Nassau County Interim Finance Authority

NIFA

MID-YEAR REVIEW AND ANALYSIS OF THE MULTI-YEAR FINANCIAL PLAN UPDATE FISCAL 2015 – 2018

August 24, 2015

NASSAU COUNTY
INTERIM FINANCE AUTHORITY

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I. Summary of Update Findings

In accordance with the County Charter, the County submitted the Update of the Nassau County Multi-Year Financial Plan for Fiscal Years 2015-2018 on June 30, 2015 (“the Update”). What follows is an analysis of the Update and a related commentary on the County’s fiscal health. To fully understand NIFA’s opinions regarding the County’s financial position, this Report should be read in tandem with NIFA’s October 15, and November 23, 2014, reports on the Plan.

The 2015 Budget, as outlined in the first year of the Update, contains significant risks and leaves little room for miscalculations by the County. The Out-Years (FY 2016 – FY 2018) understate the baseline gaps and continue the County’s reliance upon borrowing for tax certiorari refunds and other judgments through 2017.

MAJOR FINDINGS

We find that the Update contains:

1) recurring expenditures, which exceed recurring revenues;

2) non-recurring savings and optimistic assumptions;

3) recycled and unsuccessful initiatives of prior years that have been previously presented as below-the-line gap closers but now are built into the baseline;

4) significant remaining risks in FY 2015 totaling $64.9 million on a budgetary basis and approximately $174 million on a GAAP Basis; and

5) understated Out-Year budget gaps that are projected by the County to grow from $68.9 million in FY 2016 to $88.7 million in FY 2017 and $117.2 million in FY 2018. The gaps could reach $241 million in FY 2016, $283 million in FY 2017 and $311 million in FY 2018, prior to the implementation of the County’s proposed gap-closing plan, if the projected risks identified by NIFA all break unfavorably against the County.

In general, we believe that the Update insufficiently addresses NIFA’s concerns regarding the County’s ability to achieve balance in FY 2015 and the Out-Years in accordance with Generally Accepted Accounting Principles without using “other financing sources” (such as bond proceeds) to support operating expenses, referred to herein as balanced on a “GAAP Basis.” Consequently, we conclude that the Plan is out of balance and believe that the County must act quickly to address its growing risks.

II. DISCUSSION OF FY 2015

The Update reflects (1) the loss of $30.7 million in annual net revenue due to the sudden repeal of the County's school zone speed camera program, which had been implemented to fund the County's new labor agreements; (2) the projected shortfall of $30.0 million in sales tax collections due to the continued weakness in the local economy; and (3) the loss of $9.0 million in FY 2015 revenue from the delayed implementation of the County's Video Lottery Terminals ("VLTs") initiative, as shown below.

The County responded to these negative variances, in part, by (1) eliminating the $13.0 million mission payment to the Nassau Health Care Corporation, and (2) identifying savings in other areas of the budget, including from more favorable debt service assumptions, increased prior year disencumbrances, restrictions on OTPS expenditures and fringe benefit savings. The County unexpectedly also realized $16.0 million in Medicaid savings due to certain changes enacted in the State Budget for 2015-16 that reduced the County's local Medicaid cap and Indigent Care payments, as shown below.

MAJOR CHANGES IN COUNTY POLICIES AND ESTIMATES

($ in millions)	FY 2015
Gap Opening Changes	
Repeal of School Zone Speed Camera Program	($30.7)
Sales Tax Shortfalls	($30.0)
Video Lottery Terminals Implementation Delays	($9.0)
Gap Closing Changes	
Medicaid Cap and Indigent Care Payment Savings	$16.0
Eliminate Nassau Health Care Corporation Mission Payment	$13.0
Debt Service Savings	$10.3
OTPS Restrictions	$10.0
Fringe Benefit Savings	$9.0
Prior Year Disencumbrances	$6.8

Most of the identified savings used to offset the gaps created by shortfalls in recurring revenues are not long term solutions. The County had already planned to eliminate the mission payment in the Out-Years of the Plan, disencumbrances are evaluated only one year at a time, the County did not permanently reduce its OTPS budget and the Medicaid cap reduction may not be renewed.

