



Robert E. Antonacci II, CPA
Comptroller

COUNTY OF ONONDAGA

Office of the
County Comptroller

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August 21, 2012

The Onondaga County Legislature
401 Montgomery Street
Syracuse, New York 13202

Honorable Members of the Legislature:

Please find enclosed our audit regarding Letters of Distribution. Please recall this audit was presented in draft form to the Legislature in late 2011 and subsequently Local Law 4-2012 was passed. A copy of the local law is enclosed with the audit documents. Further, we enclose Resolution 226/2010 and Resolution 93/2012, both items involve the Letters of Distribution issue.

We are releasing this audit today after a reporter inquiry relative to Mr. Thomas Roehm. As stated in a recent Post Standard article he is listed as a Law Department employee but his salary is charged to the Department of Water Environment Protection (WEP) while working in the Parks Department. Our audit references this payroll matter on Chart 2 attached to the audit report.

With the passage of resolution 93/2012, Mr. Roehm is still employed within the Law Department and still being charged to WEP, however rather than a direct charge to WEP the plan appears to charge WEP for Mr. Roehm through inter-departmental charges.

We believe the passage of Local Law 4-2012 was a step in the right direction and we appreciate the County Executive signing this Local Law.

However, we must still be diligent in insuring employees are charged properly for the reason we set forth in our audit and in statements made in committee.

Sincerely,

Robert E. Antonacci II, CPA

REA/nlc

Audit Overview

The Internal Audit Division conducted an audit of how select payrolls were allocated by various County departments via the Letters of Distribution Report. The department's payroll expenses were compared to assigned personnel and respective payroll allocations recorded on the Letters of Distribution Report.

Purpose/Procedure

This audit serves three purposes. The first is to assess the methodology of allocating salaries across more than one department via the letters of distribution. The second is to identify the potential of duplicate billings when departments are part of the indirect cost plan and simultaneously use the letters of distribution to bill other County departments for personnel costs. The third is determining if through the use of the letters of distribution, departments are understating their respective true salary and fringe costs.

Scope

The period chosen for review was pay period 14, pay date July 8, 2011 from the Letters of Distribution Report.

Letters of Distribution Overview

The Letters of Distribution Report reveals how departments allocate their employees' salaries and wages among different departments. Employee salaries are expensed by index codes. Each index code represents a department and/or function. They are used for budgeting and reporting purposes.

In certain departments the true personnel costs were not reflected. Departments were charging certain employees to other departments through the letters of distribution.

In most instances the use of the Letters of Distribution Report:

1. Does not measure the true cost of running departments by charging personnel costs to other departments.
2. Appears to have no methodology as to the amount charged to other departments.
3. If the department is part of the indirect cost plan and charging other departments through the letters of distribution it creates a situation where departments could be charged twice for the same position.
4. Does not allow departments billed through the letters of distribution to have oversight of the employees they are charged for.
5. Reimbursements may be jeopardized in cases where grants are being charged without sound methodologies.

Salaries can be charged to other departments through direct billings or through the Indirect Cost Plan.

The Departments allocated through the Indirect Cost Plan are:

- Audit & Control
- Finance Administration
- Management and Budget
- Personnel
- County Executive
- Legislature
- Miscellaneous Expenses

I. Indirect Cost Plan Departments

When departments are part of the Indirect Cost Plan and bill out salaries to other departments through letters of distribution, they understate their own expenses. This also creates the possibility of duplicate expenses for departments being charge through both the Indirect Cost Plan and letters of distribution.

A. County Executive

In reviewing the Letters of Distribution for the County Executive's Office, we noted four employees were charged via letters of distribution.

1. Deputy County Executive of Human Services

- 67% charged to the County Executive Department index code 130039
- 11% charged to Van Duyn Administration index code 351081
- 11% charged to Mental Health Grant index code 360651- Grant 752009, System of Care grant
- 11% charged to DSS Admin Overhead F20 index code 430629

The Deputy County Executive of Human Services oversees more than the 3 departments listed above. The Deputy County Executive of Human Services also oversees Corrections, Health, Aging and Youth, Onondaga Community College (OCC), Onondaga County Public Library (OCPL), Social Services (DSS), Probation, Hillbrook Detention Center, and Veterans Services.

It is recommended the remaining pieces of this position not billed to a grant be allocated via the Indirect Cost Plan.

Charging to Grant 752009

Per the Letters of Distribution Report the allocation of Deputy County Executive of Human Services salary to the above grant is 11%. Therefore, 1% of the salary does not appear allowable. Any changes in allocation that divert from the original grant agreement must be approved and amended by New York State prior to the new allocation taking place.

2. Deputy County Executive for Physical Services

- 67% charged to the County Executive Department index code 430629
- 33% charged to Water Environment Protection index code 480020

The Deputy County Executive for Physical Services oversees several departments including Facilities Management, Information Technology, Water Environment Protection (WEP), Emergency Communications (E911), Metropolitan Water Board (MWB), Parks and Recreation and Transportation.

Although this position oversees several departments, only WEP is represented on the Letters of Distribution Report.

It is recommended this position initially be allocated via the Indirect Cost Plan.

3. Executive Communications Director

- 80% charged to the County Executive Department index code 130039,
- 6.67% charged to the Health Department Administration index code 333005,
- 6.67% charged to the Office of the Aging Grants Fund 030 index code 370015-755452
- 6.67% charged to the Parks and Recreation Department index code 510024

It is recommended the remaining pieces of this position not billed to a grant be allocated via the Indirect Cost Plan.

4. Confidential Information Aide

- 50% charged to the County Executive
- 50% charged to the Division of Management and Budget index code 200501.

It is recommended this position be allocated via the Indirect Cost Plan.

The methodologies currently used do not depict an accurate picture of the departments' true costs.

B. Management and Budget

There was one employee whose salary was charged via a letter of distribution.

1. Budget Analyst II

- 100% charged to Parks & Recreation index code 510024

We noted that a Management and Budget employee's salary was charged to Parks and Recreation. This employee's title is a Budget Analyst 2. However the employee is currently the fiscal administrator of parks.

It is recommended departments part of the Indirect Cost Plan do not direct bill via letters of distribution.

C. Personnel

There were eight employees in the Personnel Department that were charged to other department's index codes. Upon further review we noted these employees are temporary, full-time Administrative Interns hired through Personnel and assigned directly to other departments:

1. Intern
 - 100% charged to Economic Development index code 180000
2. Intern
 - 100% charged to Division of Management & Budget index code 200501
3. Intern
 - 100% charged to Budget Administration Unit index code 200519
4. Intern
 - 100% charged to Purchasing Division index code 240028
5. Intern
 - 100% charged to Emergency Management grant 735001, UASI Program
6. Intern
 - 100% charged to a Health grant 743810, WIC Vendor Management
7. Intern
 - 100% charged to DSS Admin Overhead index code 430629
8. Intern
 - 100% charged to MWB index code 500009

Since these interns are temporary, they can switch between departments. They are hired for 18-month intervals.

It is the Audit Division's opinion this is a correct use of the letters of distribution. It allows for mobility among the Intern positions across departments if required while reducing the additional administrative duties associated interdepartmental billing.

II. Direct Billing Departments

A. Information Technology

We noted five positions in the Information Technology Department, whose salaries are allocated to other departments' index codes:

1. Office Auto Supply Technician
 - 100% charged to County Clerk (Records Department) Fund 030 (110023-779005)
Grant name: Records Management Improvement Grant.
2. Systems Administrator
 - 100% charged to the Director of Laboratories index code 330331.
3. Systems Administrator
 - 100% charged to Van Duyn Administration index code 351081.
4. Network Administrator
 - 100% charged to System Support OCPL index code 390133.
5. Network Coordinator
 - 60% charged to Health Department Administration index code 333005
 - 40% charged to Information Technology and Microfilm Services Department index code 160028

It should be noted that IT is a direct billing department and bills its costs through an interdepartmental bill.

It is recommended IT's salaries should be allocated via interdepartmental billing.

B. Law Department

We noted five instances where employees' salaries were charged to index codes of other departments. Three of those five had all or part of their salary allocated to Water Environment Protection (480020). The remainder was charged to Law's appropriations:

1. Confidential Assistant County Attorney
 - 100% charged to WEP index code 480020
2. Deputy County Attorney 3

- 75% charged to WEP index code 480020
 - 25% charged to Municipal Legal Services
3. Senior Deputy County Attorney
 - 75% charged to WEP index code 480020
 - 25% charged to Municipal Legal Services
 4. Chief Confidential Assistant Attorney
 - 100% charged to Medical Assistance-Eligibility/Payments F4 index code 430488
 5. Deputy County Attorney 2
 - 75% charged to Municipal Legal Services
 - 25% charged to Van Duyn Administration 351081.

The Law Department has a billing methodology in place to assign and allocate costs to other departments using time sheets. It appears Law only direct bills WEP and not any other department.

Charging these employees to WEP will cause increased sewer charges to the taxpayer. The Law department also charges WEP interdepartmentally for other department functions.

It is recommended the Law Department treat all County departments consistently and utilize interdepartmental billing for all.

C. Division of Purchase

There was one employee whose salary was charged via a letter of distribution

1. Part time Specification Writer
 - 100% charged to WEP index code 480020

It is recommended Division of Purchase salaries should be allocated via interdepartmental billing.

III. Other Departments

A. Health Department

Four employees in the Health Department are being charged to other departments:

1. Part-time PH Educator
 - 100% charged to a Personnel Department grant index code 230060, grant number 773096, Worksite Wellness Program. This position is funded through the insurance fund

2. Director of Operations
 - 100% charged to Van Duyn index code 351677
3. Cont. Comp. Administrator
 - 100% charged to Sheriff Custody index code 410027
4. PH Nurse
 - 100% charged to Mental Health index code 360560

It is recommended employees initially be charged to index codes which encompass 100% of their duties. This will more fairly represent how the each department's appropriations are used.

B. LTC-Van Duyn

Two employees in the LTC were charged via letters of distribution:

1. Nurse Aide I's
 - 100% charged to the Van Duyn Revenues Only account index code 351677.
2. Nurse Aide I's
 - 100% charged to the Van Duyn Revenues Only account index code 351677.

This index code is within Van Duyn's accounting structure and their overall appropriations and expenditures remained within Van Duyn.

Since the Nurse Aide I positions are charged within Van Duyn, the above charges via the letters of distribution appear to be appropriate.

C. Probation

Four positions totaling eight employees were charged via the Letters of Distribution Report.

1. Probation Officer
 - 100% charged to DSS index code 430561
2. Probation Officer
 - 100% charged to DSS index code 430561
3. Probation Officer
 - 100% charged to DSS index code 430561

4. Probation Supervisor
 - 50% charged to DSS index code 430561
 - 50% charged to Probation

This index code 430561 Child Support/Title IV-D F8 is part of the Department of Social Services. We note that Probation and DSS have an agreement that allows for these employees to be allocated to the 430561 index code due to the nature of their jobs.

5. Accountant II
 - 25% charged to Hillbrook index code 400200
 - 24% charged to Juvenile Unit index code 401004
 - 51% charged to Probation index Code 401002
6. Typist II
 - 25% charged to Hillbrook index code 400200
 - 24% charged to Juvenile Unit index code 401004
 - 51% charged to Probation index Code 401002
7. Director of Juvenile Justice & Detention
 - 75% charged to Hillbrook index code 400200
 - 25% charged to Probation index code 401002
8. Commissioner of Probation
 - 20% charged to Hillbrook index code 400200
 - 40% charged to Juvenile index code 401004
 - 40% charged to Probation index code 401002

In a discussion with Probation's fiscal office the above allocations are estimates and have been approved by the State of New York. State audits were completed over the telephone. Internal Audit will conduct a review of the allocation at a later date. This is a concern because Hillbrook has reimbursable expenses.

D. Social Services

There were two employees whose salaries were charged via a letter of distribution

1. Typist II
 - 100% charged to Van Duyn Administration index code 351081.

After searching Genesys we found that the Typist II was terminated as of June 27, 2011.

2. Case Worker
 - 100 % charged to a Van Duyn Social Services index code 351255

It is recommended employees initially be charged to index codes which encompass 100% of their duties. This will more fairly represent how the each department's appropriations are used.

E. Aging and Youth

There were two employees whose salaries were charged via a letter of distribution.

1. Commissioner of Aging and Youth for the Office of the Aging
 - 20% charged to Youth Bureau Administration 450379,
 - 80% charged to Office of the Aging Grant Fund 370015-755489

Charging to Grant 755489

As Title III-B was not a grant that included any part of the Commissioner's salary costs, the salary allocation per the Letters of Distribution does not appear allowable. Any changes in allocation that divert from the original Annual Implementation Plan must be approved and amended by NYS prior to the new allocation taking place.

2. Program Monitor for the Youth Bureau,
 - 50% charged to the Office of the Aging Grant Fund 370015-755485.

This methodology needs further review. Though both of these employees are being charged to index codes within the department, it is unclear at this point if the nature of these positions is reflective of their allocated costs.

F. Comptrollers and Direct Billing

The Comptroller's Office does not charge other departments via letters of distribution. However, the Department does do some direct billing as outlined below. It should be noted the respective salaries of the individuals associated with the interdepartmental billings are still included in the Comptroller's overall adopted appropriations. The Comptroller's Office is also part of the indirect cost plan and backs out the direct charges below before the costs are spread to avoid duplication.

1. Internal Service Fund

To ensure timely payment and avoid the county maintaining a significant amount of cash in our third party administrator's bank account the Comptroller's Internal Audit division reviews and approves their claims. The Accounting section then undertakes the necessary steps to make certain a bank wire is prepared and authorized, thus ensuring a timely payment. The accounting section is also responsible for the reconciliation of account balances relating to the flexible spending program. These services are directly charged via an interdepartmental bill. Worker's compensation claims are processed in the same manner.

