



Fiscal State of the  
County: Historic  
Opportunity to Build A  
Modern Economy for  
Schoharie Residents &  
Businesses

PRESENTED TO:  
BOARD OF SUPERVISORS  
MAY 19, 2021

# 2020 Results: Good, Not As Good As It Seems

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Machinery Fund</u>
12/31/2019 Fund Balance	\$24,075,711	\$6,004,724	\$82,188
2020 Revenues	\$71,950,531	\$11,467,224	\$1,227,678
2020 Expenditures	\$67,939,308	\$10,052,342	\$1,152,574
<b>Balance (Surplus/Deficit)</b>	<b>\$4,011,223</b>	<b>\$1,414,882</b>	<b>\$75,104</b>
12/31/2020 Fund Balance	\$28,086,934	\$7,419,606	\$157,292
2020 Amount Unassigned & Available	\$25,059,387	\$6,776,367	\$157,292
2019 Amount Unassigned & Available	\$18,259,925	\$5,201,194	\$82,188
<b>Increase Amount</b>	<b>\$6,799,462</b>	<b>\$1,575,173</b>	<b>\$75,104</b>

**NOTE: Highway & Machinery "Available" Fund Balance is "Assigned" to that fund.**

# 2020 Results: Fund Balance Increased, But Cash Position Declined

<u>Fund</u>	<u>2019 End Of Year Cash</u>	<u>2020 End Of Year Cash</u>	<u>Difference</u>
General	\$20,585,392	\$24,383,962	\$3,798,570
Highway	\$5,603,712	\$1,702,996	-\$3,900,716
Machinery	\$173,614	\$103,685	-\$69,929
<b><u>TOTAL:</u></b>	<b><u>\$26,362,718</u></b>	<b><u>\$26,190,643</u></b>	<b><u>-\$172,075</u></b>

- ▶ Not all Fund Balance is cash. But we can only spend cash.
- ▶ The County fails to collect about 20% of PT in any year.
- ▶ Uncollected Property Taxes are “booked” as revenue even though they are not received (classified as “Revenue: Accounts Receivable” but are not cash & can’t be spent until received).
- ▶ In fact, the General Fund Total FB was **\$28M** on 12/31 but there was only **\$24.4M** in cash-on-hand at the end of the year.

# 2020 Results: “Restricted” Fund Balances Were Lower Than Usual in 2020 Due to Pandemic

	<u>2019</u>	<u>2020</u>	<u>Variance</u>
<b>Not In Spendable Form</b>	<b>\$799,273</b>	<b>\$402,531</b>	<b>-\$396,742</b>
<b>Restricted Funds</b>	<b>\$725,785</b>	<b>\$680,795</b>	<b>-\$44,990</b>
<b>Appropriated Fund Balance</b>	<b>\$2,700,000</b>	<b>\$1,650,000</b>	<b>-\$1,050,000</b>
<b>Encumbrances</b>	<b>\$1,590,728</b>	<b>\$294,221</b>	<b>-\$1,296,507</b>
Unassigned Fund Balance	\$18,259,925	\$25,059,387	\$6,799,462
			<b>\$4,011,223</b>

\$2.8M

- ▶ “Restricted” Fund Balance’s share of total Fund Balance shrunk from 24% to 6%.
- ▶ \$2.8M of usually “Restricted” FB shifted to “Unassigned FB” (i.e. “Unrestricted”) as a result of COVID-related decisions.
- ▶ We recommend setting aside the historical average of these restricted fund balance categories to account for encumbrances & appropriated fund balance in 2022 (see Appendix B for history).
- ▶ That leaves \$4M in FB growth in general fund, not the \$6.8M.

