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March 30, 2018

Honorable George Latimer
County Executive
County of Westchester
148 Martine Avenue
White Plains, NY 10601

Report Number: B18-6-2

Dear County Executive Latimer and Members of the Legislature:

Our Office has recently completed a review of the County of Westchester (County) budget for the 2018 fiscal year at your request. The objective of the review was to provide an independent evaluation of the adopted budget. Our review addressed the following question for the current fiscal year:

- Are the significant revenue and expenditure projections in the County's adopted budget reasonable?

To accomplish our objective in this review, we requested your 2018 adopted budget, salary schedules, debt payment schedules and other pertinent information. We identified and examined significant estimated revenues and expenditures for reasonableness with emphasis on significant and/or unrealistic increases or decreases. We analyzed, verified and/or corroborated trend data and estimates, where appropriate. We identified any significant new or unusually high revenue or expenditure estimates, made appropriate inquiries and reviewed supporting documentation to determine the nature of the items and to assess whether the estimate was realistic and reasonable. We also evaluated the amount of fund balance appropriated in the budget to be used as a financing source and determined whether the amount of fund balance was available and sufficient for that purpose.

The scope of our review does not constitute an audit under generally accepted government auditing standards (GAGAS). We do not offer comments or make specific recommendations on public policy decisions, such as the type and level of services under consideration to be provided.

The adopted budget package submitted for review consisted of the following:

- Budget Summary
- 2018 Adopted Budget
- Supplementary Information

The adopted budget submitted to our Office is summarized as follows:

Fund	Appropriations and Provisions for Other Uses	Estimated Revenue^a	Appropriated Fund Balance	Real Property Taxes
General	\$1,845,040,686	\$1,265,768,233	\$19,880,516	\$559,391,937
Water	\$23,345,949	\$19,131,143	\$1,934,835	\$2,279,971
Sewer	\$122,046,413	\$9,095,911	\$12,437,428	\$100,513,074
Refuse	\$73,779,629	\$19,945,628	\$10,453,208	\$43,380,793
Airport-Special Revenue	\$50,758,247	\$50,758,247	\$0	\$0
Total	\$2,114,970,924	\$1,364,699,162	\$44,705,987	\$705,565,775
a) Estimated revenues include inter-fund transfers.				

Based on the results of our review, except for the matters described below, we found that the significant revenue and expenditure projections in the 2018 budget are reasonable.

Our review disclosed the following findings which should be reviewed by the County Executive and the Legislature for appropriate action. We believe that prompt action by County officials will help improve the financial condition.

Sales Tax Revenue

The County budgeted \$544.5 million in revenue for sales tax collections. This is an increase of approximately \$19.3 million (3.7 percent) from the 2017 fiscal year. We estimate total collections to be closer to \$538.4 million based on a 2.5 percent increase, which is closer to the actual sales tax collected over the past five years.

State Aid Revenue

The County budgeted \$246.6 million in State aid revenue for 2018. This amount may be overestimated because a five-year trend shows that the total State aid received by the County has been less than budgeted, with variances ranging from \$5.7 million (2.4 percent) to \$18.9 million (7.8 percent).

Collective Bargaining Agreements

At the time of our review, the County had four expired collective bargaining agreements (CBAs):

- CSEA (expired December 31, 2011)
- District Attorney's Investigators PBA (expired December 31, 2015)

- NYS Nurses Association (expired December 31, 2015)
- Corrections Superior Officers (expired December 7, 2017).

CSEA represents approximately 54 percent of the 2018 budgeted salaries totaling \$363.7 million. The County faces a potentially significant increase in salary and wages when this and the other agreements are settled.

Tax Cap Compliance

The State Legislature and the Governor enacted Chapter 97 of the Laws of 2011 that established a tax levy limit on local governments and school districts, which was effective beginning in the 2012 fiscal year. The law generally precludes local governments and school districts from adopting a budget with a tax levy that exceeds the prior year tax levy by more than 2 percent or the rate of inflation, whichever is less, and certain exclusions permitted by law, unless the Legislature adopts a local law to override the tax levy limit.

The County's adopted budget includes a tax levy of \$705,565,775, which is within the limits established by the law.

Recommendations

The County Executive and the Legislature should:

1. Monitor sales tax and State aid revenues throughout the fiscal year and make any needed budget amendments if revenues fall short of estimates.
2. Consider the potential financial impact of the settlement of the expired CBAs and be prepared to provide the necessary funding in the event that any are settled in 2018.

We hope that this information is useful as you begin the planning for the upcoming budget for the County. If you have any questions on the scope of our work, please feel free to contact Tenneh Blamah, Chief Examiner of the Newburgh Regional Office, at (845) 567-0858.

Sincerely,

Gabriel F. Deyo
Deputy Comptroller

cc: Ann Marie Berg, Commissioner of Finance, County of Westchester
Lawrence Soule, Budget Director, County of Westchester
Sunday Vanderberg, Clerk and Administrative Officer
Andrew A. SanFilippo, Executive Deputy Comptroller
Tenneh Blamah, Chief Examiner, Newburgh Regional Office