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WESTCHESTER COUNTY

**SECOND QUARTER UPDATE FOR
FISCAL YEAR 2018**

GEORGE LATIMER
COUNTY EXECUTIVE

LAWRENCE C. SOULE
BUDGET DIRECTOR

AUGUST 13, 2018



George Latimer
County Executive

Lawrence C. Soule
Budget Director

August 13, 2018

Westchester County Board of Legislators
800 Michaelian Office Building
148 Martine Avenue
White Plains, NY 10601

Honorable Members:

The following financial report provides an annualized forecast based on actual results through June 30, 2018. I hope this report will be beneficial in illustrating the County's current and projected financial position as we all continue to monitor the 2018 financial condition of the County.

While our financial position has improved since the first quarter, the \$18.2 million general fund shortfall currently projected for FY 2018 does not include a provision for the settlement of a collective bargaining agreement with the Civil Service Employees Association (CSEA). Their previous agreement expired December 31, 2011. The CSEA is the County's largest union; representing approximately two-thirds of County employees.

The year to date data as of June 30, 2018 is presented as required by local law 7 of 2014. However, care should be taken when interpreting these figures due to the seasonal nature of certain revenues and expenditures as well as the timing of transactions.

Respectfully submitted,

A handwritten signature in blue ink that reads "Lawrence C. Soule".

Lawrence C. Soule
Budget Director

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**SECOND QUARTER UPDATE FOR
FISCAL YEAR 2018**

GEORGE LATIMER
COUNTY EXECUTIVE

BENJAMIN BOYKIN
CHAIRMAN, BOARD OF LEGISLATORS

CATHERINE BORGIA
CHAIRWOMAN, COMMITTEE ON BUDGET AND APPROPRIATIONS

LAWRENCE C. SOULE
BUDGET DIRECTOR

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INTRODUCTION

INTRODUCTION

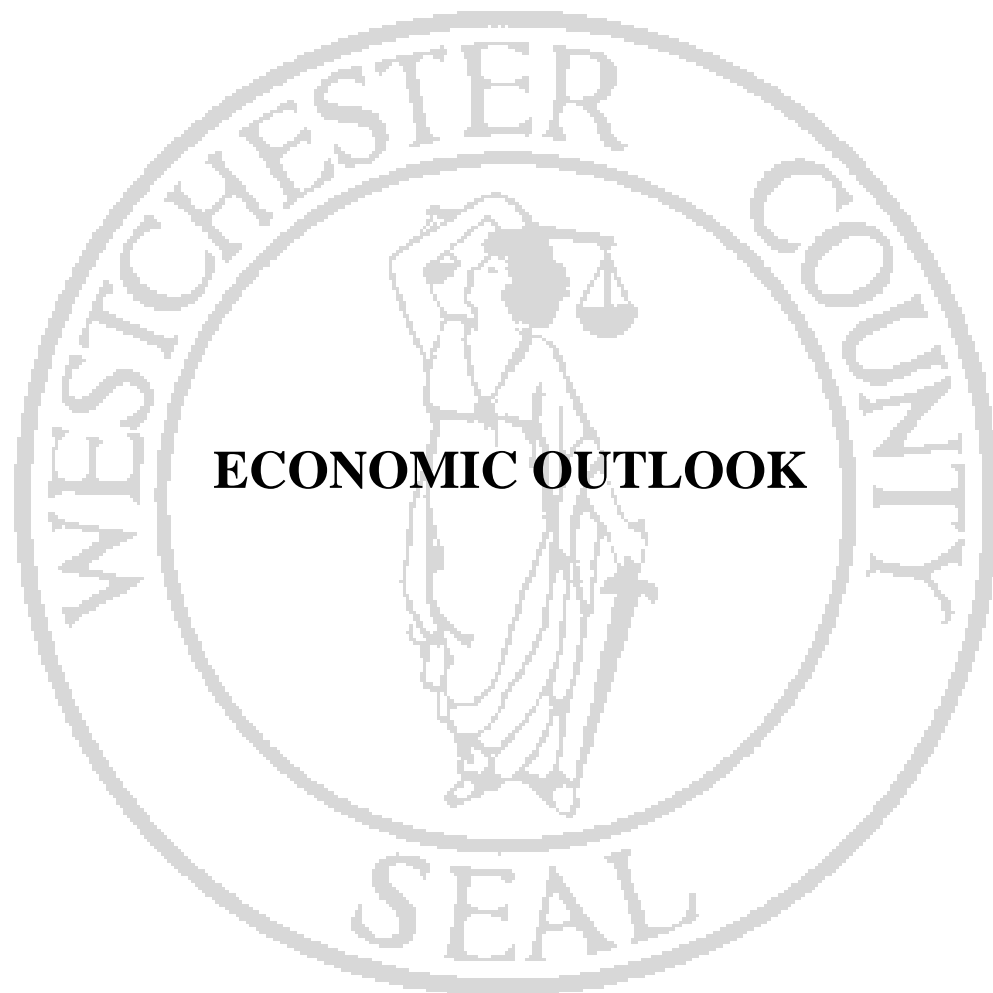
This document presents the Second Quarter (Q2) Forecast for Fiscal Year 2018 (FY18). The Department of Budget (DOB) will also release a Third Quarter Forecast in conjunction with the Executive's 2019 Proposed Budget in November. The County operates on a calendar fiscal year, and all projections are shown fully annualized based on information currently available.

The Q2 Forecast presents five periods of data:

1. The budget as originally Adopted in December of 2017 (2018 Adopted)
2. The current budget as modified by rolled encumbrances, amendments, and transfers (2018 Modified)
3. Expenditures and revenues posted to the accounting system as of June 30, 2018 (YTD Jun 30)
4. DOB's fully annualized projections (2018 Projected)
5. DOB's projections (4) less the current modified budget (2) (Proj. less Modified)

The 'YTD Jun 30' data is required to be presented by local law 7 of 2014, and is a snapshot of the transactions posted to the County's accounting system through June 30, 2018. These figures are not audited. Readers are cautioned from drawing conclusions based on the 'YTD Jun 30' data due to the timing of transactions, and the seasonal nature of certain expenditures and revenues.

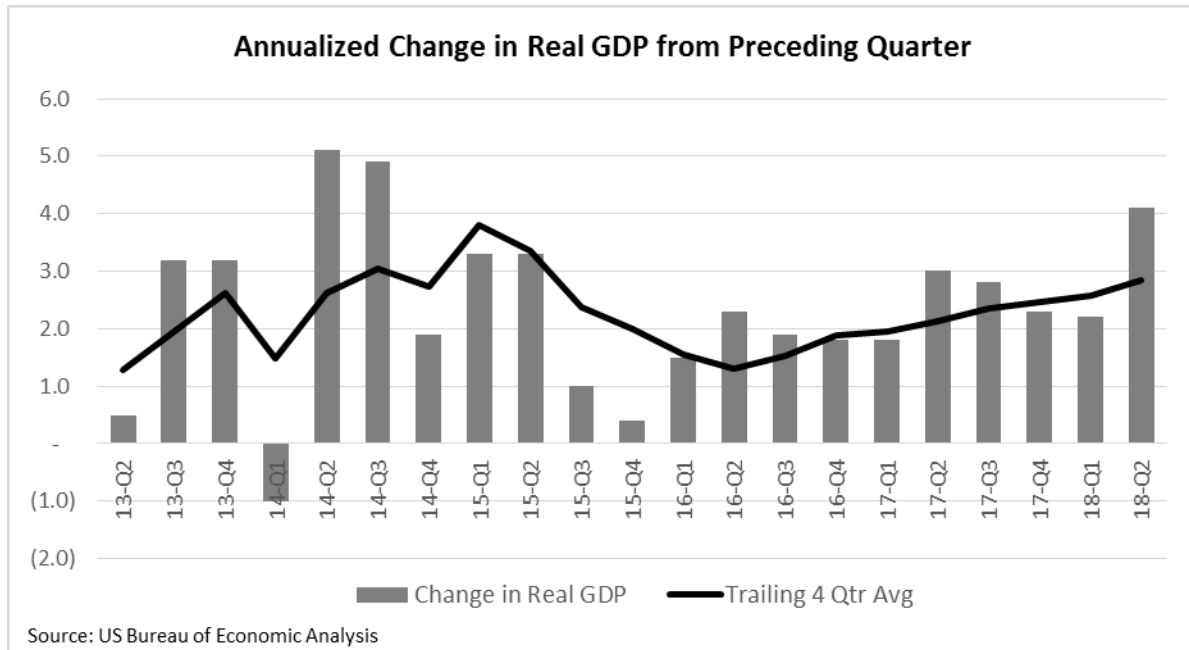
Since many factors may materially affect the fiscal and economic conditions of the County, the forecasts, projections, and estimates contained in this document should not be regarded as a representation that such forecasts, projections, and estimates will occur. Statements regarding future outcomes contained herein are based on the County's expectations and are necessarily dependent upon assumptions, estimates, and data that it believes are reasonable as of the date made but that may be incorrect, incomplete or imprecise, or not reflective of actual results. Forecasts, projections and estimates are not intended as representations of fact or guarantees of results.



ECONOMIC OUTLOOK

GROSS DOMESTIC PRODUCT (GDP)

Over the past five years, American economic growth has been consistently positive with economic expansion occurring in 19 of the last 20 quarters. Annualized growth has averaged 2.4 percent over the past five years. The trailing four quarter average has fluctuated around two percent for most of the five year period, currently standing at 2.9 percent growth with a range of 1.3 to 3.8 percent growth over the period.



During the second quarter of 2018, real GDP grew by 4.1 percent on an annualized basis, bringing the trailing four quarter annual average to 2.9 percent. This represented significantly higher economic growth than the first quarter of 2018 which has been revised to 2.2 percent annualized growth. In June, the Federal Open Market Committee (FOMC) projected a growth rate of real GDP between 2.5 and 3.0 percent for 2018. This was unchanged from range projected in March. The FOMC expects real GDP growth to slow in the medium term with consensus projections of 2.4 percent in 2019 and 2.0 percent in 2020. Earlier this month, the NYS Division of Budget projected 2.9 percent growth for 2018, and 2.7 percent growth for 2020.

EMPLOYMENT / UNEMPLOYMENT

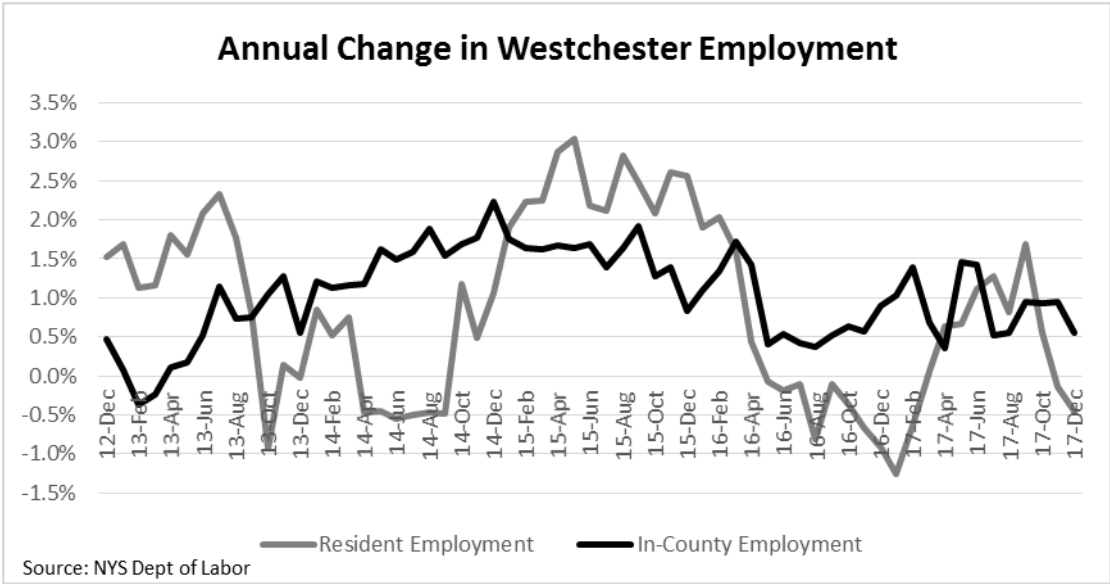
Unemployment rates across the State have essentially returned to their pre-recessionary levels (see table, following page). The Statewide unemployment rate was 4.2% for the month of June. This rate was fairly consistent across the entire State as exhibited by the tight range between the four regions. The upstate / downstate variation exhibited in March has been reduced as the summer brings additional employment to the upstate region, particularly in the construction and tourism sectors. The national unemployment rate continues to hover around four percent, which is in the range of the FOMC's long run full employment target. While there will be volatility in the unemployment rate due to labor market shifts and seasonality,

it not anticipated that the unemployment rate will drop much below current levels for any sustained period of time.

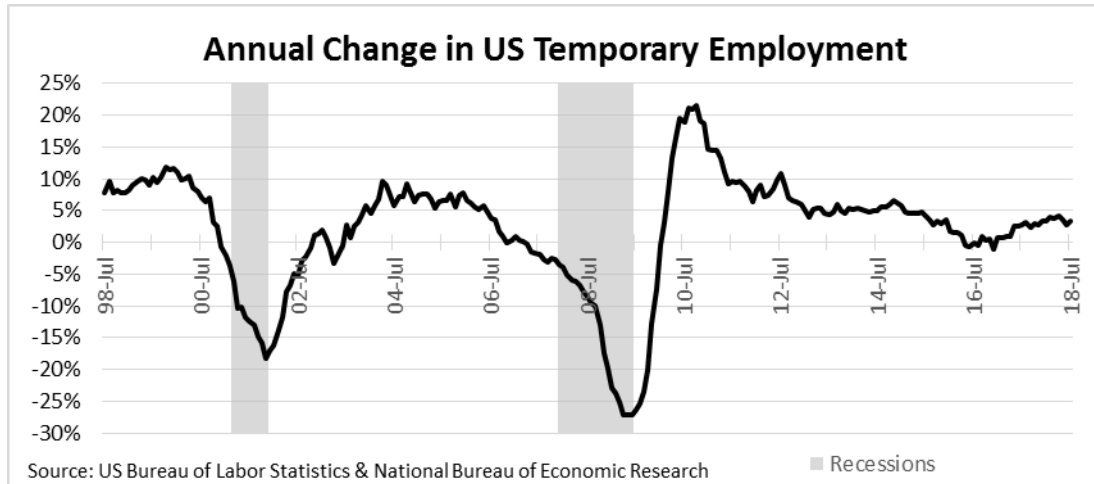
NYS REGIONAL UNEMPLOYMENT RATE FOR JUNE				
YEAR	NYC	WESTCHESTER	LONG ISLAND	54 REMAINING
2009	9.5%	7.3%	7.1%	7.9%
2010	9.4%	7.1%	7.2%	8.0%
2011	9.1%	7.0%	7.1%	7.9%
2012	9.7%	7.5%	7.6%	8.3%
2013	9.1%	6.4%	6.3%	7.3%
2014	7.2%	5.0%	4.9%	5.7%
2015	5.6%	4.7%	4.5%	5.2%
2016	5.2%	4.3%	4.0%	4.6%
2017	4.6%	4.6%	4.3%	4.9%
2018	4.3%	4.1%	3.8%	4.3%

Source: NYS Dept of Labor

In June, the County unemployment rate fell on an expansion of both the labor force and resident employment as compared to one year ago. Approximately 474,900 County residents were employed in June. This was an increase of 0.8% over the prior year. Within the County, employment continues to grow. The County has added jobs over the prior year in every month since March 2013, a streak of 57 consecutive months through December 2017. All four quarters of 2017 set the record for highest in-County employment in history. Given the facts that the unemployment rate has returned to pre-recessionary levels and in-County employment is achieving all-time highs, employment levels within the region may be peaking.