The costs are based on budgeted salaries, fringe benefits and other departmental costs, such as supplies. An overall hourly rate is determined and applied to the hours performing these tasks.

2. **Community Development**

The direct bill to Community Development (CD) of \$1,800 was an agreed upon charge to perform financial statement compilation services for the Housing Development Fund Company, a not-for profit entity administered by CD.

3. **Indirect Cost Plan**

The Comptroller's Office also charges its services via the indirect cost plan. These charges are based on actual audit hours and other financial statistics generated from various reports provided by Information Technology. The departmental charges determined via the cost plan are respectively offset by the amount of the direct bills, thus avoiding a duplication of charges.

4. **Appropriations**

The respective salaries of the individuals associated with the interdepartmental billings are still included in the Comptroller's overall adopted appropriations. The appropriations have not been reduced and directly charged via a letter of distribution.

Chart 1

2012

2012 County Executive Budgeted 101 line	<u>\$ 795,995</u>
Actual Salaries	
County Executive	122,413
Deputy County Executive	130,006
Deputy County Executive- Human Services	125,202
Deputy County Executive- Physical Services	119,171
Director Intergovernmental Relations	75,117
Executive Communications Director	82,883
Senior Executive Assistant	57,046
Executive Secretary	45,285
Executive Secretary	42,607
Executive Secretary	41,580
Information Aide	40,611
Research & Comun Off. (VACANT)	57,071
	<u>\$ 938,992</u>
Potential Shift to Other Departments	<u>\$ 142,997</u>

Actual Salaries based on a 2.1% increase

CHART 2

Onondaga County Payroll Distribution 2011 (Based on Gross Payroll excluding benefits)						
DEPT #	Employee Department	Employee	Employee Title	Index or Grant Charged	Index Title	% of PAY / PAY for PPI4 Gross @ 26
2100	County Executive	Ann Rooney	DEP CO EXEC HUMAN SV	130039 351081 36065762009 4300629	COUNTY EXECUTIVE DEPT VAN DUYN ADMINISTRATION MENTAL HEALTH DEPT GRANT PROJECTS DSS ADMIN OVERHEAD F20 Total for Ann Rooney	67% \$4,601.41 11% \$13,160.16 11% \$13,160.16 11% \$13,160.16 100% \$119,636.66
2100	County Executive	Matthew Mililea	DEP CO EXEC PHYS SVC	130039 480020	COUNTY EXECUTIVE DEPT WATER ENVIRONMENT PROTECTION Total for Matthew Mililea	67% \$76,296.48 33% \$37,578.84 100% \$113,875.32
2100	County Executive	Martin Skahen	EXEC COMMUN DIRECT	130039 333005 370015755452 510024	COUNTY EXECUTIVE DEPT HEALTH DEPT ADMINISTRATION OFFICE FOR THE AGING GRANTS PARKS & RECREATION DEPARTMENT Total for Martin Skahen	80% \$3,046.34 7% \$5,306.60 7% \$5,306.60 7% \$5,306.60 100% \$79,204.84
2100	County Executive	Pamela Marsallo	CONF INFORM AIDE	130039 200501	COUNTY EXECUTIVE DEPT DIVISION OF MGMT & BUDGET Total for Pam Marsallo	50% \$19,409.26 50% \$19,409.52 100% \$38,818.78
2700	Information	Michael Houston	OFFICE AUTO SUP TECH	11002379005	COUNTY CLERK (RECORDS DEPT)	100% \$43,783.48
2700	Information	Ward Roesser	NETWORK ADMIN	390133	SYSTEM SUPPORT	100% \$2,163.43
2700	Information	Philip Vivenzo	SYSTEMS ADMIN	390331	DIRECTOR OF LABORATORIES	100% \$58,256.64
2700	Information	Jeffrey Whitmore	SYSTEMS ADMIN	351081	VAN DUYN ADMINISTRATION	100% \$2,093.70
					Total for Information	\$212,725.50
2700	Information	William Blanchard	NETWORK COORDINATOR	333005 160028	HEALTH DEPT ADMINISTRATION INFORMATION TECH & MICROFILM SVCS DEPT Total for William Blanchard	60% \$1,777.90 40% \$18,490.16 100% \$46,225.40
3915	Management & Budget	Nathaniel Stevens	BUDGET ANALYST 2	510024	PARKS & RECREATION DEPARTMENT	100% \$1,913.67
4300	Health Department	Karen Haney	CONT COMP ADMIN	410027	SHERIFF CUSTODY	100% \$78,693.16
4300	Health Department	Jeffrey Garrison	DIR OF OPER	351677	VAN DUYN REVENUES ONLY	100% \$69,751.38
4300	Health Department	Dulce Fernandez	PH EDUCATOR	230060773096	PERSONNEL DEPT FUND (Paid by Insurance Fund)	100% \$915.02
4300	Health Department	Catherine Beardsley	PH NURSE	360560	DAYTREATMENT FOR CHILDREN	100% \$54,350.92
					Total for Health Department	\$216,595.98

CHART 2

DEPT #	Employee Department	Employee	Employee Title	Index or Grant Charged	Index Title	% of PAY PAY for PP14 Gross @.26
4700	Law Department	Eileen Perry	DEP COUNTY ATTY 2	210138 351081	MUNICIPAL LEGAL SERVICES VAN DUYN ADMINISTRATION Total for Eileen Perry	\$60,176.22 \$3,085.96 \$20,058.74 \$80,234.96
4700	Law Department	William Hanna III	CHIEF CONF AST ATTY	430488	MEDICAL ASST-ELIGPYMTS F4	\$34,173.36
4700	Law Department	Kathleen Dougherty	DEP COUNTY ATTY 3	480020 210138	WATER ENVIRONMENT PROTECTION MUNICIPAL LEGAL SERVICES Total for Kathleen Dougherty	\$57,251.48 \$19,083.74 \$76,335.22
4700	Law Department	Luis Mendez	SR DEP CO ATTY	480020 210138	WATER ENVIRONMENT PROTECTION MUNICIPAL LEGAL SERVICES Total for Luis Mendez	\$70,119.66 \$23,373.22 \$93,492.88
4700	Law Department	Thomas Roehm	CONF AST CO ATTY 2	480020	WATER ENVIRONMENT PROTECTION	\$41,730.52
4920	LTC-Van Duyn	Bianca Agyeman	NURSE AIDE I	351677	VAN DUYN REVENUES ONLY	\$21,166.86
4920	LTC-Van Duyn	Maureen Joseph	NURSE AIDE I	351677	VAN DUYN REVENUES ONLY	\$1,265.78 \$54,077.14
5510	Aging and Youth	Lisa Alford	COMM OF AGING YOUTH	450379 370015755489	YOUTH BUREAU ADMINISTRATION OFFICE FOR THE AGING GRANTS Total for Lisa Alford	\$17,154.54 \$68,617.90 \$85,772.44
5520	Aging and Youth	Joseph King	PROG MONITOR	370015755485 450379	OFFICE FOR THE AGING GRANTS YOUTH BUREAU ADMINISTRATION Total for Joseph King	\$1,768.06 \$22,984.78 \$22,984.78 \$45,969.56
7110	Personnel	Honora Spillane	ADMIN INTERN	18000	ECONOMIC DEVELOPMENT	\$43,389.32
7110	Personnel	Caeli Sultivan	ADMIN INTERN	200501	DIVISION OF MGMT & BUDGET	\$43,389.32
7110	Personnel	Christopher Duncome	ADMIN INTERN	200519	BUDGET ADMINISTRATION UNIT	\$43,389.32
7110	Personnel	Kimberly Julian	ADMIN INTERN	240028	PURCHASING DIVISION	\$43,389.32
7110	Personnel	Daniel Wears	ADMIN INTERN	309997735001	EMERGENCY MGMT GRANT	\$43,389.32
7110	Personnel	Tanya Pick	ADMIN INTERN	321091743810	HEALTH DEPT GRANTS PROJECTS	\$43,389.32
7110	Personnel	Melissa Marrone	ADMIN INTERN	430629	DSS ADMIN OVERHEAD F20	\$953.61
7110	Personnel	Michael LaFlair	ADMIN INTERN	500009	MWB BUDGET CONTROL	\$1,668.82
7110	Personnel	Madison Quinn	ADMIN INTERN	480020	WEP	\$1,669.27
7110	New Additions	Simone Martin	ADMIN INTERN	333187	PUBLIC HEALTH NURSING	\$43,921.02 \$416,361.14

CHART 2

DEPT #	Employee Department	Employee	Employee Title	Index or Grant Charged	Index Title	% of PAY	PAY for PPI4	Gross @ 26
7320	Probation	Alphonse Giacchi	COMM OF PROBATION	400200 401002 401004	HILLBROOK DETENTION HOME PROBATION DEPARTMENT JUVENILE UNIT Total for Alphonse Giacchi	20% 40% 40% 100%	\$3,570.51	\$18,566.60 \$37,133.46 \$37,133.20 \$92,833.26
7320	Probation	James Czarniak	DIR JUV JUST & DETEN	400200 401004	HILLBROOK DETENTION HOME JUVENILE UNIT Total for James Czarniak	75% 25% 100%	\$3,026.66	\$58,019.74 \$19,673.42 \$78,693.16
7320	Probation	James Maيدا	PROBATION SUPV	430561 401002	CHILD SUPPORT/TITLE IV-D F8 PROBATION DEPARTMENT Total for James Maيدا	50% 50% 100%	\$2,482.69	\$32,275.10 \$32,274.84 \$64,549.94
7320	Probation	Deleena Braithwaite Patricia Cerro Kim Misco	PROB OFF/MIN GR SPEC PROBATION OFFICER PROBATION OFFICER	430561 430561 430561	CHILD SUPPORT/TITLE IV-D F8 CHILD SUPPORT/TITLE IV-D F8 CHILD SUPPORT/TITLE IV-D F8	100% 100% 100%	\$2,103.49 \$2,103.48 \$2,103.48	\$54,690.74 \$54,690.48 \$54,690.48 \$164,071.70
7320	Probation	Patrick Bane	ACCOUNTANT 2	400200 401002 401004	HILLBROOK DETENTION HOME PROBATION DEPARTMENT JUVENILE UNIT Total for Patrick Bane	25% 51% 24% 100%	\$2,253.84	\$14,650.22 \$29,685.70 \$14,063.92 \$58,399.84
7320	Probation	Tina Brown	TYPIST 2	400200 401002 401004	HILLBROOK DETENTION HOME PROBATION DEPARTMENT JUVENILE UNIT Total for Tina Brown	25% 51% 24% 100%	\$1,438.37	\$9,349.60 \$19,072.56 \$8,375.46 \$37,397.62
7500	Purchase Division	Anthony Laneve	SPECIFICATION WRITER	480020	WATER ENVIRONMENT PROTECTION	100%	\$996.25	\$25,902.50
8110	Social Services	Karen Kneeskern	CASE WORKER	351255	SOCIAL SERVICES	100%	\$1,672.19	\$43,478.94
8110	Social Services	Melissa Withers	TYPIST 2	351081	ADMINISTRATION	100%	\$3,138.31	\$34,474.00 \$77,950.94
Total Allocated/Payroll Distribution								\$2,404,974.08

TERMINATED 6-27-11

Additional Items for Review:

Resolution 93/2012

Local Law 4-2012

Resolution 226/2010

Ways and Means Meeting Minutes November 2011

Ways and Means Meeting Minutes December 2011

Ways and Means Meeting Minutes January 2012

Presentation notes from Mr. Antonacci to Legislature

June 5, 2012

Motion Made By Mr. Knapp, Mr. Dougherty

RESOLUTION NO. 93

AMENDING THE 2012 COUNTY BUDGET TO ALLOCATE COSTS BY INTERDEPARTMENTAL BILLING RATHER THAN BY LETTER OF DISTRIBUTION

WHEREAS, various county departments have used letters of distribution to bill for employees who work for other county departments; and

WHEREAS, it is the intent to eliminate letter of distribution, except for departments that are part of the indirect cost plan, the administrative intern program, grant funded letter of distribution, letters of distribution within a department 001 or 030 fund, and situations in which a department is borrowing a title (with a goal of shifting titles via the budget process for titles used for a lengthy period of time); and

WHEREAS, it is necessary to amend the county budget such that departments who have employees sitting 100% full time in other departments, and are currently using a letter of distribution, will now have 100% of their salaries budgeted in their own department and allocate their costs by interdepartmental billing; and departments who are allocating a portion of their employees' salaries to another department by a letter of distribution will now have 100% of their salaries budgeted in their own department and allocate their costs by interdepartmental billing; now, therefore be it

RESOLVED, that the 2012 county budget be amended as follows:

APPROPRIATIONS:

In Admin. Unit 05-10		\$1,032,031
Facilities Management		
FAMIS Index #470005		
In Acct. 101-4101 Regular Employee Salaries	\$40,194	
In Acct. 120-9120 Employee Benefits	<u>\$24,518</u>	
	\$64,712	
In Admin. Unit 10-21		
County Executive		
FAMIS Index 130039		
In Acct. 101-4101 Regular Employee Salaries	\$105,575	
In Acct. 120-9120 Employee Benefits	<u>\$64,401</u>	
	\$169,976	
In Admin. Unit 10-27		
Information Technology		
FAMIS Index #160028		
In Acct. 101-4101 Regular Employee Salaries	\$257,859	
In Acct. 120-9120 Employee Benefits	<u>\$157,295</u>	
(Charging Co Clerk, CFS, OCPL, Van Duyn, Hlth)	\$415,154	
In Acct. 101-4101 Regular Employee Salaries	(\$40,194)	
In Acct. 120-9120 Employee Benefits	\$(24,518)	
In Acct. 495-6285 Facilities Mgm't Svcs	\$64,712	



In Admin. Unit 39-15
Division of Management and Budget
FAMIS Index 200501
In Acct. 101-4101 Regular Employee Salaries (\$20,395)
In Acct. 120-9120 Employee Benefits (\$12,441)
In Acct. 495-6262 County Executive Svcs \$32,836