# 2020 Results: One-Time Savings, COVID-Related Savings, Regular Cost Controls

## General Fund Surplus in Detail

	<u>One-Time Savings</u>	<u>COVID Reductions</u>	<u>Usual Fiscal Controls</u>
Health Insurance			\$845,243
Reduction in D-Fund X-fer	\$500,000		
Bond Premium	\$253,386		
Labor		\$276,190	\$716,999
Local Medicaid Reduction	\$342,821		
Service Contracts		\$1,070,000	
	<b>\$1,096,207</b>	<b>\$1,346,190</b>	<b>\$1,562,242</b>

See Appendix A for Personnel & Health Insurance Cost Breakdowns

- ▶ New health care offerings have stabilized costs and saved \$850k in 2020 operations vs. budget.
- ▶ The Board reduced the interfund transfer to the Highway Fund in 2020, saving \$500k.
- ▶ The county to receive \$250k “Bond Premium” in the last BAN sale, lowering cost of debt service.
- ▶ CARES Act funding reduced the local share of Medicaid by \$340K.
- ▶ Pandemic reduced service delivery contractual expenses in 2020 by a net of \$1.1M.
- ▶ Labor reductions saved \$1M in operational costs

# 2020 Results: From \$10M Deficit to \$4M Surplus

<u>General Fund</u>	
	<u>(Millions)</u>
Sept 2020 Deficit Projection	\$10.0
Final EOY Updated Deficit Projection	\$7.7
Actual Spending Results (AUD)	\$4.0
Gap	<b>\$11.7</b>
<b><u>EXPENSE CHANGES</u></b>	
One-Time Emergency Savings	\$1.4
COVID Impacts	\$1.1
Regular Fiscal Controls	\$1.5
<b><u>REVENUE CHANGES</u></b>	
NYS Funding Restored	\$2.3
Stronger Sales Tax	\$0.5
PT Delinquencies (20%)	\$4.5
Additional Federal Money	\$0.4
	<b>\$11.7</b>

- ▶ As late as December, the state continued to withhold 20% of revenue reimbursement. To be conservative, our deficit projection factored in these revenues as lost.
- ▶ As of December, we could not predict with certainty the final sales tax number. To be cautious, we continued to utilize trend analysis in projections.
- ▶ In order to more accurately reflect the **cash position** of the county, we factored in a 20% delinquency rate on PT collections. That is consistent with past collection percentages.
- ▶ The AUD “books” the full amount of the levy, even though we collect far less. In fund accounting, this is proper, but it can be misleading in the AUD report.

# How Much of the Fund Balance Is Safe To Spend?

<b>General Fund Balance Allocation Break-Down</b>	
Total FB 12/31/2020	\$28,086,934
2020 Restricted & Assigned	\$3,027,547
<b>Unassigned &amp; Available 12/31/2020</b>	<b>\$25,059,387</b>
<b>Set-Asides:</b>	
Historically Restricted Amounts	\$2,788,239
Fiduciary Reserve (10% of Appropriations)	\$9,000,000
Legacy Debt Elimination (EWP & PSF)	\$10,400,000
2021 Capital Allocations: Security & EMT	\$645,600
	\$22,833,839
<b>FB Available After Set-Asides:</b>	<b>\$2,225,548</b>
	+
PLUS American Rescue Plan Funds	\$6,012,065
	=
<b>TOTAL AVAILABLE FOR INVESTMENT</b>	<b>\$8,237,613</b>

- ▶ Restricted or Assigned FB are not available to spend.
- ▶ We recommend holding funds for:
  - ▶ 10% Fiduciary Reserve Rule
  - ▶ Hold historically restricted amounts in reserve for '22
  - ▶ Streambank & New PSF local shares
- ▶ \$560K on Ambulances & \$85K for new DSS interview rooms / security measures
- ▶ American Rescue Plan Funds of \$6M

# 2021 Spending Increases: Increases in Operating Budget Will Require Most of Recommended Available Fund Balance

<b>General Fund Increase In Spending 2021</b>		
	<u>Cost (Millions)</u>	<u>FB / Contingency Share (Millions)</u>
2021 Budget	\$70.10	--
Restore 20% NYS Funding	\$2.00	\$0.50
Restore 38 Vacancies	\$2.50	\$1.10
EMT & Security Ops Cost	\$0.65	\$0.65
Vehicle Plan (2021)	\$0.27	\$0.23
IT Capital Plan	?	?
Buildings Capital Plan	?	?
Other Spending	?	?
	<b>\$75.52</b>	<b>\$2.48</b>

<b>Spending Effects on General Fund Balance</b>	
	<u>Amt. (Millions)</u>
Available FB Balance 12/31/2020	\$25.06
Recommended Set-Aside Amount(*)	\$22.18
Contingency Added for 2021 Operations	\$0.50
<b>Remainder:</b>	<b>\$3.38</b>
<b>Committed &amp; Potential Uses</b>	
Total Cost of 2021 Uses As Listed	\$2.48
Other Planned Uses 2021	?
Other Planned Uses 2022-2025	?
<b>Total:</b>	<b>\$2.48</b>
<b>Available After Planned Uses</b>	<b>\$0.90</b>

(\*) EMT/Security Costs removed to avoid double-counting

- ▶ Fund Balance or Contingency are the only sources for local share of increases in the 2021 Budget,
- ▶ If all General Fund proposals are approved, 80% of recommended available fund balance will be utilized.