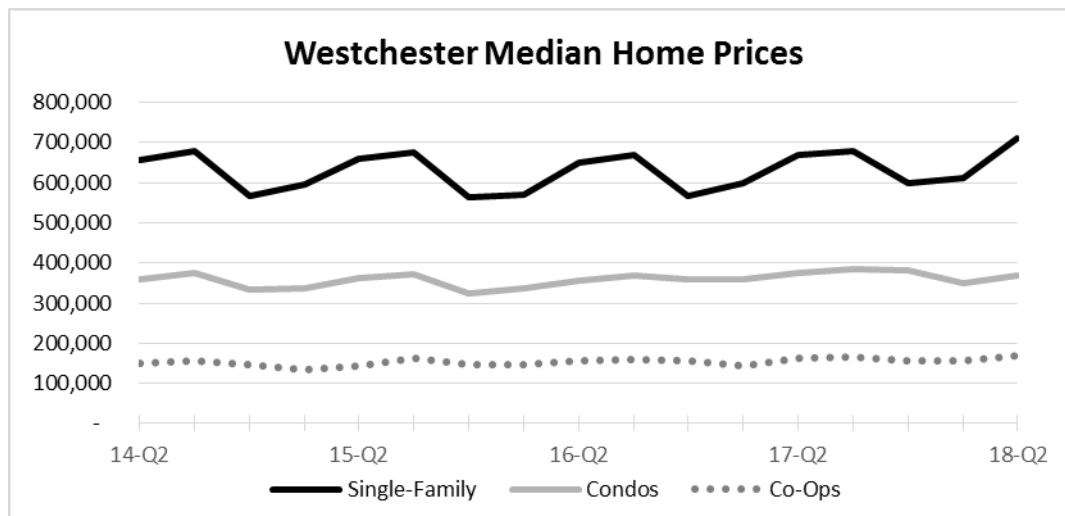
An excellent leading indicator of economic growth has been temporary employment. Temporary workers are among the first hired in expansionary periods, but they are also among the first workers to lose their jobs during economic downturns (see chart, following page).



Declines in temporary employment in 2000 and 2007 signaled the beginning of the past two recessionary periods. Temporary employment bottomed out at 2.86 million jobs in May 2016, but has rebounded during the period since. Growth in temporary employment has averaged 3.3% over the past year, and the level was 3.3% higher in July than one year ago.

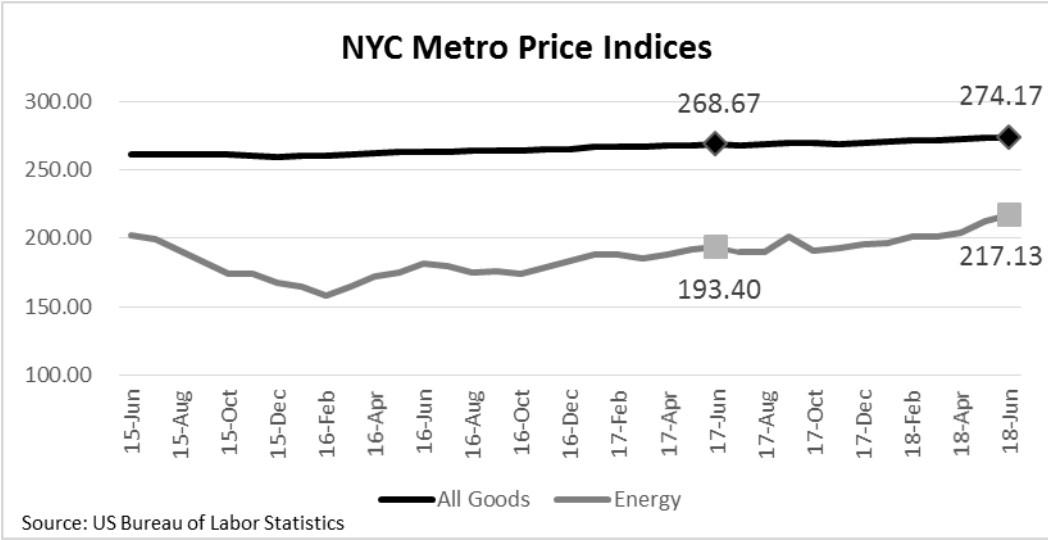
HOUSING

The second quarter of 2018 saw prices of single-family homes in the County rise by 6.0% over the same quarter last year. While the past quarter saw a significant increase, prices within the County have remained quite stable over the past four years. The median prices for each type of home has exhibited the expected seasonal variation by quarter, but have also stayed within a tight range. The Federal Reserve’s increases in the Federal Funds Target Rate from a targeted range of 0 – 0.25% to the current target of 1.75 – 2.00% over the past two years may be limiting price growth as the cost to borrow has increased. Additionally, it is anticipated that the limitation of the State and Local Tax (SALT) deduction imposed by the American Jobs and Tax Cuts Act will depress price growth, especially for higher-end homes.



INFLATION AND PRICES

Starting in the middle of 2016, inflation has begun to accelerate over prior periods. All goods inflation was over 1.8% for the 12 months ending June 2018. This measure for the region is approaching the Federal Reserve’s annual target for the nation of two percent.

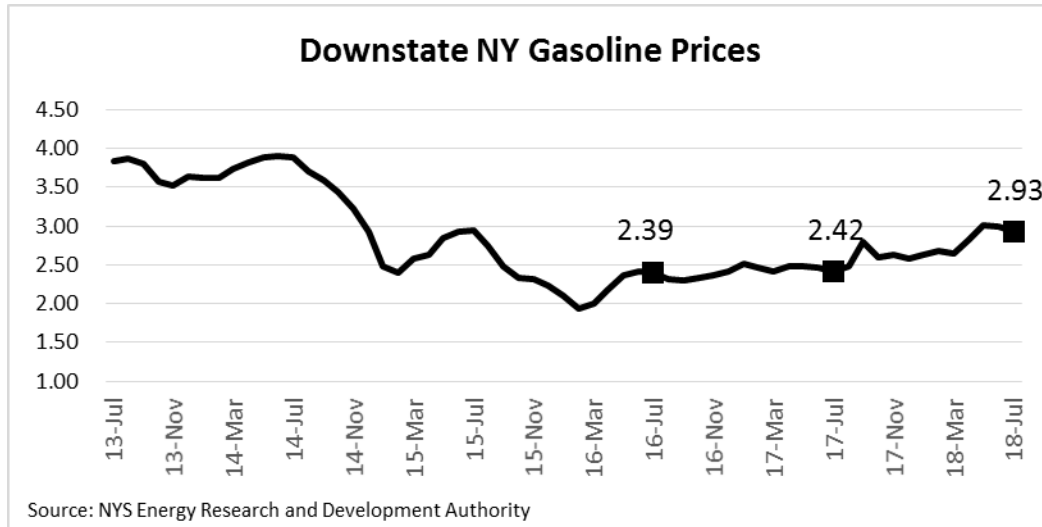


Energy price levels have continued to climb from the lows in the first quarter of 2016. Prices are up 12% and 19% from one and two years ago, respectively. Despite the increases over the past two years, energy prices remain 10% below their June 2014 levels.

Since the County does not opt in to the motor fuel tax cap or the residential energy exemption, the County’s sales and use tax collections are particularly sensitive to fluctuations in energy prices as compared to other jurisdictions within the State. Stronger sales and use tax growth has coincided with the rise in energy prices over the past two years

ECONOMIC OUTLOOK

As a large component of total energy, gasoline prices have shown a substantially similar trend. Prices are up 51 cents per gallon (21%) from last year, but the July 2018 price per gallon is still below 2014 by 25 percent. With approximately 300 million gallons of gasoline sold within the County, the recent increases in price have bolstered the County sales tax base. Prices have leveled off since May, dropping in both June and July. These declines, coupled with the significant price increases during the second half of 2017, will reduce the year over year spread in prices.



ECONOMIC RISKS TO THE FINANCIAL PLAN

Heavy dependence on the financial services sector and the potential peaking of the current business cycle expansion pose the largest downside risks to the financial plan. The volatile nature of interest rates, commodity prices, and equity markets can cause the incomes of financial services sector workers to change substantially from year to year. Based on the determination of the National Bureau of Economic Research, the current expansionary period of slightly under 10 years is the second longest in US history since recordkeeping began in 1854 (March 1991 – March 2001). While economic fundamentals currently appear to be strong, the current expansion is approaching the limits of historical precedent.



**FY 2018
SECOND QUARTER PROJECTIONS**

2018 SECOND QUARTER PROJECTIONS

GENERAL FUND FORECAST

On December 21, 2017, the County adopted a General Fund Operating Budget in the amount of \$1.845 billion for Fiscal Year 2018 (FY18). This section will present the Department of Budget's (DOB) Second Quarter (Q2) Forecast for Fiscal Year 2018.

The 2018 Budget has been modified upward by \$6.6 million to allow for the expenditure of funds in FY18 for items that were contracted for during FY17. DOB expects a similar amount of expenditures to roll from FY18 to FY19 resulting in a minimal effect to the FY18 Financial Plan as has historically occurred. The Budget was also modified upward by \$11.1 million by Act 89 of 2018.

GENERAL FUND PROJECTIONS					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
REVENUES					
Tax Levy on Real Property	559,392	559,392	-	559,392	-
Sales and Use Tax	544,506	544,506	208,307	555,197	10,691
Federal and State Aid	422,489	427,100	72,608	422,196	(4,904)
Departmental Income	152,101	152,101	55,083	151,503	(597)
Other Revenues	146,672	146,672	150,340	147,842	1,170
Sub-Total	1,825,160	1,829,771	486,338	1,836,131	6,360
Use of General Fund Balance	19,881	33,016	-	-	(33,016)
TOTAL	1,845,041	1,862,787	486,338	1,836,131	(26,657)
NET EXPENDITURES					
General Government and Support	51,372	53,681	33,008	51,553	(2,128)
Home and Community Services	609,466	609,732	227,598	601,022	(8,709)
Health Services	152,729	152,898	71,572	153,440	542
Education	29,900	29,900	24,917	29,900	-
Public Safety, Correction, and Courts	227,258	238,698	103,791	236,657	(2,042)
Roads, Transportation, and Parks	224,042	226,670	99,483	227,737	1,067
Miscellaneous and Fixed	550,274	551,208	239,930	554,017	2,809
TOTAL	1,845,041	1,862,787	800,299	1,854,325	(8,462)
GENERAL FUND (GAP) / SURPLUS	-	-	(313,961)	(18,195)	(18,195)

As of the second quarter, DOB projects a general fund budget gap of \$18.2 million. Available resources are reduced by \$26.7 million from the modified budget as a result of projected revenues exceeding modified budget targets by \$6.4 million, and the \$33.0 million of appropriated fund balance (\$19.9 million included in the budget as originally adopted, \$6.6 million for rolled encumbrances, and \$6.5 million added by Act 89 of 2018) being excluded from the projection. These resource reductions are offset by lower projected expenditures in the amount of \$8.5 million below modified appropriations.

2018 SECOND QUARTER PROJECTIONS

The major drivers of the \$18.2 million projected general fund gap are highlighted in the table below:

Q2 PROJECTED GENERAL FUND GAP ANALYSIS		
Thousands of Dollars		
	Variance to Modified	Reconciliation to First Qtr
STARTING BUDGET (GAP) / SURPLUS	-	(28,710)
UNFAVORABLE		
Budgeted Use of Fund Balance	(26,380)	(6,499)
Bus Operating Assistance	(2,772)	(885)
DSS Personal Service Aid Re-Estimation	(1,864)	-
NYS Foster Care Block Grant	(1,450)	(1,450)
Workers Comp Contribution	(1,296)	(1,296)
Tax Certioraris	(1,062)	(1,062)
Mortgage Recording Tax & Clerk Fees	(914)	(914)
Federal Social Services Block Grant	(727)	(727)
Correction Wages	(131)	6,497
Sub-Total	(36,596)	(6,336)
FAVORABLE		
Sales & Use Tax (net)	7,826	7,826
Daycare Subsidies	2,822	1,307
Healthcare Contribution	2,488	2,488
Emergency Assistance	1,627	1,190
Enhanced FMAP Reconciliation	1,593	-
Non-DSS & DOC Wages	1,370	508
West HELP Affordable Senior Housing	900	900
NYS Court Facilities Aid	778	778
Inmate Healthcare	758	758
Sub-Total	20,162	15,755
Other Adjustments (net)	(1,761)	1,096
PROJECTED Q2 (GAP) / SURPLUS	(18,195)	(18,195)

The projected general fund gap has reduced by \$10.5 million as compared to the first quarter. The largest unfavorable item remains the use of general fund balance. \$19.9 million was included in the adopted budget, and an additional \$6.5 million was added by Act 89 of 2018. DOB does not anticipate needing that entire amount in order to close 2018 at this time, projecting a draw of \$18.2 million. This amount does not contemplate the settlement of a new collective bargaining agreement with CSEA.

