

Overview of the Fiscal 2006 Executive Budget

NASSAU COUNTY OFFICE OF LEGISLATIVE BUDGET REVIEW

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October 7, 2005

Government Services Committee

*Agencies Scheduled to
Testify:*

***Department of
Parks, Recreation &
Museums***

Public Works

Information Technology

Department of Planning

Assessment

Nassau County Clerk

Nassau County Treasurer

Minority Affairs

Human Rights

NASSAU COUNTY LEGISLATURE

Hon. Judith A. Jacobs,
Presiding Officer

Hon. Peter J. Schmitt,
Minority Leader

Hon. Roger Corbin,
*Chairman, Government
Services Committee*



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Inter-Departmental Memo

To: Hon. Judith A. Jacobs, Presiding Officer
Hon. Peter J. Schmitt, Minority Leader
Hon. Roger Corbin, Chairman of Government Services Committee
All Members of the Government Services Committee

From:  Eric C. Naughton, Director
Office of Legislative Budget Review

Date: October 6, 2005

Re: FY 06 Budget Hearing – October 7, 2005

Enclosed please find preliminary reviews of the FY 06 budget for the specific agencies scheduled to appear before the Government Services Committee on October 7th. In order to better evaluate the proposed budget, in our analyses we have included OLBR's FY 05 projections. In addition, in looking at staffing needs we also compare the proposed FY 06 budget to actual staffing levels as of September 1, 2005, as well as the FY 05 budget.

There were two structural changes made to this year's Executive Budget by the Office of Management & Budget. The expense category for materials and supplies (CC) has been eliminated and merged with general expense (DD). For comparison purposes, in our charts we have similarly combined the two codes for both the FY 05 budget numbers and the OLBR projection. The other change has to do with inter-departmental charges, which are utilized to identify and allocate the costs incurred by between County departments. In FY 06, the Office of Management and Budget has scheduled interdepartmental charges only for those departments that are routinely eligible for federal and state reimbursement of expenses, or are a shared services department that sells services. For this reason, a number of agencies have had their inter-departmental charges zeroed out in the proposed budget.

Following are highlights from our review of the agencies:

- LI Bus has requested a \$0.5 million increase to their subsidy.
- Staffing for the Department of Information Technology will be increasing.
- Expectation for revenues from Parks and Recreation has been reduced to more achievable levels.
- Commissioner of Human Rights has requested more funds than were recommended by the Administration, including funds to expand the summer youth employment program.
- Additional funding may be required to effectively manage the County's MWBE program.
- The Department of Assessment has funding to hire 59 full-time employees: 40 for the annual update, and 19 for work relating to the Small Claims Assessment Review proceedings.

My staff and I remain ready to provide any additional assistance the Legislature may require in consideration of the proposed budget and Financial Plan.

GOVERNMENT SERVICES COMMITTEE

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OFFICE OF MINORITY AFFAIRS

This department was established by County Executive directive pursuant to Section 2112 of the Nassau County Charter. Local Law 40 in FY 01 merged Affirmative Action with Minority Affairs.

EXPENSE BUDGET BY OBJECT CLASS							
Obj	Name	Adopted FY 05 Budget	OLBR FY 05 Projection	FY 06 Dept. Request	FY 06 Exec. Budget	Variance Exec. vs Adopted 05	Variance Exec. vs FY 05 Proj.
AA	Salaries, Wages & Fees	\$746,297	\$705,739	\$687,676	\$687,676	(\$58,621)	(\$18,063)
DD	General Expenses	54,000	54,000	54,443	54,443	443	443
DE	Contractual Services	205,000	0	206,682	206,682	1,682	206,682
	Total OTPS	259,000	54,000	261,125	261,125	2,125	207,125
							0
HF	Inter-Depart Charges	182,331	182,331	0	0	(182,331)	(182,331)
	Grand Total	\$1,187,628	\$942,070	\$948,801	\$948,801	(\$238,827)	\$6,731

The FY 06 salaries account of the department is decreasing by \$58,621. The reduction is directly related to termination pay. The FY 05 budget included \$67,606 of termination pay which represented the third and final payment owed to employees who left at the beginning of 2002.

Inter-departmental charges have been separated out of the OTPS budget for comparison purposes. These charges had been developed to more accurately identify and allocate the costs incurred by other departments on behalf of Consumer Affairs. However, in FY 2006 budget the Office of Management and Budget has scheduled interdepartmental charges only for those departments that are routinely eligible for federal and state reimbursement of expenses, or are a shared services department that sells services. This change has resulted in a year to year budget reduction for inter-departmental charges of \$182,000.

The general expense account has been allocated \$54,443 for FY 06. These funds will be used by the department for office supplies, educational and training expenses and also for copying and blueprint supplies. The department also uses the funds in this account to host small business seminars to promote minority interest in owning small businesses.

Contractual services has been allocated \$206,682 in the proposed budget, a very slight increase. In FY 05 Minority Affairs issued an RFP to secure a contract for certification, business outreach and training related to the Minority and Women business program. The office has found it difficult to locate a vendor and does not anticipate work beginning before the end of the fiscal year. For that reason the OLBR projection for FY 05 contractual services is zero. Based on the responses to the RFP, it appears that the funds allocated will not be sufficient. The Office will be requesting best and final offers and

will negotiate with the prospective vendor, but they have received seven responses ranging from \$250,000 to \$400,000.

In September of 2004, OLBR conducted a review of the Office of Minority Affairs and the Minority and Women Small Business Enterprise (MWBE) program. At that time the Office stated a need for a monitoring and compliance software management tool which would analyze procurement data for County contracting agencies. The services and software would be tailored to meet the unique requirements of the County and help ensure that the County's procurement process is equitable by monitoring the utilization of minority and women owned business enterprises. The software should assess, collect, analyze, report and maintain procurement and diversity data. The department felt this type of software is necessary if they are to effectively manage the MWBE program, pursuant to Local Law 14 of 2002. Funding for the management tool is not included in the Office's proposed FY 06 budget and it is unclear at this point if the expenditure has been planned for in any other department.

The Office of Management and Budget has merged the categories materials and supplies (CC) and general expense (DD) under general expense (DD) for the 2006 budget to simplify the management of these expenses. For comparison purposes, we have done the same for the 2005 Budget and OLBR Projection.

Office of Minority Affairs						
Staffing Analysis						
	<u>FY 05</u>	<u>Sept-05</u>	<u>FY 06</u>	<u>FY 06</u>	<u>Exec. vs</u>	<u>Exec. vs</u>
	<u>Adopted</u>	<u>Actual</u>	<u>Request</u>	<u>Executive</u>	<u>05 Adopt</u>	<u>Actual</u>
Full-time Staffing	11	11	11	11	0	0

The staffing level next year will remain flat with 11 full-time positions. Although no changes will be made to the staffing level, there are budgeted title changes within the department. One Director and two Assistant Director titles will become Project Director titles. During the current year the department added the title and filled the position for a Deputy Counsel. The main responsibilities of the Deputy Counsel will be to handle legal issues the department may face as a result of the MWBE program and also administer contracts.

COMMISSION ON HUMAN RIGHTS

The Commission on Human Rights was established April 8, 1963, by Local Law Number 5. The Commission is mandated to investigate and mediate cases of discrimination based on race, creed, color, sex, age or handicap. The Commission consists of five divisions: 1) Administration, 2) Compliance and Investigation, 3) Pretrial Services, 4) Job Development, and 5) Summer Aide Program.

The Administration division provides support and coordinates operations between divisions. It acts as liaison to communities experiencing conflicts due to incidents of discrimination or segregation. The Compliance and Investigations division responds to all claims of discrimination under the jurisdiction of the Commission. The Open Island (housing), Interracial Task Force and Afro-American Studies Programs are consolidated under this unit. Pre-Trial Services provides assistance to those individuals facing bail hearings, or to anyone who has filed charges claiming they were treated in a discriminatory or prejudicial manner based on race, creed, color, sex, age or handicap. The Job Development Center provides job and training referrals, guidance and testing services to persons seeking employment or to upgrade their skills. The center currently maintains an office in Freeport. The Summer Aide Program assists underprivileged youths in finding summer employment. This program has enabled a substantial number of young people to earn enough money to offset their yearly educational expenses.

EXPENSE BUDGET BY OBJECT CLASS							
Obj	Name	Adopted FY 05 Budget	OLBR FY 05 Projection	FY 06 Dept. Request	FY 06 Exec. Budget	Variance Exec. vs Adopted 05	Variance Exec. vs FY 05 Proj.
AA	Salaries	\$622,598	\$571,152	\$823,223	\$597,471	(\$25,127)	\$26,319
BB	Equipment	6,650	6,650	45,000	6,704	54	54
DD	General Expenses	25,127	1,825	0	25,333	206	23,508
DE	Contractual Services	25,000	25,000	0	25,206	206	206
	Total OTPS	56,777	33,475	45,000	57,243	466	23,768
HF	Inter-Depart Charges	218,654	218,654	0	0	(218,654)	(218,654)
	Grand Total	\$898,029	\$823,281	\$868,223	\$654,714	(\$243,315)	(\$168,567)

In FY 06 the salaries expense for the Commission will decrease by 4%. The reduction is directly related to termination pay. The FY 05 budget included \$36,737 of termination pay which represented the third and final payment owed to employees who left in 2002. The savings in termination pay will be offset by CSEA contractual raises.

Inter-departmental charges have been separated out of the OTPS budget for comparison purposes. These charges had been developed to more accurately identify and allocate the costs incurred by other departments on behalf of Human Rights. However, in the FY 2006 budget the Office of Management and Budget has scheduled interdepartmental charges only for those departments that are routinely

eligible for federal and state reimbursement of expenses, or are a shared services department that sells services. This change has resulted in a year to year budget reduction for inter-departmental charges of \$218,654.

The aggregate OTPS expense accounts will be funded \$57,243. This represents a small increase compared to FY 05 budgeted levels. The Commission utilizes its contractual services account to secure the services of outside counsel. In the event the Commission becomes involved in litigation, conflict of interest prevents the County Attorney from representing the County and the Commission where other County agencies are involved.

