

COUNTY OF WESTCHESTER

**Analysis and Review
of the
Proposed 2023 Budget**

DRAFT



December 5th, 2022

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

Dear Chairperson Gashi:

The County Executive's 2023 Proposed Budget has been submitted to the Board of Legislators for its review and deliberation. When the Legislature adopted its 2022 budget the County was dealing with the impact that the pandemic had on the local economy and the services needed for its residents. The Federal Government had provided financial assistance to local governments aiding them in their recovery. Our report delineates recurring Federal and State aid from this assistance to help you during the budget review process.

The 2023 Proposed Budget provides for an aggregate appropriation of \$2.37 billion with 5,027 allowed (funded) positions of which 469 positions as of the date of this report are vacant. This budget is \$148.31 million greater than the 2022 budget adopted by the Board of Legislators in December 2021. Also included is \$216.83 million for the Municipal Sales Tax Distribution, which is an increase of \$19.42 million as compared to the 2022 Adopted Budget.

The Proposed Budget for the County continues to rely upon major sources of revenue derived from sales and use taxes in the amount of \$909.85 million, or 38.43% of total revenues, Federal and State aid \$595.78 million, or 25.16% of total revenues, departmental income \$152.49 million, or 6.44%, various other revenues \$167.40 million,

or 7.07% and the remaining source of financing the spending plan – property taxes \$542.20 million, or 22.90% of the revenues. The General Fund property tax levy amount is \$6 million less than the comparative tax levy adopted for the 2022 budget, and does not utilize any fund balance in the 2023 Proposed Budget.

The Special Districts (Sewer, Water and Refuse) are separate entities from the County’s general operations and their activities are accounted in Special Revenue funds. The 2023 Proposed Budget increases the property tax levy by \$19.48 million to support operations in each of the districts (except the Water Districts).

The combined property tax levies, General and Special Districts, result in an overall increase of \$13.48 million (General Fund tax reduction of \$6 million and Special Districts tax increase of \$19.48 million) and remain within the “2% Cap” (the “Allowable Levy Growth Factor” pursuant to Chapter 97 of the NYS Laws of 2011, as amended).

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

Appropriations	In Millions
Health	\$ 49.53
Sales Tax Distribution	18.22
Employee Health Insurance	17.54
Correction	17.34
Social Services	15.17
Transportation	12.49
Parks, Rec & Conservation	11.84
Public Works	9.64
Public Safety	7.43
All Other Departments, Net	6.76
Emergency Services	4.38
Information Technology	4.33
Services to WCHCC	4.14
Probation	3.37
FICA/Medicare	2.00
District Attorney	1.64
Community Mental Health	1.63
Community Based Organizations	(2.72)
Planning	(5.47)
Economic Development	(15.66)
Total Appropriations (Net Changes)	\$ 163.60

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

The Department of Health saw the largest increase (\$49.53 million), most of which is the transfer to the Capital Fund for an affordable housing project. Public Safety (\$7.43 million), Corrections (\$17.34 million) and Emergency Services (\$4.38 million) saw increases to cover the costs of new school resource officers, correction officers and other services to adequately fund public safety. The Department of Public Works (\$9.64 million) and Services to WCHCC (\$4.14 million) had increases mostly related to the rising costs of utilities. The Department of Probation (\$3.37 million) increases are mostly related to the costs of repairing Woodfield Cottage. The Department of Social Services (\$15.17 million) included increases for the various programs needed to assist residents as they return from issues due to the economic environment; The Office of Economic Development saw a decrease (\$15.66 million) as its programs to assist Westchester businesses affected by the pandemic will continue to 2023 as all of the ARPA funds appropriated in the 2022 Adopted Budget were not expended and most of these variances are described further in the related sections of our report.

The \$163.60 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:	
Correction	\$ 2.02
Parks, Rec & Con	1.76
Children with Special Needs	1.60
Other Departments	1.56
County Police	0.93
Sub-total Departmental Revenue	7.87
Sales and Use Tax	76.89
Federal Aid	31.60
State Aid	22.58
Real Property Taxes	6.00
Interest on Investments	5.38
Miscellaneous Revenue - Woodfield Cottage	5.00
Services to WCHCC	4.12
All Other Revenue, Net	4.16
Total Revenue (Net Changes)	\$ 163.60

Sales tax revenues in the 2023 Proposed Budget increased by \$76.89 million reflecting the economic growth experienced during 2022 as receipts not only returned, but exceeded prior year levels. Federal aid has increased by \$31.60 million, which includes a portion of the American Rescue Plan Funding. State aid has grown by \$22.58 million reflecting an increase in service levels in Social Services and Health program expenditures.

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. 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 audits and 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 5th (“Legislative Add Day”). 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

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REVENUES

Federal Stimulus Assistance

The American Rescue Plan Act of 2021 (“ARPA”) established the Coronavirus State and Local Fiscal Recovery Funds (“SLFRF”) to provide state and local governments with the resources needed to respond to the pandemic and its economic effects and to build a stronger, more equitable economy during the recovery. Governments were given substantial flexibility to determine how best to use payments from the SLFRF program to meet the needs of their communities. The County’s share of the SLFRF funds is \$187.93 million received in two payments and used for the following purposes. We also present here direct aid received for existing Federal programs for COVID – 19 expenditures not included in SLFRF.

2021

Originally planned for \$6.54 million, actually spent \$7.07 million

- Federal Emergency Management Agency (“FEMA”)
 - \$7.07 million
 - Department of Social Services (\$2.59 million) – Emergency housing and meals
 - Department of Environment Facilities (\$3.19 million) – Emergency repairs and cleanup
 - Refuse District (\$1.27 million) – Emergency repairs and clean up
 - Water District (\$22,313) – Emergency repairs and clean up
- ARPA - Direct Aid
 - Originally planned \$39.10 million, actually spent \$55.26 million
 - Department of Planning) – Emergency Rental Assistance Program (“ERAP”) (\$546,000).
 - Department of Transportation (\$44 million) – awarded under the Federal Transit Formula Grant for bus operating assistance.
 - Airport (\$10.74 million) – awarded under the Airport Improvement Program for operating assistance
- ARPA – Local Fiscal Recovery Funds
 - \$771,000 Sewer and Refuse District operations

The 2022 Adopted Budget included revenue from ARPA, from the SLFRF and direct funding for existing programs with Coronavirus Relief Fund expenditures:

Originally planned \$71.62 million - project \$79.45 million

- Local Fiscal Recovery Funds (“LFRF”) as revised are as follows:
 - County Executive (Office of Economic Development) \$14.62 million - Minority and Women Owned Business Enterprises (“MWBE”), Disadvantaged Business Enterprises (“DBE”), Religious organizations, Non-Profits, and Service-Disabled Veteran-Owned Businesses (“SDVOB”) grant program
 - County Executive Office of Tourism \$784,422 – Tourism, promotion, and competitive grants
 - Department of Public Health \$2.33 million – \$2 million Federally Qualified Health Center (disabled veterans) Capital grants and \$333,333 Senior Telehealth
 - Environmental Facilities \$17.80 million for Sewer and Refuse operations to mitigate increased utility expenses
 - Planning Department – \$1 million for small landlord rehabilitation grants
 - Department of Social Services \$250,000 work force training under the Healthcare Talent Pipeline Program.
 - County Wide - \$4.80 million for COVID-19 related expenditures
- Coronavirus Response and Relief Supplemental Appropriations Act (“CRRSAA”) and the American Rescue Plan Act (“ARPA”) - Direct
 - Department of Transportation \$32 million awarded under the Urbanized Area Formula Program (5307) bus operating expenditures
 - Airport \$5.87 million awarded under the Airport Improvement Program for operating assistance

The 2023 Budget the County has projected the following uses:

- Local Fiscal Recovery Funds (“LFRF”)
 - County Executive (Office of Economic Development) \$1.37 million - Downtown Improvement Grant (DIG)
 - County Executive (Office of Tourism) \$2.21 million – Tourism, promotion, and competitive grants
 - Department of Public Health \$54.33 million –\$3 million Federally Qualified Health Center (disabled veterans), \$333,333 - Senior Telehealth, \$1 million Maternal Mortality Program - \$50 million cash to Capital - Affordable Housing Investment Fund
 - Environmental Facilities \$15.36 million for Sewer and Refuse operations to replace Fund Balance diminishment needed for 2022 operations
 - Planning Department – \$9 million for small landlord rehabilitation grants
 - Department of Social Services -\$1.65 million - \$250,000 work force training under the Healthcare Talent Pipeline Program and \$1.40 million food pantries
- Coronavirus Response and Relief Supplemental Appropriations Act (“CRRSAA”) and the American Rescue Plan Act (“ARPA”) – Direct
 - Department of Transportation (\$32 million) – awarded under the Urbanized Area Formula Program (5307) bus operating expenditures.
 - Airport - \$5.17 million awarded under the Airport Improvement Program for operating assistance

The period of performance under the SLFRF award is to cover eligible costs that the County incurred during the period that began on March 3, 2021, and ends on December 31, 2024, as long as the award funds for the obligations incurred by December 31, 2024, are expended by December 31, 2026. Based on the plan above \$61.61 million under ARPA remains available for the year 2024.

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 2022 projection for PILOT revenue is \$9.20 million, which is the same amount as the 2022 Adopted Budget. Based on actual PILOT receipts year-to-date and anticipated PILOT receipts for the remainder of the fiscal year, we concur with the County’s projection and the 2022 Adopted Budget.

The 2023 Proposed Budget for PILOT revenue is \$8.65 million, a decrease of \$550,000 as compared to the 2022 Adopted Budget. The decrease is mainly due to the expiration of the PILOT payments applicable to Entergy (Indian Point) for \$770,000, offset by a new agreement starting in 2023 with Regeneron Pharmaceuticals for \$230,000. Based on this new information, we concur with the 2023 Proposed Budget.

Sales Tax

Sales tax revenues comprise the largest component of the revenue segment of the budget. The local 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 total sharing with municipalities approximates 23.70%.

In response to the increases in energy costs, the County has enacted two sales tax exemption programs. The first capped the County sales tax on gas purchases at \$0.12 per gallon from June 1 through August 31, 2022. The second eliminates sales taxes on home heating costs from December 1, 2022 through February 28, 2023.

The 2022 Adopted Budget for sales tax revenue is \$832.96 million, of which \$635.55 million represents the County's share. The remaining amount of \$197.41 million represents the sales tax revenue collected by the County and remitted to the Cities, Towns, Villages and School Districts.

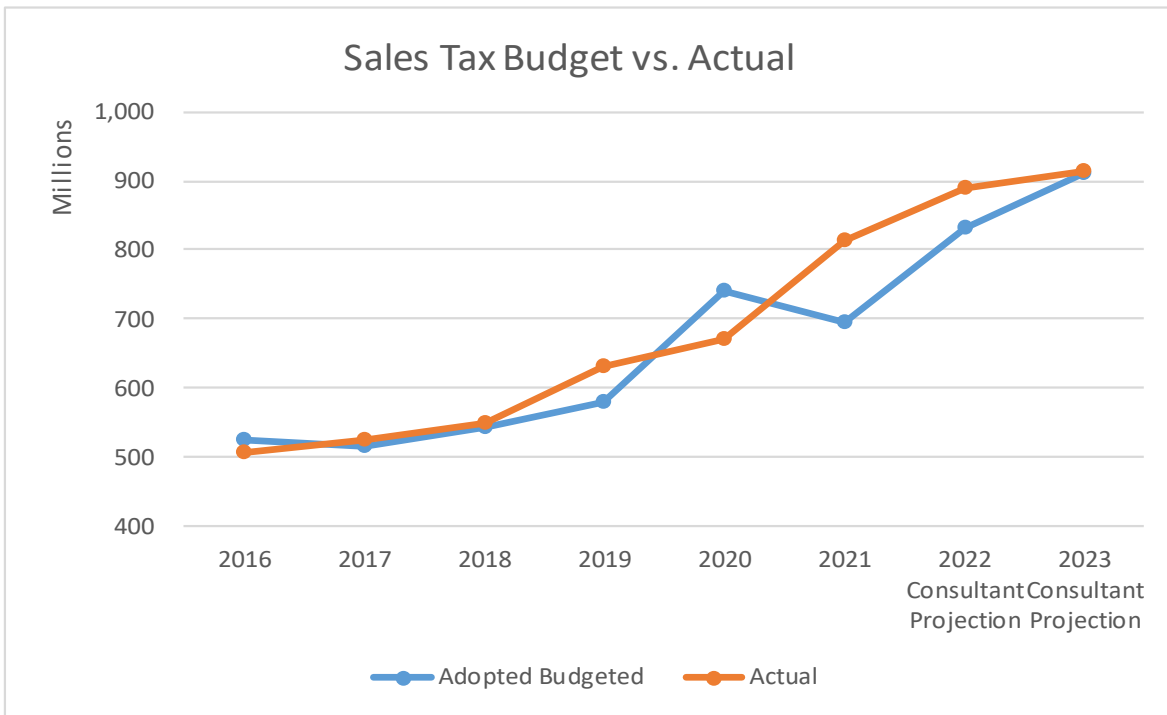
The County's collections for sales taxes through October 2022 amount to \$685.12 million, compared to \$616.89 for the same period in 2021, an increase of 11.06%. Growth rates by quarter were 16.67% in January – March, 8.81% in April – June and 9.10% in July - September, rates roughly equivalent to the rate of inflation during those periods. For their projection, the County assumed that revenues in October – December would increase at 6% compared to 2021. Based on the recent reductions in the rate of inflation, we concur with this growth rate. We project 2022 revenues to be \$890.02 million, a \$6.85 million favorable variance as compared to the County's 2022 projection of \$883.17 million and a \$57.06 million favorable variance as compared to the 2022 Adopted Budget.

The 2022 Adopted Budget is \$197.41 million for the sales tax distribution due to the other municipalities. 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 \$210.04 million. This is a \$12.63 million more in distribution as compared to the 2022 Adopted Budget and a \$1.89 million more than the County's projection of \$208.16 million.

The 2023 Proposed Budget anticipates \$909.85 million of sales tax revenues, of which \$215.63 million is the portion due to the various municipalities. The Proposed Budget includes the impact of the sales tax exemption on home heating costs from December 1, 2022 through February 28, 2023. Economic growth rates and inflation rates significantly impact sales tax revenue. To reduce

inflation, the Federal Reserve began aggressively increasing the discount rate in March of 2022 from ¼ % percent and has since raised rates six times to the current rate of 4.00%. Uncertainty around interest rates, energy prices, and ongoing supply chain disruptions result in significant uncertainty for economic expectations in 2023. The State of New York currently projects a 3.7% increase in sales taxes in its April 2023 through March 2024 fiscal year. The County has projected a 3% growth rate for 2023 compared to its 2022 projection, a growth rate lower than the past year. Based on the uncertainties noted above, we concur with this growth expectation. We therefore project 2023 sales tax revenues to amount to \$914.90 million, a favorable variance of \$5.05 million as compared to the 2023 Proposed Budget. Should the County decide to extend the heating fuel tax waiver, or offer any new exemptions, the amount of sales tax revenue will be impacted.

Based on our sales tax projection, the distribution to the municipalities will amount to \$216.83 million, which is an unfavorable variance of \$1.20 million as compared to the 2023 Proposed Budget.

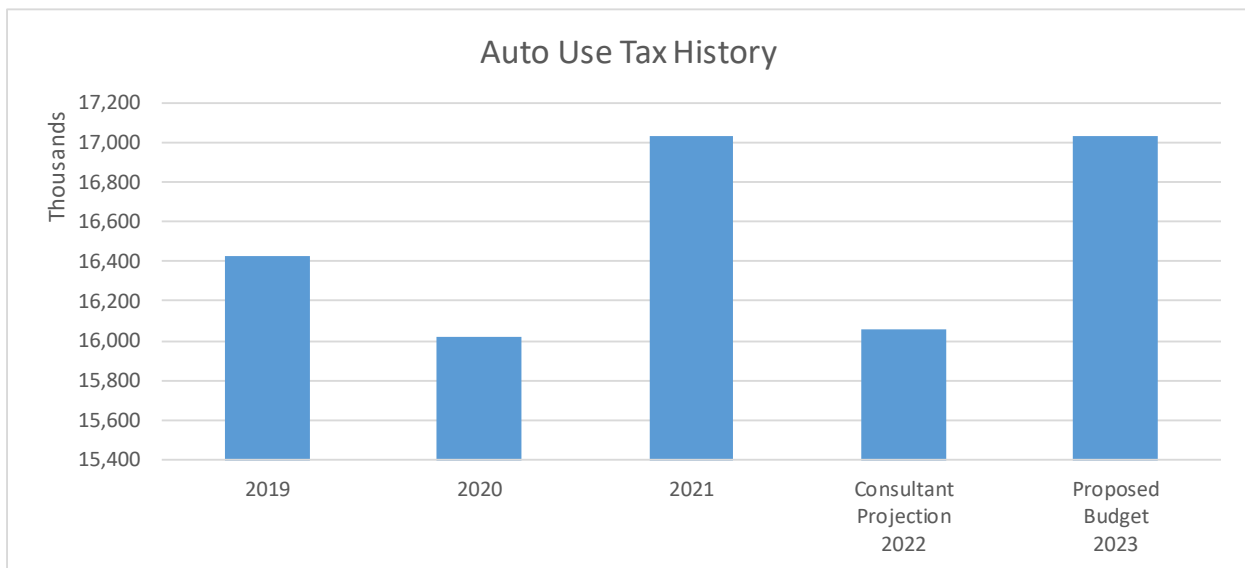


Auto Use Tax

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 2022 Adopted Budget is \$16.38 million for the revenues derived from taxes on motor vehicle use. Actual revenue collected through September 2022 is \$12.32 million, a decrease of \$1.16 million as compared to the same period in 2021. Based on revenues collected through September 2022 and a 3-year average of the fourth quarter collections, we project revenues of \$16.06 million, an unfavorable variance of \$320,000 as compared to the 2022 Adopted Budget and a similar amount to the County's projection.

The 2023 Proposed Budget is \$17.03 million, an increase of \$650,000 as compared to the 2022 Adopted Budget. Historical data indicates that more revenue is collected during odd years than even years. We also noted that there has not been a significant change over the last few years therefore we used the 2021 actual as out base for the calculation. The 3-year average of the change in growth for odd years was 2.3%. We project revenues of \$17.03 million an amount consistent with the 2023 Proposed Budget.



Mortgage Tax

The mortgage tax is derived from a ¼ % tax on mortgages processed. The chart below shows the amounts received and the change as compared to the prior years:

<u>Year</u>	<u>Amount</u>	<u>Dollar Increase (Decrease)</u>	<u>Percentage Increase (Decrease)</u>
2019 Actuals	\$ 20.14 million	\$ 1,730,000	9.4 %
2020 Actuals	21.76 million	1,620,000	8.0
2021 Actuals	30.20 million	8,440,000	38.8
2022 Adopted Budget	25.31 million	(4,890,000)	(16.2)
2023 Proposed Budget	25.16 million	(150,000)	(0.6)

The 2022 Adopted Budget is \$25.31 million for mortgage tax. Through October 2022, the County has received \$24.31 million in revenues, a decrease of 2.70% as compared to the same period in 2021. Mortgage tax revenues in the first half of 2022 were comparable to collections over the same period in 2021 due to increased housing prices and increased demand for homes outside of the New York City area. For our projection, we assumed that the collection rate for the remainder of the year will approximate the same collection rate before 2020. Based on this approach, we project revenues to be \$28.89 million, a \$3.58 million favorable variance as compared to the 2022 Adopted Budget and an amount comparable to the County’s projection of \$28.92 million.

The 2023 Proposed Budget includes mortgage tax revenue of \$25.16 million, a \$150,000 decrease compared to the 2022 Adopted Budget. Our projection assumes that the current mortgage activity will decline as the year progresses due to increased interest rates set by the Federal Reserve. Our assumption includes mortgage tax collections for the first and second quarters consistent to 2022 activity, plus the third and fourth quarters consistent with pre-pandemic activity in 2019. Based upon these assumptions, we project mortgage tax revenues to be \$24.52 million, an unfavorable variance of \$640,000.

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 add an additional 3% tax. There are approximately 53 hotels within Westchester County comprising over 5,800 rooms.

The County's 2022 projection and the 2022 Adopted Budget for hotel tax is \$6.06 million. Revenues through September 2022 were \$4.10 million, an increase of approximately \$900,000 as compared to the same period in 2021. 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 2022 to be \$6.32 million, a favorable variance of \$260,000 as compared to the 2022 Adopted Budget.

The 2023 Proposed Budget for hotel tax is \$6.06 million, the same amount as the 2022 Adopted Budget. There has been an increase in hotel occupancies per quarter during 2022 as business reopened and travel has increased. As a result, we applied an average growth rate for the past 5 years and project revenues to be \$6.37 million, a favorable variance of \$310,000 as compared to the 2023 Proposed Budget.

Interest on Investments

Total interest on investments for the 2023 Proposed Budgets is approximately \$12.48 million, of which the County has included \$6.98 million for the Special Districts. Interest on investments includes interest on actual earnings and Environmental Facilities Corporation ("EFC") interest subsidies from debt and is detailed in the below sections.

Operating Budget

The 2022 Adopted Budget is \$125,000 for interest on investments, and the County projects \$3.40 million. The County's projection is significantly higher than the Adopted Budget due to the Federal Reserve increasing interest rates, and the County having a significant cash balance due to

unspent ARPA funds. To project 2022 expenditures, we utilized the cash balances as of November 2022 and adjusted the balance for additional spending for the remainder of the fiscal year. Using our projected cash balance and a 3% interest rate, we project total interest on investments to be \$5.16 million, a \$5.04 million favorable variance with the 2022 Adopted Budget and a \$1.76 million favorable variance with the County’s projection.

The 2023 Proposed Budget contains \$5.50 million for interest on investments. For our projection, we utilized the projected cash flow for 2023 with adjustments for the use of ARPA funds for various projects. Based upon this and a flat 3% interest rate over the fiscal year, we project interest on investments to approximate \$9.33 million, a \$3.83 million favorable variance with the 2023 Proposed Budget. It should be noted that the County is currently earning 3.4% interest, but due to market volatility, we used a lower interest rate.

Special Districts Budget

The 2023 Proposed Budget for the Special Districts contains a total budget for interest on investments of \$6.98 million. The County anticipates receiving EFC subsidies totaling approximately \$8.76 million in the sewer and refuse districts. This results in a \$1.78 million favorable variance as compared to the 2023 Proposed Special Districts Budget.

County Clerk

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

	2022 Adopted Budget	2022 County Projected	2022 Consultant Projected	2023 Proposed Budget
Land Records and other items	\$ 9,624,141	\$ 9,025,297	\$ 8,598,427	\$ 8,841,076
Legal Division	806,191	820,346	953,130	802,500
Licensing	179,796	156,070	305,471	368,641
Pistol Renewals	52,069	41,560	58,065	98,045
	<u>\$ 10,662,197</u>	<u>\$ 10,043,273</u>	<u>\$ 9,915,093</u>	<u>\$ 10,110,262</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 Filing, New York State Transfer Gains Tax, Federal Tax liens, and is home to the County's Map Division. Mortgage filing collections approximate 60% of Land Record Collections. 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 2022 Adopted Budget is \$10.66 million for County Clerk fees. The County projects revenues to amount to \$10.04 million, \$620,000 less than the 2022 Adopted Budget. Through October 2022, approximately \$8.02 million was collected, compared to \$9.96 million through October 2021, a decrease of \$19.48%. For our projection, we assume that the remaining revenues for 2022 will be consistent with the last two months of 2021. Therefore, we project revenues to approximate \$9.92 million, a \$740,000 unfavorable variance with the 2022 Adopted Budget and a \$120,000 unfavorable variance with the County's projection.

The 2023 Proposed Budget includes \$10.11 million for County Clerk fees. We expect County Clerk departmental revenues to return to levels consistent with those prior to 2020. Therefore, we project revenues to approximate \$9.67 million, a \$440,000 unfavorable variance with the 2023 Proposed Budget.