In Admin. Unit 43-00
Health Department
FAMIS Index 333005
In Acct. 101-4101 Regular Employee Salaries (\$36,376)
In Acct. 120-9120 Employee Benefits (\$22,189)
In Acct. 495-6283 Info Tech Svce \$49,583
In Acct. 495-6262 County Executive Svcs \$8,982

In Admin. Unit 40-43-51
Health – Center for Forensic Science
FAMIS Index #330308
In Acct. 101-4101 Regular Employee Salaries (\$60,524)
In Acct 120-9120 Employee Benefits (\$36,920)
In Acct. 495-6283 Info Tech Svce \$97,444

In Admin. Unit 10-47
County Attorney
FAMIS Index #210096
In Acct. 101-4101 Regular Employee Salaries \$104,868
In Acct. 120-9120 Employee Benefits \$ 63,970
(Charging Van Duyn, WEP and DSS) \$168,838

In Admin. Unit 55-20
Aging and Youth - Youth
FAMIS Index #
In Acct. 101-4101 Regular Employee Salaries \$61,040
In Acct. 120-9120 Employee Benefits \$37,234
(Charging Aging and DSS) \$98,274

In Acct. 101-4101 Regular Employee Salaries (\$18,034)
In Acct. 120-9120 Employee Benefits (\$11,001)
In Acct. 495-6258 Aging and Youth Charges \$29,035

In Admin. Unit 80-69
Parks and Recreation
FAMIS Index 510024
In Acct. 101-4101 Regular Employee Salaries (\$5,579)
In Acct. 120-9120 Employee Benefits (\$3,403)
In Acct. 495-6262 County Executive Svcs \$8,982

In Admin. Unit 10-75
 Division of Purchase
 FAMIS Index 240028
 In Acct. 101-4101 Regular Employee Salaries \$40,073
 In Acct. 120-9120 Employee Benefits \$24,445
 (Charging WEP) \$64,518

In Admin. Unit 40-81-10
 Department of Social Services Admin.
 FAMIS Index 430629
 In Acct. 101-4101 Regular Employee Salaries \$31,403
 In Acct. 120-9120 Employee Benefits \$19,156
 (Charging DOT) \$50,559

In Acct. 101-4101 Regular Employee Salaries (\$122,691)
 In Acct. 120-9120 Employee Benefits (\$74,842)
 In Acct. 495-6262 County Executive Svcs \$22,278
 In Acct. 495-6291 Law Svcs \$80,951
 In Acct. 495-6258 Aging and Youth - Aging Svcs \$35,826
 In Acct 495-6259 Aging and Youth -- Youth Svcs \$58,478

REVENUES:

\$1,032,031

In Admin. Unit 05-10
 Facilities Management
 FAMIS Index #470005
 In Acct. 060-3014 Facilities chgs other depts. \$64,712

In Admin. Unit 10-21
 County Executive
 FAMIS Index 130039
 In Acct. 060-3076 County Executive chgs other depts \$169,976

In Admin. Unit 10-27
 Information Technology
 FAMIS Index #160028
 In Acct. 060-3004 Info Tech Charges \$415,154

In Admin. Unit 10-47
 County Attorney
 FAMIS Index #210096
 In Acct. 060-3001 Law Dept chgs other depts \$168,838

In Admin. Unit 55-20
 Aging and Youth -- Youth Svcs
 FAMIS Index #
 In Acct. 060-3074 Aging and Youth -- Youth Svcs \$98,274

In Admin. Unit 10-75
Division of Purchase
FAMIS Index 240028
In Acct. 060-3091 Purchase Div chgs other depts \$64,518

In Admin. Unit 40-81-10
Department of Social Services Admin
FAMIS Index 430629
In Acct. 060-3081 DSS Charges \$50,559

APPROPRIATIONS:

In Admin. Unit 80-33
Water Environment Protection
FAMIS Index 480020
In Acct. 101-4101 Regular Employee Salaries (\$123,435)
In Acct. 120-9120 Employee Benefits (\$75,296)
In Acct. 495-6312 Purchase Div Charges \$64,518
In Acct. 495-6262 County Executive Svcs \$63,613
In Acct. 495-6291 Legal Services \$70,600

APPROPRIATIONS:

In Admin. Unit 40-49-20
Van Duyn Administration
FAMIS Index 351081
In Acct. 101-4101 Regular Employee Salaries (\$85,098)
In Acct. 120-9120 Employee Benefits (\$51,911)
In Acct. 495-6262 County Executive Svcs \$22,278
In Acct. 495-6283 Info Tech Svce \$97,444
In Acct. 495-6291 Legal Services \$17,287

APPROPRIATIONS:

In Admin. Unit 93-10
Transportation Dept. Highways Division
FAMIS Index 534040
In Acct. 101-4101 Regular Employee Salaries (\$31,403)
In Acct. 120-9120 Employee Benefits (\$19,156)
In Acct. 495-6268 DSS Charges \$50,559

APPROPRIATIONS:

CG960 Appropriations \$64,861
In Admin. Unit 10-19
County Clerk
FAMIS Index #110007
Grant #755452
In Acct. 101-4101 Regular Employee Salaries (\$45,490)
In Acct 120-9120 Employee Benefits (\$27,749)
In Acct. 495-6283 Info Tech Svce \$73,239

In Admin. Unit 40-55-10
 Aging and Youth - Aging
 FAMIS Index 370015
 Grant #755452
 In Acct. 101-4101 Regular Employee Salaries \$40,286
 In Acct. 120- 9120 Employee Benefits \$24,575
 (Charging Youth and DSS) \$64,861

In Acct. 101-4101 Regular Employee Salaries (\$30,297)
 In Acct. 120- 9120 Employee Benefits (\$18,481)
 In Acct. 495-6262 County Executive Svcs \$8,982
 In Acct.495-6259 Aging and Youth – Youth Charges \$39,796

In Admin. Unit 40-53
 Mental Health Grants
 FAMIS Index 360651
 Grant # 752009
 In Acct. 101-4101 Regular Employee Salaries (\$1,258)
 In Acct 120-9120 Employee Benefits (\$767)
 In Acct. 495-6262 County Executive Svcs \$2,025

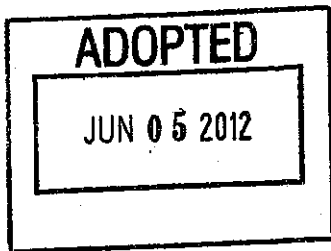
REVENUES:

CG510 Estimated Revenues \$64,861
 In Admin. Unit 40-55-10
 Aging and Youth - Aging
 FAMIS Index 370015
 Grant #755452
 In Acct. 060-3096 Aging and Youth – Aging Charges \$64,861

APPROPRIATIONS:

In Admin. Unit 40-65-10
 Onon. Co. Public Library
 FAMIS Index #390114
 In Acct. 101-4101 Regular Employee Salaries (\$60,524)
 In Acct 120-9120 Employee Benefits (\$36,920)
 In Acct. 495-6283 Info Tech Svce \$97,444

2012 LOD Reversal.doc
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I HEREBY CERTIFY THAT THE FOREGOING IS A TRUE AND EXACT COPY OF LEGISLATION DULY ADOPTED BY THE COUNTY LEGISLATURE OF ONONDAGA COUNTY ON THE

5th DAY OF June, 2012.

Deborah A. Maturo

CLERK, COUNTY LEGISLATURE
 ONONDAGA COUNTY, NEW YORK

12 MAY 22 PM 3:38

LEGISLATURE
 ONONDAGA COUNTY
 CLERK

A

LOCAL LAW NO. 4 -2012

A LOCAL LAW AMENDING THE ONONDAGA COUNTY CHARTER AND ADMINISTRATIVE CODE TO PROVIDE FOR INFORMATION ON LETTERS OF DISTRIBUTION

BE IT ENACTED BY THE COUNTY LEGISLATURE OF ONONDAGA COUNTY AS FOLLOWS:

Section 1. Pursuant to the Onondaga County Administrative Code, the County Executive has the power to authorize the temporary transfer of employees among units of the executive branch of county government, and Letters of Distribution are one such method of providing for that transfer and allocating the costs of the same.

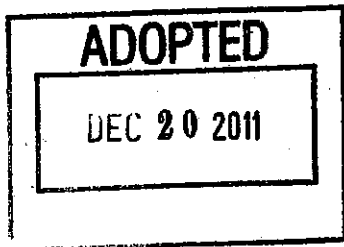
Section 2. This Legislature deems it necessary for the tentative budget to include information on any positions that are paid pursuant to a Letter of Distribution, such that this Legislature has sufficient information to conduct a review of those positions and determine whether a transfer of funds or reallocation of personnel is appropriate or necessary.

Section 3. Section 603 of the Onondaga County Charter hereby is amended in the third paragraph to add the following final sentence: The tentative budget as submitted by the County Executive shall include information identifying every officer and employee paid pursuant to a Letter of Distribution, including the share of the salary and benefits paid by the respective departments pursuant to said Letter of Distribution.

Section 4. Section 4.02(a) of the Onondaga County Administrative Code, regarding the duties of the Chief Fiscal Officer, hereby is amended to provide for a new subsection (3 - a), as follows: provide the County Legislature and the Onondaga County Comptroller with a monthly report regarding work performed by county employees for other departments beyond what is captured by interdepartmental billing and containing a list of positions that currently are paid pursuant to Letters of Distribution and the amount of salary paid by the respective departments.

Section 5. This local law shall take effect upon filing in accordance with the provisions of the Municipal Home Rule Law.

Letter of Distribution 10/12/11- Local Law.doc
LT/cmb
kam



FILED WITH CLERK
ONON. CO. LEG.

November 23, 2011
Kamb

I HEREBY CERTIFY THAT THE FOREGOING IS A TRUE AND EXACT COPY OF LEGISLATION DULY ADOPTED BY THE COUNTY LEGISLATURE OF ONONDAGA COUNTY ON THE

20th DAY OF December, 20 11.

Debrah A. Matuso

CLERK, COUNTY LEGISLATURE
ONONDAGA COUNTY, NEW YORK

11 DEC -7 AM 11:26

LEGISLATURE
ONONDAGA COUNTY
NEW YORK

006, this Onondaga County Legislature established a committee of county officials; and

this Legislature requested the County Executive to prepare the County Budget, and this Legislature was to review the Budget with the District Attorney, each year and consider increasing the County's share in the cost of living; and

period, it is the desire of this Legislature to discontinue the term of the elected officials on a case-by-case basis; now,

006 is hereby repealed.

RESOLUTION NO. 225

WHEREAS, THE LEGISLATURE OF THE STATE OF NEW YORK HAS REQUESTED THE COUNTY EXECUTIVE TO INCLUDE IN THE TENTATIVE BUDGET INFORMATION REGARDING LETTERS OF DISTRIBUTION AND PROVIDING FOR LEGISLATIVE REVIEW OF LETTERS OF DISTRIBUTION THAT ARE FOR PERIODS LONGER THAN THREE MONTHS

Hillbrook Detention Center is a secure facility located in Onondaga County for children age ten through sixteen; and

Hillbrook Detention Center to be a leader among juvenile detention centers in providing secure and equitable care; and

Hillbrook Detention Center to ensure public safety through the supervision of youth through restorative justice, strength-based supervision, and involvement, incorporating and extending beyond the walls of the Hillbrook Detention Center

Hillbrook Detention Center are providing individualized and comprehensive services, educational and physical development of youth, and supports educational growth and development, recreational and activities; facilitating communication, positive relationships with their families; and providing a catalyst for change in the lives of youth

Additional services at Hillbrook Detention Center as part of the County's commitment to secure juvenile detention facilities

Hillbrook Detention Center do not generate state aid, yet the County is required to provide state aid for the operation of the Hillbrook Detention Center

It is the desire of the Legislature for the Governor and the Legislature of the State of New York to request the County Executive to provide additional financial services to secure juvenile detention facilities

like Hillbrook Detention Center, and to relieve counties from this financial burden; now, therefore be it further

RESOLVED, that this Onondaga County Legislature hereby requests the Governor and the Legislature of the State of New York to take immediate action to provide for the distribution of state funding for education to secure juvenile detention facilities, like Hillbrook Detention Center, and to remove this financial burden for education from the counties; and, be it further

RESOLVED, that the Clerk of this Legislature hereby is directed to transmit a copy of this resolution to the New York State Governor and the state legislators representing Onondaga County, urging their action on this matter.

ADOPTED. Ayes: 16 Noes: 2 (Masterpole, Buckel) Absent: 1 (Kinne)

Motion Made By Mr. Meyer

RESOLUTION NO. 226

REQUESTING THE COUNTY EXECUTIVE TO INCLUDE IN THE TENTATIVE BUDGET INFORMATION REGARDING LETTERS OF DISTRIBUTION AND PROVIDING FOR LEGISLATIVE REVIEW OF LETTERS OF DISTRIBUTION THAT ARE FOR PERIODS LONGER THAN THREE MONTHS

WHEREAS, the Onondaga County Administrative Code provides that the County Executive has the power to authorize the temporary transfer of employees among units of the executive branch of county government, and Letters of Distribution are one such method of providing for that transfer and allocating the costs of the same; and

WHEREAS, it is the desire of this Legislature to review positions that are paid pursuant to a Letter of Distribution; and

WHEREAS, it is the further desire of this Legislature that the tentative budget specifically identify those county employees paid pursuant to Letters of Distribution and specifically identify the share of salary paid by the respective departments for each such employee; now, therefore be it

RESOLVED, that this Legislature hereby requests the Onondaga County Chief Fiscal Officer to provide this Legislature within thirty days with a list of positions that currently are paid pursuant to Letters of Distribution and the amount of salary paid by the respective departments; and, be it further

RESOLVED, that this Legislature hereby requests the County Executive and the Onondaga County Chief Fiscal Officer to include within the tentative budget information identifying those officers and employees who are paid pursuant to Letters of Distribution, including the share of the salary and benefits paid by the respective departments pursuant to said Letters of Distribution; and, be it further

RESOLVED, that future Letters of Distribution that provide for the sharing of employee services for a period longer than three months are subject to review by this Legislature for determination of whether a transfer of funds or reallocation of personnel is appropriate or necessary.