Major unfavorable adjustments since the first quarter include a combined \$2.2 million reduction in State and Federal block grants for foster care and domestic violence services, an additional contribution to the workers compensation fund for the payment of claims, higher than budgeted tax certioraris, and lower than anticipated real estate activity driving downward revisions to both mortgage recording tax and County Clerk land records fees.

2018 SECOND QUARTER PROJECTIONS

The largest favorable adjustment since the first quarter is the upward revision of the sales and use tax projection. The projection has been increased by \$10.7 million. The County is anticipated to retain \$7.8 million after municipal and school district sharing. Other major favorable revenue adjustments include the proceeds from the development of the West HELP property in Greenburgh for the construction of affordable senior housing and additional reimbursement from the Office of Court Administration. The 2018 Budget assumed growth in daycare caseloads, but through June, caseloads have remained essentially flat from 2017. Caseloads for the Emergency Assistance programs are trending below budgeted levels as well. Higher than anticipated retiree pharmacy aid from the Center for Medicare Services reduces the general fund contribution toward healthcare by \$2.5 million. Due to the decline in the census at the County correctional facility, the Department of Correction was able to re-negotiate the inmate healthcare contract downward.

GENERAL FUND REVENUES

The general fund revenue projection has been revised upward by \$6.4 million from the modified budget to \$1.836 billion. An increase in the sales and use tax forecast of \$10.7 million is driving the projected increase. Federal aid is now projected \$5.1 million below modified budget targets primarily due to the re-estimation of personal service reimbursement and lower than anticipated temporary assistance to needy families (TANF) caseloads within the Department of Social Services (DSS). Reductions in the projections for County Clerk fees and bus fares drive the lower departmental income forecast. Capital revenues are projected to exceed budget as a result of larger premium revenues associated with the County's tax and bond anticipation notes.

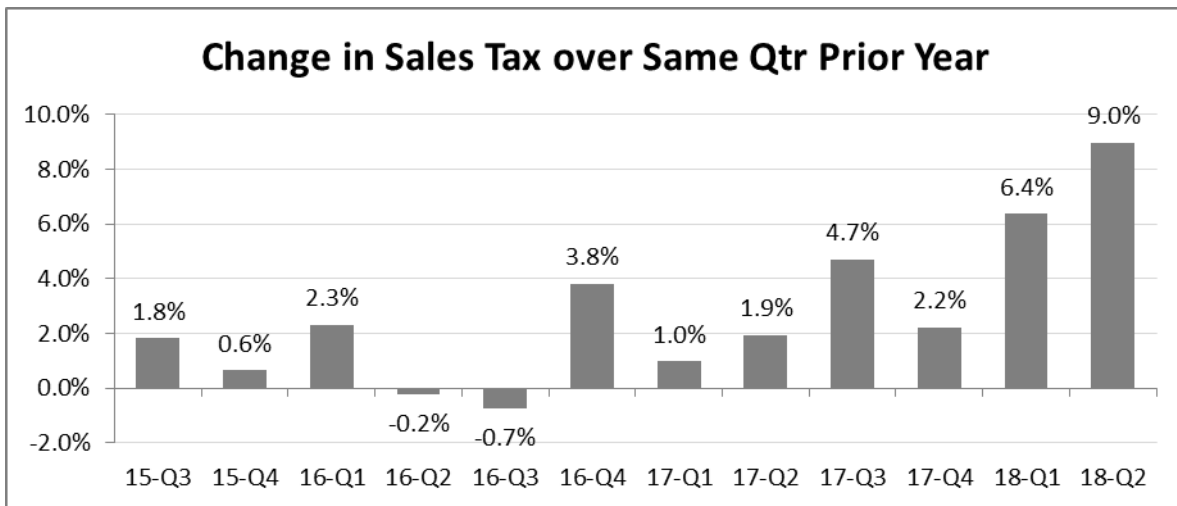
GENERAL FUND REVENUE SUMMARY					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Tax Levy on Real Property	559,392	559,392	-	559,392	-
Payments in Lieu of Taxes	10,255	10,255	7,148	10,255	-
Sales and Use Tax	544,506	544,506	208,307	555,197	10,691
Mortgage Recording Tax	20,711	20,711	7,179	20,207	(504)
Auto Use Tax (DMV Registrations)	16,427	16,427	5,475	16,582	155
Hotel Occupancy Tax	6,824	6,824	2,621	6,824	-
State Aid	246,625	251,236	72,606	251,436	199
Federal Aid	175,839	175,839	90,721	170,736	(5,103)
Departmental Income	152,101	152,101	55,083	151,503	(597)
Capital Revenues	9,071	9,071	389	9,617	546
Other Revenues	83,409	83,409	36,809	84,382	973
Sub-Total	1,825,160	1,829,771	486,338	1,836,131	6,360
Use / (Deposit) of General Fund Balance	19,881	33,016	-	-	(33,016)
TOTAL	1,845,041	1,862,787	486,338	1,836,131	(26,657)

While state aid shows a relatively small variance, the forecast does contain approximately \$7 million of state aid for the raising of the age of criminal responsibility that is supporting an identical amount of expense.

NON-PROPERTY TAXES

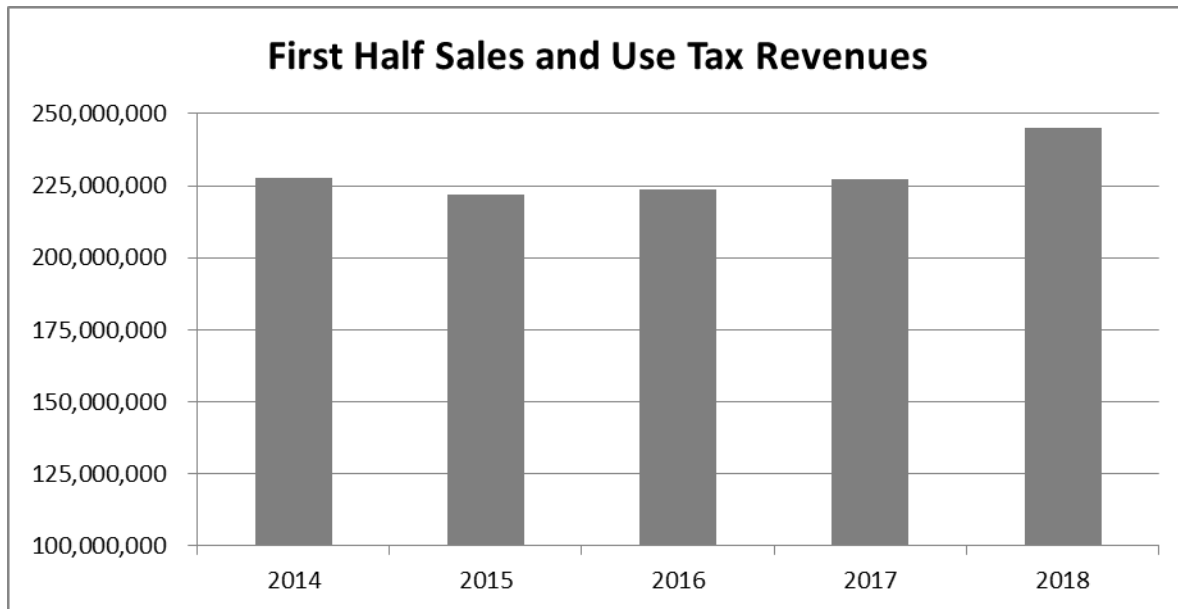
Sales and use tax is the second largest County revenue source after the real property tax, and is levied on most goods and services purchased within the County. The County imposes a 1.5 percent tax within the Cities of Mount Vernon, New Rochelle, White Plains, and Yonkers; and a 3.0 percent tax in the remainder of the County which is shared with the other municipalities and school districts. The NYS Department of Taxation and Finance collects the tax on behalf of the County and remits the collections to the County each month.

The County also imposes a mortgage recording tax administered by the County Clerk, an auto use tax administered by the NYS Department of Motor Vehicles, and a hotel occupancy tax remitted directly to the County Department of Finance.



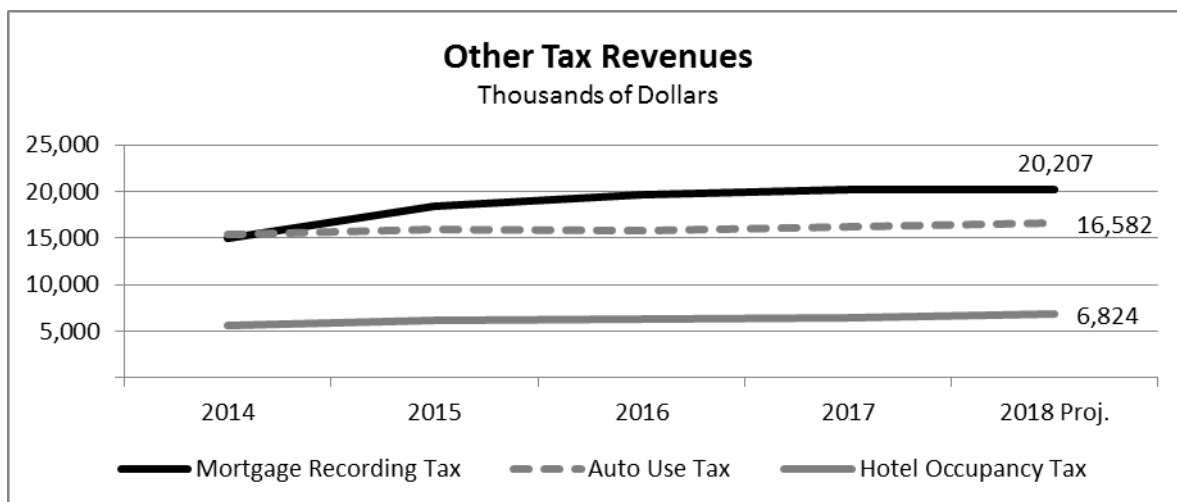
Second quarter sales and use tax revenues grew at 9.0% over the prior year. The County has now posted seven consecutive quarters of sales tax growth, coinciding with the rise in energy prices that has occurred over the same period. Additionally, overall inflation continues to accelerate. NYC Metro inflation excluding medical care (as it is largely non-taxable) stands at 1.8% for the 12 month period ending June 2018. This is 12% higher than the inflation rate posted for the year ending June 2017.

2018 SECOND QUARTER PROJECTIONS



Sales and Use Tax revenues were \$245.0 million for the first half of 2018. Revenues increased 7.8% against a 2018 budget target of 3.7% growth. DOB has revised the sales and use tax projection upward by \$10.7 million to \$555.2 million. This figure represents an increase of 5.7% over the 2017 actual. It is anticipated that growth will slow during the second half as the year over year spread in energy prices narrows.

In aggregate, DOB has revised the projection for the three other tax revenues downward by \$349,000 (0.8%). The Mortgage Recording Tax target has been lowered by \$504,000, while the Auto Use Tax (DMV Fees) has been increased by \$155,000 from the budget target. Hotel Occupancy Tax is trending near budgeted levels through the second quarter and has had no change to the projection.



2018 SECOND QUARTER PROJECTIONS

FEDERAL AND STATE AID

Comprising approximately one-quarter of general fund revenues, federal and state aid are the County's third largest revenue source after real property and sales and use taxes. The Departments of Social Services (DSS), Health (DOH), and Transportation (DOT) receive over 90% of the County's federal and state aid.

GENERAL FUND FEDERAL AID SUMMARY					
Thousands of Dollars					
	2018	2018	YTD	2018	Proj. less
	<u>Adopted</u>	<u>Modified</u>	<u>Jun 30</u>	<u>Projected</u>	<u>Modified</u>
Emergency Services	358	358	93	358	-
Social Services	161,351	161,351	90,004	155,869	(5,482)
Community Mental Health	974	974	11	925	(50)
Correction	1,166	1,166	21	1,153	(13)
District Attorney	134	134	30	134	-
Public Safety Services	299	299	59	299	-
Transportation	11,557	11,557	502	11,999	441
TOTAL	<u>175,839</u>	<u>175,839</u>	<u>90,721</u>	<u>170,736</u>	<u>(5,103)</u>

DOB projects a shortfall in federal aid of \$5.1 million below modified budget targets. This is primarily due to the re-estimation of personal service reimbursement and lower than anticipated temporary assistance to needy families (TANF) and emergency assistance caseloads within the Department of Social Services (DSS).

Overall, state aid projections are essentially at modified budget levels. Departments with changes in their state aid projection from the modified budget are highlighted in the table below:

GENERAL FUND STATE AID SUMMARY					
Thousands of Dollars					
	2018	2018	YTD	2018	Proj. less
	<u>Adopted</u>	<u>Modified</u>	<u>Jun 30</u>	<u>Projected</u>	<u>Modified</u>
Social Services	96,206	96,206	54,842	95,521	(685)
Community Mental Health	1,587	1,587	725	1,575	(12)
Health	66,392	66,392	1,253	66,632	239
Public Safety Services	2,737	2,737	512	2,794	57
Transportation	58,671	58,671	14,330	58,446	(225)
Public Works	2,729	3,493	46	3,540	47
Court Facilities Debt Reimbursement	245	245	306	1,073	828
Court Facilities Operating Aid	2,350	2,350	-	2,300	(50)
Other	15,708	19,555	593	19,555	-
TOTAL	<u>246,625</u>	<u>251,236</u>	<u>72,606</u>	<u>251,436</u>	<u>199</u>

2018 SECOND QUARTER PROJECTIONS

DSS is projected \$0.7 million below budget on a lower personal service reimbursement and a reduction in the State Foster Care Block Grant, offset by additional revenues for the implementation of raising the age of criminal responsibility. The Department of Health is projected to exceed their budgeted expenditure levels. As a result, they will receive additional state reimbursement for those expenditures. The County's allocation of transportation aid included in the recently enacted 2018-19 State Budget was slightly lower than anticipated, and the federal, state, and local shares of particular routes have been adjusted. DOB now expects additional reimbursement from the Office of Court Administration for the County's court facilities.

DEPARTMENTAL REVENUES

Most county departments collect departmental income. This income is generally derived in one of two ways: (1) the department charges for services provided to other governmental entities not within the general fund, or (2) the department charges for services provided to the public in the form of rent or user fees.