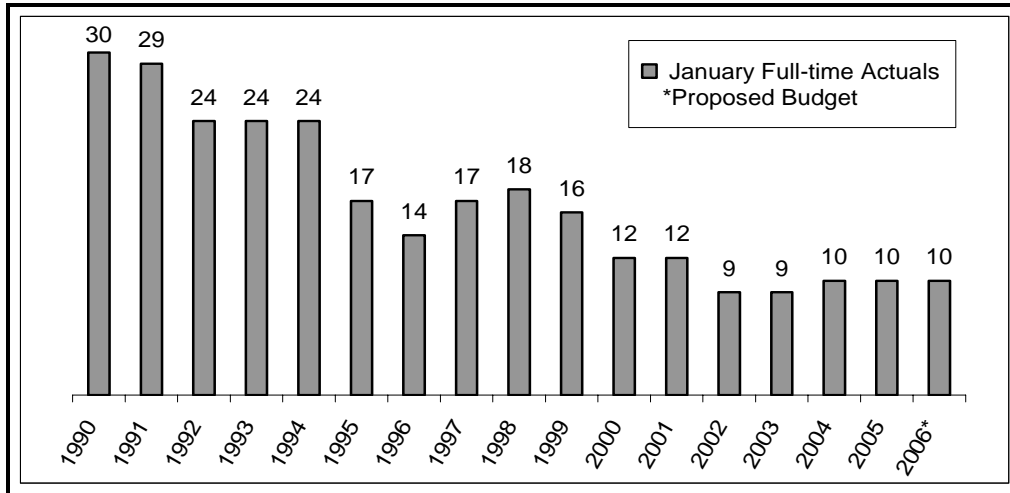
The Office of Management and Budget has merged the categories materials and supplies (CC) and general expense (DD) under general expense (DD) for the 2006 budget to simplify the management of these expenses. For comparison purposes, we have done the same for the 2005 Budget and OLBR Projection. The general expenses account is budgeted for traveling expenses.

For over two years the Commission on Human Rights has been trying to secure case tracking software. The software would permit storage and transfer of information from document to document and also the compilation of case data from zip code to base to area of complaint within a secure environment to protect the confidentiality of Commission clients. The department feels this software is essential to the tasks of the department, but the Administration did not fund this request. It is not clear at this point if the new software is part of a County-wide software roll-out by the Department of Information Technology. Human Rights estimates that the full cost of a case tracking system would be \$45,000 which they requested in their equipment line, but did not receive. The State division of Human Rights will assist the Commission in securing a system once they are assured that the Commission has the technology to process the numbers of cases coming through the Commission on an annual basis. The Commission stated "The County could spend less money to properly equip the Commission with the necessary technology to access and modify the state's system and more efficiently process cases, keep records, prepare reports, and produce reports". Currently all of those tasks are performed manually.

Also represented in the department request is the need for additional staffing. The department feels that due to staffing shortages most employees must cope with unmanageable work loads and/or work out of title. The Commissioner stated that vital positions have been lost due to attrition. The Commissioner also expressed reasonable concerns regarding the office's lack of a Spanish speaking employee and an employee who could prepare cases for court. The Commission feels their ability to fulfill the mission of the office is compromised by not having the appropriate staff.

Currently staffing at the Commission is budgeted at 10 employees. One of those positions, a Human Relations Representative, is out on Workers Compensation.

The chart on the following page illustrates the declining full-time staff in the department. Since 1990 the full-time staffing of the department has been reduced by 20 employees or 67%.



The issue of a bi-lingual staff member was a topic of last year’s Government Services budget hearing. It was agreed that a Spanish speaking person in the department was a necessity and through an amendment the Legislature added \$40,000 to the salaries account of the HR department for the position. Due to civil service difficulties the position was never filled.

For the 2006 Fiscal Year the department requested \$75,000 for two Investigators, one Spanish speaking. Both additional positions were denied by the Administration. The Commissioner stated, “The second investigator is necessary based upon the recommendation of the State Division on Human Rights for maintenance of the work-sharing agreement between the State Division and the Commission. The State needs to be certain that the Commission is properly staffed and equipped to continue handling the numbers of cases coming through the Commission and that those cases will be processed timely to assure complainants of their due process rights.”

Lastly, the Commission requested and did not receive \$100,000 to expand the summer youth employment program. The Commissioner stated, “the last two years the Commission received \$50,000 per year from OHIA with the same commitment anticipated for the coming year. This year approximately 30 young people participated in the program.”

Commission on Human Rights Staffing Analysis						
	<u>FY 05 Adopted</u>	<u>Sept-05 Actual</u>	<u>FY 06 Request</u>	<u>FY 06 Executive</u>	<u>Exec. vs 05 Adopt</u>	<u>Exec. vs Actual</u>
Full-time Staffing	10	10	11	10	0	(1)
Part-time Staffing	1	1	0	0	1	0

In FY 06 the proposed full-time staffing level for the Commission will remain flat with the FY 05 adopted budget and the prior year’s January actuals.

OFFICE OF THE COUNTY CLERK

The Office of the County Clerk is charged with protecting and preserving the public record in the Real Estate, Legal and Licenses areas. The Real Estate division records land documents, provides reference information such as section/block/lot and copies of land documents to the public, and scans all verified documents on film. The Legal division receives and processes all applications, provides certified copies, provides public access to the documents. The Licensing division records federal military discharge papers, processes U.S. passport applications, and maintains naturalization records. It also registers State filings for new business names and records County firefighter exemption certificates.

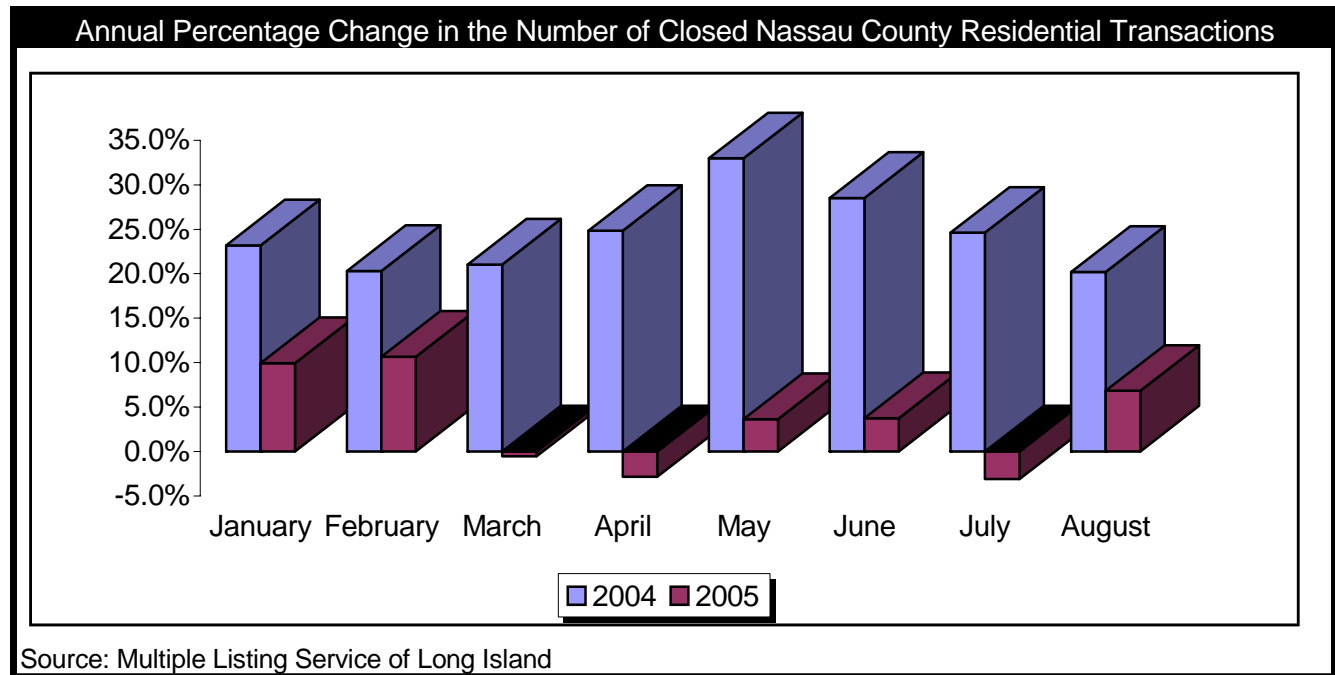
On September 20, 2005, the Federal Reserve raised their federal funds rate a quarter-percentage point to 3.57%. This was the 11th straight interest rate increase since June 2004. In the Federal Reserve’s Statement they stated that more “measured” rate increases were likely in the coming months.¹ These increases will heavily impact County Clerk revenues in 2006. In 2005, according to the Multiple Listing Service of Long Island (MLSLI) data, Nassau County has seen growth in both the number of closed real estate transactions and the average price of a residential house. If current trends continue Nassau County is expected to set a record in the number of closed residential real estate transactions. This is good for departmental revenues of which the Office estimates that 80% are a function of the number of real estate transactions closed in the County. This heavy volume is reflected in both the revenue and expense budgets of the Office. On the revenue side, departmental revenues are being increased to reflect the higher volume. On the expense side, both personal and other than personal expenses are being increased to provide the Office with the equipment and personnel necessary to meet the heightened volume level. However, due to higher interest rates, the FY 06 departmental revenue budget may be high.

REVENUE BUDGET							
Revenue Class	Adopted FY 05 Budget	OLBR FY 05 Projection	FY 06 Dept. Request	FY 06 Exec. Budget	Variance Exec. vs Adopted 05	Variance Exec. Vs FY 05 Proj.	
BD Fines & Forfeits	200,000	202,280	200,000	200,000	0	(2,280)	
BH Department Revenues	14,150,000	15,190,154	14,500,000	16,500,000	2,350,000	1,309,846	
Grand Total	\$14,350,000	\$15,392,434	\$14,700,000	\$16,700,000	\$2,350,000	\$1,307,566	

The FY 06 aggregate revenue budget is increasing 16.4% from the adopted FY 05 revenue budget and 8.5% from OLBR’s projection. The increase is a function of greater departmental revenues. Some of the real estate fees incorporated in the departmental revenue line are the County Real Property and Indexing fees, the County share of the fee for the Real Property Transfer Report, the County share of the real estate transfer tax, the reimbursement of expenses associated with the collection of the mortgage recording tax and the filing fee for small claims assessment review petitions. Based on current trends, OLBR is projecting FY 05 County Clerk departmental revenues to be \$15.2 million. The FY 06 budget is greater than OLBR’s 2005 projection and may prove to be optimistic given rising interest rates.

¹ La Monica, Paul R., “Fed Raises Rates Again”, CNN/Money.com, September 20, 2005.

According to the Office, 80% of the departmental revenues may be attributed to real estate refinancings and transactions. In 2006, OLBR estimates that the growth in closed transactions will fall and the number of refinancings will diminish. Both factors will make it difficult to achieve the increase in budgeted departmental revenues. According to the Mortgage Banker's Association, mortgage refinancings are expected to decline 25% in FY 06 as mortgage interest rates are expected to continue to rise.² Additionally, annual growth rates in the number of closed transactions have already fallen below where they were at this time last year. The chart on the next page depicts this slowdown.