ADOPTED. Ayes: 18 Absent: 1 (Kinne)

Mr. Stanczyk said that the current banking situation is such that a huge amount of money is demanded down from the developer. As the County, it is not an impediment. The County can put 50% down fairly easily. The County has a huge competitive advantage. Also 8% of total receipts will be a positive cash flow to the County. If we have a convention center hotel there, our convention center business will get better and the subsidy will get lighter. This resolution is asking the legislature to get off the dime and have a report come back.

Mr. Corbett noted that if this came to fruition, a decision would have to be made if the maintenance is privatized or if the Facilities Management would also have to take care of it. It would have to be part of the cost benefit analysis.

A motion was made by Mr. Stanczyk, seconded by Mr. Kinne to approve this item. AYES: 2 (Kinne, Stanczyk); NOES: 6 (Jordan, Lesniak, Holmquist, Kilmartin, Warner, Buckel); ABSTENTIONS: 1 (Corbett). Motion DEFEATED.

8d. Approving an Alternative Allocation of Payments In Lieu Of Taxes for Anheuser-Busch, Incorporated Pursuant To General Municipal Law §858(15), and Repealing Resolution No. 482-2011 (Sponsored by Mr. Lesniak) (spreadsheet on file with Clerk)

Mr. Lesniak said that the recapture clause has changed significantly since the Legislature passed this. The Town of Lysander, school districts and OCIDA have approved this. The recapture penalty is a significant modification.

A motion was made by Mr. Warner, seconded by Mr. Stanczyk to approve this item. Passed unanimously; MOTION CARRIED.

Chairman Jordan took the agenda out of order.

1Mr. Warner left the meeting.

10. COUNTY CLERK:

a. Mortgage Tax Apportionment

A motion was made by Mr. Lesniak, seconded by Mr. Warner to approve this item.

Ms. Ciarpelli said that they are about \$500,000 behind last year at this point and distributed the following:

Year	Basic (Town)	Additional (County)	Special Additional (Socyma)	Total
2002	\$ 4,308,725.74	\$ 1,804,825.28	\$ 2,841,755.98	\$ 8,318,608.98
2003	\$ 5,783,707.17	\$ 2,831,187.11	\$ 3,138,893.85	\$ 12,774,508.23
2004	\$ 5,885,717.88	\$ 2,581,588.45	\$ 2,728,808.22	\$ 11,098,275.75
2005	\$ 5,828,876.12	\$ 2,832,586.28	\$ 2,782,151.88	\$ 11,395,594.98
2006	\$ 5,742,914.84	\$ 2,530,351.17	\$ 2,842,882.85	\$ 10,995,447.26
2007	\$ 5,788,730.88	\$ 2,588,679.35	\$ 2,848,702.45	\$ 11,038,118.88
2008	\$ 4,518,293.21	\$ 1,898,221.03	\$ 1,938,571.33	\$ 8,443,665.57
2009	\$ 4,678,948.23	\$ 2,001,831.76	\$ 1,888,288.31	\$ 8,733,668.30
2010	\$ 3,843,837.88	\$ 1,786,843.48	\$ 1,582,888.44	\$ 7,133,777.73
2011	\$ 3,687,435.37	\$ 1,637,413.47	\$ 1,472,781.58	\$ 6,737,618.48

Passed unanimously; MOTION CARRIED.

e. A Local Law Amending the Onondaga County Charter and Administrative Code to Provide for Information on Letters of Distribution (Sponsored by Mr. Meyer)

f. A Local Law Amending the Onondaga County Charter and Administrative Code to Provide for information on Letters of Distribution (Sponsored by Mr. Meyer)

Mr. Meyer:

- Charter says that every single line in the budget has meaning; legislature votes on them
- A department is not given a total budget – they have to follow line by line of the items in the budget
- Legislature sets pay and positions
- Sponsored a resolution, passed unanimously, requesting that the new budget book include any letters of distribution
- Requested information on letters of distribution, which Budget Dept. provided
- Does not see where letters of distribution is defined; don't know what the legal status is
- Temporary adjustments -- referred to work Co. Facilities Department did a lot of work at the stadium. It was not temporary; had people there for weeks. It skewed the numbers; the numbers for the stadium in the budget were incorrect – actual maintenance was higher. The County Facilities budget was exaggerated because of doing the work there. He sees examples of this all over the budget.
- Steps weren't followed relating to the resolution passed – introduced a local law during 2012 budget review
- Recently brought the local law to Ways & Means Committee and asked for suggestions, comments
- Item 8f was the original product; after consulting Comptroller's office, item 8e was created
- Wldridge case – subject of role of legislature and line by line control was debated for many months and then went to court. Many parts to case. Courts ruled on the role of Comptroller – monitoring day to day operations
- If monies, personnel are being used in other ways than how passed in the budget book, that is a diminishing of power and authorities of legislature
- When there is a defined use of personnel that is not part of the budget book, it diminishes the legislature's power and role

Mr. Lesniak understands that we need to know who is being paid what from what department; it should be in the budget book. He is not sure what the impact of these local laws will have on the legislature, this budget, or future budgets, or the accounting. He asked for clarification – interdepartmental billing is factored in the budget – it is different every year. It seems this results in a major change of how we are operating.

Mr. Maturo:

- Central departments, i.e. Co. Exec., Comptroller, Co. Legislature - considered overhead departments to the individual programs in the departments throughout County

- Prior to 2010 the way overhead costs of central department were charged back was through the A-87 indirect cost plan or a direct bill from the department based on the methodology and backup that was sent to all the departments
- For Federal purposes, if not billed by an acceptable methodology, as approved by A-87, reimbursement cannot be received; same thing applies with the State
- Anything can be billed, as long as there is an acceptable methodology behind it and as long as the central departments are depicted as overhead

What is happening with letters of distribution with the County Executive's office – their costs are treated as direct payroll expenses for the department. Just like any worker within the department – it is a direct payroll expense. When it is submitted for reimbursement, the majority of the time it will be kicked out, unless it is accounted for differently. The other concern with them is what the methodology is behind how those amounts got billed out to other departments. Discussion came up during 2012 budget process; it was said that it was on a "feeling" on how much time people thought they worked in each of those departments. The Comptroller's office knows that if those costs are reviewed by an outside auditor, state or federal, there is a very good possibility that those costs will be disallowed, and the County would have to reimburse any State or Federal aid. By taking them out of indirect costs, we are shortchanging A-87; foregoing reimbursement. It is a possibility that the way these salaries are being filled, directly to the 101 line as if they are employees of that department, puts the County in jeopardy of receiving reimbursements.

Mr. Lesniak asked if the Comptroller is saying letters of distribution shouldn't be allowed at all. Mr. Maturo said that it is their opinion that they can't see where letters of distribution is authorized to begin with. Mr. Lesniak said that letters of distribution, current and past administrations, have been going on for years. This is nothing new. Mr. Maturo said that in the past, his experience with letters of distribution has been that when people who were in a position in one department and they work at another department, all of their salary was billed to the department they work in. There was never the case of 20% here, 30% there, etc., and certainly never had it at the level of a central department, which is considered overhead.

Mr. Lesniak said that one local law says that departments which are part of the county's indirect cost plan shall not be charged via letters of distribution, rather charged via direct billing between the departments. Mr. Lesniak asked if it is saying that letters of distribution is gone. Mr. Maturo said "not necessarily" – it is saying only in the central overhead departments. Mr. Maturo noted that this came out of an audit that Mr. Britt's staff has been working on for months, based on the number of questions about letters of distribution from the Legislature. Mr. Maturo said that they are not sure where letters of distribution is legal in the first place, on other than a temporary basis. Mr. Meyer asked the Comptroller's office to review the local law. A suggestion was made to be sure the central departments are billed in a way that reimbursement is maximized for the County. The Comptroller's office believes that the way it is accounted for right now, it does not do that. Mr. Lesniak clarified if it means that for these departments, a formula should be used for a direct bill. Mr. Maturo gave an example that is used in his department, where they do work for the Health and Dental Division. The auditor's time is tracked hour by hour; the department is billed based on the accepted methodology. Mr. Lesniak referenced IT department – a zero cost in the budget – it is billed out to every department in the county. Mr. Maturo agreed; it is done through a direct bill. Chairman Jordan asked what the difference is between a direct bill and letters of distribution. Mr. Maturo explained that IT has a bill that they give to the department with supporting documentation; Health, Mental Health, Social Services can then get reimbursement because they have the back up under audit. It also shows up in their budget as not payroll expense, but as overhead. Interdepartmental overhead expense gets reported differently to the cognizant agency than payroll does. Payroll is a direct bill; a direct payroll expense for the program – not an interdepartmental, not an overhead item. Mr. Lesniak said that with letters of distribution, there is no bill; it is just a factor of, i.e. 20% of a person's salary is charged to Health Dept. because they are administering the Health Dept. There is no hourly calculation, at the same time they are not hourly employees; they are salary employees. Mr. Maturo agreed. In answer to Mr. Lesniak, Mr. Maturo said that if hours are to be calculated, the accepted methodology is to do a time study to track hours. Mr. Kilmartin asked if the Comptroller is concerned about a number of issues: back up, audits, invoices. Mr. Maturo agreed.

Mr. Fisher said that it is not that the departments are not billing correctly, but may be double billing. The County Executive's office agrees that if they are doing anything by letters of distribution, that is also being picked up by the indirect cost plan, that they don't want to double bill it. That is what puts the County in jeopardy. He does not believe that it is correct that there is a huge amount of money in jeopardy; it is only the double billing that is in jeopardy. Mr. Britt indicated that the methodology used would be questioned.

Mr. Lesniak asked Mr. Fisher how many letters of distribution he has. Mr. Fisher said that by and large the departments do bill 100% of the person. There are 2 different ways to do it; Comptroller does it one way – direct bill. He referenced an example in the Sheriff's Dept. Feels as a budget methodology, the budget advantages outweigh the Comptroller's issues. Mr. Lesniak indicated that the example given about the Sheriff's Dept is not the issue. The issue is taking someone's salary being charged to another department, i.e. 20% to Health Dept, without any methodology as to how the 20% was calculated, and without any notification in the budget book. Mr. Fisher said it was provided during the course of the budget. They are happy to provide additional information. It is unprecedented and very odd to change the Code and Charter to specify the budget book. Mr. Lesniak disagreed – this was passed in resolution last year to be provided in the budget book and it wasn't done.

Mr. Stanczyk asked what was added to the original local law. Mr. Maturo said that their concerns were the departments that were in the indirect cost plan being charged as such. Mr. Fisher asked if all departments are all indirect cost plan departments. Mr. Britt said that the only ones are service department, i.e. Legislature, Finance, Management and Budget, Personnel, Audit & Control, County Executive. Mr. Britt explained that there are acceptable methodologies for human services and physical services that are allocated to departments based on total expense. The County Executive department – physical services, 34% is spread to WEP. The problem is that when letters of distribution is used, it charges WEP's 101 line directly in a salary and then it is split. It is not transparent. It can still be charged, but by direct bill. Mr. Fisher said that the local law does not say that – rules out letters of distribution. Mrs. Taroli said that she did not draft this local law; the Charter vests the county attorney with the responsibility of drafting legislation. Charter and Code are the guiding documents for the County; have been existences since the 60's and 70's. They are very judicious in choosing changes made to Charter and Code. It the County Attorney's opinion, the version drafted by the Comptroller is illegal in that it requires a mandatory referendum.

Mr. Stanczyk said if the County Executive or Legislature hires someone new, the cost are spread. He asked if the Comptroller is saying that there are specific positions that are being allocated to things without documentation. Mr. Maturo said "yes". Mr. Stanczyk said if there someone is allocated to an area, then there has to be some type of justification as to what the time and concerns are. Mr. Maturo said that is part of it, but also where is it expensed. If it is expensed as 101, it is a direct salary of a program. It gets reported as a direct salary of that program; when it is not, it is an overhead cost. They have been allocating costs of the overhead departments for years – there are two methodologies. For those departments that don't want to track direct bills, don't want to track a time study, don't want to track how a supply expense gets allocated out, there is the A-87 indirect cost plan, which is based on acceptable methodology. What is being done here is a third method, based on no methodology. It is being reported to the departments as if it is a direct payroll expense, and it is not.

Mr. Rowley disagreed. By and large the letters of distribution are charged directly because there is a causal relationship. There is a roster position being borrowed by a department; the intern program is a good example. Mr. Maturo said that the Comptroller's office does not take issue with letters of distribution for what it was used for in the past. Mr. Rowley said by and large that it what letters of distribution is very well defined for. Mr. Maturo questioned the definition; the Comptroller's office has not been given anything to show what gives the authority to do it in the first place. They do not have a problem with IT controlling the office automation people and they are working full time at the Sheriff's Dept. They swipe in/out at Sheriff's – that is where they work. They don't have a problem with the administrative interns – all of those positions reside in personnel – they are charged to the departments where they are actually working in. Those are direct payroll expenses. They have an issue on how salaries are being apportioned, just based on percentages with no back up documentation, and treated as if the County Executive employees work in the departments directly. The Comptroller's office wasn't asked to write the legislation; they were asked for input on the legislation. They are more than happy to work with Mr. Meyer, Mr. Rowley, Mrs. Tarolli, and Mr. Fisher to get this right.

Mr. Buckel referred to the rule that Mrs. Tarolli referred to – requires the County Attorney drafting an approval for any motion or resolution to be approved. Without that it would require a majority vote of the entire legislature to suspend the Rules. Without that the committee does not have jurisdiction to consider this today. Mr. Lesniak said that item 8e is the item that Mrs. Tarolli says has to go to referendum; item 8f was drafted by the County Attorney.