Current County Projections

Based on first quarter results, the County projects in the Update that it will end FY 2015 with a deficit of $24.6 million, on a budgetary basis, prior to the implementation of any remedial initiatives. The County's most recent projections, which were contained in its June Budget Report ("County's Subsequent Estimate"), indicate a modest surplus of $5.7 million, on a budgetary basis, after the implementation of several corrective actions.

Current NIFA Projections

In contrast, our current analysis indicates that FY 2015 contains $64.9 million in projected risks, on a budgetary basis, prior to the implementation of any remedial actions. A summary of the projections and risks are presented in the Appendix.

The $64.9 million projection is significantly lower than NIFA's $143 million assessment at the time the Plan was adopted, and is due primarily to NIFA's subsequent approval of $60 million of bond proceeds to pay tax certiorari refunds and to allow bond premium (another form of bond proceeds) to be used to pay judgments, which the County currently estimates to be $21 million.

On a GAAP Basis, our deficit projection remains virtually unchanged at $174 million. It is noteworthy that all of NIFA's estimates indicate a potential deficit significantly above the one percent threshold ($29.8 million) for imposing (maintaining) a Control Period, on both a budgetary basis and a GAAP Basis.

Reconciliation of Changes

The County's projections in the Update are composed of several offsetting variances in revenues and expenditures compared to the FY 2015 Budget.

Major Negative County-Projected Variances

The County's major projected <u>unfavorable</u> variances include:

- $40.3 million in lost gross revenue ($30.7 million net of vendor costs) from the repeal of the School Zone Speed Camera Program;
- $30.0 million in projected sales tax shortfalls;
- $9.0 million in projected profit shortfalls from OTB (all budgeted revenue in 2015) due to delays in finding a site for the approved Video Lottery Terminals;
- $4.9 million in departmental revenue shortfalls (not all of which have been reflected in the Update) primarily due to underperformances in Tow Truck Franchise fees in the Police Department, various Parks related fees, and a projected decrease in farebox collections from its bus system (operated by Transdev Services, Inc.); and
- $3.3 million from a smaller draw down of Fund Balance to support operations.

Major Positive County-Projected Variances

The County's major projected <u>favorable</u> variances include:

- $16.0 million in lower Medicaid costs due to a reduction in the Medicaid Local Share Cap and Indigent Care payments;
- $13.0 million in savings from the elimination of the voluntary subsidy to the Nassau Health Care Corporation;

- $9.4 million in lower spending on contractual services. This results primarily from vendor costs not incurred due to the repeal of the School Zone Speed Camera Program;
- $6.9 million in lower spending on salaries and wages, primarily due to savings from vacancies (the County's projection includes $8 million in unbudgeted overtime costs in the Police Department);
- $5.7 million in fringe benefit savings due to smaller than anticipated increases in health insurance premiums and lower headcount, which is offset, in part, by higher than budgeted pension costs;
- $3.4 million in additional revenue budgeted in Rents and Recoveries from the anticipated sale of County property that had been delayed from 2014 into 2015 (the County now estimates that it may also realize an additional $6.8 million in recoveries from prior year appropriations); and
- $1.8 million in reduced expenditures for the Local Government Assistance Program, which is based on a percentage of sales tax collections, due to projected shortfalls in sales tax collections.

Major Differences in NIFA's Projections

In contrast, our analysis indicates that the major projected risks are larger than estimated by the County. The major differences in our projections include:

- $48.1 million shortfall in Fines and Forfeitures ($7.9 million higher than the Update, but only $5.6 million more negative than the County's Subsequent Estimate). Our projections indicate red light camera revenue and other TPVA fines will have a larger shortfall than the County estimates;
- $36.5 million in sales tax revenue shortfalls ($6.5 million higher than the Update and the County's Subsequent Update);
- $33 million in bond proceeds the County had anticipated using to pay employee termination costs, but which have not been approved by NIFA;
- $15.0 million in budgeted contingency reserves available to offset other negative variances ($11.7 million more favorable than the County's Subsequent Estimate);
- $10.3 million in lower expenditures for debt service ($10.3 million lower than the Update, but the same as the County's Subsequent Estimate);
- $9.4 million in higher salaries and wages primarily due to costs associated with unbudgeted overtime and termination payments offset by a surplus in vacancies. We are projecting police and correctional center overtime to exceed budget by $5.5 million (consistent with the County's Subsequent Estimate) and police termination payments are expected to exceed budget by approximately $20 million ($20 million more than the Update and the County's Subsequent Estimate);
- $9.4 million in additional Rents and Recoveries primarily due to the recovery of prior year appropriations of unused Pre-School Education expenses and higher than anticipated sales of County property as a result of a delayed sale from 2014 to 2015 ($6.0 million more favorable than the Update, but consistent with the County's Subsequent Estimate);

- $6.5 million in departmental revenue shortfalls ($6.5 million larger than the Update, but only $1.6 million larger than the County's Subsequent Estimate); and
- $2.7 million in additional revenue from Interest Penalty on Taxes ($1.9 million more favorable than the County's Subsequent Estimate) based on historical and year-to-date receipts.

Neither the County nor NIFA have included the potential pickup of $13.1 million the County may receive from the Community Development Block Grant Disaster Recovery Program, which will be used to fund Superstorm Sandy repair costs not covered by the Federal government. The County has expected these resources for a few years, but does not have a timeline commitment on when the County will actually receive the monies.

Discussion of Major Differences in NIFA's Risk Projections

Fines and Forfeitures are projected to be significantly below the FY 2015 Budget primarily due to the County's decision to repeal the school zone speed camera program, which resulted in the loss of approximately $40 million in gross revenue annually. The Update reflects this change. The County actually collected $3.3 million in speed camera revenue in the current year from tickets issued prior to the repeal of the program and based on year to date receipts, we project that revenues from the County's red light camera program may come in more than $9 million below budgeted levels. Although not reflected in the Update, the County's most recent projections already indicate a shortfall of approximately $4.5 million in red light camera program revenue.

Sales tax revenue, which comprises approximately 40% of all budgeted revenues has been coming in below expectations. Our analysis indicates it could fall at least $36.5 million below budgeted levels, or $6.5 million worse than the County assumes in the Update.

The Update assumes that sales tax collections will rebound in the remaining months, growing approximately 2.6% over the same period in 2014. Although this modest growth rate is substantially consistent with the average growth experienced by the County during this period over the past four years, it is higher than 1.4% growth experienced year-to-date and zero-growth experienced in the second quarter. It is unclear if, and for how long, this weakness will continue.

If sales tax revenue remains flat (no growth compared to the same period in 2014) during the remaining months, the shortfall could reach $45.8 million, or $15.8 million larger than the amount assumed in the Update.

Bond proceeds the County assumed it would use to pay employee termination costs are held at risk since the $33 million in requisite borrowing authority has not been approved by NIFA.

Debt Service savings are expected to be $10.3 million due to delayed and reduced borrowings, as well as lower than assumed interest rates. NIFA has acted on several occasions to downsize the approved borrowings from the amounts originally requested by the County.

Salaries and wages may exceed the FY 2015 Budget by $9.4 million. The projected variance is composed of unbudgeted terminal leave costs of approximately $20 million for police, overtime expenditures of approximately $5.5 million and unanticipated vacancy savings of approximately $16.9 million.

Terminal leave expenditures, which are payments made to County employees for unused vacation and sick leave balances when they stop working, are expected to far exceed the assumed amounts, primarily in the Police Department. The County projects police retirements to surpass the budgeted assumptions, but assumes that it would use bond proceeds to fund virtually all of these budgeted and unbudgeted operating expenditures. The County has available $10.2 million in its Employee Accrued Liability Reserve Fund, which can be utilized to mitigate a portion of the unbudgeted termination expenditures; however, as is the case with using bond proceeds for operating expenses, doing so would not reduce the GAAP Basis deficit.