Department of Corrections

The Department of Corrections revenues are derived from activities related to the Jail. The 2022 Adopted Budget is \$18.17 million and the 2023 Proposed Budget is \$20.63 million. The chart below outlines the various components:

	2022 Adopted Budget	2023 Proposed Budget
Housing Federal Inmates	\$ 17,255,000	\$ 19,226,375
Pay Phone	721,000	718,000
State Criminal Alien Assistance Program	-	440,000
Federal Aid - Other	25,000	16,800
Miscellaneous	172,125	227,625
	\$ 18,173,125	\$ 20,628,800

Our discussion below will focus the Housing of Federal Inmates component, which represents over 90% of the total revenues.

Housing of Federal Inmates

For each Federal inmate housed daily, the County receives \$215 per day from the U.S. Marshall Services. The 2022 Adopted Budget of \$17.26 million is based on an average Federal inmate daily population of 220. The County currently projects revenues to be \$20.50 million, a favorable variance of \$3.24 million as compared to the 2022 Adopted Budget. Federal billings through October 2022 total \$16.79 million, with an average Federal inmate population of 257, as displayed in Table C on page 44. Our projection utilizes year-to-date revenues and an estimate for November and December 2022 based on the billing rate of \$215 and Federal inmates of 257. We project revenues to be \$20.16 million, a favorable variance of \$2.90 million as compared to the 2022 Adopted Budget, but an unfavorable variance of \$340,000 as compared to the County's projection.

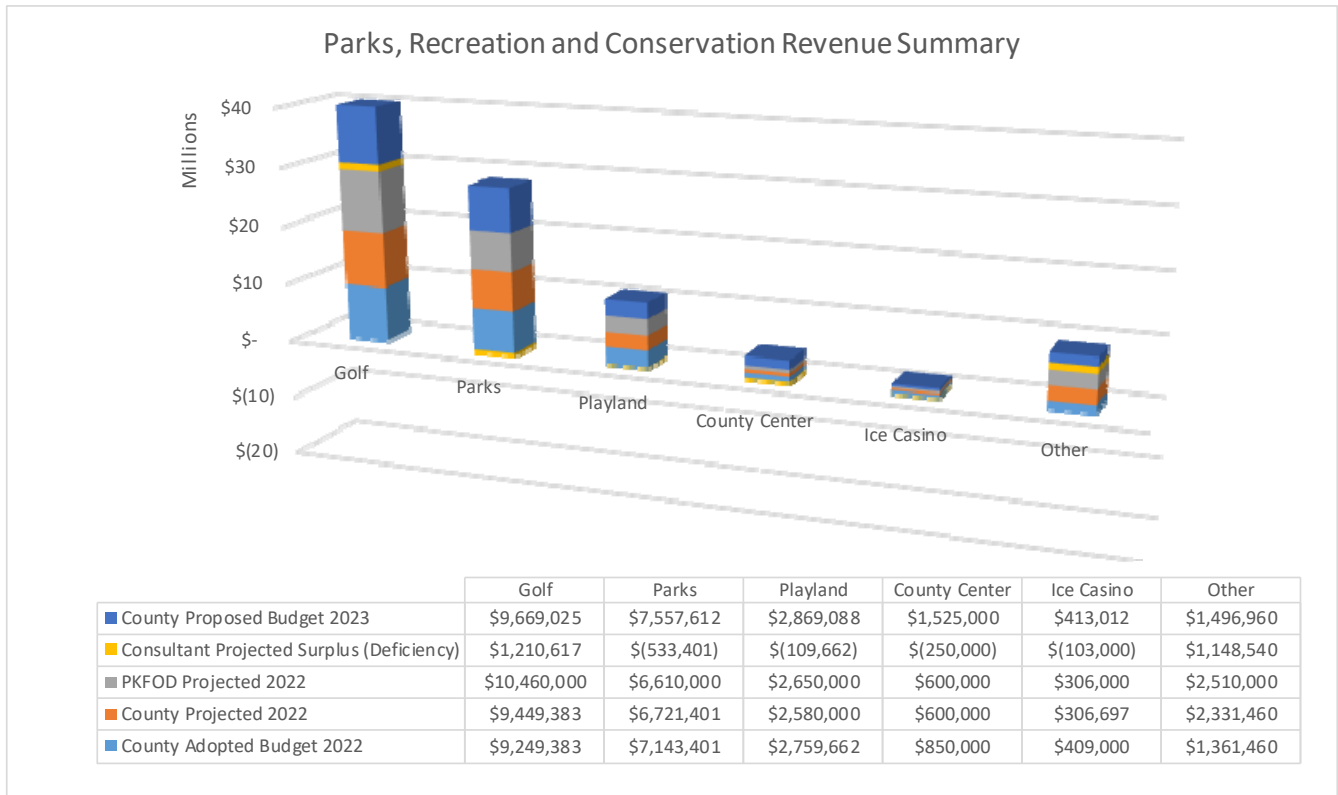
The 2023 Proposed Budget is \$19.23 million, an increase of \$1.97 million as compared to the 2022 Adopted Budget. The County's calculation is based on an average daily Federal inmate population of 245 and a daily rate of \$215 per inmate. Although the Federal inmate population has been steadily increasing over the past several years, we used an average Federal inmate population of 250, which is slightly less than our current average. Based on the billing rate of \$215 per Federal inmate, we project revenues to be \$19.62 million, a favorable variance of \$390,000 as compared to the 2023 Proposed Budget.

Department of Parks, Recreation and Conservation

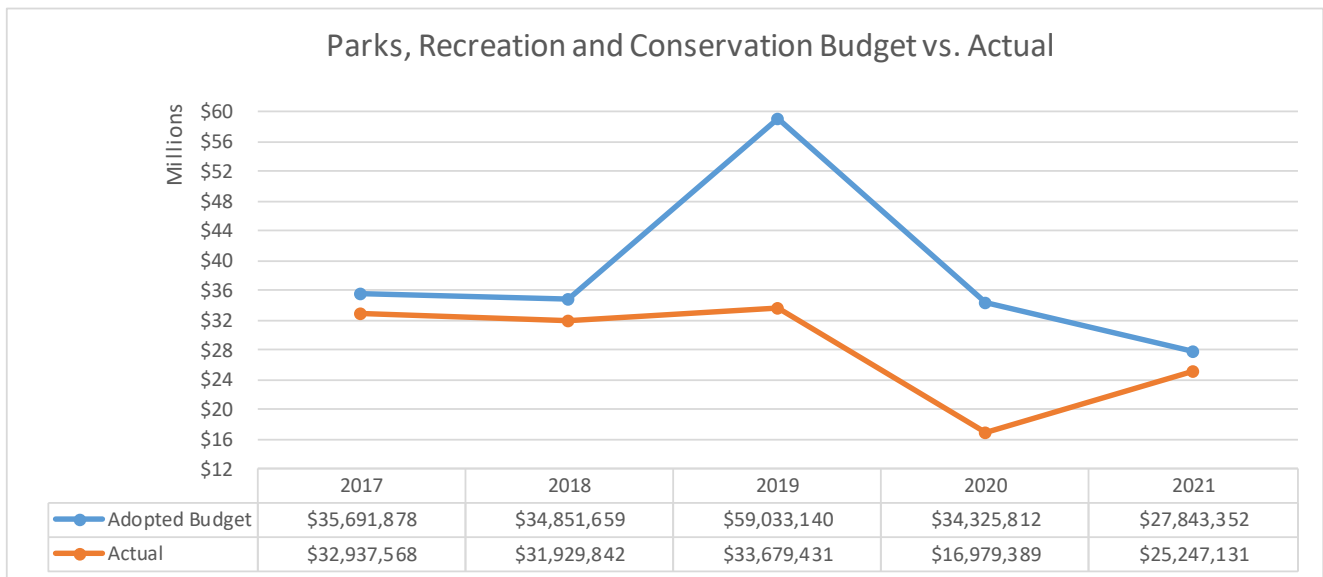
The Department of Parks, Recreation and Conservation anticipates total revenues of \$21.77 million in the 2022 Adopted Budget and the County projects approximately \$21.99 million a favorable variance of \$220,000. Our projection for 2022 is \$23.14 million, or a \$1.37 million favorable variance as compared to the 2022 Adopted Budget and a \$1.15 million favorable variance as compared to the County's projection. These variances will be discussed in the sections that follow.

The 2023 Proposed Budget anticipates \$23.53 million in revenues. This represents an increase of \$1.76 million as compared to the 2022 Adopted Budget. This increase is mainly due to the County anticipating the County Center to open in 2023 to host events, as well as increases in golf fees, and park fees.

A comparison of the 2022 Adopted Budget, County projections, our projections and the 2023 Proposed Budget revenues is as follows:



A summary of the Department’s revenue budget versus actual for the years 2017 through 2021 is as follows:

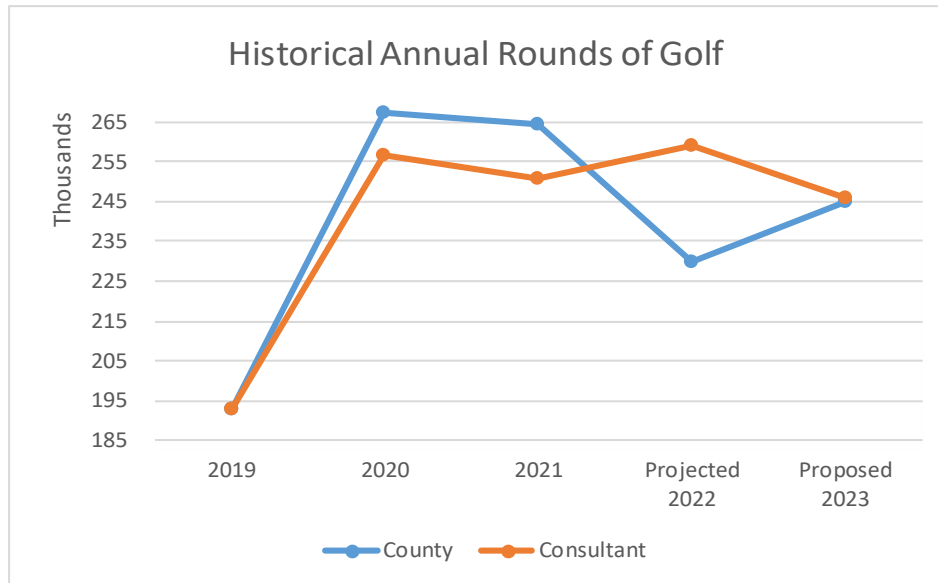


Golf Fees

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 2022 projection for golf fee revenues is \$9.45 million, an amount \$200,000 more than the 2022 Adopted Budget of \$9.25 million. We project revenues to be \$10.46 million, a favorable variance of \$1.01 million as compared to the County's 2022 projection and a favorable variance of \$1.21 million as compared to the 2022 Adopted Budget. Our projection utilizes the average of the previous three years' rounds of golf through October representing 90% of the total rounds, the remaining 10% are the rounds played in November and December. Based on this analysis, we project approximately 259,000 rounds to be played in 2022, an amount 29,000 greater than the County's original estimate. Although greater than budget, the golf courses experienced a slight decrease in the weekly rounds played during 2022 as compared to 2021 likely the result of the "return to work". In order to calculate our projected revenues, we utilized the average revenues per round (\$40.30), which is based on rounds played in 2022 and revenues earned through October 2022.

The 2023 Proposed Budget is \$9.67 million, an increase of \$420,000 as compared to the 2022 Adopted Budget. The Department has not proposed any fee increases. The 2023 Proposed Budget estimates 245,000 rounds to be played, a decrease from 2022. Our projection takes into account the fact that golf had grown in popularity during the pandemic, as it was one of the only outdoor activities available. Now, as many other recreational activities become available, we expect the number of rounds will decline slightly due to these additional options. Based on these assumptions we used an average of number of rounds played (246,000) for the last four years including our 2022 projection. Therefore, we project revenues to be \$9.92 million, a favorable variance of \$250,000 as compared to the 2023 Proposed Budget.

The following is a summary of the actual rounds played for the years 2019 through 2021, the County’s projection and our projection for 2022 and 2023:



There are no fee increases for golf fees in 2023. The following is a summary of the greens fees for weekdays, weekends, and replay programs for 2022 and 2023:

Green Fees	2022 & 2023 With Park Pass	2022 & 2023 Without Park Pass
<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 2022 to be \$6.72 million, \$420,000 less than the 2022 Adopted Budget of \$7.14 million. This year was the first time since the pandemic there were no COVID restrictions or capacity limitations at the pools and beaches generating year-to-date revenues through October 2022 of \$5.88 million. This is an increase of approximately 11% as compared to the same period in 2021. Based on the year-to-date actual revenues and the 3-year average revenues earned for the remainder of the year, we project revenues to be \$6.61 million. This results in an unfavorable variance of \$110,000 as compared to the County's projection and an unfavorable variance of \$530,000 as compared to the 2022 Adopted Budget.

The 2023 Proposed Budget for this revenue source is \$7.56 million, an amount \$420,000 more than the 2022 Adopted Budget and \$840,000 greater than the 2022 County projection. Based on current fees and the anticipated increase in attendance, we project revenues to be \$7.02 million, an unfavorable variance of \$540,000 as compared to the 2023 Proposed Budget.

Playland Park

The amusement park offers the community and tourists various rides and entertainment options. 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 agreement Standard Amusements will pay the County a management fee, reimbursement for personal services, utility and security services. Based on year-to-date fees and reimbursements, we project revenues to be \$2.65 million, a favorable variance of \$70,000 compared to the County's projection of \$2.58 million and an unfavorable variance of \$110,000 as compared to the 2022 Adopted Budget of \$2.76 million.

The 2023 Proposed Budget is \$2.87 million for this revenue source, an amount \$110,000 more than the 2022 Adopted Budget. The agreement with Standard Amusements is still ongoing for 2023 with an increase in the annual management fee of \$100,000. Based on the terms of the agreement and an estimated increase in utilities, we project revenues to be \$3.02 million, a favorable variance of \$150,000 as compared to the 2023 Proposed Budget.

County Center

The 2022 Adopted Budget is \$850,000 for County Center revenues, while the County is projecting \$600,000, an unfavorable variance of \$250,000. The County Center is no longer being used as a COVID-19 vaccination or testing site and is currently undergoing a complete restoration. The main revenue source of 2022 has been commuter parking. Based on year-to-date collections, we concur with the County's projection resulting in an unfavorable variance of \$250,000 as compared to the 2022 Adopted Budget.

The 2023 Proposed Budget projects County Center revenues to be \$1.53 million, an increase of \$680,000 as compared to the 2022 Adopted Budget and \$930,000 greater than the 2022 County projection. The County is anticipating the restoration will be completed in 2023 and the County Center will open to host events. In addition to commuter parking the County Center will generate revenue from building use fees, facility usage, concessions, and other charges. Based on this information, we concur with the 2023 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% since the project is still not complete. The County's 2022 projection is \$306,000, an amount \$103,000 less than the 2022 Adopted Budget of \$409,000. This variance is due to the facility being closed from June through August. Based on the terms of the amendment to the contract, the reduction of charges, and the year-to-date collections, we concur with the County's projection.

The 2023 Proposed Budget includes \$413,000 from this revenue source. Given that this revenue is based upon the amended contract, which has been reduced pending completion of the capital project mentioned above, we concur with the amount contained in the 2023 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, 2022 were comprised of approximately 51% from Insurance Funds for damages from Hurricane IDA, 15% from park passes and 14% 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 2022 Adopted Budget provides for \$1.36 million in other revenues. The County projects 2022 revenues to approximate \$2.33 million, a favorable variance of \$970,000. Based on a 4-year average of historical collections and an increase in the year-to-date collections of \$1.10 million due to insurance reimbursements received for damages from Hurricane IDA, we project revenues to be \$2.51 million. This results in a favorable variance of \$180,000 as compared to the County’s projection and a favorable variance of \$1.15 million compared to the 2022 Adopted Budget.

The 2023 Proposed Budget is \$1.50 million for other revenues, an increase of \$140,000 as compared to the 2022 Adopted Budget. The County included an additional \$50,000 for Scout Field Park for ground permits, and there are no proposed increases on park passes or other fees therefore, we concur with this amount.

Department of Transportation

Departmental Revenues

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

Departmental Revenues

<u>2022 Adopted Budget</u>	<u>2022 County Projected</u>	<u>2023 Proposed Budget</u>
<u>\$ 26,611,038</u>	<u>\$ 16,746,735</u>	<u>\$ 26,690,675</u>

The 2022 Adopted Budget for departmental income is \$26.61 million. For which the County estimates serving approximately 21.83 million passengers. During the year, the County announced that from June through August, November 19th through November 27th, and December 7th through December 26th, transportation will be free to the public. As of September 2022, total revenue was \$14.39 million, with 15.21 million passengers. Of these passengers, 6.65 million rode the bus for free. Considering the free months and number of passengers served thus far, we concur with the County's 2022 projection of \$16.75 million, an unfavorable variance of \$9.86 million as compared to the 2022 Adopted Budget, which was likely offset by Federal aid (ARPA and CRSSAA).

The 2023 Proposed Budget includes \$26.69 million for departmental revenues, with no anticipated rate increases and no anticipation of suspension of fares. The County plans on serving approximately 20.28 million passengers. With the suspension of services in prior years and the continuation of the decline in ridership due to the pandemic, it is difficult to project ridership, therefore, we concur with the 2023 Proposed Budget of \$26.69 million.

State Aid

The Department of Transportation receives State aid in the form of Statewide Mass Transportation Operating Assistance (“STOA”). As a specified recipient in the New York State Department of Transportation Budget, the County is allocated STOA based on direct annual legislative appropriation.

<u>State Aid</u>		
<u>2022 Adopted Budget</u>	<u>2022 County Projected</u>	<u>2023 Proposed Budget</u>
<u>\$ 65,416,872</u>	<u>\$ 85,486,300</u>	<u>\$ 87,196,026</u>

The County’s 2022 projection for State aid is \$85.49 million, an increase of \$20.07 million as compared to the 2022 Adopted Budget of \$65.42 million. This increase is due to a 36% increase in NYS funding that was approved in the State’s Fiscal Year 2022-2023 Budget. Based on this information, we concur with the County’s projection, resulting in a favorable variance of \$20.07 million as compared to the 2022 Adopted Budget.

The 2023 Proposed Budget is \$87.20 million. At this point in time, the State has not adopted their 2023-2024 budget and if these funds are not included, the County could face a \$20 million shortfall. Since we have no information to not include this revenue, we will concur with the 2023 Proposed Budget.

Federal Aid

The Department of Transportation receives funding under the Federal Preventative Maintenance 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 bus operating expenses within the Department of Transportation.

<u>Federal Aid</u>		
<u>2022 Adopted Budget</u>	<u>2022 County Projected</u>	<u>2023 Proposed Budget</u>
<u>\$ 39,851,000</u>	<u>\$ 34,124,000</u>	<u>\$ 34,144,000</u>

The 2022 Adopted Budget for Federal aid is \$39.85 million, which includes \$25.87 million for CRSSA/ARPA funding for bus operating assistance (“BOA”). Originally, \$12 million was planned for preventive maintenance labor however, the County will move \$12 million to the Capital Fund for the bus replacement project. The remaining balance of \$1.98 million is miscellaneous Federal for commuter and Paratransit services. The County projects using \$32 million of the CRSSA/ARPA funds for BOA and \$2.12 million for Paratransit services. We concur with the County’s projection, resulting in an unfavorable variance of \$5.73 million as compared to the 2022 Adopted Budget.

The 2023 Proposed Budget is \$34.14 million, which is comprised of \$32 million of CRSSA/ARPA for BOA and \$2.14 million for commuter and Paratransit services. Based on the information received from the County and the New York State appropriations, we concur with the 2023 Proposed Budget. As a reminder to County officials, when the Federal subsidy is no longer available in the amounts budgeted for 2022 and 2023, funds will need to be identified to keep service at the current level.

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 \$216.60 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 \$7.17 million, Senior Bonds of \$91.30 million and Subordinate Bonds of \$82.50 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”).

The 2022 Adopted Budget and the County's projection for tobacco settlement residual payments is \$2 million. We anticipate that tobacco sales will remain at their current level in 2022. Based upon this assumption, we project the 2022 WTASC tobacco residual payment to the County to be \$2 million, thus we concur with the 2022 Adopted Budget and County's projection.

The 2023 Proposed Budget is \$2 million for tobacco settlement residual payments. As we anticipate that tobacco sales will remain at their 2022 level, we concur with the 2023 Proposed Budget.

Opioid Settlements

In 2021, the New York State Legislature created the "Opioid Settlement Fund" to hold monies related to Federal Opioid Settlements to be used by the State and its counties. The funds are restricted and may only be used on eligible expenditures for the prevention, treatment, harm reduction and recovery services related to substance use disorders and co-occurring mental illnesses in New York State. As these funds can only be used for specific purposes, the County created two new programs, Project Alliance and Project Fresh Start, which are discussed in the Community Mental Health expenditures section.

In 2022, the County budgeted funds relating to multiple Federal Opioid Settlements, including payments from AmerisourceBergen, Cardinal Health, and McKesson ("Big 3") and Johnson & Johnson. In 2022, the County budgeted these funds in Federal Aid, but as the funds were received, they were categorized as State Sourced Revenues through the State's Opioid Settlement Fund. For 2022, the County projects total Opioid revenues to approximate \$4.85 million, a favorable variance of \$580,000 as compared to the 2022 Adopted Budget of \$4.27 million.

The 2023 Proposed Budget contains \$1.05 million included in State Aid. The County anticipates settlement payments will be distributed over the next 17 years. The County will receive, on average, \$1.05 million annually from the Big 3. Johnson and Johnson will begin annual payments starting in 2024. The amounts could vary over the years due to anticipated future settlements as per the New York State Attorney General's Office. Therefore, we concur with the amount included in the 2023 Proposed Budget.

Miscellaneous Revenue

The 2023 Proposed Budget for Miscellaneous Revenue of \$98.33 million, \$9.13 more than the 2022 Adopted Budget, is comprised of the following:

	2022 Adopted Budget	2022 County Projected	2023 Proposed Budget
Services to Westchester Medical Center	\$ 8,587,119	\$ 9,741,627	\$ 12,705,669
DASNY - Woodfield Cottage	-	-	5,000,000
Intergovernmental Transfers (IGT Payments)	80,000,000	80,000,000	80,000,000
Harness Racing Admission	1,000	1,000	1,000
Rent	553,000	553,000	560,000
Medical Marijuana Excise Tax	60,000	60,000	60,000
	<u>\$ 89,201,119</u>	<u>\$ 90,355,627</u>	<u>\$ 98,326,669</u>

Services to Westchester Medical Center

The County is reimbursed for services provided to WCHCC for gas and electric utilities, fire insurance, and sewer tax. The 2022 Adopted Budget is \$8.59 million for these services and the County projects revenues to approximate \$9.74 million, \$1.15 million more than the 2022 Adopted Budget, which is due to increased utility rates. Based upon this information, we project reimbursements to approximate \$10.02 million, a \$1.43 million favorable variance as compared to the 2022 Adopted budget and a \$280,000 favorable variance as compared to the County's projection. This favorable 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 2023 Proposed Budget is \$12.71 million for services to WCHCC. This consists of projected costs for sewer tax and gas and electric utilities. For our projection, we used our 2022 analysis of utilities for the Department of Public Works and allocated these costs based upon usage for WCHCC. Therefore, we project revenues to approximate \$12.95 million, resulting in a \$240,000 favorable variance as compared to the 2023 Proposed Budget.

DASNY – Woodfield Cottage

The Miscellaneous Budget includes \$5 million related to the costs in the Department of Probation for repairs on Woodfield Cottage. The County anticipates DASNY will reimburse them for any operating funds advanced for the project. The revenue has a corresponding expenditure of \$5 million in the Department of Probation for non-recurring repairs.

Intergovernmental Transfers (“IGT Payments”)

The 2023 Proposed Budget for miscellaneous revenue for IGT Payments includes \$80 million for the estimated 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 2022 Adopted Budget and the County’s projection is \$2.50 million. Reimbursements consist of the use of the Appellate Court, court cleaning and minor repairs. To project 2022 revenues, we utilized year-to-date reimbursements, resulting in a projection of \$2.72 million, a \$220,000 favorable variance with the 2022 Adopted Budget and the County’s projection.

The 2023 Proposed Budget is \$2.50 million. Based upon the anticipated expenditures we concur with this amount.

