

COUNTY OF WESTCHESTER

Analysis and Review of the Proposed 2022 Budget



December 6, 2021

The Honorable Catherine Borgia, Chairperson
Committee on Budget and Appropriations
County of Westchester
County Office Building
148 Martine Avenue
White Plains, New York 10601

Dear Chairperson Borgia:

The County Executive's 2022 Proposed Budget has been submitted to the Board of Legislators for its review and deliberation. When the Legislature adopted its 2021 budget the County was dealing with the impact of the COVID-19 pandemic. The budget had to include plans for both the provision of normal services for its residents, along with solutions to the challenges presented due to the pandemic. Unknown at the time was how extensive the State and Federal assistance would be. Our report delineates that assistance in the report to help you during the budget review process.

The 2022 Proposed Budget provides for an aggregate appropriation of \$2.21 billion with 4,931 allowed (funded) positions of which 455 positions as of the date of this report are vacant. This budget is \$115.75 million greater than the 2021 budget adopted by the Board of Legislators in December 2020. Also included is \$196.03 million for the Municipal Sales Tax Distribution, which is an increase of \$30.85 million as compared to the 2021 Adopted Budget.

The proposed budget for the County continues to rely upon major sources of revenue derived from sales and use taxes for \$827.14 million, or 37.48% of total revenues, Federal and State aid for \$532.60 million, or 24.14% of total revenues, departmental income for \$145.67 million, or 6.60%, various other revenues for \$153.20 million, or 6.94% and the remaining source of financing the spending plan – property taxes \$548.20 million, or 24.84% of the revenues. The property tax levy amount is \$7 million less than the tax levy adopted for the 2021 budget, which includes a \$20.38 million decrease in the Operating Budget, but provides for \$13.38 million more for the Special Districts. This year, there is no use of fund balance contained in the 2022 Proposed Budget.

The major components of net change in appropriations are detailed in the Operating Budget Comparative Analysis – Expenditures Summary Exhibit 1a are as follows:

<u>Appropriations</u>	<u>In Millions</u>
Sales Tax Distribution	\$ 30.85
Economic Development	15.13
Office of Assigned Counsel	11.80
Health	10.32
Transportation	10.34
Retirement Systems	6.91
Community Mental Health	6.71
Cont-Workers Comp Fund	5.91
Correction	5.50
Public Safety	5.07
Debt Service	4.18
Tourism	3.72
Public Works	3.72
Employee Health Insurance	2.73
Board of Elections	2.61
Probation	1.46
FICA/Medicare	1.21
Emergency Services	1.14
Parks, Rec & Conservation	(4.72)
Miscellaneous Budgets	(12.94)
All Other Departments, Net	4.10
	<hr/>
Total Appropriations (Net Changes)	<u><u>\$ 115.75</u></u>

The key factors causing the departmental net changes are discussed, briefly, below.

As previously mentioned, the municipal sales tax distribution increased by \$30.85 million due to the anticipated receipt of sales tax revenue. The Department of Economic Development budget increased \$15.13 million to continue the programs initiated to stimulate business during the pandemic. Additionally, the Department of Health budget increased \$10.32 million mostly for Services for Children with Special Needs and pandemic related needs, while the Transportation budget rose \$10.34 million, the majority of which is to cover costs for contractual services.

The \$115.75 million net increase in appropriations is offset by the following revenue sources as detailed in the Operating Budget Comparative Analysis – Revenues:

Revenue	In Millions
Departmental Revenue:	
Transportation	\$ 4.39
County Clerk	2.61
Correction	2.32
Health	1.66
Parks, Rec & Con	(6.07)
Other Departments	(0.52)
Sub-total Departmental Revenue	4.39
Sales and Use Tax	131.64
Federal Aid	53.06
State Aid	41.07
Mortgage Recording Tax	6.73
Hotel Occupancy Tax	2.29
Bond and Note Revenues	(12.74)
Real Property Taxes	(20.38)
Use / (Deposit) of General Fund Balance	(87.99)
All Other Revenue, Net	(2.32)
Total Revenue (Net Changes)	\$ 115.75

Sales tax revenues in the 2022 Proposed Budget increased \$131.64 million reflecting the economic growth experienced during 2021 as receipts not only returned, but exceeded prior year levels. Federal aid has increased by \$53.06 million, which includes a portion of the American Rescue Plan Funding. State aid has grown by \$41.07 million reflecting an increase in service levels in Social Services and Health program expenditures. The

County is proposing a reduction in revenue in the Department of Parks and Recreation of \$6.07 million and a reduction in its proposed 2021 tax levy by \$20.38 million as compared to 2021 for operating activities.

Our charge from the Board of Legislators is to gain an understanding of the budget structure, the assumptions employed and the new or modified policy decisions incorporated. The evaluation of policy initiatives is not within our capabilities inasmuch as that is a legislative prerogative. Our goal is to inform and quantify the amounts provided. We are aware that the limited timeframe to perform an in-depth review of the budget document places additional pressures on the Board. Consequently, a comprehensive analysis is not an option. We must call upon our expertise garnered from our many years of service to the County and to the knowledge gained from our recently completed reviews of budgets of neighboring counties. We have directed our efforts to those areas that, upon preliminary review represent modification from previous budgets, have exhibited opportunity for savings in the past or would be influenced by the economic conditions.

We have advised the Board of our recommendations for increases to the budget on December 6th. Our suggestions were presented in brevity. The detailed factors which caused us to make these recommendations and the underlying justification have been included in this report. Our complete report is detailed in the pages that follow.

We look forward to meeting with the Board of Legislators to discuss our findings and to review any other aspect of the proposed budget review.

Very truly yours,

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

TABLE OF CONTENTS

REVENUES	Page
Federal Stimulus Assistance	1
State Aid	3
Payments in Lieu of Taxes	3
Sales Tax	3
Auto Use Tax	6
Mortgage Tax	7
Hotel Tax	8
County Clerk	9
Department of Corrections	10
Department of Parks, Recreation and Conservation	11
Department of Transportation	17
Tobacco Settlement	20
Proceeds from Serial Bonds	21
Miscellaneous Revenue	22
New York State ("NYS") Court Facilities	23
Department of Public Works	23
 EXPENDITURES	
Personal Services	25
Community Mental Health	30
Services for Children with Special Needs	32
Department of Corrections	37
Department of Transportation	42
Department of Public Works	44
Debt Service	46
Federal Insurance Contribution Act (FICA) Taxes	47
Retirement Cost	48
Health Benefits	52
Certiorari Proceedings	56
Casualty Reserve Fund (6-N)	57
Workers' Compensation Reserve Fund (6-J) Internal Service Fund	58
Office of Assigned Counsel	59
Resident Tuition-Other Colleges	61
Department of Social Services	62
Medicaid – Disproportionate Share Payments ("IGT")	66
 FUND BALANCE	 82

TABLE OF CONTENTS (Continued)

	<u>Page</u>
CONCLUSION	84
SUMMARY OF FINDINGS	85
EXHIBITS	
Ia. Analysis of Budget Increases (Decreases) Gross Budget and County Taxation	88
Ib. Miscellaneous Budget Expenditure Detail	92
Ic. Miscellaneous Budget Revenue Detail	93
Id. Analysis of Special Districts Gross Budget and County Taxation	94
Ie. Analysis of Federal and State Aid Increase (Decrease)	95
II. Open Book New York – Property Tax Cap	96
III. Schedule of Recommended and Adopted Property Tax Levies	97
IV. Schedule of Recommended and Adopted General Fund Positions	98
V. Fund Balance Description and Calculation	99

REVENUES

Federal Stimulus Assistance

2021

During 2021, the County has been allocated funding through the various Federal Stimulus packages. The largest program is the American Rescue Plan Act (“ARPA”), where the County will receive \$187.93 million in two payments, the first of which has been received. Additionally, the County received direct payments from Federal Agencies and funds directly from FEMA. These funds are outlined in detail below:

- Federal Emergency Management Agency (“FEMA”)
 - \$6.54 million
 - Department of Social Services (\$3.52 million) – Emergency housing and meals
 - Department of Environment Facilities (\$1.875 million) – Emergency repairs and cleanup
 - Refuse District (\$1.12 million) – Emergency repairs and clean up
 - Water District (\$26,000) – Emergency repairs and clean up
- ARPA – Direct Aid
 - \$39.10 million
 - Department of Planning (\$2.27 million) – Emergency Rental Assistance Program (“ERAP”)
 - Department of Transportation (\$26.09 million) – Bus operating assistance
 - Airport (\$10.74 million) – Airport improvement program operating assistance
- ARPA – Local Fiscal Recovery Funds (“LFRF”)
 - \$1 million
 - Department of Environmental Facilities (\$730,000)
 - Water District (\$270,000) – Capital reimbursement for repairs

The 2022 Proposed Budget includes revenue from ARPA, the first being LFRF (\$32 million) and direct funding (\$34.26 million) to be used as follows:

- Local Fiscal Recovery Funds (“LFRF”)
 - County Executive (Office of Economic Development) (\$19 million) – Continue economic development strategy
 - County Executive (Office of Tourism) (\$3 million) – Tourism, promotion and competitive grants
 - Department of Social Services (\$3 million) – Continue assistance for emergency housing and meals
 - Department of Health (\$6 million) – Community services; \$4 million healthcare centers, \$1 million telehealth programs for seniors and \$1 million for the visiting nurse program Healthy Mom and Healthy Baby.
 - Environmental Facilities (\$1.07 million) – Capital improvements and repairs
- Direct Aid
 - County Executive (Office of Tourism) (\$400,000) – Tourism, promotion and competitive grants
 - Department of Planning (\$2.70 million) – ERAP
 - Department of Transportation (\$25.87 million) – Bus operating assistance
 - Airport (\$5.29 million) – Airport improvement program operating assistance

State Aid

The 2021 Adopted Budget incorporated a 20% holdback for all of State aid, whereby the budgeted revenue was reduced. During 2021, the State, due to the receipt of Federal Stimulus funds, did not have to implement the holdback. This resulted in the County receiving the full amount of State aid based on expenditures. Our departmental findings for 2021 are based upon expenditures incurred and projected for the remaining months of 2021 and do not take into account the elimination of the 20% holdback. Our estimate of the State aid associated with the holdback is: Department of Social Services (\$3.30 million), Department of Health (\$5.10 million) and Department of Transportation (\$12 million). This is a total of \$20.40 million.

Payments in Lieu of Taxes

The County has entered into numerous Payments in Lieu of Taxes (“PILOT”) agreements which are economic development incentives for businesses within the County. PILOT agreements may fluctuate from year to year due to assessed property values and any appropriate adjustments for new, expired, or modified agreements. The County’s 2021 projection for PILOT revenue is \$10.16 million, which is the same amount as the 2021 Adopted Budget. Based on actual PILOT receipts through October 2021 and anticipated PILOT receipts for November and December 2021, we concur with the County’s projection and the 2021 Adopted Budget.

The 2022 Proposed Budget for PILOT revenue is \$9.20 million, a decrease of \$960,000 as compared to the 2021 Adopted Budget. The decrease is mainly due to the reduction in the PILOT payments applicable to Entergy (Indian Point). Based on this information, we concur with the 2022 Proposed Budget.

Sales Tax

Sales tax revenues comprise the largest component of the revenue segment of the budget. The local tax sales tax rate is a total of 4% in all municipalities in the County, except for the City of Yonkers, which is 4½%. In addition to Yonkers, the cities of Mount Vernon, New Rochelle and White Plains have a city sales tax. The County sales tax rate is comprised of:

- 1½% entirely retained by the County, including taxes collected in the four cities that have their own tax.
- 2½%, that is shared with the School Districts, Towns and Villages within the County, as well as the two Cities (Peekskill and Rye) that do not have a city sales tax, as follows:
 - 1% implemented in July of 1991 and made permanent in 2019, of which the County retains 33⅓%.
 - ½% implemented in February of 2004 and made permanent in 2019, of which the County retains 70%.
 - 1% implemented in August 2019, of which the County retains 70%.

The County does not collect this 2½% from the Cities noted above that have their own sales tax.

The 2021 Adopted Budget for sales tax revenue is \$695.50 million, of which \$530.31 million represents the County's share. The remaining amount of \$165.19 million represents the sales tax revenue collected by the County and remitted to the Cities, Towns, Villages and School Districts.

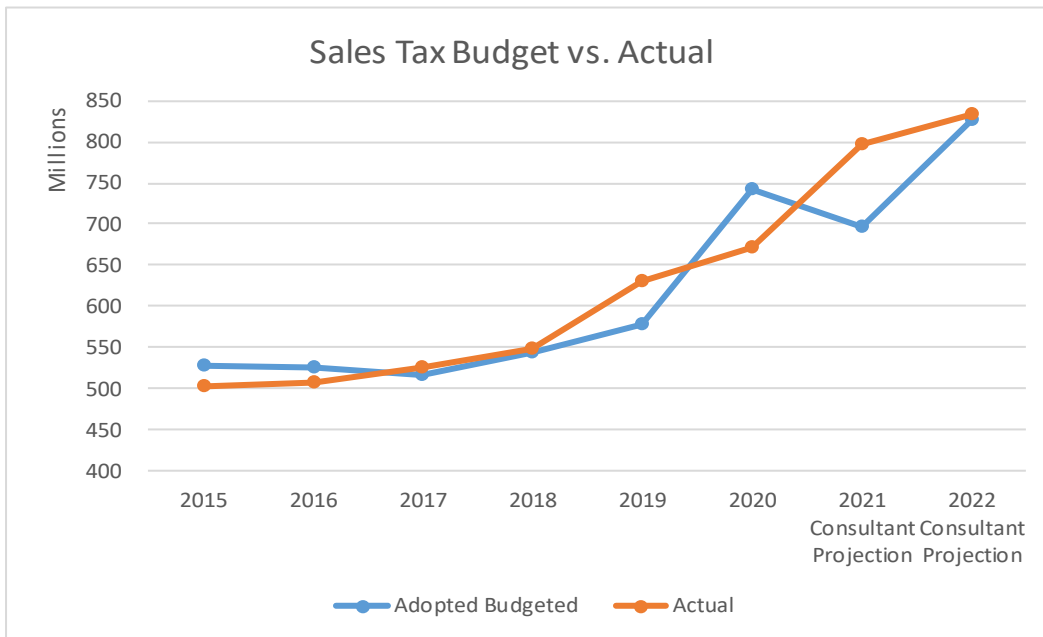
The County's sales tax collections through October 2021 amount to \$616.89 million, compared to \$505.81 for the same period in 2020, an increase of 21.96%. Growth rates compared to the prior year were highest in the 2nd quarter and have slowed as the year progressed. Our projection assumes that revenues for November and December will grow at rates consistent with the increase experienced in September and October. In addition, due to the cost of medical care related to COVID-19, New York State reduced sales taxes distributed to all counties by \$100 million over two state fiscal years to provide support to financially distressed hospitals and nursing homes. Westchester County's share is \$7.61 million: 2020 revenue was reduced by \$2.67 million, 2021 revenue by \$3.93 million and 2022 by \$1.01 million. Considering all of these factors, we project 2021 revenues to be \$796.74 million, a \$4.36 million favorable variance as compared to the County's 2021 projection of \$792.38 million and a \$101.24 million favorable variance as compared to the 2021 Adopted Budget.

The 2021 Adopted Budget is \$165.19 million for the sales tax distribution due to the other municipalities, or 23.75% of gross revenues. The variance mentioned above also impacts the revenue sharing portion within the other municipalities. Based upon our projected sales tax

revenue, this distribution will amount to \$188.03 million, or 23.60% of gross revenues. This is \$22.84 million more than the 2021 Adopted Budget and \$1.03 million more than the County's projection of \$187 million.

The County anticipates \$827.14 million of sales tax revenues in the 2022 Proposed Budget, of which \$196.03 million is the portion due to the various municipalities, or 23.70% of the gross revenues. Economic growth rates significantly impact sales tax revenue. Although economic forecasts call for continued economic expansion, personal income growth and an improved labor market, there are also headwinds to economic expansion. These include disruptions to the supply chain, including computer chip shortages, as well as, uncertainty around COVID-19 and the possible impact of new virus strains. The State of New York currently projects a 5.40% increase in sales taxes in its April 2022 through March 2023 fiscal year. The County has taken a conservative approach and used a 4% growth rate for 2022, and we concur with this growth expectation. In addition to these factors, our projections continue to include withholding of sales tax by the State for Aid and Incentives for Municipalities Related Payments ("AIM Related Payments") for Towns and Villages of approximately \$3.91 million, as well as, withholding of \$1.01 million in February of 2022 for Distressed Provider Assistance. The February 2022 withholding will be the final amount withheld by the State for Distressed Providers. Based on these factors, we project 2022 sales tax revenues to amount to \$832.96 million, a favorable variance of \$5.82 million as compared to the 2022 Proposed Budget.

As previously stated, any variance between our projection of sales tax and the County's projection will also impact the distribution to municipalities. The 2022 Proposed Budget is \$196.03 million, or 23.70% of gross revenues. Based on our sales tax projection, the distribution to be \$197.41 million, which is an unfavorable variance of \$1.38 million as compared to the 2022 Proposed Budget.

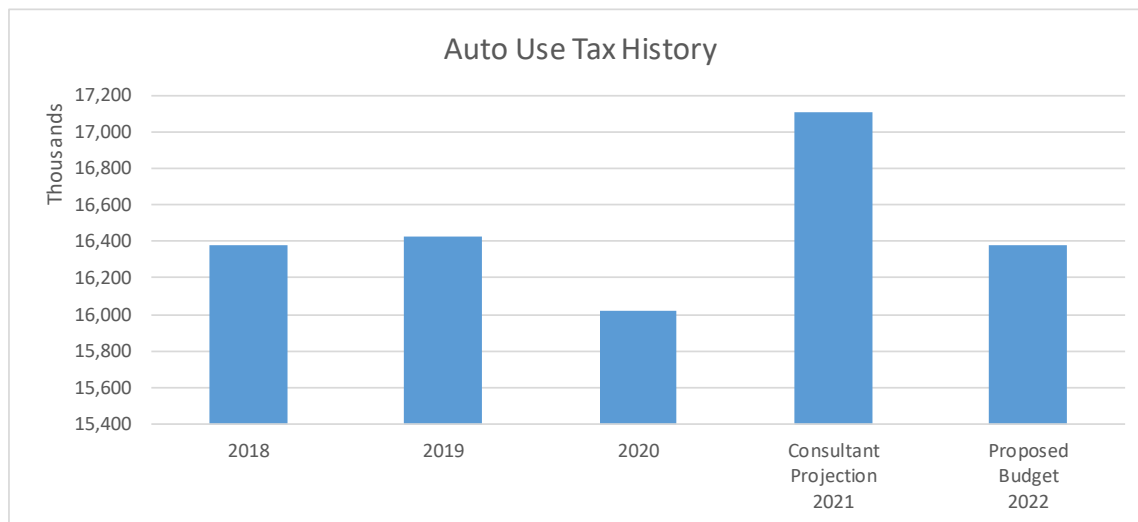


Auto Use Tax

The County imposes an auto use tax of \$30 for passenger vehicles below 3,500 pounds and \$60 for passenger vehicles above 3,501 pounds and all commercial vehicles. The motor vehicle tax is payable every two years and included on New York State motor vehicle registrations.

The 2021 Adopted Budget is \$16.42 million for the revenues derived from taxes on motor vehicle use. Actual revenue collected through September 2021 is \$13.48 million. The County's 2021 projected revenue is \$17.18 million, \$760,000 more than the 2021 Adopted Budget. Based on revenues collected through September 2021, we project revenues to be \$17.10 million, a favorable variance of \$680,000 as compared to the 2021 Adopted Budget and an unfavorable variance of \$80,000 as compared to the County's projection.

The 2022 Proposed Budget is \$16.38 million, a decrease of \$40,000 as compared to the 2021 Adopted Budget. Historical data indicates that more revenue is collected during odd years than even years. Based on this trend, we used the five-year average of the change in growth for the odd and even years for our projection. Utilizing this information, we project revenues to be \$16.96 million, a favorable variance of \$580,000 as compared to the 2022 Proposed Budget.



Mortgage Tax

The mortgage tax is derived from a 0.25% tax on mortgages processed. The chart below shows the amounts received and the change as compared to the prior years:

Year	Amount	Increase (Decrease)	Increase (Decrease)
2018 Actuals	\$ 18.41 million	\$ (1,730,000)	(8.6) %
2019 Actuals	20.14 million	1,730,000	8.6
2020 Actuals	21.76 million	1,620,000	7.4
2021 Adopted Budget	20.06 million	(1,700,000)	(8.5)
2022 Proposed Budget	26.79 million	6,730,000	25.1

The 2021 Adopted Budget is \$20.06 million for mortgage tax. Through October 2021, the County has received \$24.98 million in revenues, an increase of 44.76% as compared to the same period in 2020. Mortgage tax revenues in the first half of 2021 were significantly higher than 2020 due to the pandemic, resulting in an influx of home buyers seeking to leave New York City. This resulted in increased home purchases in Westchester due to the County's attractiveness to new buyers given its proximity to New York City. Revenues from January to March 2021 out-paced January to March 2020 by \$2.77 million, and revenues from April to June 2021 out-paced April to June 2020 by \$2.90 million. By the third quarter the growth in revenue began to slow, but still grew by \$1.66 million as compared to the third quarter of 2020. By applying a historical collection rate to revenues collected through October 2021, we project revenues to be \$30 million, a \$9.94 million

favorable variance as compared to the 2021 Adopted Budget and a \$230,000 favorable variance as compared to the County's 2021 projection of \$29.77 million.

The 2022 Proposed Budget includes mortgage tax revenue of \$26.79 million, a \$6.73 million increase as compared to the 2021 Adopted Budget. This amount reflects an anticipated decline in home sales. When preparing our projection, we agreed that the current level of mortgage activity will decrease as the year progresses, mainly due to pressure on the Federal Reserve to increase interest rates to maintain current economic growth. Therefore, we are projecting mortgage tax revenue to be \$23.82 million, an unfavorable variance of \$2.97 million as compared to the 2022 Proposed Budget.

Hotel Tax

The County imposes a 3% tax on the revenues derived from hotel occupancy. Although not impacting County collections, other municipalities in Westchester County such as the Cities of White Plains, Yonkers, New Rochelle and Rye as well as some Towns and Villages will add an additional 3% tax. There are approximately 53 hotels within Westchester County comprising over 5,800 rooms.

The County is projecting revenues of \$4.93 million for 2021 hotel tax, a favorable variance of \$1.47 million as compared to the 2021 Adopted Budget of \$3.46 million. This favorable variance is due to hotels being opened as a result of easing most COVID-19 restrictions. Revenues through September 2021 were \$2.85 million, an increase of approximately \$460,000, as compared to the same period in 2020. As the holiday season approaches, we anticipate an increase in travel, which in turn, could increase hotel occupancy. Based on this information and year to date collections, we project revenues for 2021 to be \$4.69 million, a favorable variance of \$1.23 million as compared to the 2021 Adopted Budget.

The 2022 Proposed Budget for hotel tax is \$5.75 million, a \$2.29 million increase as compared to the 2021 Adopted Budget. As the COVID-19 restrictions have begun to lift, businesses have reopened and travel has begun to increase. As a result, we project revenues to be \$6.06 million, a favorable variance of \$310,000 as compared to the 2022 Proposed Budget.

County Clerk

The revenues of the County Clerk are derived from the following primary areas:

	2021 Adopted Budget	2021 County Projected	2021 Consultant Projected	2022 Proposed Budget
Land Records and other items	\$ 7,374,771	\$ 10,220,637	\$ 10,868,261	\$ 10,069,141
Legal Division	902,745	1,095,479	859,767	806,191
Licensing	170,878	126,807	177,664	179,796
Pistol Renewals	52,460	57,931	50,512	52,069
	<u>\$ 8,500,854</u>	<u>\$ 11,500,854</u>	<u>\$ 11,956,204</u>	<u>\$ 11,107,197</u>

The largest segment, land records, consists of fees for the processing of various documents required by the State. The Land Records Division of the Office of the Westchester County Clerk records all documents relating to real property transactions that occur within the County, and also processes New York State Mortgage Tax, New York State Transfer Gains Tax, Federal Tax liens, and is home to the County's Map Division. The public can visit the Land Records Division to search for a current mortgage or deed, even those documents dating back to the colonial days of Westchester. The County is entitled to a portion of these fees.

The 2021 Adopted Budget is \$8.50 million for County Clerk fees. Currently, the County is projecting the revenue to amount to \$11.50 million. Through October 2021, approximately \$9.96 million was collected, compared to \$7.42 million through October 2020, an increase of 34.23%. The continuing increase in land records revenue from the last quarter of 2020 to throughout 2021 is due to real estate closings being conducted remotely and the increase in real estate buyers looking to move out of New York City and into the surrounding counties. Although travel restrictions were in place for a majority of 2021, the County Clerk introduced the Mobile Community Outreach Vehicle, which provided passport, notary, and business licensing services to 23 County municipalities in 2021. Based on the net increase in overall revenues and the expectation that revenues will continue to grow for the remainder of the year, we project revenues to be \$11.96 million, a \$3.46 million favorable variance as compared to the 2021 Adopted Budget and a \$460,000 favorable variance as compared to the County's 2021 projection.

The 2022 Proposed Budget includes \$11.11 million for County Clerk fees. We expect revenue collections for the County Clerk department to gradually return to pre-pandemic levels throughout 2022. Therefore, based upon this assumption, we project revenues to be \$10.22 million, an \$890,000 unfavorable variance as compared to the 2022 Proposed Budget.

Department of Corrections

Revenues related to the Jail are \$14.30 million in the 2021 Adopted Budget and \$16.61 million in the 2022 Proposed Budget. The components are as follows:

	2021 Adopted Budget	2022 Proposed Budget
Housing Federal Inmates	\$ 13,340,750	\$ 15,695,000
Pay Phone	757,000	721,000
Miscellaneous	205,700	197,125
	<u>\$ 14,303,450</u>	<u>\$ 16,613,125</u>

Housing Federal Inmates

The billing rate to the U.S. Marshall Service to house a Federal inmate is \$215 per day. This equates to \$78,475 to house one Federal inmate on an annual basis. Through the first ten months of 2021, revenues totaled \$14.20 million with the average Federal inmate population being 218, which is an increase of 51 Federal inmates from the prior year. During 2021, the Federal inmate population ranged from a low of 208 in February to its peak of 228 in July (See Table C Page 41). Although the number of inmates declined from 214 in January to 208 in February, the number of inmates began to increase from March through October 2021. By utilizing the billing rate of \$215 and estimating the number of inmates for November and December at 220, which is the average of six months from May through October, we project 2021 revenues to be \$17.08 million, the same as the County's projection. This results in a \$3.74 million favorable variance as compared to the 2021 Adopted Budget of \$13.34 million.