Overall, a relatively small decrease of \$0.6 million (0.39%) in departmental income is projected in the Q2 Update. Departments with changes in their departmental revenue projection are highlighted in the table below:

GENERAL FUND DEPARTMENTAL REVENUE					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Human Resources	252	252	177	298	47
Budget	557	557	206	605	48
Board of Acquisition and Contract	3	3	1	2	(1)
Planning	574	574	151	531	(43)
County Clerk	9,499	9,499	3,465	9,089	(410)
Community Mental Health	105	105	3	5	(100)
Health	7,628	7,628	3,193	7,690	62
Laboratories and Research	2,584	2,584	1,057	2,574	(10)
Correction	7,551	7,551	2,424	7,255	(295)
Public Safety Services	14,459	14,459	4,522	14,869	410
Solid Waste Commission	1,888	1,888	942	1,863	(25)
Parks, Recreation, and Conservation	34,792	34,792	11,520	34,461	(331)
Transportation	38,438	38,438	17,193	38,089	(349)
Public Works	8,164	8,164	2,765	8,564	400
Other	25,433	25,433	7,466	25,433	-
TOTAL	151,926	151,926	55,083	151,328	(597)

The major adjustments in departmental revenues from the first quarter include the downward revision of County Clerk fees due to lower land records activity, golf revenues in Parks due to poor weather to start the season, and bus fares as a result of lower than anticipated ridership. Offsetting these unfavorable adjustments are increases in Public Safety for additional school resource officers, and Public Works for the development of the West HELP parcel in Greenburgh for affordable senior housing.

2018 SECOND QUARTER PROJECTIONS

GENERAL FUND EXPENDITURES

As of the end of the 2nd quarter, general fund net expenditures are projected at \$8.5 million below modified appropriations. Personal service is projected \$3.9 million less than the budget as currently modified, primarily due to the addition of \$6.5 million of appropriations for Correction personal service by Act 89 of 2018. Contractual expense exceeds modified appropriations by \$4.6 million due to upward revisions for bus operating assistance, municipal and school district sales and use tax distribution, workers compensation claims, and tax certioraris. These additional expenses are partially offset by the anticipation that some contractual expenditures will roll to FY19. Lower than budgeted social services caseloads, and a reduction in Medicaid expenses due to additional Enhanced FMAP aid drive the projected decrease in the relief category.

GENERAL FUND EXPENDITURE SUMMARY					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	334,067	338,307	161,528	334,507	(3,800)
Other Personal Service	304,930	307,201	153,364	307,111	(90)
Equipment	1,305	1,545	510	1,255	(289)
Materials and Supplies	33,845	34,606	13,318	34,696	91
Contractual Expenses	714,796	724,961	301,445	729,606	4,645
Social Services Relief	468,217	468,287	172,722	459,957	(8,330)
Inter-Departmental Expense	90,299	90,299	18,537	90,299	-
Gross Expenditures	1,947,459	1,965,205	821,424	1,957,430	(7,775)
Inter-Departmental Revenue	(102,418)	(102,418)	(21,125)	(103,105)	(687)
NET EXPENDITURES	1,845,041	1,862,787	800,299	1,854,325	(8,462)

PERSONAL SERVICE

Approximating one-third of the general fund budget, personal service expenses are the largest single County expense. Below is a table summarizing the contracts of the County's eight unionized bargaining units:

LABOR CONTRACT SUMMARY								
	CONTRACT EXPIRATION	NEGOTIATED BASE SALARY INCREASES						
		2012	2013	2014	2015	2016	2017	2018
Civil Service Employees Assoc.	12/31/2011	TBD	TBD	TBD	TBD	TBD	TBD	TBD
New York State Nurses Assoc.	12/31/2021	0%	0%	2.00%	1.50%	0%	0%	2.50%
International Brotherhood of Teamsters	12/31/2020	0%	0%	0%	2.75%	0%	0%	2.50%
Police Benevolent Assoc.	12/31/2019	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Superior Officers Police Benevolent Assoc.	12/31/2019	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
District Attorney Criminal Investigators	12/31/2015	2.50%	2.50%	2.50%	2.50%	TBD	TBD	TBD
Correction Officers Benevolent Assoc.	12/31/2019	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Correction Superior Officer Assoc.	12/31/2019	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Note: Nurses percentages for years 2016 to 2018 are based on a memorandum of agreement pending Board of Legislators approval.

2018 SECOND QUARTER PROJECTIONS

CSEA, the County's largest labor union, has been out of contract since December 31, 2011. The increasing costs for labor continue to place significant pressure on the County's financial plan.

DOB now projects salary expenses \$3.8 million (1.1%) below modified appropriations. The major driver of the favorable variance is the increase in the Correction salary budget of \$4.3 million effectuated by Act 89 of 2018. Without this budget amendment, the salary projection would exceed appropriations by \$0.4 million (0.1%). Please see Appendix A for more detail on these adjustments.

Departments with changes in their salary projection are shown in the table below:

GENERAL FUND SALARY SUMMARY					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
County Executive	5,327	5,327	2,198	5,227	(100)
Human Resources	3,235	3,235	1,621	3,284	49
Budget	1,274	1,274	583	1,249	(25)
Board Of Elections	7,457	7,457	3,441	7,032	(425)
Finance	4,084	4,084	1,966	3,984	(100)
Information Technology	12,896	12,896	6,223	12,736	(160)
Law	8,454	8,424	4,112	8,409	(16)
Planning	2,047	2,037	852	1,849	(188)
Social Services	68,768	68,768	33,503	67,937	(830)
Consumer Protection	1,367	1,367	632	1,346	(20)
Community Mental Health	2,789	2,789	1,387	2,805	16
Health	14,442	14,442	7,023	14,572	130
Labs and Research	8,044	8,057	3,812	8,101	45
Correction	75,997	80,265	38,101	79,358	(907)
Tax Commission	159	159	74	148	(11)
District Attorney	23,596	23,596	11,368	23,466	(130)
Public Safety Services	34,191	34,191	15,736	33,431	(759)
Probation	16,700	16,700	8,094	16,724	24
Public Administrator	558	558	282	568	10
Solid Waste Commission	690	690	268	685	(6)
Parks, Recreation, and Conservation	15,174	15,174	7,443	15,154	(20)
Public Works	14,926	14,926	7,120	14,548	(378)
Other	11,894	11,894	5,691	11,894	-
TOTAL	334,067	338,307	161,528	334,507	(3,800)

The projections in the table above do not make any provision for the settlement of a collective bargaining agreement with the Civil Service Employees Association (CSEA).

2018 SECOND QUARTER PROJECTIONS

As with salaries, other personal service (OPS) expenditures are expected to come in below modified appropriations due to the budget modification effectuated by Act 89 of 2018. \$2.2 million of appropriations were added to Correction in this category. On top of the amendment, an additional \$2.4 million of overtime and holiday pay are projected, primarily within Correction and Public Safety.

Higher than anticipated retiree pharmacy aid from the Center for Medicare Services reduces the general fund contribution toward healthcare by \$2.5 million to offset the additional overtime expense.

GENERAL FUND OTHER PERSONAL SERVICE SUMMARY					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Hourly Wages	9,536	9,563	3,504	9,459	(104)
Fees and Officers Pay	320	320	138	323	3
Overtime & Holiday	23,640	25,753	13,390	28,201	2,448
207-C Disability	2,668	2,732	1,044	2,806	73
Shift and Detective Differentials	5,415	5,482	2,824	5,459	(23)
Pension	67,625	67,625	36,939	67,625	-
Social Security and Medicare	26,486	26,486	14,057	26,486	-
Healthcare	162,854	162,854	79,376	160,366	(2,488)
MCTD Mobility Tax	1,341	1,341	606	1,341	-
Benefit Fund	4,671	4,671	1,305	4,671	-
Unemployment Insurance	373	373	181	373	-
TOTAL	304,930	307,201	153,364	307,111	(90)

MATERIALS AND SUPPLIES

The materials and supplies expenditure class is dominated by utilities as energy (\$18 million), and water (\$3 million) comprise 60% of the category. The remainder of the expenditure class consists of items such as postage, motor fuel, and office, laboratory, and facility repair supplies.

Overall, DOB projects materials and supply expenditures at \$0.1 million (0.3%) above modified budget appropriations. The following page contains a summary of the departments with adjustments to their materials and supplies expense projection in the Q2 Update:

2018 SECOND QUARTER PROJECTIONS

GENERAL FUND MATERIALS AND SUPPLIES SUMMARY					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Board Of Legislators	177	178	28	177	(1)
County Executive	112	113	19	112	(1)
Human Resources	28	39	14	28	(11)
Board Of Elections	1,778	1,778	320	1,703	(76)
Finance	35	35	12	35	(0)
Information Technology	244	262	51	255	(7)
Law	65	69	25	65	(4)
Emergency Services	202	202	47	207	5
Social Services	710	735	252	710	(25)
Community Mental Health	29	31	10	29	(3)
Health	316	316	107	311	(5)
Labs and Research	1,112	1,209	496	1,212	2
Correction	1,520	1,587	408	1,522	(65)
District Attorney	295	308	98	291	(17)
Public Safety Services	1,715	1,828	627	1,705	(123)
Probation	178	248	102	181	(67)
Solid Waste Commission	30	31	10	30	(1)
Parks, Recreation, and Conservation	7,708	7,792	3,084	7,695	(97)
Public Works	15,896	16,147	6,702	16,732	585
Other	1,696	1,697	907	1,697	-
TOTAL	33,845	34,606	13,318	34,696	91

The materials and supplies category includes an upward revision of the Public Works utilities expense in the amount of \$0.8 million due to higher than anticipated energy prices. The increase is offset by reimbursement from the medical center of \$0.3 million, resulting in a net general fund impact of \$0.5 million.

This increase is being offset by projected savings of \$0.7 million, primarily due to DOB's expectation that \$761,000 of expenditures will roll and take place in FY 2019.

CONTRACTUAL EXPENSES

The County utilizes outside vendors to provide a variety of services for both County operations and public services across nearly every department. In addition to service contracts, the County is contractually obligated to pay bond holders for the debt the County has issued in prior years, and statutorily mandated to distribute a share of the sales and use tax to the non-city municipalities and school districts.

2018 SECOND QUARTER PROJECTIONS

Overall, DOB projects contractual expenses at \$4.6 million (0.64%) above modified appropriations. Below is a summary of the departments with adjustments to their contractual expense projection in the Q2 Update:

GENERAL FUND CONTRACTUAL EXPENSES SUMMARY					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Board Of Legislators	325	331	72	325	(6)
County Executive	3,764	4,068	576	3,764	(304)
Human Resources	609	635	284	632	(3)
Board Of Elections	3,942	4,318	997	3,902	(416)
Finance	122	152	19	122	(30)
Law	975	1,222	221	930	(292)
Emergency Services	866	1,156	211	859	(297)
Social Services	19,144	19,315	6,872	19,144	(171)
Community Mental Health	4,356	4,356	1,001	4,300	(56)
Health	111,893	111,897	55,439	112,359	462
Labs and Research	804	857	255	804	(52)
Correction	21,587	21,769	9,741	20,795	(974)
District Attorney	2,211	2,249	354	2,211	(39)
Public Safety Services	2,435	2,511	968	2,430	(80)
Probation	6,459	10,306	1,062	10,237	(70)
Public Administrator	59	64	42	59	(5)
Solid Waste Commission	147	178	33	122	(56)
Parks, Recreation, and Conservation	10,931	11,227	4,424	10,944	(283)
Transportation	160,119	160,240	69,527	162,905	2,665
Public Works	18,927	20,804	7,858	20,158	(646)
Debt Service	83,854	84,302	25,491	84,826	524
Miscellaneous Budgets	235,331	235,817	108,064	240,590	4,773
Other	25,934	27,187	7,933	27,187	-
TOTAL	714,796	724,961	301,445	729,606	4,645

All but four departments within the County are expected to expend at or below their modified contractual expenses appropriation level. The main driver within most departments is the anticipation that some contractual expenses will roll and take place in FY 2019. Within Correction, the department was able to re-negotiate the inmate healthcare contract downward based on a lower inmate census.

The four departments exceeding their modified appropriation level are Health, Transportation, Debt Service, and Miscellaneous. Health is expected over the modified budget on higher than anticipated children with special needs caseloads. This overage is partially offset by higher state aid reimbursements. Transportation has an increase in Bus Operating Assistance of \$2.8 million due to higher fuel prices and liability claim payouts than originally anticipated. Debt Service is projected \$0.5 million above modified budget as a result of the interest rates on the tax and bond anticipation notes issued by the County being higher than anticipated. The Miscellaneous Budgets are projected above modified appropriations for workers compensation claims, tax certioraris, and municipal and school district sales and use tax distribution. Please see Appendix A for additional detail on the smaller variances.

2018 SECOND QUARTER PROJECTIONS

SOCIAL SERVICES RELIEF

DOB projects an overall expense decrease of \$8.3 million (1.8%) from the modified budget within the social services relief appropriation. The major variances to budget are for Emergency Assistance, Medicaid, TANF, Raise the Age, and the County's three daycare programs.

GENERAL FUND SOCIAL SERVICES RELIEF SUMMARY					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Emerg Assist To Fam & Child - Non Homeless	5,880	5,880	2,128	5,560	(320)
Emerg Assist to Fam & Child - Foster Care	13,881	13,881	3,633	10,902	(2,979)
Emerg Assist to Adults	1,437	1,437	408	1,360	(77)
Old Age Assist - MA	4,022	3,762	1,152	3,665	(98)
Aid to Disabled - MA	-	10	-	10	-
Family Assistance - MA	-	250	52	339	89
Medicaid - Regular	210,167	210,167	104,638	208,574	(1,593)
Medicaid - Disproportionate Share	63,381	63,381	3,261	63,381	-
Temp Assist to Needy Families (TANF)	34,355	34,422	11,737	31,574	(2,848)
Safety Net	48,767	48,768	18,645	48,205	(563)
Child Welfare - Foster Care	30,198	30,198	9,441	32,530	2,332
Child Welfare - Independent Living	1,122	1,122	224	891	(231)
Child Welfare - Adoption Subsidies	9,196	9,196	4,739	9,529	333
Social Svcs Spec Items	175	175	35	230	55
Indirect Social Service	43,179	43,181	11,970	41,101	(2,080)
Day Care (Title XX)	2,458	2,458	661	2,107	(351)
TOTAL	468,217	468,287	172,722	459,957	(8,330)

Emergency Assistance is now projected \$3.4 million below modified budget on lower than anticipated caseloads. The County retains approximately \$1.6 million savings after accounting for the associated state and federal aid shares.