Mr. Meyer said that all departments that come in during budget time complain about indirect, as they have no control over it. The people here, who are supposedly full time experts can't agree. For transparency we need to do a better job; the local law is his suggestion for a better job.

Mr. Kilmartin asked if the County Law Department does not draft a resolution, can the legislature take action on it. Mrs. Tarolli said that the Rules require the County Attorney approve all resolutions that are before the County Legislature. There is a stamp on the resolution, which says it has been approved by the county attorney's office. There is an argument with respect to local laws, that they fall into a different category – that Municipal Home Rule will govern, but there is interplay between the Legislature's Rules and Municipal Home Rule Law. In answer to Mr. Kilmartin, Mrs. Tarolli said that the County Attorney's office has to approve for form and legality, not substance. It takes a two-thirds vote to suspend the Rules.

Mr. Meyer asked Mrs. Tarolli what parts of item 8e are not approved for form and legality. Mrs. Tarolli said that she would have to confer with the County Attorney; it would be his final decision. Mr. Lesniak asked that the County Attorney send correspondence to the Legislature as to what his issues are with item 8e.

Mr. Kilmartin said that he gets the sense that one of the issues might be that Section 5 is a blanket prohibition. The Comptroller's office is saying that they won't object to certain actions. It would be interesting to know if Section 5 is the kernel of the issue; and if there is specific language that the county attorney would want in there to clarify Section 5 to meet his approval for legality and form. Mrs. Tarolli said that Section 5 is the crux of the issue. Mr. Kilmartin asked that the County Attorney clarify it and if he has any proposed language, which would do away with objection to Section 5.

Mr. Meyer said that there could be a mostly \$0 budget for the Legislature; it could be made \$0 local cost. The Environmental Protection Committee could be charged to WEP; Ways and Means work could be charged to Budget Dept; Public Safety Committee would be charged to 911, etc., but it would be a deception. He is asking for a full transparent process so that allocation of taxpayers' money can be done on those programs and evaluations can be done based on true costs.

Mr. Stanczyk noted that many years ago, the county property tax bills were changed to say "State Mandated Costs". It is extremely deceptive; it continues, and he continues to have issue with it. Things should be clarified.

9. PURCHASE:

a. Revenue Contract Report

Memo on file with Clerk.

2,3,4 Mr. Stanczyk, Mr. Kinne, Mr. Buckel left the meeting.

11a. PERSONNEL RESOLUTION - Sheriff – Police/Civil Division (Sponsored by Mr. Lesniak)

Mr. Lesniak:

- Discussions during budget – Clay contract for police services, \$1.7 million in revenue lost from Clay contract
- When Clay department was absorbed, County absorbed more than it needed to provide the service to Clay – did away with entire dept. in Clay and absorbing some of their positions into vacant positions that the county had
- This does not fix the entire hole of \$1.7 million, but makes a move in that direction
- All vacant positions; have been verified by Personnel – nothing in works to fill them at this time
- At this point, does not want to see the positions filled and make the \$1.7 million a bigger hole

Chief Balloni:

- A number of positions were left vacant in anticipation of needing to move people actually in grant funded positions into the vacant positions
- If the vacant positions are abolished and the grant positions are funded, then there is no place to put them
- Suggested that if positions are to be abolished, that the grant positions be abolished so they can move real people into these vacant funded positions. Grant funded people would be moved to permanent positions

Mr. Lesniak asked when the grant funded positions are going to expire. Chief Balloni said that they left positions vacant in anticipation of meeting their budget – trying to meet budget without going over because they don't have revenue from Clay contract.

Chief Balloni said that this could have gone through Public Safety Committee. Mr. Lesniak said that they weren't sure where the helicopter issue was going, whether it would have been revenue to offset these positions. This is a backup – there is hole in the budget. Chief Balloni said that they are working diligently to fill the hole – he asked that a situation not be created where they have to lay off people because they don't have vacant, funded positions to put them in.

Mr. Kilmartin asked if the revenue that came from Clay, allocated to positions is called "grant positions". Chief Balloni agreed that they were. Chief Balloni said that they would like the Clay positions eliminated, not the regular budget positions that were left open on

purposed to move people into and avoid layoff. There are 13 grant positions right now. There is no funded for them in 2012.

Mr. Lesniak said that if Chief Balloni is talking about moving people in the grant funded positions from Clay into these positions, and abolish seven grant positions, he doesn't have a problem with it. The resolution can be reworked. Mr. Kilmartin pointed out that there are 13 grant positions.

Chief Balloni noted that they are working on an RFP now for a staffing study to be done by an outside expert. It needs to be studied and come to fair conclusions

Mr. Kilmartin said that when the Clay contract was consummated, the Sheriff's Dept. took on 13 positions, \$1.7 million of revenue, services provided. The 13 were considered grant positions. Now the revenue is gone from the contract and there are still 13 grant positions. If trying to eliminate the total cost associated with the total revenue from the Clay contract, questioned why there wouldn't be an elimination of 13 positions. There might be reasons for these tough questions and concern for lack of transparency. This conversation started during the budget process. To be perfectly transparent, members had heard broad generalities that there might be something going on with the Clay contract. He asked very pointed questions to the Sheriff's whole team, during the budget presentation, about the Clay contract. Never once did anyone bring up that in June a letter had been received by the Law Dept. and the Sheriff's Dept. saying that the Clay wanted to cancel the contract and maybe would want to entertain a negotiation of it. He was surprised that a letter of that nature wasn't brought up to the legislature and wasn't brought up at all when the committee was asking questions about it. The legislature had not no notice of that until a week or two later. Chief Bottsford said that he found out in the morning when he read it in the paper. Clay indicated to the Sheriff's Dept, that they had to serve notice so that they could renegotiate the contract. They had no idea. Chief Balloni said that they did have the letter; they should have been more transparent. The concern at the time was that the legislature would act without negotiations and abolish a bunch of positions and be left in a position of "what do we do now". They had every intent to negotiate it.

Mr. Lesniak said that Clay has since done their budget and did not include any positions in their budget for reimbursement back to the Sheriff's Department, which is why his resolution is here.

Mr. Kilmartin said that the reality is that if a legal letter terminating a service contract was sent to the Sheriff Dept, and maybe the Law Dept., if the budget had gone through without any adjustments in and if Clay had said that they don't want any part of the contract any more, the County would have a \$1.7 million bust in its budget. It is a significant amount of money that would have to be made up midyear 2012. Chief Balloni appreciated that it is a fair criticism. The reality is that they still need to service Clay. When Clay came to the Sheriff's Dept, they said that they would like to do away with the contract and would like the Sheriff's Dept, using sales tax, to provide 100% of the service provided today. That is when they got to negotiating something. They thought it was Clay protecting their right to negotiate it, not a termination letter. They didn't expect that Clay wasn't going to pass any of it.

Mr. Lesniak asked Chief Balloni to transmit the grant positions numbers to Mrs. Stanczyk.

Mr. Lesniak made a motion to amend his resolution to reference the grant funded positions, instead of those listed on the current resolution; seconded by Mr. Corbett. Passed unanimously; MOTION CARRIED.

The meeting was adjourned at 11:45 a.m.

Respectfully submitted,

DEBORAH L. MATURO, Clerk
Onondaga County Legislature

* * *

a. Authorizing the County Comptroller, Upon Approval of Division of Management and Budget and the County Executive's Office, to Transfer 2011 Unencumbered Appropriation Account Balances in Excess of \$7,500 into, Between, and Among All Interdepartmental Chargeback Appropriation Accounts and Adjust the Corresponding Interdepartmental Revenue Accounts

A motion was made by Mr. Stanczyk, seconded by Mr. Corbett to approve this item. Passed unanimously; MOTION CARRIED.

b. Authorize the County Comptroller to Transfer 2011 Unencumbered Appropriations After Expiration of the 2011 Fiscal Year Upon Approval of the County Executive and the Chairman of the Ways & Means Committee

A motion was made by Mr. Lesniak, seconded by Mr. Corbett to approve this item. Passed unanimously; MOTION CARRIED.

7. PERSONNEL:

a. Authorizing Onondaga County to Pay the Difference in Pay Between Military Pay and Base County Salary to County Officers and Employees While Performing Ordered Military Duty

A motion was made by Mr. Stanczyk, seconded by Mr. Lesniak to approve this item.

Mr. Lesniak said that there was an issue last year; he asked for confirmation that this is off of the base military pay. Mr. Troiano indicated that it is; noting that the issue has been resolved.

Passed unanimously; MOTION CARRIED.

b. Providing Continuous Individual and Family Dental and Health Insurance Benefits Through December 31, 2012 at County Expense for those County Officers and Employees during their Active Military Duty

A motion was made by Mr. Stanczyk, seconded by Mr. Corbett to approve this item. Passed unanimously; MOTION CARRIED.

8. WAYS & MEANS, MISC.:

a. A Local Law Amending the Onondaga County Charter and Administrative Code to Provide for Information on Letters of Distribution (Sponsored by Mr. Meyer)

b. A Local Law Amending the Onondaga County Charter and Administrative Code to Provide for Full Disclosure on Letters of Distribution (Sponsored by Mr. Meyer)

Mr. Meyer:

- 8a – original local law presented
- 8b – addition of language per Law Dept. re: mandatory referendum
- Referred to Charter & Code – Legislature sets pay, policy; does not give departments a certain amount of money – it is very specific for each account
- There has been distortion in the budget; distortion in ongoing items – particularly payroll
- It is a diminishing of the power of the legislature
- Letters of distribution is not happening just at budget time – can happen during the year. After legislature passes budget, in essence, it opens up pots of money that the legislature never intended.
- Legislature evaluates programs, get a costs – every time there is distortion, legislature can't do a proper evaluation
- The public doesn't see these things going on – on line or at a public hearing of the budget
- Proposal is much more transparent; letters of distribution are somewhat suspect
- Prefers the items to be straight up in the budget book

Mr. Meyer referred to a draft report provided from the Comptroller and noted that this is a growing situation with growing numbers and asked Mr. Antonacci to talk about the accounting side.

Mr. Antonacci:

- Accountants get nervous when they see changes in procedures that they feel don't have a fixed methodology or don't comply with past practice
- There is a reason there are policies and procedures in place and a reason we subscribe to federal regulations regarding this matter.
- Issue an A-87, which is a cost plan to the federal government, and used by the State to reimburse the County for federal and state grants
- Other documents they provide - single audit report, AUD – annual update document, filed with NYS – all are based on sound accounting procedures
- County has billed to indirect cost plan. Now there is less transparency
- The County Executive's payroll in the budget book does not correspond to the number of approved positions – approximately \$795,000 in the budget book and actual payroll is approximately \$925,000 – about \$140,000 of costs being charged to other departments
- Not just payroll – a new chair for a deputy county executive was charged to Facilities Management budget
- Early retirement savings are being charged to WEP
- In shifting salaries to other departments – starting to see a county wide 101 line
- 2010 – 3 people in Co. Exec. office charged to 3 different departments; 2011- 5 people were charged to 12 departments
- Central service departments are allocated with an approved methodology by the federal government to recapture indirect costs
- The trend being seen right now is not approved by the Comptroller, as Chief Governmental Accountant; it doesn't comply with any procedures approved by the state and federal government
- Supports passage of proposed law

Mr. Buckel:

- Found the Comptroller's report very confusing
- Concern that Comptroller is mixing up of administration and accounting
- Can't tell Co. Executive how workers can be allocated
- Letters of Distribution is meaningless phrase – Executive can stop using the phrase and just go about doing it anyway
- Local law - trying to dictate how personnel are used through the normal course of administering this government
- On the A-87 there is an accounting method to account for the use of employees in one department on a grant that is being administered – it is already being done and already capturing it

Mr. Antonacci said that now they are potentially double accounting these expenses; allocating expenses directly without a fixed methodology. In the case of WEP, Mr. Millea's salary is being allocated to WEP without any methodology accepted in the accounting world.

Mr. Buckel said that the report seemed almost reckless – red flagging to people that audit us, federal government, to take a look at these things. It is basically accusing the County Executive's office of miss-accounting, when in fact the A-87 already shows these allocations. Mr. Antonacci said that Mr. Buckel is mixing up what is allowed to be done with what is not allowed, and noted that he is absolutely flagging it. Mr. Buckel said that this is saying that the County is susceptible to fraud claims by the federal government. Mr. Antonacci said that he is saying that if changes aren't made, they will have to evaluate what the next step will be – notifying federal government; start with independent auditor, the A-87. He has talked to them informally; this is a serious matter.

Mr. Buckel is concerned that there isn't an opinion of the outside auditors doing this. This is not necessarily trying to do the appropriate accounting, but take more control over executive function. Mr. Antonacci noted that the deputy county executive/physical services – can clearly work out of WEP – primary role is to be liaison to physical services departments, but his salary is already being recaptured by an approved accounting methodology – through the indirect cost plan. Those costs are being recaptured – it is good thing – possibly should attempt to capture even more of this salary. However, there are no time studies done. He would entertain it if there were a gross appropriation in the County Executive's budget, offset by indirect bill/revenue – see salaries approved in a department and see revenue coming in from another department.

Mr. Buckel gave an example – i.e. in the course of the administration of a federal grant to Van Duyn, the Deputy County Executive has expertise and the county can capture some of the costs; time is actually spent. He questioned what Mr. Antonacci is asking from the Executive. Mr. Antonacci said "to follow what the County has been doing for at least 20 years". Mr. Buckel questioned how it is different. Mr. Antonacci referred to an employee that works in Social Services and has been assigned to Van Duyn for a period of time to work on a grant. There is no problem with letters of distribution in that instance. It is a whole different theory from what is being discussed now – where there is netting of appropriations from within departments, assigning costs to other departments that are already being recaptured by approved methodology. The way it is being done now, is not through an approved methodology by the federal government.