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 57% of their time is chargeable and estimates the 2022 revenues to be \$3.60 million, which is equal to the 2022 Adopted Budget. Our analysis takes into consideration actual results based on historical revenues earned, as well as our 2022 projection for engineering salaries. Based on these factors, we project revenues to amount to \$3.21 million, an unfavorable variance of \$390,000 as compared to the 2022 Adopted Budget and the County’s projection.

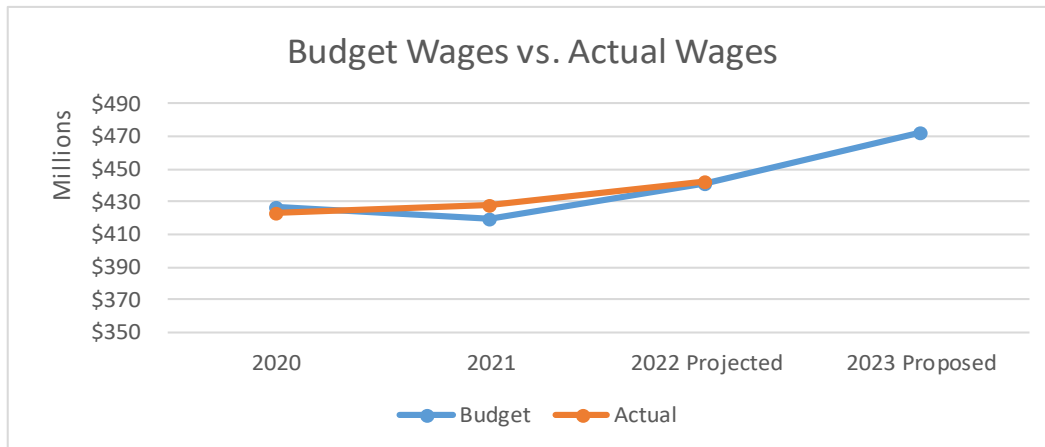
The 2023 Proposed Budget is \$3.67 million for capital chargebacks. Our projection for 2023 utilizes the 2023 proposed annual salaries and the average chargeback rate over the past three years, excluding 2020. Based on this information and taking into account the number of new capital projects, we will concur with the amount contained in the 2023 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 19.86% of the Operating Budget. Annual regular salary costs in the 2022 Adopted Budget are \$387.06 million to fund 4,356 operating positions. In addition to salaries, other personal services include costs for hourly, overtime, holiday pay, shift differentials and other miscellaneous items are budgeted at \$53.60 million, for a total personal services cost of \$440.66 million.

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

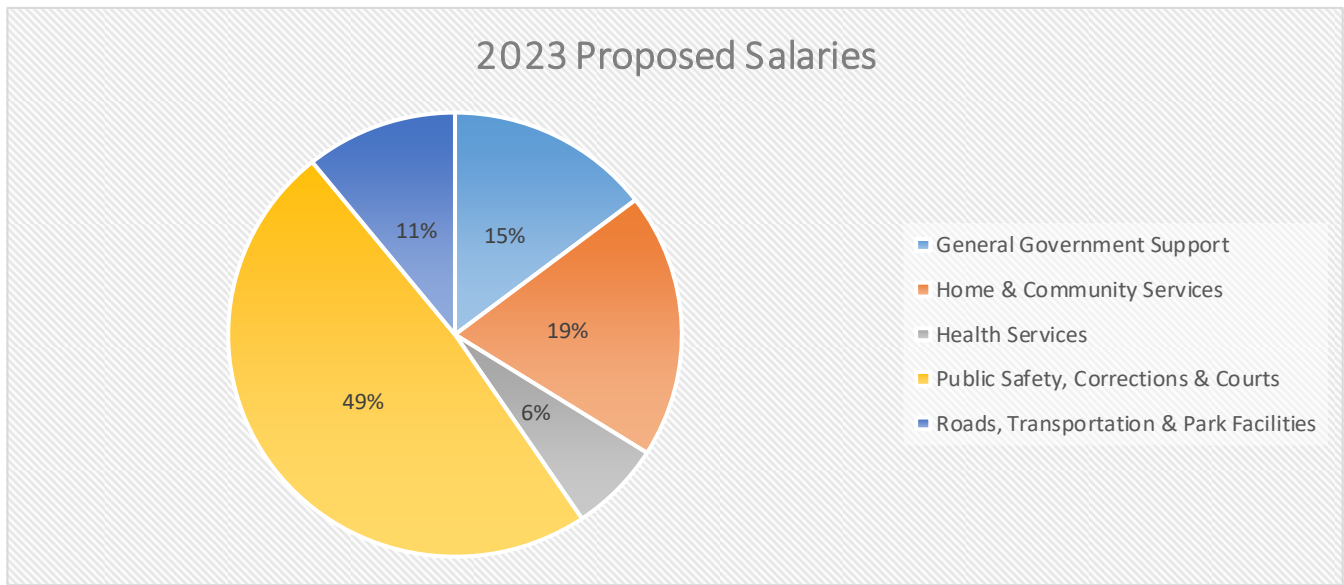


The personal service categories provide County administrators with the greatest opportunity for flexibility. This flexibility is the result of the timing and control of filling vacant positions. Savings created by the personal service categories generate savings in the employee benefit categories as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

When reviewing 2022, we considered personal service costs related to salaries through the first of two payrolls for November. 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 end of year trends for past years for recurring variations in overtime pay during the final months of the year.

Our analysis indicates that total personal services (inclusive of hourly, overtime and other costs) for 2022 will aggregate to approximately \$442.79 million, a \$2.13 million unfavorable variance as compared to the 2022 Adopted Budget and a \$890,000 unfavorable variance as compared to the County’s projection of \$441.90 million.

The following is a summary of the 2023 proposed salaries by functional category:



The 2023 Proposed Budget includes salary costs of \$407.92 million to fund 4,409 positions in the General Fund as compared to 4,356 in the 2022 Adopted Budget, resulting in a net increase of 53 positions. In addition to salaries, other personal services costs include overtime (discussed further below), hourly employees compensation, shift differentials, holiday pay, and other personal service costs is budgeted at \$64.50 million, for a total of \$472.42 million. The increase in positions represents positions added by resolutions during 2022 as part of the 2023 Proposed Budget.

Our approach for the 2023 projected salaries takes into account contract settlements, new positions, abolished positions, 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 Department	Current Vacancies		
	Current Vacant FTE	Current Vacant Salary	Proposed Salary Savings
Board of Legislators	4	\$ 215,000	\$ -
County Executive	5	393,585	-
Human Resources	3	103,190	50,000
Department of the Budget	2	242,860	-
Board of Elections	7	527,935	-
Department of Finance	6	501,500	205,000
Information Technology	23	1,520,445	720,000
Department of Law	11	903,085	310,000
Department of Planning	3	259,795	100,000
Emergency Services	3	329,140	100,000
County Clerk	7	283,260	-
Department of Social Services	146	8,984,685	7,445,000
Weights and Measures, Consumer Protection	2	102,945	50,000
Community Mental Health	9	595,000	255,000
Department of Health	35	2,248,340	510,000
Labs and Research	11	785,100	510,000
Human Rights Commission	1	61,555	-
Department of Corrections	52	2,974,560	-
Tax Commission	1	47,410	-
District Attorney	14	1,352,434	410,000
Public Safety Services	28	2,359,714	-
Department of Probation	42	1,686,595	310,000
Solid Waste Commission	1	56,070	50,000
Parks, Recreation and Conservation	11	745,315	720,000
Assinged Counsel	4	218,900	-
Department of Public Works and Transportation - Transportation Division	4	323,830	205,000
Department of Public Works and Transportation - Public Works Division	34	2,231,700	1,585,000
Subtotal Operating Budget	469	\$ 30,053,948	\$ 13,535,000
Special Districts	-	-	1,500,000
Total	469	\$ 30,053,948	\$ 15,035,000

The 2023 Proposed Budget is \$472.42 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 \$13.54 million in various departments in the Operating Budget (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. As of the date of the report, the County has 469 vacant operating positions with associated salaries of \$30.05 million. These positions would have to remain unfilled for the majority of the year to meet the 2022 Proposed Budget.

Overtime

The 2022 Adopted Budget includes \$31.02 million in overtime funding. We project that these costs will amount to \$45.79 million, a \$14.77 million unfavorable variance compared to the 2022 Adopted Budget, and a \$2.38 million unfavorable variance compared to County's projection of \$43.41 million. Our projected unfavorable variances in overtime costs compared to budget were most significant in the following departments:

- \$10.61 million in the Departments of Corrections and \$2.98 million in Public Safety. The large number of unfilled positions has necessitated significant overtime.

The 2023 Proposed Budget includes \$39.13 million for overtime funding, which is \$8.11 million more than the 2022 Adopted Budget. The 2023 Proposed Budget includes funding for all current vacant positions in the Department of Corrections and the Department of Public Safety. Additionally, the 2023 Proposed Budget includes 19 new positions in Corrections and 8 in Public Safety. The filling of these positions should result in a reduced need for overtime. Further, there is no vacancy savings in either of these departments and therefore, these salaries will be available to mitigate any overtime until new officers have assumed full duties. Based on these factors, we concur with the 2023 Proposed Budget.

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

<u>Department Names</u>	<u>2021 Actuals</u>	<u>2022 Adopted Budget</u>	<u>2022 County Projected</u>	<u>2022 PKFOD Projected</u>	<u>Favorable (Unfavorable) variance between 2022 PKFOD Projection and 2022 Adopted Budget</u>	<u>2023 Proposed Budget</u>	<u>2023 PKFOD Projected</u>	<u>Favorable (Unfavorable) variance between 2023 PKFOD Projection and 2023 Proposed Budget</u>
Board Of Elections	\$ 1,592,899	\$ 1,800,000	\$ 1,800,000	\$ 2,108,522	\$ (308,522)	\$ 1,800,000	\$ 1,800,000	\$ -
Information Technology	1,610,784	1,309,867	1,683,006	1,809,703	(499,836)	1,534,932	1,784,932	(250,000)
Department Of Social Services	2,207,051	2,500,000	2,587,464	2,676,714	(176,714)	2,703,500	2,703,500	-
Department Of Corrections	20,190,936	11,063,848	20,768,581	21,673,549	(10,609,701)	17,215,949	20,215,949	(3,000,000)
Public Safety Services	12,846,563	10,457,163	11,908,230	13,437,214	(2,980,051)	11,027,413	12,827,413	(1,800,000)
Parks, Recreation and Conservation	2,056,133	1,688,500	1,863,500	1,793,101	(104,601)	2,167,250	2,167,250	-
Departments Budgeted under \$1 million	2,903,974	2,205,075	2,801,597	2,295,624	(90,549)	2,681,575	2,831,575	(150,000)
	<u>\$ 43,408,340</u>	<u>\$ 31,024,453</u>	<u>\$ 43,412,378</u>	<u>\$ 45,794,427</u>	<u>\$ (14,769,974)</u>	<u>\$ 39,130,619</u>	<u>\$ 44,330,619</u>	<u>\$ (5,200,000)</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:

Labor Contracts

Bargaining Unit	Proposed Position County				Current Vacancies 2022	Commencement Date	Expiration Date
	2020	2021	2022	2023			
Union							
District Attorney Criminal Investigators ("UFPO")	31	31	31	31	1	January 1, 2016	December 31, 2019
Westchester County Police Benevolent Association ("PBA")	240	240	240	246	19	January 1, 2020	December 31, 2023
Westchester County Police Superior Officers Police Benevolent Association ("SPBA")	28	28	28	28	2	January 1, 2020	December 31, 2023
Westchester County Corrections Officers Benevolent Association ("COBA")	718	699	699	718	48	January 1, 2016	December 31, 2019
Westchester County Correction Superior Officers Unit ("SOA")	118	116	116	116	2	January 1, 2016	December 31, 2019
Teamsters – Managerial ("MGMT")	135	121	114	116	7	January 1, 2021	December 31, 2025
Civil Service Employees Association ("CSEA")	2,684	2,671	2,732	2,744	351	January 1, 2012	December 31, 2022
New York State Nurses Association ("NYSNA")	23	23	29	29	3	January 1, 2016	December 31, 2026
Subtotal	3,977	3,929	3,989	4,028	433		
Non- Represented							
Executive (EXEC)	170	183	199	215	24		
District Attorney's Dept. (DA)	122	120	123	123	8		
Board of Legislators (BOL)	44	43	43	43	4		
Subtotal	336	346	365	381	36		
Total	4,313	4,275	4,354	4,409	469		

As of December 31, 2022 the UFPO, COBA and SOA 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.

The 2022 Adopted Budget included \$7.07 million for contracted services. During 2022, the County implemented two new programs: Project Alliance and 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. 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. To date, there are minimal expenditures relating to Project Alliance’s MCRT due to a slow rollout process. Due to this, overall forecasted contractual expenditures are less than the budgeted amounts. Therefore, we concur with the County’s projection of \$4.31 million, a favorable variance of \$2.76 million.

The 2023 Proposed Budget contains \$7.88 million, \$810,000 more than the 2022 Adopted Budget. The County anticipates that both Project Alliance and Project Fresh Start will fully launch in the 2023 fiscal year. The increase in expenditures is primarily due to additional contracts relating to expanding opioid treatment services and promoting education, awareness, and training programs for opioid treatment services. Based upon this information, we concur with the 2023 Proposed Budget.

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.

During our analysis, we encountered a few common trends that impacted each program. First, New York State, which sets the rates providers can bill the County, increased the tuition rate by approximately 11%. Next, the contracts that the County has with transportation providers included a cost of living adjustment (“COLA”), which was based upon 50% of the CPI Index – Public Transportation. This index rose 32% in 2022 due to the unusually large increase in fuel prices. In addition, during 2022 New York State instituted a change for the billing of services, whereby the providers are not required to bill insurance companies. This function is now the responsibility of the County Health Department, resulting in additional costs. The State, however, is reimbursing the County 100% of amounts not reimbursed from the private insurance companies. Then finally, with the end of the restrictions related to the Pandemic, the County has seen participation in the programs returning to levels last seen in 2019.

The table below summarizes the various components of the CSN program that is included in the 2023 Proposed Budget along with our projection of 2022 and 2023:

	Expended 2021	Adopted 2022	County	Consultant		Proposed Budget 2023
			Projected 2022	Projected 2022	Projected 2023	
Expenditures			<i>(in thousands)</i>			
Administrative costs, including salaries	\$ 3,229	\$ 3,675	\$ 3,441	\$ 3,441	\$ 3,931	\$ 3,931
Evaluations	2,610	2,900	2,900	2,900	3,000	3,000
CPSE Administration	3,550	3,500	3,500	3,500	3,500	3,500
Inter-Departmental Charges	111	116	116	116	121	121
	<u>9,500</u>	<u>10,191</u>	<u>9,957</u>	<u>9,957</u>	<u>10,552</u>	<u>10,552</u>
Early intervention	25,528	31,217	30,262	29,770	32,120	32,883
SEIT	6,209	9,119	7,749	7,140	7,868	7,868
Related services	14,088	16,245	14,279	13,760	14,310	14,440
Tuition	45,043	52,522	51,117	50,830	55,370	56,065
Transportation	13,959	20,675	16,022	14,770	18,800	19,976
	<u>104,827</u>	<u>129,778</u>	<u>119,429</u>	<u>116,270</u>	<u>128,468</u>	<u>131,232</u>
Gross Expenditures	114,327	139,969	129,386	126,227	139,020	141,784
Revenue	<u>64,375</u>	<u>76,485</u>	<u>73,202</u>	<u>70,390</u>	<u>126,090</u>	<u>126,879</u>
Net Cost to County	<u>\$ 49,952</u>	<u>\$ 63,484</u>	<u>\$ 56,184</u>	<u>\$ 55,837</u>	<u>\$ 12,930</u>	<u>\$ 14,905</u>
<i>Net cost as % of gross expenditures</i>	43.7%	45.4%	43.4%	44.2%	9.3%	10.5%
<i>Revenue as % of Expenditures</i>	56.3%	54.6%	56.6%	55.8%	90.7%	89.5%

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 2022 Adopted Budget is approximately \$31.22 million in expenditures. The County’s projection for 2022 is \$30.26 million, which is \$960,000 less than the 2022 Adopted Budget. As of April 2022, New York State required the County to cover claims from private insurance companies. As explained previously, the County had to increase its expenditures related to those clients that were originally covered by private insurance companies. In addition to the services provided to the children, this budget includes the costs related to transporting the children to the providers. Based upon year-to-date expenditures through August 2022 and factoring in the

aforementioned increases due to the CPI Index – Public Transportation for the final 3 months, we project expenditures to amount to \$29.77 million, a \$1.45 million favorable variance as compared to the 2022 Adopted Budget and a \$490,000 favorable variance with the County’s projection.

The 2023 Proposed Budget for EI is \$32.88 million. Factoring in the rate increase of 1% for the providers, the transportation COLA increase and as mentioned earlier, an anticipated return to 2019 levels, we project expenditures of \$32.12 million, a \$760,000 favorable variance with the 2023 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 as opposed to a tuition based payment structure.

The 2022 Adopted Budget is \$9.12 million. The County has projected expenditures for 2022 to be \$7.75 million, which is \$1.37 million less than the 2022 Adopted Budget. In-person services returned at the beginning of 2022, but there were still pandemic restrictions in place that reduced utilization. As these restrictions are now lifted, the County is anticipating an increase in both the number of children participating in the program and the number of services utilized. Therefore, using the expenditures through September 2022 and the anticipated increase in expenditures for the remainder of the year, we project 2022 expenditures to be \$7.14 million. This results in a \$1.98 million favorable variance with the 2022 Adopted Budget and a \$610,000 favorable variance with the County’s 2022 projection.

The 2023 Proposed Budget provides for approximately \$7.87 million in expenditures for SEIT. This is \$1.25 million less than the 2022 Adopted Budget. Based on our analysis, we concur with the 2023 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 2022 Adopted Budget is \$16.25 million. The County's 2022 projection for this program is \$14.28 million, which is \$1.97 million less than the 2022 Adopted Budget. We estimate 2022 expenditures will amount to \$13.76 million, resulting in a \$2.49 million favorable variance as compared to the 2022 Adopted Budget and a \$520,000 favorable variance as compared to the County's projection.

The 2023 Proposed Budget is \$14.44 million, which is \$1.81 million less than the 2022 Adopted Budget. Given that the State has not increased the rates paid to providers, we project expenditures for 2023 to be \$14.31 million, a \$130,000 favorable variance with the 2023 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 2022 Adopted Budget of \$52.52 million is \$1.40 million more than the County's 2022 projection of \$51.12 million. For our projection, we included the 11% rate increase mentioned previously starting in September 2022. Based upon the average expenditures and the aforementioned rate increase, we project expenditures to be \$50.83 million. This is a \$1.69 million favorable variance with the 2022 Adopted Budget and a \$290,000 favorable variance as compared to the County's projection.

The 2023 Proposed Budget includes \$56.07 million for tuition. Our projection, as mentioned earlier, takes into consideration any anticipated rate and utilization increases. Based upon these factors, we project expenditures to be \$55.37 million, a \$700,000 favorable variance with the 2023 Proposed Budget.

Transportation for Center Based Programs

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

The 2022 Adopted Budget is \$20.68 million, \$4.66 million more than the County's projection of \$16.02 million. With preschools re-opened, the total costs as of September 2022 amounted to \$9.86 million. In the transportation agreements, bus providers can adjust the rates based upon 50% of the percentage increase in the Consumer Price Index – Public Transportation starting in September of each year. Therefore, we project expenditures for 2022 to be \$14.77 million, a \$1.25 million favorable variance with the County's projection and a \$5.91 million favorable variance with the 2022 Adopted Budget.

The 2023 Proposed Budget is \$19.98 million. Taking into account enrollment and contract rate increases, we project expenditures to amount to \$18.80 million, a favorable variance of \$1.18 million with the 2023 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 Preschool programs are reimbursed by the State at 59% and the EI program is reimbursed at 49% of expenditures. Also, the preschool transportation services, which are reimbursed at 59% of expenditures, are capped at \$9.90 million.

The 2022 Adopted Budget includes State Aid revenues of \$71.43 million on expenditures of \$139.97 million. The County is projecting revenues of \$66.55 million on expenditures of \$129.39 million. As indicated above, transportation is capped at \$5.90 million in State Aid and, we project a local savings of \$1.25 million. We project State Aid revenues of \$65.34 million, which results in an unfavorable variance of \$6.09 million with the 2022 Adopted Budget and an unfavorable variance of \$1.21 million with the County’s projection.

The 2023 Proposed Budget includes State Aid revenues of \$70.23 million. Based on our 2023 projected expenditures, we project total revenues to be \$69.44 million. This results in an unfavorable variance of \$790,000 as compared to the 2023 Proposed Budget. In addition, as mentioned in the previous paragraph, transportation is capped at \$5.90 million and based on our projection, the County will have local savings of \$1.18 million.

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 2022	Appropriated 2022	Proposed 2023		
Administration	\$ 33,495,152	\$ 34,720,857	\$ 35,939,015	\$ 1,225,705	\$ 2,443,863
Jail	79,780,885	80,170,189	89,962,105	389,304	10,181,220
Penitentiary	25,899,838	25,960,419	30,613,863	60,581	4,714,025
	<u>\$ 139,175,875</u>	<u>\$ 140,851,465</u>	<u>\$ 156,514,983</u>	<u>\$ 1,675,590</u>	<u>\$ 17,339,108</u>

The 2023 Proposed Budget is structured upon the premise that the daily inmate census will average 850 per day; 605 County inmates and 245 Federal inmates. Table A provides a comparison of the average monthly inmate census for 2018 through 2022. The Department experienced an average inmate census of 775 for the first ten months of 2022.

Positions and Overtime

The 2022 Adopted Budget estimated the need for 479 uniformed posts and a staffing compliment of 808 correction officers and superior officers. The proposed inmate population for 2023 indicates a need for 479 posts requiring a staffing compliment of 827 uniformed correction officers and superior officers. Overall, the number of uniformed posts stayed the same as 2022, with an increase in posts in the jail and decreases in administration and penitentiary.

The 2022 Adopted Budget for regular salaries is \$87.68 million and the County projects expenditures of \$87.83 million, a \$150,000 unfavorable variance. Our 2022 projection for regular salaries is \$86.22 million, a \$1.46 million favorable variance as compared to the 2022 Adopted Budget and a \$1.61 million favorable variance as compared to the County's projection. COVID 19 restrictions during 2020 and 2021 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 2022 and 2022, in which the overall uniformed posts stayed the same.

The 2022 Adopted Budget for overtime is \$11.06 million and the County projects expenditures of \$20.77 million, an unfavorable variance of \$9.71 million. Our analysis begins with overtime expenditures of \$17.19 million through the first November payroll of 2022. We projected overtime for the remainder based on the prior year, increased by the growth rate experienced to date in 2023. Using this approach, our projection is \$21.67 million, a \$10.61 million unfavorable variance as compared to the 2022 Adopted Budget and a \$900,000 unfavorable variance as compared to the County's projection.

The 2023 Proposed Budget for overtime is \$17.22 million, \$6.16 million greater than the 2022 Adopted Budget, but a \$3.55 million reduction compared to the County's 2022 projection. Our analysis assumes that while the County has been able to fill vacant positions, for 2023 there will be a continued need for overtime as new employees become acclimated. We project expenditures of \$20.22 million, a \$3.00 million unfavorable variance compared to the 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 County had the right to renew the contract for the fiscal years 2021, 2022 and 2023, and currently has exercised the options.

The 2022 Adopted Budget is \$1.79 million, and the County projects the same amount. This is based on the estimated average number of meals served per day at a cost of \$1.98 per meal per the current Aramark Pricing Schedule. Our review of actual inmate counts for the ten-month period ending in October 2022 indicates the average number of inmates is 775. Based upon this, we project 2022 food service costs to approximate \$1.89 million, an unfavorable variance of \$100,000 as compared to the 2022 Adopted Budget and the County's projection.

The 2023 Proposed Budget for food costs is \$2.29 million, an amount \$500,000 more than the 2022 Adopted Budget. Our projection estimates the average number of inmates to be served is approximately 800 with a meal cost of \$2.30 per the current Aramark Pricing Schedule. Based upon these criteria, we project expenditures to approximate \$2.14 million, a \$150,000 favorable variance as compared to the 2023 Proposed Budget.