EXPENSE BUDGET BY OBJECT CLASS							
Obj	Name	Adopted FY 05 Budget	OLBR FY 05 Projection	FY 06 Dept. Request	FY 06 Exec. Budget	Variance Exec. vs Adopted 05	Variance Exec. Vs FY 05 Proj.
AA	Salaries	\$4,681,017	\$4,506,267	\$4,973,000	\$4,932,286	\$251,269	\$426,019
BB	Equipment	100,000	90,568	143,770	143,770	43,770	53,202
DD	General Expenses	130,188	35,938	140,000	140,000	9,812	104,062
DE	Contractual Services	350,000	56,366	354,375	354,375	4,375	298,009
	Total OTPS	580,188	182,872	638,145	638,145	57,957	455,273
HF	Inter-Dept. Charges	1,595,120	1,595,120	0	0	(1,595,120)	(1,595,120)
	Grand Total	\$6,856,325	\$6,284,259	\$5,611,145	\$5,570,431	(\$1,285,894)	(\$713,828)

² "MBA Mortgage Finance Forecast", Mortgage Bankers Association, September 13, 2005.

The above chart details the County Clerk’s expense budget by object class. Excluding inter-departmental charges, all expense categories are increasing. The Office’s FY 06 salary line is increasing 5.4% from the FY 05 budget. The Office has been operating under budget with a full-time headcount of 99 and a part-time head count of 47. OLBR is projecting total FY 05 County Clerk payroll to be \$4.5 million. A detailed review of the budgeted payroll for the vacant full-time, part-time and seasonal employees reveals that the budgeted salary line is sufficient to hire all vacant positions in 2005.

The FY 06 equipment budget is increasing by 43.8% from the FY 05 adopted budget. The FY 06 general expenses budget is increasing by 7.5% from the FY 05 adopted budget. The equipment and general expense lines are increasing so the Office can purchase cabinets, chairs, desks and other general equipment and expenses necessary for the new employees to complete their tasks. The Office of Management and Budget has merged the categories (CC) materials and supplies and (DD) general expense under general expense (DD) for the 2006 budget to simplify the management of these expenses. For comparison purposes, we have done the same for the 2005 Budget and OLBR Projection.

Nassau County Clerk Staffing Analysis						
	FY 05 <u>Adopted</u>	Sept-05 <u>Actual</u>	FY 06 <u>Request</u>	FY 06 <u>Executive</u>	Exec. vs <u>05 Adopt</u>	Exec. vs <u>Actual</u>
Full-time Staffing	102	99	102	102	0	3
Part-time and Seasonal	70	47	70	70	0	23

Budgeted staffing levels are remaining constant in FY 06. However, as mentioned above, the Office has been operating under its budgeted headcount with 99 full-time employees and 47 part-time employees. The FY 06 budget includes enough funds for the Office to fill all of the vacant positions. An itemization of the vacant positions shows that the vacancies are primarily for clerical positions, mostly part-time and seasonal Clerk I positions. OLBR is currently projecting FY 05 part-time and seasonal payroll to be \$333,990, \$82,719 less than the FY 05 adopted budget. The FY 06 salary line for part-time and seasonal employees is sufficient to cover the budgeted 70 part-time and seasonal employees. According to the Office, the additional staff is needed for the increased volume associated with land recordings and the legal challenges associated with reassessment. The Office requires additional quality control staff to review documentation before it can be processed.

THE OFFICE OF RECORDS MANAGEMENT

The purpose of the Office is to administer and maintain the central records and documents storage facility for all agencies of County government. Documents on file comply with mandated retention schedules and are subject to retrieval by originating agencies. The department also provides production capability for microfilming services. Established in the FY 03 budget, Records Management was originally part of the Department of General Services, which was eventually merged with Parks. The Office is under the supervision of the County Clerk.

EXPENSE BUDGET BY OBJECT CLASS

Obj	Name	Adopted FY 05 Budget	OLBR FY 05 Projection	FY 06 Dept. Request	FY 06 Exec. Budget	Variance Exec. vs Adopted 05	Variance Exec. vs FY 05 Proj.
AA	Salaries, Wages & Fees	\$642,186	\$585,379	\$713,047	\$708,531	\$66,345	\$123,152
BB	Equipment	\$0	\$0	\$37,575	\$37,575	37,575	37,575
DD	General Expense	180,000	180,000	182,250	181,476	1,476	1,476
DE	Contractual Services	423,463	275,000	134,680	134,680	(288,783)	(140,320)
	Total OTPS	603,463	455,000	354,505	353,731	(249,732)	(101,269)
HF	Inter-Depart Charges	551,644	551,644	0	680,333	128,689	128,689
	Grand Total	\$1,797,293	\$1,592,023	\$1,067,552	\$1,742,595	(\$54,698)	\$150,572

The salaries account for Records Management will increase by 10.3% in FY 06. The increase in the salary line is primarily a function of budgeted increase in part-time employees. The part-time salary budget is increasing by \$51,317 to accommodate 11 additional part-time employees.

The aggregate FY 06 OTPS budget, excluding inter-departmental charges, will decrease by 41.4% compared to the adopted FY 05 budget. The decline is a function of the fall in contractual services funding. The FY 05 adopted contractual services budget was overstated. In FY 06 the Office is contracting with a firm to provide off-site records storage. The contract is payable over five years in annual installments of \$134,680.

The Office of Management and Budget has merged the categories materials and supplies (CC) and general expense (DD) under general expense (DD) for the 2006 budget to simplify the management of these expenses. For comparison purposes, we have done the same for the 2005 Budget and OLBR Projection. Inter-departmental charges have been separated out of the OTPS budget for comparison purposes. These charges had been developed to more accurately identify and allocate the costs incurred by other departments on behalf of Consumer Affairs.

**Office of Records Management
Staffing Analysis**

	<u>FY 05 Adopted</u>	<u>Sept-05 Actual</u>	<u>FY 06 Request</u>	<u>FY 06 Executive</u>	<u>Exec. vs 05 Adopt</u>	<u>Exec. vs Actuals</u>
Full-time Staffing	10	9	10	10	0	1
Part-time Staffing	2	11	13	13	11	2

The budget for FY 06 includes funding for 10 full-time employees and 13 part-time employees. The salary line is sufficient to cover these positions.

REVENUE BUDGET

Revenue Class	Adopted FY 05 Budget	OLBR FY 05 Projection	FY 06 Dept. Request	FY 06 Exec. Budget	Variance Exec. vs Adopted 05	Variance Exec. vs FY 05 Proj.
BJ Inter-departmental Revenues	\$689,658	\$689,658	\$689,658	\$129,084	(\$560,574)	(\$560,574)

Interdepartmental revenues reimburses Records Management for services, supplies, and materials provided to other County departments. A corresponding expense gets booked to the budget of the user department as an interdepartmental charge. This year's inter-departmental revenues are declining as a result of the Office of Management and Budget decision to only apply an inter-departmental charge to those departments that are routinely eligible for federal and state reimbursement of expenses, or are a shared services department that sells services.

PLANNING

The FY 06 Planning department expense budget excluding inter-departmental charges is increasing by 3.5%. The expense increase is the result of contractual services and general expenses increases. FY 06 Planning Department revenues are declining by 22.8%. The revenue decline is a function of decreases in the interdepartmental revenues and service fees. Mass Transportation funding is increasing by the contractually specified amount. However, due to the rapid rise in fuel costs, the subsidy payments to Long Island Bus may not be sufficient to cover their operating deficit.

EXPENSE BUDGET BY CONTROL CENTER						
Control Center		Adopted FY 05 Budget	Departmental Request FY 06	Executive FY 06	Variance From Exec. Vs. Adopted 05	Variance From Exec. Vs. To Request
10	Planning	\$3,235,225	\$2,332,395	\$3,150,331	(\$84,894)	\$817,936
20	Bus Shelter Main- Cleaning	0	10,000	10,000	10,000	0
35	Mass Transportation	45,170,797	46,171,566	46,056,120	885,323	(115,446)
Total		\$48,406,022	\$48,513,961	\$49,216,451	\$810,429	\$702,490

The expense budget delineated by control center appears in the above chart. Nassau County is responsible for keeping the Bus Shelters free from deterioration and vandalism. The funding in the Mass Transportation control center is rising by \$885,323 or 2% from the FY 05 adopted budget. As the chart below details, within the mass transportation control center is the LIRR Station Maintenance subsidy that is increasing by the contractually agreed upon amount. As per the LIRR Station Maintenance contract, funding must increase annually by the CPI.

		FY 05 Budget	Executive FY 06	Difference
Mass Transportation (MM)				
630	Authority	\$7,500,000	\$7,500,000	\$0
631	LIRR Station Maintenance	23,012,005	23,897,328	885,323
632	MTA-LIRR Operating Assistance	11,583,792	11,583,792	0
635	Handicapped Transportation System	3,000,000	3,000,000	0
General Expenses (DD)				
305	Insurance Premiums	15,000	15,000	0
Other Expenses (OO)				
60H	Lido Beach Bus Rte	60,000	60,000	0
Total Mass Transportation CC 35		\$45,170,797	\$46,056,120	\$885,323

The prior chart shows that all other mass transportation funding lines are being held constant at their FY 05 levels. These funding levels may not be adequate for Long Island Bus's needs. These levels were first requested in July 2005 and were based upon actual costs incurred through May 2005. Long Island bus has seen a significant rise in energy costs since the time that the initial budget submission was drafted. Long Island Bus subsequently requested an additional \$500,000 which is not included in the Executive FY 06 budget. Additionally, in the out-years, Long Island Bus is projecting deficits. Long Island Bus expects 2007's deficit to be \$2.501 million, 2008's deficit to be \$6.220 million and 2009's deficit to be \$12.233 million. Exhibit A below depicts Long Island Bus's FY 05 forecast and July 2005's FY 06 Preliminary Budget submission.

EXHIBIT A: LONG ISLAND BUS OPERATING BUDGET			
Figures in Millions			
Name	Mid-Year 2005 Forecast	2006 Preliminary Budget, July 2005	Variance between 2006 and 2005
Revenues			
Farebox Revenue	37.880	38.075	0.195
Total Receipts	47.227	47.402	0.175
Expenses			
Salaries	62.841	64.867	2.026
Fringe	24.149	25.572	1.423
Fuel for Buses and Trains	7.590	7.704	0.114
Paratransit Service Contracts	0.062	0.312	0.250
Other Non-Labor	19.191	17.433	(1.758)
Total Expenses	113.833	115.888	2.055
Net Cash Deficit	(66.606)	(68.486)	(1.880)
Subsidies			
MTA Subsidy	13.047	14.323	1.276
State Subsidy	39.290	43.663	4.373
Nassau County Subsidy	10.500	10.500	0.000
Total Subsidies	62.837	68.486	5.649
Net Subsidy Deficit	(\$3.769)	\$0.000	3.769

The July 2005 preliminary FY 06 LI Bus total expense budget is \$115.9 million. Fixed route expenditures represent 89% of total LI Bus expenses and paratransit operations comprise 11% of total LI Bus expenses. Nassau's 2006 subsidy of fixed route operations will represent 7.1% of total fixed route revenue and its paratransit subsidy will comprise 27.4% of total paratransit revenues. The chart on the following page details these percentages historically.

