



Ontario County Department of Finance

*3019 County Complex Drive
Canandaigua, New York 14424*

585.919.2750 Facsimile: 585.396.4313

A BRIEF OVERVIEW OF FISCAL MANAGEMENT FOR ONTARIO COUNTY

Mary M. Gates
Director of Finance
Mary.Gates@ontariocountyny.gov

Lorrie K. Scarrott
*Manager of Financial Operations
Deputy Director of Finance*
Lorrie.Scarrott@ontariocountyny.gov

DEPARTMENT OF FINANCE

Who is the *Department of Finance*?

The Ontario County Department of Finance was established on January 1, 2004 by vote of the general public on November 4, 2003. The Office is responsible for the management and administration of the fiscal affairs of the County within applicable laws and professional standards, including managing the County budget. As part of our responsibilities, we:

- Keep the accounting records of the County
- Pay all the bills of the County according to state and federal laws and in accordance with County contracts and adopted policies
- Manage and invest County funds
- Prepare the County payroll
- Manage the County debt program
- Monitor and analyze the adopted County budget
- Determine and report to the Board of Supervisors the financial and budgetary impact of all proposed County policy decisions
- Monitor and report on the impact of federal and state changes that affect County finances
- Manage the County credit rating
- Prepare monthly and annual financial reports
- Analyze and forecast the County financial position including the budgets of the County departments
- Administer, monitor and analyze the County sales tax
- Audit the fiscal matters of all County departments
- Assists in the preparation of the annual County Budget and the Capital Improvement Plan

The ***Department of Finance*** is a consolidated fiscal office with all County fiscal staff reporting to the Director of Finance. Fiscal Operations includes Central Finance, a satellite office for Public Works Finance, as well as fiscal management staff located in the Economic Development and Social Services Departments to fully address the fiscal needs of those areas.

Our Locations:

Our Central Finance Office is located in the Human Resources Building at 3019 County Complex Drive, in the Town of Hopewell. It is from this location that most of the activities of the Department of Finance take place.

The Public Works Finance Office is located in the Public Works Building at 2962 County Road 48 in Hopewell, N.Y. This office performs fiscal duties such as budgeting assistance, accounts payable, accounts receivable, payroll, and the tracking and filing for various state and federal grants.

Departments supported by the Public Works Finance Office include Public Works Administration, Bureau of Buildings and Grounds, Fleet Management, Courier Service, Weights and Measures, Parks, Highway, Canandaigua Lake County Sewer District, Rte. 332 County Sewer District, and Honeoye Lake County Consolidated Sewer District.

The ***Central Finance Office*** is organized into five functional areas: Accounting, Audit, Cash Management, Finance, and Payroll.

- ◆ *Accounting* is responsible for the preparation, review, and analysis of the County's financial statements.
- ◆ *Audit* reviews County invoices and provides prompt payment to County vendors. *Audit* evaluates the adequacy of the County's internal control environment and related accounting, financial, and operational policies. *Audit* also performs internal audits of various departments and operational areas, and reports findings to the Director of Finance, Compliance Officer, and Compliance Committee accordingly.
- ◆ *Cash Management* is responsible for the timely deposit and investment of County funds.
- ◆ *Finance* supervises the overall Ontario County fiscal operations, including financial policy formation, and the coordination of the budget process. It also:
 - Supervises the overall Ontario County fiscal operations, including financial policy formation, and the coordination of the budget process; and
 - Performs fiscal duties for the County departments, such as budgeting assistance, accounts payable, accounts receivable, payroll, and the tracking and filing for various state and federal grants; and
 - Provides fiscal management and general oversight of the Department of Social Services Accounting unit and the Office of Economic Development, including provision of fiscal support to the Ontario County Industrial Development Agency, the Ontario County Local Development Corporation, and the Ontario County Economic Development Corporation through contract.
- ◆ *Payroll* manages County employees' payroll and deductions, as well as related reporting to New York State, Employees' Retirement System, Internal Revenue Service, and the Social Security Administration.

The ***Director of Finance*** is appointed by the Board of Supervisors on the basis of professional, educational, and administrative qualifications for a two-year term of office. The Director of Finance serves in a policy influencing, confidential capacity to the Board of Supervisors. The Director of Finance is responsible for the administration of the Department of Finance, has general superintendence over the fiscal affairs of the County, and manages the County budget. The Director of Finance provides checks and balances on powers and duties retained by the Treasurer. ***Mary Gates***, current Director of Finance, has served Ontario County in this role since March 2016.

