

*Hon. George Maragos*  
*Comptroller*

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November 29, 2010

VIA HAND DELIVERY

Hon. Edward P. Mangano  
County Executive  
Office of the County Executive  
1550 Franklin Ave  
Mineola, NY 11501

RE: 2010 Year End Forecast Based on October 31 Actual Results

Dear County Executive Mangano,

We have reviewed the County's actual revenues and expenses as of October 31, 2010 and forecast that the 2010 fiscal year will end in balance or, if all budgeted revenues are achieved, with a small budget surplus. This result is largely attributable to the expense controls, early retirement incentives and other initiatives put in place by your Administration.

The revenue and expense variances are detailed in the attached table, "Revenue and Obligations Forecast for 2010."

The areas where there were significant lower revenues are:

1. \$24 million in unrealized reserves of which \$13 million was to be a 2009 surplus that did not materialize and \$11 million that would have been funded by the Employee Benefit Reserve Fund had the termination pay expenses for the Police District Fund not been bonded;
2. \$16.0 million in unrealized cigarette tax revenue, or 100% of the budgeted amount;
3. \$15.8 million or 30% lower revenues in Fines & Forfeitures primarily due to delays in the installation of Red Light Cameras;
4. \$6.3 million or a less than 1% shortfall in sales tax revenues;

5. \$6.1 million or a 75% shortfall in Investment Income due to lower yields on investments; and
6. \$5.2 million or a 5% shortfall in Departmental revenues.

The notable expense variances are:

1. \$51.5 million or 4% in labor savings principally due to \$23.5 million of current unfilled positions and the bonding of budgeted termination pay of \$27.0 million;
2. \$16.6 million or a 35% overrun in Police and Correctional Center overtime expense;
3. \$16.2 million or 4% over budget for Social Services expenses due to increased caseloads and demands caused by the national recession; and
4. \$14.8 million or 5% lower debt service expense due to lower interest rates on variable debt and borrowing occurring later in the year than anticipated in the 2010 budget.

Police and Correctional Center overtime management continues to be a serious problem with a 35% cost overrun. Likewise, the Red Light Camera revenues continue to significantly trail budgeted expectations by 46%.

The cost closing opportunities are:

1. Use of the undesignated Police District fund balance of \$13.3 million;
2. Use of excess capital cash from closed capital projects of about \$4.5 million;
3. Reimbursement of Fashion Institute of Technology could yield \$3.2 million;
4. Additional disencumbrances could add up to \$2.5 million; and
5. Discretionary administrative actions or economies could result in an additional \$0.7 million in the Police District.

Yours truly,



**George Maragos**  
**Nassau County Comptroller**

Cc: Hon. Peter J. Schmitt, Presiding Officer  
Hon. Diane Yatauro, Minority Leader  
Hon. Ronald A. Stack, NIFA Chairman  
Mr. Timothy Sullivan, Deputy County Executive  
Mr. Steven Antonio, Director of Office of Legislative Budget Review

**Comptroller's Office**  
**Revenue and Obligations Forecast for 2010**  
(\$'s in millions)

	2010 <u>Budget</u>	Current Projected <u>Actual</u>	<u>Variance</u>	<u>MID YR</u> <u>Variance</u>	<u>Change</u>
<b>Revenues</b>					
Sales Tax (includes Residential Energy Tax)	\$1,003.1	\$996.8	(\$6.3)	(\$23.6)	\$17.3
Fines & Forfeitures	53.0	37.2	(15.8)	(16.9)	1.1
Cigarette Tax	16.0		(16.0)	(16.0)	0.0
Use of Reserves	24.0		(24.0)	(24.0)	0.0
Departmental Revenue	100.8	95.6	(5.2)	(5.2)	0.0
Investment Income	8.1	2.0	(6.1)	(4.0)	(2.1)
State Aid (excluding Cigarette Tax)	215.4	213.8	(1.6)	(3.6)	2.0
Rents & Recoveries	34.0	33.9	(0.1)	(2.5)	2.4
OTB Revenues	6.3	4.8	(1.5)	(1.0)	(0.5)
Property Tax	801.6	803.6	2.0	2.0	0.0
Federal Aid	177.5	183.0	5.5	2.0	3.5
Permits and Licenses	12.1	10.3	(1.8)	(0.7)	(1.1)
Other	<u>596.0</u>	<u>595.5</u>	<u>(0.5)</u>	<u>(0.5)</u>	<u>0.0</u>
<b>Total Revenue</b>	<b><u>3,047.9</u></b>	<b><u>2,976.5</u></b>	<b><u>(71.4)</u></b>	<b><u>(94.0)</u></b>	<b><u>22.6</u></b>
<b>Expenses</b>					
Payroll and Fringe Benefits (excluding Overtime below)	1,199.3	1,147.8	51.5	50.4	1.1
Overtime (Police Department and Correctional Center)	47.3	63.9	(16.6)	(11.4)	(5.2)
Social Service Expenses	407.8	424.0	(16.2)	(14.8)	(1.4)
Early Intervention / Special Education	173.6	167.9	5.7	5.7	(0.0)
Resident Tuition	7.8	10.2	(2.4)	(2.4)	0.0
Contractual Expenses	128.3	124.0	4.3	4.7	(0.4)
General Expenses	31.3	29.1	2.2	3.1	(0.9)
Contingencies	11.5	0.0	11.5	11.5	0.0
Debt service	327.3	312.5	14.8		14.8
Other	<u>713.7</u>	<u>715.6</u>	<u>(1.9)</u>	<u>1.0</u>	<u>(2.9)</u>
<b>Total Expense</b>	<b><u>3,047.9</u></b>	<b><u>3,000.1</u></b>	<b><u>52.9</u></b>	<b><u>47.8</u></b>	<b><u>5.1</u></b>
<b>Remaining Deficit Prior To Opportunities</b>			<b><u>(18.5)</u></b>	<b><u>(\$46.2)</u></b>	<b><u>\$27.7</u></b>
<b>Estimated Budget Risk by Taxpayer Base</b>	<b><u>Police</u></b>	<b><u>Other</u></b>			
	<b><u>District</u></b>	<b><u>Funds</u></b>			
<b>Estimated Budget Risk excluding Potential Opportunities</b>	<b><u>(\$14.0)</u></b>	<b><u>(\$4.5)</u></b>	<b><u>(\$18.5)</u></b>		
Use of undesignated Police District fund balance	<u>13.3</u>	<u>0.0</u>	<u>13.3</u>		
<b>Remaining deficit</b>	<b><u>(0.7)</u></b>	<b><u>(4.5)</u></b>	<b><u>(5.2)</u></b>		
<b>Potential Opportunities</b>					
Capital Cash		4.5	4.5		
Reimbursement of Fashion Institute of Technology expense		3.2	3.2		
Additional disencumbrances		2.5	2.5		
Discretionary administrative actions	<u>0.7</u>	<u>0.0</u>	<u>0.7</u>		
<b>Results after potential opportunities</b>	<b><u>\$0.0</u></b>	<b><u>\$5.7</u></b>	<b><u>\$5.7</u></b>		