

**FINANCE COMMITTEE MEETING**  
**JULY 7, 2015**

Present: Doug Paddock, Sarah Purdy, Tim Dennis, Margaret Dunn, Elden Morrison, Bonnie Percy, Jim Multer, Bill Holgate, Dan Banach, Lee Sackett, Mark Morris, Bob Clark, Jim Smith, Connie Hayes, Earle Gleason, Dave Hartman, Shawna Bonshak, Pat Brede, Nonie Flynn, Tim Cutler, John Christensen, from the Sampson Theater, John Adamski from the Finger Lakes Museum.

John Christensen gave a brief presentation on the Sampson Theater explaining they are preparing to apply for grants and would like the County to give them a letter of support. The consensus of the Committee was to go ahead with a letter.

John Adamski, gave a brief presentation on the Finger Lakes Museum, they too are preparing to apply for grants and would like the County to give them a letter of support. The consensus of the Committee was to go ahead with a letter.

Doug and Mark will do the audit.

Minutes of the June meeting were approved as presented.

**Planning** - Shawna Bonshak

Shawna reported the Planning Board reviewed 4 referrals at their June 25<sup>th</sup> meeting. Shawna also reported Doug Skeet from the Town of Middlesex will be resigning at the end of 2015. The Town does have a replacement in mind.

Shawna reported the 5<sup>th</sup> annual Local Planning & Zoning Officials Training Workshop was successfully attended on June 25. Next year's training will be held in Yates County.

Shawn updated the Committee on the Penn Yan Marine project. Final excavation of Area 3 (between two out buildings) was done today. The slab of the entire main building is removed and they are currently crushing the slab on the newest building. All slab material should be removed by the end of July. LaBella is working on final updates to the Site Management Plan, a new survey of the property is required which is part of the DEC's package that they need. LaBella has to have the SER or final engineering report and all the backup data to the DEC on or before September 15<sup>th</sup>. The goal is to get the Certificate of Completion by the end of the year.

The Capital Plan was reviewed. Doug explained that there still needs to be an additional \$352,000 taken out of the capital plan to get it to \$2.8 million.

Doug explained he spoke with the Treasurer and if the county were to borrow \$1 million dollars and we didn't start to pay the debt back until 2017 the cost would be approximately \$71,500 to borrow \$1 million for 5 years.

Tim would like the committee to take a look at alternate funding instead of cutting the capital plan.

Doug made the following suggestions to get the capital plan back to approximately \$2.8 million.

- Take \$217,000 out of Highway's capital road plan and leave the bridge in as it has been red flagged.
- take \$12,000 out of computers

- take \$28,000 out of the Sheriff's cars
- eliminate the storage building
- eliminate the facility reserve
- eliminate the \$47,600 for the open access

Doug suggests putting the plan forward with these changes and when we get to the budget if there is more in fund balance than is expected or we chose to borrow we add items back in. Shawna will submit the final plan for approval at the August Finance Committee meeting.

Shawna reviewed the build-out schedule for the open access network. The project is estimated to be completed December of 2016.

**Real Property** – Pat Brede

Pat reported this is an update year for 8 towns and she has been busy since before tentative rolls and it is wrapping up this week.

Pat reported the 2015 final assessment database can be viewed on ImageMate. There is a link on the Real Property web page that says Yates County Property Info. online. The public can now see all the information.

**Treasurer** – Nonie Flynn

Nonie reviewed the 2015 appropriations.

Nonie reviewed the funds due from the State and Federal governments which was \$1,897,684.89.

Nonie reviewed the Occupancy Tax Collected as of the second quarter which was \$49,481.98 which is about 1.7% increase over last year's number.

Nonie reviewed the sales tax report which shows \$4,210,691.42 received as of July 1<sup>st</sup>. For 2015 \$10,800,000 was budgeted.

Nonie reviewed a cash flow report which showed the receipts and disbursements by month. Doug asked Nonie to add a line that shows the year end fund balance without the reserves.