Prior to her appointment as Director of Finance, she served as Deputy County Administrator. She previously worked in the Finance Department as Senior Fiscal Manager for Health and Public Safety, and the Department of Economic Development. Mary was also the Chief Financial Officer for the Ontario County Industrial Development Agency, the Ontario County Local Development Corporation, and the Ontario County Economic Development Corporation. Mary has a Master's Degree in Public Administration through the College at Brockport, SUNY, and a Bachelor of Science Degree in Accounting from SUNY Empire State. She has also received certification as an Economic Development Finance Professional.

COUNTY BUDGET

County Budget Overview

The County annually prepares a two-year budget. The County budget is a chief decision making policy document and as such, the budget has several key features: It incorporates long-term perspective, has links to organizational goals, and has a method for comparing actual results to budget.

The County Board of Supervisors adopts the annual budget for the ensuing year in November. That budget contains expenditure levels that cannot be exceeded unless certain authorizations are received. To ensure that expenditures are not exceeded, the County's financial system automatically stops any payments for which budget money does not exist.

The County prepares a 2-year budget and a 6-year capital improvement plan (C.I.P). These are prepared at the same time so that the operating budget may include any County cost associated with the C.I.P. The C.I.P. is funded by tax levy, sales tax, reserves, state and/or federal aid, special district revenues, or bonding.

Annual Budget Process

January: The budget team develops a timetable for the budget process.

February: The County budget process starts with an organizational meeting for the Capital Improvement Plan (CIP) Team consisting of representatives from key departments: the County Administrator, Finance, Information Technology, Planning and Public Works.

March: Staffing needs are discussed with the County Administrator early in the process.

April/May: The Budget Officer (the chairman of the Ways & Means Committee), County Administrator, and the Director of Finance meet to discuss current financial status, the prior years' results, and to propose goals and guidelines for the budget. The guidelines are reviewed, amended if needed, and approved by the Ways & Means Committee and the full board in May. Once approved by the Board the guidelines are communicated to the departments.

May/June: Payroll projections are generated and reviewed by departments for inclusion in the budget proposal documents.

July: Departments start the "official" preparation of their two-year operating budgets the first week of July. The final draft of the CIP is reviewed and approved by the Public Works and Ways & Means Committees.

August: Departments present their budgets to the appropriate standing committees in August.

September: Departments meet with the Ways & Means Committee for review all budgets and the Committee finalizes the proposed budget to presentation to the Board of Supervisors.

November: The *Tentative Budget* is provided to the full Board for review. A budget workshop is held for the full Board and the budget and CIP are approved by the Board of Supervisors in November.

December: The Final Adopted Budget is published to the County's website.

FISCAL POLICIES

Budget Transfer Policy

The County has adopted a Budget Transfer Policy which authorizes budget amendments to be made during the year. For example, if a department wishes to add a new program or an additional position in their operation that was not originally budgeted, they must secure funding and get approval from the Board of Supervisors committee that oversees their operation, the County Administrator, the Ways & Means Committee, and finally from the Board of Supervisors. Other budget amendments, which simply transfer money within the already adopted budget, only require approval of the department head and, in some instances, the County Administrator.

Cash Management & Investment Policy

The County's investment policy applies to the investment and deposit of all funds, excluding the investment of employees' retirement, Deferred Compensation (457), and Saving Match Plan (401a) funds.

Except for cash in certain restricted and special funds, Ontario County will consolidate cash and reserve balances from all funds to maximize interest earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Interest income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

Objectives of investment activities, in order of priority, are to:

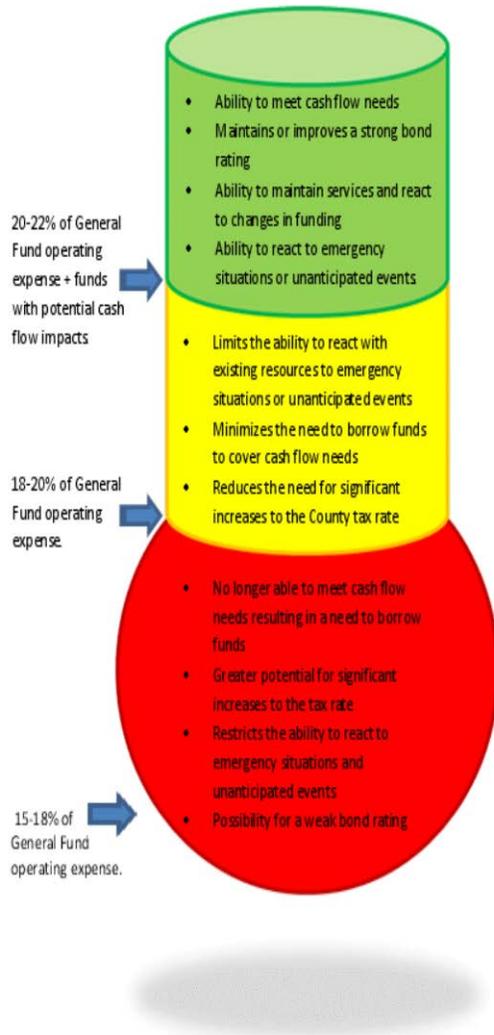
- Conform with all applicable federal, state and other legal requirements
- Adequately safeguard principal
- Provide sufficient liquidity to meet all operating requirements that may be reasonably anticipated
- Obtain a reasonable rate of return

Fund Balance Policy

In January 2011, the Board of Supervisors adopted a Fund Balance Policy to ensure that there will be adequate cash on hand to serve as a financial cushion.