The 2022 Proposed Budget of \$15.70 million is based on an average population of 200 Federal inmates with an average daily rate of \$215 for the year. Based on our review of the current Federal

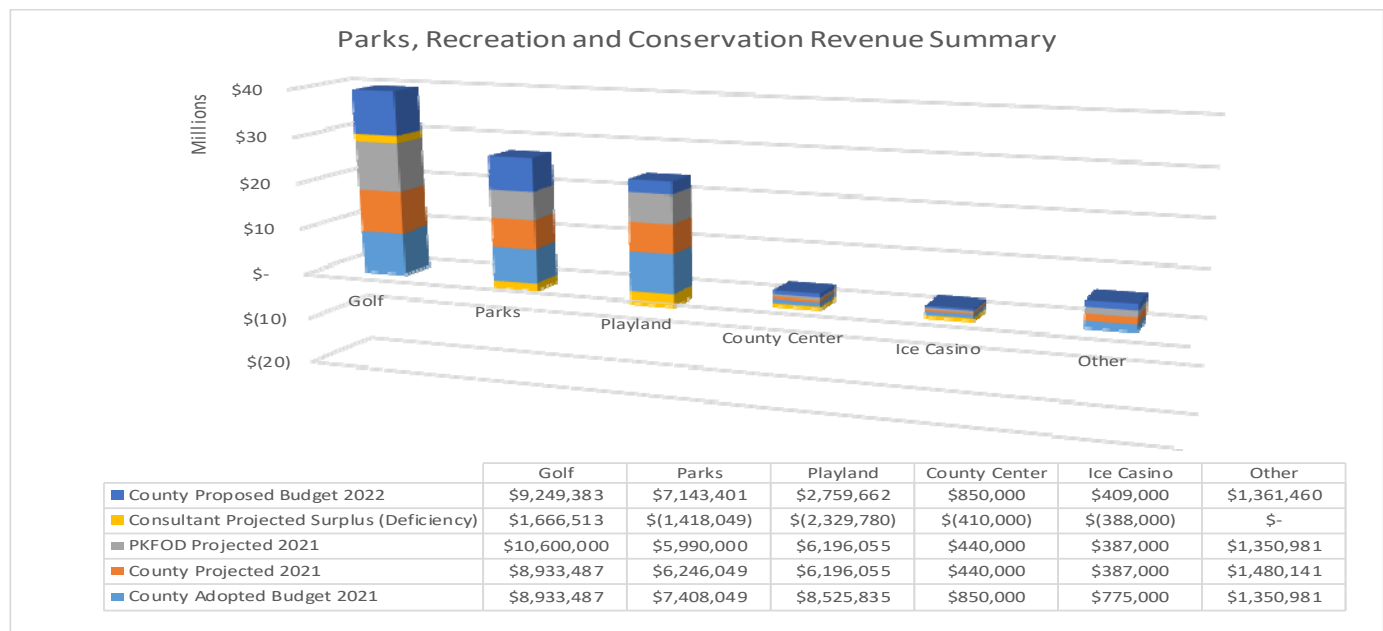
inmate population, which has been steadily increasing, we are projecting an average population of 220. As a result, we project revenues to be \$17.26 million, a favorable variance of \$1.56 million as compared to the 2022 Proposed Budget.

Department of Parks, Recreation and Conservation

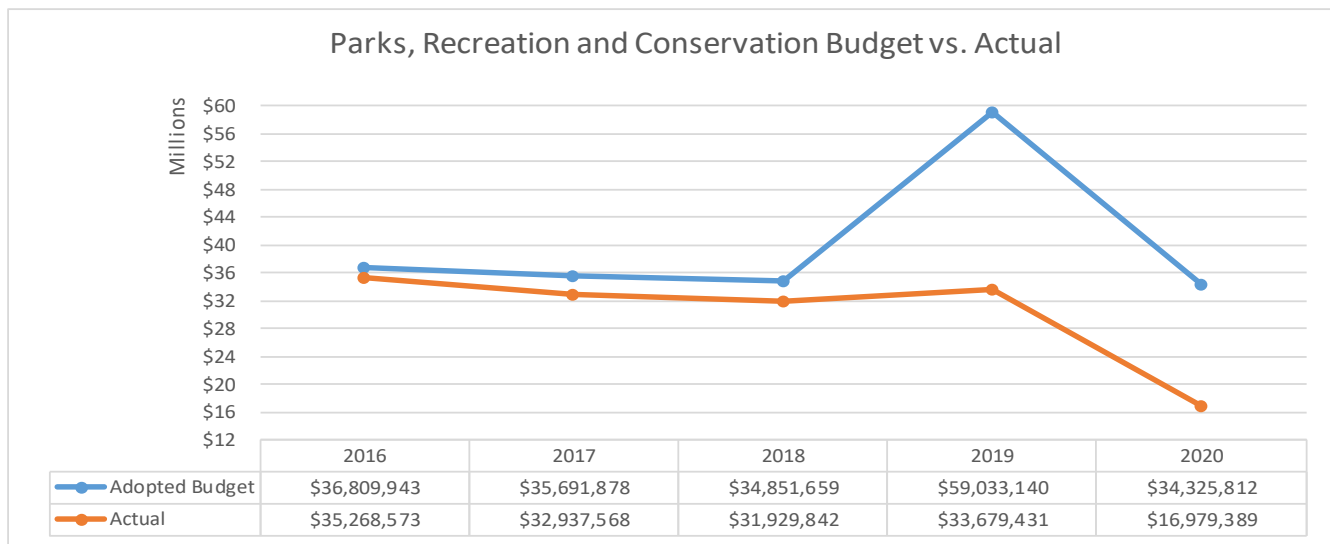
The Department of Parks, Recreation and Conservation anticipates total revenues of \$27.84 million in the 2021 Adopted Budget and the County projects approximately \$23.68 million. Although many of the parks reopened during the year, the County's 2021 projection is \$4.16 million less than the 2021 Adopted Budget. Our projection for 2021 is \$24.95 million, or a \$2.89 million unfavorable variance as compared to the 2021 Adopted Budget and a \$1.27 million favorable variance as compared to the County's projection.

The 2022 Proposed Budget anticipates \$21.77 million in revenues. This represents a decrease of \$6.07 million as compared to the 2021 Adopted Budget. This decrease is mainly due to the agreement the County has with Standard Amusements for Playland Park.

A comparison of the 2021 Adopted Budget, County projections, our projections and the 2022 Proposed Budget revenues is as follows:



A summary of the Department's revenue budget versus actual for the years 2016 through 2020 is as follows:

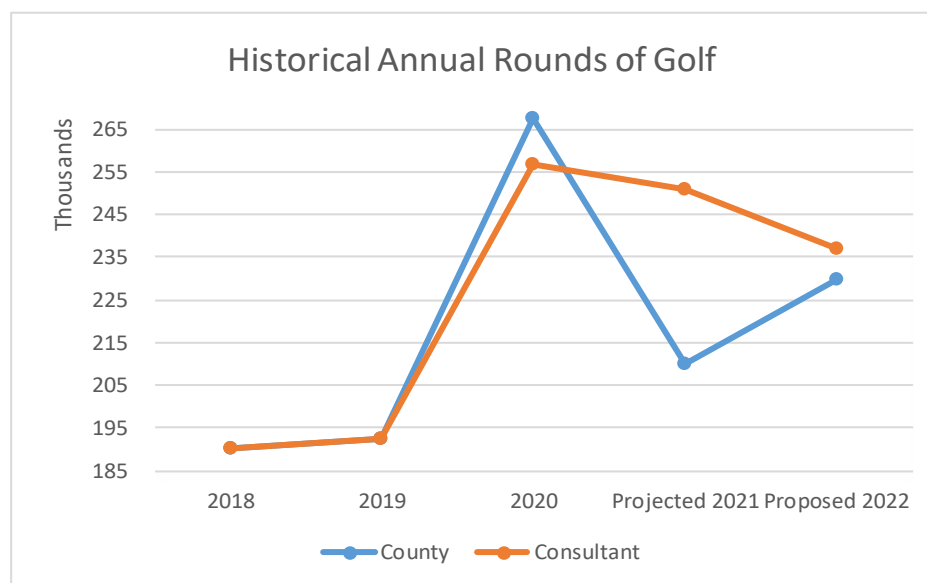


Golf Fees

The County has six operating golf courses that contribute to this revenue source; Dunwoodie, Maple Moor, Mohansic, Saxon Woods, Sprain Lake and Hudson Hills. The County's 2021 projection for golf fee revenues is \$8.93 million, an amount equal to the 2021 Adopted Budget. We project revenues to be \$10.60 million, a favorable variance of \$1.67 million as compared to the County's 2021 projection and the 2021 Adopted Budget. Our projection utilizes the average of the previous three years' rounds of golf through October representing 92% of the total rounds, the remaining 8% are the rounds played in November and December. Based on this analysis, we project approximately 251,000 rounds to be played in 2021, an amount 41,000 greater than the County's original estimate. Although greater than budget, the golf courses saw a slight decrease in the weekly rounds played during 2021 as compared to 2020 due to more rainy days. In order to calculate our projected revenues we utilized the average revenues per round (\$42.25), which is based on rounds played in 2021 and revenues earned through October 2021.

The 2022 Proposed Budget is \$9.25 million, an increase of \$320,000 as compared to the 2021 Adopted Budget. The Department has not proposed any fee increases this year. The 2022 Proposed Budget estimates 230,000 rounds to be played, an increase in rounds played due to the growth shown in the previous two seasons. Our projection for the number of rounds came to 237,000, a decline of 14,000 rounds from our 2021 projection. We took into account the fact that golf grew in popularity during the pandemic, as it was one of the only outdoor activities available, but now as many other recreational activities become available, we feel the number of rounds will decline slightly due to these additional options. Based on these assumptions, we project revenues earned to be \$10.01 million, a favorable variance of \$760,000 as compared to the 2022 Proposed Budget. We identified a favorable variance in golf fees and an unfavorable variance in park fees. Given that these two activities are tied to COVID-19 restrictions and the total variances offset each other, we concur with the 2022 Proposed Budget.

The following is a summary of the actual rounds played for the years 2018 through 2020, the County's projection and our projection for 2021 and 2022:



There are no fee increases for golf fees in 2022. The following is a summary of the greens fees for weekdays, weekends, and replay programs for 2021 and 2022:

<u>Green Fees</u>	<u>2021 & 2022</u> <u>With</u> <u>Park Pass</u>	<u>2021 & 2022</u> <u>Without</u> <u>Park Pass</u>
<u>Weekends and Holidays</u>		
18 Holes	\$ 40	\$ 50
Back Nine	30	35
Twilight	31	36
<u>Weekdays</u>		
18 Holes	\$ 34	\$ 44
Senior Citizens	26	44
Jr. Golf	26	44
Twilight	29	34
Super Twilight	20	30
<u>Replay Program</u>		
18 Holes	\$ 23	\$ 33
Senior/Jr.	17	33
Twilight	18	26
9 Holes	18	20
Carts	13	13

Parks

Each park derives revenues from fees charged to patrons for parking, camping, picnics and rentals. The County is projecting park revenues for 2021 to be \$6.25 million, \$1.16 million less than the 2021 Adopted Budget of \$7.41 million. With the parks and pools reopening in 2021, year to date revenues through October 2021 have increased approximately 51% as compared to the same period in 2020. Based on the year to date actual revenues of \$5.28 million and the 3-year average revenues earned for the remainder of the year, we project revenues to be \$5.99 million. This results in an unfavorable variance of \$260,000 as compared to the County's projection and an unfavorable variance of \$1.42 million as compared to the 2021 Adopted Budget.

The 2022 Proposed Budget for this revenue source is \$7.14 million, an amount \$270,000 less than the 2021 Adopted Budget. Based on current fees, an expected increase in attendance

at pools and the average attendance increasing slightly at parks, we project revenues to be \$6.15 million, an unfavorable variance of \$990,000 as compared to the 2022 Proposed Budget. We identified an unfavorable variance in park fees and a favorable variance in golf fees. Given that these two activities are tied to COVID-19 restrictions and the total variances offset each other, we concur with the 2022 Proposed Budget.

Playland Park

Playland Park is historically the largest revenue source within the Department of Parks, Recreation and Conservation. The amusement park offers the community and tourists various rides and entertainment options. The Park reopened in June 2021 after being closed for a year due to COVID-19 and was open for twelve weeks through September. Based upon the year to date collections, we project revenues to be \$6.20 million, an amount similar to the County's projection and an unfavorable variance of \$2.33 million as compared to the 2021 Adopted Budget of \$8.53 million.

The 2022 Proposed Budget is \$2.76 million for this revenue source, an amount \$5.77 million less than the 2021 Adopted Budget. The County entered into an agreement with Standard Amusements to manage and operate Playland Park whereby, the County no longer receives any of the admission fees nor is responsible for the operating expenses. In the new agreement Standard Amusements will pay the County a management fee, reimbursement for personal services, utility and security services. Based on the terms of the agreement, we concur with the 2022 Proposed Budget.

County Center

The 2021 Adopted Budget is \$850,000 for County Center revenues, while the County is projecting \$440,000, an unfavorable variance of \$410,000. The unfavorable variance is due to the permit agreement the County Center has with New York State to be used as a vaccination site and has not been able to host any events since March 31, 2020. The only revenue source since then has been commuter parking. While one of the three parking lots is being utilized as a field hospital, the remaining two lots are available for commuter parking. Based on year to date collections, we concur with the County's projection.

The 2022 Proposed Budget projects County Center revenues to be \$850,000, the same amount as the 2021 Adopted Budget. Based on the current state of the COVID-19 pandemic, the County is expecting the County Center will continue to be a vaccination site into 2022. The field hospital has been disassembled and the property will be reconstructed as a parking lot. Therefore, the County believes commuter parking will be the main revenue source for 2022. Based on historical parking, we concur with the 2022 Proposed Budget.

Ice Casino

In August of 2014, the County signed a ten-year management agreement with American Skating Entertainment Centers, LLC (“Ice Casino Manager”) and in September 2021 the County signed the First Amendment. Under the new agreement, the County is undertaking an improvement project to design, purchase and install a new HVAC filtration as a COVID-19 air quality mitigation measure for the Ice Casino. The annual management fee, common area maintenance charges, and utility charges will be reduced by 43% until the project is complete. The County’s 2021 projection is \$385,000, an amount \$390,000 less than the 2021 Adopted Budget of \$775,000. Based on the terms of the amendment to the contract and the reduction of charges, we concur with the County’s projection.

The 2022 Proposed Budget includes \$409,000 from this revenue source. Given that this revenue is based upon a contract, we concur with the amount contained in the 2022 Proposed Budget.

Other

This category is comprised of General Parks Administration, Conservation, Community Services, and Bronx River Parkway revenues (“Admin”):

- General Parks Administration revenues as of October 31, 2021 were comprised of approximately 27% from park passes and 41% pertaining to inter-departmental billings for services provided to other departments, while the remainder applies to various other smaller services.
- Conservation revenues are predominantly camp fees received at Marshlands Conservancy, Cranberry Lake and Lenoir Preserve.

- Community Services revenues pertain to fees charged for events held at the parks.
- Bronx River Parkway revenues are income from rental housing.

The 2021 Adopted Budget provides for \$1.35 million in other revenues. The County projects 2021 revenues to approximate \$1.48 million, a favorable variance of \$130,000. Based on a 4-year average of historical collections, we project revenues to be \$1.35 million, an unfavorable variance of \$130,000 as compared to the County's projection and an amount similar to the 2021 Adopted Budget.

The 2022 Proposed Budget is \$1.36 million other revenues, an increase of \$10,000 as compared to the 2021 Adopted Budget. Since there are no proposed increases on park passes or other fees, we concur with this amount.

Department of Transportation

Departmental Revenues

<u>Ridership</u>			
<u>2020 Actual</u>	<u>2021 Adopted Budget</u>	<u>2021 County Projected</u>	<u>2022 Proposed Budget</u>
16,641,134	17,250,000	19,250,000	21,825,000

The Federal Transit Administration announced in July 2021 that transit ridership has made significant recoveries as of late, with many communities across the country seeing ridership rebound to more than 80% of pre-pandemic levels. 80% of the County's 2019 ridership would be around 21,180,000 passengers. Despite the relaxation of restrictions, we do not believe that ridership will rebound to the level projected by the County's Proposed Budget. Remote work options adopted during the pandemic are now permanent for many workers. The fear of the virus has driven people into cars and as budget gaps emerge many municipalities responded by reducing services. We project that ridership will approximate 20,000,000 or 8% less than the County's 2022 proposed ridership.

The departmental income is driven by ridership. These revenues are made up of Paratransit services, Metrocard reimbursements Student Metrocards and advertising agreements.

<u>Departmental Revenues</u>			
<u>2020 Actual</u>	<u>2021 Adopted Budget</u>	<u>2021 County Projected</u>	<u>2022 Proposed Budget</u>
<u>\$ 14,232,189</u>	<u>\$ 24,391,825</u>	<u>\$ 22,578,837</u>	<u>\$ 28,781,038</u>

The County projects 2021 departmental revenues to be \$22.58 million, a decrease of \$1.81 million as compared to the 2021 Adopted Budget of \$24.39 million. The increase in the 2021 projected amount is due to some normalcy returning in the COVID environment. We project that the 2021 departmental revenue will be \$22.81 million, \$1.58 million less than the 2021 Adopted Budget due to the reasons stated above; ridership decline and reduced services.

The 2022 Proposed Budget for departmental revenues is projected to be \$28.78 million. Even if the economy improves as quickly as some expect, we cautiously project the 2022 revenues will be \$26.61 million, an unfavorable variance of \$2.17 million as compared to the 2022 Proposed Budget.

We expect the challenges for public transportation to continue as evidenced by the fact that federal funding has already been earmarked for transit services across the nation for 2021 and 2022.

State Aid

The Department of Transportation receives State aid in the form of Statewide Mass Transportation Operating Assistance ("STOA") and a local preventative maintenance match. The match is based on a percentage of the Federal 5307 Preventative Maintenance funding. As a specified recipient in the New York State Department of Transportation budget, the County is allocated STOA based on direct annual legislative appropriation.

State Aid

<u>2020 Actual</u>	<u>2021 Adopted Budget</u>	<u>2021 County Projected</u>	<u>2022 Proposed Budget</u>
<u>\$ 62,456,821</u>	<u>\$ 53,335,688</u>	<u>\$ 65,508,896</u>	<u>\$ 65,416,872</u>

State aid makes up approximately 49% of the Department's total 2022 budget. The County's finances depend significantly on the strength of the State government and its willingness to provide aid.

The 2021 Adopted Budget is \$53.33 million and did not include pre-pandemic increases that were anticipated for NYS fiscal year 2021. The County's 2021 projection is \$65.51 million which includes pre-pandemic increases to STOA. In addition, the aid that was withheld by the NYS Governor's power in 2020 of \$2.43 million was returned to the County and included in the 2021 State aid revenues as a one-time increase. Based on this information, we concur with the County's 2021 projection.

The 2022 Proposed Budget is \$65.41 million. Based on the information received from the County for New York State appropriations, we agree with the 2022 Proposed Budget.

Federal Aid

The Department of Transportation receives funding under the Urbanized Area Formula Funding program ("5307"). This aid is allocated to the County annually based on a Federal formula. As permitted, the County uses this funding for reimbursement of certain preventative maintenance and operating expenses within the Department of Transportation.

Federal Aid

<u>2020 Actual</u>	<u>2021 Adopted Budget</u>	<u>2021 County Projected</u>	<u>2022 Proposed Budget</u>
<u>\$ 42,276,952</u>	<u>\$ 13,893,579</u>	<u>\$ 39,981,000</u>	<u>\$ 39,851,000</u>

The County received \$30.18 million in 2020 from the Federal Transit Administration – CARES Act for operating assistance. The 2021 Adopted Budget for Federal aid is \$13.89 million and does not include any CARES Act funding. However, as we now know the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (“CRRSAA”), enacted in December 2020, marks the second round of emergency public transit funding following the onset of the COVID-19 pandemic. The County’s share for 2021 is \$25.86 million to be used for operating expenses of the Bee-Line and ParaTransit services, increasing the 2021 projected Federal aid to \$39.98 million. The same amount from CRRSAA, \$25.86 million is included in the 2022 Proposed Budget for \$39.85 million. We agree with the County’s 2021 projection, which is a favorable variance for \$26.09 million as compared to the 2021 Adopted Budget. Additionally, we concur with the 2022 Proposed Budget.

Tobacco Settlement

The Tobacco Master Settlement Agreement (“MSA”) was agreed to in November 1998 between the Attorneys General of 46 states and the four largest tobacco manufacturers in the United States. The lawsuit was brought against the industry for recovery of Medicaid costs attributed to the increased health care costs from cigarette smokers. Under the MSA, a percentage of all tobacco revenues derived from the United States would be distributed to all 50 states on a prorate basis to offset medical costs.

In 1999, the County entered into an agreement with the Westchester Tobacco Asset Securitization Corporation, (“WTASC”) to purchase all of the rights, title and interest of the tobacco settlement revenues under the MSA. The WTASC issued approximately \$103 million in Tobacco Settlement Asset-Backed Bonds in which all of the payments under the MSA flow to a trustee.

In 2005, the WTASC issued \$216.6 million in tobacco Settlement Asset-Backed Bonds to refund 100% of the 1999 bonds issued prior. In addition, as a result of this 2005 bond issuance, the "trapping account" that was established by the bond indenture and held by The Bank of New York as Trustee was satisfied and released.

In 2016, WTASC issued \$181 million of Tobacco Settlement Asset-Backed Bonds Series 2016 (“Series 2016”) composed of Senior Bonds (federally taxable) of \$7,165,000, Senior Bonds of \$91.30 million and Subordinate Bonds of \$82.5 million, the proceeds of which were used to 1) refund the outstanding series 2005 bonds, 2) pay certain costs of issuance related to the Series

2016 bonds and 3) distribute to the Residual Certificate Holder the remaining proceeds. The Series 2016 bonds are payable from and secured solely from the pledged Tobacco Settlement Revenues ("TSR's"), which consists of the annual total TSR payments, less the portion thereof that constitutes unencumbered revenues and operating cash requirements, plus investment earnings. Unencumbered revenues consist of 13.85% of each payment of TSR's. The County, as owner of the beneficial interest in the Residual Trust which holds the Residual Certificate, will be entitled to receive these unencumbered revenues free and clear of the lien of the indenture. Bond holders will have no claim on the unencumbered revenues if pledged revenues are insufficient to pay principal and/or interest on the Series 2016 bonds. The debt issued by WTASC to securitize these revenues is not considered debt of the County or the Westchester County Health Care Corporation ("WCHCC").

In 2019, a settlement was reached between the four largest tobacco manufacturers and the Attorneys General whereby the manufacturers received a credit against their annual payments based on sales of Native American-manufactured tobacco, starting in 2015. This inflow of four years' worth of sales resulted in 2019 having a greater increase in revenues than usual.

The 2021 Adopted Budget for tobacco settlement residual payments is \$1.89 million. We anticipate that tobacco sales, which increased in 2020 due to the pandemic, will remain at their current level in 2021. Taking this increase in sales and the 2019 settlement into account, we project the 2021 WTASC tobacco residual payment to the County to be \$2 million. This results in a \$110,000 favorable variance as compared to the 2021 Adopted Budget and the County's projection of \$1.89 million.

The 2022 Proposed Budget anticipates \$2 million in County residual payments. As we anticipate that tobacco sales will remain at their 2021 level, therefore, we concur with the 2022 Proposed Budget.

Proceeds from Serial Bonds

The 2021 Adopted Budget is \$12.74 million for proceeds from serial bonds. In 2021, the County did not issue any bonds associated with tax certioraris. The County projects revenues to be \$5.09 million, consisting of \$2.40 million of interest offset for the first interest payment for the bond issued

in 2020, which is currently recorded as deferred revenue and \$2.69 million from premiums associated with the TAN's and BAN's issued. We concur with the County's projection, which is an unfavorable variance of \$7.65 million as compared to the 2021 Adopted Budget.

In 2022, the County does not anticipate to issue serial bonds for tax certioraris, in addition to not receiving any premiums. If any bonds are issued that have a premium, then there will be a surplus on this budget line.

Miscellaneous Revenue

The 2022 Proposed Budget for Miscellaneous Revenue of \$89.20 million is comprised of the following:

	2021 Adopted Budget	2021 County Projected	2022 Proposed Budget
Services to Westchester Medical Center	\$ 9,284,920	\$ 8,355,661	\$ 8,587,119
Intergovernmental Transfers (IGT Payments)	80,000,000	80,000,000	80,000,000
Harness Racing Admission	4,000	4,000	1,000
Rent	542,000	542,000	553,000
Medical Marijuana Excise Tax	60,000	60,000	60,000
	<u>\$ 89,890,920</u>	<u>\$ 88,961,661</u>	<u>\$ 89,201,119</u>

The County receives revenue for services provided to WCHCC for gas and electric utilities, fire insurance, and sewer tax. The 2021 Adopted Budget is \$9.28 million for these services and the County projects revenues to approximate \$8.36 million, resulting in an unfavorable variance of \$920,000. We project \$8.17 million, a \$1.11 million unfavorable variance as compared to the 2021 Adopted Budget and a \$190,000 unfavorable variance with the County's projection. This unfavorable variance is offset by a corresponding expense with the same estimated utility change in the Valhalla Campus in the Department of Public Works and Transportation Budget.

The 2022 Proposed Budget is \$8.59 million for services to WCHCC. This is comprised of projected cost of Sewer Tax and Gas and Electric Utilities. Based on the increase in utility rates, included in our Department of Public Works analysis, we concur with the amount contained in the 2022 Proposed Budget.

Intergovernmental Transfers (“IGT Payments”)

The 2022 Proposed Budget for miscellaneous revenue for IGT Payments includes \$80 million due to the estimation of the IGT payments expected from the WCHCC.

New York State (“NYS”) Court Facilities

NYS Court Facilities State Aid

The NYS Court Facility receives reimbursement from NYS for certain costs associated with the Court Facilities. The 2021 Adopted Budget is \$2 million and the County’s projection is \$2.38 million. Reimbursements consist of the use of the Appellate Court, court cleaning and minor repairs. For the majority of 2020, courts were closed and arraignments were conducted via videoconference. In 2021, the courts reopened and arraignments were conducted in person, resulting in additional cleaning costs for COVID-19 protocols. Based on our analysis of reimbursements, we project 2021 revenues to be \$2.57 million, a favorable variance of \$570,000 as compared to the 2021 Adopted Budget and a favorable variance of \$190,000 as compared to the County’s projection.

The 2022 Proposed Budget is \$2.50 million. We anticipate COVID-19 social distancing, restrictions, and cleaning protocols will still be in effect during 2022. Based on current COVID-19 protocols continuing into the next fiscal year and historical annual revenue collections over the last several years, we concur with the 2022 Proposed Budget.

Department of Public Works

Capital Chargebacks

The Department of Public Works – Engineering Division assists in the design and management of the County’s capital projects for the people of Westchester County to ensure safety, health, and economy.

Based on the work performed, the division is able to charge the approved capital projects for engineering services provided. The County estimated that 56% of their time is chargeable and estimates the 2021 revenues to be \$3.25 million. This is approximately \$260,000 less than the 2021 Adopted Budget of \$3.51 million. Our analysis takes into consideration actual results based on historical revenues earned, as well as our 2021 projection for engineering salaries. Based on these factors, we are projecting revenues to amount to \$2.78 million, an unfavorable variance of \$470,000 as compared to the County's projection and an unfavorable variance of \$730,000 as compared to the 2021 Adopted Budget.

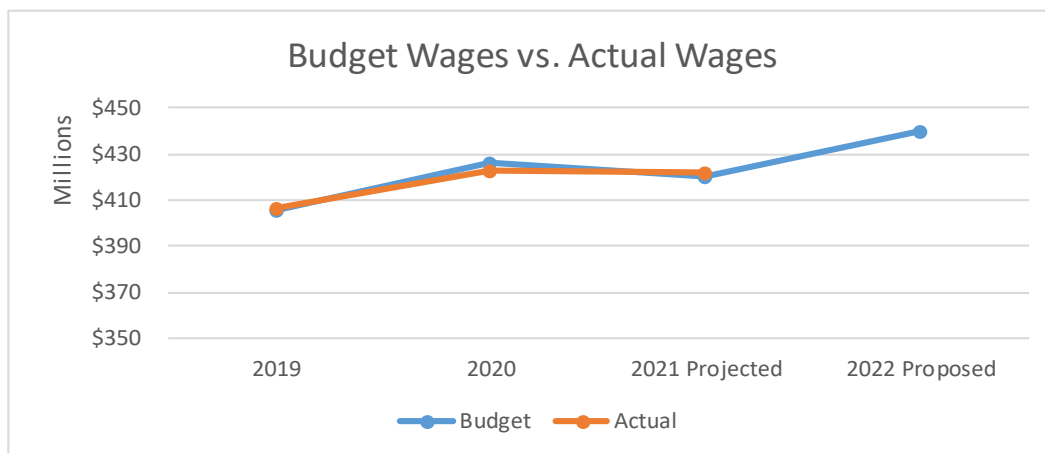
The 2022 Proposed Budget is \$3.60 million, a \$90,000 increase from the 2021 Adopted Budget. Our projection for 2022 utilizes the 2022 proposed annual salaries and the average chargeback rate from the past five years. Based on this information and our knowledge of continuing capital projects, we concur with the 2022 Proposed Budget.