Medical Services

The County has a contract with New York Correct Care Solutions Medical Services, P.C. ("NYCCSM"). The County renewed its contract with NYCCSM for a fourth year, through July of 2023. The contract provides for a total cost not to exceed \$14.76 million for the year ended July 2021, \$15 million for the year ended July 2022 and \$15 million for the year ended July 2023. 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 2022 Adopted Budget includes \$14.13 million within the contractual services' budget for this contract and the County's projection is the same amount. Our review of inmate population census from January through October 2022 indicates approximately 775 daily inmates. Our projection for 2022 utilizes expenditures through October 2022 plus estimated monthly payments for the remainder of the year based on the contract amount. Based upon this analysis, we project expenditures to approximate \$13.71 million, a favorable variance of \$420,000 as compared to the 2022 Adopted Budget and the County's projection.

The County is assuming the prisoner census in 2023 will be 850 prisoners a day and has included \$15 million in the 2023 Proposed Budget. The one-year renewal period will expire July of 2023, and we assume there will be a new contract in 2023 to cover the remainder of the fiscal year. For our projection, we assumed a 3% increase on the current contract price for the remaining 5 months of the contract when it expires. Based upon these assumptions, we project total expenditures of \$15.18 million, a \$180,000 unfavorable variance with the 2023 Proposed Budget.

TABLE A

POPULATION STATISTICS - CORRECTION FACILITIES
MONTHLY AVERAGES - 2022 THROUGH 2018*

	2022	2021	2020	2019	2018
January	709	633	642	1003	1008
February	717	642	652	1023	1013
March	740	657	654	1029	1015
April	774	675	531	984	1012
May	793	686	508	940	1019
June	816	689	513	926	1005
July	806	714	492	904	1002
August	811	713	521	896	1052
September	797	703	564	898	1099
October	789	705	594	899	1109
November ***	775	699	597	847	1067
December ***	775	689	615	731	1009
Annual Average	775	684 **	574 **	923 **	1034 **

2 Year Average is 729

* Average census calculation provided by the Budget Department.

** Includes Federal inmate average population of:
2022 (257) 2021 (218), 2020 (170), 2019 (137) and 2018 (122)

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

**TABLE B
REGULAR OVERTIME ANALYSIS**

	Variance Projected 2022 vs. Proposed 2023	County Proposed 2023	County Projected 2022	Appropriated Budget 2022
Administration				
Uniformed Posts	(7)	31	38	38
Uniformed Positions*	-	15	15	15
Other Positions	-	42	42	42
Overtime	\$ (808,115)	\$ 454,160	\$ 1,262,275	\$ 512,609
Penitentiary				
Uniformed Posts	(5)	97	102	102
Uniformed Positions*	7	207	200	200
Other Positions	-	3	3	3
Overtime	\$ 631,696	\$ 5,126,920	\$ 4,495,224	\$ 3,221,435
Jail				
Uniformed Posts	12	351	339	339
Uniformed Positions*	12	605	593	593
Other Positions	-	3	3	3
Overtime	\$ (3,376,213)	\$ 11,634,869	\$ 15,011,082	\$ 7,329,804
Uniformed Totals				
Uniformed Posts	-	479	479	749
Uniformed Positions*	19	827	808	808
Other Positions	-	48	48	48
Total Positions	19	875	856	856
Overtime	\$ (3,552,632)	\$ 17,215,949	\$ 20,768,581	\$ 11,063,848

Shift Relief Factors

	2023	2022	Increase
7 Day Post	1.92	1.92	-
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 - 2018 THROUGH 2022**

	2022	2021	2020	2019	2018
January	227	214	144	156	100
February	233	208	160	150	95
March	248	209	188	158	92
April	256	209	170	160	106
May	267	213	164	153	109
June	268	219	159	136	106
July	271	228	151	116	109
August	269	227	158	124	115
September	260	227	184	125	135
October	266	226	184	115	172
November**	257	224	180	114	171
December **	257	227	200	135	156
Annual Average	257	219	170	137	122

* Average census calculation provided by the Budget Department.

** Based on 10 month average through October.

Department of Transportation

	Adopted 2022	Proposed 2023	Change	
Personal Services	\$ 2,027,927	\$ 2,173,183		
Equipment	764,000	689,360		
Materials and Supplies	1,659,020	2,571,853		
Bus Operating Assistance	138,588,105	145,383,234		
Contractual Expenses	51,841,681	56,487,400		
	<u>194,880,733</u>	<u>207,305,030</u>	\$ 12,424,297	6%
Interdepartmental Charges	<u>2,092,713</u>	<u>2,153,892</u>		
Total Budget	<u>\$ 196,973,446</u>	<u>\$ 209,458,922</u>		

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

The largest component of the Bus Operating Assistance Program are the contracts with Liberty Lines Transit, Inc. ("LLT") and P.T.L.A. Enterprise, Inc., ("PTLA"). The contract terms require the County to make weekly payments for fixed fees, fuel, and other additional claims. The arrangement allows LLT and PTLA to retain the coins collected at the fare box which in turn reduces the weekly payments.

	Adopted Budget 2022	County Projected 2022	Consultant Projected 2022	Proposed Budget 2023
Fixed fee	\$ 135,771,984	\$ 135,771,984	\$ 135,771,984	\$ 140,273,819
Fuel	5,580,000	9,120,300	9,120,300	8,914,000
Misc. add'l	1,739,972	464,851	464,851	600,000
Insurance	5,486,149	5,266,149	5,266,149	5,820,415
Fare box fees*	(9,990,000)	(5,966,000)	(5,646,000)	(10,225,000)
	<u>\$ 138,588,105</u>	<u>\$ 144,657,284</u>	<u>\$ 144,977,284</u>	<u>\$ 145,383,234</u>

*Fare box fees reduce BOA costs

The County's 2022 BOA projection is \$144.66 million, which is \$6.07 million more than the 2022 Adopted Budget of \$138.59 million. The County's projection is \$135.77 million for bus operator contracts. Fuel costs are estimated at \$9.12 million, which is \$3.54 more than the 2022 Adopted Budget based on higher fuel prices. The County is currently locked in at \$4.56 for the first \$105,000 gallons and any usage over that cap will be charged at the current market price, which

is approximately \$3.08 a gallon. As mentioned above, the bus operator returns the farebox collections to offset the cost of operations. Given there was a decrease in collections of approximately \$4.02 million due to the bus fare holiday for June through August and November through December, this increased the cost to the County. When aggregated, these equal the total increase in contract cost of \$6.07 million. Miscellaneous and insurance savings of \$1.51 million. Taking into account all components of the BOA contract, we project expenditures to be \$144.98 million, an unfavorable variance of \$6.39 million as compared to the 2022 Adopted Budget and an unfavorable variance of \$320,000 as compared to the County's projection. The main reason for the unfavorable variance compared to the County's projection is the fare box collections being lower.

The 2023 Proposed Budget for BOA is \$145.38 million, which is \$6.79 million more than the 2022 Adopted Budget. Per the 2023 contract, fixed fees will increase \$4.50 million and insurance costs will increase \$330,000. Additionally, there is an increase in fuel expenditures of \$3.33 million due to the rise in fuel prices, anticipated to be \$3.61 per gallon based on the Energy Information Administration, compared to the beginning of 2022 where the per gallon price was \$2.33. Finally, the County does not plan on granting bus fare holidays in 2023 and anticipates the current trend for fare box riders in October 2022 of approximately \$850,000 per month to continue into 2023. Based on these factors, we concur with the 2023 Proposed Budget.

Paratransit

Paratransit services provide transportation to people with disabilities who are unable to use the regular transit services provided throughout Westchester County. Paratransit provides door-to-door services for people who call to reserve a ride. The County maintains contractual services with Act Now to provide these paratransit services.

The 2022 Adopted Budget includes \$14 million for paratransit, which is \$1.33 million less than the County's projection of \$15.33 million. The County's projection includes a total number of passengers of 282,473. As of September 2022, there were 203,561 passengers, which is an increase of 70,500 passengers as compared to the same period in 2021. Taking into account a 5% rate increase for Act Now services and total passengers of approximately 279,000, we project total expenditures to be \$15.12 million. This is an unfavorable variance of \$1.12 million as compared to the 2022 Adopted Budget and a favorable variance of \$210,000 as compared to the County's projection.

The 2023 Proposed Budget is \$17.26 million for paratransit. In January 2023, there will be another 5% increase in rates with Act Now. We anticipate passengers will return to the 2019 level of approximately 315,000 passengers. Therefore, we concur with the 2023 Proposed Budget.

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 2023 Proposed Budget is \$77.51 million, an increase of \$9.64 million as compared to the 2022 Adopted Budget of \$67.87 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 2022	Consultant Projected 2022	Proposed Budget 2023	Consultant Projected 2023
Information Technology	\$ 1,500	\$ 10,500	\$ 2,000	\$ 2,000
Emergency Services	96,396	96,396	137,542	137,542
Public Safety Services	282,701	420,000	431,250	431,250
Parks, Recreation, and Conservation	3,369,000	4,219,000	4,235,500	4,235,500
Department of Public Works - Transportation	1,457,720	2,171,786	2,360,053	2,360,053
Department of Public Works - Public Works	14,431,557	20,618,305	20,353,252	21,840,088
	<u>\$ 19,638,874</u>	<u>\$ 27,535,987</u>	<u>\$ 27,519,597</u>	<u>\$ 29,006,433</u>

White Plains Location

The Department of Public Works 2022 projected expenditures for the White Plains location is \$3.78 million, an unfavorable variance of \$510,000 as compared to the 2022 Adopted Budget of \$3.27 million. The rates charged for both electric and gas consist of two components, production costs and delivery charge. For electricity, the 2022 Adopted Budget assumed production cost would increase by 20% and the delivery by 4.7%, while for gas the production cost would increase by 6.5% and delivery charge by 9.7%. Our 2022 projection utilizes year-to-date expenditures through October 2022, which increased approximately 60% due to the cost of fuel, and the final two months of 2021 including the above cost increases. Our projection for 2022 is \$3.78 million, an amount similar to the County's projection and an unfavorable variance of \$510,000 as compared to the 2022 Adopted Budget.

The 2023 Proposed Budget is \$4.12 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 2023 preliminary production rate includes an increase of 24.26% for electricity and a 6.59% increase for the gas rate. For 2022, ConEd includes an annual 6.5% increase in electricity rates and an 11% increase for the gas rate. We project expenditures for 2023 to be \$4.12 million, an amount similar to the 2023 Proposed Budget.

Valhalla Location

The County's 2022 projected expenditures for the Valhalla location is \$14.03 million, an unfavorable variance of \$3.98 million as compared to the 2022 Adopted Budget of \$10.05 million. Our 2022 projection comprises the actual 2022 expenditures from January to October 2022 for electricity and gas products. We obtained the actual 2021 expenditure amounts for the remaining two months, allocated the costs to NYPA approximately 67% and ConEd which was 33%, and applied the 2022 rate increases. Our 2022 projection is \$15.71 million, which is \$1.68 million more than the County's projection and a \$5.66 million unfavorable variance as compared to the 2022 Adopted Budget.

The 2023 Proposed Budget is \$15.02 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 2023 projection is \$16.50 million, an unfavorable variance of \$1.48 million.

Rental & Taxes

The 2022 Adopted Budget is \$12.04 million for rental and taxes. In 2022, the County is renting 22 locations. The locations with the most square footage are: 131 Warburton Ave., Yonkers, Cedarwood Hall, Valhalla and 26 Garden Street, New Rochelle. Based on the County's 2022 rent schedule, we concur with the 2022 Adopted Budget.

The 2023 Proposed Budget is \$13.02 million, which is approximately \$980,000 more than the 2022 Adopted Budget. The increase for 2023 is due to the increases in base rent for 131 Warburton Ave., Yonkers for \$388,000, 145 Huguenot Street, New Rochelle for \$97,000 and 10 County Center Road, White Plains for \$88,000. The County is entering into a new lease agreement with 235 Main Street for \$80,000. Therefore, we concur with the 2023 Proposed Budget.

Contractual Services

The Department of Public Works projects 2022 expenditures to be \$10.63 million, which is \$350,000 less than the 2022 Adopted Budget of \$10.98 million. Based on the information provided and historical data, we project 2022 expenditures to be \$9.82 million, an \$810,000 favorable variance as compared to the County's projection and a \$1.16 million favorable variance as compared to the 2022 Adopted Budget.

The 2023 Proposed Budget is \$10.98 million, which is consistent with the 2022 Adopted Budget. Based on the listing of the County's existing and new contracts for 2023, we concur with the 2023 Proposed Budget.

Debt Service

The debt service budget includes principal and interest payments pertaining to serial bonds issued by the County, and for debt issued by the Dormitory Authority of the State of New York (“DASNY”) for the court facilities. 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 2022 Adopted Budget for debt service is \$140.70 million, and the County also projects this amount for actual expenditures. The projection includes serial bonds principal and interest of \$128.29 million and DASNY payments of \$12.41 million. Based on our analysis of supporting debt payment schedules and reconciliation to the County’s Annual Comprehensive Financial Report, we concur with the County’s projection.

The 2023 Proposed Budget is \$141.57 million. This budget includes serial bond principal and interest of \$135.37 million and DASNY payments of \$6.20 million. The County has included \$13.47 million in the budget to fund the 2023 debt service on pending December 2022 bond issuance of \$241.50 million. Based on our analysis, the budget is sufficient to pay all existing debt service, as well as the amounts for additional debt to be issued in December. We therefore concur with the 2023 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 2023, the Social Security rate of 6.2% will be applied to the first \$160,200 of each employee’s wages, as compared to 2022 of \$147,000, an increase to the cap of \$13,200. 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 2022 Adopted Budget for FICA is approximately \$34.49 million, of which \$29.93 million relates to the General Fund. We recalculated the County's FICA tax expenditure utilizing projected 2022 wages less wages not subject to FICA. We estimate that 94.38% 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 2022, we project FICA expenditures to be \$34.70 million, of which \$30.11 million relates to the General Fund, an unfavorable variance of \$180,000 as compared to the 2022 Adopted Budget for the General Fund.

The 2023 Proposed Budget is approximately \$36.86 million, of which \$31.93 million relates to the General Fund. We utilized the County's 2023 Proposed Budget for wages and took into consideration our projected unfavorable variance of \$5.20 million for overtime for a total of \$531.60 million and reduced it to account for deductions under Section 125 and 207C, resulting in an adjusted wage base of \$512.19 million. We estimate that 94.77% 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 2023, we project FICA expenditures to be \$37.52 million, of which \$32.51 million relates to the General Fund, an unfavorable variance of \$580,000 as compared to the 2023 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 ("NYSLRS") 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, 2022 and the first nine months of the fiscal year ending March 31, 2023 in apportioning the

payment of the NYSRS invoice to be applied to the County's 2022 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) the program by December 15th of each year independent of the County's previous years' participation. The maximum amount of payments that can be deferred is formula based and utilizes the normal annual contribution rate and a graded contribution rate. Based on this graded contribution rate, when an employer's average retirement rate is lower than the County's graded rate, the program participants will be required to pay their graded rate. This was the case for the County's ERS Program for the current year which required the County to make additional contributions which totaled \$6.66 million. These contributions will be first used to pay off existing amortizations. The County has determined that for fiscal year 2023, these additional graded rate payments will total approximately \$5 million.

The 2022 Adopted Budget for retirement costs aggregates to \$93.83 million for all County funds, of which \$82.64 million is exclusive to the General Fund. This amount includes \$14.62 million for the amortization of the prior year's deferrals inclusive of interest. The 2022 Adopted Budget assumed that the County would not participate in the Stabilization Program for the ERS and PFRS sponsored employee pension plans for the plan year ended March 31, 2023.

The County projects 2022 expenditures of \$93.80 million for all County funds. For our 2022 projection, we utilized the invoices for both the ERS and PFRS years ended March 2022 and 2023. In addition, we accounted for the County utilizing 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 2022 pension expenditures to approximate \$93.80 million, an amount that is consistent with the County's projection and the 2022 Adopted Budget.

The 2023 Proposed Budget for retirement costs aggregates to \$95.03 million for all County funds of which the General Fund portion is \$83.08 million. This is an increase of \$1.23 million over the 2022 Adopted Budget.

Our budget projection assumptions take into consideration 25% of the State fiscal year 2023 invoice (excluding Westchester Community College's portion) and 75% of the projected State fiscal year 2024 invoice, to be paid in December 3rd. Additionally, our assumptions also include the following:

- Certain labor contracts expired on December 31, 2019. (The District Attorney Criminal Investigators, Correction Officers Benevolent Association, and the Correction Superior Officer Association.) The 2023 Proposed Budget does not anticipate that settlements, if any, would result in paid retroactive wages by March 31, 2023 therefore such amounts are not included in the projected budgeted wages and ultimately 2022 retirement costs.
- Longevity increases have been applied to those employees who obtained certain steps and grades based on hire date.
- The 2023 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.
- The County will not participate in the Stabilization Program for the NYSRS 2024 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 \$92.00 million, an amount that is \$3.03 million less than the 2023 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	\$ 14,459,746	\$ 6,110,657	\$ 119,336	\$ 76,264,890
2022	85,829,804	16,498,073	9,566,036	1,834,904	76,263,768	14,663,169
2023	74,957,379	15,945,287	-	544,381	74,957,379	15,400,906
2024	** 72,289,386	15,897,714	-	586,937	72,289,386	15,310,777

** 2024 projection was calculated from 2022 reported salaries. Actual 2023 salaries will be the basis for the 2024 invoice, so these projected salaries and costs will change.

Weighted Rates Comparison with Amortization Rates

State Fiscal Years Ending March 31,	ERS		PFRS	
	Stabilization Rate	Blended Rate (1)	Stabilization Rate	Blended Rate (1)
	2021	14.10%	14.60%	24.40%
2022	15.10%	16.20%	25.40%	29.20%
2023	14.10%	11.60%	26.40%	27.00%

Westchester County Weighted Rates Comparison with Amortization Rates

State Fiscal Years Ending March 31,	ERS		PFRS	
	Stabilization Rate	Blended Rate (1)	Stabilization Rate	Blended Rate (1)
	2021	14.10%	15.60%	24.40%
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
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	-	-	-
2021-2022	-	-	-
Annual Payments	\$ 10,328,584	\$ 1,256,345	\$ 11,584,929

Note – The County has elected to not participate in the Stabilization Program for the state fiscal year ending March 31, 2022 and 2023.

Health Benefits

The following table includes summarized information on the costs of health benefits in the proposed budget as well as our projections for 2022 and 2023.

	<i>In Thousands</i>			Projections			
	2019 Actual	2021 Actual	2022 Budget	2022		2023	
				County	Consultant	County	Consultant
Medical costs	\$ 182,065	\$ 183,312	\$ 184,689	\$ 194,933	\$ 199,698	\$ 201,955	\$ 205,918
HMO	8,734	5,409	5,778	4,642	4,570	5,005	5,500
Dental and Vision	3,271	3,145	3,423	3,423	3,400	3,902	3,900
Part B Medicare	5,965	6,242	9,282	9,495	9,630	9,495	9,630
Gross Healthcare Costs	200,035	198,108	203,172	212,493	217,298	220,357	224,948
Subsidies, Rebates and Contributions	(33,225)	(38,009)	(42,068)	(43,883)	(43,423)	(45,056)	(44,898)
Other	(218)	(89)	(153)	(120)	(152)	(130)	(152)
Total Healthcare Costs	166,592	160,010	160,951	168,490	173,723	175,171	179,898
Change in / Use of Net Position	2,243	(3,980)	(5,000)	(5,000)	(5,000)	-	-
Less: Chargebacks	(22,998)	(21,095)	(20,925)	(21,741)	(21,741)	(22,603)	(22,603)
Net Health Benefits	\$ 145,837	\$ 134,935	\$ 135,026	\$ 141,749	\$ 146,982	\$ 152,568	\$ 157,295

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, 2021, reflected net position (Fund Balance) of approximately \$13.28 million.

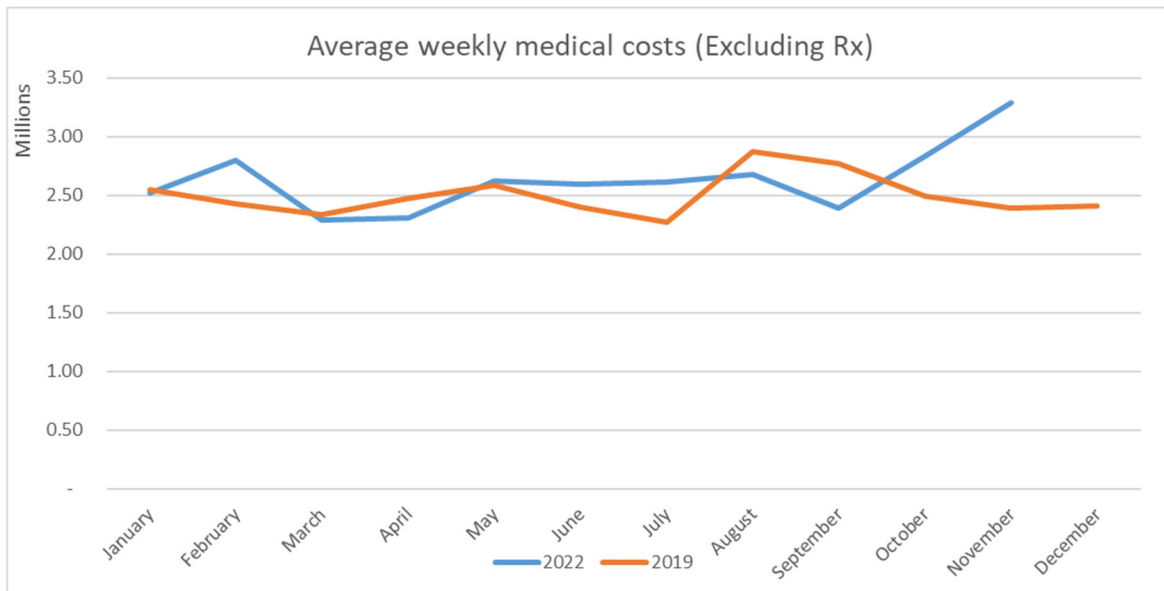
An analysis of the more significant components of the Health Benefits budget along with our findings is set forth below. Our 2022 analysis projects net Health Benefits expenditures for all funds is \$146.98 million, which is \$5.23 million more than the County’s projection for 2022 of \$141.75 million, and an unfavorable variance of \$11.95 million as compared to the 2022 Adopted Budget of \$135.03 million.

The 2023 Proposed Budget is \$152.57 million and anticipates no appropriation of the Fund’s net position. Based on our analysis, we are projecting \$157.30 million in costs, an unfavorable variance of \$4.73 million as compared to the 2023 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 2022 projection for medical cost payments to health providers is \$199.70 million. This results in a \$4.77 million unfavorable variance as compared to the County’s projection of \$194.93 million, and a \$15.01 million unfavorable variance as compared to the 2022 Adopted Budget of \$184.69 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 budgeted growth rate of approximately 4% for medical costs for 2023 approximates the average growth rate over the last ten years of 4.2%. However, the County’s growth rate is much lower than that of the New York State Health Insurance Program (NYSHIP) - Empire Plan which estimates an increase to 2023 premiums in the amount of approximately 15%. The County’s actual costs have increased in 2022 by approximately 9%. The below chart illustrates that 2022 costs are similar to the 2019 (pre-pandemic) level for most of the year.



Enrollees in the medical plan have remained consistent over the last three years from an average of 16,184 members in 2020, to 16,040 members in 2021 and 16,023 members in 2022.

Using the average expenditures in 2022 and the County’s historical trends, we are projecting 2023 costs to approximate \$205.92 million, a \$3.96 million unfavorable variance as compared to the 2023 Proposed Budget of \$201.96 million. Our projections assume that usage and enrollees will continue at levels experienced throughout 2022 with a 4% growth rate, applied by County officials in formatting their estimate for 2023.

The 2023 budget for self-insured health costs reflect monthly premium equivalent rates of \$1,035 for individuals and \$2,729 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 2023 Proposed Budget for dental and vision claims of \$3.90 million, an amount that is \$480,000 greater than the 2022 Adopted Budget of \$3.42 million. Based upon the latest available data, we concur with the 2023 Proposed Budget.