Fund balance is the difference between a fund's assets and liabilities.

By maintaining a sufficient level of fund balance, the County:



- Reduces the need for urgent and significant increases in the County tax rate.
- Ensures its ability to effectively react with existing resources to emergency situations and unanticipated events.
- Avoids the need for costly tax or other revenue anticipation notes.
- Exercises good fiscal management by permitting the development of a more responsible and responsive long-term financial plan.
- Maintains or improves a strong bond rating thereby reducing future interest expense.
- Maximizes investment earnings by maintaining adequate levels of cash and investments.

To assure the appropriate level, in the General Fund, Ontario County will maintain a minimum unrestricted fund balance of 18-22% of the total General Fund appropriations (approximately 2-3 months of expenditures) as recommended by the Government Finance Officers Association. The fund balance will be calculated using the budgeted total General Fund expense (salaries, benefits, operating expense, inter-fund transfers, and capital expense). This balance is the minimum fund balance required to meet our cash flow needs. The graph is a depiction of the targeted ranges of fund balance and the considerations that must be evaluated at the differing levels.

Debt Policy

In February 2000, the Board of Supervisors (BOS) adopted a *Debt Management Policy* providing for the types of debt which may be issued, the maximum amount of debt allowed, the purpose for which the County may issue debt and other financial objectives.

Because of the financial policy decisions adopted by the BOS for the use of landfill lease monies, no new taxpayer supported debt will be issued in the near future and there will be no County property taxes used to retire any existing or future debt.

COUNTY FUNDS

“Funds” are simply accounting devices used to keep track of the funding sources and spending on particular programs. Funds are established to control and manage the money and budgets of certain governmental activities. Some funds are required to be established by law, some are utilized to meet state and federal government requirements, while others are created to segregate specific operations.

- **General Fund** - is the principal fund of the County and includes all operations not required to be recorded in other funds.
 - ❖ The largest “fund” of the County historically comprising approximately 89% of the annual adopted County Budget.
 - ❖ Records the financial activities for operating the Office of Sheriff, inclusive of a correctional facility, road patrol, emergency communications, administering social service programs, providing defense for indigent clients, and health programs, which includes Preschool Special Education/Early Intervention, and public health and mental health services.
 - ❖ Accounts for departments such as Purchasing, Human Resources, Information Services, Finance, County Attorney, etc., which support the direct services departments.
 - ❖ Accounts for Administrative Services such as Planning, Real Property, County Clerk, etc.
- **Self-Insurance Funds** - the County is self-insured for liability, property, automotive and workers’ compensation coverage. Self-Insured means that instead of paying annual premiums to an insurance company, the County pays its insurance claims directly to the claimants after fully reviewing, investigating, and where necessary, litigating the claims. The County has two insurance funds:
 - ❖ **Workers’ Compensation Fund** - Ontario County, 16 towns, eight villages and two cities, have joined together to self-insure for workers’ compensation coverage which is maintained and administered by the County.
 - ❖ **Risk Retention Fund** - the County is exposed to various risks of loss related to torts, theft of or damage to, or destruction of assets or property, and natural

disasters. The Risk Retention Fund is the County's self-insurance program to assume the liability for aforementioned items. Payments are made through the annual budget by each department based on an assessment of historical usage and exposure to liability.

- **Special Revenue Funds** - are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The special revenue funds of the County include the County Road, Animal Control, Community Development, Sewers, and Revolving Loan.
- **Capital Projects Fund** - accounts for financial resources to be used for the acquisition, construction, and renovation of major capital facilities and infrastructure.
- **Debt Service Fund** - used to account for current payments of principal and interest on general obligation long-term debt and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness not being financed by proprietary or special revenue funds.
- **Trust Agency Funds** - the County acts as the trustee for assets that belong to others, such as payroll deductions, sales tax for municipalities, funds for protected persons, etc. Since these assets are being held for the benefit of a third party (other local governments, private parties, etc.), they cannot be used to address activities or obligations of the government. These funds are not incorporated into the countywide financial statements.