EXPENDITURES

Personal Services

The County provides a wide range of both mandated and discretionary services to the community. Many of the services are performed by County employees and personal service costs are therefore one of the most significant expenditures for the County, at 19.54% of the County's Operating Budget. Annual salary costs in 2021 are budgeted to be \$372.55 million to fund 4,275 operating positions. In addition to salaries, costs for overtime and other personal service costs are budgeted at \$47.39 million for a total personal services cost of \$419.94 million.

As demonstrated in the following graph, historical personal costs are the following:

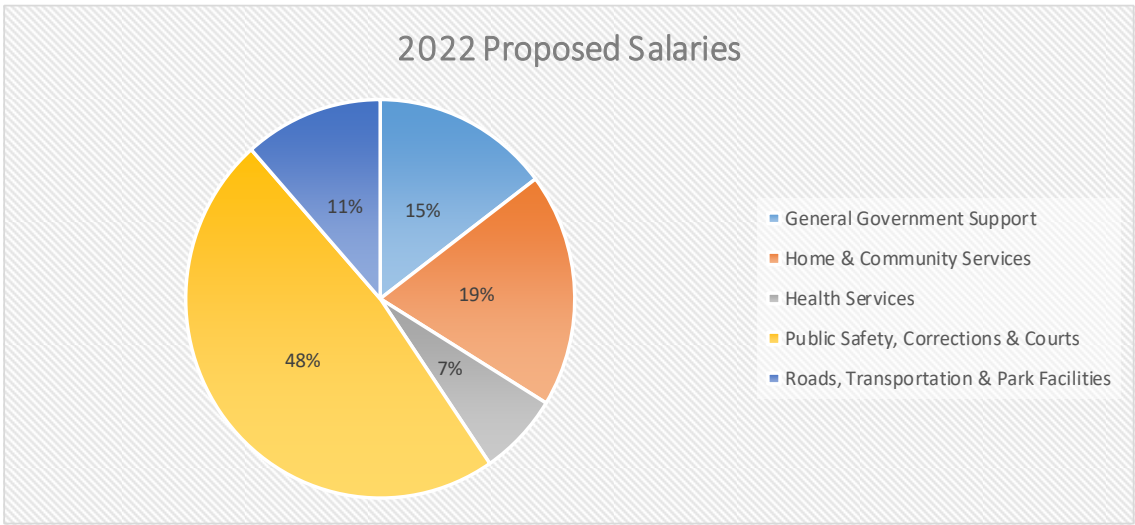


The personal service categories provide County administrators with the greatest opportunity for flexibility. This flexibility is the result of the timing and control of filling vacant positions. Savings created by the personal service categories generate savings in the employee benefit categories as well.

When reviewing 2021, we considered personal service costs related to salaries through November 15, 2021. For annual regular salaries, we projected costs for the remainder of the year based on the average of the last three payroll periods. For overtime, in addition to the average of the last three pay periods, we reviewed 2019 and 2020 end of year trends for recurring variations in overtime pay during the final months of the year.

Our analysis indicates that total salaries (inclusive of overtime and other personal service costs) for 2021 will aggregate to approximately \$421.84 million, a \$1.90 million unfavorable variance as compared to the 2021 Adopted Budget and a \$2.28 million favorable variance as compared to the County’s projection of \$424.12 million.

The following is a summary of the 2022 proposed salaries by functional category:



The 2022 Proposed Budget includes personal service costs to be approximately \$387.11 million in annual salaries to fund 4,354 positions in the General Fund as compared to 4,275 in the 2021 Adopted Budget, resulting in a net increase of 79 positions. In addition to salaries, overtime and other personal service costs is budgeted at \$53.36 million, for a total of \$440.47 million. The increase in positions represents positions added by resolutions during 2021 as part of the 2022 Proposed Budget and 46 transferred in from the Grant Budget.

Our approach for the 2022 projected salaries takes into account contract settlements, new positions, abolishments, and the vacancy factor.

The following chart indicates vacant positions in both the Operating and Special Districts budgets as compared to proposed salary savings:

Vacant Positions	Current Vacancies		
	Current Vacant FTE	Current Vacant Salary	Proposed Salary Savings
Board of Legislators	12	\$ 418,651	\$ -
County Executive	7	406,788	-
Human Resources	2	141,315	40,000
Department of the Budget	1	68,010	-
Board of Elections	6	448,357	-
Department of Finance	10	852,024	170,000
Information Technology	26	2,046,839	680,000
Department of Law	11	1,003,579	780,000
Department of Planning	5	459,645	100,000
Emergency Services	2	210,775	30,000
County Clerk	8	496,497	80,000
Department of Social Services	155	10,557,362	7,000,000
Weights and Measures, Consumer Protection	3	209,224	50,000
Community Mental Health	10	674,170	100,000
Department of Health	29	2,197,413	490,000
Labs and Research	17	1,471,314	480,000
Human Rights Commission	1	109,265	-
Department of Corrections	14	1,507,953	2,350,000
Tax Commission	1	47,410	-
District Attorney	12	965,893	420,000
Public Safety Services	23	2,026,378	500,000
Department of Probation	52	3,883,473	2,490,000
Parks, Recreation and Conservation	16	1,039,868	700,000
Department of Public Works and Transportation - Transportation Division	7	503,640	170,000
Department of Public Works and Transportation - Public Works Division	25	1,711,980	1,110,000
Subtotal Operating Budget	455	\$ 33,457,823	\$ 17,740,000
Special Districts	40	2,575,866	1,500,000
Total	495	\$ 36,033,689	\$ 19,240,000

The 2022 Proposed Budget is \$419.94 million for personal service costs. The budget reflects funding for those contracts that have not expired (see chart following for list of all contracts). In addition, the budget contains an estimated salary savings of \$17.74 million in various departments (see chart above). To achieve this savings, the County will have to manage the filling of vacant positions that occur during the course of the year. Currently, the County has 495 vacant positions with associated salaries of \$36.03 million. These positions would have to be filled for the majority of the year or abolished to meet the 2022 Proposed Budget.

Overtime

The 2021 Adopted Budget includes \$22.99 million in overtime funding. We project that these costs will amount to \$40.80 million, a \$17.81 million unfavorable variance as compared to the 2021 Adopted Budget, and a \$1.36 million unfavorable variance compared to County's projection of \$39.44 million. Our unfavorable variances in overtime costs were most significant in the following departments:

- \$10.93 million in the Departments of Corrections and \$4.53 million in Public Safety. Due to the pandemic, the County has been unable to complete recruiting classes, and the resulting increase in unfilled positions have necessitated significant overtime.
- \$760,000 in the Board of Elections, due to costs of providing additional services to allow voting in the COVID-19 environment.
- \$720,000 in the Department of Health for additional services provided during the pandemic.

The 2022 Proposed Budget includes \$30.77 million for overtime funding, which is \$7.78 million more than the 2021 Adopted Budget. Based on our analysis, we project that these costs will amount to \$34.20 million, a \$3.43 million unfavorable variance as compared to the 2022 Proposed Budget. The most significant variances we identified in the 2022 Proposed Budget are in the following departments:

- \$1.30 million in Public Safety. Overtime costs in 2021 were consistent with levels in 2020, and given uncertainties around COVID-19, the County should consider budgeting at similar levels to allow for coverage of vacant positions.
- \$760,000 in Parks, Recreation and Conservation, where we project that overtime costs will remain consistent with levels in 2019 and 2021.
- \$550,000 in the Department of Health. Similar to Public Safety, given uncertainties around COVID-19, including potential spikes due to new variants, the County should consider maintaining a budget at levels similar to 2021.

The table below illustrates the six largest departments utilizing overtime with budgets:

Department Names	2020 Actuals	2021 Adopted Budget	2021 County Projected	2021 PKFOD Projected	Favorable (Unfavorable) variance between 2021 PKFOD Projection and 2021 Adopted Budget	2022 Proposed Budget	2022 PKFOD Projected	Favorable (Unfavorable) variance between 2021 PKFOD Projection and 2021 Proposed Budget
Board Of Elections	\$ 2,665,069	\$ 875,000	\$ 875,000	\$ 1,637,779	\$ (762,779)	\$ 1,800,000	\$ 2,500,000	\$ (700,000)
Information Technology	1,505,297	1,238,107	1,276,107	1,601,930	(325,823)	1,309,867	1,670,000	(360,133)
Department Of Social Services	1,762,026	2,500,000	2,300,000	2,099,887	200,113	2,500,000	2,070,000	430,000
Department Of Corrections	8,902,913	7,743,468	17,966,587	18,676,625	(710,038)	11,063,848	11,063,848	-
Public Safety Services	11,653,556	7,259,850	12,417,650	11,792,210	625,440	10,457,163	11,760,000	(1,302,837)
Parks, Recreation and Conservation	1,332,674	1,559,000	1,869,500	2,132,628	(263,128)	1,438,500	2,200,000	(761,500)
Departments Budgeted under \$1 million	1,801,745	1,818,575	2,737,860	2,857,146	(119,286)	2,205,075	2,940,000	(734,925)
	<u>\$ 29,623,280</u>	<u>\$ 22,994,000</u>	<u>\$ 39,442,704</u>	<u>\$ 40,798,205</u>	<u>\$ (1,355,501)</u>	<u>\$ 30,774,453</u>	<u>\$ 34,203,848</u>	<u>\$ (3,429,395)</u>

Labor Contracts

The County's workforce is represented by various bargaining units. The following chart details the segregation of the County's employees and the projected amount of vacancies within each bargaining unit:

Bargaining Unit	Proposed Position County				Current Vacancies	Commencement Date	Expiration Date
	2019	2020	2021	2022	2021		
<i>Union</i>							
District Attorney Criminal Investigators ("UFPO")	31	31	31	31	2	January 1, 2016	December 31, 2019
Westchester County Police Benevolent Association ("PBA")	241	240	240	240	13	January 1, 2015	December 31, 2019
Westchester County Police Superior Officers Police Benevolent Association ("SPBA")	27	28	28	28	1	January 1, 2015	December 31, 2019
Westchester County Corrections Officers Benevolent Association ("COBA")	718	718	699	699	-	January 1, 2016	December 31, 2019
Westchester County Correction Superior Officers Unit ("SOA")	118	118	116	116	8	January 1, 2016	December 31, 2019
Teamsters – Managerial ("MGMT")	125	135	121	114	9	January 1, 2021	December 31, 2025
Civil Service Employees Association ("CSEA")	2,658	2,684	2,671	2,732	384	January 1, 2012	December 31, 2022
New York State Nurses Association ("NYSNA")	24	23	23	29	5	January 1, 2016	December 31, 2021
<i>Subtotal</i>	3,942	3,977	3,929	3,989	422		
<i>Non- Represented</i>							
Executive (EXEC)	172	170	183	199	19		
District Attorney's Dept. (DA)	115	122	120	123	2		
Board of Legislators (BOL)	43	44	43	43	12		
<i>Subtotal</i>	330	336	346	365	33		
<i>Total</i>	4,272	4,313	4,275	4,354	455		

It is important to note that as of December 31, 2021 the UFPO, PBA, SPBA, COBA, SOA, and NYSNA contracts are expired.

Community Mental Health

Contractual Services

The mission of the Community Mental Health Department is to plan, oversee and coordinate services for individuals and families with mental illnesses, developmental disabilities and substance abuse. For contractual services, the 2021 Adopted Budget is \$1.01 million and the

County projects expenditures to be \$1.75 million, an unfavorable variance of \$740,000. This variance from the 2021 Adopted Budget is primarily due to the creation of two new programs, Project Alliance and Project Fresh Start, which will be implemented beginning in the fourth quarter of 2021 and into 2022. The 2022 Proposed Budget contains \$7.01 million for contractual services expenditures, \$6 million more than the 2021 Adopted Budget. Of the 2022 Proposed Budget, \$5.88 million is appropriated for Project Alliance and \$150,000 for Project Fresh Start.

Project Alliance consists of three implementation efforts, 911 Diversion efforts, Crisis Intervention Team (“CIT”) training and ongoing technical assistance, and the Mobile Crisis Response Team (“MCRT”). This project will create mobile crisis response units and connect the County with local Emergency Medical Technicians and local police departments to reach citizens around the County with mental health emergencies. The County is projecting to start three MCRT units in 2021 and an additional five units throughout 2022.

Project Fresh Start is a partnership with the District Attorney’s Office with an effort to divert people out of the justice system with proportionate, restorative, and effective response to low-level offending. This project is to serve first-time offenders with lower level, non-violent offenses in local courts to avoid a criminal record by completing community-based programming. The County anticipates that during 2022 this project will be County-wide, with an anticipated caseload of approximately 400 when fully implemented.

The County is to receive \$29.50 million over the next 18 years from two Federal Opioid Settlements, whose funds have restricted and unrestricted usage. The settlements include an upfront payment totaling \$4.27 million, which is included in the Federal Aid revenue in the 2022 Proposed Budget. The MCRT units under Project Alliance are one of the allowed uses of the restricted funds of the settlements. The remaining balance of the settlement funds will be given to the County as follows: \$1.70 million per year from 2023 to 2029 and \$1.30 million per year 2030 to 2039.

Services for Children with Special Needs

The Services for Children with Special Needs (“CSN”) is a program of mandated services by the State Education Department (“SED”) for children with various developmental disabilities, which is administered by the County Department of Health (“Department”). The CSN early intervention program serves children from birth to 3 years of age. The pre-school program serves children ages 3 through 5 as follows: Special Education Itinerant Teachers (“SEIT”) and Related Services. The Tuition and Transportation program serves school age children. Substantially all of the services provided by CSN are mandated services by New York State for which the County receives varying degrees of aid.

The 2021 Adopted Budget is \$139.08 million and the County is projecting expenditures of \$127.92 million. Our analysis indicates that expenditures will be \$125.89 million, a favorable variance of \$13.19 million as compared to the 2021 Adopted Budget and a \$2.03 million favorable variance as compared to the County’s projection. Of this \$13.19 million variance, \$9.26 million of expenditures relating to Pre-school Aged Children transportation are not subject to State aid reimbursement due to a limit on expenditures eligible for reimbursement. The 2021 Adopted Budget contains total income of \$65.41 million, which is comprised of \$3.50 million for departmental income and \$61.91 million of State aid. The County projects total revenues of \$65.77 million, which is comprised of \$3.60 million for departmental income and \$62.17 million for State aid. This projection includes a 5% State aid holdback.

The 2022 Proposed Budget is \$140.97 million. Our analysis indicates that these expenditures will aggregate to \$138.07 million, a \$2.90 million favorable variance as compared to the 2022 Proposed Budget. The 2022 Proposed Budget contains total revenues of \$76.48 million, which is comprised of \$5.05 million for departmental income and \$71.43 million for State aid.

The table below summarizes the various components of the CSN program that is included in the 2022 Proposed Budget along with our projection of 2021 and 2022:

	Expended 2020	Adopted 2021	County Projected 2021	Consultant Projected 2021	Consultant Projected 2022	Proposed Budget 2022
Expenditures			<i>(in thousands)</i>			
Administrative costs, including salaries	\$ 3,401	\$ 3,666	\$ 3,554	\$ 3,666	\$ 3,666	\$ 3,675
Evaluations	2,100	2,900	2,610	2,900	2,900	2,900
CPSE Administration	3,688	3,300	3,500	3,300	3,300	3,500
Inter-Departmental Charges	131	116	116	116	116	116
	<u>9,320</u>	<u>9,982</u>	<u>9,780</u>	<u>9,982</u>	<u>9,982</u>	<u>10,191</u>
Early intervention	23,007	31,399	28,024	25,930	30,140	31,217
SEIT	7,411	9,333	8,039	8,264	9,410	9,119
Related services	13,712	15,810	14,892	15,082	16,245	16,245
Tuition	46,562	50,879	47,967	47,475	52,110	52,522
Transportation	7,647	21,675	19,223	19,160	19,980	21,675
	<u>98,339</u>	<u>129,096</u>	<u>118,145</u>	<u>115,911</u>	<u>127,885</u>	<u>130,778</u>
Gross Expenditures	107,659	139,078	127,925	125,893	137,867	140,969
Revenue	<u>59,209</u>	<u>65,409</u>	<u>65,769</u>	<u>59,620</u>	<u>74,850</u>	<u>76,484</u>
Net Cost to County	<u>\$ 48,450</u>	<u>\$ 73,669</u>	<u>\$ 62,156</u>	<u>\$ 66,273</u>	<u>\$ 63,017</u>	<u>\$ 64,485</u>
<i>Net cost as % of gross expenditures</i>	45.0%	53.0%	48.6%	52.6%	45.7%	45.7%
<i>Revenue as % of Expenditures</i>	55.0%	47.0%	51.4%	47.4%	54.3%	54.3%

Services for Children Under 3 Years of Age

Early Intervention

The County's Early Intervention ("EI") program provides family-centered therapeutic and support services for infants and toddlers under the age of 3 with developmental delays. Examples of therapeutic and support services provided include: evaluation services (hearing and vision screening), home visits, speech, physical and other therapies, child development groups, and family counseling provided at no cost to recipients.

The 2021 Adopted Budget is \$31.40 million in expenditures. The County's projection for 2021 is \$28.02 million, which is \$3.38 million less than the 2021 Adopted Budget. For our projection, we assume enrollment for the remainder of 2021 will approximate 2019 levels. Therefore, we project expenditures to be \$25.93 million, a \$5.47 million favorable variance as compared to the 2021 Adopted Budget and a \$2.09 million favorable variance with the County's projection.

The 2022 Proposed Budget for EI is \$31.22 million. In 2021, Assembly Bill A5339 was passed by the New York State Senate, and it requires the County to cover claims from private insurance companies. In prior years, the County paid 90% of the expenditures related to those clients that were covered by private insurance and the remaining 10% was paid by the insurance companies directly to the providers. This law will be enacted January 1, 2022 and thus the County included this increase in expenditures in the 2022 Proposed Budget. For our projection, we used our 2021 projection and assumed an increase in enrollment, bus ridership and usage to pre-pandemic levels. We also included the additional increase in expenditures due to the new law, and therefore, we project expenditures to be \$30.14 million, a \$1.08 million favorable variance with the 2022 Proposed Budget.

Services for Preschool Aged Children

Preschool children between 3 and 5 years of age are served by three groups of providers: special education itinerant teachers, related services and center-based programs.

Special Education Itinerant Teachers ("SEIT")

SEIT is an approved program provided by a certified special education teacher on an itinerant basis for the purpose of providing specialized individual or group instruction and/or indirect services to preschool students with disabilities. Actual expenditures are recorded based on a fee for service payment structure opposed to a tuition based payment structure.

The 2021 Adopted Budget is \$9.33 million. The County has projected expenditures for 2021 to be \$8.04 million, which is \$1.29 million less than the 2021 Adopted Budget. In 2021, services were being provided both virtually and in person but, given the concern of the effects of the pandemic, services levels were still reduced as compared to previous years. Our assumption for the remainder of 2021 is that services will resume to the pre-pandemic levels. Therefore, using the expenditures through September 2021 and the average expenditures from 2018 and 2019 for the remainder of the year, we project 2021 expenditures to be \$8.26 million. This results in a \$1.07 favorable variance with the 2021 Adopted Budget and a \$220,000 unfavorable variance with the County's 2021 projection.

The 2022 Proposed Budget provides for \$9.12 million in expenditures for SEIT. This is \$210,000 less than the 2021 Adopted Budget. We are assuming that services provided and enrollment will return to the 2019 levels. We project expenditures for 2022 to be \$9.41 million, a \$290,000 unfavorable variance with the 2022 Proposed Budget.

Related Services

Related services are provided by therapists rather than by teachers. These services are provided in the classroom, the child's daycare center or in their home. Examples of services provided are: 1:1 aides, counseling, psychological services, physical therapy, social work, and speech therapy. Each school year the New York State Department of Education sets maximum rates for each County.

The 2021 Adopted Budget is \$15.81 million. The County's 2021 projection for this program is \$14.89 million, which is \$920,000 less than the 2021 Adopted Budget. COVID-19 has reduced enrollment, but we are assuming services will steadily increase to 2019 levels for the remainder of the year. Therefore, we estimate 2021 expenditures will amount to \$15.08 million, which is \$730,000 less than the 2021 Adopted Budget and \$190,000 more than the County's 2021 projection.

The 2022 Proposed Budget is \$16.24 million, which is \$430,000 more than the 2021 Adopted Budget. We expect enrollment and costs to approximate 2019 levels and therefore, we concur with the 2022 Proposed Budget.

Services for School Aged Children

Center Based Programs - Tuition

Center based programs provide in class services for children aged 3 to 5 including occupational therapy, physical therapy, and speech therapy. The rates for these services are determined by the State and fluctuate each year.

The 2021 Adopted Budget of \$50.88 million is \$2.91 million more than the County's 2021 projection of \$47.97 million. Due to the impact of COVID-19 and the decline in enrollment beginning in 2020, expenditures were down \$2.47 million in 2021 as compared to the same period in 2019. For our projection, we assumed that services will gradually increase for the remainder of the year due to a majority of the schools returning to in-person sessions. We used an average of the expenditures from the last 3 months of 2018 and 2019 to project tuition expenditures of \$47.48 million. This is a \$3.40 million favorable variance with the 2021 Adopted Budget and a \$490,000 favorable variance with the County's 2021 projection.

The 2022 Proposed Budget includes \$52.52 million for tuition. For our estimate, we factored in a growth in enrollment back to 2019 levels and a cost of living increase beginning with the new school year. As a result, we project 2022 expenditures to be \$52.11 million, a \$410,000 favorable variance with the 2022 Proposed Budget.

Transportation for Center Based Programs

The County provides specialized transportation, for children with developmental disabilities from 3 to 5 years of age to receive services.

The 2021 Adopted Budget is \$21.68 million, \$2.46 million more than the County's projection of \$19.22 million. Through September 2021, transportation costs amounted to \$9.58 million. Due to schools reopening for in-person learning, we expect transportation costs to increase due to social distancing measures and a need for additional buses. Therefore, we project expenditures for 2021 to be \$19.16 million, a \$60,000 favorable variance with the County's projection and a \$2.52 million favorable variance with the 2021 Adopted Budget.

The 2022 Proposed Budget is \$21.68 million, the same amount as the 2021 Adopted Budget. This static budget is due to the continued concern of COVID-19 and continued social distancing guidelines. We assume enrollment will return to pre-pandemic levels and social distancing standards will remain in effect in 2022. We project expenditures to amount to \$19.98 million, a favorable variance of \$1.70 million with the 2022 Proposed Budget.

Total Revenue

The County receives revenues from New York State, Medicaid and private insurance carriers at varying rates based upon the nature of the program and expenditures made by CSN. The 2021 Adopted Budget includes revenues of \$65.41 million on expenditures of \$139.08 million. The County is projecting revenues of \$65.77 million on expenditures of \$127.92 million. The County included a State aid holdback of 5% due to a holdback of the same percentage included in the New York State Budget. We project total revenues of \$59.62 million, which is comprised of \$56.02 million for State aid and \$3.60 million for departmental income, resulting in a total unfavorable variance of \$5.79 million with the 2021 Adopted Budget and an unfavorable variance of \$6.15 million with the County's Projection.

The 2022 Proposed Budget includes total revenues of \$76.48 million, which is comprised of \$71.43 million of State aid and \$5.05 million of departmental income, on expenditures of \$140.97 million. The increase in departmental revenues is related to the new bill that was passed concerning the Early Intervention program and the County's share of the Medicaid pool from the State, which is \$1.45 million. The 2022 Proposed Budget does not contain a State aid holdback. Based on our 2022 projected expenditures, we project total revenues to be \$74.85 million, which is comprised of \$69.80 million of State aid and \$5.05 million in departmental income. This results in an unfavorable variance of \$1.63 million as compared to the 2022 Proposed Budget.

Department of Corrections

The Department of Corrections is comprised of three divisions:

Division	Net Expenditures				
	Budget			Appropriated vs. Adopted Budget Increase (Decrease)	Proposed Budget vs. Adopted Budget Increase (Decrease)
	Adopted 2021	Appropriated 2021	Proposed 2022		
Administration	\$ 32,101,420	\$ 32,773,896	\$ 33,492,505	\$ 672,476	\$ 718,609
Jail	76,847,926	77,527,310	79,780,885	679,384	2,253,575
Penitentiary	24,724,985	24,742,621	25,899,838	17,636	1,157,217
	<u>\$ 133,674,331</u>	<u>\$ 135,043,827</u>	<u>\$ 139,173,228</u>	<u>\$ 241,195</u>	<u>\$ (1,187,184)</u>

The 2022 Proposed Budget is structured upon the premise that the daily inmate census will average 750 per day; 550 County inmates and 200 Federal inmates. Table A provides a comparison of the average monthly inmate census for 2017 through 2021. The Department experienced an average inmate census of 682 for the first ten months of 2021.

Positions and Overtime

The 2021 Adopted Budget estimated the need for 467 uniformed posts and a staffing compliment of 808 correction officers and superior officers. The proposed inmate population for 2022 indicates a need for 479 posts requiring a staffing compliment of 808 uniformed correction officers and superior officers. This is an increase of 12 posts from 2021 (10 posts in Jail and 2 posts in Administration).

The 2021 Adopted Budget for regular salaries is \$86.34 million and the County projects expenditures of \$83.50 million, a \$2.84 million favorable variance. Our 2021 projection for regular salaries is \$82.03 million, a \$4.31 million favorable variance as compared to the 2021 Adopted Budget and a \$1.47 million favorable variance as compared to the County's projection. COVID-19 has impacted the ability of the County to hold recruiting classes for Corrections Department positions, and as a result staffing has relied on fewer positions at regular salaries but significantly increased overtime, as discussed further below.

Table B provides comparative data for uniformed staffing and overtime costs for the years 2021 and 2022, in which uniformed posts increased by 12.

The 2021 Adopted Budget for overtime is \$7.74 million and the County projects expenditures of \$17.97 million, an unfavorable variance of \$10.23 million. Our analysis begins with overtime expenditures of \$15.10 million through the first November payroll of 2021. We then factored in the current levels of overtime seen in the last few months to complete our projection. Therefore, our projection is \$18.67 million, a \$10.93 million unfavorable variance as compared to the 2021 Adopted Budget and a \$710,000 unfavorable variance as compared to the County's projection.

The 2022 Proposed Budget is \$11.06 million, \$3.32 million greater than the 2021 Adopted Budget. Our analysis assumes that in 2022, the County will again be able to hold new recruiting classes

and fill vacant positions, reducing the need for overtime. Based on our analysis, we concur with the 2022 Proposed Budget.

Contractual Services

Food Costs

The County currently contracts with Aramark Correctional Services, LLC to provide meals for the inmates of the County Correctional facility. The contract was for 2019 and 2020 with an option for five additional years.

The 2021 Adopted Budget is \$2.13 million, an amount equal to the County's projection. This is based on the estimated average number of meals served per day at a cost of \$1.81 per meal per the current Aramark Pricing Schedule. Our review of actual inmate counts for the ten-month period ending in October 2021 indicates the average number of inmates is 682. We project 2021 food service costs to be \$1.50 million, a favorable variance of \$630,000 as compared to the 2021 Adopted Budget and the County's projection.