Part B Medicare

The Proposed Budget for 2023 includes Part B Medicare expenditures of \$9.50 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 project expenditures of \$9.63 million, which is an unfavorable variance of \$130,000 as compared to the 2023 Proposed Budget.

Subsidies, Rebates and Contributions

Our projection for 2022 is \$43.42 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 \$1.35 million as compared to the 2022 Adopted Budget of \$42.07 million.

The 2023 Proposed Budget includes \$45.06 million in subsidies, rebates and contributions, of which \$27.20 million represents subsidies and rebates with the remaining amount related to employee and retiree contributions. Based on our analysis, we project \$44.90 million, an unfavorable variance of \$160,000 as compared to the 2023 Proposed Budget.

Health Benefits Fund - Net Position

The financial statements of the Health Benefits Fund reflect net position of \$13.28 million at December 31, 2021. Based on the County's 2022 projections, and since the Health Insurance Fund operates as a self sufficient Internal Service Fund, the County will utilize \$11.72 million of the Fund's net position to satisfy the 2022 health claims, including the \$5 million that was appropriated in the 2022 Adopted Budget. If this estimate holds true, the County will have \$1.56 million in net position to offset future health costs.

Health Benefits Summary

Our 2022 projection for Employee Health Benefits is \$146.98 million, which is an \$11.95 million unfavorable variance as compared to the 2022 Adopted Budget of \$135.03 million, and a \$5.23 million unfavorable variance compared to the County projection of \$141.75 million.

Our 2023 projection for Employee Health Benefits is \$157.30 million, an unfavorable variance of \$4.73 million as compared to the 2023 Proposed Budget of \$152.57 million. Because the County is self-insured for health benefits and given the general uncertainties of healthcare expense, the actual costs could deviate from this amount.

The County officials are reminded that if the projection for 2022 hold true, the Health Insurance Fund will have likely depleted all available net assets (Fund Balance) remaining from year-end 2021.

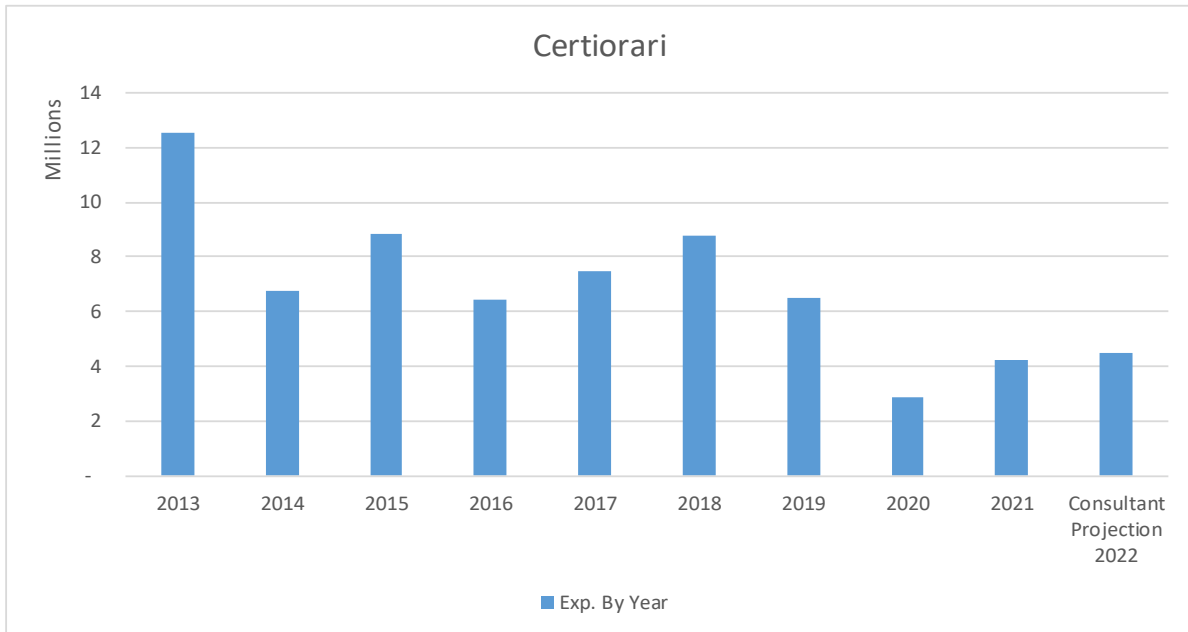
Certiorari Proceedings

The request for assessment reductions through certiorari proceedings has become a common element of government operations as property owners continue to seek reductions of property assessed values.

The 2022 Adopted Budget is \$7.43 million and the County projects \$5.62 million. As of October 2022, the County has paid approximately \$2.91 million. For our projection, we calculated the average monthly expenditure over the last four years, and used this average to project the remainder of 2022. We project expenditures to approximate \$4.52 million, a \$2.91 million favorable variance with the 2022 Adopted Budget and a \$1.10 million favorable variance with the County's projection.

The 2023 Proposed Budget anticipates \$6.99 million for tax certiorari payments, \$440,000 less than the 2022 Adopted Budget. Based upon our 2022 projection, and an average growth rate over the last three years, excluding 2020, we project 2023 expenditures to be \$5.14 million. Although we project a lesser amount, we will concur with the 2023 Proposed Budget due to the uncertainty surrounding these types of settlements.

As follows is a chart indicating actual expenditures and our 2022 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, 2022, the actuary has estimated a liability for incurred claims and incurred but not reported claims of \$32.03 million for which the County has previously funded the 6-N Fund with \$31.56 million. The actuary has estimated general liability losses for 2022 calendar year to approximate \$6.49 million. We projected the 2022 loss trend using information from the actuarial report through September 30, 2022 and absent any catastrophic loss between September 30, 2022 and December 31, 2022, and it appears as though the 6-N fund will be underfunded by \$470,000. Therefore, we concur with the amount included in the 2023 Proposed Budget of \$1 million.

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, 2022, approximates \$64.35 million which exceeds the value of the investments available for the payment of such claims, causing a deficit status of \$54.02 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 2022 Adopted Budget includes \$11.47 million in contributions inclusive of the miscellaneous budget, various operational departmental and special district budgets. Based upon the actuarial report which indicates that approximately \$8.43 million has been expended through September 30, 2022, we project year end cash payments for claims to amount to approximately \$11.24 million. Therefore, it appears that there is sufficient funding for the 2022 year.

The actuarial report recommended contribution for 2023 is \$9.60 million, which includes a 3% present value factor to cover current claims, and is the same contribution recommendation as 2022. In addition, the actuarial report recommends the County contribute more to the Fund to reduce the overall deficit. The 2023 Proposed Budget includes \$11.77 million, which is included within the miscellaneous budget for \$10.70 million and an additional \$1.07 million included within various operational departmental and special district budgets. Thus, the 2023 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			Actual	
	2023 Proposed Budget	2022 County Budget	2022 County Projected	2021	2020
Contributions:					
Expense					
Current Claims	\$ 9,600,000	\$ 9,600,000	\$ 11,464,729	\$ 10,739,542	\$ 10,975,126
Accrued Liability Adjustment*	-	-	-	6,980,000	4,300,000
Deficit Funding	2,165,432	1,871,121	-	-	-
	11,765,432	11,471,121	11,464,729	17,719,542	15,275,126
"WAMO" Settlement**	-	-	-	-	5,330,000
County Contribution	11,765,432	11,471,121	11,464,729	5,851,862	12,381,340
	11,765,432	11,471,121	11,464,729	5,851,862	17,711,340
County Over/(Under)	\$ -	\$ -	\$ -	\$ (11,867,680)	\$ 2,436,214
Sources of County Contributions:					
Operating Budgets:					
Miscellaneous	\$ 10,700,000	\$ 10,454,778	\$ 10,454,778	\$ 5,350,000	\$ 11,408,000
Information Technology - E911	8,844	9,072	9,072	6,023	12,629
Information Technology - Wireless Cellphone	145,069	132,418	132,418	77,825	154,254
Solid Waste Commission	28,207	31,421	25,029	27,489	32,686
	10,882,120	10,627,689	10,621,297	5,461,337	11,607,569
Special District Budgets:					
Environmental Facilities	790,833	758,095	758,095	350,161	695,000
County Water District No 1	13,272	11,223	11,223	5,417	10,000
County Water District No 3	13,122	9,373	9,373	4,740	9,000
Refuse Disposal District Admin	66,085	64,741	64,741	30,207	59,771
	883,312	843,432	843,432	390,525	773,771
	\$ 11,765,432	\$ 11,471,121	\$ 11,464,729	\$ 5,851,862	\$ 12,381,340

* 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.

** Waive Agreement Management Office of the Workers' Compensation Board ("WAMO")

Office of Assigned Counsel

The mission of the Independent Office of Assigned Counsel is to provide legal representation at no cost to indigent defendants in Criminal and Family Court proceedings. The total 2023 Proposed Budget for the Office of Assigned Counsel is \$11.50 million, of which, \$10.05 million is for felony and misdemeanor assigned counsel services.

Indigent Defendants – Felony

In 2022 and 2023, attorneys are compensated at a rate of \$75 per hour for felony and family court cases. The 2022 Adopted Budget is \$4.61 million and the County projects \$4.46 million. Based upon total expenditures through October 2022 and an average estimate for November and December expenditures for the past three years, we project expenditures to be \$4.82 million, an unfavorable variance of \$210,000 as compared to the 2022 Adopted Budget and an unfavorable variance of \$360,000 as compared to the County's projection.

The 2023 Proposed Budget is \$4.95 million, \$340,000 more than the 2022 Adopted Budget. Based upon the average expenditures over the past three years, we project expenditures to approximate the 2023 Proposed Budget, therefore, we concur.

Indigent Defendants - Misdemeanor

In 2022 and 2023, attorneys are compensated at a rate of \$60 per hour for misdemeanor cases. The 2022 Adopted Budget is \$6.06 million and the County projects \$3.66 million for indigent defendant misdemeanor cases. Since 2021, indigent defendant misdemeanor cases have declined by approximately 20%. This decline in cases is due to the legalization of marijuana, desk appearance tickets delaying the start of cases by 30-45 days and an overall reduction in misdemeanor drug cases due to increased felony drug cases. For our projection, we took the average expenditures in November and December over the past three years with an average percentage decrease in cases. We project expenditures to be \$5.25 million, which results in a favorable variance of \$810,000 as compared to the 2022 Adopted Budget and an unfavorable variance of \$1.59 million as compared to the County's projection.

The 2023 Proposed Budget is \$5.10 million for indigent defendant misdemeanor cases, a \$960,000 decrease from the 2022 Adopted Budget. For our projection, we assumed cases would remain the same as 2022 with an estimated percentage increase in the cost per case. Therefore, we project \$5.56 million, an unfavorable variance of \$460,000 as compared to the 2023 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 2022 Adopted Budget is \$8.57 million, and the County is projecting \$7.65 million. In 2022, enrollment increased by 30 certificates of residency from 2021, but there was a 10% decrease in enrollment at the Fashion Institute of Technology which is the largest institution. To project 2022 expenditures, we used the total expenditures through October 2022 with an estimate for the remaining tuition bills to be paid. For the remainder of the year, we compared the tuition paid through October 2021 to the tuition paid through October 2022. The majority the community colleges have already been paid for the Fall 2022 semester. Based upon this analysis, we project expenditures to be \$7.81 million, a favorable variance of \$760,000 as compared to the 2022 Adopted Budget and an unfavorable variance of \$160,000 as compared to the County’s projection.

The following chart includes the total payments through October 31, 2022 and our projection for the five largest community colleges:

Community College	County Year to Date 2022	Consultant Projected 2022	Percent
Fashion Institute of Technology	\$ 3,356,000	\$ 3,364,000	45.44%
Bronx Community College	984,000	984,000	13.32%
Hostos Community College	813,000	813,000	11.01%
Rockland Community College	379,000	528,000	5.13%
Broome Community College	301,000	309,000	4.08%
Other	1,553,000	1,807,000	21.03%
Total	\$ 7,386,000	\$ 7,805,000	100.00%

The 2023 Proposed Budget is \$8.11 million, \$460,000 less than the 2022 Adopted Budget. To project 2023 expenditures, we used our projection for 2022, plus the average percentage increase in expenditures over the last five years. Based upon this analysis, we concur with the 2023 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 2021 Actuals, the 2022 Adopted Budget, the 2022 County projections and the 2023 Proposed Budget:

Type	2021 Actual (000's)		2022 Adopted Budget (000's)		2022 County Projection (000's)		2023 Proposed Budget (000's)	
Salaries & Administration	\$ 135,152	20.54 %	\$ 150,019	23.21 %	\$ 143,320	23.75 %	\$ 152,590	23.07 %
EAF								
Non-Homeless	4,722	0.72	7,952	1.23	6,385	1.06	7,326	1.11
Foster Care	8,635	1.31	10,291	1.59	7,322	1.21	8,708	1.32
EAA	636	0.10	1,600	0.25	832	0.14	1,260	0.19
Medical Assistance:								
Old Age Assistance	3,701	0.56	4,557	0.71	4,057	0.67	4,808	0.73
Aid to Disabled	-	-	-	0.00	10	-	-	-
Family Assistance	86	0.01	-	-	350	0.06	-	-
Medicaid Regular	184,762	28.10	197,631	30.58	185,224	30.69	198,171	29.96
Medicaid (MMIS) - IGT	178,031	27.07	80,000	12.38	80,000	13.26	80,000	12.10
Family Assistance	22,641	3.44	30,101	4.66	28,537	4.73	31,845	4.81
Safety Net	42,405	6.45	57,439	8.89	53,260	8.83	62,628	9.47
Child Welfare:								
Foster Care	20,382	3.10	27,981	4.33	19,469	3.23	23,906	3.61
AO Services	1,961	0.30	4,695	0.73	1,729	0.29	3,299	0.50
Independent Living	1,137	0.17	1,580	0.24	1,470	0.24	1,478	0.22
Adoption Subsidies	10,401	1.58	10,819	1.67	13,322	2.21	17,958	2.72
Social Svcs - Special Items	385	0.06	450	0.07	315	0.05	375	0.06
Indirect Social Service	13,366	2.03	22,254	3.44	22,987	3.81	24,305	3.67
Childcare Subsidies	26,093	3.97	38,869	6.01	33,522	5.56	42,752	6.46
Emergency Relief	3,234	0.49	-	-	1,345	0.22	-	0.00
Total Expenditures	\$ 657,729	100.00 %	\$ 646,238	100.00 %	\$ 603,456	100.00 %	\$ 661,409	100.00 %
Local Share	\$ 409,463	62.26 %	\$ 378,578	58.59 %	\$ 357,338	59.22 %	\$ 380,392	57.52 %
Departmental Income	5,235	0.80	3,807	0.59	3,807	0.63	4,235	0.64
Miscellaneous Revenue	213	0.03	-	-	-	-	-	-
Agency & Trust Revenue	2,594	0.39	3,000	0.46	1,828	0.30	1,400	0.21
State Aid	90,981	13.83	98,767	15.28	88,082	14.60	100,212	15.15
Federal Aid	149,243	22.69	162,086	25.08	152,400	25.25	175,170	26.48
Total Revenue	\$ 657,729	100.00 %	\$ 646,238	100.00 %	\$ 603,456	100.00 %	\$ 661,409	100.00 %

The 2023 Proposed Budget is approximately \$661.41 million, which represents a \$15.17 million increase from the 2022 Adopted Budget of \$646.24 million. The 2023 Proposed Budget is \$57.95

million more than the Department's 2022 projected expenditures of \$603.46 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 2022 State and Federal aid to be 39.85% (14.60% State aid and 25.25% Federal aid) and 2023 State and Federal aid are expected to be 41.63% (15.15% State aid and 26.48% Federal aid). The local share, which is comprised of property tax and sales tax revenues, is 58.58% in the 2022 Adopted Budget and 57.51% in the 2023 Proposed Budget.

Below is a summary of the potential variances between the 2023 Proposed Budget and our projection, potential variances between the 2022 Adopted Budget and our projection, and the overall effect on County Taxation based on our analysis:

Category	2023 Potential Budget Impacts		
	Expenditure Favorable (Unfavorable)	Revenue Favorable (Unfavorable)	Net County Increase (Decrease) in Taxation
Safety Net Non-Homeless & Homeless	\$ 2,280,000	\$ (660,000)	\$ (1,620,000)
Family Assistance Non-Homeless & Homeless	1,350,000	(1,340,000)	(10,000)
Child Welfare	2,970,000	(2,440,000)	(530,000)
Emergency Assistance to Families	510,000	(451,000)	(59,000)
Emergency Assistance to Adults	260,000	(260,000)	-
Total	<u>\$ 7,370,000</u>	<u>\$ (5,151,000)</u>	<u>\$ (2,219,000)</u>
Category	2022 Findings		
	Expenditure Favorable (Unfavorable)	Revenue Favorable (Unfavorable)	Net County Increase (Decrease) in Taxation
Administration	\$ 2,380,000	\$ (5,710,000)	\$ 3,330,000
MMIS	12,400,000	-	(12,400,000)
Safety Net Non-Homeless & Homeless	4,850,000	(1,410,000)	(3,440,000)
Family Assistance Non-Homeless & Homeless	4,500,000	(4,460,000)	(40,000)
Family Assistance - PEAFF	(2,300,000)	2,300,000	-
Child Welfare	8,350,000	(6,420,000)	(1,930,000)
Raise the Age Program	2,800,000	(2,800,000)	-
Emergency Assistance to Families	4,800,000	(4,210,000)	(590,000)
Emergency Assistance to Adults	880,000	(880,000)	-
Indirect Social Services	(740,000)	220,000	520,000
Title XX Child Care	1,470,000	-	(1,470,000)
Temporary Assistance Daycare	600,000	(450,000)	(150,000)
Childcare Subsidies	1,980,000	(1,980,000)	-
Scholarship Program	1,400,000	-	(1,400,000)
Total	<u>\$ 43,370,000</u>	<u>\$ (25,800,000)</u>	<u>\$ (17,570,000)</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 1,113 County employees in the department for the 2022 year and 1,114 employees for the 2023 year. In addition, the associated fringe benefits, supplies and contractual expenses for the administration support are eligible for reimbursement by the State at 9% and the Federal Government at 50% of the expenditures. Also, the State caps fringe benefit reimbursement at 55% of salaries.

Administration Expenditures

The 2022 Adopted Budget for Administrative expenditures, inclusive of fringe benefits, is approximately \$210.27 million. The County's 2022 projection is \$205.30 million which is comprised of \$77.62 million for personnel costs, equipment and supplies of approximately \$780,000, contractual expenditures of \$23.10 million, \$41.82 million for interdepartmental charges and approximately \$61.98 million for fringe benefits. We project 2022 expenditures to be \$206.26 million, which is \$4.01 million favorable variance compared to the 2022 Adopted Budget and \$960,000 more than the 2022 County projection. This variance is due to a savings in personnel services costs of \$4.71 million and an increase in employee health benefits of \$3.08. This is discussed further in the Personnel Services and Fringe Benefit sections of this report. This is then offset by an increase in equipment and material purchases of \$130,000 and a decrease in contractual of \$2.51 for contractual expenditures related to COVID-19. This \$2.38 million favorable variance is reported on the DSS Administration line on the summary of findings.

The 2023 Proposed Budget for administrative expenditures is approximately \$216.39 million, inclusive of fringe benefits, which is \$6.12 million more than the 2022 Adopted Budget. This amount is comprised of \$83.50 million for personnel costs, equipment and supplies of \$880,000, contractual expenditures of \$24.61 million, \$43.60 million for interdepartmental charges and approximately \$63.80 million for fringe benefits. The increase compared to the 2022 Adopted Budget is due to personnel services of \$1.56 million for salary increases, fringe benefits of \$3.55 million due to increased health insurance costs and miscellaneous expenses of \$1.01 million. We concur with all expenditures except for benefits which is discussed in the Personnel Services and Fringe Benefit sections of this report.

Administration Revenues

As mentioned previously, these expenditures are reimbursed by the State (9%) and the Federal Government (50%). Also, the State caps fringe benefit reimbursement at 55% of salaries. Based on our favorable expenditure finding and also considering the limit on fringe benefits, we project an unfavorable variance of approximately \$5.71 million as compared to the 2022 Adopted Budget.

As mentioned above we have an expenditure finding for the 2023 Proposed Budget due to fringe benefits. Since the total fringe benefit expenditures exceeds the 55% cap for State reimbursement, we concur with the 2023 Proposed Budget for revenues.

Medical Assistance - MMIS

Medicaid Management Information System ("MMIS") is the County's share of medical care and services to eligible participants. The costs ("weekly shares") are billed through New York State's information retrieval system that State Medicaid programs must have for reporting purposes. The County has no control over these costs and must fund 100% of this program.

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 2014. Based on MMIS expenditures and changes in payment levels, both our projection and the Department's projects weekly share expenditures to total approximately \$185.23 million. This is \$12.40 million less than the 2022 Adopted Budget of \$197.63 million. Although, as mentioned above the State has capped the weekly shares amount, there are adjustments made to this amount. The largest adjustment is the Federal Medicaid Assistance Program ("FMAP"). This item is a credit that reduces weekly share payments. The following adjustments outline the various weekly share changes that comprise our calculation. In 2022, the first 21 payments starting in January through May were \$3.36 million, for a total of \$70.56 million. Beginning in June and continuing through August the County made 14 payments at a new weekly shares rate of \$3.88 million totaling \$54.32 million. Finally, for September through December the State issued another weekly share letter indicating the next 30 cycles will be at a rate of \$3.55 million of which 17 payments will total \$60.35 million.

The 2023 Proposed Budget includes Medicaid payments totaling approximately \$198.17 million, which is based on 13 weeks at \$3.55 million and 39 weeks at \$3.90 million. We concur with the amount contained in the 2023 Proposed Budget. However, as mentioned earlier, the County only has notification of the weekly share payments for the first 13 payments. If the FMAP was discontinued, the payment would return to the capped amount of \$4.29 million, leaving the County appropriation short by \$15.29 million. If the FMAP remained at the current level, the payment would be \$3.55 million, leaving a surplus of \$13.57 million in the MMIS account.

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.

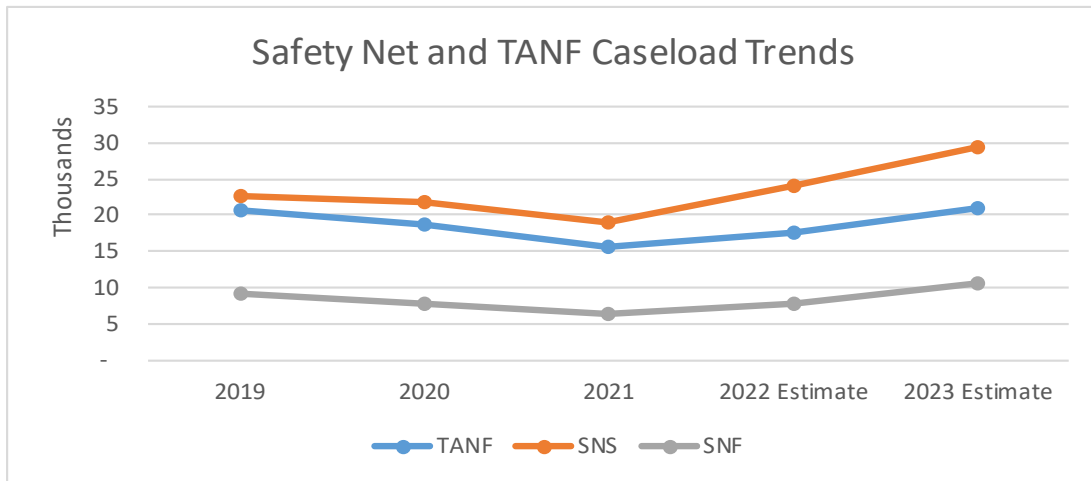
The 2022 Adopted Budget is \$80 million for IGT payments, an amount equal to the County’s projection. This budgeted expenditure is offset by the Intergovernmental Transfer Revenue, which is contained in the Miscellaneous Revenue Budget. Given this expense has a correlating revenue, there is no budget impact.