All totaled, the County's \$10.5 million subsidy falls \$500,000 short of LI Bus's revised request. Currently, LI Bus has not been able to fund its projected budget deficit.

<u>Nassau County Funding of LI Bus</u>			
<u>Fixed Route Operations</u>			
	LI Bus Total Revenues & Subsidies	Nassau MSBA Subsidy	Nassau / LI Bus Revenues
2001	74,200,000	7,853,000	10.6%
2002	76,275,000	5,852,980	7.7%
2003	84,892,000	3,853,000	4.5%
2004	86,120,000	2,961,000	3.4%
2005	87,051,000	7,500,000	8.6%
2006	104,946,057	7,500,000	7.1%
<u>Paratransit Operations</u>			
	LI Bus Total Revenues & Subsidies	Nassau Handicapped Subsidy	Nassau / LI Bus Revenues
2001	7,273,000	3,458,000	47.5%
2002	8,090,000	4,458,000	55.1%
2003	8,763,000	4,458,000	50.9%
2004	10,059,000	3,000,000	29.8%
2005	8,481,000	3,000,000	35.4%
2006	10,941,943	3,000,000	27.4%

**EXPENSE BUDGET
BY OBJECT CLASS**

Obj	Name	Adopted FY 05 Budget	OLBR FY 05 Projection	FY 06 Dept. Request	FY 06 Exec. Budget	Variance Exec. vs Adopted 05	Variance Exec. vs FY 05 Proj.
AA	Salaries	\$1,707,514	\$1,521,928	\$1,757,132	\$1,713,256	\$5,742	\$191,328
BB	Equipment	7,172	17,172	10,262	546	(6,626)	(16,626)
DD	General Expenses	77,593	110,817	132,501	132,529	54,936	21,712
DE	Contractual Services	586,000	488,188	457,500	1,329,000	743,000	840,812
MM	Mass Transportation	45,095,797	45,095,797	46,096,566	45,981,120	885,323	885,323
6H	Pt Lookout/LIDO	60,000	180,000	60,000	60,000	0	(120,000)
	Total OTPS	45,826,562	45,891,974	46,756,829	47,503,195	1,676,633	1,611,221
HF	Inter-Dept. Charges	871,946	871,946	0	0	(871,946)	(871,946)
	Grand Total	\$48,406,022	\$48,285,848	\$48,513,961	\$49,216,451	\$810,429	\$930,603

The above chart details the Planning Department expense budget by object code. The greatest percentage increase is in the contractual services line. This line is increasing to cover the cost of consultant services required to analyze the various issues mentioned to the County Executive during his 35 economic-development zone meetings. The issues to be analyzed include corridor studies of major thoroughfares with traffic and land use challenges and identifying and analyzing important parcels for redevelopment. The salary line and general expenses line are also receiving a minimal increase in funding. Funding of the Point Lookout/LIDO Beach bus route is unchanged at its budgeted FY 05 level. The FY 05 projection for the Point Lookout/LIDO Beach bus route is \$180,000 since the County had to make a couple of retro-active payments.

The Office of Management and Budget has merged the categories materials and supplies (CC) and general expense (DD) under general expense (DD) for the 2006 budget to simplify the management of these expenses. For comparison purposes, the Office of Legislative Budget Review (OLBR) has done the same for the 2005 Budget and OLBR Projection. Inter-departmental charges have been separated out of the OTPS budget for comparison purposes. These charges had been developed to more accurately identify and allocate the costs incurred by other departments on behalf of the Planning Department. However, in FY 2006 budget the Office of Management and Budget has scheduled interdepartmental charges only for those departments that are routinely eligible for federal and state reimbursement of expenses, or are a shared services department that sells services.

**Planning
Staffing Analysis**

	<u>FY 05 Adopted</u>	<u>Sept-05 Actual</u>	<u>FY 06 Request</u>	<u>FY 06 Executive</u>	<u>Exec. vs 05 Adopt</u>	<u>Exec. vs Actual</u>
Full-time Staffing	21	18	21	21	0	3
Part-time and Seasonal	14	10	14	14	0	4

The FY 06 budgeted headcount for the Planning Department is unchanged from the adopted FY 05 budget. The salary line is sufficient to cover the costs of the 21 budgeted full-time employees and 14 budgeted part-time and seasonal employees.

REVENUE BUDGET

Revenue Class	Adopted FY 05 Budget	OLBR FY 05 Projection	FY 06 Dept. Request	FY 06 Exec. Budget	Variance Exec. vs Adopted 05	Variance Exec. vs FY 05 Proj.
AA Fund Balance	\$0	\$337,753	\$0	\$1,000,000	\$1,000,000	\$662,247
BD Fines & Forfeits	30,000	0	30,000	30,000	0	30,000
BH Department Revenues	1,095,500	400,114	1,095,500	1,095,500	0	695,386
BJ Interdept Revenues	1,508,742	1,508,742	0	0	(1,508,742)	(1,508,742)
BK Service Fees	260,000	14,511	0	0	(260,000)	(14,511)
FA Federal Aid	0	913	110,000	110,000	110,000	109,087
Total	\$2,894,242	\$2,262,033	\$1,235,500	\$2,235,500	(\$658,742)	(\$26,533)

The decrease in revenue is a function of the elimination of interdepartmental revenues and the transfer of service fees to the IT department. The elimination of interdepartmental revenues is a result of the Office of Management and Budget’s decision to only apply an interdepartmental charge to those departments that are routinely eligible for federal and state reimbursement of expenses, or are a shared services department that sells services. The service fees revenues are being transferred to the Office of Information Technology which is responsible for creating and selling GIS maps and data. The department will continue to collect revenues from advertisements on bus shelters and sub-division fees. New to the FY 06 budget is \$1 million in fund balance. One million is being given to the Planning Department to enable it to contract with consultants to study the issues raised during the County Executive’s meetings with the 35 economic development zones.

COUNTY TREASURER

The County Treasurer manages and invests County funds, maintains banking and financial relationships, oversees the County's bond program, maintains an accounting of receipts and disbursements collects tax delinquencies and conducts the annual Tax Lien Sale. The Office has been organized into three units: Debt and Investment; Tax Sale and Records; Tax Certiorari and Accounting.

The department has the responsibility for the implementation and monitoring of the following Multi-Year Financial Plan initiatives which have been incorporated into the FY 06 budget and out-year baseline assumptions.

Cash and Receivables Management \$500,000

A vendor, NCO Financial Systems, has been selected through the RFP process, to collect, litigate and enforce judgments on the County's uncollected receivables. The Legislature approved the contract in the spring of 2005. Collections include claims for non-payment of fees for emergency ambulance services, hotel/motel taxes, fees for services rendered by the County Department of Drug and Alcohol Services, fees for labor used to enforce consumer protection laws, fees for emergency work done by the County's Department of Public Works, and any other amounts owed to the County. The contractor will receive 18.5% of the amount recovered on accounts referred by the County to the commencement of legal action and 25% of the amount collected after the commencement of legal action. The revenue of \$500,000 represents 33% of the uncollected \$1.5 million. The Administration anticipates this revenue to be recurring in the out-years.

REVENUE BUDGET							
Revenue Class	Adopted FY 05 Budget	OLBR FY 05 Projection	FY 06 Dept. Request	FY 06 Exec. Budget	Variance Exec. vs Adopted 05	Variance Exec. Vs FY 05 Proj.	
BA Int Penalty On Tax	\$24,180,000	\$20,138,453	\$24,000,000	\$24,000,000	(\$180,000)	\$3,861,547	
BD Fines & Forfeits	12,000	12,000	8,000	8,000	(4,000)	(4,000)	
BE Invest Income	9,000,000	13,560,742	11,000,000	11,873,840	2,873,840	(1,686,902)	
BF Rents & Recoveries	75,000	274,242	0	0	(75,000)	(274,242)	
BH Dept Revenues	280,000	523,058	385,000	440,000	160,000	(83,058)	
BO Pay Lieu Tax	4,500,000	4,321,346	0	0	(4,500,000)	(4,321,346)	
TX Special Taxes	5,970,000	4,436,131	5,960,000	4,460,000	(1,510,000)	23,869	
Total	\$44,017,000	\$43,265,972	\$41,353,000	\$40,781,840	(\$3,235,160)	(\$2,484,132)	

The proposed revenue budget of the Treasurer's office is decreasing by \$3.2 million, or 7.4%. This is primarily due to the transfer of the \$4.8 million in the line for payments in lieu of taxes from the Treasurer into Unallocated Revenue. Payments in lieu of taxes had been budgeted in Unallocated Revenue in FY 04, and in the Treasurer's Office for FY 05. The FY 05 projection is \$180,000 under the FY 05 budget.

Interest penalty on taxes, decreasing by \$180,000, is made up of interest and penalties collected on late and delinquent taxes, and various tax lien related items. The FY 05 projection is \$20.1 million or \$4.0 million under budget due to a reduction in delinquent penalties on taxes and interest on taxes.

Investment income is related to the financial management of County funds. Investment income is increasing by \$2.9 million to \$11.9 million due to the rising trend in interest rates. The FY 05 projection is \$13.6 million or \$2.9 million over budget. The surplus is due to increased interest income from NIFA debt and from capital.

The special taxes line of the Treasurer's Department revenues is where the County budgets for the entertainment tax, a portion of the hotel/motel tax, and the Belmont admissions tax. Special taxes are decreasing by \$1.5 million due to the anticipated reduction of hotel/ motel tax. The hotel/motel tax, which expires on December 31, 2005, is a 3% sales tax attached to the nightly room rental rate. The collections of this tax are budgeted in two places, the Parks Department and the Treasurer's Department. In FY 05, the Treasurer's Department received 75% of this revenue. However, a proposed bill in Albany intends to change the allocation of the tax in FY 06 and FY 07. In FY 06 the Treasurer's Department would receive half of the amount received in FY 05 or 1.125%. The remainder (1.875%) will be dedicated to providing assistance to museums and Old Bethpage Village for new exhibit and new program development expenses. Due to this legislation, hotel/motel tax proceeds under the Treasurer's Office would decrease by half from \$2.9 million in FY 05 to \$1.5 million. However, to be conservative the budget for the hotel/motel tax received by the Parks Department is not increasing. The proposed State legislation would expire on December 31, 2007. The FY 05 projection for hotel/motel tax is on target with the FY 05 budget.

