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Mr. Scott Gray, Chairman  
Members of the Board of Legislators  
Jefferson County  
Historic Courthouse  
195 Arsenal Street  
Watertown, NY 13601

Report Number: S9-21-2

Dear Chairman Gray and Members of the Board of Legislators:

The COVID-19 pandemic (pandemic) has had various levels of impact on the financial operations of local governments across New York State. Some local governments have seen little to no impact on their financial operations, while others have seen more significant impacts due to reductions and/or increases to their revenues and/or expenditures. This has led to some local governments having to reduce or eliminate some services and temporarily or permanently reduce staff positions. In addition, some local officials have decided to delay capital projects, which could result in future delays to other projects to maintain and improve local government infrastructures.

The pandemic has also created a difficult environment for officials to develop annual budgets given the unknowns of future financial impacts. The pandemic increases the need for local officials to more closely monitor their budgeted estimates for revenues and expenditures against actual results and modify their budgetary estimates accordingly, when warranted, during the course of their fiscal year.

To assess whether local officials adequately considered the impact of the pandemic on their financial operations while developing their 2021 fiscal year budgets, our office conducted reviews of 20 adopted budgets of various counties, cities, towns and villages across the State. Jefferson County (County) is one of the local governments included in our review.

The objective of the review was to provide an independent evaluation of certain aspects of the adopted budget. Our review addressed the following question related to the County's adopted budget for the 2021 fiscal year:

- Did officials adequately assess the impact of the pandemic on financial operations while developing estimates for significant revenues and expenditures in the 2021 adopted budget?

## **Summary of Findings**

Our review found that officials adequately assessed the impact of the pandemic on financial operations while developing estimates for significant revenues and expenditures in the 2021 adopted budget.

However, in consideration of the continually new and evolving impacts caused by the pandemic, County officials should carefully monitor their budgeted to actual revenues and expenditures and make amendments to the budget as needed throughout the year.

## **Methodology**

To accomplish our objective in this review, we requested your adopted budget and other pertinent information. We interviewed officials and reviewed the adopted budget to gain an understanding of the budget development process and to determine whether any estimates in the adopted budget were adjusted by officials due to the potential impact the pandemic could have on financial operations. We identified and examined for reasonableness significant estimated revenues and expenditures<sup>1</sup> and estimated revenues and expenditures below our established threshold that could more likely be impacted by the pandemic. We also identified any significant new revenue or expenditure estimates, made appropriate inquiries and reviewed supporting documentation to assess whether the estimates were realistic and reasonable. In addition, we evaluated the amount of fund balance and/or reserves appropriated in the adopted budget to be used as a financing source and determined whether these amounts were available and sufficient for that purpose.

The scope of our review does not constitute an audit under generally accepted government auditing standards (GAGAS). We do not offer comments or make specific recommendations on public policy decisions, such as the type and level of services under consideration to be provided.

## **Background**

The County is located in northern New York State and encompasses 22 towns, 20 villages and one city. The County is governed by the Board of Legislators (Board), which is composed of 15 members, one of whom serves as the Chair. The Chair is the chief executive officer and the elected County Treasurer is the chief fiscal officer. As the budget officer for the County, the appointed County Administrator (Administrator) requests estimates from department heads to use in the preparation of the tentative budget. Once the Administrator prepares the tentative budget, it is presented to the Board. The Finance and Rules Committee, a seven-member subset of the Board, makes recommendations to the entire Board for any necessary revisions to the tentative budget.

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<sup>1</sup> For this review, we established significant estimated revenues and expenditures to be those consisting of 5 percent or more of a fund's total budget estimates.

The County holds a public hearing on the tentative budget and then makes any necessary final revisions prior to adopting the budget.

The County’s operating funds consist of general, highway, recycling and solid waste, and road machinery funds. In addition to the operating funds, the County also maintains separate funds for health insurance benefits, capital projects, employment and training, workers’ compensation insurance, debt service and occupancy tax purposes. The County provides various services to its residents, including general government support, economic assistance, public health, public safety, road maintenance and solid waste management. The County’s operations are predominately financed by sales tax, real property taxes, and State and federal aid.

Following are the 2021 adopted budget figures, broken down by funds, along with the 2020 adopted budget totals for all funds for comparative purposes.

<b>Figure 1: 2021 Adopted Budget</b>				
<b>Fund</b>	<b>Appropriations and Provisions for Other Uses</b>	<b>Financing Sources</b>		
		<b>Estimated Revenues</b>	<b>Appropriated Fund Balance</b>	<b>Real Property Taxes</b>
General	\$198,620,260	\$130,011,350	\$7,162,622	\$61,446,288
Highway	13,480,642	13,480,642	0	0
Recycling/Solid Waste	3,114,000	3,114,000	0	0
Road Machinery	2,357,183	2,357,183	0	0
Health Insurance Benefits	23,956,774	23,956,774	0	0
Capital Projects	3,050,000	3,050,000	0	0
Employment and Training	2,809,648	2,809,648	0	0
Workers’ Compensation Insurance	2,603,246	2,603,246	0	0
Debt Service	2,237,601	2,237,601	0	0
Occupancy Tax	373,300	373,300	0	0
<b>Total for 2021</b>	<b>\$252,602,654</b>	<b>\$183,993,744</b>	<b>\$7,162,622</b>	<b>\$61,446,288</b>
<b>Total for 2020</b>	<b>\$259,346,341</b>	<b>\$192,125,145</b>	<b>\$6,780,531</b>	<b>\$60,440,665</b>

Our review found that while developing 2021 budgetary estimates for significant revenues and expenditures, County officials adequately considered the pandemic's impact on financial operations. If you have any questions on the scope of our work, please feel free to contact Julie Landcastle, Chief Examiner of the Statewide and Regional Projects Unit, at (607) 721-8306.

Sincerely,

Elliott Auerbach  
Deputy Comptroller

cc: Karen Christie, County Treasurer  
Robert F. Hagemann, III, Clerk of the Board, County Administrator  
Rebecca Wilcox, Regional Chief Examiner