Mr. Buckel asked if there is any knowledge of where the government was billed for time that wasn't spent. Mr. Antonacci said subsequent to the audit, they went back to the 2010 plan. They will evaluate the materiality of three instances that this occurred in 2010; if necessary, will amend the A-87.

In answer to Mr. Buckel, Mr. Antonacci explained that the indirect cost plan allows recapture of the costs under a methodology, which if followed, should have no problem. If, in fact, the deputy county executive's are working more in a department, the Charter says that they are administrative overhead. He is not sure that the government would allow the County to even direct bill it in the first place, but he is willing to entertain it with a methodology that is understood – i.e. time study, daily record. The Law Dept. bills departments like a law firm, which is approved and understood. The A-87 gets around the administrative nightmare by coming up with set criteria and data on how they bill for it – i.e. WEP is based on a percentage of its expenses.

Mr. Stanczyk recapped and clarified with another example with double billing. He noted that once there is a methodology there isn't a need for someone to tell in an 8 hour day how many hours they spend on WEP business and other business, because there is a methodology there is no need to keep track. He asked if the Comptroller has seen a couple of people that have been allocated, rather than just generally allocated. Mr. Antonacci said that it is more than a couple – the audit notes 25 – 30 people allocated in all different types of percentages. There is one individual in the executive office being charged to five different departments. Mr. Stanczyk asked if the Comptroller is saying that making a determination of so much of a percentage should be based on an evaluation of the time spent; there is already a methodology in place that has been accepted, and this is running counter to it. Mr. Antonacci agreed. Mr. Stanczyk said that the administration understands the concerns; Mr. Antonacci pointed out the direction things are going. He knows the administration had a response to deal with this going forward. He is a concerned that that the county is on good ground accounting wise and asked Mr. Rowley to address the issued.

Mr. Rowley said that the Comptroller is taking a pure audit standpoint relative to this whole issue. There is legitimate management needs and concerns – he is starting to prepare a response to the Comptroller's draft audit. He almost completely disagrees with the audit report. The basic premise that the Comptroller is trying to make is that in most instance letters of distribution should be stopped an allocations accounted for in either the indirect cost report or interdepartmental billing. Letters of distribution have been in place for years. They are an important management tool. He is not aware of any audit comments from the independent auditors claiming that we have done something wrong with letters of distribution from an accounting principal standpoint. Regarding the indirect cost report, it is compiled using two year old data; of such complexity that the Comptroller has to hire an outside firm to get it prepared. It is used to comply with A-87 claim reports. These numbers have traditionally been booked as journal entries in the financial statements and budget of the County and then they are forgotten.

Mr. Rowley said that relative to the interdepartmental billing, it is much less transparent than letters of distribution. It grosses up the budget unnecessarily, which adversely affects fund balance calculation and misclassifies what is truly a direct cost as an indirect cost. He provided an example.

Mr. Rowley noted that he has delivered a letter to the Ways & Means Committee committing that his office deliver information about letters of distribution in future budgets in exactly the format that they want and is being called for in the local law. The language in the local law would stop letters of distribution in the Personnel Department, used for allocation of administrative interns, which the Comptroller's audit says is proper. He noted that the legislature has the power to amend the budget – if a letter of distribution comes to the legislature that is clearly delineated in a report, the legislature has the ability to nix it – not subject to veto, as it is reduction to the budget. He provided example where portions of Mr. Millea's and Ms. Rooney's salaries were direct billed to respective departments, because they were truly doing work for those departments. Department heads were gone and they were doing day to day work. A judgment call was made that it was fair and proper to allocate their salary cost directly and have fringe driven from those departments also. It is very difficult to manage those kinds of costs when they are varied in an indirect billing charge, which encompasses a lot more than just salary costs.

Mr. Stanczyk said that in running the government, they are running from problem to problem – taking care of issues as they come up. There is something in place to say that all of the cost get spread to everybody. He asked if the allocations are changed from year to year. Mr. Rowley said that do, and Mr. Stanczyk questioned why noting that both systems seem redundant. Mr. Rowley said that it seems there is a problem with how the County Executive established her letters of distribution; those need to be reviewed periodically. They want to properly reflect the cost in the department that is bearing the expenses. They felt that these people go above and beyond an oversight role where they would be charged as overhead to the departments. They were doing day to day work – that is going to change and adjustment need to be made. Mr. Stanczyk asked if it is more or less work to adjust it all of the time. Mr. Rowley said that it is easier to understand what resources they are consuming vs. trying to understand from an interdepartmental charge what is happening from a

department. It is a personal management preference.

Mr. Meyer said that you can't tell any of this when looking at the budget book – the payroll doesn't add up and there is no way to know. The best way is not to have letters of distribution.

Mr. Stanczyk said that with some contracts and situation it is necessary to have them. Now we need to see if it should be contained because it seems to be growing. He doesn't know if to contain it means that it has to be outlawed. Mr. Meyer said that unfortunately, it can be after the fact - going on for months. Then they come back and want an adjustment to their budget – it is an adjustment that the legislature didn't authorize.

2 Mr. Buckel left the meeting.

Mr. Kilmartin if the use of letters of distribution has increase over time. Mr. Antonacci said that it has. The intern program, an 18 month program, a temporary program housed in the Personnel Dept. with the legislature's full knowledge and understanding. Mr. Maturo noted that the interns are billed 100% to the departments that they are actually working in. Interns are not overhead positions; they are housed in Personnel because that is the way it was set up. They were set up with the full knowledge that whatever department utilizes their services, then that department would pay those salaries for them. They were housed in Personnel Dept. just for that program to have a home. The authority to do letters of distribution is questioned on anything other than on a temporary basis. Regarding the County Executive's office, this is the first time there has been partial distribution of salary to people who are deemed by the federal government as overhead positions. The question that the Comptroller's office has is whether they are direct billed to the 101 line or not doesn't change the fact that they are overhead positions – they are not direct salary positions. In answer to Mr. Kilmartin, Mr. Antonacci said there is an upward trend of usage – not just the Executive Department; other departments are expanding usage of it.

Mr. Kilmartin asked if some members of the County Executive's office are utilizing letters of distribution, is it appropriate for example that Mr. Corbett to utilize this for the time he devoted to WEP. Mr. Rowley said that it is not the same – the individuals were doing day to day work in those departments. Mr. Kilmartin questioned if that wasn't part of their job – oversees and administering and the departments that they have. He understands if a department head leaves or is terminated and someone needs to step in and take charge of that department, then that might be an appropriate use of letters of distribution. However on an annual basis, part of Ms. Rooney's and Mr. Millea's salaries are being dedicated to departments. Mr. Rowley said that the decision was made to allocate their salaries from a management perspective. It was clear for them to understand that Mr. Millea was spending a lot more time than he should be in WEP and they should be charged directly for it.

Mr. Rowley gave an example of an information aide that the County Executive has – half of her salary is charged to Co. Executive and half is charged to Budget Department. That was done specifically as a cost saving measure; it is a proper use of letters of distribution. Mr. Kilmartin asked what Mr. Antonacci opinion is of this example utilizing letters of distribution. Mr. Antonacci suggested that a great idea should not be confused with accounting for it. He suggested that it should come back to the legislature; have a sharing agreement, create the position and appropriate the funding to that position, rather than having the position in one office and you can't figure out where the funding is coming from. Gross is very important – not seeing the gross appropriation, what it truly costs to run a department with letters of distribution. Mr. Rowley disagreed, saying that it was much more transparent.

Mr. Kilmartin asked for absolute clarity and simplicity, why not keep all of the salaries in the County Executive's department. Mr. Millea said that sending some of his salary to WEP has a rate base pay for that piece of his salary. There are parts of the county that are not paying his salary because they are not benefiting from his efforts – really focused on the sanitary district. This issue is two-fold with regard to the importance of letters of distribution and the County Executive's objection to this proposed legislation. At the end of the day, if this is about the County Executive's office and there is a wish to amend the County Executive's budget, as it was presented and accepted, and if desired to put everyone on straight salary on 101 local dollars, then the county Executive has no objection to that. It can be done through a budget amendment in January. Mr. Kilmartin noted that he is not pinpointing the County Executive's office. Mr. Meyer said that the issue is in other departments too. Mr. Millea said that letters of distribution is used for administrative interns; Mr. Rowley said that most of the Law Department was taken care of in the 2012 budget.

Mr. Kilmartin referred to the local laws and asked why the local laws are different; noting that item b is more expansive. Mrs. Tarolli said that she wrote local law a. She added the mandatory referendum piece to local law b. Mrs. Tarolli confirmed that the Law Dept. has an objection to section 6 & 7 in local law b, unless there is a referendum. Mrs. Tarolli said that the Law Dept didn't write local law b, so there is an interpretation.

Mr. Lesniak asked if item b, with the amendments that Law Dept. included, is a passable local law. Mrs. Tarolli noted that Law Dept. prefers to draft legislation themselves. She can't say that it is illegal. In answer to Mr. Lesniak, Mrs. Tarolli stated that if local law b was passed, the County Attorney would not say it was illegal. The Legislature's Rules said that the County Attorney has to approve legislation as to form and legality, but she feels that Municipal Rule Law would give enough ability to put the local law on the desks as it is. Mr. Meyer asked if there are any objections to form and legality. Mrs. Tarolli said that the Charter and Code vests the County Attorney with the responsibility for drafting legislation. Law Dept. has reviewed it, she thinks she understands what it means, which is why she added mandatory referendum language, but she has some hesitation in the interpretation. Mr. Lesniak asked if the legislature would have to suspend the rules to pass local law b. Mrs. Tarolli said "no".

Mr. Lesniak referenced a Van Duyn example. Regarding indirect costs for IT, how is the formula calculated when an individual is taken out and then re-billed. Mr. Maturo said that IT direct bills based on a methodology for everything that they do. The individual, even though on roster for IT, none of their costs go to IT; it all goes to Van Duyn. It is as if that person is a Van Duyn employee – that person works directly, 100%, at Van Duyn. He assumes it is on the IT roster for supervisory purposes. Mr. Lesniak said that Van Duyn would then get revenue from Van Duyn for partial reimbursement of that position. Mr. Maturo said that is not how it is working right now. Ms. Rooney said that it is strictly for management purposes. Mr. Lesniak said that if that person was at Van Duyn on Van Duyn's payroll, not IT's payroll, there would be partial reimbursement for that position. Mr. Rowley said he not so sure they are not claiming that anyway, because it is a direct charge on their 101. Mr. Lesniak said that in turn there would be a revenue back to IT. Mr. Rowley said that it shouldn't go back to IT because the person does IT work specifically for Van Duyn. The only reason why they have the position housed in IT and charged to Van Duyn is for oversight responsibilities. Van Duyn doesn't have the in-house expertise to manage that person. Mr. Lesniak said that Van Duyn has a Medicaid reimbursable portion. Mr. Maturo said that Van Duyn gets the revenue. Mr. Lesniak asked if that portion gets returned to IT for that individual. Mr. Rowley said "no" – there is a dotted line to IT. Mr. Lesniak said that the reimbursement gets clouded. Mr. Rowley said that the position could be put on Van Duyn's roster, have Van Duyn pay the payroll, but in their judgment it is bad management practice. Mr. Lesniak said whether that person is from IT and getting paid from Van Duyn isn't going to make a difference who his supervisor is. Mr. Rowley said in their judgment it is. IT can have oversight of this person and tell them

what to do.

Chairman Jordan said that direct billing between the departments seems to make the most sense; the cleanest, most clear cut, most easy and traceable methodology. Mr. Rowley disagreed. With letters of distribution it can clearly be seen, when looking at budget numbers, where the expense is going. They can go into interdepartmental charges and make sure that it got billed correctly – it would have to be separated out from everything else – have to understand what is driving the 101 and the fringes. It is much more confusing.

Mr. Kilmartin asked what the Law Dept. does – i.e. has an attorney assigned to work on a contract issue in DSS and it takes 3 months – do they bill for that person. Mr. Rowley said that they track their time and bill the department accordingly. It is different than the IT example. Mr. Kilmartin said that he doesn't think anyone has problem with the chain of command, oversight, supervision – is the accounting side not farming out a person to a department to perform expertise.

Chairman Jordan said that this isn't just someone who is dedicated to one particular department, it is where someone might be dedicated to 5 departments – their salaries are being spread out to a number of departments. Mr. Kilmartin asked Mr. Antonacci if part of his issue is that letters of distribution are being used a little bit arbitrarily. Mr. Antonacci indicated that it is.

Mr. Meyer request that local laws a and b be sent to session.

c. Create Assistant Director of Veterans Service, Grade 32 @ \$55,873 - \$73,189 effective January 1, 2012 (Sponsored by Mr. Stanczyk)

A motion was made by Mr. Stanczyk to approve this item. Mr. Corbett seconded the item for discussion.

Mr. McLean:

- Have had as many as 7 people over the years; has had a sequential staffing reduction
- Currently have: 1 M/C Director, 1 full time Veterans Service Officer, Gr. 9, and 3/5th of Vet. Service Officer, who took ERI
- By year end will have dealt with approx. 3200 veterans; there are about 30k in the county
- Cessation of activities in Iraq has just occurred; services are all announcing a major reduction in force
- Currently NYS has one million veterans – anticipating an increase in the county's veteran population
- A lot of work is done in the area of pensions for elderly veterans and surviving spouses – many reside in nursing homes, many without family and are in need of counsel when the Veterans Administration sends them correspondence. A response is expected relative to income change – if Veterans Administration does not get a response in a timely fashion, the funds are cut off and it can create a dire situation for them.
- Because of a reduction in personnel at many of the nursing home facilities, Veterans Services has acquired another 800 cases this year – previously did not have that responsibility
- All things combined lead them to seek some measure of help for staffing – deputy director would be appropriate use of funds; allow him to dedicate more time to case work, which he is accredited to do. Allow deputy director to do budget policy outreach, legislative liaison and other special programs

Mr. Stanczyk asked Mr. Rowley how this would be paid for.

