

OVERVIEW OF BUDGET PROCESS

HOW TO READ A BUDGET

The Taxpayer Friendly Budget was developed as a new document by the County for the specific purpose of providing an easy to understand overview of the County's operating budgets; an explanation of the process and the terms used in the budget document.

We have organized the County Budget into three (3) distinct volumes:

- 1) Capital Budget
- 2) Sewer, Water and Refuse Disposal District Budgets
- 3) County General Fund Operating Budget

While the **Capital Budget** has been presented in its own volume for a number of years, the District Budgets have previously been included with the General Fund. This year we have broken them out into a clearer presentation of each district operations and the municipalities they serve.

The General Fund Operating Budget has been reorganized. Grants will now be reflected with the departments responsible for managing them; a summary schedule has been included at the beginning of each department that reflects the gross revenue and expenditures for departmental operation from all sources, grants, state and federal aid, departmental income (i.e. fees, fines, etc.), and finally tax levy. In addition, a complete current year-end forecast is presented for each department.

This document, "**The Taxpayer Friendly Budget**," will serve a two-fold purpose:

1. Executive summary of the other budget volumes,
2. A reference guide to the budget process and understanding of the terms used in the various budget documents.

BASIS OF BUDGETING AND FINANCIAL STRUCTURE

The Budget is the County's formal document that identifies the operating plan for a fiscal year, the level of departmental expenditures and revenues provide for some performance measurements for County services. The Budget document serves many audiences; County residents, Federal and State regulatory authorities, other local governments; taxpayers and County staff. The Budget serves as the accounting document of County operations.

The County budgets for its operating expenditures on a full accrual basis, and its revenues on a modified accrual basis, and is consistent with generally accepted accounting principles.

Once the Budget is adopted and executed by the County Executive, any revisions that would alter the total expenditures of a department must be proposed by the County Executive and approved by the Board of Legislators.

All annual appropriations lapse at the end of the fiscal year. Under the County's budgetary and accounting process, outstanding encumbrances (commitments to spend) are reported as reservations of fund balances and are "rolled" or re-appropriated in the next fiscal year.

The accounts of the County are organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity.

Governmental Funds

General Fund: accounts for the cost of general County operations. Revenues are generated from property taxes, sales and use taxes, departmental revenues, formula driven Federal and State aid and other revenues not required to be accounted for in other funds.

Special Revenue Funds: accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for certain defined purposes. The Special Revenue Funds of the County are:

- *Sewer District Funds* – each district operating expenses and revenues are accounted for individually.
- *Water District Funds* – each district operating expenses and revenues are accounted for individually.
- *Refuse Disposal District Fund* – all operating expenses and revenues associated with this fund are accounted for in this fund.
- *Grants Fund* - accounts for the assets, liabilities, revenues and expenditures of Grants
- *Airport Special Revenue Fund* – accounts for the operating expenses and revenues of Westchester County Airport.

Capital Projects Fund: The Capital Projects Fund is utilized to account for financial resources to be used for the acquisition or construction of major capital facilities.

COUNTY REVENUES AND EXPENDITURES

REVENUES:

Revenues to offset the operating expenses of County programs and services are generated from a variety of sources. The goal of each department is to minimize the need for or dependence on property taxes. The goal of the administration is to insure that Countywide revenues are reasonably estimated in order to insure that shortfalls do not occur against projected budget numbers.

The following represent the revenues in the County budget:

- **Departmental Revenue** – These revenues are generated from user fees associated with the operations of each department. Examples are: greens fees at the county golf courses and a variety of other park fees – ranging from camping to pool fees; health and mental health clinic fees; fees for publications; licensing and fees for fines for violations; advertising fees; permit fees and; reimbursement for provision of a specific service by a county department that is made from another fund (reimbursement from the capital fund for engineering services provided for capital projects, legal support to the airport).
- **Federal and State Aid** – Certain programs and services provided at the County level are eligible for formula driven reimbursement from the federal and state governments. These revenues are routinely claimed for, by the responsible department, after the expense has been incurred. The County becomes the short-term banker for these programs. Examples are: State aid for the state mandated program of Services for Children with Disabilities, Relief, public health, youth and aging programs.
- **Sales Tax** - The County has a 1.5% County-wide sales tax. All of the revenue generated from this tax is a revenue to the General Fund. In addition to the 1.5% County sales tax, the County imposes an additional 1% in tax from all communities, except White Plains, Yonkers, New Rochelle and Mount Vernon. This additional 1% is shared with all of the towns, villages, school districts and the cities of Peekskill and Rye. One third of the receipts are credited to the County General Fund while the remaining two-thirds are distributed based on population.
- **Special Use Taxes** – The County collects revenue from a 3% Hotel tax, 15% of which is spent on tourism; a \$5/year Auto Use tax, the proceeds of which are used to fund the County's Transportation system and County road maintenance which includes debt service. A Harness tax is also collected.
- **Interest Income** – Earnings on the cash investments of the County provide a revenue stream to offset expenditures.
- **PILOTS** – Payments in lieu of taxes are collected from property owners. When a piece of real estate becomes exempt from real property taxes, such as Industrial Development Agency (IDA), the various government entities (County, municipality, school district) can negotiate with the property owner for a payment for municipal services. This payment becomes a contractual obligation of the property owner.
- **Capital Reserves** – These reserves result from surplus funding of capital projects that have been completed. They are restricted to the repayment of outstanding debt.
- **Fund Balance** – This revenue represents the last annual audited unrestricted surplus from County operations. Westchester County appropriates its unrestricted fund balance two years after the close-out of a fiscal year.
- **Property Tax** – After the County has set its spending plan for the next budget year and identified all non-property tax revenues, the remaining funding requirement is identified as tax levy. This converts to a property tax. The County's real property taxes are included in the levy of the cities and towns located within the County. These jurisdictions are responsible for the billing and collection process. The County's tax levy is guaranteed by these jurisdictions.