The entertainment tax is a ticket surcharge of \$1.50 on all tickets sold at a County venue with a seating capacity in excess of 2,500. Colleges, universities and facilities operated by OTB or a non-profit racing association are exempted from charging the ticket surcharge. The budget remains unchanged from FY 05. The FY 05 projection is falling short of budget by \$1.4 million. The loss from the hockey strike in FY 04 and FY 05 was roughly \$743,000. The FY 06 budget appears realistic since the hockey strike is over. However, since the price of oil is rising, and consumers may spend less on entertainment venues in the future, the FY 06 budget may be optimistic.

The Belmont admissions tax is a tax collected upon entering the racetrack. Payments are scheduled to be made semi-annually while the racetrack is in session. The two racing seasons are May through July and September through November. In FY 05, \$52,000 had been collected from the racetrack tax. The FY 06 budget is decreasing from \$70,000 in FY 05 to \$60,000. Through the first three-quarters of FY 05, \$10,000 has been collected compared to \$23,000 collected last year at this time.

Departmental revenues are collected from such sources as the holding of cash bail, fees for bounced checks and court and trust fund cases. This revenue source is increasing from \$280,000 in FY 05 to \$440,000. The FY 05 projection for departmental revenues is \$523,000; therefore the FY 06 budget appears achievable.

**EXPENSE BUDGET
BY OBJECT CLASS**

Obj	Name	Adopted FY 05 Budget	OLBR FY 05 Projection	FY 06 Dept. Request	FY 06 Exec. Budget	Variance Exec. vs Adopted 05	Variance Exec. vs FY 05 Proj.
AA	Salaries	\$2,861,420	\$2,495,149	\$2,825,584	\$2,683,193	(\$178,227)	\$188,044
BB	Equipment	9,832	9,832	11,400	9,913	81	81
DD	General Expenses	325,500	325,500	334,000	327,675	2,175	2,175
DE	Contractual Services	650,000	650,000	559,260	559,260	(90,740)	(90,740)
	Total OTPS	985,332	985,332	904,660	896,848	(88,484)	(88,484)
HF	Inter-Depart Charges	947,290	947,290	0	0	(947,290)	(947,290)
	Grand Total	\$4,794,042	\$4,427,771	\$3,730,244	\$3,580,041	(\$1,214,001)	(\$847,730)

The proposed FY 06 budget is decreasing by \$1.2 million, or 25% due to the removal of interdepartmental charges. Inter-departmental charges have been separated out of the OTPS budget for comparison purposes. These charges had been developed to more accurately identify and allocate the costs incurred by other departments on behalf of the Treasurer’s Office. However, in the FY 2006 budget the Office of Management and Budget has scheduled interdepartmental charges only for those departments that are routinely eligible for federal and state reimbursement of expenses, or are a shared services department that sells services. This change has resulted in a year to year budget reduction for inter-departmental charges of \$947,000.

The majority of the FY 06 budget is for salaries which are decreasing by \$178,000 from \$2.9 million in FY 05 to \$2.7 million. This decrease is mostly attributable to overtime. In FY 05, as part of the Assessment and Assessment Review reform initiative, the department increased staff and overtime to help accelerate tax refund payments. This was necessary to bring the outstanding liability down to a manageable level so that the County could meet the FY 06 deadline to stop borrowing to fund the payments. Offsetting this decrease is a 2.5% CSEA contractual salary increase effective January 1, 2006.

The general expenses allocation is intended mainly for the advertising and public notice costs associated with publicizing the County’s annual tax lien sale. These expenses are reimbursed by the lien purchaser. The contractual services allocation is decreasing by \$650,000 in FY 05 to \$559,000.

County Treasurer Staffing Analysis						
	<u>FY 05 Adopted</u>	<u>Sept-05 Actual</u>	<u>FY 06 Request</u>	<u>FY 06 Executive</u>	<u>Exec. vs 05 Adopt</u>	<u>Exec. vs Actual</u>
Full-time Staffing	45	44	48	47	2	3

The proposed FY 06 staffing is an increase of two full-time positions from the FY 05 budget, and an increase of three full-time positions from the current staffing level. The departmental request had included a third Deputy County Treasurer, however this is not included in the FY 06 Executive Budget.

ASSESSMENT

The mission of the Department of Assessment is to provide accurate and equitable assessments for the properties within Nassau County, and to update the assessment roll annually. In addition, the department administers the New York State STAR Program and processes applications for local school district tax relief and reductions.

The budget proposed for the Department of Assessment is \$14.1 million, a \$3.2 million decrease from the current year. Much of this reduction is attributable to a change in the way the Office of Management and Budget is accounting for inter-departmental charges in the FY 06 budget (see below). This line has gone from \$1.9 million in FY 05 to zero in FY 06. Excluding inter-departmental charges, the proposed budget is decreasing by \$1.3 million, or 8.4%. This results from the net of a \$2.9 million reduction for contractual services, which is partially offset by a \$1.6 million increase in salaries expense.

EXPENSE BUDGET BY OBJECT CLASS

Obj	Name	Adopted FY 05 Budget	OLBR FY 05 Projection	FY 06 Dept. Request	FY 06 Exec. Budget	Variance Exec. vs Adopted 05	Variance Exec. vs FY 05 Proj.
AA	Salaries	\$9,803,733	\$9,234,827	\$11,493,159	\$11,375,158	\$1,571,425	\$2,140,331
BB	Equipment	330,000	330,000	332,707	332,707	2,707	2,707
DD	General Expenses	853,000	853,000	859,998	859,998	6,998	6,998
DE	Contractual Services	4,373,870	4,373,870	3,502,367	1,502,367	(2,871,503)	(2,871,503)
	Total OTPS	5,556,870	5,556,870	4,695,072	2,695,072	(2,861,798)	(2,861,798)
HF	Inter-Depart Charges	1,930,739	1,930,739	0	0	(1,930,739)	(1,930,739)
	Grand Total	\$17,291,342	\$16,722,436	\$16,188,231	\$14,070,230	(\$3,221,112)	(\$2,652,206)

Assessment's departmental request reduced the contractual services line by \$871,503. This was possible because the cost for Cole Layer Trumble's (CLT) services will decrease from \$2,950,000 in FY 05 to \$2.0 million in FY 06. This contract, with a term of six years, in effect since 2003, provides for real property appraisal services related to the annual update of the assessment roll. The Executive Budget reduced the contractual services line in the departmental request by \$2 million, as the Administration plans to pre-pay the FY 06 expense of the CLT contract with available FY 05 funds. Other services provided by contract include data processing maintenance and mainframe code modification. The department also has an agreement with an employment agency to provide temporary workers when needed. The remainder of the OTPS codes are basically remaining flat.

In the chart above, inter-departmental charges have been separated out of the OTPS budget for comparison purposes. These charges had been developed to more accurately identify and allocate the costs incurred by other departments on behalf of Assessment for such services as information technology, telecommunications, and records management. However, in the FY 2006 budget the Office

of Management and Budget has scheduled interdepartmental charges only for those departments that are routinely eligible for federal and state reimbursement of expenses, or are a shared services department that sells services. This change in methodology has resulted in a year to year budget reduction for interdepartmental charges of \$1.9 million.

The salaries budget is increasing by 16%, from \$9.8 million to \$11.4 million. The number of budgeted heads, as seen in the chart below, will grow by 19 full-time and 3 part-time positions. The department is made up predominantly of CSEA members, with a small number of ordinance employees. The County Assessor, an elected official who serves as Chairman of the Board of Assessors, and the members of that Board, make up the remaining the staff. The CSEA contract will provide a CPI-based salary adjustment as of January 1, 2006 of 2.5%, in addition to a step increase.

Department of Assessment Staffing Analysis						
	<u>FY 05 Adopted</u>	<u>Sept-05 Actual</u>	<u>FY 06 Request</u>	<u>FY 06 Executive</u>	<u>Exec. vs 05 Adopt</u>	<u>Exec. vs Actual</u>
Full-time Staffing	228	202	247	247	19	45
Part-time and Seasonal	4	4	7	7	3	3

In the budget as proposed, Assessment would gain 19 full-time positions, and lose one part-timer. The September actual headcount reveals a significant number of vacant full-time positions. The department has been aggressively seeking to hire and train a staff capable of taking over the annual update from Cole Layer Trumble. Since September 2004, actual headcount has grown by 49 full-time positions. If the County terminates the CLT contract for convenience prior to December 31, 2006, CLT would receive a buyout of \$350,000. Even while the contract is in place the department will perform work related to the update, such as field review, clerical support, data entry, and the producing and mailing of disclosure notices.

A budget line labeled “Empty” was added to the FY 05 budget, and allocated \$2.2 million. That lump sum funding was to be used to hire 50 employees to take over the valuation work from CLT and another 33 employees to handle Small Claims Assessment Review (SCAR) proceedings. The proposed FY 06 “Empty” line funds 59 full-time positions for \$1.5 million. Of the 59 positions, 40 will be assigned to the annual update, and 19 will be utilized for work relating to the SCAR proceedings. These positions have been funded at 50% of annual salary in the expectation that the hiring will be staggered throughout the year. The titles include 19 Real Property Tax Specialists, 8 Assessor Aide I’s, 7 Commercial Industrial Assessor Appraiser I’s, 3 Commercial Industrial Assessor Appraiser II’s, 5 Real Property Assessor Appraiser I’s, 2 Real Property Assessor Appraiser III’s, 1 Statistician, 1 Public Utilities Assessor, 1 Chief Deputy Assessor, and various clerical, accounting, and administrative support staff.

REVENUE BUDGET						
Revenue Class	Adopted FY 05 Budget	OLBR FY 05 Projection	FY 06 Dept. Request	FY 06 Exec. Budget	Variance Exec. vs Adopted 05	Variance Exec. Vs FY 05 Proj.
BH Department Revenues	\$245,000	\$245,000	\$245,000	\$245,000	\$0	\$0
SA State Aid - Reimb. Exp.	664,000	835,000	800,000	800,000	136,000	(35,000)
Total	\$909,000	\$1,080,000	\$1,045,000	\$1,045,000	\$136,000	(\$35,000)

The largest revenue source for the Department of Assessment, state aid, is increasing by 20% in the proposed budget. The County will receive \$5 per parcel for its updating of the roll. Although Nassau has some 416,000 parcels, the state caps its aid at \$500,000. The department also receives state aid for costs associated with the implementation of the School Tax Relief program (STAR), which provides a partial exemption from school property taxes for owner-occupied, primary residences. The State has indicated that the rates upon which this aid is calculated will be reduced by one third in FY 06. The amount received in FY 04 for STAR related reimbursement was \$370,000, and approximately \$335,000 is projected for the current year.

