	5
A	4010	Health	107	101	95	86	86
A	4059	Care of Handicapped Children	33	31	30	30	30
A	4221	Substance Abuse Central Management	22	0	0	0	0
A	4310	Mental Health	89	110	96	96	96
A	4315	Intensive Case Management	23	0	0	0	0
A	4610	Crime Victim and Sexual Violence Center	14	13	10	10	10
A	6010	Social Services	366	332	327	327	327
A	6119	Children, Youth and Families	196	178	182	182	182
A	6510	Veterans Service Bureau	4	3	2	2	2
A	6610	Consumer Affairs	6	3	3	3	3
A	6772	Aging	11	10	10	9	9
A	7181	Hockey Facility	2	2	2	2	2
A	7310	Youth Bureau	5	5	3	3	3
A	8020	Economic Development	7	2	0	0	0
A	8021	Stormwater	1	1	1	1	1
D	5010	Public Works	7	8	8	8	8
D	5020	Highway-Engineering	12	11	11	11	11
D	5110	Maintenance of Roads and Bridges	98	91	74	74	74
DM	5130	Road Machinery Maintenance	15	14	13	13	13
G	8110	Sewer District	3	3	3	3	3
G	8120	Sanitary Sewers	2	2	2	2	2
G	8130	Sewage Treatment	73	74	73	73	73
NH	6020	Residential Health Care Facilities	522	412	364	289	5
		Total	2,927	2,665	2,518	2,398	2,114

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	Change During 2007	Fund Balance Available Close 2007	Change During 2008	Fund Balance Available Close 2008	Change During 2009	Fund Balance Available Close 2009
General	8,046,621	35,796,694	(2,844,346)	32,952,348	(3,620,807)	29,331,541	(12,695,424)	16,636,117
Road	280,605	362,638	63,492	426,130	(407,955)	18,175	(1,970)	16,205
Road Machinery	46,607	104,699	(99,004)	5,695	52,141	57,836	122,778	180,614
Sewer	1,727,231	3,500,960	(1,854,271)	1,646,689	(397,667)	1,249,022	964,147	2,213,169
Nursing Home	(659,324)	1,731,009	(5,412,737)	(3,681,728)	3,011,162	(670,566)	1,346,070	675,504
Total	9,441,740	41,496,000	(10,146,866)	31,349,134	(1,363,126)	29,986,008	(10,264,399)	19,721,609