COUNTY REVENUES AND EXPENDITURES

EXPENDITURES:

County expenditures are classified into the following categories in the Westchester County Budget:

- **Personal Services** – Included in this category are costs associated with full and part-time employees. The costs include: base salary, overtime; hourly employment; and differential pay. Salary adjustments may also be budgeted here for anticipated union contract settlements. Expenditures in this category are controlled through a vacancy control process that requires each department to justify the filling of any salaried line that becomes vacant during the year.
- **Employee Benefits** – The category of expense includes the costs of retirement, FICA and Medicare, Health and Dental benefits, and contributions to Union Welfare Funds.
- **Equipment** – Two categories of equipment expense are identified here – new and replacement equipment. Items of value in excess of one hundred dollars are funded. The account is controlled by an approved equipment list established at the beginning of each budget year. The Budget Department must sign off any changes to the approved list.
- **Materials and Supplies** – This category consists of consumable supplies required for annual departmental operations. Several of the items accounted for here are: auto supplies (gas, filters, tires); books and periodicals, chemicals (for golf course, pools etc.); water, utilities, horticultural supplies, medical supplies, printing and basic office supplies and postage.
- **Relief** - Expenditures in this category represent the federal and state mandated social welfare programs. These programs are: AID to Families, Safety Net (formerly Home Relief), Medical Assistance, Emergency Assistance to Adults and Families, Child Care, Homeless expense and Daycare and General Purchases of Specialized Services for the various caseloads.
- **Expenses** - In this category are items that are contractually required. For example; ongoing contractual relationships with third parties. Equipment service or rental agreements, annual membership fees, telephone, rental or tax payments, purchases of services from firms for technical support to county operations, insurance, contractually required reimbursement to employees for work related travel, publications of legal notices in newspapers, payments for contractual support to departmental operations.
- **Miscellaneous** – Funding for specific services and programs that are not related directly to the operations of a particular department is provided in this category. Examples include: funding for County Arts and Cultural Programs; Economic Development, Education (e.g.- sponsor contribution to the Community College), and legally mandated obligations (e.g.- court facilities rentals, taxes on County property, legal services for indigent defendants, certiorari settlements).
- **Interdepartmental Charges** – This category represents internal charges for services provided to County departments. These charges originally established in the 1970's attempt to more accurately reflect the costs of each operating department and to insure that the county maximizes reimbursement from Federal and State revenue sources.
- **Debt Service** – This account reflects the county's legally required payment of interest and principal on all outstanding bonds issued by the county on behalf of authorized capital projects, which improve or enhance the infrastructure of county facilities.

BUDGET PROCESS

ADMINISTRATIVE:

The Budget serves several different purposes.

- First, it is the formal plan for implementing the County's long-range plans and policies into services and programs for our citizens.
- Second the budget details these services and programs and their related costs
- Third, the Budget outlines the revenues (fees, federal and state aid, taxes) that support the various County programs and services.
- Lastly, once adopted by the Board of Legislators, the Budget becomes the work plan of initiatives to be achieved during the next fiscal year and determines the property tax (tax levy) support required for the next fiscal year.

The time frames for both the Operating Budget and Capital Budget are slightly different and are shown with the flow charts on the following pages.