Taken together, the two public assistance programs, TANF and Safety Net, are under modified budget levels by a combined \$3.4 million. These two programs are heavily subsidized by the federal and state governments; the \$3.4 million expense reduction is coupled with a \$3.0 million revenue loss.

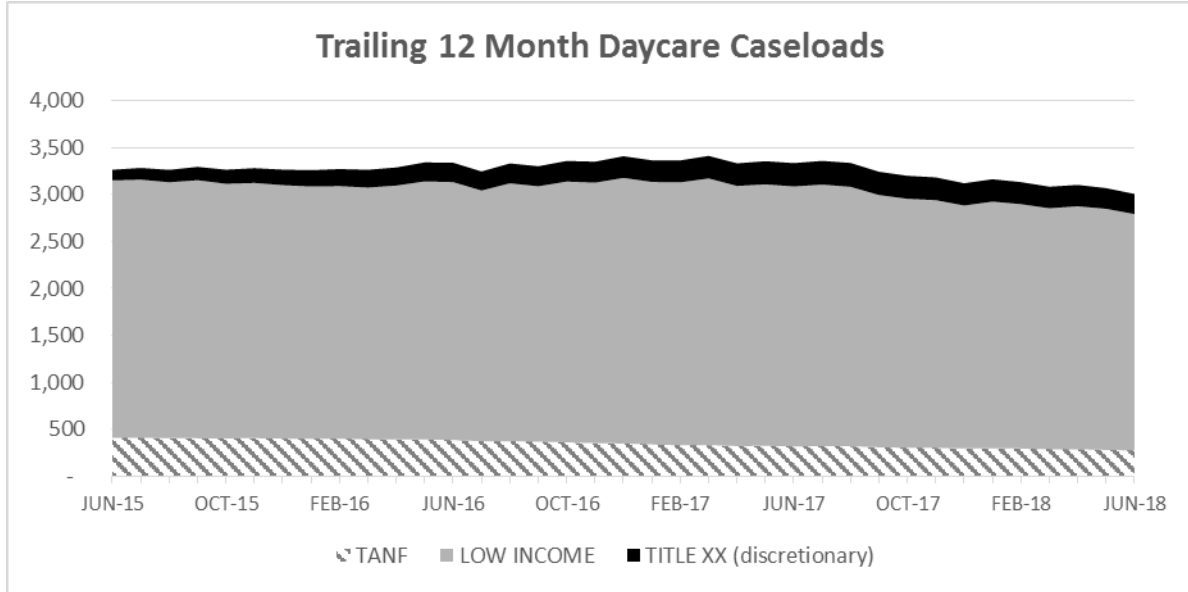
Medicaid is projected below the modified budget by \$1.6 million due to a larger than budgeted allocation of Enhanced FMAP due the County after reconciliation of the actual expenses incurred by the expanded Medicaid population by the NYS Department of Health and Division of Budget.

Included in the projection are approximately \$3 million of child welfare expenditures and an equal amount of state aid for implementation of Raise the Age.

The County's three daycare programs are projected expend a combined \$2.8 million less than modified appropriations due to lower than budgeted caseloads.

2018 SECOND QUARTER PROJECTIONS

Daycare caseloads have continued to decline since the high of the year ending March 2017. During the first six months of 2018, the County has averaged daycare caseloads of 3,088 children per month. This is a slight decline (1.1%) from the 2017 annual figure of 3,123. Continued improvement in the economy and increases in the State minimum wage are likely contributors to the reductions in caseloads.



2018 SECOND QUARTER PROJECTIONS

SPECIAL DISTRICTS FUNDS FORECAST

On December 21, 2017, the County adopted a Special Districts Operating Budget in the amount of \$219.2 million for Fiscal Year 2018 (FY18). \$122.0 million was appropriated for sewer district operations, \$23.3 million for water district operations, and \$73.8 million for refuse district operations. This section will present the Department of Budget's (DOB) Second Quarter Update for FY 2018.

Beginning with Fiscal Year 2007, the County consolidated sewer district operations into a single fund. This fund contains all of the operations and maintenance expenses of the districts while the district funds themselves retained district specific costs such as debt service, tax certioraris, and the district's share of the consolidated fund's expenditures.

CONSOLIDATED SEWER OPERATIONS FUND

The 2018 Budget has been modified upward by \$2.2 million to allow for the expenditure of funds in FY18 for items that were contracted for in FY17. DOB expects a similar amount to roll from FY18 to FY19 resulting in a negligible effect to the FY18 Financial Plan.

CONSOLIDATED SEWER OPERATIONS FUND SUMMARY					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	18,258	18,258	8,789	18,058	(200)
Other Personal Services	19,403	19,403	9,333	19,276	(127)
Equipment	433	471	37	433	(38)
Materials & Supplies	18,243	18,526	6,906	18,563	37
Contractual Expenses	19,023	20,857	6,098	18,823	(2,034)
Inter-Departmental Charge	3,483	3,483	969	3,483	-
Gross Expenditures	78,843	80,998	32,133	78,636	(2,362)
Inter-Departmental Revenue	-	-	-	-	-
NET EXPENDITURES	78,843	80,998	32,133	78,636	(2,362)
Departmental Income	3,621	3,621	868	3,621	-
Interest on Investments	27	27	14	27	-
Miscellaneous Revenue	745	745	3	745	-
Interfund Revenue	74,451	76,606	26,256	74,451	(2,155)
REVENUES	78,843	80,998	27,141	78,843	(2,155)
BUDGET (GAP) / SURPLUS	-	-	(4,992)	207	207

In addition to the projected rolls of \$2.2 million are personal service savings offset by higher than budgeted projections for energy utilities in the amount of \$0.5 million. Overall, DOB projects a small surplus of \$207,000 for the sewer operations fund at this time.

2018 SECOND QUARTER PROJECTIONS

SEWER DISTRICTS FUNDS

DOB projects no changes from the 2018 Sewer Districts Funds Budgets adopted on December 21, 2017 at this time. All projected adjustments are shown within the Consolidated Sewer Operations Fund.

SEWER DISTRICT FUNDS SUMMARY					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Mar 31	2018 Projected	Proj. less Modified
Contractual Expenses	48,850	48,850	5,636	48,850	-
Transfer to Operations Fund	73,197	73,197	9,671	73,197	-
Gross Expenditures	122,046	122,046	15,307	122,046	-
Inter-Departmental Revenue	-	-	-	-	-
NET EXPENDITURES	122,046	122,046	15,307	122,046	-
Real Property Taxes	100,513	100,513	-	100,513	-
Payments in Lieu of Taxes	57	57	-	57	-
Departmental Income	225	225	-	225	-
Interest on Investments	8,489	8,489	1,724	8,489	-
Appropriated Fund Balance	12,437	12,437	-	12,437	-
Interfund Revenue	325	325	325	325	-
REVENUES	122,046	122,046	2,049	122,046	-
BUDGET (GAP) / SURPLUS	-	-	(13,258)	-	-

WATER DISTRICTS FORECAST

Four water districts are under the jurisdiction of the County. Districts #1 and #3 are directly operated by the County while districts #2 and #4 are operated by Northern Westchester Joint Waterworks and United Water of Westchester, respectively. This section will present the Department of Budget's (DOB) Second Quarter Update for Water Districts #1 and #3.

2018 SECOND QUARTER PROJECTIONS

WATER DISTRICT #1

Water District #1 (WD#1) encompasses the municipalities of Mount Vernon, Scarsdale, White Plains, and Yonkers. The 2018 WD#1 Budget has been modified upward by \$163,000 to allow for the expenditure of funds in FY18 for items that were contracted for in FY17. DOB expects a similar amount to roll from FY18 to FY19 resulting in a negligible effect to the FY18 Financial Plan.

WATER DISTRICT #1 FUND SUMMARY					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	322	322	112	322	-
Other Personal Services	329	329	126	329	-
Equipment	43	43	-	43	-
Materials & Supplies	17,855	17,858	180	17,455	(403)
Contractual Expenses	1,591	1,751	595	1,832	81
Inter-Departmental Charge	293	293	17	293	-
Gross Expenditures	20,433	20,596	1,030	20,274	(322)
Inter-Departmental Revenue	-	-	-	-	-
NET EXPENDITURES	20,433	20,596	1,030	20,274	(322)
Real Property Taxes	2,280	2,280	-	2,280	-
Departmental Income	16,960	16,960	71	16,560	(400)
Interest on Investments	7	7	-	7	-
Appropriated Fund Balance	1,051	1,214	-	-	(1,214)
Miscellaneous Revenue	135	135	80	135	-
REVENUES	20,433	20,596	150	18,982	(1,614)
BUDGET (GAP) / SURPLUS	-	-	(880)	(1,292)	(1,292)

In addition to the \$163,000 of anticipated rolls, projected water purchases from New York City have been reduced by \$0.4 million, along with an identical amount of departmental income for the loss of user fees associated with the water purchase. Contractual expenses have been revised upward due to higher than anticipated interest expenses associated with the County's bond anticipation note. The appropriation of fund balance has also been removed from the projection. Overall, DOB projects a \$1.3 million shortfall for Water District #1.

2018 SECOND QUARTER PROJECTIONS

WATER DISTRICT #3

Water District #3 (WD#3) encompasses the County's Valhalla Campus at Grasslands within the Town of Mount Pleasant. The 2018 WD#3 Budget has been modified upward by \$79,000 to allow for the expenditure of funds for items in FY18 that were contracted for in FY17. DOB expects a similar amount to roll from FY18 to FY19 resulting in a negligible effect to the FY18 Financial Plan.

WATER DISTRICT #3 FUND SUMMARY					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	221	221	94	221	-
Other Personal Services	253	253	96	253	-
Equipment	33	33	-	33	-
Materials & Supplies	722	723	58	722	(1)
Contractual Expenses	1,448	1,525	213	1,552	27
Inter-Departmental Charge	226	226	18	226	-
Gross Expenditures	2,902	2,981	479	3,006	25
Inter-Departmental Revenue	-	-	-	-	-
NET EXPENDITURES	2,902	2,981	479	3,006	25
Departmental Income	2,000	2,000	0	2,000	-
Interest on Investments	18	18	-	18	-
Appropriated Fund Balance	884	963	-	-	(963)
REVENUES	2,902	2,981	0	2,018	(963)
BUDGET (GAP) / SURPLUS	-	-	(479)	(988)	(988)

Offsetting the \$79,000 of anticipated rolls, contractual expenses have been revised upward due to higher than anticipated interest expenses associated with the County's bond anticipation note. The appropriation of fund balance has also been removed from the projection. Overall, DOB projects a \$1.0 million shortfall for Water District #3.

2018 SECOND QUARTER PROJECTIONS

REFUSE DISTRICT

Created in 1982, the County Refuse District encompasses 36 municipalities in the southern and western portions of the County representing 90 percent of the County population. The 2018 Refuse District Budget has been modified upward by \$143,000 to allow for the expenditure of funds in FY18 for items that were contracted for in FY17. DOB expects a similar amount to roll from FY18 to FY19 resulting in a negligible effect to the FY18 Financial Plan.

REFUSE DISTRICT FUND SUMMARY					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	1,715	1,715	815	1,715	-
Other Personal Services	1,555	1,555	724	1,555	-
Materials & Supplies	974	977	308	974	(4)
Contractual Expenses	67,066	67,206	25,054	66,460	(746)
Inter-Departmental Charge	2,470	2,470	252	2,470	-
Gross Expenditures	73,780	73,923	27,154	73,174	(749)
Inter-Departmental Revenue	-	-	-	-	-
NET EXPENDITURES	73,780	73,923	27,154	73,174	(749)
Real Property Taxes	43,381	43,381	-	43,381	-
Payments in Lieu of Taxes	347	347	-	347	-
Departmental Income	19,096	19,096	6,866	18,270	(826)
Interest on Investments	374	374	93	374	-
Appropriated Fund Balance	10,453	10,597	-	-	(10,597)
Miscellaneous Revenue	90	90	21	90	-
Interfund Revenue	40	40	40	40	-
State Aid	-	-	146	-	-
REVENUES	73,780	73,923	7,166	62,500	(11,423)
BUDGET (GAP) / SURPLUS	-	-	(19,988)	(10,673)	(10,673)

The refuse district is anticipated to expend \$0.7 million less than modified appropriations. \$0.1 million for the aforementioned delay of certain expenditures until 2019, and \$1.1 million for reduced tonnage of municipal solid waste, recyclables, and organic waste. These expenditure savings are offset by an additional \$0.5 million of expenses associated with the provision of three additional household waste recovery days for refuse district residents. Departmental income has been reduced by \$0.8 million due to the lower quantity of waste, and the reduction in US commodity prices caused by China's ban on the importation of recycled materials. Overall, DOB projects a \$10.7 million shortfall for the refuse district at this time.

2018 SECOND QUARTER PROJECTIONS

AIRPORT FUND FORECAST

The 2018 Airport Budget has been modified upward by \$2.0 million to allow for the expenditure of funds in FY18 for items that were contracted for in FY17. DOB expects a similar amount to roll from FY18 to FY19 resulting in a negligible effect to the FY18 Financial Plan.

AIRPORT OPERATIONS FUND SUMMARY					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	8,177	8,177	5,512	8,177	-
Other Personal Services	3,773	3,773	2,032	4,775	1,002
Equipment	545	668	196	545	(123)
Materials & Supplies	2,060	2,167	945	2,060	(106)
Contractual Expenses	24,108	25,836	18,201	30,025	4,189
Inter-Departmental Charge	12,095	12,095	2,831	12,095	-
Gross Expenditures	50,758	52,715	29,717	57,677	4,962
Inter-Departmental Revenue	-	-	-	-	-
NET EXPENDITURES	50,758	52,715	29,717	57,677	4,962
Departmental Income	50,190	50,190	28,788	53,447	3,257
Interest on Investments	65	65	-	65	-
Appropriated Fund Balance	504	2,461	-	-	(2,461)
REVENUES	50,758	52,715	28,788	53,512	796
BUDGET (GAP) / SURPLUS	-	-	(929)	(4,166)	(4,166)

DOB projects the airport to exceed modified appropriations by \$5.0 million. The largest increase is associated with the revenue recognition and transfer out to the capital fund of an additional \$3.3 million in passenger facility charges (PFCs). This transaction has zero net impact to the airport operating fund. The County has or will be undertaking several new initiatives including storm water drainage improvements, new water and natural gas lines, studies of noise and environmental pollution, and a new remote noise monitoring system. These initiatives are estimated to add approximately \$2.5 million of expense in the current year. Additionally, healthcare expenditures are now anticipated to exceed budgeted levels by \$0.9 million. Offsetting these increases are \$2.0 million of non-personal service savings projected; as these expenditures are not expected to take place until FY 2019. These adjustments add \$1.7 million to the budgeted \$2.5 million use of fund balance for a total projected draw of \$4.2 million from the airport fund balance as a result of 2018 operations.