- ▶ So far, \$3M in American Rescue Plan is available in 2021
- ▶ \$3M in American Rescue Plan will be available in 2022



# 2021 Spending: Highway Fund

<u>Highway Fund Increase In Spending 2021</u>		
	<u>Cost (Millions)</u>	<u>FB / Contingency Share (Millions)</u>
2021 Budget	\$8.00	--
Paving Plan 2021 Costs	\$4.00	\$1.37
Bridge Plan 2021 Costs	\$7.80	\$0.63
Other Spending	?	?
	\$19.80	\$2.00

- ▶ Existing Highway Fund Balance will cover all identified all identified bridge projects through 2025.
- ▶ But Paving CIP only covers 2021 projects. Given the allocation of 99% of FB to bridge projects and 2021 paving items, local paving projects will need to be funded through the levy.

<u>Spending Effects on Highway Fund Balance</u>	
	<u>Amt. (Millions)</u>
Available FB Balance 12/31/2020	\$6.77
Recommended Set-Aside Amount	\$0.00
<b>Remainder:</b>	<b><u>\$6.77</u></b>
<b><u>Committed &amp; Potential Uses</u></b>	
DPW Equipment Reserve	\$0.30
2021 Paving Plan	\$1.37
2021 Bridge Plan	\$0.63
Local Share of Bridge Plan 2022-2025	\$5.34
Local Share of Pave Plan 2022-2025	?
<b>Total:</b>	<b><u>\$7.64</u></b>
Available After Planned Uses	<b><u>(\$0.87)</u></b>

# Opportunity Equation: 2021 Investments + Enhanced Fiscal Discipline = Modern Economy



## Creating A Modern Economy

Structurally Balanced  
Budgets

Low Taxes

Enhanced Service  
Delivery

- ▶ Large Fund Balances built up since the flood allow the County to eliminate legacy debt & enhance emergency medical services and county building security.
- ▶ American Rescue Plan, NYS CFA funding, and other federal programs will provide additional funding to accelerate economic and infrastructure development

ANY  
QUESTIONS  
?

# Appendix A

# Personnel & Health Insurance Cost Break-Downs

<u>A-Fund Personnel</u>	
<u>Totals Budget vs. Actual</u>	
2014	\$824,351
2015	\$809,528
2016	\$542,874
2017	\$532,571
2018	\$397,828
2019	\$918,651
2020	\$993,189
Average	\$716,999

<u>Health Care Costs (2013-2020)</u>			
	<u>Cost</u>	<u>\$ Change</u>	<u>% Change</u>
2013	\$6,032,748		
2014	\$6,216,432	\$183,684	3.0%
2015	\$6,579,408	\$362,976	5.8%
2016	\$7,081,734	\$502,326	7.6%
2017	\$7,558,714	\$476,980	6.7%
2018	\$8,202,518	\$643,804	8.5%
2019	\$7,930,031	-\$272,487	-3.3%
2020	\$8,055,091	\$125,060	1.6%

# Appendix B

# History of “Unavailable” Fund Balance Categories

<u>Non-Spendable Fund Balance (A-Fund)</u>	
2015	\$718,990
2016	\$777,280
2017	\$816,346
2018	\$741,454
2019	\$799,273
2020	\$402,531

<u>Appropriated Fund Balance (A-Fund)</u>	
2015	\$1,100,000
2016	\$1,045,463
2017	\$2,004,297
2018	\$2,800,000
2019	\$2,700,000
2020	\$1,650,000

<u>Encumbrance History (A-Fund)</u>	
2015	\$473,752
2016	\$1,305,198
2017	\$858,409
2018	\$1,854,492
2019	\$1,590,728
2020	\$294,221