The department collects fees for such services as the sale of tax maps, property record cards, and various reports. These show up as departmental revenues and are expected to remain flat in FY 06.

PARKS, RECREATION AND MUSEUMS

The Department of Parks, Recreation and Museums operates and maintains all County parks, museums, golf courses and other recreational facilities. This includes providing stewardship for the 6,000 acres of land, preserving and opening historic homes to the public and also conducting concerts and other events throughout the year.

REVENUE BUDGET							
Revenue Class	Adopted FY 05 Budget	OLBR FY 05 Projection	FY 06 Dept. Request	FY 06 Exec. Budget	Variance Exec. vs Adopted 05	Variance Exec. vs FY 05Proj.	
BE Investment Income	\$45,000	\$281,000	\$250,000	\$250,000	\$205,000	(\$31,000)	
BF Rents and Recoveries	1,490,000	1,100,000	1,416,300	1,416,300	(73,700)	316,300	
BG Revenue offsets to Exp.	250,000	0	0	0	(250,000)	0	
BH Department Revenues	20,349,350	16,549,350	16,496,200	17,106,874	(3,242,476)	557,524	
TL Property Tax	48,293,581	48,293,581	51,167,929	51,167,929	2,874,348	2,874,348	
TX Special Taxes	975,000	975,000	975,000	975,000	0	0	
Grand Total	\$71,402,931	\$67,198,931	\$70,305,429	\$70,916,103	(\$486,828)	\$3,717,172	

The Department of Parks and Recreation receives the bulk of its revenue from a dedicated property tax levy. In FY 06 the Parks department will receive \$51.2 million. Increased revenues are necessary to cover the increased expenses projected in the Parks Fund next year. Although County property taxes will not increase in FY 06, through redistribution the department will receive an additional \$2.8 million compared to FY 05.

The FY 05 investment income projection of \$281,000 is over six times higher than the adopted budget. The increased projection is due to higher short term rates on tax levy deposits. Although the budgeted 2006 amount is \$31,000 less than the 2005 projected actuals, this revenue source is subject to an unpredictable market.

The OLBR FY 05 projection for departmental revenues shows an anticipated shortfall of \$3.8 million compared to the \$20.3 million budget. For the past two adopted budgets the Administration has significantly over projected departmental revenue. Although the budget for FY 06 is increasing by \$557,524 compared to the current year projection, the increase appears feasible. The department is anticipating a slight increase in the golf rounds played versus 2005.

Revenue offsets to expenses budgeted for \$250,000 in FY 05 will be zeroed out with the 2006 budget. This is due to the Cradle of Aviation not being able to meet its contractual obligation to repay a \$2.5 million loan. The special taxes are from one-twelfth of the hotel/motel room tax. Although the budget for special taxes is expected to remain flat with the current year at \$975,000, this projection may increase due to pending state legislation.

EXPENSE BUDGET BY OBJECT CLASS							
Obj	Name	Adopted FY 05 Budget	OLBR FY 05 Projection	FY 06 Dept. Request	FY 06 Exec. Budget	Variance Exec. vs Adopted 05	Variance Exec. vs FY 05 Proj.
AA	Salaries	\$18,903,012	\$18,251,188	\$20,392,847	\$19,442,234	\$539,222	\$1,191,046
AB	Fringes	10,064,998	9,518,590	10,230,013	10,263,153	198,155	744,563
	Total PS	28,968,010	27,769,778	30,622,860	29,705,387	737,377	1,935,609
BB	Equipment	1,113,700	1,113,700	592,000	367,000	(746,700)	(746,700)
DD	General Expenses	2,358,700	2,333,700	2,026,300	1,851,300	(507,400)	(482,400)
DE	Contractual Services	4,298,000	4,298,000	8,845,000	8,870,000	4,572,000	4,572,000
	Total OTPS	7,770,400	7,745,400	11,463,300	11,088,300	3,317,900	3,342,900
HD	Debt Service Chargebacks	18,349,426	18,373,689	17,736,093	17,736,093	(613,333)	(637,596)
HF	Inter-Departmental Charges	16,315,095	16,315,095	0	17,897,683	1,582,588	1,582,588
	Grand Total	\$71,402,931	\$70,203,962	\$59,822,253	\$76,427,463	\$5,024,532	\$6,223,501

Review of the expense budget by object class reflects a salaries increase of \$539,222. This can be attributed to the addition of 6 full-time employees and 34 part-time employees and a contractual CSEA raise.

Inter-departmental charges and debt service chargebacks, have been separated out of the OTPS budget for comparison purposes. These charges have been developed to more accurately identify and allocate the costs incurred by other departments on behalf of Parks Department. A corresponding revenue gets booked to the department providing the service as an inter-departmental revenue (BJ). The largest components of the inter-departmental charges are for building occupancy at a cost of \$8.2 million, indirect charges of \$3.1 million and another \$3.0 million for security services provided by the Police Department.

The capital debt service estimate is made up mostly of long-term debt service for all parks facilities, with the remainder made up of debt related to the Mitchell Field complex and the Cradle of Aviation. The projection for capital debt service has been reduced \$613,333, or 3.3%, from the FY 05 budget.

The Office of Management and Budget has merged the categories materials and supplies (CC) and general expense (DD) under general expense (DD) for the 2006 budget to simplify the management of these expenses. For comparison purposes, we have done the same for the 2005 Budget and OLBR Projection. The combined decrease in equipment and general expenses equals \$1.2 million. In FY 05 both of these accounts were increased to upgrade equipment for park and golf facilities, increase supplies to upgrade various parks, pools and driving ranges. The reduced amounts for the proposed budget return the funding to normal operating levels.

The contractual services line of the Parks department will increase by \$4.6 million. The increase is the result of an additional appropriation of \$5 million for the Roslyn Fine Arts museum. It is still unclear to OLBR how the funds will be used. The remaining funds are budgeted for various contracts that

facilitate many of the department’s daily operations. Contract functions include but are not limited to: 1) Custodial maintenance for the department’s building restrooms at each major facility, including golf courses, pool, ice rinks and picnic areas. 2) Garbage removal, which saves the County from having to own and operate its own trucks. 3) Personal services, dedicated for museum programs throughout the County.

EXPENSE BUDGET BY CONTROL CENTER						
Control Center	Adopted FY 05 Budget	Departmental Request FY 06	Executive FY 06	Variance Exec. vs Adopted 05	Variance Exec. vs Request	
10 Administration	\$37,572,333	\$21,439,499	\$38,915,064	\$1,342,731	\$17,475,565	
20 Technical Service	9,083,725	7,684,194	7,455,113	(1,628,612)	(229,081)	
30 Recreation Services	5,827,089	6,384,811	5,928,827	101,738	(455,984)	
40 Museums	4,319,304	9,574,848	9,657,564	5,338,260	82,716	
61 Golf Operations	4,535,482	4,508,888	4,207,742	(327,740)	(301,146)	
Fringe Benefits	9,456,283	9,376,715	9,980,312	524,029	603,597	
Total	\$70,794,216	\$58,968,955	\$76,144,622	\$5,350,406	\$17,175,667	

The funding for Parks and Recreation will increase by \$5.4 million compared to the FY 05 adopted budget. Both the Administration and Museums control centers will be receiving significantly more funding than what was budgeted for the current year. The Administration control center increase is due to higher interdepartmental charges which increased from \$16.3 million to \$17.8 million. The Museums control center is increasing due to the Roslyn Fine Arts Museum which will receive an additional \$5 million in FY 06.

The additional headcount scheduled in the proposed budget and the higher cost of medical care is reflected in increased fringe benefit costs for FY 06. The Technical Services and Golf Operations control centers were reduced due to normal operating levels after increased allocations in 2005 for the purchase of equipment and supplies related to upgrade and improvements.

Nassau County Parks & Recreation Fund
Staffing Analysis

	<u>FY 05 Adopted</u>	<u>Sept-05 Actual</u>	<u>FY 06 Request</u>	<u>FY 06 Executive</u>	<u>Exec. vs 05 Adopt</u>	<u>Exec. vs Actual</u>
CC Full-time Staffing						
10 Administration	37	17	37	30	(7)	13
20 Technical Service	93	106	105	105	12	(1)
30 Recreation Services	46	46	48	45	(1)	(1)
40 Museums	40	36	40	43	3	7
60 Golf Operations		3			0	(3)
61 Golf Operations	47	40	48	46	(1)	6
Total Full-Time	<u>263</u>	<u>248</u>	<u>278</u>	<u>269</u>	<u>6</u>	<u>21</u>
CC Part-time Staffing						
10 Administration	1	9	20	17	16	8
20 Technical Service	54	30	29	29	(25)	(1)
30 Recreation Services	81	121	124	124	43	3
40 Museums	42	44	46	45	3	1
61 Golf Operations	16	13	17	13	(3)	0
Total Part-time	<u>194</u>	<u>217</u>	<u>236</u>	<u>228</u>	<u>34</u>	<u>11</u>
CC Seasonal Staffing						
10 Administration	1	7	58	58	57	51
20 Technical Service	97	65	14	14	(83)	(51)
30 Recreation Services	617	241	416	369	(248)	128
40 Museums	27	30	23	23	(4)	(7)
60 Golf Operations		1			0	(1)
61 Golf Operations	200	102	101	81	(119)	(21)
Total Seasonal	<u>942</u>	<u>446</u>	<u>612</u>	<u>545</u>	<u>(397)</u>	<u>99</u>

For the FY 06 budget the department's full-time staffing will receive an additional six positions. The Administration control center will be trimmed to 30 positions, 13 above the September actuals. Part-time staffing for the department will increase by 34 positions above the adopted 2005 levels. Recreational Services will be funded for an additional 43 positions, mostly laborers and lifeguards.

The department is authorized to hire 545 seasonal employees in FY 06. This represents a reduction of 397. However, the funding for seasonal help will increase from \$2.6 million to \$3.0 million. Historically the department operates with more than the budgeted number of seasonals with the intent of tightly managing the dollars.

