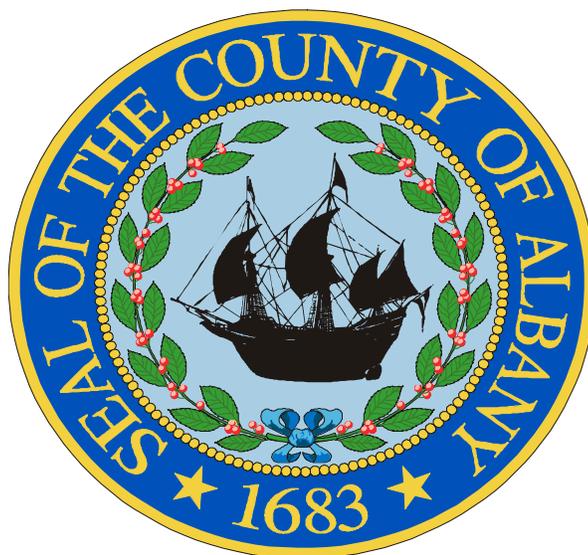




2005 State of the Fisc  
The Fiscal Condition of Albany  
County 2005

Presented by  
Albany County Comptroller  
Michael F. Conners, II  
May 8, 2006



**Albany County State of the Fisc 2005**  
**May 8, 2006**

Our office filed the Annual Financial Report (AFR) for 2005 with the NYS Office of State Comptroller electronically on April 27, 2006. The AFR is filed in accordance with the methodology required by the Comptroller and is based upon Generally Accepting Accounting Principles.

I will address the majority of my remarks to the General Fund (A) and Nursing Home (NH).

The 2005 General Fund Expenditures were \$384.5 million. The General Fund Revenues were \$384.8 million. The General Fund excess of revenues over expenditures was \$308.6 thousand for 2005 as opposed to negative of \$1 million for 2004.

The best news for 2005 was that the county did not expend any of the appropriated fund balance of \$8.3 million during the fiscal year which resulted in the undesignated fund balance increasing to \$27.8 million as of 12/31/05. This brings the County's undesignated fund balance to 6.81% of the total 2006 appropriations versus last year's roughly 5%.

**2005 Revenues**

Total Tax Revenues were \$209.6 million for 2005 an increase of \$23.5 million above 2004. Sales Tax receipts for 2005 were \$130.8 million an increase of \$3.6 million. Property Taxes were \$69.7 million for 2005 which was an increase of \$18.7 million. Tobacco Settlement Revenues were \$4.8 million, an increase of \$65.7 thousand but down significantly from the originally projected amounts. Interest income was \$2.1 million, an increase of \$791 thousand over 2004. Off-Track-Betting revenue was \$1.6 million which was an increase of \$206,139.

Departmental, inter-governmental and miscellaneous revenues were \$48.9 million down \$5.5 million. Federal Aid was \$57.4 million, a reduction of \$6.8 million and State Aid was \$67.5 million which was a decrease of \$2.4 million.

**2005 Expenditures**

The major General Fund Expenditure increases for 2005 were in Nursing Home funding support, health insurance, personal services, retirement costs and

support for the jail.

The Nursing Home required an additional transfer of support totaling \$17.2 million from the General Fund in 2005. This is in addition to our 10% share of long term care costs under Medicaid requirements.

In 2005 health insurance was \$29.9 million, an increase of \$4.8 million over 2004 expenditures. Personal services were \$114.6 million, an increase of \$2.1 million over 2004 and New York State Retirement costs were \$12.8 million for 2005, an increase of \$1.9 million. Costs at the Jail were \$28.6 million for 2005 which was an increase of \$1.6 million.

Major 2005 General Fund Expenditure declines were in Medicaid and Safety Net spending.

Medicaid was \$60.4 million for the General Fund in 2005, a decline of \$2.8 million and Safety Net spending for the General Fund in 2005 was \$9.1 million, a decline of \$1.1 million from 2004.

### Nursing Home

At the recent ribbon cutting for the Justice Building, Chief Administrative Judge Jonathan Lippman made reference to four different proposals for the Court Facilities project. County Executive Mike Breslin later joked that while there were four proposed plans, each proposal had variations A through F! Both Judge Lippman and County Executive Breslin made the point that the County went the extra mile to do the court Facilities project right and while it was a difficult and frustrating process, we got it right.

The Nursing Home issue is of critical importance to the people it serves, those who work there and to the county taxpayers. We need a new facility and we need to do it right.

The current management approach and leadership at the Healthcare Facilities have brought deficits requiring General Fund Transfers totaling **\$57 million** in the past four years.