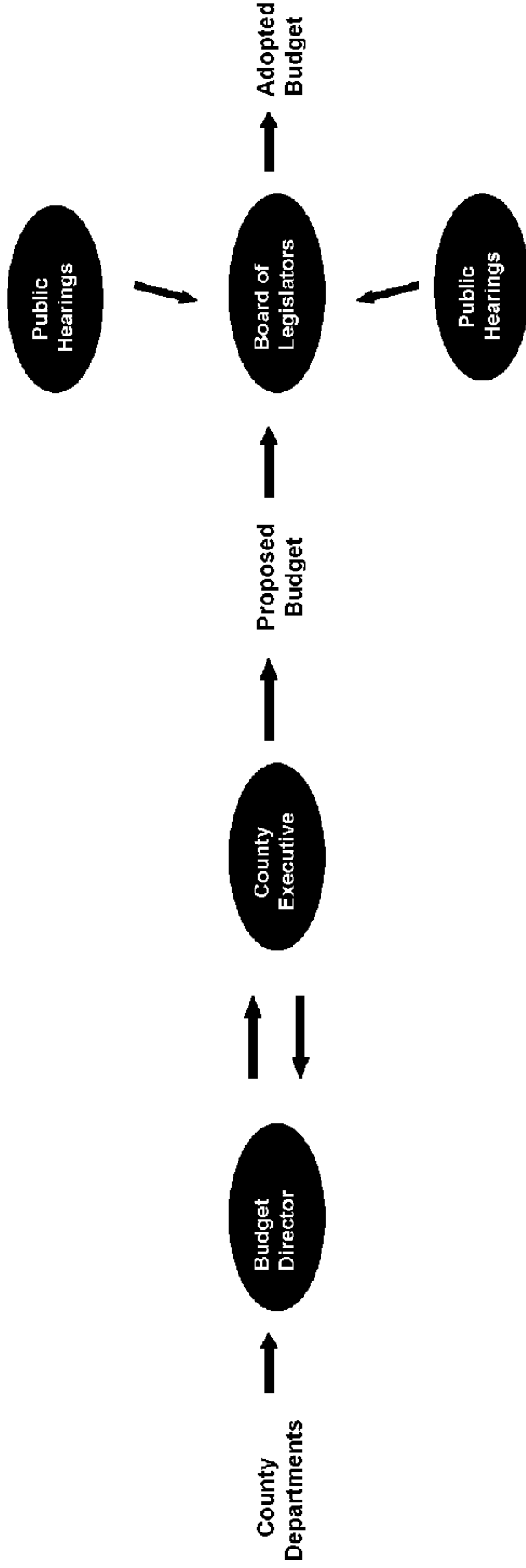
LEGISLATIVE:

Once the County Executive's proposed budget is submitted to the Board of Legislators for review and approval, the Board of Legislators designates the Committee of Budget and Appropriation (B&A) as the lead Committee for the review of the County Executive's budget submission. The Committee's review of the budget is further assisted by a contract with the Board of Legislators' audit firm for an independent review.

Beginning the week of November 16th, the Committee of Budget and Appropriation meets daily to review each department's request. County officials from each department are scheduled for a working session with the Committee. These meetings are open to the public. However, in order to insure public input into their decision making process, the Board of Legislators schedules three evening Budget hearings, one in the northern part of the County, one in the Southern and the final hearing in White Plains, in the County Office Building.

The following is the schedule of legislative budget hearings and the key legislative dates in amending the County Executive's budget.

Operating Budget Timetable



By September 10th each year, every County Department and Agency must submit estimates of its revenues and operating expenditures for the coming fiscal year to the County's Budget Director.

The Budget Director makes a thorough study of all departmental estimates and prepares recommendations for the County Executive.

The County Executive is responsible for proposing the County budget to the Board of Legislators. The County Executive's proposed budget, including the budget message, and an exhaustive report on the fiscal prospect of the County, is submitted to the Board by November 15th.

The Board of Legislators is responsible for adopting the County budget. Before acting it receives a report from its Committee on Budget and Appropriations, which may include proposed changes in the budget, and it holds public hearings. The Board of Legislators adopts the County budget for the coming year no later than December 27th. The County Executive has veto power over increases made by the Board. A two-thirds vote of all members of the Board is required to override the County Executive's veto.

