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County deficit for '08 is \$658K

Total shortfall now at \$3.9 million

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Near the end of the Sullivan County Commissioners public meeting Thursday with auditors from Melanson Heath and Company, Sheriff Michael

Newport Prozzo asked what the final deficit was for the county in fiscal year 2008.

"The general fund, the chief operating fund, had a deficit of \$3.9 million in 2008," said Melanson Heath president Frank Byron. "Up from \$3.2 million the year before."

The general fund deficit grew by about \$658,000 in the past year.

"It seems like no matter

what, the deficit is growing," said Prozzo. "In 2006 the deficit was \$1.4 million, and now it's \$3.9 million. It's like we're sticking our fingers in the dam, but no matter what we do it keeps leaking."

The main culprit for a second year was the Sullivan County Health Care. The nursing home was budgeted for \$13.8 million in fiscal year 2008, but its revenues fell short by about \$1.8 million.

"In order to pay bills, the nursing home had to take money from the general fund," said Byron.

The nursing home took approximately \$5 million from the general fund, and as a result the county had to take

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out tax anticipation notes (TAN) from the bank.

Byron said that a county should have 5 percent of its budget in the general fund, and that carrying a deficit will make it harder for the county to receive TANs.

"For the long-term financial health, there should not be a deficit in the general fund," said Byron. "Having a shortfall there is a liability."

State Rep. Ray Gagnon, D-Claremont, said that the nursing home needs to increase its occupancy to avoid revenue shortfalls.

"I think we need to put politics aside, and find a way to increase the occupancy," said Gagnon. "Right now the nursing home is at about 85 percent of its occupancy, and we

need it to be between 90 and 95 percent.

"We need to get the nursing home off this political football field, and the delegation and commissioners need to find an effective policy," said Gagnon.

The county missed its fiscal year 2008 projected revenue by \$302,017, compared with \$2.2 million in fiscal year 2007.

The county did, however, manage to stop some of the losses from revenue shortfall in the nursing home by freezing \$750,000 of appropriated expenditures. Overall, the county managed to reduce expenses by \$1.2 million.

In the fiscal year 2009 budget, which was passed in August, \$1 million was set aside on a line, to be put

towards the deficit.

Byron said that in the new budget, the line dedicated to reducing the deficit and a more conservative revenue projection for the nursing home will help to reduce the deficit.

"If the county stays on budget, then the full \$1 million will be put toward the deficit," said Byron, adding that should the county's budget have a shortfall, then money from the contra line will be used there.

"If the budget is balanced at the end of the year, then the deficit won't grow," said Byron. "The bleeding has stopped."

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