The 2022 Proposed Budget for food costs is \$1.79 million, an amount \$340,000 less than the 2021 Adopted Budget. Our projection estimates the average number of inmates to be served is approximately 800 with a meal cost of \$2.03 per the current Aramark Pricing Schedule. Therefore, we concur with the amount contained in the 2022 Proposed Budget.

Medical Services

The County entered into a contract with New York Correct Care Solutions Medical Services, P.C., for medical services commencing on July 26, 2019 and terminating on July 25, 2022. The contract provides for a total cost not to exceed \$44.16 million with year one being \$14.40 million in 2020, year two being \$14.76 million, and year three being \$15 million. If the average daily population at the department's facilities, determined on a quarterly basis, increases or decreases by more than ten percent of 1,100 inmates, the parties shall negotiate in good faith for an adjustment to that pricing, subject to any necessary County approvals.

The 2021 Adopted Budget includes \$13.83 million within the contractual services' budget for this contract. The County's 2021 projection is \$13.93 million, a \$100,000 unfavorable variance as compared to the 2021 Adopted Budget. Our review of inmate population census from January through October 2021, indicates 682 daily average of inmates. Our analysis will include the seven month payments on the contract from year two, and five months payments from year three of the contract. This amounts to \$13.65 million, which yields a \$180,000 favorable variance as compared to the 2021 Adopted Budget.

The County is assuming the prisoner census in 2022 will be 750 prisoners a day and has included \$14.13 million in the 2022 Proposed Budget. Our review indicates that the year three contract will end in July of 2022. We assume that there will be a new contract in 2022 to cover the remaining five months after the current one expires in July 2022. We also assumed that the new contract will be increased by 2.5%. Our 2022 projection will provide payments for seven months in year three contract and five months in the new contract year. Based on these factors, we concur with the 2022 Proposed Budget.

TABLE A

**POPULATION STATISTICS - CORRECTION FACILITIES
MONTHLY AVERAGES - 2021 THROUGH 2017***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
January	633	642	1003	1008	1013
February	642	652	1023	1013	1043
March	657	654	1029	1015	1027
April	675	531	984	1012	1072
May	686	508	940	1019	1064
June	689	513	926	1005	1078
July	714	492	904	1002	1084
August	713	521	896	1052	1062
September	703	564	898	1099	1064
October	705	594	899	1109	1066
November ***	682	597	847	1067	1018
December ***	682	615	731	1009	996
Annual Average	682	574 **	923 **	1034 **	1049 **

2 Year Average is 628

* *Average census calculation provided by the Budget Department.*

** *Includes Federal inmate average population of;
2021 (218), 2020 (574), 2019 (137), 2018 (122) and 2017 (101)*

*** *For 2021 estimated based on 10 month average through October*

**TABLE B
REGULAR OVERTIME ANALYSIS**

	Variance Projected 2021 vs. Proposed 2022	County Proposed 2022	County Projected 2021	Appropriated Budget 2021
Administration				
Uniformed Posts	2	38	36	36
Uniformed Positions*	-	15	15	15
Other Positions	-	42	42	42
Overtime	\$ (548,156)	\$ 512,609	\$ 1,060,765	\$ 506,847
Penitentiary				
Uniformed Posts	-	102	102	102
Uniformed Positions*	-	200	200	200
Other Positions	-	3	3	3
Overtime	\$ (69,007)	\$ 3,221,435	\$ 3,290,442	\$ 2,196,111
Jail				
Uniformed Posts	10	339	329	329
Uniformed Positions*	-	593	593	593
Other Positions	-	3	3	3
Overtime	\$ (6,285,576)	\$ 7,329,804	\$ 13,615,380	\$ 5,040,510
Uniformed Totals				
Uniformed Posts	12	479	467	467
Uniformed Positions*	-	808	808	808
Other Positions	-	48	48	48
Total Positions	-	856	856	856
Overtime	\$ (6,902,739)	\$ 11,063,848	\$ 17,966,587	\$ 7,743,468

Shift Relief Factors			
	2022	2021	Increase
7 Day Post	1.92	1.89	0.03
5 Day Post	1.25	1.25	-

* Uniformed Positions include Captains, Sergeants and Correction Officers and does not include Wardens, Assistant Wardens or Associate Wardens

**TABLE C
POPULATION STATISTICS - FEDERAL INMATES
* MONTHLY AVERAGES - 2017 THROUGH 2021**

	2021	2020	2019	2018	2017
January	214	144	156	100	100
February	208	160	150	95	102
March	209	188	158	92	96
April	209	170	160	106	96
May	213	164	153	109	94
June	219	159	136	106	108
July	228	151	116	109	107
August	227	158	124	115	99
September	227	184	125	135	104
October	226	184	115	172	104
November**	218	180	114	171	102
December**	218	200	135	156	104
Annual Average	218	170	137	122	101

* Average census calculation provided by the Budget Department.

** Based on 10 month average through October.

Department of Transportation

	2021	2022	Change	
Personal Services	\$ 1,919,469	\$ 2,027,927		
Equipment	90,000	764,000		
Materials and Supplies	1,668,518	1,659,020		
Contractual Expenses	181,054,671	190,429,786		
	<u>184,732,658</u>	<u>194,880,733</u>	10,148,075	5%
Interdepartmental Charges	1,932,238	2,092,713		
Total Budget	<u>\$ 186,664,896</u>	<u>\$ 196,973,446</u>		

Bus Operating Assistance ("BOA") and Fare Box Fees

Our focus on this section of the budget is on the contractual expenses of which the largest component is the Bus Operating Assistance Program. The BOA subsidizes Liberty Lines Transit, Inc. and P.T.L.A. Enterprise, Inc. ("PTLA") by covering the excess of their expenditures over the revenues derived from fare box fees.

The County's 2021 BOA projection is \$133.41 million and is an increase of \$1.26 million as compared to the 2021 Adopted Budget of \$132.15 million. The County has contracts with both bus operators that run through 2023 and is comprised of annual fixed fees as well as other stipulated annual variable costs.

The increase from the County's 2021 projected BOA to the 2022 Proposed Budget is \$5.18 million due to the following key factors (Liberty Lines only):

	Projected 2021	Proposed 2022	Variance \$	Variance %
Inverse Effect				
Fare box fees	\$ (8,400,000)	\$ (9,900,000)	(1,500,000)	18%
Fixed fee	128,305,906	132,475,848	4,169,942	3%
Fuel	4,200,000	5,400,000	1,200,000	29%
Misc. charges	100,000	325,000	225,000	225%
Insurance	3,748,400	4,772,741	1,024,341	27%
			<u>\$ 5,119,283</u>	

The “wild card” is what the collection of cash (“fare box fees”) will be in 2022. As the fare box fees either increase or reduce the monthly operating expenditures the County pays to Liberty Lines LLC. and PTLA. If ridership is down, as we expect and previously discussed, the BOA might increase significantly.

The other increases in the 2022 budget total \$3.12 million and include \$1.23 million for repairs and maintenance, to replace obsolete equipment and to purchase new bus lifts and scrubbers. \$1.05 million for increased premiums for bus liability coverage (outside of the BOA contract), technical services for \$266,000 and \$561,195 for the mandated MTA Station Maintenance increase per the consumer price index (CPI).

Paratransit

Paratransit services provide transportation to people with disabilities who are unable to use the regular, and fixed route transit services provided throughout Westchester County. Paratransit usually provides door-to-door services for people who call to reserve a ride. The County maintains contractual services with two vendors to provide paratransit services.

The County expects the 2021 number of trips to be 191,847 an increase of 41,145 trips and 27% increase in ridership over 2020. The projected number of trips for 2022 is 252,370 which is an increase of 60,523 trips or 32% from 2021.

The paratransit expenditures for 2021 are projected to be \$12.10 million, a decrease of \$1.28 million as compared to the 2021 Adopted Budget for \$13.38 million. This is due to the reduction in the number of trips because of COVID-19.

The County’s transit system will continue to be challenged with fiscal constraints in 2022 and 2023. Such constraints stem from physical distancing requirements that reduce vehicle capacity, increased costs of facility and vehicle cleaning and disinfection, and lower ridership.

Based on our review of the information provided by the County and its methodology, other than the possibility that ridership may not rebound to anticipated levels, we concur with the contractual expenses projected for 2021 and the Proposed Budget for 2022.

Department of Public Works

The Department of Public Works (“DPW”) provides and maintains an extensive infrastructure system for the County. DPW is responsible for maintaining County owned and leased buildings, roads (including snow removal), engineering services for County bridges and the maintenance and management of the New York State Courts under the New York State Court Facilities Act. The 2022 Proposed Budget is \$67.88 million, an increase of \$4.43 million as compared to the 2021 Adopted Budget of \$63.45 million. Our review of the Department’s budget focused on three major areas: utilities, rental & taxes, and contractual services.

Utilities

The utilities budget provides resources for the payment of electric, natural gas, and fuel oil. The utilities cost are contained in multiple departments, as indicated in the chart below. Our review focuses on utilities within Department of Public Works White Plains and Valhalla locations.

	Adopted Budget 2021	Consultant Projected 2021	Proposed Budget 2022	Consultant Projected 2022
Information Technology	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
Department of Planning	27,000	27,000	-	-
Emergency Services	86,153	86,153	96,396	96,396
Public Safety Services	261,580	261,580	282,701	282,701
Parks, Recreation, and Conservation	3,494,500	3,354,500	3,369,000	3,369,000
Department of Public Works - Transportation	1,455,968	1,243,161	1,457,720	1,457,720
Department of Public Works - Public Works	14,865,252	13,359,619	14,431,557	14,431,557
	<u>\$ 20,191,953</u>	<u>\$ 18,333,513</u>	<u>\$ 19,638,874</u>	<u>\$ 19,638,874</u>

White Plains Location

The Department of Public Works 2021 projected expenditures for the White Plains location is \$2.77 million, a favorable variance of \$30,000 as compared to the 2021 Adopted Budget of \$2.80 million. The rates charged for both electric and gas consist of two components, production costs and delivery charge. For electricity, the production cost increased by 7.49% and the delivery charge increased by 3.8%, while for gas the production cost increased by 11.4% and delivery charge increased by 5.7%. Our 2021 projection utilizes year to date expenditures through

September 2021 and the final three months of 2020 including the above cost increases. Our projection for 2021 is an amount similar to the County's projection and a favorable variance of \$30,000 as compared to the 2021 Adopted Budget.

The 2022 Proposed Budget is \$3.27 million. For electric rates the cost is evenly split between New York Power Authority ("NYPA") for production and Consolidated Edison ("ConEd") for the delivery charge. For gas, approximately 70% of cost are allocated to NYPA and the remaining 30% to ConEd. The NYPA 2022 preliminary production rate includes an increase of 20% for electricity and a 6.5% increase for the gas rate. For 2022, ConEd includes an annual 4.7% increase in electricity rates and a 9.7% increase for the gas rate. We project expenditures for 2022 to be \$3.27 million, an amount similar to the 2022 Proposed Budget.

Valhalla Location

The County's 2021 projected expenditures for the Valhalla location is \$8.70 million, a favorable variance of \$2.30 million as compared to the 2021 Adopted Budget of \$11 million. Our 2021 projection comprises the actual 2021 expenditures from January to September 2021 for electricity and gas products. We obtained the actual 2020 expenditure amounts for the remaining three months, allocated the costs to NYPA approximately 67% and ConEd which was 33%, and applied the 2021 rate increases. Our 2021 projection is \$9.65 million, which is \$950,000 more than the County's projection and a \$1.35 million favorable variance as compared to the 2021 Adopted Budget.

The 2022 Proposed Budget is \$10.10 million. The costs are split between NYPA and ConEd, with 67% of costs from NYPA production of the commodity and 33% from ConEd for delivery. Based on the rate increase from NYPA and ConEd, our 2022 projection yields an amount similar to the 2022 Proposed Budget.

Rental & Taxes

The 2021 Adopted Budget is \$11.35 million for rental and taxes. In 2021, the County is renting 21 locations. The locations with the most square footage are: 131 Warburton Ave., Yonkers,

Cedarwood Hall, Valhalla and 420 North Avenue, New Rochelle. Based on the County's 2021 rent schedule, we concur with the 2021 Adopted Budget.

The 2022 Proposed Budget is \$12.04 million, which is approximately \$690,000 more than the 2021 Adopted Budget. The increase for 2022 is due to the 420 North Broadway, New Rochelle lease expiring in June 2021 and the County entering into a new lease agreement with 26 Garden Street, New Rochelle, where the net increase in rent is approximately \$560,000. There is also an increase in the base rent for 10 County Center Road of \$167,000. Therefore, we concur with the 2022 Proposed Budget.

Contractual Services

The Department of Public Works projects 2021 expenditures to be \$10.03 million, which is \$460,000 less than the 2021 Adopted Budget of \$10.49 million. The variance is due to miscellaneous additional work and service contracts not being fully utilized during the course of the year. Based on the information provided and historical data, we project 2021 expenditures to be \$8.81 million, a \$1.22 million favorable variance as compared to the County's projection and a \$1.68 million favorable variance as compared to the 2021 Adopted Budget.

The 2022 Proposed Budget is \$10.98 million, which is approximately \$490,000 more than the 2021 Adopted Budget. This variance is due to various increases in contracts related to janitorial services, AC services, and carpet cleaning services. Therefore, we concur with the 2022 Proposed Budget.

Debt Service

The debt service budget includes principal and interest payments pertaining to serial bonds, Dormitory Authority of the State of New York ("DASNY"), tax anticipation notes ("TAN"), and bond anticipation notes ("BAN"). This provision is inclusive of the General Fund, Westchester County Health Care Corporation, Westchester County Community College and certain bonds of the Airport Fund.

The 2021 Adopted Budget is \$135.92 million and the County is projecting 2021 debt service expenditures to be \$137.86 million. The projection includes serial bonds principal and interest of \$122.26 million, DASNY payments of \$12.41 million, TAN interest of \$2.68 million and BAN interest of \$510,000. Our projection for 2021 is \$137.51 million, an unfavorable variance of \$1.59 million as compared to the 2021 Adopted Budget. The variance is primarily related to TAN interest. Our projection results in a favorable variance of \$350,000 as compared to the County's projection.

In December 2021, the County will issue general obligation bonds of \$185.82 million, of which \$154.55 million is related to the Operating Budget and \$31.27 is related to the Special Districts Budget. Of the bonds related to the Operating Budget, \$120.70 million will be used to finance various construction projects and fixed asset acquisitions, \$30.91 million to redeem BAN's, and \$2.94 million to redeem of federally taxable BAN's. These bonds have both principal and interest payments in 2022 and have been considered in our projection.

The 2022 Proposed Budget is \$140.70 million. This budget includes serial bonds principal and interest of \$128.29 million and DASNY payments of \$12.41 million. The County has included \$5.91 million in the budget to fund the pending general obligation bond issuance in December of 2021. Based on our analysis, the budget is sufficient to pay all existing debt service, as well as the additional debt to be issued in December. Therefore, we concur with the 2022 Proposed Budget.

Federal Insurance Contribution Act (FICA) Taxes

Federal Insurance Contribution Act ("FICA") taxes are comprised of two components: a Social Security rate of 6.2% and a Medicare rate of 1.45%, for a combined rate of 7.65%. These rates have remained unchanged since 1990. For 2022, the Social Security rate of 6.2% will be applied to the first \$147,000 of each employee's wages, as compared to 2021 of \$142,800, an increase to the cap of \$4,200. The Medicare rate has no wage base limitation.

Our calculations, as well as the County's, included the reduction in the Social Security provision for the exemptions granted by Sections 125 and 207C of the Internal Revenue Code. These Code exemptions exclude from the Social Security and the Medicare wages the payroll withholdings for

dependent care, certain health care expenses, transportation reimbursements and police in the line of duty insurance pay.

The 2021 Adopted Budget for FICA is approximately \$33.39 million, of which \$28.72 million relates to the General Fund. We recalculated the County's FICA tax expenditure utilizing projected 2021 wages less wages not subject to FICA. We estimate that 94.89% of the County's total wage base will be subject to the tax. Our estimate is based on the quarterly payroll tax filings obtained from the Department of Finance. Based on our projection for personal services costs and the wage base limitations in effect for 2021, we project FICA expenditures to be \$33.25 million, of which \$28.60 million relates to the General Fund, a favorable variance of \$120,000 as compared to the 2021 Adopted Budget for the General Fund.

The 2022 Proposed Budget is approximately \$34.49 million, of which \$29.93 million relates to the General Fund. We utilized the County's 2022 Proposed Budget for wages of \$491.66 million and reduced it to account for deductions under Section 125 and 207C, resulting in an adjusted wage base of \$473.01 million. We estimate that 95.03% of the adjusted wages will be subject to the tax, while 100% is subject to Medicare taxes. Our estimate is based on the quarterly payroll tax filings obtained from the Department of Finance. Based on the amounts estimated for personnel services and the wage base limitations in effect for 2022, we project FICA expenditures to be \$34.71 million, of which \$30.12 million relates to the General Fund, an unfavorable variance as compared of \$190,000 as compared to the 2022 Adopted Budget for the General Fund.

Retirement Cost

The County is required by law to participate and contribute to the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement ("PFRS"). The annual contribution amounts are determined by the actuary of the Systems and are a percentage of the employee's annual salary and tier level.

The Government Accounting Standards Board ("GASB") states that pension expenditures should be recorded in the period incurred, not when paid. The New York State and Local Retirement System ("NYSRS") fiscal year ends on March 31st, therefore, the County (fiscal year ended December 31st) must apportion the invoices of two separate fiscal years to record the proper

expenditure. Specifically, the County uses the last three months of the fiscal year ending March 31, 2021 and the first nine months of the fiscal year ending March 31, 2022 in apportioning the payment of the NYSRS invoice to be applied to the County's 2020 calendar year. The full retirement invoice is due on February 1st, however the NYSRS offers a discount if the invoice is paid by December 15th. Historically, the County has submitted payment by December 15th or prior to take advantage of this discount of approximately 1%. NYSRS also offers a program (described below) to help relieve the increasing burden of retirement costs to the County.

New York State Employer Contribution Stabilization Program ("Stabilization Program")

New York State developed the Stabilization Program to enable expenditure relief and allow municipalities to defer fast rising pension costs. This program allows pension costs to be paid for on an amortized basis, as opposed to the year they are incurred. This program offers the County to elect the option to pay a portion of the annual retirement contribution (for both the ERS and the PFRS) over a ten year period. The County is able to "opt in" (participate) into the program by December 15th of each year independent of the County's previous years' participation. The calculation of the maximum amount of payments that can be deferred is formula based and utilizes the normal annual contribution rate and a graded contribution rate.

The 2021 Adopted Budget for retirement costs aggregates to \$87.34 million for all County funds, of which \$76.83 million is exclusive to the General Fund only. This amount also includes \$14.56 million for the amortization of the prior year's deferrals. The 2021 Adopted Budget assumed the County's participation (subject to Legislative approval) in the Stabilization Program which allowed the deferral of \$9.57 million to future years. However, it is the County's intention to not participate in the Stabilization Program for the ERS and PFRS sponsored employee pension plans for the plan year ended March 31, 2022.

The County projects 2021 expenditures to amount to \$95.99 million for all County funds. For our 2021 projection, we utilized the invoices for both the ERS and PFRS years ended March 2021 and 2022. In addition, we needed to account for the fact that the County anticipates taking advantage of the discount offered for prepayments and add all payments related to the previous participation in the stabilization figure listed below. Based on this calculation, as well as, the fact that the County has not elected to participate in the stabilization program, we anticipate 2021

pension expenditures to approximate \$95.59 million, an amount \$400,000 less than the County's projection, but \$8.25 million more than the 2021 Adopted Budget. When the 2021 budget was adopted, it anticipated the continuation of the deferral of costs under the stabilization program, however, the County has now decided to not participate for the plan year ending March 31, 2022.

The 2022 Proposed Budget for retirement costs aggregates to \$94.93 million for all County funds of which the General Fund portion is \$83.74 million. This is a decrease of \$660,000 over the 2021 projected amount of \$95.59 million.

Our budget projection assumptions take into consideration 25% of the State fiscal year 2022 invoice (excluding Westchester Community College's portion) and 75% of the projected State fiscal year 2023 invoice, to be paid in December 2022. Additionally, our assumptions also include the following:

- Certain labor contracts expired on December 31, 2019. (The Police Benevolent Association, Superior Officers Police Benevolent Association, District Attorney Criminal Investigators, Correction Officers Benevolent Association, and the Correction Superior Officer Association.) The 2022 Proposed Budget does not anticipate that settlements, if any, would result in paid retroactive wages by March 31, 2022 therefore such amounts are not included in the projected budgeted wages and ultimately 2021 retirement costs.
- Longevity increases have been applied to those employees who obtained certain steps and grades based on hire date.
- The 2022 Proposed Budget includes \$14.56 million for payments on the amortization pension costs from participation in previous stabilization programs (See chart below). These combined obligations have been included in the retirement appropriation in our projection in the General Fund as required by the State Comptroller's Office.
- Assumes the County will not participate in the Stabilization Program for the NYSRS 2023 fiscal year invoice.

Based upon the analysis of payroll costs, applying the 25% of the prior year's bill, 75% of the projected subsequent year's bill and the assumptions mentioned above, our calculations project retirement costs for all County funds will be \$94.93 million, an amount consistent with the 2022 Proposed Budget.

The following charts represent current and historical information relating to retirement costs.

State Fiscal Year Ending March 31st	Estimated Retirement Bill without Amortization		Maximum amount allowed to be Deferred		Net Retirement Estimated Bill with Amortization	
	ERS	PFRS	ERS	PFRS	ERS	PFRS
2021	\$ 82,375,547	\$ 14,459,749	\$ 6,110,657	\$ 119,336	\$ 76,264,890	\$ 14,340,410
2022	85,829,804	16,498,073	9,566,036	1,834,904	76,263,768	14,663,169
2023	** 72,289,386	15,897,714	-	586,937	72,289,386	15,310,777

** 2023 projection was calculated from 2021 reported salaries. Actual 2022 salaries will be the basis for the 2023 invoice, so these projected salaries and costs will change.

Weighted Rates Comparison with Amortization Rates

State Fiscal Years Ending March 31,	ERS		(1)	PFRS		(1)
	Stabilization Rate	Blended Rate		Stabilization Rate	Blended Rate	
2021	14.10%	14.60%		24.40%	24.40%	
2022	15.10%	16.20%		25.40%	29.20%	
2023	14.10%	11.60%		26.40%	27.51%	

Westchester County Weighted Rates Comparison with Amortization Rates

State Fiscal Years Ending March 31,	ERS		(1)	PFRS		(1)
	Stabilization Rate	Blended Rate		Stabilization Rate	Blended Rate	
2021	14.10%	15.60%		24.40%	24.62%	
2022	15.10%	17.61%		25.40%	29.20%	
2023	14.10%	12.74%		26.40%	27.51%	

(1) Blended rates are calculated by using the weighted average of the various retirement Tiers and plans assuming the County does not elect the option to defer amounts.

Annual Amortization Amounts On Deferred Amounts

State Fiscal Year Ending March 31st	ERS	PFRS	Total
2012-2013	\$ 2,753,926	\$ 218,889	\$ 2,972,815
2013-2014	4,957,414	332,520	5,289,934
2014-2015	2,259,967	890,592	3,150,559
2015-2016	1,669,236	12,935	1,682,171
2016-2017	486,477	20,298	506,775
2017-2018	450,405	-	450,405
2018-2019	505,085	-	505,085
2019-2020	-	-	-
2020-2021	-	-	-
Annual Payments	<u>\$ 13,082,510</u>	<u>\$ 1,475,234</u>	<u>14,557,744</u>

Note – The County has elected to not participate in the Stabilization Program for the state fiscal year ending March 31, 2021 and 2022.

Health Benefits

The following table includes summarized information on the costs of health benefits in the proposed budget as well as our projections for 2021 and 2022.

In Thousands

	2020 Actual	2021 Budget	Projections			
			2021		2022	
			County	Consultant	County	Consultant
Medical costs	\$ 166,025	\$ 188,757	\$ 173,697	\$ 177,171	\$ 182,329	\$ 184,432
HMO	7,089	8,169	5,425	5,414	5,778	6,290
Dental and Vision	2,768	3,423	3,883	4,032	3,423	3,423
Part B Medicare	6,371	6,685	8,441	8,343	9,282	8,947
Gross Healthcare Costs	182,253	207,034	191,446	194,960	200,812	203,092
Subsidies, Rebates and Contributions	(40,418)	(39,070)	(40,947)	(40,445)	(42,068)	(41,989)
Other	(514)	(208)	(153)	(150)	(153)	(150)
Net Healthcare Costs	141,681	167,756	150,346	154,365	158,591	160,953
Change in / Use of Net Position	5,274	(11,500)	-	-	-	-
Less: Chargebacks	(18,541)	(21,321)	(21,014)	(21,014)	(20,925)	(20,925)
Total Health Benefits	<u>\$ 128,414</u>	<u>\$ 134,935</u>	<u>\$ 129,332</u>	<u>\$ 133,351</u>	<u>\$ 137,666</u>	<u>\$ 140,028</u>

Health Benefits Overview

The County has established an Internal Service Fund (“Fund”) to account for self-insured health benefits. Health benefits consist of medical, dental and vision benefits. The medical benefits include payments to providers, HMO premiums, prescription drugs, Medicare reimbursements and administrative fees. The Fund, at December 31, 2020, reflected net position of approximately \$17.26 million.

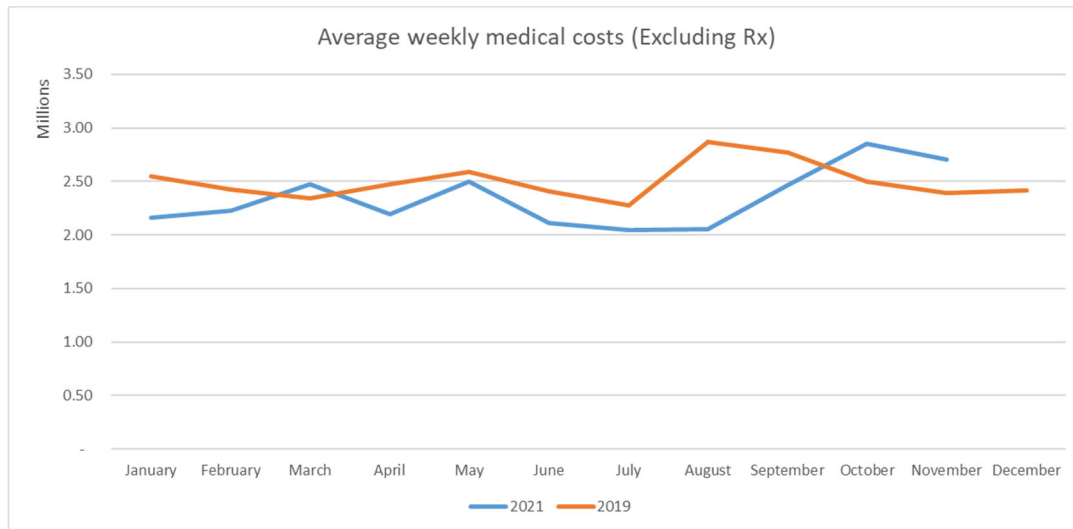
An analysis of the more significant components of the Health Benefits budget along with our findings is set forth below. Our 2021 analysis projects total net Health Benefits expenditures for all funds is \$154.37 million, which is \$4.02 million more than the County’s projection for 2021 of \$150.35 million.

The 2022 Proposed Budget is \$158.59 million and anticipates no appropriation of the Fund’s net position. Based on our analysis, we are projecting \$160.95 million in costs, an unfavorable variance of \$2.36 million as compared to the 2022 Proposed Budget.