Police overtime continues to be difficult to control and may exceed budget by almost $11 million; however, Correctional Center overtime is projected to be under budget by approximately $5.5 million based on current payroll reports. Projected savings from vacant positions will further offset these unplanned expenditures.

Rents and Recoveries may be $9.4 million greater than adopted levels, which is $6.0 million more favorable than the County had reflected in this Update. The additional savings results from the anticipated sale of County property that had been delayed from 2014 into 2015 as well as the recovery of prior year appropriations of unused Pre-School Education expenses.

Departmental Revenue may be $6.5 million lower than assumed by the County in the Update. The variances stem primarily from projected shortfalls in fare box revenue collections from the Long Island Bus system, which is operated by Transdev Services (formerly known as Veolia Transportation), and Parks fees, both which demonstrate a considerable weakness during the first half of the year. Shortfalls are also projected to exist in fees collected by the Department of Assessment and the County Clerk. Only the GIS tax map verification fee demonstrates promise with collections surpassing the initial estimate.

Interest Penalty on Taxes is composed of various penalties, interest, and fees charged for the late payment of general and school taxes. These property taxes are collected by the three Towns and two Cities within the County. Fees are imposed based on a schedule and if the taxes remain unpaid for one year, a lien is authorized by the court and the lien is sold, with interest and fees, at a later date. Our analysis indicates that Interest Penalty on Taxes may be $2.7 million greater than the County projects based on year to date experience.

RECOMMENDATION

The County should craft and immediately implement a comprehensive gap-closing plan to close likely budget variances in FY 2015. Doing so will also provide a head start on mitigating projected risks in FY 2016 and the Out-Years. The gap-closing plan should specifically identify the critical tasks that must be accomplished in the coming weeks and the important milestone dates when they must be completed. Such a “roadmap” will help obviate the need for unplanned disruptions of services, excessive increases in taxes, or bonding of operating costs.

III. THE OUT-YEAR GAPS: FY 2016 – FY 2018

The County is required to submit its FY 2016-2019 Multi-Year Financial Plan to NIFA on September 15, 2015, which is one month from now. Although the proposed Plan will not be effective until January 1, 2016, the County should immediately begin to implement a credible plan that is balanced on a GAAP Basis. The Update fails to accomplish this task.

THE BASELINE

In the Update, which covers fiscal years through 2018, the County made a number of changes to its baseline projections of revenues and expenditures in the Out-Years. The revisions were extrapolated from the County's projections for FY 2015, which were discussed in the previous section of this report.

Overall, the County's estimates of the baseline gaps have greatly increased since it issued the Plan. The projected gaps have increased by $50.5 million in FY 2016, $51.9 million in FY 2017, and $60.0 million in FY 2018, as shown below.

PROJECTED BASELINE GAPS: PLAN-TO-PLAN CHANGE

($ in millions)	FY 2016	FY 2017	FY 2018
Adopted MYP	($18.3)	($36.8)	($66.2)
MYP Update	(68.9)	(88.7)	(117.2)
Change	**($50.5)**	**($51.9)**	**($60.0)**

As discussed earlier, the worsening fiscal picture is driven primarily by the loss of $30.7 million in annual speed camera revenue due to the County's repeal of the school zone speed camera program, and the projected sales tax revenue shortfall, estimated by the County to be $30 million annually, due to the continued weakness in sales tax collections.

While the Update reflects these gap openers, our analysis indicates that the baseline gaps are still significantly understated, as shown below.

PROJECTED BASELINE GAPS: COUNTY vs. NIFA

($ in millions)	FY 2016	FY 2017	FY 2018
MYP Update	(68.9)	(88.7)	(117.2)
NIFA Estimate	($240.9)	($282.7)	($311.2)
Difference	**($172.0)**	**($194.0)**	**($194.0)**

Major Components of Understatement

The major components contributing to the projected gaps consist of the County's reliance on borrowing money to pay its annual tax certiorari refunds and other judgments liabilities, as well as potential shortfalls in Fines and Forfeitures, Rents and Recoveries, and Departmental Revenues. Labor costs are projected to exceed County estimates primarily due to overtime costs, which are beginning to slowly come down, that continue to thwart the County's attempts to restrain spending. Additional hiring and new work rule changes have the potential to yield increasing overtime savings. Finally, the Nassau Health Care Corporation faces enormous fiscal challenges and we question whether the County will be able to totally extricate itself from any financial responsibility.