The 2023 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:



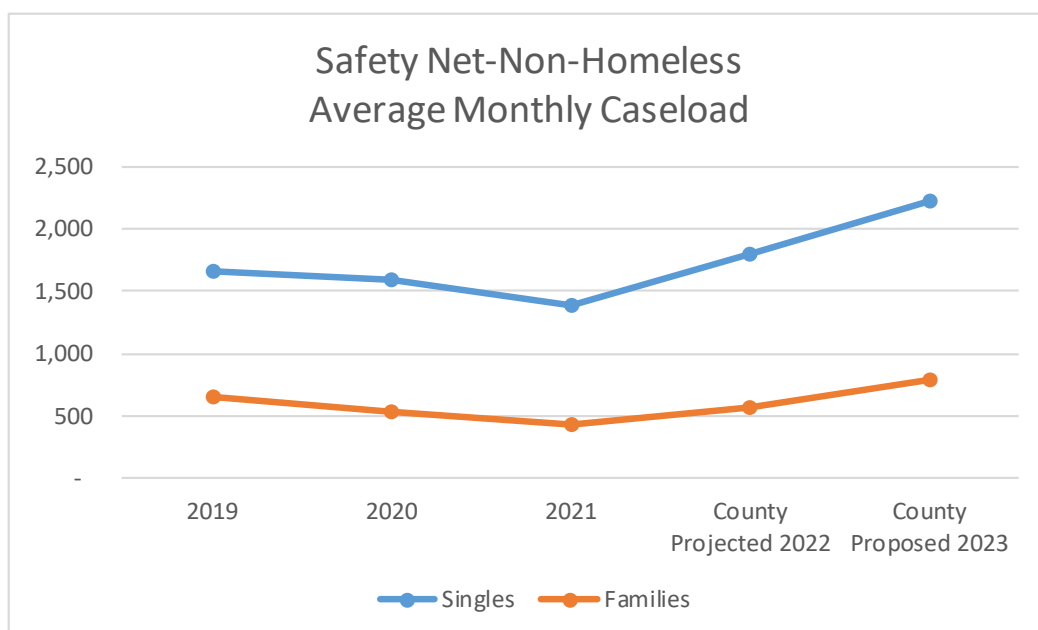
The 2022 Adopted Budget is \$57.44 million, which is comprised of \$24.91 million for the services for the Non-Homeless and \$32.53 million for the Homeless. The Department is projecting total estimated costs for both programs to be \$53.26 million, which is comprised of \$20.93 million for the services for the Non-Homeless and \$32.33 million for the Homeless. This is an overall favorable variance of \$4.18 million as compared to the 2022 Adopted Budget. The 2023 Proposed Budget includes funding of \$62.63 million, which is comprised of \$28.48 million for the services for the Non-Homeless and \$34.15 million for the Homeless, \$5.19 million more than the 2022 Adopted Budget. The programs are detailed below:

Safety Net - Non-Homeless

The 2022 Adopted Budget is \$24.91 million. The County projects expenditures to be \$20.93 million, a favorable variance of \$3.98 million. This projection is comprised of \$15.04 million (21,613 cases) for Singles and \$5.89 million (6,931 cases) for Families. Based on our analysis of year-to-date expenditures and cases, we project expenditures to be \$20.26 million, a favorable variance of \$4.65 million as compared to the 2022 Adopted Budget and a favorable variance of \$670,000 as compared to the County's projection. Our projection is comprised of \$14.37 million (21,613 cases) for Singles and \$5.89 million (6,904 cases) for Families. Our projection for Singles allows for a lower cost per case than the County's projection.

The 2023 Proposed Budget is \$28.48 million, which is comprised of \$19.86 million (26,580 cases) for Singles and \$8.62 million (9,465 cases) for Families. There has been an upwards trend in cases post-pandemic. Based on this trend, we project expenditures to be \$26.33 million, a favorable variance of \$2.15 million as compared to the 2023 Proposed Budget. Our projection is comprised of \$18.32 million (25,747 cases) for Singles and \$8.01 million (8,851 cases) for Families.

The following graph depicts the average monthly caseloads for 2019, 2020, 2021, County 2022 projection and County 2023 proposed for the Non-Homeless program:

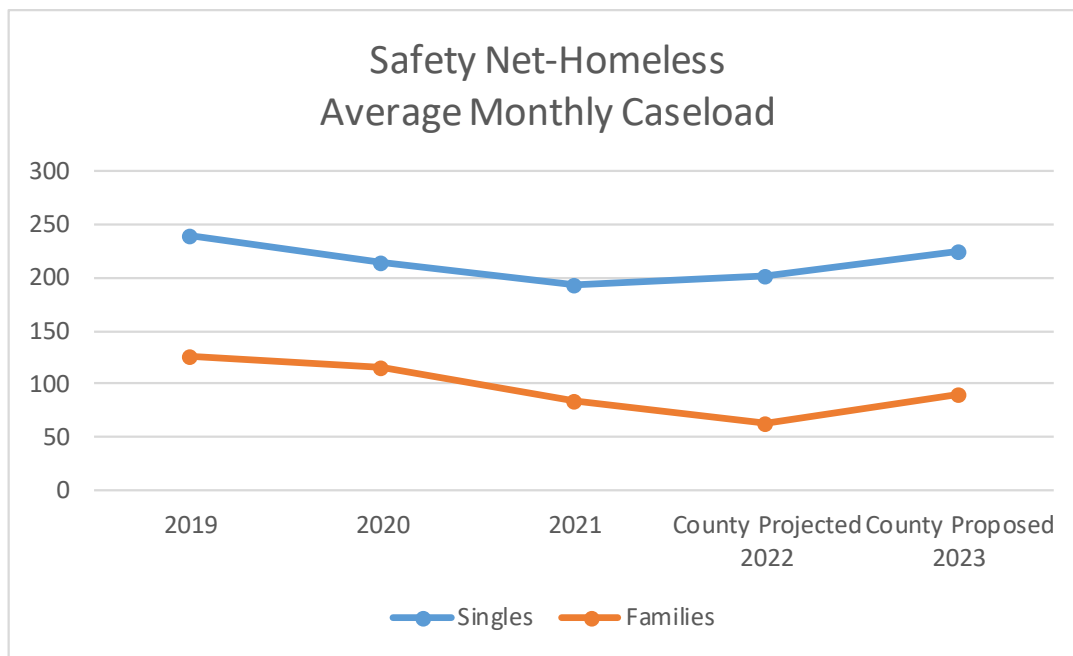


Safety Net - Homeless

The 2022 Adopted Budget is \$32.53 million. The County is projecting expenditures to be \$32.33 million, which is comprised of \$23.46 million (2,415 cases) for Singles and \$8.87 million (746 cases) for Families. Based on our caseload analysis, we project expenditures to be \$32.33 million, a favorable variance of \$200,000 as compared to the 2022 Adopted Budget and an amount equal to the County's projection.

The 2023 Proposed Budget is \$34.15 million, an increase of \$1.62 million from the 2022 Adopted Budget. This is comprised of \$25.92 million (2,702 cases) for Singles and \$8.23 million (1,088 cases) for Families. The majority of these expenditures are associated with the shelter costs. Based on our caseload analysis, we project expenditures to be \$34.02 million, a favorable variance of \$130,000 as compared to the 2023 Proposed Budget. Our projection is comprised of \$25.92 million (2,592 cases) for Singles and \$8.10 million (723 cases) for Families.

The following graph depicts the average monthly caseloads for 2019, 2020, 2021, County 2022 projection and County 2023 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 \$4.65 million for the Non-Homeless program and a favorable variance of \$200,000 for the Homeless program, for a total favorable variance of \$4.85 million as compared to the 2022 Adopted Budget. Based on this variance, we project an unfavorable variance of approximately \$1.41 million for State aid as compared to the 2022 Adopted Budget.

Our variances as compared to the 2023 Proposed Budget for expenditures included a favorable variance of \$2.15 million for the Non-Homeless program and a favorable variance of \$130,000 for the Homeless program, for a total favorable variance of \$2.28 million. As a result of this variance, we project an unfavorable variance of approximately \$660,000 as compared to the 2023 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. During 2022, an additional item was added in this area for the Pandemic Emergency Assistance Program – Family Pandemic (“PEAF”). PEAF offered various services directly to families and is not expected to continue into 2023. This program is reimbursed at 100% by the State.

The 2022 Adopted Budget is \$30.10 million, which is comprised of \$13.05 million for the Non-Homeless program and \$17.05 million for the Homeless program. The County is projecting total estimated costs to be \$28.54 million, which is comprised of \$10.87 million for Non-Homeless, \$15.37 million for Homeless and \$2.30 million for PEAF. This is a favorable variance of \$1.56 million as compared to the 2022 Adopted Budget.

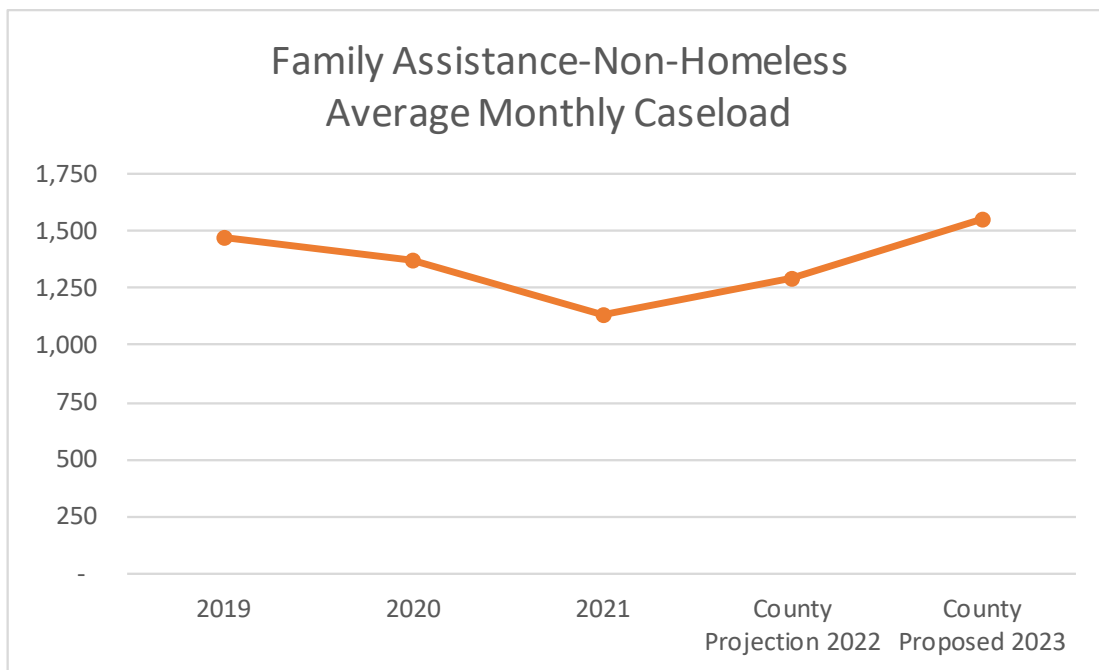
The 2023 Proposed Budget includes funding of \$31.85 million, which is comprised of \$13.75 million for Non-Homeless and \$18.10 million for Homeless. This is \$1.75 million more than the 2022 Adopted Budget. The programs are detailed below:

Family Assistance - Non-Homeless

The 2022 Adopted Budget for the Non-Homeless program is \$13.05 million. Caseloads during the year began to increase. The County is projecting expenditures to be \$10.87 million, a favorable variance of \$2.18 million. This projection is based on 15,552 caseloads. Based on year-to-date caseloads, we project 15,426 caseloads for the current year, amounting to \$10.39 million. Our projection allows for a lower cost per case than the County's projection. This is a favorable variance of \$2.66 million as compared to 2022 Adopted Budget and a favorable variance of \$480,000 as compared to the County's projection.

The 2023 Proposed Budget is \$13.75 million with 18,607 cases. This is \$700,000 more than the 2022 Adopted Budget. Based on our analysis, we project caseloads to be 17,203 resulting in expenditures of \$12.40 million, a favorable variance of \$1.35 million as compared to the 2023 Proposed Budget.

The graph below depicts the average monthly caseloads for 2019, 2020, 2021, County's 2022 projection and County's 2023 Proposed for the Non-Homeless program:

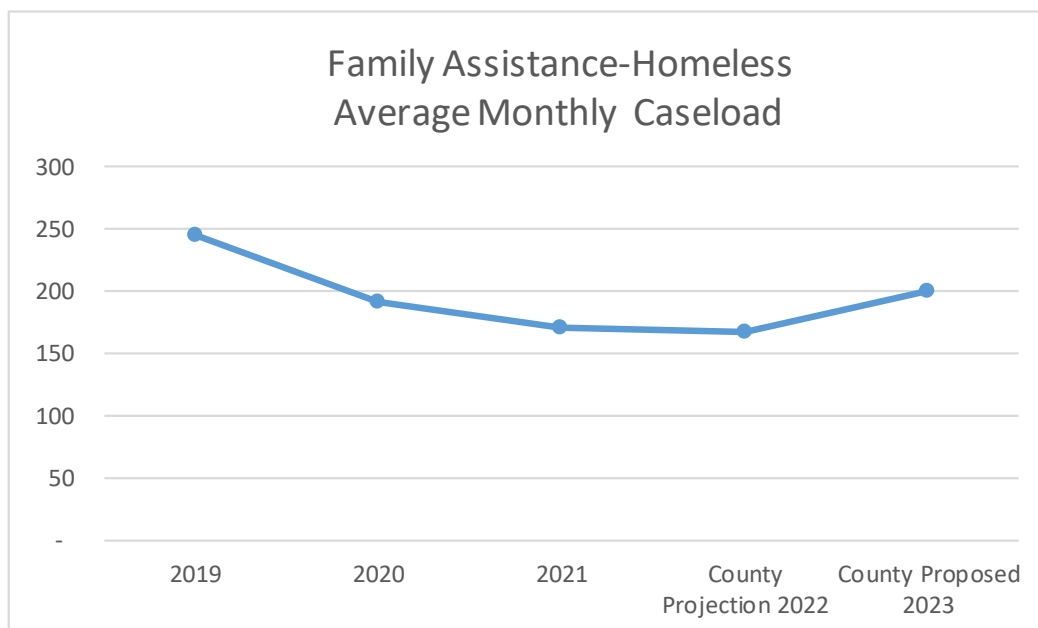


Family Assistance – Homeless

The 2022 Adopted Budget is \$17.05 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, they are slowly beginning to return to pre-pandemic levels. Additionally, shelter costs have been on the rise over the past several years. The County is projecting 2022 caseloads to be 2,013, combined with shelter costs of \$14.50 million, which results in total expenditures of \$15.37 million. This is a favorable variance of \$1.68 million as compared to the 2022 Adopted Budget. Our analysis utilizes caseloads of 2,001 and the same shelter costs as the County's projection. Based on these factors, we project expenditures to be \$15.21 million, a favorable variance of \$1.84 million as compared to the 2022 Adopted Budget and a favorable variance of \$160,000 as compared to the County's projection.

The 2023 Proposed Budget is \$18.10 million, which takes into account 2,403 cases. This is \$1.05 million more than the 2022 Adopted Budget. Based on our analysis of cases, we concur with the 2023 Proposed Budget.

The graph below depicts the average monthly caseloads for 2019, 2020, 2021, County's 2022 projection and County's 2023 Proposed for the Homeless program:



Family Assistance – PEAFF

As mentioned above, during 2022, the County spent \$2.30 million on PEAFF. This amount was not included in the 2022 Adopted Budget. We concur with the County's projection, resulting in an unfavorable variance of \$2.30 million as compared to the 2022 Adopted Budget.

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 \$2.66 million favorable variance for the Non-Homeless program and a favorable variance of \$1.84 million for the Homeless program, for a total favorable finding of \$4.50 million as compared to the 2022 Adopted Budget. Based on this variance, we project an unfavorable variance of approximately \$4.46 million for Federal aid as compared to the 2022 Adopted Budget.

Additionally, as noted above, \$2.30 million was expended on the new PEAFF program, which is 100% funded by the State. Therefore, we have a favorable variance of \$2.30 million for State aid for 2022.

Our expenditure analysis for 2023 resulted in a favorable variance of \$1.35 million for the Non-Homeless program as compared to the 2023 Proposed Budget. Based on this variance, we project an unfavorable variance of approximately \$1.34 million for Federal aid as compared to the 2023 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 2022 Adopted Budget is \$40.83 million for these services. The County's 2022 projection is \$34.26 million, a favorable variance of \$6.57 million. In July 2022, the Maximum State Aid ("MSA") Rate increased for these programs. Per the Administration, the County was required to reach 50% of the MSA rate by July 1st, 2022 and 100% by July 1st, 2023. The County elected to reach 75% of the MSA rate by July 1st, 2022 and will reach 100% by July 1st, 2023. Based on our analysis of year-to-date expenditures and factoring in the MSA rate increase, we project expenditures to be \$32.48 million. This represents a favorable variance of \$8.35 million as compared to the 2022 Adopted Budget and a favorable variance of \$1.78 million as compared to the County's projection.

The 2023 Proposed Budget is \$43.34 million, an increase of \$2.51 million as compared to the 2022 Adopted Budget. Based on a historical analysis and the MSA rate increase expected for 2023, we project expenditures to be \$40.37 million, a favorable variance of \$2.97 million as compared to the 2023 Proposed Budget.

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 37% to 49% Federal aid and 31% to 44% State aid with the difference covered by local share. Based on our favorable expenditure variance of \$8.35 million as compared to the 2022 Adopted Budget, we project an unfavorable variance of \$2.82 million for Federal aid and an unfavorable variance of \$3.60 million for State aid as compared to the 2022 Adopted Budget.

Based on our favorable variance of \$2.97 million as compared to the 2023 Proposed Budget, we project an unfavorable variance of \$1.22 million for Federal aid and an unfavorable variance of \$1.22 million for State aid as compared to the 2023 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 commit 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 2022 Adopted Budget includes expenditures of \$4.70 million for the Raise the Age Program. Raise the Age expenditures are contingent upon the occupancy of beds across their facilities. As of November 2022, the County has a capacity of 8 beds at Children's Village and 8 beds at Lincoln Hall. Current average occupancy is between 3 and 4 children, therefore, the County projects expenditures to be \$1.73 million, a favorable variance of \$2.97 million as compared to the 2022 Adopted Budget. Based on the current occupancy level and year-to-date expenditures, we project expenditures to be \$1.90 million, favorable variance of \$2.80 million as compared to the 2022 Adopted Budget and an unfavorable variance of \$170,000 as compared to the County's projection.

The 2023 Proposed Budget is \$3.30 million for expenditures, a decrease of \$1.40 million as compared to the 2022 Adopted Budget. The 2023 Proposed Budget is based upon an anticipated bed occupancy of 7. As this program has no net impact on local taxation, no adjustment is required.

Raise the Age Program Revenues

As mentioned above, New York State reimburses 100% of the Raise the Age expenditures. Based on our findings above, we project an unfavorable variance of \$2.80 million as compared to the 2022 Adopted Budget.

Based on the budgeted appropriations, the revenue is estimate is sufficient.

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 28% Federal reimbursement, 48% 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 2022 Adopted Budget for Non-Homeless is approximately \$7.95 million. The County’s 2022 projection is \$6.39 million, which is \$1.56 million less than the 2022 Adopted Budget. The main factor for this favorable variance is due to the Non-Homeless services not having as large an enrollment as anticipated. As of September 2022 there were total expenditures of approximately \$4.56 million. If this trend continues we project 2022 expenditures will be \$6.25 million, a favorable variance of \$1.70 million as compared to the 2022 Adopted Budget and \$140,000 less than the 2022 County projection.

The 2023 Proposed Budget for Non-Homeless is \$7.33 million, which is \$620,000 less than the 2022 Adopted Budget. Our projection assumes more families will be enrolled in this program, trending towards to 2019 levels and we included an inflation factor for the cost per case. Based on these factors, we project 2023 expenditures to amount to \$7.14 million, a \$190,000 favorable variance as compared to the 2023 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 \$1.70 million compared to the 2022 Adopted Budget.

Based on our favorable expenditure finding for 2023, we project an unfavorable variance of \$190,000 for the 2023 revenues as compared to the 2023 Proposed Budget.

Emergency Assistance to Families and Children – Foster Care and JD PINS Expenditures

The 2022 Adopted Budget for Foster Care is approximately \$10.29 million. The County's 2022 projection is \$7.32 million, which is \$2.97 million less than the 2022 Adopted Budget. As of August 2022 there were total expenditures of approximately \$4.75 million. If this trend continues we project 2022 expenditures will be \$7.19 million. This is a \$3.10 million favorable variance compared to the 2022 Adopted Budget and a \$130,000 favorable variance as compared to the County's projection.

The 2023 Proposed Budget for Foster Care is \$8.71 million, which is \$1.58 million less than the 2022 Adopted Budget. Taking into account an MSA rate of 4% in February, a COLA increase of 2% starting in June 2023, and an increase in enrollment, we project 2023 expenditures to be \$8.39 million, a \$320,000 favorable variance as compared to the 2023 Proposed Budget.

Emergency Assistance to Families and Children – Foster Care and JD PINS Revenues

The Federal government reimburses the Emergency Assistance to Families and Children – Foster Care program at program at 48% State and 28% 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 \$2.51 million as compared to the 2022 Adopted Budget.

Based on our favorable expenditure finding for 2023 of \$320,000 we project an unfavorable variance of \$280,000 for the 2023 revenues as compared to the 2023 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 2022 Adopted Budget is \$1.60 million for these services. The County projects the 2022 expenditures for EAA to be approximately \$830,000, a favorable variance of \$770,000. Based on our analysis of year-to-date expenditures, we project expenditures to be \$720,000, a favorable variance of \$880,000 as compared to the 2022 Adopted Budget and a favorable variance of \$110,000 as compared to the County’s projection.

The 2023 Proposed Budget is \$1.26 million, an amount \$340,000 less than the 2022 Adopted Budget. For our analysis, we assumed levels would begin to return to pre-pandemic levels and included an inflation increase. As a result, our projection is \$1 million, a favorable variance of \$260,000 as compared to the 2023 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 \$440,000 as compared to the 2022 Adopted Budget for State aid and \$440,000 for Federal aid.

Based on our favorable expenditure finding for 2023 of \$260,000 we project unfavorable variances of \$130,000 as compared to the 2023 Proposed Budget for State aid and \$130,000 for Federal aid.

Indirect Social Service

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

	Actual 2020	Actual 2021	Adopted Budget 2022	County Projected 2022	Proposed Budget 2023
Homemaker/Housekeeper Non-Medical	\$ 740,328	\$ 892,372	\$ 1,500,000	\$ 1,200,000	\$ 1,500,000
Housing	1,500,866	2,156,263	2,780,476	2,780,476	2,780,476
Preventative/Protective Services	10,108,792	7,557,301	13,518,748	13,833,733	13,977,645
Child Protective Services	527,865	590,789	726,321	796,864	916,864
Indirect Other	1,951,292	2,169,306	3,728,455	4,376,422	5,130,015
	<u>\$ 14,829,143</u>	<u>\$ 13,366,031</u>	<u>\$ 22,254,000</u>	<u>\$ 22,987,495</u>	<u>\$ 24,305,000</u>

The 2022 Adopted Budget is \$22.25 million for these services and contracts. This budget included funding for efforts resulting from 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 Adopted Budget also contained \$1 million for the County’s efforts of supplying food to those in need. The County’s projection for Indirect Social Services is \$22.99 million, an unfavorable variance of \$740,000. This variance is mainly due to an additional \$790,000 anticipated to be spent for food services mentioned above. We concur with the County’s projection. Indirect Social Services are reimbursed at 29% for State aid. Based on our unfavorable expenditure finding of \$740,000, we project a favorable State aid variance of approximately \$220,000.

The 2023 Proposed Budget is \$24.31 million, an increase of \$2.06 million from the 2022 Adopted Budget. The 2023 Proposed Budget increases the County’s effort of supplying food to those in need to \$2 million. Additionally, the County has included funding for indigent guardianships and clinicians to assist the district offices and shelters. We concur with 2023 Proposed Budget.

Child Care Subsidies - Day Care

In 2022, we began to see a rise in the utilization levels of day care services as a return to in-person work and COVID-19 restrictions being lifted. Additionally, in August of 2022, the income level for eligibility was raised from 200% to 300%. Due to this change, individuals who previously fell under Title XX now qualify as Low Income. We anticipate slots to increase for this area by the end of 2022 and throughout 2023.