Mr. Rowley:

- Majority of Veterans budget is paid by DSS through interdepartmental billing –
- This charge could be done through interdepartmental billing; DSS would in turn claim whatever is appropriate
- Would not be using fund balance or going outside of what was budgeted
- Funding would come from DSS budget; they would get interdepartmental charge and in theory get some revenue from NYS for this – does not know to what extent

Mr. Seitz noted that Veterans has a line 060 – interdepartmental charge to DSS – in their budget.

Mr. McLean:

- 75% of their work is pension related; 25% is compensation – 75% of their clients come to them through DSS
- An extension of DSS for veterans

Mr. Meyer:

- Is a member of Co. Exec. Veterans Advisory Board; retired member of US Military
- From an administrative point and view and personal point of view has experience in dealing with Veterans Service Agency
- Provided committee members with the budget of the Veterans Service Agency; job descriptions:
- *Director* – clear that the member shall be a veteran; applicant should supply a DD214 – documentation from military that the person served
- *Veterans Service Officer* – person shall be a veteran appointment
- *Veterans Service Office Aide* – person shall be an honorable discharged war time veteran
- Consistency that the jobs require being a veteran
- Job descriptions have a revised date – previous job descriptions required that the applicant be a veteran
- *Assistant Director* – obsolete 40 year old job description – deficient that it does not require being a veteran during peace time or serving during war time.
- Agrees that the department needs to be upgraded; needs staffing
- Objects to a Assistant Director of Veterans Services position – totally out of place as written; total slap in the face to veterans community
- Read from various articles and pointed out that unemployment rate for those that have served in Iraq & Afghanistan was 12.1% in October vs. 9% for the overall U.S. population; over 30% for 18-24 year old group
- These folks have the current skill, training that are addressed in the job description
- All applicants should have a minimum qualification of being a veteran and outlay areas of expertise

In answer to Chairman Jordan; Mr. Meyer said that Mr. Troiano is not looking to upgrade the minimum qualifications. He suggested that the job description be upgraded to include veteran's service. If there is a willingness to bring the position back in January, where there was a reasonable pro-veteran job description, then it would be appropriate for the committee to address it.

Mr. Corbett asked what it would take and what the time frame would be to change the description. Mr. Troiano said that it doesn't take a lot of time to change it. The job description, when reviewed in connection with Mr. McLean's description to the role that the position would have in the office, focused on human outreach, administrative duties to allow him to focus on specific veterans things. It seemed to fit the way it was. He can format it differently so that contains language as if were being written today. It would not change the basic content, but will make it more current with the way job descriptions are written now.

Mr. Corbett said that it seems fitting that it maintain the same consistency in the language for the veterans community. Mr. Troiano said that from a personnel standpoint, that would not be the focus of reviewing the job description. The position is adequately representing the duties designed for that position.

Mr. Stanczyk there is an opportunity to bring assistance to this function and area and would like to move this forward.

Chairman Jordan agreed with Mr. Meyer that there should be a minimum requirement that the person be a veteran.

AYES: 1 (Stanczyk); NOES: 2 (Jordan, Lesniak); ABSTENTIONS: 2 (Corbett, Kilmartin). MOTION DEFEATED.

9. LAW DEPARTMENT:

a. Settlement of Claim Briefing

Mr. Corbett made a motion to enter into executive session to discuss a pending lawsuit entitled Lynch v. Waters, et. al v. Pompey Hill Fire District et al.; seconded by Mr. Lesniak. Passed unanimously; MOTION CARRIED.

A motion was made by Mr. Corbett, seconded by Mr. Lesniak to exit executive session and enter into regular session, noting that no action was taken during executive session. Passed unanimously; MOTION CARRIED.

The meeting was adjourned at 1:45 p.m.

Respectfully submitted,

DEBORAH L. MATURO, Clerk
Onondaga County Legislature

* * *

contemplate a SEQR with it. Mr. Cuffy agreed. Mr. Kilmartin asked if that is feasible to coordinate prior to session; Mr. Cuffy indicated that it is.

Mr. Kilmartin recommended that a vote not be taken on this matter at this time. Regarding 7b, it has been discussed and analyzed, which prepares for action to be taken on it at session. He recommends not taking a vote on 7b as well, as it is so closely tied to the lease agreement.

Mr. Stanczyk withdrew his motion.

Mr. May said that he not 100% confident in the purchase price. He understands it, and knows it is very difficult to come up with a number. He would like to have confidence by 5:00 p.m. that the number being put in the contract is the right thing to do. It needs to be defensive for all of us and the taxpayers.

No vote was taken on items 7a and 7b.

8. PURCHASE:

a. Revenue Contract Report (attachment # 2) – Sean Carroll, Director

Mr. Carroll:

Hopkins Road Management:

- Most of the funding for staff to manage Hopkins Rd baseball/softball facility was removed in the 2012 budget. Intention to issue RFP to have a private firm come in and manage it.
- 2 RFP responses – vendor selected
- Alleviates Parks Dept from all financial responsibilities as far as what was addressed in the budget
- Cash exchange from vendor to County for right to manage that facility

Mr. Stanczyk asked how much; wants details with income contracts; asked for a comparison sheet. Mr. Carroll said that regarding the vendor that was not selected, there was a requirement for the County to pay approx. \$12k toward utility maintenance. The County would pay them, and there was an assumption that there would be some advertising income, and the County would be entitled to a portion of it. It did not offset the \$12k utility charges and did not produce a cash inflow. The other vendor offered to take all of the administrative costs, so there was no cost to the County; with a cash infusion – \$10k if in lump sum, \$12k if taken monthly. The trade off was that there was not a revenue sharing plan considered with small advertising (i.e. banner in outfield).

Mr. Stanczyk said that the Ways and Means Committee of the Legislature has full budgetary responsibility for the entire government. Regarding income contracts, the legislature does not have a purview; the County Executive can sign them. The Committee insisted that it should have an understanding of what is going on with income contracts, because basically they deal with public property. There was a wonderful Lights on the Lake display. Now to get to the Lights on the Lake display, you have to go through a gauntlet of advertising. Hopkins Rd. Park is beautifully maintained. There was a proposal to farm it out to a private organization and not have to pay for it. Now there is going to be advertising there and doesn't know what the liabilities are -- have fallen into an area where we are privatizing some of our areas which have basically been our jewels. Things have happened in the past that shouldn't have happened and wants to be on top things – needs detail provided in the report. **Mr. Carroll indicated that he will include further detail in future reports. For today's purposes he will provide the detail to the Clerk. Chairman Knapp noted that Mrs. Maturo will forward it to the members.**

Mr. Carroll:

Correction's video visitations:

- Left option for discussion with vendor as to whether County should be taking revenue or providing this to the community
- No responses came in from the RFP – questioned why with vendors that had come to them
- Vendors concerned about restrictions on how the wiring needed to be done
- There are considerable costs; considerable requirements as to type of equipment because it is a detention facility; requirements for timeframe that the hardware can be run
- Not a dead issue – revisiting it

Upcoming - variety of vending contracts:

- Chips, soda machines, etc.
- 24 hr facilities require more out of vending machines than chips or soda, i.e. sandwich
- Over 18 months they execute 3 or 4 RFPs for vending
- Looking at possibility of consolidating them into one contract

9. FINANCE:

a. Letters of Distribution Report – James Rowley, CFO

Mr. Rowley:

- Local law passed last month requires him to report on monthly basis re: work performed by county employees for other departments beyond what is captured by interdepartmental billing and containing a list of positions that are current paid pursuant to letters of distribution
- GEPB226 Report – voluminous – contains every employee in county that is paid, sorted by index code – don't think that is what legislature intended
- Prepared a report similar to what was distributed during budget review (*on file with Clerk*) – sorts employees that are charged between departments or between departments and grant and project accounts
- Did not list all grants for DA, Forensic Center or Health, because it would be voluminous – a lot of grant funded positions – can provide the detail

Mr. Stanczyk asked for clarification - referred to Management & Budget, the administrative intern is an employee of Personnel and is charged to WEP. Mr. Rowley said that she is actually sitting in his department – it is a little bit of a misnomer. She is working for WEP, but isn't physically at WEP. She is borrowing office space in his department. WEP has two admin. interns – one is doing Save the Rain projects and the other one is working in the fiscal office. Mr. Stanczyk referred to the Confidential Assistant to County Attorney II. Mr. Rowley said that it is a person in the Law Dept., specifically doing WEP work. Mr. Cuffy said the idea behind it was because there is so much interaction with WEP; the person is not an attorney. Mr. Stanczyk questioned what they do. Mr. Cuffy said that they get records. Mr. Stanczyk questioned how it is a WEP expense. Mr. Rowley said that the person is exclusively doing WEP work. Mr. Fisher said there is a lot of work through the ACJ; there are RFPs and RFQs that go out there. There is a separate fund; it is a question of should that expense be placed on the taxpayers that are within the sewer district, or should the expense be borne by all the taxpayers. Mr. Fisher said that it in this case that person spends enough time with the attorneys that work in the sewer fund, so that it where it gets charged,

and those taxpayers appropriately pay rather than hitting all of the taxpayers with that cost. Mr. Cuffy added that confidential assistants are more effectively investigators; they gather records, run errands, organize files in preparation of litigation.

Chairman McMahon said that this type of billing is common practice at city hall. Mr. Rowley said that the practice has been in place for decades. Mr. Seitz said that there are positions that are partially funded with grants; they do a letter of distribution to charge the salaries to grants. They try to hustle more grants to spend more grant dollars and less local dollars. In IT's case, they have come to committee; the committee has supported IT people sitting in another department and their salary paid via letter of distribution.

Mr. Jordan said the question that has been raised is how the percentages charged are determined; he asked if records are kept of time spent. There was no back up documentation to show appropriate allocations of the cost. Mr. Fisher said it is a legitimate concern; the Comptroller has written an audit, and they are responding to it. In the case of the Deputy Co. Exec. for Human Services, she does a spread sheet for indirect cost plan purposes. It gets filed with the A87 Indirect cost plan and those numbers are used. There is a different methodology for others. Some don't have a methodology, and they are looking at it. They are in the process of making some tweaks. Mr. Rowley added that there was some analysis behind it, DMB weighed in some percentages. Mr. Jordan said that it would be prudent to have a methodology.

10. **EMERGENCY COMMUNICATIONS: Bill Bleyle, Commissioner**

a. **Amend 2012 Budget to Accept NYS Division of Homeland Security and Emergency Services Funds for the Onondaga County Department of Emergency Communications, and Authorize the County Executive to Enter Into Contracts to Implement this Resolution (\$331,446)**

Mr. Bleyle:

- Grant is part of an Office of Interoperable Communications grant
- Part of wireless 911 surcharge--instead of State giving a large amount, they have a competitive grant program
- Seeking narrow banding -- required by FCC that by Jan. 1, 2013 to narrow band all radio systems
- Current County OCICS radio systems is narrow banded
- Have some legacy systems in place -- UHF Med channels, a radio system used to communicate by ambulance, EMTs, paramedics in field directly with emergency rooms and doctors
- UHF Med Channels system have to be maintained, very valuable -- national interoperable hospital system that most counties have

A motion was made by Mr. Stanczyk, seconded by Mr. Holmquist to approve this item. Passed unanimously; MOTION CARRIED.

11. **WAYS & MEANS, MISC.:**

a. **Memorializing the Governor and the Legislature of the State of New York to Enact Legislation Providing for the Elimination of County Contributions to the Cost of Medicaid (Sponsored by Mr. Jordan, Mr. Liedka)**

Mr. Jordan:

- Memorializing resolution passed last year asking State to pass a law instituting Medicaid reform -- to take over the cost, instead of shifting it the county
- Senate and Assembly resolutions pending to phase in takeover of Medicaid costs by the State over 8 yr. period
- This resolution memorializing Governor and State Legislature to enact those proposals and to state it is the policy of this legislature that every dollar realized from the State takeover will be dedicated to a debt reduction in real property taxes

Mr. Stanczyk said that he is supportive of this resolution. He noted that one of the reasons the local sales tax was increased from 3% to 4% was because the then county executive said that there was increased Medicaid expenses. A deception was created that replaced the words "county property taxes" on people's bills with "state mandated services". People in the local villages and towns also think it is deceitful. He is hopeful that there will be promotion in truth in setting tax rates and in explanation to people as to what is what when they get their tax bill. He will sponsor a resolution and asked the members get on board. He has maintained that if someone from outside of the city received the tax bill and contested it, there is no legal authority for Onondaga County to collect a tax based on verbiage of "state mandated services".

Mr. Kilmartin said that the top of the bill reads "town and county tax bill", and asked if Mr. Stanczyk felt it addresses it sufficiently Mr. Stanczyk said that he does not; it is deceitful and it is incredible that it has continued for years. If talking about taxes, it is time to step up to the plate and say it is a tax. Mr. Jordan said that if Albany takes over all of the mandates, it will be a moot issue because there won't be a state mandate line on the tax bill. The bill will go down and sales tax can be reduced as well; right now mandated costs are 118% of the real property tax levy.

A motion was made by Mr. Kilmartin, seconded by Mr. Holmquist to approve this item. Passed unanimously. MOTION CARRIED.

b. **Appointing Two Directors to the Onondaga County Tobacco Asset Securitization Corporation (Casey Jordan, David Knapp) (Sponsored by Mr. McMahon)**

A motion was made by Mr. Stanczyk, seconded by Mrs. Ervin to approve this item. Passed unanimously; MOTION CARRIED.

12. **LAW DEPARTMENT: John Sharon, Senior Deputy County Attorney**

a. **Settlement Briefing**

A motion was made by Mr. Jordan, seconded by Mrs. Ervin to enter into executive session to discuss the matter of Tanner vs. County of Onondaga. Passed unanimously; MOTION CARRIED.