Nonie reviewed the bids on the tax acquired property. Nonie explained that 10 properties went back to the owners, 2 will not show up because they were in owner's estates and the County Attorney is working on getting the deed back into the proper estate name. There is one parcel still open which is in Keuka Park. Nonie expects to put that one out to bid in September. There were 3 properties that no bids were received on and 10 parcels that did receive bids.

A lengthy discussion took place on whether some of the bids on a couple of the properties should be rejected and then put back out to bid. The consensus of the Committee was to accept all the bids and move forward with a resolution.

Nonie reported some of the findings of the IRS audit are in and she has forwarded all the findings to the Department Heads and the Committee Chairmen so they can begin the resolution of what is going to be done moving forward. Below are the findings so far.

### **Internal Revenue Service Examination of 2012 Findings:**

1. **Awards** – During 2012, some employees received awards for years of service in the form of gift cards and they were not taxed. The payments of these awards was ended in 2013 and therefore, no adjustment is needed.
2. **Non-overnight Meal Reimbursement** – During 2012, employees were reimbursed for meals that did not involve overnight travel and this reimbursement was not taxed. This issue was corrected in 2013 by adding these amounts to wages and therefore, no adjustment is needed.
3. **Legislator Mileage** – Some legislators were reimbursed for their travel from their home to meetings at the county office building and it was not taxed in 2012. The commuting reimbursement was properly treated starting in 2013. The tax due for 2012 is \$880.39.
4. **Secretarial Stipend** – There are three attorneys (Public Defender, Assistant Public Defender and the DSS attorney) that are paid as employees and also receive a form 1099 for “secretarial stipend”. These stipends did not qualify as payments under an accountable plan, there is no code section allowing for these stipends to be excluded from wages, and therefore, are taxable as wages. The tax due for 2012, 2013 and 2014 is \$11,933.68. The possible withholding tax due for all three years is \$31,613.57.
5. **Worker Reclassification Issues** – The County did not meet the Reasonable Basis Test (behavioral control, financial control, relationship of parties) for the following workers and they should be reclassified as employees. If we agree with the findings and sign the Closing Agreement, we only have to pay the taxes for 2012. If we disagree, we can dispute it. If we lose, we have to pay the taxes for all years.
  - A. Michele Worden – As an assistant in the Sheriff’s office to meet accreditation guidelines, she should have been treated as an employee. The tax due for 2012 is \$1,278.93.
  - B. George Roets – As Director of Community Services, he should have been treated as an employee both under the common law rules and the rules related to a public official. The tax due for 2012 is \$2,707.38.
  - C. Roberta Fisher – As the financial consultant for Community Services, she should have been treated as an employee. The tax due for 2012 is \$894.18.
  - D. Carol Schreiner – As the Single Point of Accountability Coordinator for Community Services, she should have been treated as an employee. The tax due for 2012 is \$4,904.72.
  - E. Margaret Brinn – As the Coordinator for Public Health Emergency Preparedness & Response Planning activities, she should have been treated as an employee. The tax due for 2012 is \$4,133.16.

The total amount due to date is \$26,792.44. This does not include the attorney’s withholding of \$31,613.57. **There are more findings pending.**

Nonie explained the county has until October 1<sup>st</sup> to make the contractors employees. If this is done and we sign an agreement the county will only have to pay the taxes for the 2012 year. If we don’t do this and do not sign the closure agreement we will have to pay the taxes for 2013, 2014 and 2015.

Nonie reported there are 3 hearings scheduled for August 6, 2015 for three late occupancy tax filers. The hearings are the preliminary step to determine whether a warrant should be issued commanding a levy and sale of real and personal property.

Nonie did a 2014 Fiscal Stress Self-Assessment which gave the county a classification of “no designation”. The county did not generate sufficient points to place us in one of the three stress categories.

Nonie reported the semi-annual Yates-Ontario Flint Creek Small Watershed Protection District meeting will be held July 8<sup>th</sup> at the Gorham Town Hall.

Nonie reported the Comptroller’s Office is still here.