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 the following thresholds:

- 200 percent of the Federal Poverty Level (January 2022 – July 2022)
- 300 percent of the Federal Poverty Level (August 2022 – onward);

then the individual's household is considered a low-income household and financially eligible for low-income subsidy. For the beginning of the 2022 year, the 200% income level began at \$27,180 for one family member and increased \$9,440 per family member subsequently. For the remainder of the 2022 year and the 2023 year, the 300% income level begins at \$40,770 for one family member and increases by \$14,160 per family member subsequently. In 2022, the parent share for this program was 25%.

The 2022 Adopted Budget for Low Income Day Care is \$29.61 million. The County is anticipating 24,486 slots to be used for the year with an average cost per slot of approximately \$1,128. This results in a projection of \$27.63 million, a favorable variance of \$1.98 million as compared to the 2022 Adopted Budget. Based on year-to-date slots and factoring in the impact of the eligibility changes noted above, we concur with the County's projection.

The 2023 Proposed Budget is \$37.43 million, estimating 30,656 slots to be used in 2023 with an average cost of \$1,221. This is \$7.82 million more than the 2022 Adopted Budget. Our analysis indicated that approximately 30,000 slots would be utilized. Given the adjustment to eligibility requirements, we will concur with the 2023 Proposed Budget.

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 \$1.98 million, we project an unfavorable variance of \$1.98 million for revenues as compared to the 2022 Adopted Budget.

Based on our concurrence with the 2023 Proposed Budget expenditures, we also concur with the revenues contained in the 2023 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. Prior to August 1st, 2022, 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. However, beginning August 1st, 2022, as mentioned above, the Low Income level was raised to 300%, which removed Title XX expenditures.

The 2022 Adopted Budget is \$4.36 million for Title XX. The County's 2022 projected expenditure is \$2.89 million, based on 2,596 slots being used. Based on year-to-date slots used through October, we concur with the County's projection, resulting in a favorable variance of \$1.47 million as compared to the 2022 Adopted Budget.

The 2023 Proposed Budget does not include expenditures for Title XX.

Temporary Assistance Day Care Expenditures

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

The 2022 Adopted Budget includes \$1.60 million for TANF Day Care. Based upon 850 slots, the County projects 2022 expenditures to be approximately \$1.10, which is \$500,000 million less than the 2022 Adopted Budget. Our projection is based on annual slots of 781, yielding an estimated

annual cost of \$1 million, a favorable variance of \$600,000 as compared to the 2022 Adopted Budget and a favorable variance of \$100,000 as compared to the County's projection.

The 2023 Proposed Budget is \$2.02 million, based on 1,425 slots and an increase of \$420,000 as compared to the 2022 Adopted Budget. Post-pandemic, we have begun to see an increase in slots over the past year. Therefore, we concur with the amount contained in the 2023 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 \$600,000 favorable expenditure variance as compared to the 2022 Adopted Budget. As a result, we project a \$450,000 unfavorable variance for State aid as compared to the 2022 Adopted Budget.

Based on our concurrence with the 2023 Proposed Budget, we project no change in State aid.

Scholarship Program Expenditures

The program is 100% local funded. Per the original County resolution for 2022, individuals are eligible if the household's total gross income is at or below 85% of the New York State Median Income. Per the Administration, in August 2022, there this eligibility was increased to 400% of the Federal Poverty level. The 2022 Adopted Budget contains \$3.30 million, however, the County projects \$1.90 million of expenditures, a favorable variance of \$1.40 million. This projection is based on 255 monthly scholarships of \$696 for nine months, plus an administrative cost of approximately \$330,000. We concur with the County's projection.

The 2023 Proposed Budget contains \$3.30 million, which allows for 350 monthly scholarships of \$708 for twelve months, plus an additional administrative cost of \$330,000. We concur with this amount.

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 once again 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; substantive deterioration of reserves or cash and inability to maintain operational balance across funds."

Based upon our projection of the current budgetary operations for 2022, and our analysis of the Proposed Budget for next year 2023, the County can anticipate that its fund balance may grow from \$413.62 million to \$489.36 million at the end of 2023 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 may be as high as 17%.

SPECIAL DISTRICTS

Special Districts

The 2023 Proposed Budget for the Special Districts (“Districts”) allows for appropriations of \$235.68 million, or \$11.06 million more than the 2022 Adopted Budget. In the past, the Districts have relied on a combination of revenues, which consisted of appropriated fund balance, property tax and departmental income. The 2023 Proposed Budget call \$181.96 million in property taxes, \$1.38 million of appropriated fund balance, \$15.36 million of ARPA funding, \$6.98 million of EFC – Interest Subsidies and the balance from other departmental income.

The property taxes are proposed to increase \$19.48 million, or 11.99%, as compared to the 2022 adopted levy. In past years, the County has opted to use fund balance to offset the need for any property tax increase. In 2021 \$29.86 million was appropriated and \$17.22 million in 2022. After the appropriation of fund balance the Districts’ overall fund balance at December 31, 2021 was as follows:

- Sewer Districts: \$14.66 million
 - Refuse Districts: \$14.66 million
 - Water Districts: \$ 4.61 million
- Total: \$35.14 million

As you can see, once we reduce the reduce the fund balance by the 2022 amount, only \$22.92 million remains available for future budget use. Furthermore, the 2023 Proposed Budget utilizes an additional \$1.38 million of Water District surplus.

As the County moves forward, there needs to be a way to find other sources of revenue as there is not sufficient fund balance or ARPA funding available to bridge the gap.

CONCLUSION

Conclusion

We have concluded our engagement to review the County Executive's Proposed Budget for 2023. Our firm has examined, re-calculated and verified revenues and proposed appropriations that comprise the \$2.367 billion operating budget.

The 2023 Proposed Budget is balanced, avoids the appropriation of fund balance from prior year surplus funds and budgets American Rescue Plan Act ("ARPA") monies in the amount of \$89.90 million, as permitted.

The success of the County's budgeting procedures is evidenced by the County's ability to offer expanded municipal services as detailed in the Executive's Budget Message. Moreover, the County just successfully sold \$241 million of Westchester County tax-exempt bonds with an average maturity of approximately 14 years, carrying a total interest cost of less than 3% to finance the County's capital programs.

As we have indicated earlier in this report, our analysis of operations for 2022 provides an estimated increase in the County's fund balance "reserves" in the amount of \$68.40 million. We also have identified "bit" of flexibility in the 2023 Proposed Budget. There is \$7.40 million, derived from current information reported for sales tax, use tax and interest earnings. At the time of our writing, the Administration had brought to our attention a lawsuit initiated by the New York State Bar Association to raise 18-B rates (Assigned Counsel) from the current \$60 per hour for misdemeanors and \$75 per hour for felonies, to \$158 per hour. The Administrations has alerted us that the 2023 Proposed Budget has not anticipated the extra costs if the lawsuit is successful.

As we have cited in our Introduction, the 2023 Proposed Budget has remained within the parameters of the "2% Property Tax Cap", even with addressing the need of additional and reoccurring resources in the Sewer Special Districts.

Members from our firm will be available to discuss this report and its contents. We appreciate the opportunity to be of service to County officials.

SUMMARY OF FINDINGS

Westchester County Proposed Budget 2023
Summary of Findings as Compared to the 2022 Adopted Budget and 2023 Proposed Budget
December 5, 2022

	2023 Amounts		Decrease/ (Increase) in Taxation	2022 Amounts		Decrease/ (Increase) in Taxation
	Increase	Decrease		Increase	Decrease	
Revenues:						
Sales Tax - Gross	\$ 5,050,000	\$ -		\$ 57,060,000	\$ -	
Auto Use Tax	-	-		-	320,000	
County Mortgage Tax	-	640,000		3,580,000	-	
Hotel Tax	310,000	-		260,000	-	
Interest on Investments	3,830,000	-		5,040,000	-	
County Clerk - Unallocated	-	440,000		-	740,000	
Corrections Department:						
Housing	390,000	-		2,900,000	-	
Department of Parks, Rec & Conservation:						
Golf	250,000	-		1,210,000	-	
Parks	-	540,000		-	530,000	
Playland Park	150,000	-		-	110,000	
County Center	-	-		-	250,000	
Ice Casino	-	-		-	103,000	
Other	-	-		1,150,000	-	
Department of Transportation:						
Departmental Income	-	-		-	9,860,000	
State Aid	-	-		20,070,000	-	
Federal Aid	-	-		-	5,730,000	
Opioid Settlement	-	-		580,000	-	
Miscellaneous Revenue -WCHCC Services	240,000	-		1,430,000	-	
New York State - Court Facilities	-	-		220,000	-	
Department of Public Works:						
Capital Chargebacks	-	-		-	390,000	
Revenue Findings	<u>\$ 10,220,000</u>	<u>\$ 1,620,000</u>	<u>\$ 8,600,000</u>	<u>\$ 93,500,000</u>	<u>\$ 18,033,000</u>	<u>\$ 75,467,000</u>

Westchester County Proposed Budget 2023
Summary of Findings as Compared to the 2022 Adopted Budget and 2023 Proposed Budget
December 5, 2022
(Continued)

	2023 Amounts		Decrease/ (Increase) in Taxation	2022 Amounts		Decrease/ (Increase) in Taxation
	Increase	Decrease		Increase	Decrease	
Appropriations:						
Municipal Sales Tax Distribution	\$ 1,200,000	\$ -		\$ 12,630,000	\$ -	
Personnel Services:						
Annual Salaries				-	15,590,000	
Overtime	-	-		4,160,000	-	
Other Personal Services	-	-		2,950,000	-	
Community Mental Health	-	-		-	2,760,000	
Department of Corrections:						
Overtime	-	-		10,610,000	-	
Food		150,000		100,000	-	
Medical Services	180,000	-		-	420,000	
Department of Transportation:						
Bus Operating Assistance	-	-		6,390,000	-	
ParaTransit	-	-		1,120,000	-	
Department of Public Works:						
Utilities - White Plains	-	-		510,000	-	
Utilities - Valhalla	1,480,000	-		5,660,000	-	
Contractual Services	-	-		-	1,160,000	
Federal Insurance Contribution Act (FICA) Taxes	580,000	-		180,000	-	
Retirement Costs	-	3,030,000		-	-	
Health Insurance	4,730,000	-		11,950,000	-	
Certiorari Proceedings	-	-		-	2,910,000	
Indigent Defendants:						
Felony	-	-		210,000	-	
Misdemeanor	460,000	-		-	810,000	
Resident Tuition - Other Colleges	-	-		-	760,000	
	<u>\$ 8,630,000</u>	<u>\$ 3,180,000</u>	<u>\$ (5,450,000)</u>	<u>\$ 56,470,000</u>	<u>\$ 24,410,000</u>	<u>\$ (32,060,000)</u>
Department of Social Services (Net)	-	2,200,000		-	17,570,000	
Children with Special Needs (Net)	-	1,980,000		-	7,430,000	
	<u>-</u>	<u>4,180,000</u>	<u>4,180,000</u>	<u>-</u>	<u>25,000,000</u>	<u>25,000,000</u>
Appropriation Findings	<u>\$ 8,630,000</u>	<u>\$ 7,360,000</u>		<u>\$ 56,470,000</u>	<u>\$ 49,410,000</u>	
Change in County Taxation - Combined (Increase)/Decrease :			<u>\$ 7,330,000</u>			
				Fund Balance Addition (Reduction):	<u>\$ 68,407,000</u>	
Discussion Item:						
Special Districts - Interest on Investments	<u>\$ 1,780,000</u>	<u>\$ -</u>				

Westchester County Proposed Budget 2023
Summary of Findings as Compared to the 2022 Adopted Budget and 2023 Proposed Budget
(Department of Social Services and Children with Special Needs)
December 5, 2022

	2023 Amounts		Decrease/ (Increase) in Taxation	2022 Amounts		Decrease/ (Increase) in Taxation
	Increase	Decrease		Increase	Decrease	
Department of Social Services						
Appropriations						
Administration	\$ -	\$ -		\$ -	\$ 2,380,000	
MMIS	-	-		-	12,400,000	
Safety Net	-	2,280,000		-	4,850,000	
Family Assistance	-	1,350,000		-	2,200,000	
Child Welfare	-	2,970,000		-	8,350,000	
Raise the Age Program	-	-		-	2,800,000	
Emergency Assistance to Families	-	510,000		-	4,800,000	
Emergency Assistance to Adults	-	260,000		-	880,000	
Indirect	-	-		740,000	-	
Day Care Subsidies	-	-		-	4,050,000	
Scholarship Program	-	-		-	1,400,000	
	<u>\$ -</u>	<u>\$ 7,370,000</u>	<u>\$ 7,370,000</u>	<u>\$ 740,000</u>	<u>\$ 44,110,000</u>	<u>\$ 43,370,000</u>
Revenues						
Administration	\$ -	\$ -		\$ -	\$ 5,710,000	
Safety Net	-	660,000		-	1,410,000	
Family Assistance	-	1,340,000		-	2,160,000	
Child Welfare	-	2,440,000		-	6,420,000	
Raise the Age Program	-	-		-	2,800,000	
Emergency Assistance to Families	-	470,000		-	4,210,000	
Emergency Assistance to Adults	-	260,000		-	880,000	
Indirect	-	-		220,000	-	
Day Care Subsidies	-	-		-	2,430,000	
	<u>\$ -</u>	<u>\$ 5,170,000</u>	<u>\$ (5,170,000)</u>	<u>\$ 220,000</u>	<u>\$ 26,020,000</u>	<u>\$ (25,800,000)</u>
Department of Social Services Combined (Increase)/Decrease :			<u>\$ 2,200,000</u>			<u>\$ 17,570,000</u>
Children with Special Needs						
Appropriations						
SEIT	-	-		-	1,980,000	
Related services	-	130,000		-	2,490,000	
Tuition	-	700,000		-	1,690,000	
Transportation	-	1,180,000		-	5,910,000	
Early intervention	-	760,000		-	1,450,000	
	<u>\$ -</u>	<u>\$ 2,770,000</u>	<u>\$ 2,770,000</u>	<u>\$ -</u>	<u>\$ 13,520,000</u>	<u>\$ 13,520,000</u>
Revenues						
All Programs	<u>\$ -</u>	<u>\$ 790,000</u>	<u>\$ (790,000)</u>	<u>\$ -</u>	<u>\$ 6,090,000</u>	<u>\$ (6,090,000)</u>
Children with Special Needs Combined (Increase)/Decrease :			<u>\$ 1,980,000</u>			<u>\$ 7,430,000</u>

EXHIBITS

COUNTY OF WESTCHESTER, NEW YORK

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

Dept #		2022		2023		
		Adopted Budget	Inter Dept Revenue	Expenditures		Increase (Decrease) %
				Proposed Budget	Amount	
10	Board of Legislators	\$ 5,421,324	\$ -	\$ 5,748,906	\$ 327,582	6.0%
11	County Executive					
	Office of the County Executive	3,562,048	110,000	4,426,117	864,069	24.3%
	Youth Bureau	4,872,895	670,795	4,692,005	(180,890)	-3.7%
	Office for the Disabled	758,138	232,460	762,547	4,409	0.6%
	Economic Development	21,680,286	-	6,024,561	(15,655,725)	-72.2%
	Tourism	4,666,347	-	3,999,077	(667,270)	-14.3%
	Office of Energy Conservation	181,550	-	192,968	11,418	6.3%
	Advocacy & Community Services	860,759	-	976,830	116,071	13.5%
	Office for Women	2,643,932	654,974	3,584,728	940,796	35.6%
	Total County Executive	39,225,955	1,668,229	24,658,833	(14,567,122)	-37.1%
12	Human Resources	5,664,371	458,112	6,745,233	1,080,862	19.1%
13	Budget	2,194,997	-	2,389,899	194,902	8.9%
14	Board of Elections	24,604,429	-	25,705,769	1,101,340	4.5%
15	Finance	5,759,639	-	5,938,965	179,326	3.1%
16	Information Technology	53,208,909	42,167,347	57,541,140	4,332,231	8.1%
17	Board of Acquisition and Contract	362,740	-	373,034	10,294	2.8%
18	Law	14,499,413	11,807,597	15,435,002	935,589	6.5%
19	Department of Planning	21,524,501	-	16,052,694	(5,471,807)	-25.4%
33	Human Rights Commission	1,114,296	-	1,260,272	145,976	13.1%
36	Tax Commission	291,203	-	316,256	25,053	8.6%
	Total General Governmental Support	173,871,777	56,101,285	162,166,003	(11,705,774)	-6.7%
	Home & Community Services					
21	County Clerk	6,804,879	-	6,877,937	73,058	1.1%
22	Department of Social Services	646,237,845	-	661,409,208	15,171,363	2.3%
24	Senior Program & Services	4,586,397	290,720	5,239,515	653,118	14.2%
25	Weights & Measures, Customer Protection	2,484,847	-	2,380,902	(103,945)	-4.2%
	Total Home & Community Services	660,113,968	290,720	675,907,562	15,793,594	2.4%
	Health Service					
26	Community Mental Health	16,667,918	1,004,699	18,294,623	1,626,705	9.8%
27	Department of Health	171,226,355	4,900	220,752,851	49,526,496	28.9%
31	Labs & Research	15,286,563	5,000	16,646,151	1,359,588	8.9%
	Total Health Service	203,180,836	1,014,599	255,693,625	52,512,789	25.8%
	Public Safety, Correction and Courts					
20	Emergency Services	9,010,166	446,317	13,397,388	4,387,222	48.7%
35	Department of Corrections	139,331,971	156,096	156,675,555	17,343,584	12.4%
37	District Attorney	31,967,052	-	33,605,264	1,638,212	5.1%
38	Public Safety Services	66,347,557	13,304,259	73,774,968	7,427,411	11.2%
39	Department of Probation	46,883,459	-	50,254,709	3,371,250	7.2%
40	Public Administrator	850,669	-	905,059	54,390	6.4%
41	Solid Waste Commission	2,061,583	-	2,254,824	193,241	9.4%
43	Office of Assigned Counsel	11,383,045	-	11,497,780	114,735	0.0%
	Total Public Safety, Correction and Courts	307,835,502	13,906,672	342,365,547	34,530,045	11.2%

Exhibit 1a

2023				County Taxation				Dept #
Revenues				Increase (Decrease)				
State	Federal	Other (Departmental)	Interdepartmental Revenue	2023	2022	Amount	%	
\$ -	\$ -	\$ -	\$ -	\$ 5,748,906	\$ 5,421,324	\$ 327,582	6.0%	10
-	-	-	110,000	4,316,117	3,452,048	864,069	25.0%	11
119,866	-	-	710,380	3,861,759	4,082,214	(220,455)	-5.4%	11
-	-	-	232,460	530,087	525,678	4,409	0.8%	11
-	1,375,000	463,177	-	4,186,384	2,308,978	1,877,406	0.0%	11
-	2,615,578	937,780	-	445,719	328,567	117,152	0.0%	11
-	-	-	-	192,968	181,550	11,418	6.3%	11
-	-	-	-	976,830	860,759	116,071	13.5%	11
22,000	-	-	809,632	2,753,096	1,967,809	785,287	39.9%	11
141,866	3,990,578	1,400,957	1,862,472	17,262,960	13,707,603	3,555,357	25.9%	
-	-	561,600	467,921	5,715,712	4,944,659	771,053	15.6%	12
-	-	958,450	-	1,431,449	1,323,698	107,751	8.1%	13
-	-	1,780,042	-	23,925,727	22,875,941	1,049,786	4.6%	14
-	-	2,426,879	-	3,512,086	3,499,850	12,236	0.3%	15
357,000	-	8,684,941	44,973,657	3,525,542	2,222,160	1,303,382	58.7%	16
-	-	800	-	372,234	361,740	10,494	2.9%	17
-	-	3,640,107	12,191,955	(397,060)	(1,056,955)	659,895	-62.4%	18
60,000	9,279,000	355,740	-	6,357,954	9,163,412	(2,805,458)	-30.6%	19
-	240,015	-	-	1,020,257	909,312	110,945	12.2%	33
-	-	100	-	316,156	291,157	24,999	8.6%	36
558,866	13,509,593	19,809,616	59,496,005	68,791,923	63,663,901	5,128,022	8.1%	
-	-	10,110,262	-	(3,232,325)	(3,857,318)	624,993	-16.2%	21
100,212,000	176,570,000	4,235,000	-	380,392,208	378,577,845	1,814,363	0.5%	22
-	-	-	290,720	4,948,795	4,295,677	653,118	15.2%	24
-	-	3,847,450	-	(1,466,548)	(1,204,253)	(262,295)	21.8%	25
100,212,000	176,570,000	18,192,712	290,720	380,642,130	377,811,951	2,830,179	0.7%	
2,742,191	912,942	1,000	1,121,552	13,516,938	8,925,029	4,591,909	51.4%	26
79,167,046	54,000,000	12,375,300	4,900	75,205,605	77,078,091	(1,872,486)	-2.4%	27
1,423,530	-	2,624,494	5,000	12,593,127	11,490,889	1,102,238	9.6%	31
83,332,767	54,912,942	15,000,794	- 1,131,452	101,315,670	97,494,009	3,821,661	3.9%	
-	362,887	78,766	453,040	12,502,695	8,133,785	4,368,910	53.7%	20
-	456,800	20,172,000	160,571	135,886,184	121,002,750	14,883,434	12.3%	35
580,156	50,000	-	-	32,975,108	31,336,896	1,638,212	5.2%	37
3,609,066	170,992	16,986,056	14,338,989	38,669,865	33,464,925	5,204,940	15.6%	38
24,151,919	-	250,000	-	25,852,790	19,852,404	6,000,386	30.2%	39
-	-	397,000	-	508,059	453,669	54,390	12.0%	40
-	-	2,481,425	-	(226,601)	(287,167)	60,566	0.0%	41
1,540,000	-	-	-	9,957,780	10,723,045	(765,265)	0.0%	43
29,881,141	1,040,679	40,365,247	- 14,952,600	256,125,880	224,680,307	31,445,573	14.0%	

(Continued)