Out Year Initiatives:

ID	NAME	FY 2007	FY 2008	FY 2009
PPWP03	Parks Revenue Enhancement Plan	\$2,000,000	\$3,000,000	\$4,000,000

The **Parks revenue enhancement plan** initiative targets improvements at the Aquatic Center and at the landmark preservation units to achieve additional revenue. This initiative has been revised down from \$7,000,000 in the out years compared to the FY 05 budget. The department expects to increase rental income from some of its sites by contracting with a real estate management company. The Parks department is also anticipating increased revenue related to the hiring of a consultant for the museums and a golf specialist to maximize golf usage. Although this is a carry over initiative from the current year which has been revised down in the out-years it still appears to be very optimistic.

DEPARTMENT OF PUBLIC WORKS (GENERAL FUND)

Last year the Department of Public Works restructured its twelve control centers into four control centers: Administration, Engineering, Operations and Fleet Management. The FY 06 budget is decreasing by \$2.5 million or 3% from \$82.4 million in FY 05 to \$79.9 million in FY 06.

The department has the responsibility for the implementation and monitoring of the following Multi-Year Financial Plan initiative which has been incorporated into the FY 06 budget and out-year baseline assumptions:

Advertising - \$175,000

Under the **Advertising** initiative, the Department of Public Works and the Department of Parks anticipate generating \$175,000 in revenue. The plan is to attract sponsors to utilize various County properties such as buildings, the Coliseum, Aquatic Center or roadways as media outlets.

Fleet Management - \$250,000

The **Fleet Management** initiative plans to generate \$250,000 in expenditure savings. The plan is to reduce the number of non-emergency vehicles. Savings would be generated from a reduction in fuel as well as parts, equipment and maintenance. This initiative would also replace Sports Utility Vehicles (SUV) with Sedans which would also save gasoline expenses. The department of Public Works is in the process of surveying vehicle usage. The department will also purchase 40 Natural Gas Compressed Vehicles, 20 of which will be purchased in FY 05 and 20 in FY 06.

EXPENSE BUDGET BY CONTROL CENTER						
Control Center		Adopted FY 05 Budget	Departmental Request FY 06	Executive FY 06	Variance Exec. vs Adopted 05	Variance Exec. vs. Request
00	Administration	\$11,611,369	\$9,852,784	\$4,569,878	(\$7,041,491)	(\$5,282,906)
01	Engineering	18,147,823	17,743,531	18,022,566	(125,257)	279,035
02	Operations	48,395,584	49,390,367	52,380,868	3,985,284	2,990,501
03	Fleet Management	4,199,643	4,352,921	4,879,251	679,608	526,330
Total		\$82,354,419	\$81,339,603	\$79,852,563	(\$2,501,856)	(\$1,487,040)

The above chart reflects expenses by control center. Administration and Engineering are decreasing while Operations and Fleet Management have increased. The decrease in Administration and increase in Operations are due to the transfer of interdepartmental charges from Administration into Operations. Fleet Management (labeled Groundwater Remediation in the budget book) is increasing 16% due to general expense and interdepartmental charges.

The control center for Administration includes expenses to carry out administrative functions. This control center includes clerical, administrative and accounting functions as well as the capital planning office.

The division of Engineering (labeled as Highways and Engineering in the budget book) centralizes all engineering staff under various functional units. These include architectural planning & design, construction management, the quality control laboratory, traffic and signal engineering and the drafting unit.

Operations (labeled Roads and Bridge Maintenance in the budget book) includes road maintenance, bridge maintenance, snow & ice removal and operations, storm water and drainage maintenance, mosquito control and traffic maintenance. In FY 05 the Police Building Maintenance Unit had been budgeted in Operations. During the year, the Administration decided to shift the expenses back into Police Headquarters.

EXPENSE BUDGET BY OBJECT CLASS							
Obj	Name	Adopted FY 05 Budget	OLBR FY 05 Projection	FY 06 Dept. Request	FY 06 Exec. Budget	Variance Exec. vs Adopted 05	Variance Exec. vs FY 05 Proj.
AA	Salaries	\$37,202,238	\$36,185,967	\$36,710,572	\$36,443,722	(\$758,516)	\$257,755
BB	Equipment	484,514	484,514	470,284	351,319	(133,195)	(133,195)
DD	General Expenses	4,646,507	5,100,000	5,118,753	4,813,753	167,246	(286,247)
DE	Contractual Services	8,366,954	8,366,954	8,181,380	7,909,580	(457,374)	(457,374)
DF	Utility Costs	24,268,128	26,400,000	26,025,708	25,299,239	1,031,111	(1,100,761)
	Total OTPS	37,766,103	40,351,468	39,796,125	38,373,891	607,788	(1,977,577)
HF	Inter-Dept. Charges	7,386,078	7,386,078	4,832,906	5,034,950	(2,351,128)	(2,351,128)
	Grand Total	\$82,354,419	\$83,923,513	\$81,339,603	\$79,852,563	(\$2,501,856)	(\$4,070,950)

The FY 06 salary budget is decreasing by 2% from the FY 05 budget. The FY 05 projection of \$36.2 million is producing a surplus of \$1 million from the FY 05 budget. The FY 06 budget includes a 2.5% CSEA salary increase. Since the FY 06 budget is increasing from the current staffing level, the FY 06 salary appears to be sufficient.

Other than personal services are increasing by 2%. The Office of Management and Budget has merged the categories materials and supplies (CC) and general expense (DD) under general expense (DD) for the 2006 budget to simplify the management of these expenses. For comparison purposes, we have done the same for the 2005 Budget and OLBR Projection. General expenses are minimally increasing in part for gasoline expenses under Fleet Management. The FY 06 budget of \$1.2 million may fall short due to the recent surge in fuel costs. For the first three quarters in FY 05 approximately \$1 million in fuel has

been expended in gasoline charges under Fleet Management. The FY 05 projection for general expense services is \$5.1 million or \$450,000 over budget.

For FY 06, the department's contractual expenses are decreasing by \$457,000 or 5% because one of its traffic maintenance contracts for traffic signal maintenance had expired and was just recently rebid; the result was a significant reduction in the cost of this contract from the previous one two years earlier.

Utility costs are rising by \$1 million due to the increased cost of oil and natural gas. The majority of the increase can be found in light, power and water, however fuel is decreasing by \$1.5 million. This is due to the savings from the Energy Conservation Program. This is a contract between the department and the New York State Power Authority to reduce energy costs to the County. The contract is effective this month and the budget includes a savings of \$840,000 as a result of this program. Utility costs also include a \$5 million charge for Tri-Gen Nassau District Energy which includes energy costs for the college. Due to the rise in energy consumption and energy rate increases, the FY 05 projection for utility costs is \$2.1 million over budget.

Inter-departmental charges have been separated out of the OTPS budget for comparison purposes. These charges had been developed to more accurately identify and allocate the costs incurred by other departments on behalf of Public Works. However, in the FY 2006 budget the Office of Management and Budget has scheduled inter-departmental charges only for those departments that are routinely eligible for federal and state reimbursement of expenses, or are a shared services department that sells services. This change has resulted in a year to year budget reduction for inter-departmental charges of \$2.4 million. The inter-departmental charges that will be eliminated include printing & graphics, postage, information technology, records management, purchasing, and telecommunications charges. Inter-departmental charges are decreasing from \$7.4 million in FY 05 to \$5 million in FY 06. Fleet maintenance charges was reduced by \$1.8 million and gasoline charges was reduced by \$302,000. The eliminated and reduced charges are partially offset by a \$2.6 million increase in indirect charges.

**Department of Public Works
Staffing Analysis**

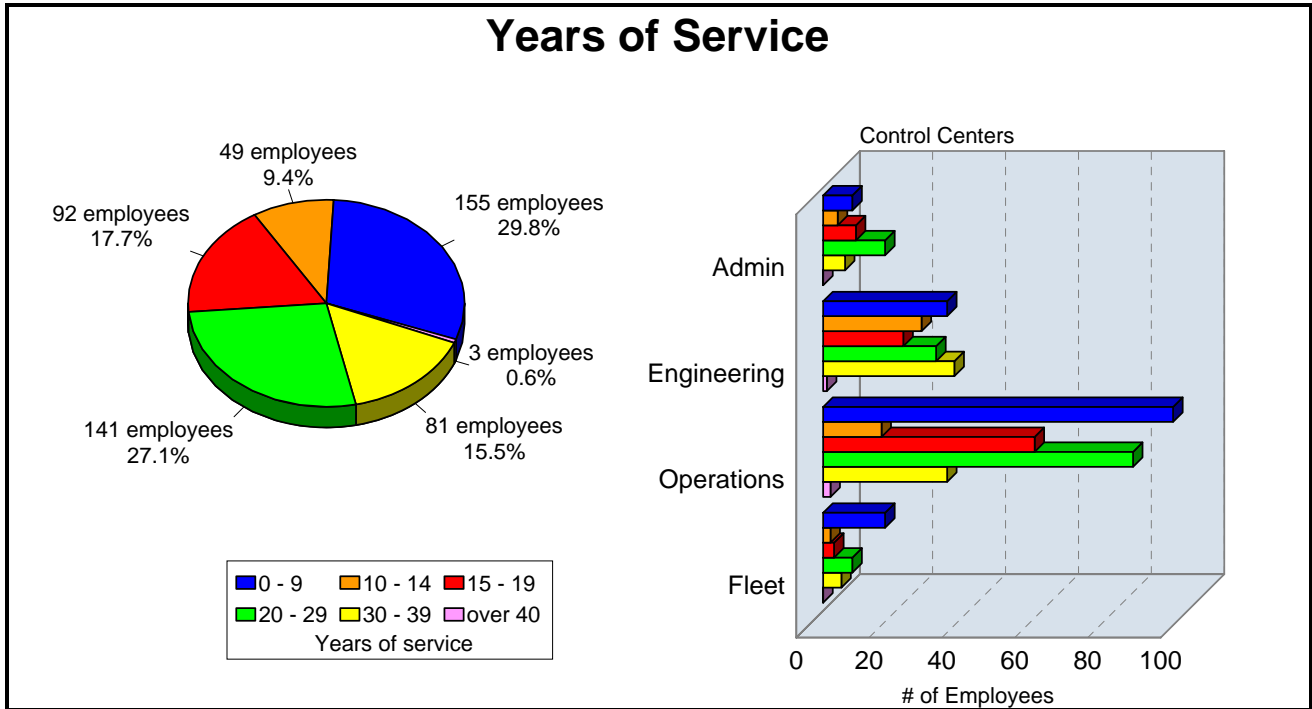
	<u>FY 05 Adopted</u>	<u>Sept-05 Actual</u>	<u>FY 06 Request</u>	<u>FY 06 Executive</u>	<u>Exec. vs 05 Adopt</u>	<u>Exec. vs Actual</u>
CC Full-time Staffing						
00 Administration	51	44	49	49	(2)	5
01 Engineering	155	151	156	156	1	5
02 Operations	319	299	302	302	(17)	3
03 Fleet Management	42	35	35	36	(6)	1
Total Full-time	<u>567</u>	<u>529</u>	<u>542</u>	<u>543</u>	<u>(24)</u>	<u>14</u>
CC Part-time and Seasonal						
00 Administration	26	14	33	28	2	14
01 Engineering	1	5	0	0	(1)	(5)
02 Operations	161	110	176	151	(10)	41
03 Fleet Management	0	6	10	10	10	4
Total Part-time and Seasonal	<u>188</u>	<u>135</u>	<u>219</u>	<u>189</u>	<u>1</u>	<u>54</u>

As seen in the above chart, full-time staffing in Public Works is decreasing by 24 positions from 567 in FY 05 to 543 in FY 06. The decrease of 17 positions in Operations includes the Building Maintenance Unit employees that were budgeted in Public Works for FY 05. The proposed FY 06 Budget includes 14 positions more than the current staffing level. The increase in Administration includes accounting and analyst positions identified for the Capital Planning Unit.

