

FINANCE AND RULES COMMITTEE

July 19, 2021

Present: Legislators Tom Osborne, Ian Gilbert, Greg Kulzer, Ron Burns and Phil Hathway.

Others present: Legislators Larry Dolhof, Jerry King, Lisa Virkler, Richard Chartrand and Andrea Moroughan; County Manager Ryan Piche; County Attorney Joan McNichol; Treasurer Eric Virkler; Human Resource Director Caitlyn Smith; and Information Technology Director Conner Biolsi.

Committee Chair Tom Osborne called the meeting at 3:36 p.m.

Legislator Hathway made a motion to approve the June 15, 2021 committee meeting minutes as recorded, seconded by Legislator Burns and carried.

2020 Financial Audit – Thomas Smith, EFPR Group

County Treasurer Eric Virkler introduced Tom Smith. The Financial Statements and Auditors; Reports were completed on June 10, 2021 and reviewed with County Management. Clean Unmodified opinions were issued, and no material weaknesses or significant deficiencies were noted. Mr. Smith noted that the Hospital's financial statements are not audited by EFPR, Group even though they are included, and that County Management provided everything they were asked for in a timely, professional manner.

General Fund Highlights included: Fund balance increased by \$4.5 million to a total of \$17.4 million; Actual revenue and other financing sources was \$4.3 million less than budgeted; Actual expenditures, encumbrances and other financing uses was \$10.1 million less than budgeted; the 2021 budget is \$50.7 million and the fund balance as of December 31, 2020 was 34% of \$50.7 million which equates to a financially healthy county as it is above 25%; and non-property tax items, which is mostly sales tax revenue, was \$1.5 million more than budgeted.

Other Funds' Highlights included: County Road fund balance increased by \$132.4 thousand to a total of \$728.3 thousand; Road Machinery fund balance increased by \$134.3 thousand to a total of \$373.4 thousand; Capital Projects fund balance decreased by \$608.9 thousand to a total of \$2.1 million; Solid Waste net position decreased by \$245.5 thousand to a deficit of \$1.2 million which is due to the reflection of long-term liabilities of health insurance and retirement, without those there would be a positive fund balance of \$2.4 million; Health Insurance fund balance increased by \$205.9 thousand to a total of \$5.4 million; and Hospital net position decreased by \$3.1 million to a deficit of \$79.2 million

Other Discussion Items included: Long-term liabilities are \$92.1 million for governmental activities and \$160.2 million for business-type activities (made up of Solid Waste & Hospital), a major portion of this is for other postemployment benefits; Current debt limit is \$154,919,831, which represents how much debt the county can incur and as of December 31, 2020 the county's obligation is only \$7,330,000, or 4.7% of the limit; the County anticipates receiving \$5.1 million in funding under the Coronavirus Local Fiscal Recovery Fund within the American Rescue Plan; A Single Audit was conducted, in compliance of federal expenditures, on S.N.A.P. and Medicaid

with no non-compliance or internal control issues noted; the NYS DOT Audit was conducted, in compliance of state transportation expenditures, on CHIPs and no non-compliance or internal control issues noted; collateralized deposits were noted because there were deposits that were not collateralized when changing financial institutions but was resolved before the audit began; Net Pension Liability Allocations were noted because there have been disagreements between the Hospital and County and auditors recommend that the County Treasurer be in charge of allocating pension between Hospital and County.

Legislator Hathway questioned the issue that was noted about accounting for leases, Mr. Smith responded that it was more of a heads up that it could change in the future however it shouldn't affect the county much. County Manager Ryan Piche pointed out that it is less important in government to look at assets and liabilities but more important to look at fund balance and cash flow. Legislator Hathway questioned what the phrase Management has corrected all misstatements meant, Mr. Smith explained that it means minor things like making minor adjustments to receivables at year end, like minor write off's that should have been made but weren't. Legislator Hathway questioned what the policy is for write offs, Mr. Smith stated the county could create a policy, but FEMA money should be left on for 5-years, but others could be written off after 2 or 3 years.

County Manager Ryan Piche asked if the county was in any financial risk, Mr. Smith stated that the county wasn't, in fact the county could take on more debt, recommending up to 50% of the debt limit. County Treasurer Eric Virkler explained that liabilities will be paid overtime and as long as the county stays in business it shouldn't have any problem paying off debt and liabilities at the same time. He thanked Mr. Smith for his work and the fact that he has been working with the county for 9 years.

West Martinsburg Preservation Society – Betty Latham

TMs. Latham thanked the Committee for the opportunity to explain the need of the West Martinsburg Church. The church is very rich in history and the Preservation Society, which began in 1970, has done a phenomenal job keeping the church in good condition and open to the public. Due to Covid-19 the past two years have been difficult without the ability to hold social events or fundraisers.