A motion was made by Mr. Jordan, seconded by Mrs. Ervin to exit executive session and enter regular session. Chairman Knapp stated that no action was taken during executive session. Passed unanimously; MOTION CARRIED.

The meeting was adjourned at 11:10 a.m.

Respectfully submitted,

Introduction:

At the full session of the Onondaga County Legislature on December 6, 2011, member William Meyer presented two local laws aimed at amending the Code and Charter to provide for information on Letters of Distribution.

The two local laws were labeled B & C respectively, on the agenda. Item B was pulled by Mr. Meyer based on advice he was given by the Law Department. Item C was tabled for 14 days upon motion of a member of the body.

With the tabling of the Meyer sponsored Local Laws our office has been asked by several legislators to help them understand the main points of the Meyer legislation and the position taken by our office.

It is our understanding Mr. Meyer intends to re-introduce both local laws for consideration at the next legislative session. While we acknowledge the letter by Mr. Rowley and believe it a step in the right direction, it appears Mr. Meyer would prefer the local law be adopted.

Of more importance to our office, we would like the Department of Management and Budget to refrain from the new practice of "netting" central service department cost (primarily the Executive office) and fully state payroll appropriations as "gross" so that positions approved within the department correspond to approved salary by position.

Based upon the above we believe Local Law B contains an important provision and therefore we will address only Local Law B as presented because it encompasses language contained in both local laws and adds an additional paragraph 6, after modifying paragraph 5.

At the request of the legislature, our office has conducted an audit of letters of distribution and issued a draft to the administration prior to the local law being placed on the desk.

We support passage of a local law containing paragraph 5 which is stated as follows:

Section 5. Departments which are part of the County's indirect cost plan shall not be charged via letters of distribution, rather said charges to be accounted for by direct billing between the departments.

Questions of Law:

The Law Department advised the Comptroller by email the above provision "appears to diminish the authority of the Chief Fiscal Officer and County Executive without providing for a mandatory referendum".

It will be Mr. Meyer's decision on how he wishes to present the local law but at this time we would like an explanation on the Law Department's opinion referenced above. We submit there is no diminishment of executive power.

In conjunction with our audit and Mr. Meyer's proposed local law, we believe the question should be framed in reverse- What gives the Chief Fiscal Officer and the County Executive the power to use Letters of Distribution in the first instance?

Our opinion as to certain powers of the Legislature and Comptroller:

We believe our statements below along with our draft audit report will show if there is any diminishment of power, it is the power vested with the Legislature in approving and overseeing personnel positions and the appropriations to fund those positions.

Also, the current practice of Letters of Distribution is an accounting methodology of which this office does not approve. As the Charter states, the Comptroller is to "prescribe approved methods of accounting for county officers and administrative units". We cannot approve of the current practices which will be discussed within.

The goal of this correspondence:

Our purpose is sending this correspondence to the Law Department, with a copy to the Legislature, is to:

1. Explain to the County Attorney, Legislature and Budget Department our concerns with the current practice involving Letters of Distribution along with its detriments (we see no benefits at this time).
2. Request from the Department of Law an understanding of the interplay between Charter and Code as it relates to the financial reporting of the results of county operations, and the responsibilities of the Executive, Legislature and Office of Comptroller.
3. Set forth the reasons why we support the Local Law being proposed by Mr. Meyer along with the reasons therefore and submit the substance of the Local Law does not diminish the power of the executive but rather protects the power given to the Legislature.

Audit of Letters of Distribution:

Our draft audit will be released to the legislative members this week. We will advise them the administration has received it and we are awaiting the response to the audit. It will be labeled "draft" but as this audit was commenced from a request of a member of the legislature we believe the draft report will be useful to them in understanding this issue.

We acknowledge the administration has objections to the findings in our audit and we are working with them to address those objections. Certainly, if we receive any correspondence objecting to our audit from administration officials we will forward them along with our draft report.

What are Letters of Distribution?

We are curious to understand the County Attorney's opinion because in the first instance there is no term of art or provision in either the county charter or code specifically authorizing Letters of Distribution. Nearest we can find involves the temporary assignment of employees by the executive. Unfortunately the length of the "temporary" assignment is undefined, but again it is the closest we come to identifying the transactions we are going to review.

Also, there appears to be no stated budget mechanism in the charter or code delineating how a temporarily assigned employee is to be charged between departments. We would suggest temporary means less than 30 days and perhaps it was anticipated such assignments would not be anywhere near permanent or long-term assignments and therefore financial reconciliation would be of minor consequence.

From what we can gather, it appears based on historical practice, the Letters of Distribution is a way to allocate personnel expenses to various grants so that grants in one department may recapture cost of other departments' personnel allowable as charges to the grant. It is not budgetary as it allocates actual expense. (Although we do have reservations on how actual cost are calculated.)

In the past the individuals charged using Letters of Distribution were generally charged in full, in other words there were generally no partial distributions of payroll cost. Our draft audit and Chart 2 show numerous partial distributions.

In other instances Letters of Distribution allocated personnel cost to a department using an employee from another department on a temporary basis.

Example: DSS needs temporary assistance and Health has an available worker, rather than eliminating and/or creating positions in both departments, the Health employee works in DSS temporarily and the payroll expense is allocated from the Health Department to DSS by Letters of Distribution.

We suggest the Budget Department provide its own history of the evolution of Letters of Distribution along with justification for its current practice.

Past Practices - Three Methods:

Heretofore the physical act of assigning an employee to work in another department has been permissible on a temporary basis under the code and accountable within the salary line of the department utilizing the employee. This is the Letters of Distribution method and in the past there have been no partial allocations.

Second, the county has direct billed from one department to another through the interdepartmental process based on appropriate methodology and supported by detailed back-up documentation.

Third, for central service departments, who did not direct bill as stated above, their costs were allocated through the indirect cost plan with revenue being recorded in County General Interfund Transfer Department (2385) of the General Fund.

The current practices however have gone far beyond what we perceive to be appropriate accounting methodology and in certain cases leads to less transparency and oversight from the legislative body.

Current Practices:

As Chart 2 indicates, partial allocations of payroll cost are being done on numerous positions. In addition the allocations are being done directly rather than using the county's indirect cost plan methodology promulgated by federal regulations or by direct bill between departments.

Substance over Form:

One may argue the discussed transactions are in substance usage of the same tax dollars, the same personnel and ultimately county employees doing county business. While the forms of the transactions are not agreeable to the Comptroller, it is true spending is after all spending.

However, in the accounting world form does matter and the proper recording of accounting transactions, spending or otherwise is important to maintain our fiscal reputation.

Consistency is a hallmark of the accounting world and recording transactions in a consistent fashion based on sound methodology and principles allows all users of the information to make informed decisions.

Example: The County is willing to spend \$100,000 of payroll on a DSS program. The legislature approves one position for the program and the county hires and individual and will pay that person \$100,000. The engagement is finished and the employee quits having completed the service for a payroll cost of \$80,000. Another county department in need of funding for an employee, realizes there will be a surplus in the DSS payroll account, ask for and is allowed to charge some of its employee cost to the above program, same amount of money, two different purposes, and two different programs. While the above example is for illustration purposes only, here is the accounting entry:

	DSS	Other Department
Personnel Cost 4101	\$100,000	\$0

Continuing to use the above example here is what we believe should be done. The other department asks the legislature for a transfer of the money. The funds are transferred between departments.

OR

If the employee in the other department is chargeable to the DSS program then the other department recognizes revenue (either indirect revenue through county indirect cost plan or by direct bill), here is the accounting entry:

	DSS	Other Department
Personnel Cost 4101	\$100,000	
DSS Services Interdepartmental Expense 6268		\$20,000
Revenue:		
DSS Charges		
Interdepartmental Revenue Other Depts 3080		\$20,000

Well, again same amount of money, seems like a lot of work when we could simply just "distribute" the cost to DSS?

The legislature is charged with oversight of positions and personnel cost. The first scenario circumvents the legislative oversight by using funds in any way the Budget department sees fit.

Let's use another example: The Comptroller's Office does not have enough money in its 101 line so when an audit request comes over we tell the department the auditor must be charged to their 101 line. The audit is completed, fully paid for by money out of the 101 line of the requesting department. If the Comptroller was able to do this on an ongoing basis we could show no personnel cost in our department.

The County's Indirect Cost Plan and the Code:

The county subscribes to and follows the policies and procedures contained in OMB Circular A-87, which address and states how these types of personnel costs are to be allocated. The county has followed these policies and procedures for decades and it is the permissible and acceptable method for allocating these types of personnel costs.

The county subscribes to these policies and procedures to maximize federal and state reimbursements. The current expanded practice will not stand up under audit and will jeopardize county reimbursement.

For the most part, the personnel cost subject of this memo are generally "overhead" or administrative cost. In technical terms the departments are referred to as "central service departments". The subject paragraph 5 would require these departments to continue a practice we have followed for years! The new method is just that, new.

While we applaud the efforts of the executive branch to "recapture" money from other funds and lower the cost to the general fund, the fact is we already do that using the indirect cost plan.

Some of the Letters of Distribution appear to violate the provisions of these federal policies and procedures and at a minimum double count some administrative expenses.

Of course, with extra work we may be able to modify the reports to "back out" indirect charges and use charges formulated by the administration but we find fault with this method on four counts:

First, there is no sound methodology employed by the administration in determining the proper cost to charge. One may suggest charging only a third of the Deputy County Executive for Physical Services to WEP may in fact be too low if he is working on projects within that department. We leave to others to discuss the remaining departments under his purview.

Second, the indirect cost plan does account for these cost and bill WEP for the Deputy County Executive for Physical Services time based on accepted methodology approved and understood by the users of our financial statements. These methods have been employed by the county for years and it is curious to note the same percentage now being used in the unapproved method is within one percentage point of the percentage allowed under the indirect cost plan.

Thirdly, keeping mind the points immediately above, using the current indirect cost plan, allows the payroll cost within the executive branch to be shown as a gross number, corresponding to the approved positions. The revenue allowable under the indirect cost plan is shown in the revenue section of the county general department. Netting said expenditures leads the reader of the statements to believe there is less personnel cost in the department than actual. See Chart 1.

Fourthly, the Code mandates the executive branch contain two deputy county executives (as amended) and specifies they are administrative heads and are to act as liaisons with departments on behalf of the executive. We question whether or not their personnel cost can even be charged directly to the department in any instance.

As the enclosed spreadsheets indicate members of the executive department are being charged to WEP and Van Duyn. In the first instance this is a creative way to reimburse the general fund, potentially reduce the property tax burden and get all funds paying their fair share.

However, it also lends itself to being less transparent.

There is no methodology or system in place to properly allocate time and cost from the executive department to the other funds. Is it based on time? Is it based on expertise? While we have been told time studies "would cost taxpayers money" the indirect method is allowable and followed for just those reasons- to avoid time studies yet recapture overhead cost from other departments.

What about the other departments? Why are only certain departments being charged back for executive time?

Lastly, the true cost of deputy county executives is not properly stated because the 101 line in that department is "netted" by the allocation. For example, Deputy County Executive for physical service is paid \$78,202 by the executive branch, while all know the position pays \$116,720 (based on our draft audit).

The more appropriate way would be to show the gross dollar amount of the department payroll and either direct bill WEP or Van Duyn, if permitted by law, based on acceptable methodology or allow the indirect cost plan to do such things.

Is this much ado about nothing?

While we have taken great pains to attempt to explain what happens in these instances it is more appropriate the burden be placed on the budget department to explain and justify why this increased practice should be acceptable in the first place. There appear to be no sound reasons to do it other than expediency.

We will not surmise the reason for, but the results are obvious. It alters the results of personnel cost in respective departments by netting dollars rather than showing gross appropriations in each respective department.

It also skirts legislative oversight by allowing what is in essence becoming one massive county wide 101 line and one personnel roster, rather than a department-by-department accounting of these cost.

Government budgets and financial statements are appropriation driven; it matters where the appropriation is made from, as to department, funding source and display on budgets and financial statements.

Other Questions and considerations for use by the Legislature:

Each legislator approaches and uses the budget along with financial statements in very different ways based on experience and legislative goals.

Ask yourself- does it matter to me where an individual or position is assigned within the budget?

Should the position reside within the department responsible for both work product and funding?

Does the employees' function matter to me? Or is it just about the dollars?

What is the purpose of the Letters of Distribution- is it a funding or function tool?

Is it important to match up funding with function? Does it matter that a department is paying for employees not working in the department?

With regard to the parks department for example- the fiscal administrator has been at parks for over a year, yet his position continues to reside in DMB, while the dollars ultimately end up in the parks department does it matter the position is approved for and funded through DMB?

Does methodology matter? Should we have an appropriate way of billing departments for executive time? Why is this even important in the first place?

Should we commence billing of legislative time to other departments? For example should the salary of the Chair of the Environmental Protection Committee be charged to WEP? How about charging the salary of the chair of the Health Committee to Van Duyn?

Closing:

We are willing to consider circumstances where using Letters of Distribution are appropriate. At this time it is our determination direct billing or indirect cost plan usage is the most appropriate way to report where the position resides and where the money has been transferred.

As the Chief Accounting and Auditing Officer, the Comptroller's Office does not agree with the current expansion of the Letters of Distribution. It is a slippery slope wrought with confusion and potential for mismanagement of county funds. It lacks clarity, inhibits transparency and truly serves no real accounting purpose.

For the reasons set forth above, we do not believe a requirement for a public referendum is necessary. However, if the Law Department is unable to change its opinion on this matter, then we respectfully urge the Legislature to pass the expanded version of the Meyer Local Law with the public referendum component.

Enclosures:

Chart 1 – Executive Department Actual Personnel Cost to Displayed Budget Cost

Chart 2 – Payroll Test Allocations

Draft Audit Letters of Distribution

Draft Grant Allocation Analysis