## Nursing Home Subsidy 2001-2005

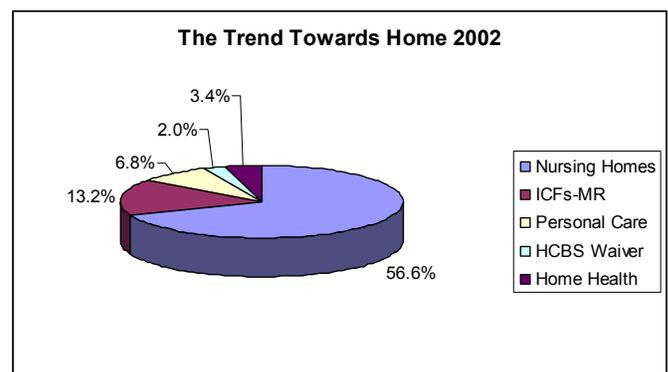
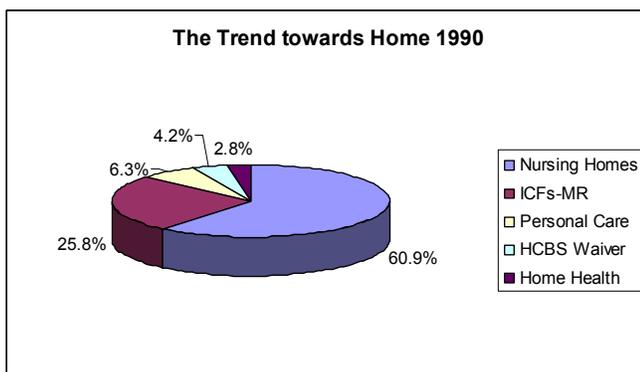
	Original Budget	Actual
2005	10,542,422	17,268,547
2004	11,811,559	13,000,000
2003	11,335,303	14,873,148
2002	5,815,114	11,990,648
2001	2,900,772	3,661,227

While inadequate funding from Medicaid is a major reason for the deficits, several other issues must be considered as you make your decisions to move forward.

An independent study of the Residential Healthcare Facilities conducted by Revere Health Care, LTD in March of 2005 made some interesting observations:

- National trends indicate an increase in the vacancy rates of nursing homes despite the rise in elderly population. The increase in the targeted population was 18% from 1985 to 1995 but the number of nursing home residents went up by only 4%.
- Older Americans want to stay in their homes and a variety of alternatives has arisen that weakens demand for Nursing Home beds.

### Percentage of total Medicaid Spending on long term care by type of service 1990 vs. 2002



- Proposed replacement facility is based upon assumptions of 100% occupancy and an end to reimbursement woes due to a rebasing of costs
- Albany County's Medicaid occupancy rate of 88% versus our peers average of 75% Medicaid
- Our current payor mix is below Medicare and Private pay and increased occupancy at the current mix actually widened our losses

New York State Department of Health has an inventory of pending Certificate of Need (CON) applications for facility infrastructure improvements at an all time high, approximately \$750 million. Meanwhile, the New York State Commission on Health Care Facilities in the 21st Century, is charged with examining utilization and consideration of the reduction in the number of Nursing Home Beds.

We need to be wary of the "if you build it they will come" mentality when looking at how we improve the Nursing Home for Albany County. Important to note is the dedication and care given by the employees of the County. However, there is still significant outsourcing of staffing to temp agencies. We need to seriously evaluate the size and location of the facility, particularly if we are not able to work with Schenectady or another county on a joint facility.

Enclosed are some figures for your perusal.

	<u>2004</u>	<u>2005</u>	<u>Increase/ Decrease</u>
<b>Excess of Revenue, Appropriation of Prior Year Fund Balance and other Expenditures, Encumbrances and other uses</b>	7,254,665	8,333,484	
<b>Appropriated Fund Balance in Subsequent Budget</b>	6,500,000	-	
<b>Undesignated Fund Balance</b>	19,416,589	27,750,073	8,333,484
<b>Percent of Undesignated Fund Balance to total Revenue</b>	5.14%	7.21%	
<b>Percent of Undesignated Fund Balance to Total 2006 Appropriations</b>		6.81%	
<b>Revenues</b>	377,753,214	384,810,782	7,057,568
<b>Expenditures</b>	378,756,426	384,502,192	5,745,766
<b>Excess of Revenues over Expenditures</b>	-1,003,212	308,590	
	BUDGET 2005	ACTUAL 2005	DIFFERENCE
<b>Revenue</b>	402,717,701	384,810,782	-17,906,919
<b>Appropriated Fund Balance</b>			
<b>Expenditures</b>	410,321,137	384,502,192	-25,818,945
<b>Increase/Decrease in Overall Fund Balance</b>	-107,315	308,588	