The steeple on the church is in dire need of fixing, even with a temporary fix it will still cost roughly \$65,000 to stabilize, restore, and repair interior damages due to the water leakage. The main four corners in West Martinsburg are very historic due to the West Martinsburg Mercantile Store, West Martinsburg Town Hall which was built in 1850 as the Advent Church, the cemetery which has some of the earliest burials in Lewis County bearing in mind that Martinsburg was once the county seat, and church which was moved up the hill to its current location and then later rebuilt.

Ms. Lathan shared several photos of the interior and exterior, showing the interior damages as well as some unique features of the building. The first step will be to stabilize and restore the steeple, the interior repairs can be done over time. The Preservation Society plans on increasing its fundraising efforts as soon it can. In 2019 the Church became a 501c3 organization which was critical to ask for donations. They are hoping to hold their Holiday Social this winter. There

is windmill money that will be available either from the Town of Martinsburg or the Historical Society. The West Martinsburg Mercantile Store has offered to help raise money by selling the historic picture books being put together and the Preservation Society will look into grant funding. The Society only has \$7,000 of funding left to assist with any grant funding match.

Legislator Hathway questioned if the fundraisers in the past had been able to take care of ongoing expenses, Ms. Lathan responded that they had with the help of private donations. There is no issue with ongoing expenses only the repair of the steeple. The Town of Martinsburg doesn't give any funding out of the annual budget to the West Martinsburg Preservation Society but did assist with the purchase of the paint needed for the exterior of the building.

Legislator Dolhof questioned if anyone from the Preservation Society had reached out to the IDA or Planning Department for help with applying for a CFA grant, Pratt Northam assistance, or Dyson Foundation grant. Mr. Latham responded that she had reached out to Senator Griffo's Office but didn't hear back and reached out to Pratt Northam but there are so many needs from other agencies. There are only 6 or 7 members on the board as it is a small organization and anyone who wants a tour should let Ms. Latham know.

Solar & Wind Revenue – Ryan Piche, County Manager

There are two buckets when it comes to county finances. The first is County Operations which consists of the \$55 million annual budget funded by property taxes, DMV fees, mortgage & other taxes, and sales tax. This should bucket should be conservative, efficient, sustainable, and requires Board oversight. It should also be self-contained with limited growth by property taxes so residents can afford to live here.

The second is Capital & Community Projects which consists of a current debt services of \$575,000 funded by PILOTS, stimulus funds, excess fund balance, and excess sales tax. This bucket should grow without affecting property tax rates and requires Board leadership. It is important that the Capital & Community Projects bucket doesn't leak into the County Operations bucket, the funding streams need to be separate, and they each need to be sustainable on their own. County Treasurer Eric Virkler explained that if the Capital & Community Projects bucket needs to be assisted by property taxes that is doable however Lewis County is in a health financial situation where that shouldn't be needed.

The anticipated Green Energy PILOT revenue on an annual basis is: \$1,000,000 from Maple Ridge Wind Farm which will decrease over the next 25-years down to about \$700,000; \$420,000 from Combined Solar Projects throughout the county, with more to come over the next several years; \$326,000 from Number Three Wind Farm; \$217,000 from Denmark Wind Farm; and \$206,000 from Roaring Brook Wind Farm. This totals to \$2,169,000 annually for Capital & Community Projects, none of needs to be used to run County Operations.

The current Capital Project funding has the \$2,169,000 from PILOT revenue and \$487,000 from an operating budgeted bond payment, which totals \$2,656,000. The Current Capital Projects are the 2007 Courthouse project with an annual payment of \$575,000 and the 2022 DSS Renovation/Highway Facility project with an estimated payment of \$700,000 annually. This

leaves a remaining annual revenue of \$1,381,000 that can be spent. This would be equivalent to an additional 20-year \$23,000,000 bond payment.

The county has a constitutional debt limit of \$155 million, of which the current debt is \$7.33 million for the 2007 Courthouse project with an anticipated payoff in 2033; \$19 million for the 2022 DSS Renovation/Highway Facility project with an anticipated payoff in 2042 or 2052 depending on the bond length; and \$30 million for the 2022 Hospital project with an anticipated payoff in 2052. This totals \$56,330,000 in debt which is still only 36% of the constitutional debt limit.

The County Operations bucket is currently very conservative, efficient, sustainable and has good oversight from the Board. The Capital & Community Projects bucket is currently overflowing with incoming dollars outpacing the anticipated projects and requires more Board leadership. The questions were raised if legislators are balancing time effectively between “oversight of operations” and “leadership on community projects”; what other projects make sense considering the \$1.38 million per year available and unaccounted for; and what are the consequences of not having a plan for the additional funds.

County Manager Ryan Piche felt consequences are that the additional funding will be moved over the county operations or small amounts of money will be given out to all the Towns instead of doing a few major projects to benefit everyone. Legislator Osborne pointed out that something should be done with the solar panels right off the road on Route 12 near Glenfield, maybe this funding could assist with that. Legislator Hathway explained that he had been involved in solar meetings for projects in the Town of Croghan and felt that the question of how these would affect property values was never really answered. Ryan pointed out that it would be up to each Town to adopt a policy for solar projects in their jurisdiction, most that have adopted policies have language that addresses the screening of the solar fields. Legislator Virkler felt that in the meetings she attended it was on the developer to take care blocking them from view.