Nonie reviewed the following resolutions that would be needed. The Committee approved.

- 2015 Budget Transfers
- Appropriate Additional Federal Aid (PH)
- Appropriate Additional Federal Aid (DSS)
- Authorize Conveyance Of Real Property
- Accept Bids On Tax Acquired Properties

**County Administrator** – Sarah Purdy

Sarah reported she and Tim had a conference call today with various members of the STN Board regarding written reports on the STN Board meetings.

Tim explained the phone call started out establishing who we are and who they are, what we don’t understand about how they expect things to go on. The first part of the conversation outlined how the STN Board is setup and how they operate. They are a not-for-profit, tax exempt, corporation with charitable purpose and they are recognized as a charitable non-profit tax exempt corporation by New York State. The Board itself is self-perpetuating in that they have no interest in this corporation. It was made very plain that they are strictly non-profit and at the end of the year, any excess that may occur beyond what is needed for reserves or operation is put back into the purpose of the corporation. Discussion took place on the purpose of the corporation, a lot of that reflected the mission statement.

The open access network was discussed at length, why it works like it does and why it’s successful and why it is doing something that can’t be done and serve underserved areas. The importance of the open access model was discussed, this is the 4<sup>th</sup> open access model that STN has worked with.

Discussion turned to the two classes of directors voting and non-voting, our agreement is that we have one directors seat but it is a non-voting ex officio seat. Other than not casting a vote when votes are cast, that director does have the same privileges that any other director has as far as taking part in the discussions and offering information. The board is subject to the open meetings law and they do regularly have executive sessions. The executive sessions are for the discussion of proprietary and confidential information that needs to be discussed in a highly competitive situation. This is because of carriers, rates, and who is paying what rate and where they are going which needs to be kept proprietary so that the business model can succeed. This is not only how STN operates, it is how most, if not all of the open access models operate, because some of this information has to be tightly held.

Board members have responsibilities that are outlined in their code of ethics. All board members are required to keep matters confidential that are considered confidential. Discussion then came up, if this is an open meeting, and someone walks in off the street, and they hear discussion and take notes on it and report on it, what is the difference if our non-voting member in open session taking notes and then prepares a written report that comes back to the board. The explanation that was given is, the directors are held to a different standard than someone off the street. They

are held to the code of ethics. The code of ethics states that the information shared will be shared equally to all member of the board. If one director is to write a report and distribute that to another board, at that point it becomes foible material. The problem with that is, that not everyone is going to write the exact same report.

The reports are not necessarily equal and they may not be entirely accurate without being checked. As a result, they maintain that the reports should come back, if there are going to be reports in writing in foible state, that the minutes reflect the report.

There was some discussion regarding voting vs non-voting members being in executive session. Mr. Manning stated that the non-voting seat would be included, however, during the discussion today it was stated that, this had not gone by everyone. Chairman Dennis still expects that our director will sit in executive session.

We were then asked what Yates County's expectation were. There were questions as to whether we would see the marketing and sales report. The report was discussed in executive session, and no member of the sitting board was allowed to take a copy of the report. This is truly the crux of where they are in their negotiations with various carriers and various sites and that is going to remain closely held information.

Tim asked how other counties that are members of their board handle reporting to the board. The reply was that the other counties do not report directly to their board of supervisors or legislators. They are provided with minutes. This is to avoid a foible situation.

Tim stated that STN made a convincing case that they know what they are doing. They are not trying to avoid openness, they are not trying to be secretive but they do need to be able to operate in an environment such as this is. We have agreed to join them. They are showing success. We have to express some degree of trust and give this a chance to work. We have been repeatedly reassured that it will. We will be monitoring this closely.

The treasurer has offered to share with Tim and Sarah how the bookkeeping is setup so that the revenues and expenses will be tracked and assigned for our share of the network in an accurate manner.

Connie asked if she could be included in the dissemination of the minutes so they could be available in the Legislative office. Sarah will give Connie the minutes once they have been approved by the STN Board.

Meeting adjourned at 8:24p.m.