Medical

The largest component of health benefit costs are payments to health providers which includes major medical, hospital, outpatient services and prescription drugs. These payments have historically represented approximately 90% of all expenditures in the health benefits category. Based on actual year to date expenditures as of the time of our study and applying the average weekly expenditures to the end of the year, our 2021 projection for medical cost payments to health providers is \$177.17 million. This results in a \$3.47 million unfavorable variance as compared to the County’s projection of \$173.70 million, and an \$11.59 million favorable variance as compared to the 2021 Adopted Budget of \$188.76 million. Since the County is self-insured with no stop loss coverage, the entire risk of any claim falls on the County.

The County's growth rate of approximately 4% for medical costs for 2022 approximates the average growth rate over the last ten years of 3.4%. While costs have increased in 2021, they remain below pre-pandemic levels. The below chart illustrates that 2021 costs have remained below 2019 (pre-pandemic) level for most of the year.



Enrollees in the medical plan have trended downward over the last three years from an average of 16,321 members in 2019 to 16,184 in 2020 and to 16,040 members in 2021 due to the County filling vacancies at much slower rates than in previous years.

Using the average expenditures in 2021 and the County's historical trends we are projecting 2022 costs to approximate \$184.43 million, a \$2.10 million unfavorable variance as compared to the 2022 Proposed Budget of \$182.33 million. Our projections assume that usage and enrollees will continue at levels experienced throughout 2021 with a 4% growth rate.

The 2022 budget for self-insured health costs reflect monthly premium equivalent rates of \$1,014 for individuals and \$2,675 for families. The premium equivalent rates are relevant for determining employee and retiree contribution rates but do not necessarily correlate to actual costs.

Dental and Vision

The 2022 Proposed Budget contains an estimate for dental and vision claims of \$3.42 million, an amount that is equal to the County's 2021 Adopted Budget and \$460,000 less than the County's

2021 projection of \$3.88 million. Based upon the latest available data, our projection of \$4.03 million for dental and vision claims is an unfavorable variance of \$150,000 compared to the County's 2021 projection.

Based on our analysis we concur with the dental and vision benefits Proposed Budget for 2022.

Part B Medicare

The Proposed Budget for 2022 includes an estimate of Part B Medicare expenditures of \$9.28 million, which is greater than our estimate for 2021 of \$8.34 million. Such costs represent reimbursements made by the County to retirees for their Part B Medicare costs. The County reimburses the retirees for such costs in order to induce them to enroll in the program which, on an overall basis, reduces the County's physician and outpatient costs. Based on our analysis we believe that expenditures will be \$8.95 million, a favorable variance of \$330,000 as compared to the 2022 Proposed Budget.

Subsidies, Rebates and Contributions

Our projection for 2021 is \$40.45 million based on actual year to date revenues as of the time of our study annualized to the end of the year, which is a favorable variance of \$1.38 million as compared to the 2021 Adopted Budget of \$39.07 million. This positive variance is primarily related to an increase in pharmacy subsidies and rebates related to the County's prescription drug costs. The County has received significant increases in subsidies and rebates over the last two years as its new drug provider has more beneficial terms with drug companies.

The 2022 Proposed Budget includes \$42.07 million in subsidies, rebates and contributions, of which \$25.06 million represents subsidies and rebates with the remaining amount related to employee contributions.

Based on our analysis, we project \$41.99 million, an unfavorable variance of \$80,000 as compared to the 2022 Proposed Budget.

Health Benefits Fund - Net Position

The financial statements of the Health Benefits Fund reflect net position of \$17.26 million at December 31, 2020. Based on the County's 2021 projections, the County is not planning to utilize any of the Fund's net position to satisfy the 2021 health claims. In addition the County's proposed budget does not utilize any net position to balance the 2022 budget.

Health Benefits Summary

Our 2021 projection for Employee Health Benefits is \$133.35 million, which is a \$1.59 million savings compared to the Adopted Operating Budget of \$134.94 million, and a \$4.02 million unfavorable variance compared to the County projection of \$129.33 million.

Our 2022 projection for Employee Health Benefits is \$140.03 million, an unfavorable variance of \$2.36 million as compared to the 2022 Proposed Budget of \$137.67 million. Because the County is self-insured for health benefits and given the general uncertainties surrounding the pandemic, the actual costs could deviate from this amount. The 2021 Adopted Budget included the use of \$11.50 million of Health Fund net position. Given that this use of net position was not utilized, it becomes available for use in subsequent years. Therefore, it may be appropriate to apply \$5 million of the net position to offset 2022 costs.

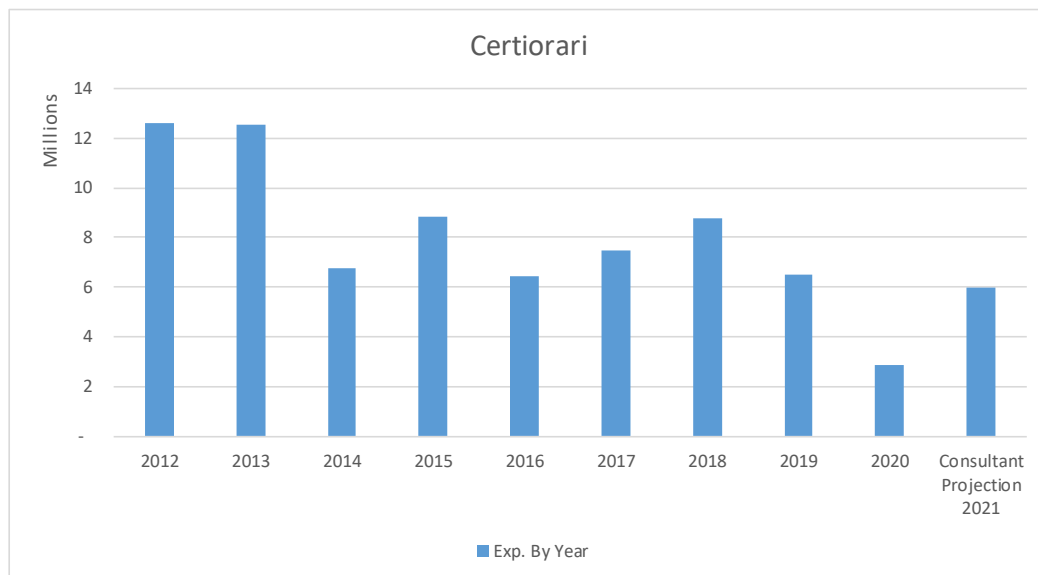
Certiorari Proceedings

The request for assessment reductions through certiorari proceedings has become a common element of government operations as property owners continue to seek relief in cases of property assessments of their homes and businesses.

As of October 2021, the County has paid approximately \$3.34 million and projects payments to be \$6.71 million, an amount that is \$3.29 million less than the 2021 Adopted Budget of \$10 million. Although courts reopened in 2021 after being closed for the majority of 2020, they could not perform as many certiorari proceedings due to capacity limitations due to the COVID-19 pandemic. Based upon expenditures through October 2021, we project 2021 refunds to be approximately \$5.98 million, a \$730,000 favorable variance as compared to the County's 2021 projection and a \$4.02 million favorable variance as compared to the 2021 Adopted Budget.

The 2022 Proposed Budget anticipates \$8.11 million for tax certiorari payments, \$1.89 million less than the 2021 Adopted Budget. We anticipate that certiorari proceedings will gradually return to historical levels due to the reopening of courts in 2021 and cases continuing to be heard in 2022. Based upon a 3-year historical average, excluding fiscal year 2020, and an average growth rate over the same period, we project 2022 expenditures to be \$7.43 million, a \$680,000 favorable variance as compared to the 2022 Proposed Budget.

As follows is a chart indicating actual expenditures and our 2021 projection:



Casualty Reserve Fund (6-N)

Pursuant to Section 6-N of General Municipal Law, the County has established a self-insurance fund to account for the activities of its general liability program. The County, as in prior years, has engaged the services of an actuary to compute the liability and required contribution to the Fund. The County is the primary insured and responsible for liability insurance deductible expenses to be paid from the County's 6-N Fund.

As of September 30, 2021, the actuary has estimated a liability for incurred claims and incurred but not reported claims of \$32.55 million for which the County has previously funded the 6-N Fund with \$37.81 million. Consequently, the 6-N Fund is estimated to be overfunded by \$5.26 million at September 30, 2021. Based upon the trend of general liability losses, the actuary is not recommending a contribution to this fund in 2022.

The actuary has estimated general liability losses for 2021 calendar year to approximate \$6.49 million. We projected the 2021 loss trend using information from the actuarial report through September 30, 2021 and absent any catastrophic loss between September 30, 2021 and December 31, 2021, it appears as though the 6-N Fund will remain appropriately funded at year end December 31, 2021. If the past trend of general liability expenses/losses remains consistent, the 6-N Fund may need funding in the 2023 budget.

Workers' Compensation Reserve Fund (6-J) Internal Service Fund

Pursuant to Section 6-J of General Municipal Law, the County has established a self-insurance fund to account for the activities of its workers' compensation program. As in prior years, the County has engaged the services of an actuary to compute the liability and required contribution to the Fund. The actuary has estimated that the liability for workers' compensation claims at September 30, 2021, approximates \$62.40 million which exceeds the value of the investments available for the payment of such claims, causing a deficit status of \$52.15 million within the Fund.

Due to the fact that the deficit is the result of an estimate of future liability for claims (long-term liability), an advance to the Workers' Compensation Reserve Fund from the General Fund is not required to be recorded. However, if this is not funded appropriately, an advance may be needed in the future.

The 2021 Adopted Budget includes \$5.85 million in contributions inclusive of miscellaneous budget, various operational departmental and special district budgets. The County anticipates the use of \$5.33 million from the Workers Compensation Board's Waiver Agreement Management Office ("WAMO") Settlement for total funding of \$11.18 million. Based upon the actuarial report which indicates that approximately \$7.78 million has been expended through September 30, 2021, we project year end cash payments for claims to amount to approximately \$10.37 million. Therefore, it appears that there is sufficient funding for the 2021 year.

The actuarial report recommended contribution for 2022 is \$9.60 million, which assumes a 3% present value factor, to cover current claims. In addition, the actuarial report recommends the County contribute more to the Fund to reduce the overall deficit. The 2022 Proposed Budget includes \$12.28 million, which is included within the miscellaneous budget for \$11.26 million and

an additional \$1.02 million included within various operational departmental and special district budgets. Thus, the 2022 Proposed Budget meets the recommendation of the actuary to fund both current and future needs.

The following table presents contributions into the Internal Service Fund and Claims Paid:

	Actuarial 2022 Proposed Budget	2021 County Budget	2021 County Projected	Actual 2020	2019
Contributions:					
Expense					
Current Claims	\$ 9,600,000	\$ 11,100,000	\$ 5,851,862	\$ 10,975,126	\$ 11,573,652
Accrued Liability Adjustment*	-	-	-	4,300,000	2,530,000
Deficit Funding	2,675,358	-	-	-	-
	12,275,358	11,100,000	5,851,862	15,275,126	14,103,652
"WAMO Settlement"	-	-	-	5,330,000	-
County Contribution	12,275,358	5,851,862	5,851,862	12,381,340	11,700,122
	12,275,358	5,851,862	5,851,862	17,711,340	11,700,122
County Over/(Under) (1)	\$ -	\$ (5,248,138)	\$ -	\$ 2,436,214	\$ (2,403,530)
Sources of County Contributions:					
Operating Budgets:					
Miscellaneous	\$ 11,259,015	\$ 5,350,000	\$ 5,350,000	\$ 11,408,000	\$ 10,858,000
Information Technology - E911	9,072	6,023	6,023	12,629	7,472
Information Technology - Wireless Cellphone	132,418	77,825	77,825	154,254	110,447
Solid Waste Commission	31,421	27,489	27,489	32,686	24,299
	11,431,926	5,461,337	5,461,337	11,607,569	11,000,218
Special District Budgets:					
Environmental Facilities	758,095	350,161	350,161	695,000	622,053
County Water District No 1	11,223	5,417	5,417	10,000	9,881
County Water District No 3	9,373	4,740	4,740	9,000	8,199
Refuse Disposal District Admin	64,741	30,207	30,207	59,771	59,771
	843,432	390,525	390,525	773,771	699,904
	\$ 12,275,358	\$ 5,851,862	\$ 5,851,862	\$ 12,381,340	\$ 11,700,122

* Claims liabilities at year end at their present value using an expected future investment rate of return of 3% for the Workers' Compensation Reserve Fund. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made.

(1) The Net Position Impact was funded by the settlement with "WAMO".

Office of Assigned Counsel

To improve the quality of mandated representation the County created the Office of Assigned Counsel. The newly created Office will ensure that the Assigned Counsel Program is well-designed, properly-maintained, and adequately-funded as assigned counsel programs play a vital role in ensuring justice. Of the 2022 Proposed Budget for \$11.80 million for the Office, \$10.37 million is for felony and misdemeanor assigned counsel services. All Westchester County Courts are open in 2021 and observing COVID-19 protocols.

Indigent Defendants – Felony

In 2021 and 2022 attorneys are compensated at a rate of \$75 per hour for felony and family court cases. The 2021 Adopted Budget and the expenditures projected for 2021 are presented in the Miscellaneous Budgets (52) section of the budget book under the Westchester Legal Aid Society's expenditure lines. Since the Office of Assigned Counsel is taking over the indigent felony and misdemeanor cases, we will present results and projections of our observations in this section of our report.

The 2021 Adopted Budget is \$4.47 million and the County projects 2021 will be the same amount. Based on year to date expenditures through October 2021 for \$2.65 million and an average estimate for November and December expenditures from 2017-2019, we are projecting expenditures to be \$3.90 million, a favorable variance of \$570,000 as compared to both the 2021 Adopted Budget and the County's projection.

The 2022 Proposed Budget is \$4.61 million for indigent felony cases, a \$140,000 increase from the 2021 Adopted Budget. For 2022, the County is continuing to be charged an hourly rate of \$75 for all felonies, appeals, paroles, and family court cases. Our 2022 projection is based on average expenditures for 2017 to 2019 as well as an adjustment for current information regarding the crime rate in Westchester. There has been an 11% decrease in indexed crime (8 types of crime) in Westchester County. We project expenditures to be \$4.10 million, a favorable variance of \$510,000 as compared to the 2022 Proposed Budget.

Indigent Defendants - Misdemeanor

In 2021 and 2022 attorneys are compensated at a rate of \$60 per hour for misdemeanor cases. The 2021 Adopted Budget and the County's projection are \$5.97 million for indigent defendant misdemeanor cases. Actual expenditures through October 2021 approximated \$2.80 million, which is in line with the same period in 2020. For our projection, we used the average of 2018 through 2020 to project that 2021 costs will be \$5.76 million, a \$210,000 favorable variance as compared with the County's projection and the 2021 Adopted Budget.

The 2022 Proposed Budget is \$6.06 million for indigent misdemeanor cases, a \$90,000 increase as compared to the 2021 Adopted Budget. Based on a five year average of full year actual and estimated expenditures, we expect 2022 expenditures to be to \$6 million, a \$60,000 favorable variance with the 2022 Proposed Budget.

Resident Tuition-Other Colleges

The County makes payments for tuition for County residents attending community colleges outside of Westchester County. Each community college ("Provider") calculates the rate charged for each semester and invoices Westchester County. The rate, which is set by the State, is based on the comparison of the provider's tuition rate with the rates of Westchester Community College.

The 2021 Adopted Budget and the County's 2021 projection are \$8.57 million. In 2021, enrollment decreased by 272 certificates of residency from 2020. We project 2021 expenditures to be \$8.33 million, a \$240,000 favorable variance as compared to the 2021 Adopted Budget and the County's projection. We based our estimate on the average expenditures in November and December over the past five years plus an average increase in chargeback rates for the fall semester. The following chart includes the total payments through October 31, 2021 and our projection:

<u>Community College</u>	<u>County Year to Date 2021</u>	<u>Consultant Projected 2021</u>	<u>Percent</u>
Fashion Institute of Technology	\$ 2,140,000	\$ 3,615,000	39.87%
Bronx Community College	745,000	1,197,000	13.88%
Rockland Community College	404,000	539,000	7.53%
Broome Community College	308,000	379,000	5.74%
Dutchess Community College	265,000	2,105,000	4.94%
Other	1,505,000	495,000	28.04%
Total	<u>\$ 5,367,000</u>	<u>\$ 8,330,000</u>	<u>100.00%</u>

The 2022 Proposed Budget is \$8.57 million, the same amount as the 2021 Adopted Budget. We estimate 2022 expenditures to be \$8.35 million, a \$220,000 favorable variance as compared to the 2022 Proposed Budget. This is based upon our 2021 projection and the average increase in community college chargeback rates over the past three years. However, due the anticipated

return to in-person learning and expected increase in enrollment, we will concur with the 2022 Proposed Budget.

Department of Social Services

The Department of Social Services (“DSS”) provides an array of services to Westchester residents such as child support, food, housing, medical services and home energy costs. It also provides protective and preventive services for vulnerable children and adults. DSS provides these services under three broad categories: Medical Assistance, Public Assistance and Children’s Services. Since New York State mandates the majority of these services, the County’s only control over many of these programs is to continue to screen eligibility and to encourage participants to use the most cost effective of the services offered.

The following schedule summarizes total DSS appropriations and revenues for 2020 Actuals, the 2021 Adopted Budget, the 2021 County projections and the 2022 Proposed Budget:

Type	2020 Actual (000's)		2021 Adopted Budget (000's)		2021 County Projection (000's)		2022 Proposed Budget (000's)	
Salaries & Administration	\$ 146,441	21.07 %	\$ 141,149	21.95 %	\$ 137,299	23.62 %	\$ 150,019	23.35 %
EAF								
Non-Homeless	3,248	0.47	12,156	1.89	4,466	0.77	7,952	1.24
Foster Care	9,900	1.42	11,790	1.83	9,540	1.64	10,291	1.60
EAA	594	0.09	1,500	0.23	907	0.16	1,600	0.25
Medical Assistance:								
Old Age Assistance	3,606	0.52	4,281	0.67	4,281	0.74	4,557	0.71
Family Assistance	74	0.01	-	-	-	-	-	-
Medicaid Regular	203,302	29.26	202,654	31.51	184,762	31.79	198,671	30.92
Medicaid (MMIS) - IGT	173,928	25.03	80,000	12.44	80,000	13.76	80,000	12.45
Family Assistance	24,276	3.49	31,175	4.85	26,872	4.62 (1)	30,101	4.69
Safety Net	45,817	6.59	58,923	9.16	45,575	7.84 (1)	57,439	8.94
Child Welfare:								
Foster Care	21,005	3.02	26,650	4.14	22,458	3.86	27,981	4.36
AO Services	8,934	1.29	7,729	1.20	2,081	0.36	4,695	0.73
Independent Living	1,266	0.18	1,580	0.25	1,527	0.26	1,580	0.25
Adoption Subsidies	10,300	1.48	10,699	1.66	10,803	1.86	10,819	1.68
Social Svcs - Special Items	584	0.08	420	0.07	420	0.07	450	0.07
Indirect Social Service	14,829	2.13	20,008	3.11	17,820	3.07 (1)	22,046	3.43
Childcare Subsidies	26,912	3.87	32,351	5.03	28,670	4.93 (1)	34,269	5.33
Emergency Relief	-	-	-	-	3,709	0.64	-	0.00
Total Expenditures	<u>\$ 695,015</u>	<u>100.00 %</u>	<u>\$ 643,065</u>	<u>100.00 %</u>	<u>\$ 581,190</u>	<u>100.00 %</u>	<u>\$ 642,470</u>	<u>100.00 %</u>
Local Share	\$ 462,925	66.61 %	\$ 378,221	58.82 %	\$ 347,467	59.77 %	\$ 374,810	58.34 %
Departmental Income	4,117	0.59	4,300	0.67	4,100	0.71	3,807	0.59
Miscellaneous Revenue	91	0.01	-	-	-	-	-	-
Agency & Trust Revenue	4,509	0.65	1,500	0.23	3,520	0.61	3,000	0.47
State Aid	76,367	10.99	92,879	14.44	80,242	13.81	98,767	15.37
Federal Aid	147,007	21.15	166,165	25.84	145,861	25.10	162,086	25.23
Total Revenue	<u>\$ 695,015</u>	<u>100.00 %</u>	<u>\$ 643,065</u>	<u>100.00 %</u>	<u>\$ 581,190</u>	<u>100.00 %</u>	<u>\$ 642,470</u>	<u>100.00 %</u>

(1) Total Childcare Subsidy expenses have been re-classified from Indirect Social Service to Childcare Subsidies

The 2022 Proposed Budget is approximately \$642.47 million, which represents a \$590,000 decrease from the 2021 Adopted Budget of \$643.06 million. The 2022 Proposed Budget is \$61.28

million more than the Department's 2021 projected expenditures of \$581.19 million. Regarding revenues, each service category has a distinct reimbursement rate based upon rules and regulations promulgated by both the Federal and State governments. The County projects 2021 State and Federal aid to be 38.91% (13.81% State aid and 25.10% Federal aid) and 2022 State and Federal aid are expected to be 40.60% (15.37% State aid and 25.23% Federal aid). The local share, which is comprised of property tax and sales tax revenues, is 58.82% in the 2021 Adopted Budget and 58.34% in the 2022 Proposed Budget.

Below is a summary of the potential variances between the 2022 Proposed Budget and our projection, potential variances between the 2021 Adopted Budget and our projection, and the overall effect on County Taxation based on our analysis:

Category	2022 Potential Budget Impacts		
	Expenditure Favorable (Unfavorable)	Revenue Favorable (Unfavorable)	Net County Increase (Decrease) in Taxation
Safety Net Non-Homeless	\$ 2,780,000	\$ (810,000)	\$ (1,970,000)
Family Assistance Non-Homeless	490,000	(480,000)	(10,000)
Child Welfare	2,470,000	(1,430,000)	(1,040,000)
Emergency Assistance to Families - Non-Homeless	280,000	(280,000)	-
Emergency Assistance to Families - Foster Care	(100,000)	100,000	-
Emergency Assistance to Adults	310,000	(310,000)	-
Total	<u>\$ 6,230,000</u>	<u>\$ (3,210,000)</u>	<u>\$ (3,020,000)</u>

Category	2021 Findings		
	Expenditure Favorable (Unfavorable)	Revenue Favorable (Unfavorable)	Net County Increase (Decrease) in Taxation
Administration	\$ (880,000)	\$ (3,760,000)	\$ 4,640,000
MMIS	17,890,000	-	(17,890,000)
Safety Net - Non-Homeless	11,400,000	(3,300,000)	(8,100,000)
Safety Net - Homeless	1,840,000	(540,000)	(1,300,000)
Family Assistance - Non-Homeless	5,600,000	(5,540,000)	(60,000)
Family Assistance - Homeless	(1,020,000)	1,010,000	10,000
Child Welfare	3,850,000	(2,190,000)	(1,660,000)
Raise the Age Program	5,650,000	(5,650,000)	-
Emergency Assistance to Families - Non-Homeless	7,980,000	(7,980,000)	-
Emergency Assistance to Families - Foster Care	2,430,000	(2,110,000)	(320,000)
Emergency Assistance to Adults	750,000	(750,000)	-
Indirect Social Services	2,190,000	(640,000)	(1,550,000)
Low Income Child Care Subsidy	1,990,000	(1,990,000)	-
Title XX Child Care	600,000	-	(600,000)
Temporary Assistance Day Care	1,430,000	(1,070,000)	(360,000)
Total	<u>\$ 61,700,000</u>	<u>\$ (34,510,000)</u>	<u>\$ (27,190,000)</u>

Administration

The Department of Social Services provides the administrative support for the Medicaid, Family Assistance, Safety Net, Day Care and many other programs. There are 1,114 County employees in the department for the 2021 year and 1,113 employees for the 2022 year. These employees are divided up between the Operating Budget and Grants Budget. In the 2022 Proposed Budget, 46 employees are being transferred from the Grants Budget to the Operating due to the fact that the State never took over the Medicaid program as anticipated. These 46 positions are reimbursed 50% from the State and 50% from the Federal Government. In addition, the associated fringe benefits, supplies and contractual expenses for the administration support are eligible for reimbursement by the State at 16% and the Federal Government at 52% of the expenditures. Also, the State caps fringe benefit reimbursement at 55% of salaries.

Administration Expenditures

The 2021 Adopted Budget for Administrative expenditures, inclusive of fringe benefits, is approximately \$199.16 million. The County's 2021 projection of \$193.90 million which is comprised of \$73.40 million for personnel costs, equipment and supplies of approximately \$900,000, contractual expenditures of \$21.78 million, \$41.22 million for interdepartmental charges and approximately \$56.60 million for fringe benefits. We project 2021 expenditures to be \$193.94 million, which is \$5.22 million less than the 2021 Adopted Budget and \$40,000 less than the 2021 County projection. This favorable variance is due to a savings in personnel services costs of \$5.70 million and employee benefits of \$400,000, for a total of \$6.10 million, which is discussed further in the Personnel Services and Fringe Benefit sections of this report. This is then offset by an increase in equipment purchases of \$320,000 for equipment and an increase of \$560,000 for contractual expenditures due to COVID-19. This \$880,000 unfavorable variance is reported on the DSS Administration line on the summary of findings.

The 2022 Proposed Budget for administrative expenditures is approximately \$210.27 million, inclusive of fringe benefits, which is \$11.11 million more than the 2021 Adopted Budget. This amount is comprised of \$81.94 million for personnel costs, equipment and supplies of \$760,000, contractual expenditures of \$25.61 million, \$41.71 million for interdepartmental charges and approximately \$60.25 million for fringe benefits. The increase compared to the 2021 Adopted

Budget are due to the 46 position transferred in from the Grant Fund along with their related fringe benefits totaling \$6.04 million and an increase in contractual expenses of \$4.38 million due to the County Executive initiative promoting more individuals to enter into the healthcare field. This incentive is funded by the ARPA program. We project expenditures to be \$210.87 million, which is \$600,000 more than the 2022 Proposed Budget. This unfavorable variance is due to an increase in fringe benefits which is discussed in that section of the report.

Administration Revenues

As mentioned previously, these expenditures are reimbursed by the State (16%) and the Federal Government (52%). Also, the State caps fringe benefit reimbursement at 55% of salaries. Based on our favorable expenditure finding, we project an unfavorable variance of approximately \$3.76 million as compared to the 2021 Adopted Budget.

As mentioned above we have an unfavorable expenditure finding of \$600,000, which is due to fringe benefits. Since, the total fringe benefit expenditures exceeds the 55% cap for State reimbursement, we concur with the 2022 Proposed Budget for revenues.

Medical Assistance - MMIS

Medical assistance is composed of two categories: Medicaid Management Information System ("MMIS") and Medical Assistance. MMIS is a mechanized claims processing and information retrieval system for Medicaid that is required by the Federal Government. All states are required to operate MMIS to support Medicaid business functions and maintain information such as enrollment, client eligibility, including third party liability, benefit package maintenance, managed care enrollment, claims processing, and prior authorization. The costs (weekly shares) are billed through New York State's Medicaid Management Information System. MMIS is a mandated program that is 100% funded with County taxation.

In January 2006, the County's share of MMIS expenditures was "capped" according to a formula prepared by New York State. The formula allowed for increases through fiscal year 2014. As of 2014 expenditures were fully capped. Based on MMIS expenditures and changes in payment levels, the Department projects 2021 MMIS expenditures to be \$184.76 million. This is \$17.89

million less than the 2021 Adopted Budget of \$202.65 million. With the eFMAP credit changing during the year due to the pandemic, the MMIS weekly shares varied. The first two payments were \$3.72 million, the next 19 payments were \$3.33 million, the next 23 payments were \$3.79 million and the final 8 payments were \$3.36 million. Therefore, we concur with the 2021 County projection of \$184.76 million, a favorable variance of \$17.89 million as compared to the 2021 Adopted Budget.