LEGISLATIVE CALENDAR

NOVEMBER

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
11	12	13	14	15 Budget Release	16 9:00 AM IT Emerg. Svcs Board of Elections	17
18	19 9:00 AM DSS County Clerk 7:00 PM Public Hearing Eastchester City Hall	20 9:00 AM Transportation Airport Law	21 9:00 AM Misc. Budget Budget Dept.	22 THANKSGIVING	23	24
25	26 9:00 AM Public Works DEF Finance Solid Waste	27 9:00 AM Corrections Probation Public Safety 7:00 PM Public Hearing Bedford - Fox Lane Middle School	28 9:00 AM PRC Planning	29 9:00 AM District Attorney Labs & Research Consumer Protection BKS Oral Report 7:00 PM Final Public Hearing West County Ctr., WP	30 9:00 AM Health Comm. Mental Health	

DECEMBER

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
						1
2	3 9:00AM Budget & Approp. Additions to 2002 Budget	4 10:00AM Deletions to 2002 Budget	5	6	7 9:00AM BKS Final Report	8
9	10 10:00AM Vote on 2002 Budget	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25 CHRISTMAS	26	27	28	29
29	30	31				

BUDGET PROCESS

HOW THE COUNTY TAX LEVY IS SPREAD:

The County government determines the total amount of the County taxes to be levied based on the County budget. Once the total tax levy is determined, the amount apportioned to each city or town is based on the full valuation of property within each municipality. Each city or town pays a proportionate share of the County tax levy based on the real property values within the individual municipality to the total Countywide valuation.

Each locality then determines the tax rate for their particular assessment district. It should be noted that County government has no involvement in any assessment function or the collection of the County tax; this is handled at the local level.

The annual local share of County taxes can vary in each locality depending on the rise or fall of property values in relation to total County property taxes.

COUNTY ORGANIZATIONS

AGENCIES, BOARDS, COMMITTEES AND COUNCILS

Statutory Citizen Advisory Boards
African American Advisory Board
Airport Advisory Board
Board of Ethics
Board of Health
Citizens Consumer Advisory Council
Community Services Board
Criminal Justice Advisory Board
Domestic Violence Council
Drought Emergency Task Force
Environmental Management Council
Fire Advisory Board
Hispanic Advisory Board
Household Hazardous Waste Advisory Board
Housing Opportunity Commission
Industrial Development Agency
Labs & Research Dept. Board of Managers
Local Conditional Release Commission
Parks, Recreation & Conservation Board
Planning Board
Plumbing Examiners, Board of
Police Board
Professional Pre-Qualification Board
Public Employment Relations Board (PERB)
Public Utility Service Agency
Refuse Disposal District No. 1 Advisory Board
Rent Guidelines Board
Soil & Water Conservation Board
Tax Commission
Taxi & Limousine Commission
Traffic Safety Board
Transportation Board
Westchester Community College Board of Trustees
Westchester Private Industry Council
Women's Advisory Board
Youth Board

AD HOC CITIZENS BOARDS

Aging (Office for) Advisory Council
AIDS Council
Arson Task Force
Beautification Committee
Council for the Disabled
Historic Preservation Advisory Committee
Kitchawan Advisory Board
Muscoot Advisory Board
Westchester Convention & Visitors Bureau
Westchester Holocaust Commission
Westchester Institute for Human Development Advisory Committee
Westchester 2000

COUNTY ORGANIZATIONS

ELECTED OFFICIALS

County Executive
District Attorney
County Clerk

GENERAL GOVERNMENT & SUPPORT

Board of Legislators

County Executive Office

- Governmental Relations
- Communications
- Youth Services
- Office of Aging
- Office for the Disabled
- Commerce & Economic Development, Office of Cultural Affairs, Office of Advocacy and Community Services
- Office of Women
- Human Resources
- Office of Affirmative Action

Department of Budget

Board of Elections

Department of Finance

Department of Information Technology
Records Center

Board of Acquisition and Contract

Department of Planning
Real Estate

Department of Law
Risk Management

Tax Commission

HOME & COMMUNITY SERVICE

Community College

County Clerk
Land and Legal Records

Department of Social Services
Children's Detention Services

Senior Program & Services

Department of Consumer Protection

COUNTY ORGANIZATIONS

HEALTH SERVICES

Community Mental Health Services

Health, Department of
Special Children with Disabilities Program
Neighborhood Health Center
Physically Handicapped Children

Department of Laboratories & Research

PUBLIC SAFETY, CORRECTION & COURTS

Department of Correction

District Attorney

Department of Emergency Services

Department of Public Safety
Taxi Limousine Commission

Department of Probation

Public Administrator

ROADS, TRANSPORTATION AND PARKS FACILITIES

Department of Parks, Recreation and Conservation
County Center
Playland

Department of Transportation
Airport Special Revenue Fund

Department of Public Works
Environmental Facilities

TAXPAYER FRIENDLY BUDGET CITIZEN TASK FORCE

Lawrence Schwartz, Chief Advisor to C.E.
Kathleen M. Carrano, Budget Director
Peter Pucillo, Finance Commissioner
Richard Wishnie, Chairman of Board of Legislators/Budget & Appropriations Committee
Robert Boland, Board of Legislators
George Hosey, Citizens Budget Advisory Task Force
Jo Brill, League of Women Voters
Nick DeSantis, Bennett Kielson, Storch, Yablon & DeSantis, LLP