2018 SECOND QUARTER PROJECTIONS

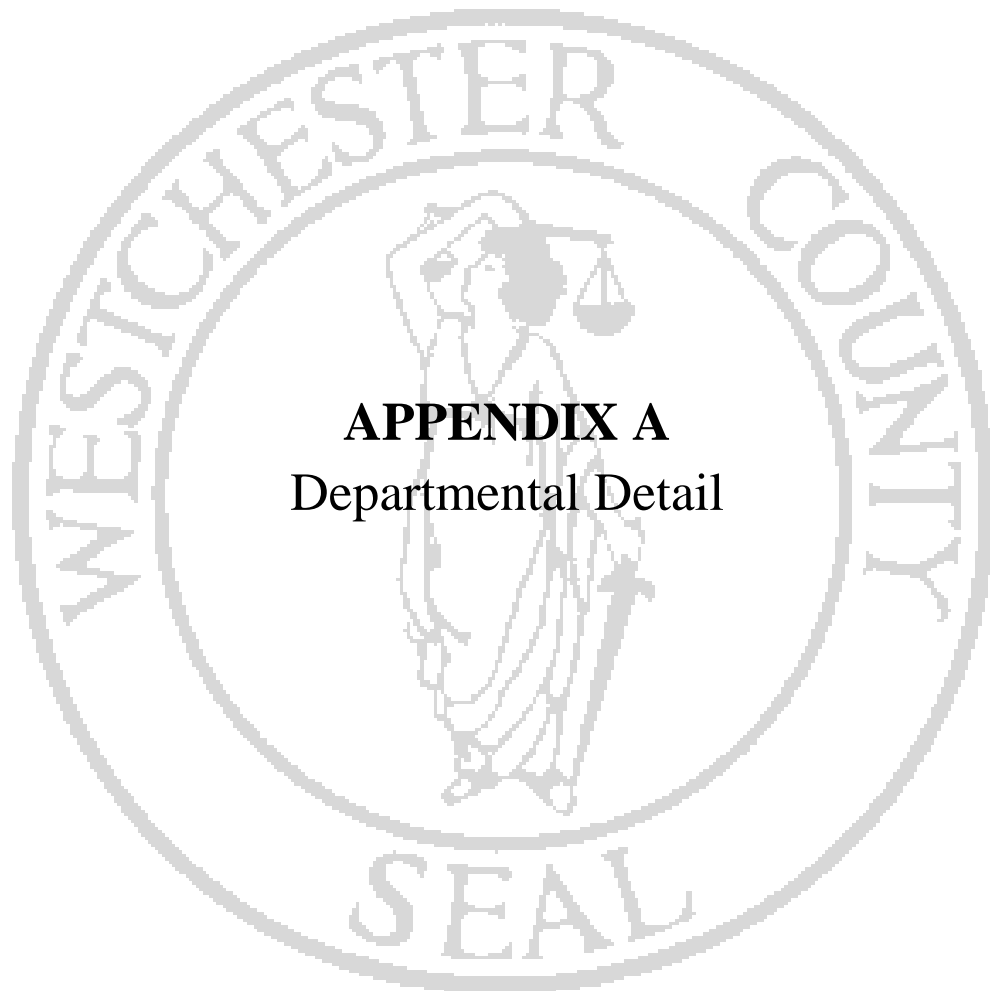
WORKERS COMPENSATION (6J) AND GENERAL LIABILITY (6N) FUNDS

The County is self-insured for both workers compensation and general liability. The net position for each reserve fund as of June 30th of the past five years is shown below.

WORKERS COMPENSATION (6J) & GENERAL LIABILITY (6N) FUNDS AS OF JUN 30		
Thousands of Dollars		
	<u>6J FUND</u>	<u>6N FUND</u>
Net Position 6/30/2014	(28,217)	32,839
Net Position 6/30/2015	(32,278)	34,612
Net Position 6/30/2016	(35,872)	23,499
Net Position 6/30/2017	(35,238)	21,696
Net Position 6/30/2018	(38,752)	13,988

The general liability reserve (6N) fund is in a positive net position of \$14.0 million, while the workers compensation reserve (6J) fund is in a negative net position of \$38.8 million. The net position of the 6J fund has been steadily declining over the past five years due to the planned drawdown of the fund's assets.

The net position of the 6N fund experienced a material decline since 2015 due to several large liabilities being accrued during 2015 and 2016, and some large claim payouts during the first half of 2018. The 2015 Metro-North Railroad crash in Valhalla is the largest of the potential liabilities. It is DOB's expectation that this liability reserve will be released in the future, and the fund's net position will improve.



APPENDIX A
Departmental Detail

DEPARTMENTAL DETAIL

BOARD OF LEGISLATORS					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	3,875	3,875	1,835	3,875	-
Other Personal Services	234	234	103	234	-
Equipment	4	4	1	4	-
Materials & Supplies	177	178	28	177	(1)
Contractual Expenses	325	331	72	325	(6)
Inter-Departmental Charge	2	2	-	2	-
Gross Expenditures	4,617	4,624	2,039	4,617	(7)
Inter-Departmental Revenue	-	-	-	-	-
NET EXPENDITURES	4,617	4,624	2,039	4,617	(7)
TAX LEVY	4,617	4,624	2,039	4,617	(7)

SECOND QUARTER HIGHLIGHTS

The Board of Legislators is projected at appropriation levels as originally adopted at this time.

COUNTY EXECUTIVE					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	5,327	5,327	2,198	5,227	(100)
Other Personal Services	56	56	25	56	-
Materials & Supplies	112	113	19	112	(1)
Contractual Expenses	3,764	4,068	576	3,764	(304)
Inter-Departmental Charge	446	446	14	446	-
Gross Expenditures	9,705	10,010	2,833	9,605	(405)
Inter-Departmental Revenue	(1,141)	(1,141)	(181)	(1,141)	-
NET EXPENDITURES	8,564	8,869	2,652	8,464	(405)
Departmental Income	(1,377)	(1,377)	(13)	(1,377)	-
State Aid	(177)	(177)	(22)	(177)	-
REVENUES	(1,554)	(1,554)	(35)	(1,554)	-
TAX LEVY	7,010	7,315	2,618	6,910	(405)

SECOND QUARTER HIGHLIGHTS

Within non-personal service expenditure classes, the County Executive is projected at appropriation levels as originally adopted at this time. It is also anticipated that salaries for the current year will be less than the amounts included in the adopted budget.

DEPARTMENTAL DETAIL

DEPARTMENT OF HUMAN RESOURCES					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	3,235	3,235	1,621	3,284	49
Other Personal Services	25	25	16	25	-
Materials & Supplies	28	39	14	28	(11)
Contractual Expenses	609	635	284	632	(3)
Inter-Departmental Charge	582	582	18	582	-
Gross Expenditures	4,479	4,517	1,953	4,552	35
Inter-Departmental Revenue	(478)	(478)	(32)	(478)	-
NET EXPENDITURES	4,001	4,039	1,921	4,074	35
Departmental Income	(252)	(252)	(177)	(298)	(47)
REVENUES	(252)	(252)	(177)	(298)	(47)
TAX LEVY	3,750	3,787	1,745	3,776	(12)

SECOND QUARTER HIGHLIGHTS

DOB projects the Department of Human Resources (HR) to exceed its personal service appropriations by \$49,000. This is primarily a result of the Department reassuming its role as the Civil Service provider for the Westchester Medical Center (WMC). These additional expenses are being reimbursed by WMC, resulting in additional revenues of \$47,000. Additionally, \$14,000 of expenditure included in the modified budget is expected to occur in FY 2019.

DEPARTMENT OF BUDGET					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	1,274	1,274	583	1,249	(25)
Other Personal Services	8	8	2	8	-
Materials & Supplies	4	4	1	4	-
Contractual Expenses	13	13	2	13	-
Inter-Departmental Charge	212	212	4	212	-
Gross Expenditures	1,509	1,509	591	1,484	(25)
Inter-Departmental Revenue	-	-	-	-	-
NET EXPENDITURES	1,509	1,509	591	1,484	(25)
Departmental Income	(557)	(557)	(206)	(605)	(48)
REVENUES	(557)	(557)	(206)	(605)	(48)
TAX LEVY	953	953	385	879	(73)

SECOND QUARTER HIGHLIGHTS

DOB projects vacancy savings of \$25,000 for the Department of Budget at this time. An additional \$48,000 of revenue is projected as a result of higher than anticipated billings to the non-general funds.

DEPARTMENTAL DETAIL

BOARD OF ELECTIONS					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	7,457	7,457	3,441	7,032	(425)
Other Personal Services	990	990	282	990	-
Equipment	50	50	3	10	(40)
Materials & Supplies	1,778	1,778	320	1,703	(76)
Contractual Expenses	3,942	4,318	997	3,902	(416)
Inter-Departmental Charge	1,793	1,793	270	1,793	-
Gross Expenditures	16,009	16,386	5,313	15,429	(957)
Inter-Departmental Revenue	-	-	-	-	-
NET EXPENDITURES	16,009	16,386	5,313	15,429	(957)
Departmental Income	(1,537)	(1,537)	(1,535)	(1,537)	-
REVENUES	(1,537)	(1,537)	(1,535)	(1,537)	-
TAX LEVY	14,472	14,849	3,778	13,892	(957)

SECOND QUARTER HIGHLIGHTS

DOB projects the Board of Elections \$957,000 below the modified budget. Personal service expenditures are projected \$425,000 below modified appropriations due to vacancies within the department. Additionally, the department is anticipated to expend \$532,000 less than the modified budget within non-personal service accounts. The majority of this anticipated savings, \$377,000, results from the expectation that these expenditures included in the modified budget are anticipated to not occur until FY 2019.

DEPARTMENT OF FINANCE					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	4,084	4,084	1,966	3,984	(100)
Other Personal Services	9	9	12	20	11
Materials & Supplies	35	35	12	35	(0)
Contractual Expenses	122	152	19	122	(30)
Inter-Departmental Charge	888	888	97	888	-
Gross Expenditures	5,137	5,168	2,107	5,048	(119)
Inter-Departmental Revenue	-	-	-	-	-
NET EXPENDITURES	5,137	5,168	2,107	5,048	(119)
Departmental Income	(2,349)	(2,349)	(394)	(2,349)	-
Miscellaneous Revenue	-	-	-	-	-
REVENUES	(2,349)	(2,349)	(394)	(2,349)	-
TAX LEVY	2,788	2,818	1,713	2,699	(119)

SECOND QUARTER HIGHLIGHTS

DOB projects expenditures for the Department of Finance at \$119,000 below the modified budget. \$100,000 of projected salary savings due to vacancies is offset by \$11,000 in additional overtime expense. \$30,000 of contractual expense included in the modified budget is expected to occur in FY 2019.

DEPARTMENTAL DETAIL

DEPARTMENT OF INFORMATION TECHNOLOGY					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	12,896	12,896	6,223	12,736	(160)
Other Personal Services	3,642	3,642	1,734	3,713	71
Equipment	168	196	29	158	(39)
Materials & Supplies	244	262	51	255	(7)
Contractual Expenses	21,757	23,010	7,629	23,010	(0)
Inter-Departmental Charge	1,349	1,349	714	1,349	-
Gross Expenditures	40,056	41,356	16,380	41,222	(134)
Inter-Departmental Revenue	(33,286)	(33,286)	(809)	(33,286)	-
NET EXPENDITURES	6,770	8,069	15,571	7,935	(134)
Departmental Income	(8,436)	(8,436)	(1,831)	(8,436)	-
Appropriated Fund Balance	-	-	-	-	-
REVENUES	(8,436)	(8,436)	(1,830)	(8,436)	-
TAX LEVY	<u>(1,667)</u>	<u>(367)</u>	<u>13,741</u>	<u>(501)</u>	<u>(134)</u>

SECOND QUARTER HIGHLIGHTS

DOB projects expenditures within the Department of Information Technology \$134,000 below the modified budget at this time. \$160,000 of projected salary savings due to vacancies is offset by \$71,000 in additional overtime expense. \$47,000 of equipment and supply expenditures included in the modified budget are expected to occur in FY 2019.

BOARD OF ACQUISITION & CONTRACT					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	223	223	111	223	-
Materials & Supplies	1	1	0	1	-
Contractual Expenses	2	2	0	2	-
Inter-Departmental Charge	44	44	2	44	-
Gross Expenditures	270	270	114	270	-
Inter-Departmental Revenue	-	-	-	-	-
NET EXPENDITURES	270	270	114	270	-
Departmental Income	(3)	(3)	(1)	(2)	1
REVENUES	(3)	(3)	(1)	(2)	1
TAX LEVY	268	268	113	269	1

SECOND QUARTER HIGHLIGHTS

DOB is projecting the Board of Acquisition and Contract to approximate both the Adopted and Modified Budgets at this time.

DEPARTMENTAL DETAIL

DEPARTMENT OF LAW					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	8,454	8,424	4,112	8,409	(15)
Other Personal Services	1	31	4	26	(5)
Equipment	46	47	8	46	(1)
Materials & Supplies	65	69	25	65	(4)
Contractual Expenses	975	1,222	221	930	(292)
Inter-Departmental Charge	760	760	48	760	-
Gross Expenditures	10,300	10,553	4,417	10,235	(318)
Inter-Departmental Revenue	(9,857)	(9,857)	(2,862)	(9,857)	-
NET EXPENDITURES	443	695	1,555	378	(318)
Departmental Income	(3,269)	(3,269)	(1,015)	(3,269)	-
REVENUES	(3,269)	(3,269)	(1,015)	(3,269)	-
TAX LEVY	(2,826)	(2,574)	540	(2,892)	(318)

SECOND QUARTER HIGHLIGHTS

DOB projects expenditures within the Department of Law \$0.3 million below the modified budget levels. This is primarily due to the expectation that \$252,000 of these expenditures will occur in FY 2019.