The 2022 Proposed Budget for MMIS expenditures is \$198.67 million, which is based on 13 weeks at \$3.36 million and 39 weeks at \$3.97 million. The new payment was calculated by taking the capped total expenditures for MMIS of approximately \$223.04 million and then reducing this amount by the estimated impact of the Affordable Care Act (eFMAP) totaling \$15.95 million and applying a 3% increase. The 3% is the highest the Statewide Medicaid can increase in any given year. Based on this we concur with the 2022 Proposed Budget for weekly shares. However, if the State extends the Coronavirus eFMAP reduction, the County could have an estimated weekly shares savings of approximately \$430,000, which amounts to \$16.77 million.

Medicaid – Disproportionate Share Payments (“IGT”)

In accordance with State Law (Section 6 of Part B of Chapter 1 of the Laws of 2002 as amended by Section 12 of Part B of Chapter 58 of the Laws of 2009), the Department of Health is authorized to make additional disproportionate share (“DSH”) medical assistance payments to public general hospitals such as the Westchester County Health Care Corporation (“WCHCC”) operated by the counties. These additional payments are made initially upon each eligible hospital’s remaining medical assistance and uninsured inpatient and outpatient losses after all other medical assistance payments, inclusive of DSH payments. The County is required to reimburse 50% of these payments and therefore, this amount is added to the County’s local share EFT transfer requirement for MMIS. These IGT payments are exempt from the County’s Medicaid local share cap statute and are in addition to the County’s normal capped weekly share transfer amount.

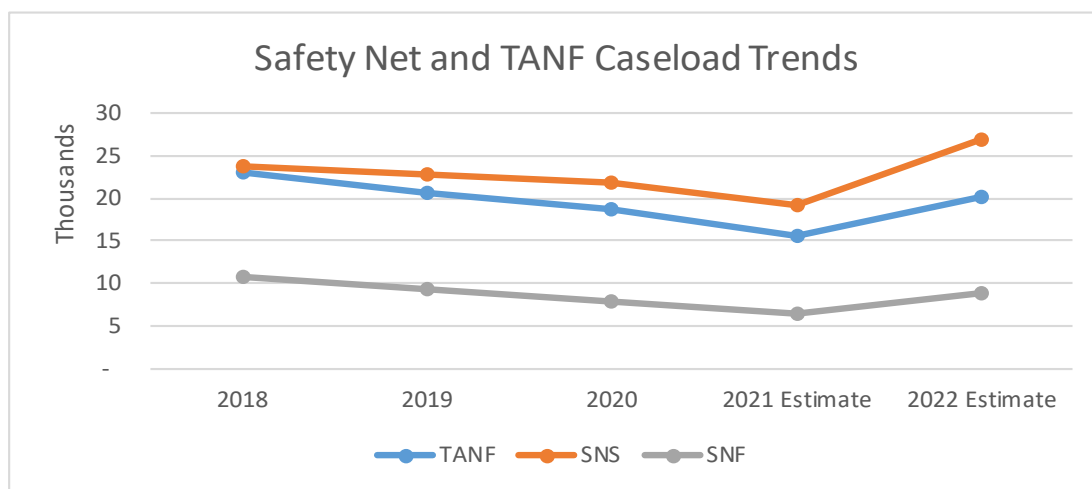
The 2021 Adopted Budget is \$80 million for IGT payments, an amount equal to the County’s projection. This budgeted expenditure is offset by the Intergovernmental Transfer Revenue, which is contained in the Miscellaneous Revenue Budget. Given this expense has a correlating revenue, there is no budget impact.

The 2022 Proposed Budget again includes DSH payments of \$80 million within the Department of Social Services and IGT revenue of \$80 million within the Miscellaneous Revenue Budget.

Safety Net

Safety Net is a New York State mandated program to provide services to single adults as well as continuing services to family assistance recipients (“TANF”) who have reached the end of their eligibility for that program (the Federal time limit of five years) while still needing aid. Safety Net is comprised of four categories: Non-Homeless Singles, Non-Homeless Families, Homeless Singles and Homeless Families. New York State reimburses the County for 29% of the expenditures with the County providing 71%.

The following chart depicts the caseload trend for TANF, Safety Net Singles and Safety Net Families:



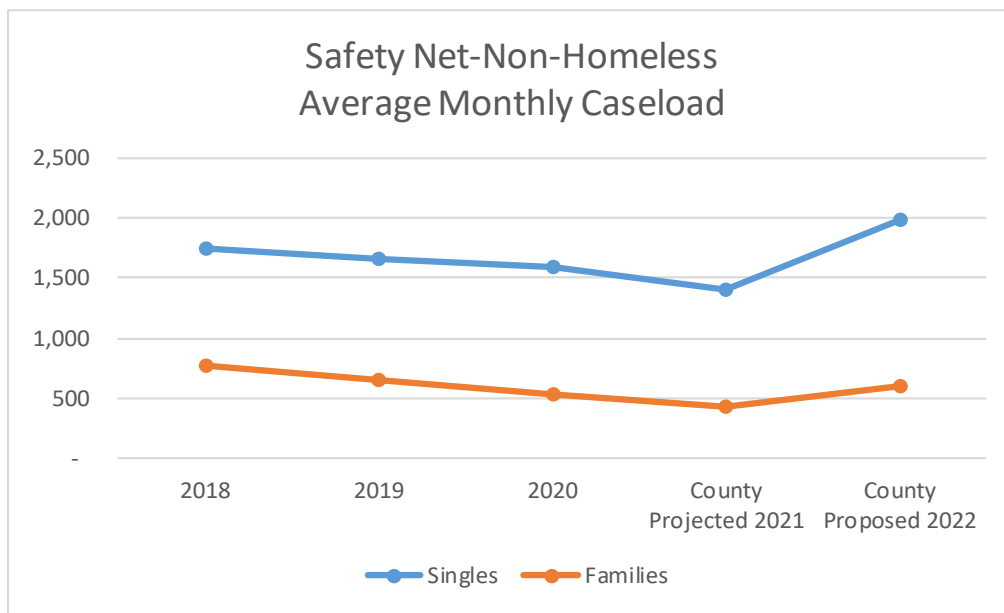
The 2021 Adopted Budget is \$58.93 million, which is comprised of \$27.51 million for the services for the Non-Homeless and \$31.42 million for the Homeless. The Department is projecting total estimated costs for both programs to be \$45.58 million, which is comprised of \$16.18 million for the services for the Non-Homeless and \$29.40 million for the Homeless. This is an overall decrease of \$13.35 million as compared to the 2021 Adopted Budget. The 2022 Proposed Budget includes funding of \$57.44 million, which is comprised of \$24.91 million for the services for the Non-Homeless and \$32.53 million for the Homeless, \$1.49 million less than the 2021 Adopted Budget. The programs are detailed below:

Safety Net - Non-Homeless

The 2021 Adopted Budget is \$27.51 million. The County projects expenditures to be \$16.18 million, a favorable variance of \$11.33 million. This projection is comprised of \$11.54 million (16,793 cases) for Singles and \$4.64 million (5,265 cases) for Families. Based on our analysis of year to date expenditures and cases, we project expenditures to be \$16.11 million, a favorable variance of \$11.40 million as compared to the 2021 Adopted Budget and a favorable variance of \$70,000 as compared to the County's projection. Our projection is comprised of \$11.46 million (16,359 cases) for Singles and \$4.65 million (5,237 cases) for Families.

The 2022 Proposed Budget is \$24.91 million, which is comprised of \$17.98 million (23,886 cases) for Singles and \$6.93 million (7,324 cases) for Families. We based our projection on a return to pre-pandemic trends in the upcoming year. Based on this trend, we project expenditures to be \$22.13 million, a favorable variance of \$2.78 million as compared to the 2022 Proposed Budget. Our projection is comprised of \$14.73 million (19,847 cases) for Singles and \$7.40 million (7,772 cases) for Families.

The following graph depicts the average monthly caseloads for 2018, 2019, 2020, County 2021 projection and County 2022 proposed for the Non-Homeless program:

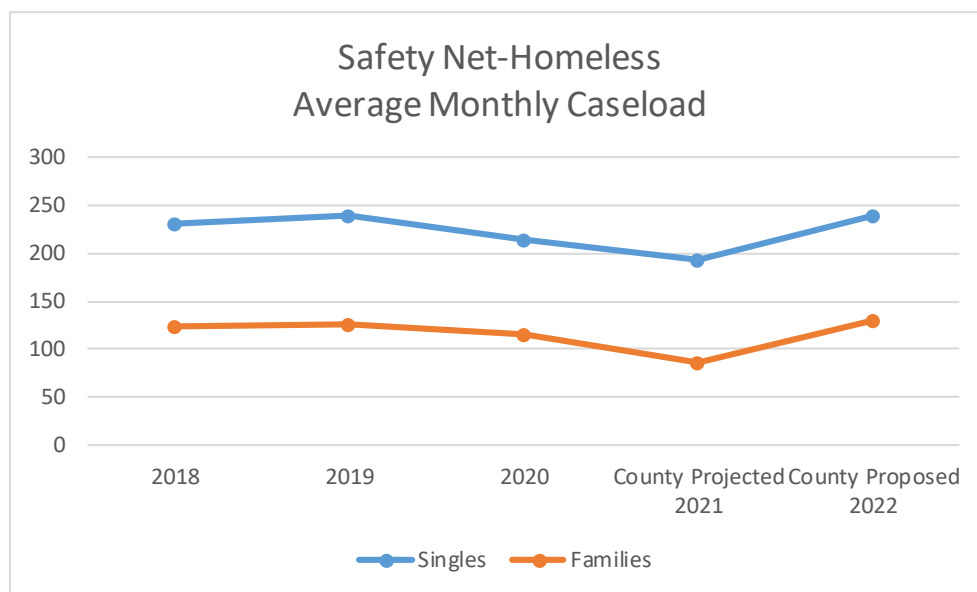


Safety Net - Homeless

The 2021 Adopted Budget is \$31.42 million. The County is projecting expenditures to be \$29.40 million, which is comprised of \$21.54 million (2,319 cases) for Singles and \$7.86 million (1,048 cases) for Families. Based on our caseload analysis, we project expenditures to be \$29.58 million, a favorable variance of \$1.84 million as compared to the 2021 Adopted Budget and an unfavorable variance of \$180,000 as compared to the County's projection. Our projection is comprised of \$21.69 million (2,220 cases) for Singles and \$7.89 million (1,025 cases) for Families. Our projection allows for a higher cost per case net of shelter costs based on actual expenditures and caseloads through October 2021.

The 2022 Proposed Budget is \$32.53 million, an increase of \$1.11 million from the 2021 Adopted Budget. This is comprised of \$23.58 million (2,874 cases) for Singles and \$8.95 million and (1,575 cases) for Families. The majority of these expenditures are associated with the shelter costs. The County currently has not settled the 2022 shelter contracts and therefore budgeted for potential increases. If these contracts are settled for less, there could be a potential savings. Based on this information, we concur with the 2022 Proposed Budget.

The following graph depicts the average monthly caseloads for 2018, 2019, 2020, County 2021 projection and County 2022 proposed for the Homeless program:



Safety Net Revenues

As mentioned previously, New York State reimburses the Safety Net program 29% of the expenditures with the County providing 71%. Our expenditure variances above included a favorable variance of \$11.40 million for the Non-Homeless program and a favorable variance of \$1.84 million for the Homeless program, for a total favorable variance of \$13.24 million as compared to the 2021 Adopted Budget. Based on this variance, we project an unfavorable variance of approximately \$3.84 million for State aid as compared to the 2021 Adopted Budget.

Our variances as compared to the 2022 Proposed Budget for expenditures included a favorable variance of \$2.78 million for the Non-Homeless program. As a result of this variance, we project an unfavorable variance of approximately \$810,000 as compared to the 2022 Proposed Budget.

Family Assistance (“TANF”)

Family Assistance (“FA”) provides financial assistance to eligible families with children deprived of parental support due to health, illness or other reasons. FA is divided into two types: Non-Homeless and Homeless.

The 2021 Adopted Budget is \$31.18 million, which is comprised of \$14.91 million for the Non-Homeless program and \$16.27 million for the Homeless program. The County is projecting total estimated costs for both programs to be approximately \$26.87 million, which is comprised of \$9.48 million for Non-Homeless and \$17.39 million for Homeless. This is \$4.31 million less than the 2021 Adopted Budget.

The 2022 Proposed Budget includes funding of \$30.10 million, which is comprised of \$13.05 million for Non-Homeless and \$17.05 million for Homeless. This is \$1.08 million less than the 2021 Adopted Budget. The programs are detailed below:

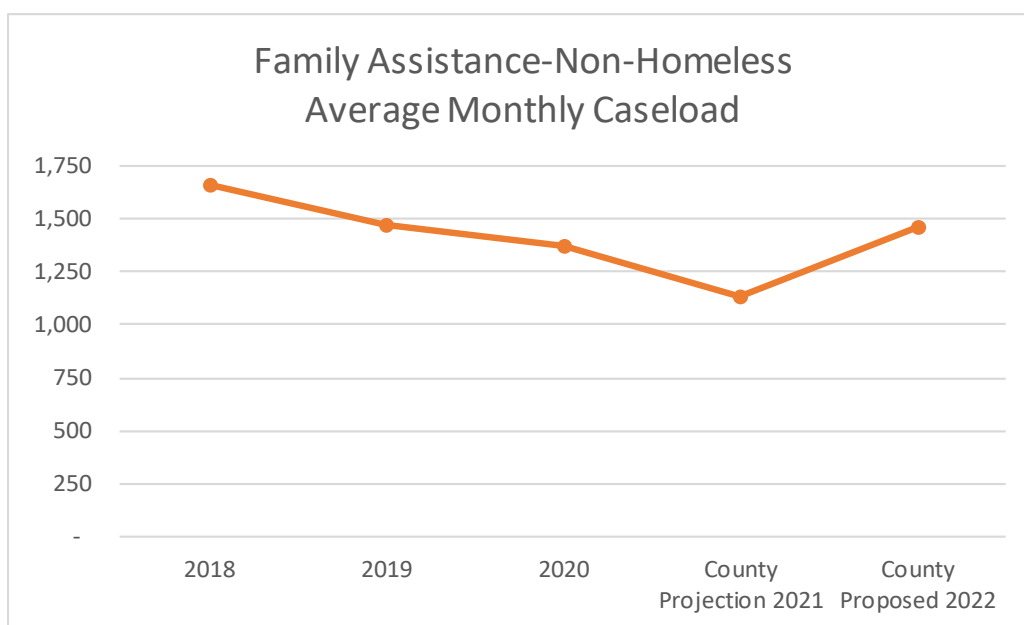
Family Assistance - Non-Homeless

The 2021 Adopted Budget for the Non-Homeless program is \$14.91 million. Caseloads during the year continued to decline from historical levels. The County is projecting expenditures to be \$9.48

million, a favorable variance of \$5.43 million. This projection is based on 13,568 caseloads. Based on year to date caseloads, we project 13,508 caseloads for the current year amounting to \$9.31 million. This is a favorable variance of \$5.60 million as compared to 2021 Adopted Budget and a favorable variance of \$170,000 as compared to the County's projection.

The 2022 Proposed Budget is \$13.05 million with 17,460 cases. This is \$1.86 million less than the 2021 Adopted Budget. From our analysis, we project caseloads to be 17,633 resulting in expenditures of \$12.56 million, a favorable variance of \$490,000 as compared to the 2022 Proposed Budget.

The graph below depicts the average monthly caseloads for 2018, 2019, 2020, County's 2021 projection and County's 2022 Proposed for the Non-Homeless program:



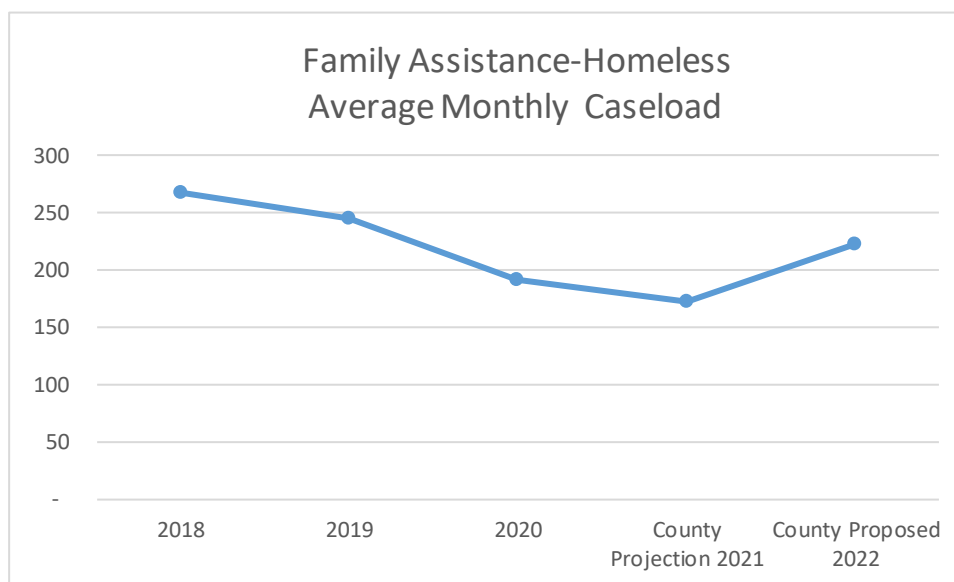
Family Assistance – Homeless

The 2021 Adopted Budget is \$16.27 million for the Homeless program. This budget primarily covers the cost of providing shelters. Although Homeless caseloads have been on the decline over the past several years, shelter costs have been on the rise. The County is projecting 2021 caseloads to be 2,070, combined with shelter costs of \$16.59 million, which results in total expenditures of \$17.39 million. This is an unfavorable variance of \$1.12 million as compared to the 2021 Adopted Budget. Our analysis utilizes caseloads of 2,016 and the same shelter costs as the County's

projection. Based on these factors, we project expenditures to be \$17.29 million, an unfavorable variance of \$1.02 million as compared to the 2021 Adopted Budget and a favorable variance of \$100,000 as compared to the County's projection.

The 2022 Proposed Budget is \$17.05 million, which takes into account 2,673 cases. This is \$780,000 more than the 2021 Adopted Budget. Based on our analysis of cases, we concur with the 2022 Proposed Budget.

The graph below depicts the average monthly caseloads for 2018, 2019, 2020, County's 2021 projection and County's 2022 Proposed for the Homeless program:



Family Assistance Revenues

The Federal government reimburses the TANF program at 99% of the expenditures with the County providing 1%. Our expenditure analysis resulted in a \$5.60 million favorable finding for the Non-Homeless program and an unfavorable variance of \$1.02 million for the Homeless program, for a net favorable variance of \$4.58 million as compared to the 2021 Adopted Budget. Based on this variance, we project an unfavorable variance of approximately \$4.53 million for Federal aid as compared to the 2021 Adopted Budget.

Our expenditure analysis for 2022 resulted in a favorable variance of \$490,000 for the Non-Homeless program as compared to the 2022 Proposed Budget. Based on this variance, we project an unfavorable variance of approximately \$480,000 for Federal aid as compared to the 2022 Proposed Budget.

Child Welfare

This category encompasses three major areas: Foster Care, Adoptions Subsidies and Independent Living Services. Through these areas, the County is able to aid children by providing temporary out-of-home care, placing children with adoption families or prepare them to live independently.

Child Welfare Expenditures

The 2021 Adopted Budget is \$38.93 million for these services. The County's 2021 projection is \$34.79 million, a favorable variance of \$4.14 million. Based on our analysis of year to date expenditures, we project expenditures to be \$35.08 million. This represents a favorable variance of \$3.85 million as compared to the 2021 Adopted Budget and an unfavorable variance of \$290,000 as compared to the County's projection.

The 2022 Proposed Budget is \$40.38 million, an increase of \$1.45 million as compared to the 2021 Adopted Budget. The County has indicated a \$2 million increase to the transportation contract is included in this budget. Based on this addition and factoring in a cost of living increase, we project expenditures to be \$37.91 million, a favorable variance of \$2.47 million.

Child Welfare Revenues

As mentioned above, Child Welfare is divided up into three categories: Foster Care, Adoption Subsidies, and Independent Living Services. Reimbursements for these services range from 24% to 49% Federal aid and 32% to 36% State aid with the difference covered by local share. Based on our favorable expenditure variance of \$3.85 million as compared to the 2021 Adopted Budget, we project an unfavorable variance of \$870,000 for Federal aid and an unfavorable variance of \$1.32 million for State aid as compared to the 2021 Adopted Budget.

Based on our favorable variance of \$2.47 million as compared to the 2022 Proposed Budget, we project an unfavorable variance of \$590,000 for Federal aid and an unfavorable variance of \$840,000 for State aid as compared to the 2022 Proposed Budget.

Raise the Age Program

Raise the Age is a program established by New York State that places 16 year-olds and 17-year olds who committed non-violent crimes in specialized juvenile detention facilities certified by the State Office of Children and Family Services, in conjunction with the State Commission of Corrections, as opposed to adult jails and prisons. The Raise the Age legislation took effect for 16 year-olds on October 1, 2018 and 17 year-olds on October 1, 2019. New York State reimburses the Raise the Age Program at 100% of the expenditures.

Raise the Age Program Expenditures

The 2021 Adopted Budget includes expenditures of \$7.73 million for the Raise the Age Program. Raise the Age expenditures are contingent upon the occupancy of beds across their facilities. As of November 2021, the County has 8 beds for Children's Village, 8 beds for Lincoln Hall and no longer has beds for Graham Windham. Based on the current average occupancy of 4 children, the County projects expenditures to be \$2.08 million, a favorable variance of \$5.65 million. We concur with this amount.

The 2022 Proposed Budget is \$4.70 million in expenditures, a decrease of \$3.03 million as compared to the 2021 Adopted Budget. The COVID-19 pandemic had a decreasing effect on the number of beds being occupied monthly. The County's projection utilizes an average of 10 bed occupancy to return to pre-pandemic levels. We concur with this amount.

Raise the Age Program Revenues

As mentioned above, New York State reimburses 100% of Raise the Age expenditures. Based on our favorable expenditure finding, we project an unfavorable variance of \$5.65 million for 2021 as compared to the 2021 Adopted Budget.

We concur with the 2022 Proposed Budget for Raise the Age State aid.

Emergency Assistance to Families and Children

Emergency Assistance to Families (“EAF”) provides Non-Homeless emergency assistance such as rent assistance, security deposits, daycare and other costs. The Non- Homeless component also includes transportation for the Homeless and housing costs for those families that do not qualify under Family Assistance. This transportation is a mandated component that every eligible child is provided transportation to the home school district. The Foster Care component provides for room and board, tuition and other costs for those children meeting the eligibility criteria defined by New York State. This area also includes the Juvenile Delinquent Persons in Need of Supervision Program (“JD PINS”). EAF Non-Homeless and transportation is 100% Federal reimbursed. EAF Foster Care has a 24% Federal reimbursement, 34% State reimbursement, and 24% local share. JD PINS is funded 100% to the extent those costs are within the Flexible Funds for Family Services (“FFFS”).

Emergency Assistance to Families and Children – Non-Homeless Expenditures

The 2021 Adopted Budget for Non-Homeless is approximately \$12.16 million. The County’s 2021 projection is \$4.47 million, which is \$7.69 million less than the 2021 Adopted Budget. We project 2021 expenditures will be \$4.18 million, a favorable variance of \$7.98 million as compared to the 2021 Adopted Budget and \$290,000 less than the 2021 County projection. The main factor for this favorable variance is due to the transportation services being \$6.26 million less than anticipated. From January through September 2021, children were learning remotely given the COVID-19 restrictions, therefore, the need for transportation was diminished. Also, with Federal assistance from the stimulus packages still in place, there were less families enrolled in the Non-Homeless program.

The 2022 Proposed Budget for Non-Homeless is \$7.95 million, which is \$4.21 million less than the 2021 Adopted Budget. The decrease is related to the new contract with All County Bus, LLC and Urban League and included a not to exceed amount totaling approximately \$4.04 million. Also, we projected more families will be enrolled in this program trending back to 2019 levels and

including an inflation factor. Based on these factors, we project 2022 expenditures to be \$7.67 million, a \$280,000 favorable variance as compared to the 2022 Proposed Budget.

Emergency Assistance to Families and Children – Non-Homeless Revenues

The Federal government reimburses the EAF Non-Homeless program at 100% of the expenditures. Based on our favorable expenditure finding, we project an unfavorable variance of \$7.98 million for the 2021 as compared to the 2021 Adopted Budget.

Based on our favorable expenditure finding for 2022 of \$280,000, we project an unfavorable variance of \$280,000 for the 2022 revenues as compared to the 2022 Proposed Budget.

Emergency Assistance to Families and Children – Foster Care Expenditures

The 2021 Adopted Budget for Foster Care is approximately \$11.79 million. The County's 2021 projection is \$9.54 million, which is \$2.25 million less than the 2021 Adopted Budget. We project 2021 expenditures will be \$9.36 million, a favorable variance of \$2.43 million compared to the 2021 Adopted Budget and \$180,000 less than the 2021 County projection. The main factor for this favorable variance is due to less individuals being enrolled than anticipated due to the Federal CARE's programs and the Raise the Age program for the JD PINS.

The 2022 Proposed Budget for Foster Care is \$10.29 million, which is \$1.50 million less than the 2021 Adopted Budget. We project 2022 expenditures to be \$10.39 million, a \$100,000 unfavorable variance as compared to the 2022 Proposed Budget. The increase is due to more individuals being enrolled in these programs.

Emergency Assistance to Families and Children – Foster Care Revenues

The Federal government reimburses the Emergency Assistance to Families and Children –Foster Care program at program at 34% State and 24% Federal of the expenditures. The JD PINS portion of this program is 100% Federal reimbursement. Based on our favorable expenditure finding, we project an unfavorable variance of \$2.11 million for the 2021 as compared to the 2021 Adopted Budget.

Based on our unfavorable expenditure finding for 2022 of \$100,000 relating to JD PINS, we project a favorable variance of \$100,000 for the 2022 revenues as compared to the 2022 Proposed Budget.

Emergency Assistance to Adults

Emergency Assistance to Adults (“EAA”) provides aid to the aged, blind, or disabled individuals who need emergency assistance pending the receipt of their Social Security payments, and to those whose monthly benefits are already allotted. Emergency expenses for eligible adults include clothing, food, furniture, fuel, household equipment, utilities, and more.

Emergency Assistance to Adults Expenditures

The 2021 Adopted Budget is \$1.50 million for these services. The County projects the 2021 expenditures for EAA to be approximately \$910,000, a favorable variance of \$590,000. Based on our analysis of year to date expenditures and factoring in a return to pre-pandemic levels for the upcoming months, we project expenditures to be \$750,000. This is a favorable variance of \$750,000 as compared to the 2021 Adopted Budget and a favorable variance of \$160,000 as compared to the County’s projection.

The 2022 Proposed Budget is \$1.60 million, an amount \$100,000 greater than the 2021 Adopted Budget. For our analysis, we assumed program utilization return to pre-pandemic levels and included an inflation increase. As a result, our projection is \$1.29 million, a favorable variance of \$310,000 as compared to the 2022 Proposed Budget.

Emergency Assistance to Adults Revenues

New York State reimburses the Emergency Assistance to Adults Program at 50% of the expenditures and the Federal Government reimburses the remaining 50%. Based on our favorable expenditure finding, we project unfavorable variances of \$375,000 as compared to the 2021 Adopted Budget for State aid and \$375,000 for Federal aid.

Based on our favorable expenditure finding for 2022 of \$310,000, we project unfavorable variances of \$155,000 as compared to the 2022 Proposed Budget for State aid and \$155,000 for Federal aid.