Tax Certiorari

Resolution of the certiorari problem has been seen as essential to Nassau County's return to fiscal stability. The State's passage of property tax certiorari legislation reform provides the County the opportunity to greatly reduce its commercial certiorari liability beginning in FY 2017. However, the new procedures will be challenged in Court, which may delay implementation. Furthermore, the County has to resolve a tremendous backlog (estimated by the Comptroller to be $296 million at the beginning of 2015) and likely growing liability in 2015, 2016 and 2017). Absent extensive borrowing for these expenses, which has not been authorized by the County Legislature or NIFA, the County has shown very little indication of any willingness to pay for this liability, as shown below.

PROJECTED ANNUAL LIABILITY FOR CERTIORARI CLAIMS

($ in millions)	FY 2015	FY 2016	FY 2017	FY 2018
Expenditures	$60.0	$70.0	$75.0	$30.0
Use of Bond Proceeds	$60.0	$60.0	$60.0	$0.0
Difference	**$0.0**	**$10.0**	**$15.0**	**$30.0**

Fines and Forfeitures

We are concerned that revenue from the County's red light camera program may trend lower than the County assumes in the Out-Years. There are already signs that driver behavior modification has begun to have an effect on revenues. Although the downward trend may present evidence of the program's success regarding driver safety, the fiscal impact would need to be addressed.

Rents and Recoveries

The risks stem from two concerns: (1) The Update assumes the annual sale of surplus County property. While the annual amount may not be unreasonable, the County has not identified which properties it plans to sell. In addition, while there may be immediate value from the sale of land as a gap-closing initiative, it is a one-shot cash infusion that bridges the deficit between recurring revenues and expenditures, but does nothing to address the persistent structural imbalance; and (2) the County's significantly increased estimate of prior year encumbrances that it assumes can be reversed (closed out) annually. We have not seen any support for these new larger projections.

Departmental Revenues

Our risk projection is primarily the direct result of the County putting into its baseline projections the revenue it hopes to raise from its Taxi and Limousine Commission and from using its various assets, such as roadways, as "media outlets" for generating new revenue. There has been strong public opposition to roadway advertising and we remain skeptical of the County's ability to effectuate this initiative.

Nassau Health Care Corporation

The financial health of the Nassau Health Care Corporation ("NHCC") and its potential impact on Nassau County has been a major concern for NIFA since its inception. Perennial operating losses and the concomitant erosion of cash balances have been difficult to counteract. The 2015 Budget had included the historical $13 million mission payment, but the County acted mid-year to eliminate it as part of its effort to restore current year balance after its repeal of the speed camera program. NIFA is in agreement with the County that it can no longer continue to provide this assistance in light of the County's own financial crisis; however, it is unclear how NHCC will be able to absorb the loss of the $13 million mission payment on an ongoing basis. Furthermore, it is important to remember that the County remains liable for any failure of NHCC to service its own debt.

GAP-CLOSING PROGRAM

Despite many flawed and overly optimistic assumptions that NIFA highlighted in its November 2014 Report, the County's gap-closing program remains substantially unchanged from the adopted Plan. Many of the initiatives have been included for a number of years with only moderate success and some have experienced repeated delays in various stages of implementation. Nevertheless, savings and revenues from a number of proposed actions have been included in the County's baseline projections.

Even if all of the proposed gap-closing actions are successful, gaps of $170.2 million in FY 2016, $192.1 million in FY 2017, and $191.2 million in FY 2018 could remain if the projected risks identified by NIFA all break unfavorably against the County, as shown below.