DEPARTMENT OF PLANNING					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	2,047	2,037	852	1,849	(188)
Other Personal Services	-	10	1	10	-
Materials & Supplies	11	11	1	11	(0)
Contractual Expenses	987	987	153	987	-
Inter-Departmental Charge	839	839	80	839	-
Gross Expenditures	3,883	3,884	1,086	3,696	(188)
Inter-Departmental Revenue	(25)	(25)	(17)	(25)	-
NET EXPENDITURES	3,858	3,859	1,070	3,671	(188)
Departmental Income	(574)	(574)	(151)	(531)	43
Agency & Trust Revenue	(25)	(25)	-	(25)	-
State Aid	(60)	(60)	(60)	(60)	-
REVENUES	(659)	(659)	(211)	(616)	43
TAX LEVY	3,200	3,200	858	3,055	(145)

SECOND QUARTER HIGHLIGHTS

DOB projects a decrease of \$188,000 in salaries within the Department of Planning as a result of vacancies within the department. Associated with the reduction in personal service is a loss of \$43,000 of departmental revenue from non-general fund entities.

DEPARTMENTAL DETAIL

DEPARTMENT OF EMERGENCY SERVICES					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	1,692	1,692	848	1,692	-
Other Personal Services	310	310	203	310	-
Equipment	10	10	-	10	-
Materials & Supplies	202	202	47	207	5
Contractual Expenses	866	1,156	211	859	(297)
Inter-Departmental Charge	2,945	2,945	272	2,945	-
Gross Expenditures	6,026	6,315	1,581	6,023	(292)
Inter-Departmental Revenue	(339)	(339)	(339)	(339)	-
NET EXPENDITURES	5,686	5,976	1,241	5,684	(292)
Departmental Income	(77)	(77)	(78)	(77)	-
Federal Aid	(358)	(358)	(93)	(358)	-
REVENUES	(436)	(436)	(171)	(436)	-
TAX LEVY	5,251	5,540	1,070	5,248	(292)

SECOND QUARTER HIGHLIGHTS

DOB projects expenditures within the Department of Emergency Services \$292,000 below modified budget appropriations at this time. The majority of this savings, \$289,000, results from the expectation that this amount of contractual expenditure is anticipated to roll and take place in FY 2019.

COUNTY CLERK					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	4,355	4,355	2,070	4,355	-
Other Personal Services	85	85	8	85	-
Equipment	6	6	2	6	-
Materials & Supplies	137	137	55	137	-
Contractual Expenses	449	450	77	449	(0)
Inter-Departmental Charge	1,605	1,605	121	1,605	-
Gross Expenditures	6,637	6,637	2,333	6,637	(0)
Inter-Departmental Revenue	-	-	-	-	-
NET EXPENDITURES	6,637	6,637	2,333	6,637	(0)
Departmental Income	(9,499)	(9,499)	(3,465)	(9,089)	410
REVENUES	(9,499)	(9,499)	(3,465)	(9,089)	410
TAX LEVY	(2,862)	(2,862)	(1,132)	(2,452)	410

SECOND QUARTER HIGHLIGHTS

DOB anticipates that expenditures for the County Clerk will approximate the adopted budget at this time. Lower land records activity drives the reduction of \$410,000 of departmental revenues.

DEPARTMENTAL DETAIL

DEPARTMENT OF SOCIAL SERVICES					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	68,768	68,768	33,503	67,937	(830)
Other Personal Services	2,428	2,428	1,275	3,095	667
Equipment	-	-	-	-	-
Materials & Supplies	710	735	252	710	(25)
Contractual Expenses	19,144	19,315	6,872	19,144	(171)
Social Services Relief	468,217	468,287	172,722	459,957	(8,330)
Inter-Departmental Charge	38,797	38,797	9,856	38,797	-
Gross Expenditures	598,064	598,330	224,481	589,641	(8,689)
Inter-Departmental Revenue	-	-	-	-	-
NET EXPENDITURES	598,064	598,330	224,481	589,641	(8,689)
Departmental Income	(4,600)	(4,600)	(614)	(4,600)	-
Miscellaneous Revenue	-	-	(118)	-	-
Undistributed Revenues	-	-	(5,801)	-	-
State Aid	(96,206)	(96,206)	(54,842)	(95,521)	685
Federal Aid	(161,351)	(161,351)	(90,004)	(155,869)	5,482
REVENUES	(262,157)	(262,157)	(151,379)	(255,990)	6,167
TAX LEVY	335,907	336,173	73,102	333,651	(2,522)

SECOND QUARTER HIGHLIGHTS

As of the second quarter, DOB is projecting a decrease in DSS's modified budget tax levy of \$2.5 million on expenditure reductions of \$8.7 million and revenue reductions of \$6.2 million.

DOB projects the majority of the expenditure savings to occur in the relief category. Medicaid is projected below the modified budget by \$1.6 million due to a larger than budgeted allocation of Enhanced FMAP due the County after reconciliation of the actual expenditures incurred by the expanded Medicaid population by NYS DOH and DOB. Across all three programs, daycare subsidy expenditures are now projected \$2.8 million below budgeted appropriations as a result of lower than anticipated caseloads. The two public assistance programs, TANF and Safety Net, are also under modified budget levels by a combined \$3.4 million. These two programs are heavily subsidized by the federal and state governments; the \$3.4 million expense reduction is coupled with a \$3.0 million revenue loss.

The projected reductions in state and federal aid include a reduction of \$1.9 million in administrative aid as a result of the re-estimation of personal service reimbursements as compared to the amounts included in the adopted budget. Additionally, the State and Federal Governments reduced the County's Foster Care and Social Service Block Grants by a combined \$2.2 million.

Included in the projection are approximately \$3 million of child welfare expenditures and an equal amount of state aid for implementation of Raise the Age.

DEPARTMENT OF SENIOR PROGRAMS & SERVICES					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Contractual Expenses	2,684	2,684	62	2,684	-
Inter-Departmental Charge	617	617	41	617	-
Gross Expenditures	3,301	3,301	102	3,301	-
Inter-Departmental Revenue	(291)	(291)	-	(291)	-
NET EXPENDITURES	3,010	3,010	102	3,010	-
TAX LEVY	2,835	2,835	102	2,835	-

SECOND QUARTER HIGHLIGHTS

DOB projects no changes from the modified budget for the Department of Senior Programs and Services at this time.

DEPARTMENTAL DETAIL

DEPARTMENT OF CONSUMER PROTECTION					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	1,367	1,367	632	1,346	(20)
Other Personal Services	15	15	13	15	-
Equipment	5	5	3	5	-
Materials & Supplies	48	48	9	48	-
Contractual Expenses	38	38	10	38	(0)
Inter-Departmental Charge	281	281	15	281	-
Gross Expenditures	1,754	1,754	682	1,734	(20)
Inter-Departmental Revenue	-	-	-	-	-
NET EXPENDITURES	1,754	1,754	682	1,734	(20)
Departmental Income	(2,987)	(2,987)	(1,334)	(2,987)	-
REVENUES	(2,987)	(2,987)	(1,334)	(2,987)	-
TAX LEVY	(1,233)	(1,232)	(652)	(1,253)	(20)

SECOND QUARTER HIGHLIGHTS

DOB projects expenditure savings of \$20,000 from the modified budget for the Department of Consumer Protection. The projected savings is as a result of vacancies within the department.

DEPARTMENT OF MENTAL HEALTH					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	2,789	2,789	1,387	2,805	16
Other Personal Services	31	31	3	31	-
Materials & Supplies	29	31	10	29	(3)
Contractual Expenses	4,356	4,356	1,001	4,300	(56)
Inter-Departmental Charge	1,471	1,471	281	1,471	-
Gross Expenditures	8,675	8,678	2,682	8,635	(43)
Inter-Departmental Revenue	(972)	(972)	(38)	(972)	-
NET EXPENDITURES	7,703	7,705	2,644	7,663	(43)
Departmental Income	(105)	(105)	(3)	(5)	100
State Aid	(1,587)	(1,587)	(725)	(1,575)	12
Federal Aid	(974)	(974)	(11)	(925)	50
REVENUES	(2,666)	(2,666)	(739)	(2,505)	161
TAX LEVY	5,037	5,039	1,905	5,158	119

SECOND QUARTER HIGHLIGHTS

DOB projects expenditures \$43,000 below modified appropriations for the Department of Mental Health at this time. Personal service expenditures are projected \$16,000 above the modified budget as a result of transferring a position into the general fund, offset by vacancy savings. A reduction of \$56,000 in contractual expenses is also associated with the position transfer. Revenues are reduced primarily as a result of a program to charge an administrative fee for court ordered substance abuse treatment programs undergone by non-indigent individuals. State and federal aid have been reduced as a result of the aforementioned expense savings.

DEPARTMENTAL DETAIL

DEPARTMENT OF HEALTH					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	14,442	14,442	7,023	14,572	130
Other Personal Services	381	381	149	381	-
Equipment	21	21	8	21	-
Materials & Supplies	316	316	107	311	(5)
Contractual Expenses	111,893	111,897	55,439	112,359	462
Inter-Departmental Charge	4,901	4,901	1,171	4,901	-
Gross Expenditures	131,953	131,958	63,897	132,545	587
Inter-Departmental Revenue	(157)	(157)	(33)	(157)	-
NET EXPENDITURES	131,797	131,801	63,864	132,388	587
Departmental Income	(7,628)	(7,628)	(3,201)	(7,690)	(62)
Miscellaneous Revenue	-	-	8	(0)	(0)
Undistributed Revenues	-	-	(20)	-	-
State Aid	(66,392)	(66,392)	(1,253)	(66,632)	(239)
REVENUES	(74,021)	(74,021)	(4,466)	(74,322)	(301)
TAX LEVY	57,776	57,781	59,398	58,067	286

SECOND QUARTER HIGHLIGHTS

Overall, DOB projects Department of Health to exceed their modified tax levy on expenditure increases of \$587,000, and revenue increases of \$301,000. Personal service is estimated \$130,000 above modified appropriations as a result of an overly aggressive vacancy factor included in the budget, and the settlement of the NYS Nurses Association and International Brotherhood of Teamsters collective bargaining agreements. Appropriations for the settlement of these contracts were not included in the adopted budget. Within contractual expenses, children with special needs caseloads are slightly exceeding anticipated levels. An additional \$239,000 of state aid is now projected as a result of the additional expenditures.

DEPARTMENT OF LABORATORIES & RESEARCH					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	8,044	8,057	3,812	8,101	45
Other Personal Services	147	147	48	144	(3)
Materials & Supplies	1,112	1,209	496	1,212	2
Contractual Expenses	804	857	255	804	(52)
Inter-Departmental Charge	3,133	3,133	457	3,133	-
Gross Expenditures	13,240	13,402	5,066	13,394	(8)
Inter-Departmental Revenue	(10)	(10)	(2)	(5)	5
NET EXPENDITURES	13,230	13,392	5,064	13,389	(3)
Departmental Income	(2,584)	(2,584)	(1,057)	(2,574)	10
State Aid	(1,122)	(1,122)	(317)	(1,122)	-
REVENUES	(3,706)	(3,706)	(1,374)	(3,696)	10
TAX LEVY	9,524	9,686	3,690	9,693	7

SECOND QUARTER HIGHLIGHTS

DOB anticipates expenditures to approximate the modified budget within the Department of Laboratories and Research at this time. Small overages in personal services and laboratory supplies are offset by contractual expense savings arising from the expectation that \$52,000 of expenses included in the modified budget will not occur until FY 2019.

DEPARTMENTAL DETAIL

DEPARTMENT OF CORRECTION					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	75,997	80,265	38,101	79,358	(907)
Other Personal Services	14,526	16,757	8,173	17,795	1,038
Equipment	231	343	104	231	(112)
Materials & Supplies	1,520	1,587	408	1,522	(65)
Contractual Expenses	21,587	21,769	9,741	20,795	(974)
Inter-Departmental Charge	10,755	10,755	2,343	10,755	-
Gross Expenditures	124,616	131,476	58,871	130,455	(1,021)
Inter-Departmental Revenue	(137)	(137)	(30)	(137)	-
NET EXPENDITURES	124,479	131,338	58,841	130,318	(1,021)
Departmental Income	(7,551)	(7,551)	(2,424)	(7,255)	295
State Aid	(68)	(68)	(31)	(68)	-
Federal Aid	(1,166)	(1,166)	(21)	(1,153)	13
REVENUES	(8,784)	(8,784)	(2,476)	(8,476)	308
TAX LEVY	115,695	122,554	56,364	121,842	(712)

SECOND QUARTER HIGHLIGHTS

Adopted on June 18, Act 89 of 2018 amended the County Budget upward by \$11.1 million. The Department of Correction (DOC) personal services budget was increased by \$6.5 million to fund settlements with the Correction Officer and Superior Correction Officer Benevolent Associations. Appropriations to fund these settlements were not included in the adopted budget.

DOB projects favorable expenditure variance of \$1.0 million versus the modified budget within DOC. This is primarily driven by DOC's renegotiation of the inmate healthcare contract. Inmate healthcare expenses are now projected \$0.8 million below budget.

The US Marshal Service placing fewer inmates in our facility reduces projected departmental revenues by \$0.3 million.

TAX COMMISSION					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	159	159	74	148	(11)
Materials & Supplies	1	1	0	1	-
Contractual Expenses	4	4	1	4	(0)
Inter-Departmental Charge	30	30	0	30	-
Gross Expenditures	193	193	75	182	(11)
Inter-Departmental Revenue	-	-	-	-	-
NET EXPENDITURES	193	193	75	182	(11)
Departmental Income	(0)	(0)	-	(0)	-
REVENUES	(0)	(0)	-	(0)	-
TAX LEVY	193	193	75	182	(11)

SECOND QUARTER HIGHLIGHTS

DOB projects \$11,000 in personal service expense savings due to vacancies for the Tax Commission at this time.