Indirect Social Service

Indirect Social Service includes the various contracts which the department maintains to provide the following services:

	Actual 2019	Actual 2020	Adopted Budget 2021	County Projected 2021	Proposed Budget 2022
Homemaker/House keeper Non-Medical	\$ 889,528	\$ 740,328	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Housing	1,300,902	1,500,866	2,519,920	2,369,920	2,635,018
Preventative/Protective Services	7,628,382	10,108,792	10,482,048	10,599,048	13,469,879
Child Protective Services	451,118	527,865	599,690	644,690	726,321
Indirect Other	2,287,823	1,951,292	4,906,313	2,706,342	3,714,782
	<u>\$ 12,557,753</u>	<u>\$ 14,829,143</u>	<u>\$ 20,007,971</u>	<u>\$ 17,820,000</u>	<u>\$ 22,046,000</u>

The 2021 Adopted Budget is \$20.01 million for these services and contracts. The County's projection is \$17.82 million, a favorable variance of \$2.19 million. The decrease represents a portion of the food service contracts being expended from the Emergency Relief line as opposed to Indirect Social Services line as originally budgeted. We concur with the County's projection. Indirect Social Services are reimbursed at 29% for State aid. Based on our favorable expenditure finding of \$2.19 million, we project an unfavorable State aid variance of approximately \$640,000.

The 2022 Proposed Budget is \$22.05 million, an increase of \$2.04 million from the 2021 Adopted Budget. The increase is mainly a result of the adoption of the Family Prevention Service Act, which took effect on September 29th, 2021. According to New York State, the purpose of the Act is to prioritize foster care over residential care. The 2022 Proposed Budget continues the efforts (\$1 million) of supplying food to those in need despite the lessening effect of COVID-19 on the County. We concur with 2022 Proposed Budget.

Child Care Subsidies - Day Care

Day care services for 2021 continued to operate at reduced levels due the lingering effects of the COVID-19 pandemic. Throughout the year, businesses continued to be a mixture of remote and in-person, with capacity restrictions applied. Therefore, parents were home with their children, decreasing the utilization of day care services. As restrictions continue to lift, we anticipate a rise in the usage of day care services by the end of 2021 and into 2022.

Low Income Child Care Subsidy Expenditures

The largest program included in the child care subsidies category is Low Income Day Care. If an individual's total gross household income for the service unit size is under 200 percent of the poverty level, the individual's household is a low-income household and financially eligible for low-income subsidy. For the 2021-22 year, the 200% income level begins at \$25,760 for one family member and increases by \$9,080 per family member subsequently. This program also serves children not eligible for Title XX services. In 2021, the parent share for this program was 23%, however, this was waived due to COVID-19 until August 2021. In August, the parent share was reinstated but decreased to 10%.

The 2021 Adopted Budget for Low Income Day Care is \$27.63 million. The County is anticipating 20,442 slots to be used for the year with an average cost per slot of approximately \$1,238. This results in a projection of \$25.30 million, an amount \$2.33 million less than the 2021 Adopted Budget. Our projection utilizes 20,412 slots for the year at an average cost per slot of approximately \$1,258. Therefore, we project expenditures to be \$25.64 million, a favorable variance of \$1.99 million as compared to the 2021 Adopted Budget and an unfavorable variance of \$340,000 as compared to the County's projection.

The 2022 Proposed Budget is \$27.52 million, estimating 22,804 slots to be used in 2022. This is \$110,000 less than the 2021 Adopted Budget. Based on the slots and average cost per slot, we concur with this amount.

Low Income Child Care Subsidy Revenues

New York State reimburses the Low Income Child Care Subsidy program at 100% of the net expenditures. Based on our favorable expense finding of \$1.99 million, we project an unfavorable variance of \$1.99 million for revenues as compared to the 2021 Adopted Budget.

We concur with the amount contained in State aid for the 2022 Proposed Budget.

Title XX Child Care Subsidy Expenditures

The temporary assistance recipient does not contribute to the cost of the day care. This program is 100% funded by local share. To qualify, an individual's total gross household income for the service unit size must be under the 225 percent of poverty level or 275 percent, varying based on service unit size.

The 2021 Adopted Budget is \$2.87 million for Title XX. The County's 2021 projected expenditure is \$2.37 million, based on 1,947 slots being used. Based on year to date slots used through October, we anticipate annual slots used to be 1,827. As a result of this decrease, our projection is \$2.27 million, a favorable variance of \$600,000 as compared to the 2021 Adopted Budget and a \$100,000 favorable variance as compared to the County's projection.

The 2022 Proposed Budget is \$4.06 million, estimating 3,600 slots to be used in 2022. This is \$1.19 more than the 2021 Adopted Budget. Our projection anticipates 2,123 slots will be utilized, an increase of 296 slots over our 2021 projection, a reflection of the restrictions being lifted. As a result, we project expenditures to be \$2.72 million, but given that the demand for these services will grow as the economy improves, we will concur with the amount in the 2022 Proposed Budget.

Temporary Assistance Day Care Expenditures

The Temporary Assistance Day Care are individuals who qualify for TANF and Safety Net and there is no parent share.

The 2021 Adopted Budget includes \$1.85 million for TANF Day Care. Based upon 433 slots, the County projects 2021 expenditures to be approximately \$510,000, which is \$1.34 million less than the 2021 Adopted Budget. Our projection is based on annual slots of 364, yielding an estimated annual cost of \$420,000, a favorable variance of \$1.43 million as compared to the 2021 Adopted Budget and a favorable variance of \$90,000 as compared to the County's projection.

The 2022 Proposed Budget is \$1.49 million, based on 1,237 slots and a decrease of \$360,000 as compared to the 2021 Adopted Budget. From our analysis, we project slots used will be 1,179 resulting to an annual cost of \$800,000. Given that the demand for these services may grow during the year, we will concur with the amount contained in the 2022 Proposed Budget.

Temporary Assistance Day Care Revenues

New York State reimburses the Temporary Assistance Day Care program at 75% of the expenditures. We are projecting a \$1.43 favorable expenditure variance as compared to the 2021 Adopted Budget. As a result, we project a \$1.07 million unfavorable variance for State aid as compared to the 2021 Adopted Budget.

Based on our concurrence with the 2022 Proposed Budget, we project no change in State aid.

Scholarship Program Expenditures

This is a new area under Day Care Subsidiaries for 2021. The program is 100% local funded. Per the County resolution, individuals are eligible if the household's total gross income is above the 255%/275% Federal Poverty Level but within 85% of the New York Median Income. This program was implemented by the County in August and distributes 100 scholarships for \$1,000 monthly. The County projects \$500,000 for 2021, an amount with which we concur.

The 2022 Proposed Budget contains \$1.20 million. We concur with this amount.

(This page intentionally left blank)

FUND BALANCE

Fund Balance

Each year during our review of the budget proposed for the County, we provide an estimate of fund balance, the equity, retained in the General Fund; the primary fund of most County revenues and expenditures.

We have included a detailed explanation of fund balance along with a description of its five categories:

- Non-spendable
- Restricted
- Committed
- Assigned
- Unassigned

We believe that this dissertation is helpful to the reader in understanding governmental finance, and therefore we have included this in Exhibit V of this report.

Fund balance which results from the excess of revenues over expenditures at the end of a given budget year provides cash – working capital – to finance the start of a new budget year. If substantial, a municipality can avoid reliance upon using short-term borrowing vehicles such as tax anticipation and revenue notes.

It is worth repeating once again that Financial Rating agencies such as Moody's Investor Services, Fitch Ratings and S&P Global Ratings, review a variety of established criteria in determining the credit worthiness of a municipality and assignment of a rating to its debt obligations (bonds and notes). Although not the sole criteria in developing the rating (tax base, management's financial practices, debt) and "fund balance" referred to as reserves in their analysis plays a significant role.

As noted in the most recent Moody's Investor Services report in assigning a rating of Aa1 stable to the County's General Obligation Bonds, "factors that could lead to a downgrade of the rating; declines in reserves or liquidity and inability to maintain operational balance across funds."

However, County officials need not worry. Based upon our projection of the current budgetary operations for 2021, and our analysis of the Proposed Budget for next year 2022, the County can

anticipate that its fund balance may grow from \$248.60 million to \$332.45 million at the end of 2022 operations (see analysis in Exhibit V, pages 101 and 102). At this amount, the ratio of the unassigned portion of fund balance in the General Fund in comparison to the funds' operating budget can be as high as 11.23%.

It should be noted that the amount reflected in the fund balance projection does not include the approximately \$154.90 million that remains available of federal funds after appropriating \$32 million in the Proposed Budget (Operating and Special Districts), allocated to the County by the American Rescue Plan Act ("ARPA").

CONCLUSION

Conclusion

The budget recommended by the Executive to the Legislature for adoption is conservative, fiscally sound, and continues to provide existing municipal services to residents. The proposal utilizes approximately \$32 million of federal ARPA monies to fund programs related to economic development, tourism, health and assistance for the residents.

The Proposed Budget reduces the need for property tax by \$7 million therefore the County is within the “2% property tax cap”.

Sales and use tax collections in 2021 have been robust and the amount is projected to exceed the current budget by \$78.40 million, net of an additional distribution, providing \$22.84 million more than budgeted for the municipalities and school districts. In the previous section addressing Fund Balance, we described and detailed in the Exhibit V, pages 101 and 102, our estimate of surplus that will be available for future years. Obviously sales tax is a major contributor. As a matter of fact, our projections for sales tax will provide budgetary flexibility of \$4.44 million, net of the distribution of \$1.38 million to municipalities and school districts.

Our analysis of the programs in the Departments of Social Services and Department of Health (Children with Special Needs) indicates that the County may have budgetary flexibility of \$3.02 million and \$1.27 million, respectively. The Summary of Findings, which follows, does not include these amounts. We felt that given all of the concerns regarding the pandemic and the impact on the economy, it was prudent not to recommend a savings for these programs.

The County will also benefit from the availability of federal funds disbursed from the American Rescue Plan Act, ARPA, approximately \$187.90 million. The use of the funds must fall within the following eligible categories:

- Public Health and Economic Impacts
- Premium Pay
- Revenue Loss
- Investments in certain Infrastructure

As of this writing, only \$32 million of the ARPA funds are included in the 2022 Proposed Budget.

(This page intentionally left blank)

SUMMARY OF FINDINGS

Westchester County Proposed Budget 2022
Summary of Findings as Compared to the 2021 Adopted Budget and 2022 Proposed Budget
December 6th, 2021

	2022 Amounts		Decrease/ (Increase) in Taxation	2021 Amounts		Decrease/ (Increase) in Taxation
	Increase	Decrease		Increase	Decrease	
Revenues:						
Sales Tax - Gross	\$ 5,820,000	\$ -		\$ 101,240,000	\$ -	
Auto Use Tax	580,000	-		680,000	-	
County Mortgage Tax	-	2,970,000		9,940,000	-	
Hotel Tax	310,000	-		1,230,000	-	
County Clerk - Unallocated	-	890,000		3,460,000	-	
Federal Aid - ARPA/FEMA	-	-		31,880,000	-	
State Aid - 20% Holdback	-	-		20,400,000	-	
Corrections Department:						
Housing	1,560,000	-		3,740,000	-	
Department of Parks, Rec & Conservation:						
Golf	-	-		1,670,000	-	
Parks	-	-		-	1,420,000	
Playland Park	-	-		-	2,330,000	
County Center	-	-		-	410,000	
Ice Casino	-	-		-	390,000	
Department of Transportation:						
Departmental Income	-	2,170,000		-	1,580,000	
Tobacco Settlement	-	-		110,000	-	
Proceeds from Serial Bonds	-	-		-	7,650,000	
Miscellaneous Revenue -WCHCC Services	-	-		-	1,110,000	
New York State - Court Facilities	-	-		570,000	-	
Department of Public Works:						
Capital Chargebacks	-	-		-	730,000	
Revenue Findings	<u>\$ 8,270,000</u>	<u>\$ 6,030,000</u>	<u>\$ 2,240,000</u>	<u>\$ 174,920,000</u>	<u>\$ 15,620,000</u>	<u>\$ 159,300,000</u>

Westchester County Proposed Budget 2022
Summary of Findings as Compared to the 2021 Adopted Budget and 2022 Proposed Budget
December 6th, 2021
(Continued)

	2022 Amounts		Decrease/ (Increase) in Taxation	2021 Amounts		Decrease/ (Increase) in Taxation
	Increase	Decrease		Increase	Decrease	
Appropriations:						
Municipal Sales Tax Distribution	\$ 1,380,000	\$ -		\$ 22,840,000	\$ -	
Personnel Services:						
Annual Salaries	-	-		-	16,840,000	
Overtime	3,430,000	-		6,880,000	-	
Other Personal Services	-	-		930,000	-	
Department of Corrections:						
Overtime	-	-		10,930,000	-	
Food	-	-		-	630,000	
Medical Services	-	-		-	180,000	
Department of Transportation:						
Bus Operating Assistance	-	-		1,260,000	-	
Paratransit	-	-		-	1,280,000	
Department of Public Works:						
Utilities - White Plains	-	-		-	30,000	
Utilities - Valhalla	-	-		-	1,350,000	
Contractual Services	-	-		-	1,680,000	
Debt Service	-	-		1,590,000	-	
Federal Insurance Contribution Act (FICA) Taxes	190,000	-		-	120,000	
Retirement Costs	-	-		8,250,000	-	
Certiorari Proceedings	-	680,000		-	4,020,000	
Indigent Defendants:						
Felony	-	510,000		-	570,000	
Misdemeanor	-	60,000		-	210,000	
Resident Tuition - Other Colleges	-	-		-	240,000	
	<u>\$ 5,000,000</u>	<u>\$ 1,250,000</u>	<u>\$ (3,750,000)</u>	<u>\$ 52,680,000</u>	<u>\$ 27,150,000</u>	<u>\$ (25,530,000)</u>
Health Insurance	-	2,640,000 *	2,640,000	-	1,590,000	1,590,000
Appropriation Findings	<u>\$ 5,000,000</u>	<u>\$ 3,890,000</u>		<u>\$ 52,680,000</u>	<u>\$ 28,740,000</u>	

* Anticipates the use of \$5,000,000 of fund balance from the Health Benefits Fund

Change in County Taxation - Combined (Increase)/Decrease :

\$ 1,130,000

Fund Balance Addition (Reduction): \$ 135,360,000

Westchester County Proposed Budget 2022
Summary of Findings as Compared to the 2021 Adopted Budget and 2022 Proposed Budget
(Department of Social Services and Children with Special Needs)
December 6th, 2021

Department of Social Services	2022 Amounts		Decrease/ (Increase) in Taxation	2021 Amounts		Decrease/ (Increase) in Taxation
	Increase	Decrease		Increase	Decrease	
Appropriations						
Administration	\$ -	\$ -		\$ 880,000	\$ -	
MMIS	-	-		-	17,890,000	
Safety Net	-	2,780,000		-	13,240,000	
Family Assistance	-	490,000		-	4,580,000	
Child Welfare	-	2,470,000		-	3,850,000	
Raise the Age Program	-	-		-	5,650,000	
Emergency Assistance to Families	-	180,000		-	10,410,000	
Emergency Assistance to Adults	-	310,000		-	750,000	
Indirect	-	-		-	2,190,000	
Day Care Subsidies	-	- *		-	4,020,000	
	<u>\$ -</u>	<u>\$ 6,230,000</u>	<u>\$ 6,230,000</u>	<u>\$ 880,000</u>	<u>\$ 62,580,000</u>	<u>\$ 61,700,000</u>
Revenues						
Administration	\$ -	\$ -		\$ -	\$ 3,760,000	
Safety Net	-	810,000		-	3,840,000	
Family Assistance	-	480,000		-	4,530,000	
Child Welfare	-	1,430,000		-	2,190,000	
Raise the Age Program	-	-		-	5,650,000	
Emergency Assistance to Families	-	180,000		-	10,090,000	
Emergency Assistance to Adults	-	310,000		-	750,000	
Indirect	-	-		-	640,000	
Day Care Subsidies	-	- *		-	3,060,000	
	<u>\$ -</u>	<u>\$ 3,210,000</u>	<u>\$ (3,210,000)</u>	<u>\$ -</u>	<u>\$ 34,510,000</u>	<u>\$ (34,510,000)</u>
Department of Social Services Combined (Increase)/Decrease :			<u>\$ 3,020,000</u>			<u>\$ 27,190,000</u>
* Additional savings of \$1,680,000 may occur if all day care slots are not utilized						
Children with Special Needs						
Appropriations						
SEIT	290,000	-		-	1,070,000	
Related services	-	-		-	730,000	
Tuition	-	410,000		-	3,400,000	
Transportation	-	1,700,000		-	2,520,000	
Early intervention	-	1,080,000		-	5,470,000	
	<u>\$ 290,000</u>	<u>\$ 3,190,000</u>	<u>\$ 2,900,000</u>	<u>\$ -</u>	<u>\$ 13,190,000</u>	<u>\$ 13,190,000</u>
Revenues						
All Programs	<u>\$ -</u>	<u>\$ 1,630,000</u>	<u>\$ (1,630,000)</u>	<u>\$ -</u>	<u>\$ 5,790,000</u>	<u>\$ (5,790,000)</u>
Children with Special Needs Combined (Increase)/Decrease :			<u>\$ 1,270,000</u>			<u>\$ 7,400,000</u>

(This page intentionally left blank)

EXHIBITS

COUNTY OF WESTCHESTER, NEW YORK

ANALYSIS OF BUDGET INCREASES (DECREASES)
GROSS BUDGET AND COUNTY TAXATION

		2021		2022		
				Expenditures		
		Adopted Budget	Inter Dept Revenue	Proposed Budget	Increase (Decrease)	
					Amount	%
Dept #	General Government Support					
10	Board of Legislators	\$ 5,135,388	-	\$ 5,421,324	\$ 285,936	5.6%
11	County Executive					
	Office of the County Executive	3,382,043	110,000	3,562,048	180,005	5.3%
	Youth Bureau	3,678,767	609,958	4,269,304	590,537	16.1%
	Office for the Disabled	807,424	232,460	758,138	(49,286)	-6.1%
	Economic Development	6,554,903	-	21,680,286	15,125,383	230.7%
	Tourism	949,265	-	4,666,347	3,717,082	391.6%
	Office of Energy Conservation	181,550	-	181,550	-	0.0%
	Advocacy & Community Services	867,115	-	860,759	(6,356)	-0.7%
	Office for Women	1,998,927	557,693	2,353,154	354,227	17.7%
	Total County Executive	18,419,994	1,510,111	38,331,586	19,911,592	108.1%
12	Human Resources	5,728,420	523,391	5,664,371	(64,049)	-1.1%
13	Budget	1,946,478	-	2,194,997	248,519	12.8%
14	Board of Elections	21,990,150	-	24,604,429	2,614,279	11.9%
15	Finance	5,420,784	-	5,759,639	338,855	6.3%
16	Information Technology	50,408,923	38,920,779	53,201,769	2,792,846	5.5%
17	Board of Acquisition and Contract	321,136	-	362,740	41,604	13.0%
18	Law	13,902,446	11,963,336	14,499,413	596,967	4.3%
19	Department of Planning	11,891,076	-	12,445,507	554,431	4.7%
33	Human Rights Commission	1,070,406	-	1,114,296	43,890	4.1%
36	Tax Commission	275,424	-	291,203	15,779	5.7%
	Total General Governmental Support	136,510,625	52,917,617	163,891,274	27,380,649	20.1%
	Home & Community Services					
21	County Clerk	6,649,679	-	6,804,879	155,200	2.3%
22	Department of Social Services	643,064,829	-	642,469,729	(595,100)	-0.1%
24	Senior Program & Services	4,447,855	290,720	4,515,791	67,936	1.5%
25	Weights & Measures, Customer Protection	2,210,937	-	2,484,847	273,910	12.4%
	Total Home & Community Services	656,373,300	290,720	656,275,246	(98,054)	0.0%
	Health Service					
26	Community Mental Health	9,949,416	1,051,714	16,611,727	6,662,311	67.0%
27	Department of Health	162,074,626	171,900	172,226,355	10,151,729	6.3%
31	Labs & Research	14,678,557	5,000	15,286,563	608,006	4.1%
	Total Health Service	186,702,599	1,228,614	204,124,645	17,422,046	9.3%
	Public Safety, Correction and Courts					
20	Emergency Services	7,781,586	364,045	9,008,836	1,227,250	15.8%
35	Department of Corrections	133,819,331	145,000	139,329,324	5,509,993	4.1%
37	District Attorney	31,579,962	-	31,967,052	387,090	1.2%
38	Public Safety Services	60,796,905	12,824,010	66,347,557	5,550,652	9.1%
39	Department of Probation	45,362,703	-	46,824,767	1,462,064	3.2%
40	Public Administrator	787,718	-	850,669	62,951	8.0%
41	Solid Waste Commission	2,080,650	-	2,061,583	(19,067)	-0.9%
43	Office of Assigned Counsel	-	-	11,803,045	11,803,045	0.0%
	Total Public Safety, Correction and Courts	282,208,855	13,333,055	308,192,833	25,983,978	9.2%

Exhibit 1a

2022								Dept #
Revenues				County Taxation				
State	Federal	Other (Departmental)	Interdepart- mental Revenue	2022	2021	Increase (Decrease)		
						Amount	%	
\$ -	\$ -	\$ -	\$ -	\$ 5,421,324	\$ 5,135,388	\$ 285,936	5.6%	10
-	-	-	110,000	3,452,048	3,272,043	180,005	5.5%	11
119,886	-	-	670,795	3,478,623	2,948,514	530,109	18.0%	11
-	-	-	232,460	525,678	574,964	(49,286)	-8.6%	11
-	19,000,000	371,308	-	2,308,978	6,252,273	(3,943,295)	0.0%	11
-	3,400,000	840,000	-	426,347	452,265	(25,918)	0.0%	11
-	-	-	-	181,550	181,550	-	0.0%	11
-	-	-	-	860,759	867,115	(6,356)	-0.7%	11
22,000	-	-	654,974	1,676,180	1,419,234	256,946	18.1%	11
141,886	22,400,000	1,211,308	1,668,229	12,910,163	15,967,958	(3,057,795)	-19.1%	
-	-	261,600	458,112	4,944,659	4,643,429	301,230	6.5%	12
-	-	871,299	-	1,323,698	1,157,988	165,710	14.3%	13
-	-	1,728,488	-	22,875,941	20,151,534	2,724,407	13.5%	14
-	-	2,259,789	-	3,499,850	2,976,567	523,283	17.6%	15
377,000	-	8,442,402	42,167,347	2,215,020	2,700,833	(485,813)	-18.0%	16
-	-	1,000	-	361,740	319,236	42,504	13.3%	17
-	-	3,748,771	11,807,597	(1,056,955)	(1,920,882)	863,927	-45.0%	18
2,764,087	279,000	318,002	-	9,084,418	11,156,268	(2,071,850)	-18.6%	19
-	204,984	-	-	909,312	905,406	3,906	0.4%	33
-	-	100	-	291,103	274,724	16,379	6.0%	36
3,282,973	22,883,984	18,842,759	56,101,285	62,780,273	63,468,449	(688,176)	-1.1%	
-	-	11,107,197	-	(4,302,318)	(1,851,175)	(2,451,143)	132.4%	21
98,767,000	165,086,000	3,807,000	-	374,809,729	378,221,000	(3,411,271)	-0.9%	22
-	-	-	290,720	4,225,071	4,157,135	67,936	1.6%	24
-	-	3,689,100	-	(1,204,253)	(1,498,163)	293,910	-19.6%	25
98,767,000	165,086,000	18,603,297	290,720	373,528,229	379,028,797	(5,500,568)	-1.5%	
1,554,106	5,183,084	1,000	1,004,699	8,868,838	6,666,734	2,202,104	33.0%	26
77,653,864	6,000,000	10,489,500	4,900	78,078,091	84,898,519	(6,820,428)	-8.0%	27
1,223,913	-	2,566,761	5,000	11,490,889	11,131,455	359,434	3.2%	31
80,431,883	11,183,084	13,057,261	- 1,014,599	98,437,818	102,696,708	(4,258,890)	-4.1%	
-	351,492	78,572	446,317	8,132,455	6,328,621	1,803,834	28.5%	20
-	25,000	16,588,125	156,096	122,560,103	119,370,881	3,189,222	2.7%	35
580,156	50,000	-	-	31,336,896	30,866,306	470,590	1.5%	37
3,166,808	146,360	16,265,205	13,304,259	33,464,925	28,928,053	4,536,872	15.7%	38
26,746,055	-	285,000	-	19,793,712	22,506,507	(2,712,795)	-12.1%	39
-	-	397,000	-	453,669	390,718	62,951	16.1%	40
-	-	2,348,750	-	(287,167)	-	(287,167)	0.0%	41
1,080,000	-	-	-	10,723,045	-	10,723,045	0.0%	43
31,573,019	572,852	35,962,652	- 13,906,672	226,177,638	208,391,086	17,786,552	8.5%	

(Continued)

COUNTY OF WESTCHESTER, NEW YORK

ANALYSIS OF BUDGET INCREASES (DECREASES)
GROSS BUDGET AND COUNTY TAXATION

Dept. #		2021		2022		
		Adopted Budget	Inter Dept. Revenue	Expenditures		Increase (Decrease) Amount %
				Proposed Budget		
42	Parks, Recreation and Conservation					
	General Services	\$ 11,745,465	400,295	\$ 13,158,401	\$ 1,412,936	12.0%
	Parks	12,260,201	-	12,139,489	(120,712)	-1.0%
	Golf Courses	8,175,380	-	8,706,303	530,923	6.5%
	Playland	13,780,212	-	7,155,058	(6,625,154)	-48.1%
	Parkways	1,228,445	-	1,330,050	101,605	8.3%
	Recreation	5,568,883	-	5,404,748	(164,135)	-2.9%
	Recreation and Conservation	521,202	-	663,886	142,684	27.4%
	Total Parks, Recreation and Conservation	53,279,788	400,295	48,557,935	(4,721,853)	-8.9%
	Roads, Transportation					
44	DPW - Transportation Division	186,664,896	499,463	196,973,446	10,308,550	5.5%
46	DPW - Public Works Division	63,446,925	44,664,099	67,876,224	4,429,299	7.0%
	Total Roads, Transportation	250,111,821	45,163,562	264,849,670	14,737,849	5.9%
51	Debt Service	109,130,955	-	113,308,356	4,177,401	3.8%
	Unallocated Fringe Benefits	247,815,611	-	258,738,046	10,922,435	4.4%
52	Unallocated Miscellaneous Budgets					
	Property/Casualty Insurance	-	-	-	-	-
	Workers' Compensation Insurance	5,350,000	-	11,259,015	5,909,015	110.4%
	Miscellaneous Budget Expense	276,924,045	-	295,181,737	18,257,692	6.6%
	Total Unallocated Miscellaneous Budgets	282,274,045	-	306,440,752	24,166,707	8.6%
	Subtotal	2,204,407,599	113,333,863	2,324,378,757	119,971,158	5.4%
	Miscellaneous Revenue	-	-	-	-	0.0%
	Interdepartmental Revenues	(113,333,865)	113,333,865	(117,556,205)	(4,222,340)	3.7%
	Total General Fund	\$ 2,091,073,734	113,333,865	\$ 2,206,822,551	\$ 115,748,818	5.5%

b See Exhibit 1b for detail

c See Exhibit 1c for detail

2022									Dept. #
Revenues				County Taxation					
State	Federal	Other (Departmental)	Interdepart- mental Revenue	2022	2021	Increase (Decrease)			
						Amount	%		
\$ -	\$ -	\$ 1,117,000	\$ 394,000	\$ 11,647,401	\$ 10,238,875	\$ 1,408,526	13.8%	42	
45,000	-	7,098,401	-	4,996,088	4,852,152	143,936	3.0%		
-	-	9,249,383	-	(543,080)	(758,107)	215,027	-28.4%		
-	-	2,759,662	-	4,395,396	5,254,377	(858,981)	-16.3%		
-	-	17,832	-	1,312,218	1,210,403	101,815	8.4%		
-	-	1,289,000	-	4,115,748	3,913,883	201,865	5.2%		
-	-	196,628	-	467,258	324,558	142,700	44.0%		
45,000	-	21,727,906	- 394,000	26,391,029	25,036,141	1,354,888	5.4%		
65,416,872	39,851,000	28,781,038	472,039	62,452,497	94,544,341	(32,091,844)	-33.9%	44	
4,248,757	-	8,700,078	45,376,890	9,550,499	6,850,964	2,699,535	39.4%	46	
69,665,629	39,851,000	37,481,116	- 45,848,929	72,002,996	101,395,305	(29,392,309)	-29.0%		
-	-	-	-	113,308,356	109,130,955	4,177,401	3.8%	51	
-	-	-	-	258,738,046	247,815,611	10,922,435	4.4%		
-	-	-	-	-	-	-	-	52	
-	-	-	-	11,259,015	5,350,000	5,909,015	110.4%		
-	-	-	-	295,181,737	276,924,045	18,257,692	6.6%		
-	-	-	-	306,440,752	282,274,045	24,166,707	8.6%		
283,765,504	239,576,920	145,674,991	117,556,205	1,537,805,137	1,519,237,097	18,568,040	1.2%		
9,260,897	C -	C 980,348,012	-	(989,608,909)	(950,658,095)	(38,950,814)	4.1%		
-	-	-	(117,556,205)	-	-	-	0.0%		
\$ 293,026,401	\$ 239,576,920	\$ 1,126,023,003	\$ -	\$ 548,196,227	\$ 568,579,000	\$ (20,382,774)	0.0%		