This situation is unsettling because the major options provided by the County to close the projected gaps, which have not changed from prior years, are unlikely to be timely implemented or remain speculative. In general, some require State legislative approval, which to date has not been forthcoming, but are now essential to the submission of a balanced FY 2016 Budget in September.

The need to balance the Out-Years of the Plan with recurring actions that provide continuing budgetary relief is essential. Despite the County's best intentions, we should not accept undocumented or vague promises of aggressive management of the FY 2015 and FY 2016 budgets. Instead, the County should be more specific when crafting new initiatives, restructuring government operations, and managing its workforce to achieve structural and GAAP Basis balance.

GAP-CLOSING PLAN

($ in millions)	FY 2016	FY 2017	FY 2018
County Projected Baseline Gap	**($68.9)**	**($88.7)**	**($117.2)**
NIFA Projected Baseline Risks	($172.0)	($194.0)	($194.0)
Combined Potential Out-Year Gaps	**($240.9)**	**($282.7)**	**($311.2)**
Expense/Revenue Actions			
Public Private Partnerships (P3)	$30.0	$30.0	$30.0
Revenue Initiatives	20.0	20.0	20.0
Suez Energy NA (TRIGEN)		10.0	24.0
Health Insurance Cost Reduction		9.9	10.3
Program/OTPS Reduction	5.0	5.0	20.0
NYS Actions			
Mandate Reform	10.0	10.0	10.0
LIE Surcharge	5.7	5.7	5.7
Total Gap-Closing Options	**$70.7**	**$90.6**	**$120.0**
Potential Remaining Gap	**($170.2)**	**($192.1)**	**($191.2)**

The County has outlined several initiatives that it is pursuing and that it projects could generate additional revenue or reduce expenditures in the Out-Years. While these initiatives may come to fruition, there are no detailed plans of implementation for us to evaluate.

Expense/Revenue Actions

Public-Private Partnership ("P3") – The County has proposed a Public-Private Partnership for the sewer system that would allow the County to retain public ownership of the system with the vendor acting as "concessionaire." The County projects that the agreement could produce savings of $30 million per year from reduced debt service while ensuring other benefits such as performance level guarantees, risk transfer for environmental compliance and improvements in service levels and customer service.

We question the fiscal prudence of pursuing a partnership with a concessionaire and note the County's tendency to overestimate savings projections within these proposed partnerships. The County has already entered into a separate agreement with United Water which took over management of its sewer system and is acting as a private operator. The current contract promised a minimum of $10 million in savings, but indicated optimism that even more could be generated from the introduction of new efficiencies and synergy savings elsewhere in the County. These additional savings have not yet materialized.

NIFA has engaged its own consultant to examine the benefits and risks of the P3 plan. For this reason, until the proposed P3 concessionaire agreement can be vetted and possibly implemented, NIFA must put the County's primary gap-closing measure, estimated at $30 million per year, at risk.

Revenue Initiatives – The County provides a one-sentence description of this initiative that is estimated at $20 million per year. In absence of anything of substance, such as specific planned measures supported by an analysis of how these revenues were calculated and projected, NIFA has no choice than to risk the entire $20 million per year.

Suez Energy NA (TRIGEN) Privatization – The County's agreement with this operator, who currently provides electric power and thermal energy to various County buildings and institutions, will expire in 2016. Therefore, the County indicates that there are "several actions that could generate significant revenue" by reimagining the use of the facility. Yet again, the County is short on specifics that explain the projected revenue of $10 million and $24 million for 2017 and 2018, respectively. Until the County can provide a detailed plan of use with supporting analysis, we cannot affirm the viability of generating this amount of revenue.

Health Insurance Cost Reduction – The County has projected that it will be exploring options to reduce health premium costs by approximately $10 million in 2017 and 2018. The County's new labor agreements require new employees to pay 15% toward the cost of their health insurance coverage. Savings from this concession are already accounted for in the County's baseline expenditure projections. NIFA can only acknowledge these savings when programs are implemented.