DEPARTMENTAL DETAIL

DISTRICT ATTORNEY					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	23,596	23,596	11,368	23,466	(130)
Other Personal Services	361	361	163	360	(1)
Equipment	138	206	117	138	(68)
Materials & Supplies	295	308	98	291	(17)
Contractual Expenses	2,211	2,249	354	2,211	(39)
Inter-Departmental Charge	993	993	296	993	-
Gross Expenditures	27,594	27,714	12,397	27,459	(255)
Inter-Departmental Revenue	-	-	-	-	-
NET EXPENDITURES	27,594	27,714	12,397	27,459	(255)
State Aid	(580)	(580)	(125)	(580)	-
REVENUES	(714)	(714)	(156)	(714)	-
TAX LEVY	26,880	27,000	12,241	26,745	(255)

SECOND QUARTER HIGHLIGHTS

DOB projects personal service expenditure savings of \$131,000 versus the modified budget within the District Attorney's Office primarily due to vacancies. Additional savings of \$124,000 versus the modified budget are also projected as these expenditures are not anticipated to occur until FY 2019.

DEPARTMENT OF PUBLIC SAFETY					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	34,191	34,191	15,736	33,431	(759)
Other Personal Services	10,731	10,731	5,803	11,419	687
Equipment	174	200	17	174	(26)
Materials & Supplies	1,715	1,828	627	1,705	(123)
Contractual Expenses	2,435	2,511	968	2,430	(80)
Inter-Departmental Charge	4,598	4,598	550	4,598	-
Gross Expenditures	53,845	54,059	23,702	53,758	(300)
Inter-Departmental Revenue	(12,346)	(12,346)	(2,791)	(12,346)	-
NET EXPENDITURES	41,499	41,712	20,911	41,412	(300)
Departmental Income	(14,459)	(14,459)	(4,525)	(14,869)	(410)
State Aid	(2,737)	(2,737)	(512)	(2,794)	(57)
Federal Aid	(299)	(299)	(59)	(299)	-
REVENUES	(17,495)	(17,495)	(5,093)	(17,962)	(467)
TAX LEVY	24,004	24,217	15,818	23,449	(768)

SECOND QUARTER HIGHLIGHTS

DOB projects expenditures within the Department of Public Safety (DPS) below modified appropriations by \$300,000. Personal service expense savings of \$72,000 are projected on \$0.8 million of vacancy savings offset by \$0.7 million of additional overtime. Additionally, \$229,000 of non-personal service expenditures are expected to roll and take place in FY 2019. Contracts for additional school resource officers drive the increase in departmental income.

DEPARTMENTAL DETAIL

DEPARTMENT OF PROBATION					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	16,700	16,700	8,094	16,724	24
Other Personal Services	389	389	181	389	-
Equipment	136	140	11	136	(4)
Materials & Supplies	178	248	102	181	(67)
Contractual Expenses	6,459	10,306	1,062	10,237	(70)
Inter-Departmental Charge	3,070	3,070	360	3,070	-
Gross Expenditures	26,931	30,852	9,810	30,736	(117)
Inter-Departmental Revenue	(1,526)	(1,526)	(344)	(1,526)	-
NET EXPENDITURES	25,404	29,326	9,466	29,209	(117)
Departmental Income	(350)	(350)	(139)	(350)	-
State Aid	(9,024)	(12,871)	(39)	(12,871)	-
REVENUES	(9,374)	(13,221)	(180)	(13,221)	-
TAX LEVY	16,030	16,105	9,286	15,988	(117)

SECOND QUARTER HIGHLIGHTS

Adopted on June 18, Act 89 of 2018 amended the County Budget upward by \$11.1 million. The Department of Probation contractual services and state aid budgets were increased by \$3.8 million to fund expenditures associated with the implementation of Raise the Age.

DOB projects a favorable variance of \$117,000 versus the modified budget within the Department of Probation at this time. A small upward revision in salary expense is offset by reductions in the non-personal service expenditure categories to account for the expectation that these expenditures will occur in FY 2019.

PUBLIC ADMINISTRATOR					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	558	558	282	568	10
Equipment	1	1	-	1	-
Materials & Supplies	6	6	2	6	(0)
Contractual Expenses	59	64	42	59	(5)
Inter-Departmental Charge	83	83	8	83	-
Gross Expenditures	707	712	334	717	5
Inter-Departmental Revenue	-	-	-	-	-
NET EXPENDITURES	707	712	334	717	5
Departmental Income	(450)	(450)	(394)	(450)	-
REVENUES	(450)	(450)	(394)	(450)	-
TAX LEVY	257	262	(60)	267	5

SECOND QUARTER HIGHLIGHTS

DOB projects an increase in personal service of \$10,000 over the modified budget as a result of an overly aggressive vacancy factor being assumed in the adopted budget. Additionally, \$5,000 of contractual expenses are expected to roll and occur in FY 2019.

DEPARTMENTAL DETAIL

SOLID WASTE COMMISSION					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	690	690	268	685	(6)
Other Personal Services	544	544	192	544	-
Equipment	32	32	-	32	-
Materials & Supplies	30	31	10	30	(1)
Contractual Expenses	147	178	33	122	(56)
Inter-Departmental Charge	445	445	97	445	-
Gross Expenditures	1,888	1,920	600	1,858	(62)
Inter-Departmental Revenue	-	-	-	-	-
NET EXPENDITURES	1,888	1,920	600	1,858	(62)
Departmental Income	(1,888)	(1,888)	(945)	(1,863)	25
REVENUES	(1,888)	(1,888)	(942)	(1,863)	25
TAX LEVY	0	32	(342)	(5)	(37)

SECOND QUARTER HIGHLIGHTS

DOB projects an expenditure reduction of \$62,000 from the modified budget for the Solid Waste Commission. It is anticipated that \$32,000 of these expenditures will not occur until FY 2019. An additional expense and revenue reduction of \$25,000 results from fewer licensing applications being processed to date.

DEPARTMENT OF PARKS					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	15,174	15,174	7,443	15,154	(20)
Other Personal Services	8,767	8,767	3,494	8,714	(54)
Equipment	196	196	148	196	(0)
Materials & Supplies	7,708	7,792	3,084	7,695	(97)
Contractual Expenses	10,931	11,227	4,424	10,944	(283)
Inter-Departmental Charge	5,368	5,368	827	5,368	-
Gross Expenditures	48,145	48,524	19,419	48,071	(453)
Inter-Departmental Revenue	(352)	(352)	(88)	(352)	-
NET EXPENDITURES	47,793	48,172	19,331	47,719	(453)
Departmental Income	(34,792)	(34,792)	(11,520)	(34,461)	331
Undistributed Revenues	-	-	(367)	-	-
State Aid	(60)	(60)	-	(60)	-
REVENUES	(34,852)	(34,852)	(11,887)	(34,521)	331
TAX LEVY	12,941	13,320	7,444	13,199	(122)

SECOND QUARTER HIGHLIGHTS

Overall, DOB projects expenditures \$453,000 below the modified budget within the Parks Department (Parks). This is primarily due to the expectation that \$379,000 of non-personal service expenditures will not occur until FY 2019. Additionally, personal service expenses are projected \$74,000 below modified budget levels due to vacancies.

Departmental revenues are projected \$0.3 million below budget on lower golf revenues due to poor weather during the first half of the year.

DEPARTMENTAL DETAIL

DEPARTMENT OF TRANSPORTATION					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	1,140	1,140	575	1,140	-
Other Personal Services	24	24	10	24	-
Materials & Supplies	1,484	1,484	835	1,484	(0)
Contractual Expenses	160,119	160,240	69,527	162,905	2,665
Inter-Departmental Charge	2,131	2,131	242	2,131	-
Gross Expenditures	164,899	165,019	71,189	167,684	2,665
Inter-Departmental Revenue	(445)	(445)	-	(445)	-
NET EXPENDITURES	164,454	164,574	71,189	167,239	2,665
Departmental Income	(38,438)	(38,438)	(17,194)	(38,088)	350
State Aid	(58,671)	(58,671)	(14,330)	(58,446)	225
Federal Aid	(11,557)	(11,557)	(502)	(11,999)	(441)
REVENUES	(108,667)	(108,667)	(32,026)	(108,533)	133
TAX LEVY	55,787	55,907	39,164	58,705	2,798

SECOND QUARTER HIGHLIGHTS

Overall, DOB projects a tax levy impact \$2.8 million above the modified budget within the Department of Transportation (DOT). This is primarily due to an upward revision in projected expenditures in the amount of \$2.7.

Bus operating expenditures are projected above the modified budget by \$2.8 million due to higher fuel prices and liability claim payouts, and lower cash fare collections than originally anticipated. Cash fares are accounted for as reductions to the bus operating assistance expense.

Bus fare collections have been reduced slightly on lower than projected ridership. Adjustments to federal versus local shares for certain routes drive the changes in federal and state aid.

DEPARTMENT OF PUBLIC WORKS					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	14,926	14,926	7,120	14,548	(378)
Other Personal Services	925	925	433	911	(14)
Equipment	88	88	59	88	-
Materials & Supplies	15,896	16,147	6,702	16,732	585
Contractual Expenses	18,927	20,804	7,858	20,158	(646)
Inter-Departmental Charge	2,088	2,088	352	2,088	-
Gross Expenditures	52,850	54,978	22,523	54,525	(453)
Inter-Departmental Revenue	(41,054)	(41,054)	(13,561)	(41,746)	(692)
NET EXPENDITURES	11,795	13,924	8,963	12,779	(1,145)
Departmental Income	(8,164)	(8,164)	(2,765)	(8,564)	(400)
State Aid	(2,729)	(3,493)	(46)	(3,540)	(47)
REVENUES	(10,893)	(11,657)	(2,811)	(12,104)	(447)
TAX LEVY	902	2,267	6,151	675	(1,592)

SECOND QUARTER HIGHLIGHTS

Adopted on June 18, Act 89 of 2018 amended the County Budget upward by \$11.1 million. The Department of Public Works (DPW) contractual services and state aid budgets were increased by \$0.8 million to allow the County to expend additional road paving assistance funds from the State.

Overall, DPW projects net expenditures at \$1.1 million below the modified budget within the Department of Public Works (DPW). This reduction in projected expenditure is primarily due to the expectation that \$1.4 million of expenditures included in the modified budget will not occur until FY 2019. This reduction is offset by higher than anticipated utility costs, and rental and tax payments. Additionally, there is a downward revision in the personal service projection of \$392,000 primarily due to vacancies within the department.

Revenues are projected \$0.4 million above the modified budget as a result of the sale of the West HELP facility in Greenburgh for the development of affordable senior housing. These revenues are offset by reduced reimbursement from the capital projects fund resulting from the aforementioned reductions in personal service.

DEPARTMENTAL DETAIL

DEBT SERVICE					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Contractual Expenses	83,854	84,302	25,491	84,826	524
Gross Expenditures	83,854	84,302	25,491	84,826	524
Inter-Departmental Revenue	-	-	-	-	-
NET EXPENDITURES	83,854	84,302	25,491	84,826	524
Capital Revenue	(331)	(331)	(389)	(877)	(546)
Miscellaneous Revenue	(514)	(514)	(514)	(514)	-
Interfund Revenue	(5,867)	(5,867)	-	(5,867)	-
REVENUES	(6,712)	(6,712)	(903)	(7,258)	(546)
TAX LEVY	77,142	77,590	24,588	77,568	(22)

SECOND QUARTER HIGHLIGHTS

DOB projects a reduction of \$22,000 in tax levy for the debt service budget versus the modified budget. This is primarily due to the expectation that \$448,000 of counsel and other expenditures will not take place until FY 2019. These projected reductions are offset by higher than originally anticipated net interest costs associated with the County's bond and tax anticipation notes during 2018.

MISCELLANEOUS BUDGETS					
Thousands of Dollars					
	2018 Adopted	2018 Modified	YTD Jun 30	2018 Projected	Proj. less Modified
Annual Regular Salaries	609	609	252	609	-
Other Personal Services	260,301	260,301	131,035	257,813	(2,488)
Materials & Supplies	5	5	3	5	(0)
Contractual Expenses	235,331	235,817	108,064	240,590	4,773
Inter-Departmental Charge	74	74	0	74	-
Gross Expenditures	496,320	496,806	239,356	499,091	2,285
Inter-Departmental Revenue	-	-	-	-	-
NET EXPENDITURES	496,320	496,806	239,356	499,091	2,285
Real Property Taxes	(559,392)	(559,392)	-	(559,392)	-
Payments in Lieu of Taxes	(10,255)	(10,255)	(7,148)	(10,255)	-
Non-Property Taxes	(588,515)	(588,515)	(223,598)	(598,857)	(10,342)
Departmental Income	(13,125)	(13,125)	(47)	(13,125)	-
Interest on Investments	(77)	(77)	(143)	(209)	(132)
Capital Revenue	(8,740)	(8,740)	-	(8,740)	-
Appropriated Fund Balance	(19,881)	(33,016)	-	-	33,016
Miscellaneous Revenue	(63,669)	(63,669)	(29,751)	(64,447)	(778)
Interfund Revenue	(85)	(85)	(148)	(148)	(63)
State Aid	(7,212)	(7,212)	(304)	(7,990)	(778)
REVENUES	(1,270,950)	(1,284,086)	(261,139)	(1,263,163)	20,923
TAX LEVY	<u>(774,630)</u>	<u>(787,279)</u>	<u>(21,783)</u>	<u>(764,071)</u>	<u>23,208</u>

SECOND QUARTER HIGHLIGHTS

Overall, DOB projects a tax levy increase within the Miscellaneous Budgets of \$23.2 million. The majority of this is as a result of the reduction in appropriated fund balance by \$33.0 million which is reflective of the \$19.9 million included in the adopted budget, the \$6.5 million added by Act 89 of 2018, and \$6.6 million for rolled encumbrances.

Other personal services have been reduced on higher than anticipated retiree pharmacy aid from the Center for Medicare Services. This additional aid reduces the general fund contribution toward healthcare by \$2.5 million. Offsetting this expenditure reduction are increases in contractual expenses for workers compensation (\$1.3 million), tax certioraris (\$1.1 million), and municipal and school district sales and use tax distribution (\$2.9 million).

On the revenue side, the major adjustment is the increase in the sales and use tax projection of \$10.7 million due to higher than anticipated collections to date. Miscellaneous revenue and state aid have both been revised upward by \$0.8 million. Miscellaneous for the recovery of prior year liabilities, and state aid for additional reimbursement from the Office of Court Administration. Higher interest rates drive the increases for investment earnings and inter-fund transfers.

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