MISCELLANEOUS BUDGET EXPENDITURE DETAIL

	Adopted 2021	Proposed 2022
Arts in Westchester	\$ 1,951,719	\$ 1,951,719
Hudson River Museum	721,925	721,925
Certiorari Proceedings	10,000,000	8,112,000
County Membership Fees	110,000	110,000
Court Ordered Medical Exams	1,000	1,000
Board of Ethics	10,000	10,000
Independent Audit	525,000	525,000
In Rem Proceedings	1,000	1,000
Interest Income Distribution Repayment	50,000	4,000
Legal Aid Society of Westchester	14,097,624	15,084,458
Legal Services Indigent Defendant - Felony	4,474,422	-
Legal Services Indigent Defendant - Misdemeanor	5,974,136	-
Legal Services of Hudson Valley	681,463	681,463
Legal Services of Peekskill	122,460	122,460
Public Employees Relation Board	1,000	1,000
Resident Tuition - Other College	8,573,000	8,573,000
Services to WCHCC	9,284,920	8,587,119
Statutory Charges	135,000	135,000
Taxes on County Property	1,750,000	1,601,000
Tourism	497,000	840,000
Tuition Reimbursement Program	500,000	500,000
NYS Court Facilities	22,023,322	20,747,285
Cornell Cooperative Extension	769,518	769,518
Westchester Historical Society	164,351	164,351
Westchester Library System	1,050,600	1,050,600
Community Based Organizations	4,173,585	4,411,839
Sub Total	87,643,045	74,705,737
Municipal Sales Tax Distribution	165,188,000	196,033,000
WCC Sponsor Contribution	24,093,000	24,443,000
Grand Total	<u>\$ 276,924,045</u>	<u>\$ 295,181,737</u>

MISCELLANEOUS BUDGET REVENUE DETAIL

	Adopted 2021	Proposed 2022
Other Revenues:		
Payments in Lieu of Taxes	\$ 10,160,000	\$ 9,197,000
Sales Tax	695,504,000	827,144,000
Auto Use Tax	16,423,000	16,382,000
Mortgage Tax	20,064,000	26,790,000
Hotel Tax	3,463,000	5,750,000
Indirect Costs	2,511,000	2,650,000
Interfund Transfers	1,989,822	1,108,893
Interest on Investments	120,000	125,000
Bond and Note Proceeds	12,741,251	-
Tobacco Settlement Payment	1,885,000	2,000,000
	<u>\$ 764,861,073</u>	<u>\$ 891,146,893</u>
Services to WMC	9,284,920	8,587,119
Intergovernmental Transfers (IGT Payments)	80,000,000	80,000,000
Harness Racing Admission	4,000	1,000
Rent	542,000	553,000
Medical Marijuana Excise Tax	60,000	60,000
	<u>89,890,920</u>	<u>89,201,119</u>
Appropriation / Use of Restricted General Fund Balance	<u>87,994,451</u>	<u>-</u>
Subtotal	<u>942,746,444</u>	<u>980,348,012</u>
State Aid:		
Court Facilities Aid	2,000,000	2,500,000
DASNY Bond Reimbursement	1,875,000	1,929,000
18 B Indigent Defendants Reimbursement	3,811,651	4,831,897
	<u>7,686,651</u>	<u>9,260,897</u>
Federal Aid:		
Enhanced Unemployment	<u>225,000</u>	<u>-</u>
	<u>225,000</u>	<u>-</u>
Grand Total	<u><u>\$ 950,658,095</u></u>	<u><u>\$ 989,608,909</u></u>

County of Westchester, New York
Analysis of Special Districts
Gross Budget and County Taxation

Exhibit 1d

	Appropriations			Appropriated Fund Balance			Fund Balance	Proposed Property Tax Levy	
	2021 Adopted Budget	2022 Proposed Budget	Variance Positive/ (Negative)	2021 Appropriated	2022 Appropriated	Variance Positive/ (Negative)	As Of December 31, 2020	2021	2022
Environmental Facilities (60SEWER)									
Blind Brook Sewer	\$ 9,604,548	\$ 9,320,879	\$ (283,669)	\$ 1,905,321	\$ 1,468,240	\$ (437,081)	\$ 3,767,460	\$ 6,752,861	\$ 7,028,930
Bronx Valley Sewer	25,777,895	25,572,054	(205,841)	3,763,846	2,640,470	(1,123,376)	8,381,454	21,444,541	22,913,454
Central Yonkers Sewer	1,712,444	1,789,881	77,437	441,357	174,656	(266,701)	971,793	1,251,087	1,615,225
Hutchinson Valley Sewer	7,185,565	7,384,870	199,305	1,770,770	680,408	(1,090,362)	3,784,397	5,231,113	6,623,329
Mamaroneck Valley Sewer	19,685,246	19,198,945	(486,301)	1,752,833	1,344,835	(407,998)	4,288,401	16,797,409	16,797,409
New Rochelle Sewer	21,272,177	20,561,873	(710,304)	1,339,953	967,693	(372,260)	2,193,927	16,747,222	16,749,833
North Yonkers Sewer	5,039,193	5,095,647	56,454	740,002	599,730	(140,272)	1,559,112	4,184,224	4,482,917
Saw Mill Valley Sewer	15,546,364	15,555,759	9,395	2,835,269	1,667,283	(1,167,986)	5,987,384	12,246,305	13,775,892
South Yonkers Sewer	1,996,489	2,121,199	124,710	404,480	205,799	(198,681)	924,276	1,542,009	1,915,400
Upper Bronx Sewer	1,438,832	1,413,590	(25,242)	358,869	188,094	(170,775)	794,833	1,040,263	1,230,869
Ossining Sewer	4,555,331	4,492,544	(62,787)	1,049,935	382,427	(667,508)	1,820,232	3,214,990	3,863,037
Peekskill Sewer	5,445,811	5,882,577	436,766	1,066,002	171,706	(894,296)	1,324,271	4,123,303	5,510,674
Port Chester Sewer	3,525,521	3,842,553	317,032	393,028	219,659	(173,369)	717,434	2,703,610	3,227,619
Sewer District Total:	\$ 122,785,416	\$ 122,232,371	\$ (553,045)	\$ 17,821,665	\$ 10,711,000	\$ (7,110,665)	\$ 36,514,974	\$ 97,278,937	\$ 105,734,588
Environmental Facilities (60WATER)									
County Water Dist No 1	\$ 22,446,208	\$ 22,477,400	\$ 31,192	-	\$ 358,777	\$ 358,777	\$ 1,202,543	\$ 4,098,623	\$ 4,098,623
County Water Dist No 2	10,000	10,000	-	-	-	-	448	-	-
County Water Dist No 3	3,093,221	3,229,804	136,583	691,932	829,804	137,872	3,138,952	-	-
County Water Dist No 4	1,000	1,000	-	-	-	-	326,744	-	-
Water District Total:	\$ 25,550,429	\$ 25,718,204	\$ 167,775	\$ 691,932	\$ 1,188,581	\$ 496,649	\$ 4,668,687	\$ 4,098,623	\$ 4,098,623
Environmental Facilities (60REFUSE)									
Refuse Disposal District Admin	\$ 7,169,732	\$ 6,017,359	\$ (1,152,373)	11,343,413	\$ 5,319,014	\$ (6,024,399)	\$ -	\$ 47,718,254	\$ 52,645,376
So Columbus Transfer Station	2,798,610	2,746,433	(52,177)	-	-	-	-	-	-
Thruway Transfer Station	4,237,638	4,216,697	(20,941)	-	-	-	-	-	-
Wastesheds 4 And 5	2,925,806	2,891,095	(34,711)	-	-	-	-	-	-
Recovery And Disposal	44,642,232	45,069,206	426,974	-	-	-	-	-	-
Comprehensive Recycling Office	2,791,991	2,865,046	73,055	-	-	-	-	-	-
Material Recovery Facility	12,644,071	12,865,512	221,441	-	-	-	-	-	-
Refuse Disposal District Total:	\$ 77,210,080	\$ 76,671,348	\$ (538,732)	\$ 11,343,413	\$ 5,319,014	\$ (6,024,399)	\$ 27,375,447	\$ 47,718,254	\$ 52,645,376
Total All Districts:	\$ 225,545,925	\$ 224,621,923	\$ (924,002)	\$ 29,857,010	\$ 17,218,595	\$ (12,638,415)	\$ 68,559,108	\$ 149,095,814	\$ 162,478,587

COUNTY OF WESTCHESTER, NEW YORK

Exhibit 1e

ANALYSIS OF FEDERAL AND STATE AID INCREASE (DECREASE)

	2021	2022	Increase (Decrease)		2021	2022	Increase (Decrease)		2021	2022	Increase (Decrease)	
	Federal Aid	Federal Aid	Amount	Percentage	State Aid	State Aid	Amount	Percentage	Total Aid	Total Aid	Amount	Percentage
Social Services:												
Medical Assistance	\$ 1,864,000	\$ 2,150,000	\$ 286,000	13.30%	\$ 1,864,000	\$ 2,150,000	\$ 286,000	13.30%	\$ 3,728,000	\$ 4,300,000	\$ 572,000	13.30%
Family Assistance	34,689,000	30,493,000	(4,196,000)	-13.76%	1,062,000	790,000	(272,000)	-34.43%	35,751,000	31,283,000	(4,468,000)	-14.28%
Safety Net	-	-	-	0.00%	16,847,000	16,331,000	(516,000)	-3.16%	16,847,000	16,331,000	(516,000)	-3.16%
Child Care	12,136,000	12,002,000	(134,000)	-1.12%	13,066,000	11,807,000	(1,259,000)	-10.66%	25,202,000	23,809,000	(1,393,000)	-5.85%
Adolescent Offender Services	-	-	-	0.00%	8,330,429	5,175,829	(3,154,600)	-60.95%	8,330,429	5,175,829	(3,154,600)	-60.95%
Social Services Special Items	-	-	-	0.00%	122,000	131,000	9,000	6.87%	122,000	131,000	9,000	6.87%
Indirect Social Services (POS)	33,052,000	33,982,000	930,000	2.74%	5,673,000	7,514,000	1,841,000	24.50%	38,725,000	41,496,000	2,771,000	6.68%
Emergency Assistance to Families	23,946,000	18,243,000	(5,703,000)	-31.26%	-	-	-	0.00%	23,946,000	18,243,000	(5,703,000)	-31.26%
Emergency Assistance to Adults	-	-	-	0.00%	750,000	800,000	50,000	6.25%	750,000	800,000	50,000	6.25%
Committee on the Handicap	-	-	-	0.00%	9,948,400	10,545,000	596,600	5.66%	9,948,400	10,545,000	596,600	5.66%
Enhanced FMAP & Other Recovery	-	3,000,000	3,000,000	0.00%	-	-	-	0.00%	-	3,000,000	3,000,000	100.00%
Total Relief	\$ 105,687,000	\$ 99,870,000	\$ (5,817,000)	-5.82%	\$ 57,662,829	\$ 55,243,829	\$ (2,419,000)	-4.38%	\$ 163,349,829	\$ 152,113,829	\$ (11,236,000)	-7.39%
Salaries and Administrative	61,978,000	65,216,000	3,238,000	4.97%	35,216,000	43,523,171	8,307,171	19.09%	97,194,000	108,739,171	11,545,171	10.62%
Total Applicable to Dept. of Social Services	\$ 167,665,000	\$ 165,086,000	\$ (2,579,000)	-1.56%	\$ 92,878,829	\$ 98,767,000	\$ 5,888,171	5.96%	\$ 260,543,829	\$ 260,853,000	\$ 309,171	0.12%
Other County Departments:												
Board of Elections	\$ -	\$ -	\$ -	0.00%	\$ 159,882	\$ -	\$ (159,882)	0.00%	\$ 159,882	\$ -	\$ (159,882)	0.00%
Community Mental Health	909,008	5,183,084	4,274,076	82.46%	1,316,960	1,554,106	237,146	15.26%	2,225,968	6,737,190	4,511,222	66.96%
Correction	35,000	25,000	(10,000)	-40.00%	-	-	-	0.00%	35,000	25,000	(10,000)	-40.00%
County Executive:												
Office of Women	-	-	-	0.00%	22,000	22,000	-	0.00%	22,000	22,000	-	0.00%
Office of Economic Development	-	19,000,000	19,000,000	0.00%	-	-	-	0.00%	-	19,000,000	19,000,000	0.00%
Office of Tourism	-	3,400,000	3,400,000	0.00%	-	-	-	0.00%	-	3,400,000	3,400,000	0.00%
Youth Bureau	-	-	-	0.00%	120,295	119,886	(409)	-0.34%	120,295	119,886	(409)	-0.34%
Information Technology	-	-	-	0.00%	176,828	377,000	200,172	53.10%	176,828	377,000	200,172	53.10%
District Attorney	133,500	50,000	(83,500)	-167.00%	580,156	580,156	-	0.00%	713,656	630,156	(83,500)	-13.25%
Emergency Services	1,011,888	351,492	(660,396)	-187.88%	-	-	-	0.00%	1,011,888	351,492	(660,396)	-187.88%
Health:												
Public Health	1,924,575	6,000,000	4,075,425	67.92%	4,343,829	6,219,113	1,875,284	30.15%	6,268,404	12,219,113	5,950,709	48.70%
Service Children with Special Needs	-	-	-	0.00%	61,909,003	71,434,751	9,525,748	13.33%	61,909,003	71,434,751	9,525,748	13.33%
Human Rights Commission	165,000	204,984	39,984	19.51%	-	-	-	0.00%	165,000	204,984	39,984	19.51%
Laboratories and Research	-	-	-	0.00%	1,066,102	1,223,913	157,811	12.89%	1,066,102	1,223,913	157,811	12.89%
Office of Assigned Counsel	-	-	-	0.00%	-	1,080,000	1,080,000	100.00%	-	1,080,000	1,080,000	100.00%
Parks, Recreation and Conservation	-	-	-	0.00%	45,000	45,000	-	0.00%	45,000	45,000	-	0.00%
Planning	275,000	279,000	4,000	1.43%	60,000	2,764,087	2,704,087	97.83%	335,000	3,043,087	2,708,087	88.99%
Probation	-	-	-	0.00%	22,516,196	26,746,055	4,229,859	15.81%	22,516,196	26,746,055	4,229,859	15.81%
Public Safety	275,277	146,360	(128,917)	-88.08%	2,813,352	3,166,808	353,456	11.16%	3,088,629	3,313,168	224,539	6.78%
Public Works	-	-	-	0.00%	2,920,894	4,248,757	1,327,863	31.25%	2,920,894	4,248,757	1,327,863	31.25%
Tax Commission	-	-	-	0.00%	500	-	(500)	0.00%	500	-	(500)	0.00%
Transportation	13,893,579	39,851,000	25,957,421	65.14%	53,335,688	65,416,872	12,081,184	18.47%	67,229,267	105,267,872	38,038,605	36.14%
Miscellaneous Budgets:												
Enhanced Unemployment	225,000	-	(225,000)	0.00%	-	-	-	0.00%	225,000	-	(225,000)	0.00%
Court Facilities Aid	-	-	-	0.00%	2,000,000	2,500,000	500,000	20.00%	2,000,000	2,500,000	500,000	20.00%
DASNY Bond Reimbursement	-	-	-	0.00%	1,875,000	1,929,000	54,000	2.80%	1,875,000	1,929,000	54,000	2.80%
18 B Indigent Defendants Reimbursement	-	-	-	0.00%	3,811,651	4,831,897	1,020,246	21.11%	3,811,651	4,831,897	1,020,246	21.11%
Total Applicable to Other County Departments	\$ 18,847,827	\$ 74,490,920	\$ 55,643,093	74.70%	\$ 159,073,336	\$ 194,259,401	\$ 35,186,065	18.11%	\$ 177,921,163	\$ 268,750,321	\$ 90,829,158	33.80%
General Fund Total Federal and State Aid	\$ 186,512,827	\$ 239,576,920	\$ 53,064,093	22.15%	\$ 251,952,165	\$ 293,026,401	\$ 41,074,236	14.02%	\$ 438,464,992	\$ 529,603,321	\$ 91,138,329	17.21%

Open Book New York
Office of the State Comptroller
Thomas P. DiNapoli, State Comptroller

Trend Report for County of Westchester

Property Tax Cap

(Data elements presented below are "as submitted" by the local government, and have not been modified or certified by OSC)

	PKFOD Calculation 2022	2021	2020	2019
Tax Levy Limit (Cap) before Adjustments and Exclusions				
Tax Levy Prior Year	717,674,814	718,674,814	719,674,814	705,565,775
Prior Year Reserve Offset	-	-	-	-
Reserve Amount	-	-	-	-
Tax Base Growth Factor	1.0058	1.0053	1.0086	1.0063
PILOTS Receivable Prior Year	10,160,000	10,731,172	10,533,851	10,658,693
Tort/Judgment Exclusion Prior Year	-	-	-	-
Allowable Levy Growth Factor	1.0200	1.0156	1.0200	1.0200
PILOTS Receivable Current Year	9,197,000	10,454,250	10,731,172	10,533,851
Available Carryover from Prior Year	11,196,532	11,271,393	11,031,528	10,886,161
Total Levy Limit before Adjustments/Exclusions		745,470,259	751,426,182	735,435,233
Adjustments for Transfer of Local Government Functions				
Costs Incurred from Transfer of Functions	-	-	-	-
Savings Realized from Transfer of Functions	-	-	-	-
Total Adjustments	-	-	-	-
Total Levy Limit, Adjusted for Transfer of Local Government Functions	748,636,807	745,470,259	751,426,182	735,435,233
Exclusions				
Tax levy necessary for expenditures resulting from tort orders/judgments over 5% Prior Year				
Tax Levy	-	-	-	-
Tax levy for pension contribution expense				
TRS	-	-	-	-
ERS	-	-	-	-
PFRS		965,225	-	-
Total Exclusions	-	965,225	-	-
Total Tax Levy Limit, Adjusted for Transfers Plus Exclusions	748,636,807	746,435,484	751,426,182	735,435,233
Reserve Amount Used to Reduce Current Year Levy	-	-	-	-
Proposed Levy for Current Year, Net of Reserve	710,674,814	717,674,814	718,674,814	719,674,814
Total Tax Levy Limit Adjusted for Transfers Plus Exclusions compared to the Prior Year Tax Levy				
	4.31%	3.90%	4.40%	4.20%
Difference between Tax Levy Limit Plus Exclusions and Current Year Proposed Levy	37,961,993	28,760,670	32,751,368	15,760,419
Planning to Override the Cap	No	No	No	No

**Schedule of Recommended and Adopted Property Tax Levies
2013 Through 2022**

YEAR	PROPOSED GENERAL FUND TAX LEVIES	ADOPTED GENERAL FUND TAX LEVIES	INCREASE (DECREASE)	INCREASE (DECREASE) OF ADOPTED TAX LEVIES	INCREASE (DECREASE) OF ADOPTED TAX LEVIES
2013	548,423,468	548,423,468	-	-	0.00%
2014	548,423,468	548,423,468	-	-	0.00%
2015	548,423,468	548,423,468	-	-	0.00%
2016	548,423,468	548,423,468	-	-	0.00%
2017	548,423,468	548,423,468	-	-	0.00%
2018	548,423,468	559,391,937	10,968,469	-	0.00%
2019	570,579,000	570,579,000	-	11,187,063	2.00%
2020	569,579,000	569,579,000	-	(1,000,000)	-0.18%
2021	568,579,000	568,579,000	-	(1,000,000)	-0.18%
2022	548,196,227	-	-	-	-

County of Westchester, New York
Schedule of Recommended and Adopted General Fund Positions
2013 Through 2022

<u>YEAR</u>	<u>General Fund Positions</u>	<u>Change</u>
2013	4,182	12
2014	4,218	36
2015	4,221	3
2016	4,131	(90)
2017	4,191	60
2018	4,209	18
2019	4,272	63
2020	4,312	40
2021	4,275	(37)
2022	4,354	79

Fund Balance Description and Calculation

What is Fund Balance? The Governmental Accounting, Auditing and Financial Reporting ("GAAFR") Guidebook published by the Governmental Finance Officers Association ("GFOA") in referring to fund balance states "Not all assets and liabilities are equally relevant to near-term financing". Some assets, for instance, cannot be used to pay bills (assets used in operations, such as land and buildings). Likewise, some liabilities are long-term, and thus have a limited effect in the near term (for example; principle and interest obligations on 20 year bonds). Governmental funds, such as the General Fund., are designed to remove such assets and liabilities, which make these funds well suited for assessing near-term financial position. This near-term financial position is best reflected in an entity's fund balance.

The GAAFR goes on to describe the categories of this fund balance:

- "Non-spendable – resources that can never be spent or are in a form that is temporarily not spendable (such as inventory and prepaid expenditures).
- Restricted fund balance – resources that are legally restricted by outside parties (such as New York State General Municipal Law).
- Committed fund balance – resources that the Legislature has self-imposed limitations on the use of such funds.
- Assigned fund balance – resources that are limited in use by less formal action of the Legislative or Administrative branches or by generally accepted accounting standards for government (for example encumbrance of appropriated funds).

And lastly;

- Unassigned fund balance – resources that are in spendable form and are neither restricted, committed or assigned."

The GAAFR goes further. "Any analysis of near-term financial position has to consider whether there is (enough fund balance) in the General Fund to serve as a financial buffer against contingencies". Clearly, both non-spendable fund balance and restricted fund balance are

irrelevant to such a determination. Therefore, the focus for analyzing the adequacy of fund balance in the General Fund needs to be unrestricted fund balance, which is defined as:

$$\begin{array}{r} \text{Committed fund balance} \\ + \text{Assigned fund balance} \\ + \text{Unassigned fund balance} \\ \hline = \text{Unrestricted fund balance} \end{array}$$

2021			
Total Fund Balance at December 31, 2020	\$	248,602,370	
Less:			
Nonspendable		(28,034,072)	
Assigned - GASB 75		(41,000,000)	
Encumbrances		(15,639,134)	
Appropriated Fund Balance for 2021		<u>(87,994,451)</u>	
Fund Balance available for future year's budget	\$		75,934,713
Major Revenue Findings for 2021 Budget year			
Sales and Use Tax	\$	101,240,000	
Distribution of Sales Tax		(22,840,000)	
Auto Use Tax		680,000	
County Mortgage Tax		9,940,000	
Hotel Tax		1,230,000	
County Clerk - Unallocated		3,460,000	
State Aid - 20% Holdback		20,400,000	
Federal Aid (FEMA, ARPA)		31,880,000	
Corrections - Housing		3,740,000	
NYS Court Facilities		570,000	
Tobacco Settlement		110,000	
Department of Parks			
Golf		1,670,000	
Parks		(1,420,000)	
Playland Park		(2,330,000)	
County Center		(410,000)	
Ice Casino		(390,000)	
Dept. of Transportation - Dept Inc		(1,580,000)	
Proceeds From Serial Bonds		(7,650,000)	
Misc. Revenue- WCHCC		(1,110,000)	
Capital Chargebacks		<u>(730,000)</u>	
			136,460,000
Major Expenditure Findings for 2021 Budget year			
Personal Services			
Salaries	\$	16,840,000	
Overtime		(6,880,000)	
Other		(930,000)	
Department of Corrections			
Overtime		(10,930,000)	
Food		630,000	
Medical Services		180,000	
Department of Transportation			
Bus Operating Subsidies		(1,260,000)	
Paratransit		1,280,000	
Department of Public Works			
Utilities - White Plains		30,000	
Utilities - Valhalla		1,350,000	
Contractual		1,680,000	
Debt Service		(1,590,000)	
Fringe Benefits			
Social Security		120,000	
Retirement		(8,250,000)	
Health Insurance		1,590,000	
Certari Proceedings		4,020,000	
Ed of Handicapped Children , net		7,400,000	
DSS, net		27,190,000	
Other		<u>1,020,000</u>	
			33,490,000
2021 Projected Budget Surplus			<u>169,950,000</u>
Fund Balance available for future year's budget			245,884,713
Nonspendable			28,034,072
Assigned - GASB 75			41,000,000
Encumbrances			<u>15,639,134</u>
Total Fund Balance projected for December 31, 2021	\$		<u><u>330,557,919</u></u>
Unassigned Fund Balance as a % of Operating Budget			
Unassigned Fund Balance		<u>245,884,713</u>	
Operating Budget		<u>2,091,073,734</u>	*
			11.76%

2022			
Total Fund Balance at December 31, 2021	\$	330,557,919	
Less:			
Nonspendable		(28,034,072)	
Assigned - GASB 75		(41,000,000)	
Encumbrances		(15,639,134)	
Appropriated Fund Balance for 2022		<u>-</u>	
Fund Balance available for future year's budget	\$		245,884,713
Major Revenue Findings for 2022 Budget year			
Sales and Use Tax	\$	5,820,000	
Distribution of Sales Tax		(1,380,000)	
Auto Use Tax		580,000	
Corrections - Housing		1,560,000	
Hotel Tax		310,000	
County Mortgage Tax		(2,970,000)	
County Clerk - Unallocated		(890,000)	
Dept. of Transportation - Dept Inc		<u>(2,170,000)</u>	860,000
Major Expenditure Findings for 2022 Budget year			
Personal Services			
Overtime	\$	(3,430,000)	
Fringe Benefits			
Social Security		(190,000)	
Health Insurance		2,640,000	
Certari Proceedings		680,000	
Other		<u>570,000</u>	270,000
2022 Projected Budget Surplus			<u>1,130,000</u>
Fund Balance available for future year's budget			247,014,713 ←
Nonspendable			28,034,072
Assigned - GASB 75			41,000,000
Encumbrances			<u>15,639,134</u>
Total Fund Balance projected for December 31, 2022	\$		<u><u>331,687,919</u></u>
Unassigned Fund Balance as a % of Operating Budget			
Unassigned Fund Balance		<u>247,014,713</u>	
All Operating Funds		<u>2,206,822,551</u> *	11.19%