Program/OTPS Reduction – The County will continue to explore options to reduce costs by means of consolidation, contract renegotiation and private partnerships. Further information will be necessary to support the County's projections of savings.

New York State Actions

Among the initiatives are two proposals that would require State approval before they could be advanced: (1) mandate reform; and (2) LIE surcharge. The County is hopeful that unspecified "mandates" can be reformed to yield $5.7 million in recurring savings and $10 million per year will be generated by the LIE surcharge.

The Update noted that recent audits conducted by the State Comptroller highlighted high costs and fraud within pre-school special education programs throughout the State. The County considers expenditures for these programs, as well as for public assistance and Medicaid, opportunities for cost containment initiatives to be implemented at the State level.

The County is seeking State legislation to provide reimbursement for the cost of patrolling State highways within its borders. These include the Long Island Expressway and Sunrise Highway. The County has unsuccessfully sought this type of reimbursement for many years yet it continues to be listed as a potential gap-closer in each update.

CONTINGENCY PLAN

We repeat our advice that the County needs a comprehensive contingency plan that lays out specific “alternative” gap-closing initiatives that can be implemented to close likely budget variances. The contingency plan should identify the critical tasks that must be accomplished and the important milestone dates when they must be completed. Such a “roadmap” will help obviate the need for layoffs, unplanned disruptions of services, excessive increases in taxes, or bonding of operating costs.

IV. Appendix

Projected FY 2015 Operating Results on a Budgetary Basis			
($ in millions)	Adopted Budget	Current Projection	Surplus/(Risk)
Revenues:			
Interest Penalty on Taxes	**$29.1**	**$31.8**	**$2.7**
Fines and Forfeitures	**$103.7**	**$55.6**	**($48.1)**
Rents and Recoveries	**19.3**	**28.7**	**9.4**
Departmental Revenues	**170.8**	**164.3**	**(6.5)**
Debt Service from Capital	**122.2**	**82.0**	**(40.2)**
Bond Proceeds for Tax Certiorari Refunds	*100.0**	*60.0*	*(40.0)**
Bond Proceeds for Judgments	*18.0*	*0.0*	*(18.0)*
Bond Premium (to be used for judgments)	*4.2*	*22.0*	*17.7*
OTB Profits (VLTs)	**9.0**	**0.0**	**(9.0)**
Bond Proceeds for Termination Payments	**33.0**	**0.0**	**(33.0)**
Sales Tax	**1,146.2**	**1,109.7**	**(36.5)**
Other Revenue	**1,347.0**	**1,347.1**	**0.1**
Total Revenues	**2,980.3**	**2,819.2**	**(161.1)**
Expenditures:			
Salaries and Wages	**851.1**	**860.5**	**(9.4)**
Overtime(Police and Corrections)	*69.4*	*74.9*	*(5.5)*
Terminal Leave	*34.2*	*55.0*	*(20.8)*
Vacancy and Other Savings	*0.0*	*16.9*	*16.9*
Fringe Benefits	**496.1**	**487.7**	**8.4**
Contractual Services	**253.9**	**246.5**	**7.4**
Debt Service	**174.5**	**164.2**	**10.3**
Local Government Assistance	**68.5**	**66.3**	**2.2**
NHCC Mission Payment	**13.0**	**0.0**	**13.0**
Tax Certiorari Refunds	**100.0***	**60.0**	**40.0***
Non-Certiorari Judgments	**21.2**	**21.2**	**0.0**
Contingency Reserve	**15.0**	**0.0**	**15.0**
Medicaid	**252.3**	**236.3**	**16.0**
Other Expenditures	**734.7**	**741.4**	**(6.7)**
Total Expenditures	**2,980.3**	**2,884.1**	**96.2**
Total Risk			**($64.9)**

*The Adopted FY 2015 Budget included $100 million in bond proceeds the County planned to use to pay $100 million in anticipated tax certiorari refunds. However, the County's revised Multi-Year Plan submitted to NIFA in November 2014 lowered each of these amounts to $60 million. The reconciliation has no effect on the total risk projection since they are offsetting actions.