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PRESS RELEASE

County's Conservative Financial Approach Pays Dividends

Despite an estimated reduction of over \$4.5 million in sales and mortgage tax revenues from 2008 levels, Columbia County is estimating to finish the year ahead of Budget.

“Strict financial controls on all spending, implemented in 2008 and which included a hiring freeze and programs to reduce overtime have contributed to this positive forecast”, according to Board of Supervisors Chairman Art Baer. “The Budget and Salary Review Committee, established last year, has worked tirelessly and effectively with our department heads to achieve this result. Perhaps as important as the financial results is the fact that the County has not had to reduce services to our residents”, said Baer.

In addition to controlling costs, the County government has also been examining its financial management and control procedures and has found a need for significant improvement. As a result of an external audit by the County's accounting firm of Federal and State reimbursement revenues at the Department of Social Services, it was determined that approximately \$9.0 million in accounts receivables will be un-collectable. The impact of this determination will cause the County to write off these receivables and reduce its fund balance accordingly.

This improper accounting practice was in place for years and was stopped after an internal financial review in 2008 and confirmed by the 2008 outside audit just completed by its' outside accounting firm. The County accepts this practice was not in conformance with generally accepted accounting principles and believes that this issue should have been identified before this year, in previous audits.

As a result of this finding and other issues related to the County's accounting procedures, a number of actions are being initiated including:

- 1) Requesting proposals from other accounting firms to conduct our future independent audits,
- 2) Hiring a County Controller with CPA credentials to upgrade our internal audit and control practices,
- 3) Beginning a project to bring the County into compliance with not only mandated, but also State recommended accounting practices including GASB 34, GASB 45, and GASB 54 and will allocate appropriate resources,
- 4) Re-examining all major capital projects for criticality

It is expected that the savings we have made this year will help offset a large part of this loss to the fund balance.

Looking ahead to 2010, the County will need to maintain its conservative financial management strategy. Sales and mortgage tax revenues are not expected to increase, while major uncontrollable costs such as pension contributions and employee healthcare are projected to increase by 90 percent and 12 percent, respectively. Furthermore, as current Federal stimulus monies are depleted, State reimbursement funds for counties are expected to be squeezed. Recently, the New York State Budget Director projected deficits to increase to \$4.7 billion in 2010-2011 and \$14.5 billion in 2011-2012.

Putting the County's economic status into regional context, and unlike neighboring counties such as Dutchess, Albany, Ulster, Putnam and Greene, Columbia County has not had to reduce necessary services or commence the layoff of its employees. Moreover, it is anticipated that any increase in the general tax levy for 2010, will be less than the adjoining counties that have not implemented the spending controls initiated in Columbia County.

Notwithstanding this regional outlook, the County believes its strategy of managed spending, while selectively investing in economic development for new jobs, will allow us to keep the increase in the General Tax levy under five (5) percent next year, without any reduction in key services and/or employees.

2010 and 2011 will be extremely challenging years for all New York State municipalities but, at the end of the day, we believe Columbia County will be one of those least affected by the worst economic recession in 75 years.