Legislator Dolhof pointed out the commitments already made to broadband and recreation expansion however more funding could be toward each of those areas. There was continued discussion on the solar fencing issue in regard to the Towns adopted policies or lack thereof. Legislator Dolhof suggested that the board think about this and brainstorm some ideas. Legislator Osborne felt that this money should be used on projects that will be long lasting. Legislator Virkler thought it might be a good idea to review the JCC study to see what the residents want. County Attorney Joan McNichol suggested that the Board look at developing a community fund for entities to submit applications, which can encompass cleaning up properties.

County Treasurer Eric Virkler reported that the community fund is moving forward through the IDA and LCDC with the current projects, bringing in a couple hundred thousand dollars of available funding. The fund is created but the county could put more money into it. Legislator Gilbert felt that population growth is an important aspect that shows a healthy community and some of this funding could be used to make Lewis County more enticing for them to move here. His goal is to grow the population to 30,000 people in 20-years which is ambitious but doable. Ryan stated he felt that the population will be down to 25,000 when the 2020 census results come in. Legislator Burns stated that no one will move here until there is reliable internet service.

Legislator Gilbert also felt that historical preservation, main street renewal, and rural character are all goals that could be obtained through the stimulus funding. There needs to be a mindset of having flexibility to fail so if 80% of projects are done then it is still considered a success. Eric stated that the bottom line is to attract people to come and live in Lewis County and we now have the funding to be successful with creating that atmosphere. Legislator Dolhof stated there has been talk for the last several years for the rail to trails project and now is the time to just write a check and be done with it.

Ryan stated that more time needs to be spent on the big picture and not in the operations side of things, some oversight in necessary but more focus needs to be on the potential projects to create a better community.

The following dockets were reviewed:

1. Resolution to transfer funds from Regular Contingency to Information Technology Department accounts to provide funding for computers purchased for other departments in the amount of \$8,100.00, in relation to Resolution 122-2021 by which funds were added to Contingency for a NYS grant received.
AYE 5 NAY 0
2. Resolution authorizing renewal agreement with Systems East, Inc. to provide application software maintenance and support services to the Real Property Tax Department's Tax Collection System for collection of current County and Town taxes for the period of January 1, 2022 through December 31, 2022, at a cost of \$3,786.00 to be paid from Special Contingency.
AYE 5 NAY 0
3. Resolution authorizing renewal agreement with Systems East, Inc. to provide software support, maintenance services, web and cloud-based hosting services for the Treasurers' data processing plan and tax collection system for the period of January 1, 2022 through December 31, 2022, at a cost not to exceed \$8,292.00.
AYE 5 NAY 0
4. Resolution amending the Compensation Plan of the County of Lewis with reference to the District Attorney to abolish one (1) Full-Time Assistant District Attorney position, Grade III.
Legislator Gilbert abstained.
AYE 4 NAY 0
5. Resolution amending the Compensation Plan of the County of Lewis with reference to the Lewis County General Hospital to abolish one (1) Part-Time Cleaner position and create one (1) Part-Time Custodial Worker position.
AYE 5 NAY 0
6. Resolution amending the Compensation Plan of the County of Lewis with reference to the Public Health Department to Create one (1) Full-Time Deputy Director of Public Health, Grade III contingent upon acceptance by the Department of Health of the grant budget and Create one (1) Full-Time Public Health Nurse position, Grade 35, effective immediately.
AYE 5 NAY 0

The following motion was made:

1. Legislator Osborne made a motion to continue the Lewis County Procurement Policy as presently in place, including continuation of the County Manager and Chairman of the Board identified as the responsible purchaser and alternate responsible purchaser, respectively, in compliance with General Municipal Law Section 104-b (2) (f), seconded by Legislator Hathway and carried.

Legislator Hathway proposed the idea of giving the West Martinsburg Preservation Society \$1,000.00 like we have in the past with other museums. He cited the Town of Diana Museum and how they also have the Town of Diana assist them too. Legislator Osborne stated that work was down at the Pine Grove church had work done but didn't come to the county, the same with the Forest Presbyterian Church in Lyons Falls who had stained glass windows repaired. Legislator Kulzer shared many instances where the Town of Martinsburg has helped out various organizations in their area. Legislator Osborne stated in a recent conversation Marcia Waligory said that the Preservation Society didn't have any money.

Legislator Dolhof suggested that the county could take over all the water systems in the county as a large project that could create growth by using the Capital & Community Projects funding. Ryan stated hat he supported that idea completely.

At 4:58 p.m. Legislator Burns made a motion to adjourn, seconded by Legislator Gilbert and carried.

Respectfully submitted,
Cassandra Moser, Clerk of the Board