COUNTY OF WESTCHESTER, NEW YORK

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

Dept. #		2022		2023		
		Adopted Budget	Inter Dept. Revenue	Expenditures		%
				Proposed Budget	Increase (Decrease) Amount	
42	Parks, Recreation and Conservation					
	General Services	\$ 13,408,401	\$ 394,000	\$ 14,605,447	\$ 1,197,046	8.9%
	Parks	12,139,489	-	15,467,734	3,328,245	27.4%
	Golf Courses	8,706,303	-	9,526,339	820,036	9.4%
	Playland	7,155,058	-	12,684,977	5,529,919	77.3%
	Parkways	1,330,050	-	1,563,625	233,575	17.6%
	Recreation	5,404,748	-	6,121,440	716,692	13.3%
	Recreation and Conservation	663,886	-	677,648	13,762	2.1%
	Total Parks, Recreation and Conservation	48,807,935	394,000	60,647,210	11,839,275	24.3%
	Roads, Transportation					
44	DPW - Transportation Division	196,973,446	\$ 472,039	209,458,922	12,485,476	6.3%
46	DPW - Public Works Division	67,876,224	45,376,890	77,512,484	9,636,260	14.2%
	Total Roads, Transportation	264,849,670	45,848,929	286,971,406	22,121,736	8.4%
51	Debt Service	113,308,356	-	114,087,972	779,616	0.7%
	Unallocated Fringe Benefits	254,994,045	-	275,455,124	20,461,079	8.0%
52	Unallocated Miscellaneous Budgets					
	Property/Casualty Insurance	-	-	1,000,000	1,000,000	-
	Workers' Compensation Insurance	10,454,778	-	10,700,000	245,222	2.3%
	Miscellaneous Budget Expense	299,551,889	-	315,573,403	16,021,514	5.3%
	Total Unallocated Miscellaneous Budgets	310,006,667	-	327,273,403	17,266,736	5.6%
	Reconciliation	-	-	-	-	0.0%
	Subtotal	2,336,968,756	117,556,205	2,500,567,852	163,599,096	7.0%
	Miscellaneous Revenue	-	-	-	-	0.0%
	Interdepartmental Revenues	(117,556,205)	117,556,205	(132,843,213)	(15,287,008)	13.0%
	Total General Fund	\$ 2,219,412,551	\$ 117,556,205	\$ 2,367,724,638	\$ 148,312,088	6.7%

b See Exhibit 1b for detail

c See Exhibit 1c for detail

2023				County Taxation					Dept. #
Revenues				Increase (Decrease)					
State	Federal	Other (Departmental)	Interdepartmental Revenue	2023	2022	Amount	%		
\$ -	\$ -	\$ 1,127,000	\$ 395,693	\$ 13,082,754	\$ 11,897,401	\$ 1,185,353	10.0%	42	
45,000	-	7,512,612	-	7,910,122	4,996,088	2,914,034	58.3%		
-	-	9,669,025	-	(142,686)	(543,080)	400,394	-73.7%		
-	-	2,869,088	-	9,815,890	4,395,396	5,420,494	123.3%		
-	-	67,832	-	1,495,793	1,312,218	183,575	14.0%		
-	-	1,968,012	-	4,153,428	4,115,748	37,680	0.9%		
-	-	272,128	-	405,520	467,258	(61,738)	-13.2%		
45,000	-	23,485,697	- 395,693	36,720,821	26,641,029	10,079,792	37.8%		
87,196,026	34,144,000	26,690,675	792,524	60,635,697	64,622,497	(3,986,800)	-6.2%	44	
4,870,826	-	9,042,481	55,784,219	7,814,958	9,550,499	(1,735,541)	-18.2%	46	
92,066,852	34,144,000	35,733,156	- 56,576,743	68,450,655	74,172,996	(5,722,341)	-7.7%		
-	-	-	-	114,087,972	113,308,356	779,616	0.7%	51	
-	-	-	-	275,455,124	254,994,045	20,461,079	8.0%		
-	-	-	-	1,000,000	-	1,000,000	-	52	
-	-	-	-	10,700,000	10,454,778	245,222	2.3%		
-	-	-	-	315,573,403	299,551,889	16,021,514	5.3%		
-	-	-	-	327,273,403	310,006,667	17,266,736	5.6%		
-	-	(97,780)	-	97,780	96,875	-	0.0%		
306,096,626	280,177,214	152,489,442	132,843,213	1,628,961,358	1,542,870,136	86,090,317	5.6%		
9,512,680	C -	C 1,077,252,449	-	(1,086,765,129)	(994,673,909)	(92,091,220)	9.3%		
-	-	-	(132,843,213)	-	-	-	0.0%		
\$ 315,609,306	\$ 280,177,214	\$ 1,229,839,671	\$ -	\$ 542,196,227	\$ 548,196,227	\$ (6,000,903)	0.0%		

MISCELLANEOUS BUDGET EXPENDITURE DETAIL

	Adopted 2022	Proposed 2023
Arts in Westchester	\$ 2,088,339	\$ 2,507,756
Hudson River Museum	772,460	899,172
Certiorari Proceedings	7,432,000	6,993,000
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	4,000	4,000
Legal Aid Society of Westchester	15,504,458	16,609,040
Legal Services Indigent Defendant - Felony	-	-
Legal Services Indigent Defendant - Misdemeanor	-	-
Legal Services of Hudson Valley	794,866	794,866
Legal Services of Peekskill	197,727	197,727
Public Employees Relation Board	1,000	1,000
Resident Tuition - Other College	8,573,000	8,105,000
Services to WCHCC	8,587,119	12,705,669
Statutory Charges	135,000	135,000
Taxes on County Property	1,601,000	1,783,760
Tourism	840,000	840,000
Tuition Reimbursement Program	500,000	500,000
NYS Court Facilities	20,747,285	15,291,884
Cornell Cooperative Extension	823,384	937,273
Westchester Historical Society	175,856	200,179
Westchester Library System	1,124,142	1,279,631
Community Based Organizations	7,147,253	4,507,446
Sub Total	77,695,889	74,939,403
Municipal Sales Tax Distribution	197,413,000	215,634,000
WCC Sponsor Contribution	24,443,000	25,000,000
Grand Total	\$ 299,551,889	\$ 315,573,403

MISCELLANEOUS BUDGET REVENUE DETAIL

	Adopted 2022	Proposed 2023
Other Revenues:		
Payments in Lieu of Taxes	\$ 9,197,000	\$ 8,646,000
Sales Tax	832,964,000	909,850,000
Auto Use Tax	16,382,000	17,029,000
Mortgage Tax	25,305,000	25,158,000
Hotel Tax	6,060,000	6,060,000
Indirect Costs	2,650,000	2,850,000
Interfund Transfers	1,108,893	1,832,780
Interest on Investments	125,000	5,500,000
Tobacco Settlement Payment	2,000,000	2,000,000
	<u>\$ 895,791,893</u>	<u>\$ 978,925,780</u>
Services to WMC	8,587,119	12,705,669
Intergovernmental Transfers (IGT Payments)	80,000,000	80,000,000
DASNY	-	5,000,000
Harness Racing Admission	1,000	1,000
Rent	553,000	560,000
Medical Marijuana Excise Tax	60,000	60,000
	<u>89,201,119</u>	<u>98,326,669</u>
Appropriation / Use of Restricted General Fund Balance	<u>-</u>	<u>-</u>
Subtotal	<u>984,993,012</u>	<u>1,077,252,449</u>
State Aid:		
Court Facilities Aid	2,500,000	2,500,000
DASNY Bond Reimbursement	1,929,000	964,500
18 B Indigent Defendants Reimbursement	5,251,897	6,048,180
	<u>9,680,897</u>	<u>9,512,680</u>
Grand Total	<u>\$ 994,673,909</u>	<u>\$ 1,086,765,129</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	
	2022 Adopted Budget	2023 Proposed Budget	Variance Positive/ (Negative)	2022 Appropriated	2023 Appropriated	Variance Positive/ (Negative)	As Of December 31, 2021	2022	2023
Environmental Facilities (60SEWER)									
Blind Brook Sewer	\$ 9,320,879	\$ 9,472,097	\$ 151,218	\$ 1,468,240	\$ -	\$ (1,468,240)	\$ 1,933,821	\$ 7,028,930	\$ 8,554,556
Bronx Valley Sewer	25,572,054	26,825,777	1,253,723	2,640,470	-	(2,640,470)	3,613,179	22,913,454	26,803,145
Central Yonkers Sewer	1,789,881	1,917,576	127,695	174,656	-	(174,656)	236,699	1,615,225	1,917,576
Hutchinson Valley Sewer	7,384,870	7,845,237	460,367	680,408	-	(680,408)	939,596	6,623,329	7,749,390
Mamaroneck Valley Sewer	19,198,945	20,082,141	883,196	1,344,835	-	(1,344,835)	1,916,138	16,797,409	18,745,710
New Rochelle Sewer	20,561,873	20,906,486	344,613	967,693	-	(967,693)	1,371,170	16,749,833	17,436,235
North Yonkers Sewer	5,095,647	5,486,573	390,926	599,730	-	(599,730)	843,142	4,482,917	5,468,048
Saw Mill Valley Sewer	15,555,759	16,913,218	1,357,459	1,667,283	-	(1,667,283)	2,195,237	13,775,892	16,784,782
South Yonkers Sewer	2,121,199	2,224,403	103,204	205,799	-	(205,799)	281,894	1,915,400	2,224,403
Upper Bronx Sewer	1,413,590	1,522,007	108,417	182,721	-	(182,721)	246,975	1,230,869	1,522,007
Ossining Sewer	4,492,544	4,565,590	73,046	382,427	-	(382,427)	488,550	3,863,037	4,258,508
Peekskill Sewer	5,882,577	5,882,093	(484)	171,706	-	(171,706)	310,792	5,510,674	5,569,303
Port Chester Sewer	3,842,553	3,943,240	100,687	219,659	-	(219,659)	288,477	3,227,619	3,464,002
Sewer District Total:	\$ 122,232,371	\$ 127,586,438	\$ 5,354,067	\$ 10,705,627	\$ -	\$ (10,705,627)	\$ 14,665,670	\$ 105,734,588	\$ 120,497,665
Environmental Facilities (60WATER)									
County Water Dist No 1	\$ 22,477,400	\$ 22,627,602	\$ 150,202	358,777	\$ 508,979	\$ 150,202	\$ 1,639,272	\$ 4,098,623	\$ 4,098,623
County Water Dist No 2	10,000	10,000	-	-	-	-	452	-	-
County Water Dist No 3	3,229,804	3,266,954	37,150	829,804	866,954	37,150	2,644,336	-	-
County Water Dist No 4	1,000	1,000	-	-	-	-	329,025	-	-
Water District Total:	\$ 25,718,204	\$ 25,905,556	\$ 187,352	\$ 1,188,581	\$ 1,375,933	\$ 187,352	\$ 4,613,085	\$ 4,098,623	\$ 4,098,623
Environmental Facilities (60REFUSE)									
Refuse Disposal District Admin	\$ 6,017,359	\$ 7,073,948	\$ 1,056,589	\$ 5,319,014	\$ -	\$ (5,319,014)	\$ -	\$ 52,645,376	\$ 57,366,532
So Columbus Transfer Station	2,746,433	3,324,453	578,020	-	-	-	-	-	-
Thruway Transfer Station	4,216,697	5,113,932	897,235	-	-	-	-	-	-
Wastesheds 4 And 5	2,891,095	3,285,557	394,462	-	-	-	-	-	-
Recovery And Disposal	45,069,206	46,310,253	1,241,047	-	-	-	-	-	-
Comprehensive Recycling Office	2,865,046	3,222,622	357,576	-	-	-	-	-	-
Material Recovery Facility	12,865,512	13,854,229	988,717	-	-	-	-	-	-
Refuse Disposal District Total:	\$ 76,671,348	\$ 82,184,994	\$ 5,513,646	\$ 5,319,014	\$ -	\$ (5,319,014)	\$ 15,875,016	\$ 52,645,376	\$ 57,366,532
Total All Districts:	\$ 224,621,923	\$ 235,676,988	\$ 11,055,065	\$ 17,213,222	\$ 1,375,933	\$ (15,837,289)	\$ 35,153,771	\$ 162,478,587	\$ 181,962,820

COUNTY OF WESTCHESTER, NEW YORK

Exhibit 1e

ANALYSIS OF FEDERAL AND STATE AID INCREASE (DECREASE)

	2022				2023				Increase (Decrease)			
	Federal Aid	Federal Aid	Amount	Percentage	State Aid	State Aid	Amount	Percentage	Total Aid	Total Aid	Amount	Percentage
Social Services:												
Medical Assistance	\$ 2,150,000	\$ 2,213,000	\$ 63,000	2.85%	\$ 2,150,000	\$ 2,213,000	\$ 63,000	2.85%	\$ 4,300,000	\$ 4,426,000	\$ 126,000	2.85%
Family Assistance	30,493,000	33,949,000	3,456,000	10.18%	790,000	1,516,000	726,000	47.89%	31,283,000	35,465,000	4,182,000	11.79%
Safety Net	-	-	-	0.00%	16,331,000	18,501,000	2,170,000	11.73%	16,331,000	18,501,000	2,170,000	11.73%
Child Care	12,002,000	14,264,000	2,262,000	15.86%	11,807,000	12,626,000	819,000	6.49%	23,809,000	26,890,000	3,081,000	11.46%
Adolescent Offender Services	-	-	-	0.00%	5,175,829	3,982,000	(1,193,829)	-29.98%	5,175,829	3,982,000	(1,193,829)	-29.98%
Social Services Special Items	-	-	-	0.00%	131,000	109,000	(22,000)	-20.18%	131,000	109,000	(22,000)	-20.18%
Indirect Social Services (POS)	33,982,000	43,122,000	9,140,000	21.20%	7,514,000	7,637,000	123,000	1.61%	41,496,000	50,759,000	9,263,000	18.25%
Emergency Assistance to Families	18,243,000	16,034,000	(2,209,000)	-13.78%	-	-	-	0.00%	18,243,000	16,034,000	(2,209,000)	-13.78%
Emergency Assistance to Adults	-	-	-	0.00%	800,000	630,000	(170,000)	-26.98%	800,000	630,000	(170,000)	-26.98%
Committee on the Handicap	-	-	-	0.00%	10,545,000	11,086,000	541,000	4.88%	10,545,000	11,086,000	541,000	4.88%
Enhanced FMAP & Other Recovery	3,000,000	1,400,000	(1,600,000)	0.00%	-	-	-	0.00%	3,000,000	1,400,000	(1,600,000)	-114.29%
Total Relief	\$ 99,870,000	\$ 110,982,000	\$ 11,112,000	10.01%	\$ 55,243,829	\$ 58,300,000	\$ 3,056,171	5.24%	\$ 155,113,829	\$ 169,282,000	\$ 14,168,171	8.37%
Salaries and Administrative	65,216,000	65,588,000	372,000	0.57%	43,523,171	41,912,000	(1,611,171)	-3.84%	108,739,171	107,500,000	(1,239,171)	-1.15%
Total Applicable to Dept. of Social Services	\$ 165,086,000	\$ 176,570,000	\$ 11,484,000	6.50%	\$ 98,767,000	\$ 100,212,000	\$ 1,445,000	1.44%	\$ 263,853,000	\$ 276,782,000	\$ 12,929,000	4.67%
Other County Departments:												
Board of Elections	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -	\$ -	0.00%
Community Mental Health	5,183,084	912,942	(4,270,142)	-467.73%	1,554,106	2,742,191	1,188,085	43.33%	6,737,190	3,655,133	(3,082,057)	-44.32%
Correction	25,000	456,800	431,800	94.53%	-	-	-	0.00%	25,000	456,800	431,800	94.53%
County Executive:	-	-	-	0.00%	-	-	-	0.00%	-	-	-	0.00%
Office of Women	-	-	-	0.00%	22,000	22,000	-	0.00%	22,000	22,000	-	0.00%
Office of Economic Development	19,000,000	1,375,000	(17,625,000)	0.00%	-	-	-	0.00%	19,000,000	1,375,000	(17,625,000)	0.00%
Office of Tourism	3,400,000	2,615,578	(784,422)	0.00%	-	-	-	0.00%	3,400,000	2,615,578	(784,422)	0.00%
Youth Bureau	-	-	-	0.00%	119,886	119,866	(20)	-0.02%	119,886	119,866	(20)	-0.02%
Information Technology	-	-	-	0.00%	377,000	357,000	(20,000)	-5.60%	377,000	357,000	(20,000)	-5.60%
District Attorney	50,000	50,000	-	0.00%	580,156	580,156	-	0.00%	630,156	630,156	-	0.00%
Emergency Services	351,492	362,887	11,395	3.14%	-	-	-	0.00%	351,492	362,887	11,395	3.14%
Health:												
Public Health	6,000,000	4,000,000	(2,000,000)	-50.00%	6,219,113	8,937,604	2,718,491	30.42%	12,219,113	12,937,604	718,491	5.55%
Service Children with Special Needs	-	50,000,000	50,000,000	0.00%	71,434,751	70,229,442	(1,205,309)	-1.72%	71,434,751	120,229,442	48,794,691	40.58%
Human Rights Commission	204,984	240,015	35,031	14.60%	-	-	-	0.00%	204,984	240,015	35,031	14.60%
Laboratories and Research	-	-	-	0.00%	1,223,913	1,423,530	199,617	14.02%	1,223,913	1,423,530	199,617	14.02%
Office of Assigned Counsel	-	-	-	0.00%	660,000	1,540,000	880,000	57.14%	660,000	1,540,000	880,000	57.14%
Parks, Recreation and Conservation	-	-	-	0.00%	45,000	45,000	-	0.00%	45,000	45,000	-	0.00%
Planning	9,279,000	9,279,000	-	0.00%	2,764,087	60,000	(2,704,087)	-4506.81%	12,043,087	9,339,000	(2,704,087)	-28.95%
Probation	-	-	-	0.00%	26,746,055	24,151,919	(2,594,136)	-10.74%	26,746,055	24,151,919	(2,594,136)	-10.74%
Public Safety	146,360	170,992	24,632	14.41%	3,166,808	3,609,066	442,258	12.25%	3,313,168	3,780,058	466,890	12.35%
Public Works	-	-	-	0.00%	4,248,757	4,870,826	622,069	12.77%	4,248,757	4,870,826	622,069	12.77%
Tax Commission	-	-	-	0.00%	-	-	-	0.00%	-	-	-	0.00%
Transportation	39,851,000	34,144,000	(5,707,000)	-16.71%	65,416,872	87,196,026	21,779,154	24.98%	105,267,872	121,340,026	16,072,154	13.25%
Miscellaneous Budgets:												
Enhanced Unemployment	-	-	-	0.00%	-	-	-	0.00%	-	-	-	0.00%
Court Facilities Aid	-	-	-	0.00%	2,500,000	2,500,000	-	0.00%	2,500,000	2,500,000	-	0.00%
DASNY Bond Reimbursement	-	-	-	0.00%	1,929,000	964,500	(964,500)	-100.00%	1,929,000	964,500	(964,500)	-100.00%
18 B Indigent Defendants Reimbursement	-	-	-	0.00%	5,251,897	6,048,180	796,283	13.17%	5,251,897	6,048,180	796,283	13.17%
Total Applicable to Other County Departments	\$ 83,490,920	\$ 103,607,214	\$ 20,116,294	19.42%	\$ 194,259,401	\$ 215,397,306	\$ 21,137,905	9.81%	\$ 277,750,321	\$ 319,004,520	\$ 41,254,199	12.93%
General Fund Total Federal and State Aid	\$ 248,576,920	\$ 280,177,214	\$ 31,600,294	11.28%	\$ 293,026,401	\$ 315,609,306	\$ 22,582,905	7.16%	\$ 541,603,321	\$ 595,786,520	\$ 54,183,199	9.09%

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 2023	2022	2021	2020	2019
Tax Levy Limit (Cap) before Adjustments and Exclusions					
Tax Levy Prior Year	710,674,814	717,674,814	718,674,814	719,674,814	705,565,775
Prior Year Reserve Offset	-	-	-	-	-
Reserve Amount	-	-	-	-	-
Tax Base Growth Factor	1.0065	1.0058	1.0053	1.0086	1.0063
PILOTS Receivable Prior Year	9,417,687	10,454,250	10,731,172	10,533,851	10,658,693
Tort/Judgment Exclusion Prior Year	-	-	-	-	-
Allowable Levy Growth Factor	1.0200	1.0200	1.0156	1.0200	1.0200
PILOTS Receivable Current Year	8,646,000	9,417,687	10,454,250	10,731,172	10,533,851
Available Carryover from Prior Year	11,230,527	11,182,054	11,271,393	11,031,528	10,886,161
Total Levy Limit before Adjustments/Exclusions	741,742,179	748,701,776	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	741,790,652	748,701,776	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	741,790,652	748,701,776	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	724,159,047	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	4.38%	4.30%	3.90%	4.40%	4.20%
Difference between Tax Levy Limit Plus Exclusions and Current Year Proposed Levy	17,631,605	38,026,962	28,760,670	32,751,368	15,760,419
Planning to Override the Cap	No	No	No	No	No

**Schedule of Recommended and Adopted Property Tax Levies
2014 Through 2023**

<u>YEAR</u>	<u>PROPOSED GENERAL FUND TAX LEVIES</u>	<u>ADOPTED GENERAL FUND TAX LEVIES</u>	<u>INCREASE (DECREASE)</u>	<u>INCREASE (DECREASE) OF ADOPTED TAX LEVIES</u>	<u>INCREASE (DECREASE) OF ADOPTED TAX LEVIES</u>
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	548,196,227	-	(20,382,773)	(3.58%)
2023	542,196,227	-	-	-	-

**Schedule of Recommended and Adopted General Fund Positions
2014 Through 2023**

<u>YEAR</u>	<u>General Fund Positions</u>	<u>Change</u>
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
2023	4,409	55

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:

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

<u>2022</u>		
Total Fund Balance at December 31, 2021	\$	413,618,953
Less:		
Nonspendable	(31,088,018)	
Assigned - GASB 75	(41,000,000)	
Encumbrances	(14,079,029)	
Appropriated Fund Balance for 2022	<u>-</u>	
Fund Balance available for future year's budget	\$	327,451,906
Major Revenue Findings for 2022 Budget year		
Sales and Use Tax	\$	57,060,000
Distribution of Sales Tax	(12,630,000)	
Auto Use Tax	(320,000)	
County Mortgage Tax	3,580,000	
Hotel Tax	260,000	
Interest on Investments	5,040,000	
County Clerk	(740,000)	
Corrections - Housing	2,900,000	
Department of Parks		
Golf	1,210,000	
Parks	(530,000)	
Playland Park	(110,000)	
County Center	(250,000)	
Ice Casino	(103,000)	
Other	1,150,000	
Dept. of Transportation		
Departmental Revenues	(9,860,000)	
State Aid	20,070,000	
Federal Aid	(5,730,000)	
Opioid Settlements	580,000	
Misc. Revenue- WCHCC	1,430,000	
NYS Court Facilities	220,000	
Capital Chargebacks	<u>(390,000)</u>	62,837,000
Major Expenditure Findings for 2022 Budget year		
Personal Services		
Salaries	\$	15,590,000
Overtime	(4,160,000)	
Other	(2,950,000)	
Community Mental Health	2,760,000	
Department of Corrections		
Overtime	(10,610,000)	
Food	(100,000)	
Medical Services	420,000	
Department of Transportation		
Bus Operating Subsidies	(6,390,000)	
Paratransit	(1,120,000)	
Department of Public Works		
Utilities - White Plains	(510,000)	
Utilities - Valhalla	(5,660,000)	
Contractual Services	1,160,000	
Fringe Benefits		
Social Security	(180,000)	
Health Insurance	(11,950,000)	
Certiorari Proceedings	2,910,000	
Indigent Defendants		
Felony	(210,000)	
Misdemeanor	810,000	
Resident Tuition	760,000	
Children with Special Needs, net	7,430,000	
DSS, net	<u>17,570,000</u>	5,570,000
2022 Projected Budget Surplus		<u>68,407,000</u>
Fund Balance available for future year's budget		395,858,906
Nonspendable		31,088,018
Assigned - GASB 75		41,000,000
Encumbrances		<u>14,079,029</u>
Total Fund Balance projected for December 31, 2022	\$	<u>482,025,953</u>
Unassigned Fund Balance as a % of Operating Budget		
Unassigned Fund Balance	<u>395,858,906</u>	
Operating Budget	2,219,412,551 *	17.84%

2023	
Total Fund Balance at December 31, 2022	\$ 482,025,953
Less:	
Nonspendable	(31,088,018)
Assigned - GASB 75	(41,000,000)
Encumbrances	(14,079,029)
Appropriated Fund Balance for 2023	<u>-</u>
Fund Balance available for future year's budget	\$ 395,858,906
Major Revenue Findings for 2023 Budget year	
Sales and Use Tax	\$ 5,050,000
Distribution of Sales Tax	(1,200,000)
County Mortgage Tax	(640,000)
Hotel Tax	310,000
Interest on Investments	3,830,000
County Clerk	(440,000)
Corrections - Housing	390,000
Department of Parks	
Golf	250,000
Parks	(540,000)
Playland Park	150,000
Misc. Revenue- WCHCC	<u>240,000</u>
	7,400,000
Major Expenditure Findings for 2023 Budget year	
Department of Corrections	
Food	\$ 150,000
Medical Services	(180,000)
Department of Public Works	
Utilities - Valhalla	(1,480,000)
Fringe Benefits	
Social Security	(580,000)
Retirement	3,030,000
Health Insurance	(4,730,000)
Indigent Defendants	
Misdemeanor	(460,000)
Children with Special Needs, net	1,980,000
DSS, net	<u>2,200,000</u>
	(70,000)
2023 Projected Budget Surplus	<u>7,330,000</u>
Fund Balance available for future year's budget	403,188,906
Nonspendable	31,088,018
Assigned - GASB 75	41,000,000
Encumbrances	<u>14,079,029</u>
Total Fund Balance projected for December 31, 2023	<u>\$ 489,355,953</u>
Unassigned Fund Balance as a % of Operating Budget	
Unassigned Fund Balance	<u>403,188,906</u>
All Operating Funds	<u>2,367,724,638</u> *
	17.03%
Discussion Item:	
Special Districts - Interest on Investments	1,780,000