Part-time and seasonal positions are increasing by one position from 188 in FY 05 to 189 in FY 06. Ten seasonal Labor I positions for storm water and drainage maintenance have been removed from Operations. This has been offset by 10 part-time workers that have been added to Fleet. FY 06 salaries for Engineering seasonal positions have been reduced by \$48,000 from \$608,000 to \$560,000. The FY 06 salary budget for the part-time Fleet employees is \$182,600.

According to the department, Public Works continues to lose more employees than they can replace. A hiring plan has been created to identify critical positions required. For FY 06, the department believes that they can continue to function properly with the headcount figures above. During FY 05, the Department had identified 13 full-time positions from payroll that had been absent from work for extended periods of time. The Department has been successful in removing these positions from Payroll.

Additionally, the department continues to operate with a staff that has significant years of service, many of whom are close to retirement. The area chart below displays the number of employees with their corresponding years of service. The chart also provides the break out by control center:



Approximately 43% of the department has greater than 20 years of service and 61% have greater than 15 years of service. Also the majority of employees that have greater than 15 years of service are in the control centers for Engineering and Operations. If a significant portion of these employees decide to retire, the department’s ability to function internally and in the field can greatly be hampered.

REVENUE BUDGET

Revenue Class		Adopted FY 05 Budget	OLBR FY 05 Projection	FY 06 Dept. Request	FY 06 Exec. Budget	Variance Exec. vs Adopted 05	Variance Exec. Vs FY 05 Proj.
BC	Permits and Licenses	\$390,000	\$390,000	\$182,000	\$182,000	(\$208,000)	(\$208,000)
BF	Rents & Recoveries	0	15,100,000	0	0	0	(15,100,000)
BH	Department Revenues	870,000	870,000	865,000	865,000	(5,000)	(5,000)
BI	Capital Backcharges	5,440,000	5,440,000	4,570,240	4,570,240	(869,760)	(869,760)
BJ	Interdepartmental Revenues	23,343,217	23,343,217	0	15,644,974	(7,698,243)	(7,698,243)
BW	Interfund Charges Revenue	5,574,320	5,574,320	0	6,700,000	1,125,680	1,125,680
FA	Federal Aid - Reimbursable	0	0	440,000	440,000	440,000	440,000
SA	State Aid - Reimbursable	55,000	55,000	0	0	(55,000)	(55,000)
Grand Total		\$35,672,537	\$50,772,537	\$6,057,240	\$28,402,214	(\$7,270,323)	(\$22,370,323)

The FY 06 revenue budget for the department is decreasing significantly by \$7.3 million from \$35.7 million in FY 05 to \$28.4 million. Most of this decrease is from interdepartmental revenue which is decreasing \$7.7 million or 33%. Interdepartmental revenue is decreasing because the department will no longer charge building occupancy charges to other General Fund departments who do not routinely receive federal and state reimbursement. The department will continue to receive revenue for building occupancy charges from other funds or from General Fund departments that are routinely eligible for federal and state reimbursement of expenses.

The revenue budget for permits and licenses, department revenues, capital chargebacks, interdepartmental revenue and state aid are also decreasing. These decreases are mostly due to a portion of revenue that will be included in the Sewer and Storm Water District Fund for FY 06. Permits and licenses are decreasing due to the transfer of revenue into the Sewer and Storm Water Fund for sewage connections and verification of permits/ connections. The decrease in capital chargebacks is related to personnel paid from the General Fund who at times are engaged in sewer capital projects. Approximately \$1.1 million in chargeback revenue has been transferred to the Sewer and Storm Water budget. Also as personnel engaged in capital projects leave, the department had not been able to replace them. Instead, consultants have been hired, and therefore chargeback revenue is not received.

The FY 05 projection in rents and recoveries is \$15.1 million. This funding reimburses the General Fund for personnel costs related to storm water operations. There are approximately 100 full-time positions in the General Fund that are responsible for storm water operations. The Sewer and Storm Water District Fund budgets these expenses under interdepartmental charges to reimburse the General Fund for these costs incurred on behalf of the Sewer and Storm Water District Fund.

The FY 05 budget of \$23.3 million for interfund charges accounts for the costs incurred on behalf of the Sewer District for sewer and storm water services. Of this amount, \$10.1 million is for charges from the General Fund for salaries of Public Works storm water employees.

Interfund revenue includes revenue from Nassau Community College for utility costs paid by the Public Works Department.

The FY 06 revenue budget for federal aid is for one of the traffic maintenance contracts (traffic computer maintenance). The department is eligible for 80% reimbursement of the amount spent on the contract. The contract is budgeted for \$550,000.

State aid has been eliminated in FY 06 due to the transfer of revenue to the Sewer and Storm Water District. State aid includes reimbursement from the State for mosquito control.

Out-Year Initiatives

NAME	FY 2007	FY 2008	FY 2009
Advertising Revenue	\$325,000	\$575,000	\$825,000

The **Advertising** initiative anticipates income of \$325,000 in FY 07, \$575,000 in FY 08 and \$825,000 in FY 09 by generating revenue from advertising various assets such as roadways, buildings and vehicles as media outlets. The initiative is a project that has been employed at the Metropolitan Transit Authority and the New York City School Districts. The Public Works participation in generating revenue under this initiative is very minimal. The majority of revenue will mostly like come from advertising assets in various park facilities. After a County-wide asset assessment, the plan is to solicit opportunities through interested sponsors.

THE SEWER AND STORM WATER DISTRICT

In the Fall of 2003 the New York Senate and Assembly passed a bill, which was signed by the Governor, to establish the Nassau County Sewer and Storm Water Finance Authority. Chapter 685 of the Laws of 2003 added Title 10-D to the New York State Public Authorities Law to create the Authority.

This legislation created the Authority and a consolidated County-Wide Sewer & Storm Water Resource District. The sole purpose of the Sewer and Storm Water Finance Authority is to refinance outstanding sewer and storm water resources debt issued by the County (previously paid from the General Fund) and to finance future County sewer and storm water resources projects. The Authority can restructure this debt within a \$350 million cap. The original intention behind the creation of the Authority was to restructure sewer debt issued through the Environmental Facilities Corporation to create debt service savings. The County continues to have the ability to issue County debt either on its own or as part of an EFC financing, and to request that NIFA issue its debt for such purposes within the limits of NIFA's statutory borrowing authority.

Thus far the Authority has issued two series of Revenue Bonds through the MBIA Insurance Corporation. The first issuance occurred on March 1, 2004 of \$54.2 million in aggregate principle of System Revenue Bonds, 2004 Series A Bonds. The second issuance occurred October 1, 2004 and includes \$27.4 million in aggregate principle of System Revenue 2004 Series B Bonds. The bonds are special obligations of the Authority and are payable solely from the revenues, funds and assets that have been pledged under the Resolution as security for the payment. The proceeds of the bonds were used by the Authority to (i) refinance certain outstanding County Bonds, which proceeds constitute a portion of the purchase price for the Authority's acquisition of the sewer and storm water resources system of the County of Nassau, and (ii) pay the costs of issuance of the 2004A and 2004B Bonds as well as miscellaneous acquisition expenses.

The legislation also creates the County-wide Sewer and Storm Water Resource District under the District Act. This legislation abolished the patchwork of 27 collection and 3 disposal districts. A single County-wide district has created in their place to provide sewer and storm water services. All the rights, privileges, duties and responsibilities and obligations of the prior districts became that of the new district. All funds remaining in the accounts of the prior districts have been transferred to the Authority for capital needs, debt service and reserves.

The rate stabilization program established under the agreement requires the tax rate to remain unchanged from the level set in 2003 until 2007. Since no storm water tax existed in 2003, none will be assessed until after 2007. The District Act requires the County to transition to three zones of assessment by 2014: one zone of assessment that is County-wide for storm water services, one zone of assessment for sewage collection and sewage disposal, and one zone of assessment for sewage disposal only. Taxes will be sent to the Town Receivers of Taxes where it will be stored in a lockbox to ensure payment of Authority bonds. The Authority and the County have entered into a financing agreement related to the financial relationships of the entities.

Flow of funds

The Financing Agreement establishes a flow of funds between the Sewer and Storm Water Finance Authority and the Sewer and Storm Water Resource District. Assessments are collected and designated to a lock box by the Receiver of Taxes. The assessments flow to the Financing Authority to first settle all of its financing obligations for debt service and for the Authority's operating expenses. After the Authority has absorbed the required amount needed to settle obligations, the funds are transferred to the Sewer and Storm Water Resource District. The resource district then takes the amounts needed to settle their operating expenses and capital pay as you go spending. If the Authority does not have sufficient funds, reserve funds have been set up to satisfy any obligations of the Authority and protect the ratepayer.

The reserves include the Rate-Stabilization Reserve Fund, Debt Service Fund, the Debt Service and Sinking Fund, and the Operations and Maintenance (O&M) Reserve Fund.

The Debt Service Fund shall be held in trust by the Trustee until applied as needed. It includes a separate account for each series of bonds. In the event of insufficient funds, and the Debt and Sinking Fund Reserve is insufficient, the trustee shall be authorized (without direction from the Authority), to apply the money in the Debt Service Reserve Fund toward payments of debt service requirements becoming due and payable upon a series of Bonds. There are no requirement limits on the Debt Service Reserve Fund.

The Debt Service and Sinking Fund is held in trust by the Trustee until applied as needed under the Resolution. The Fund shall include a separate account for each series of Bonds issued under the Resolution. The Authority shall pay the Trustee in the relevant account of the Debt Service and Sinking Fund on or before the first business day of each calendar month an amount equal, to Accrued Debt Service for all Bonds issued under the Resolution. The reserve should maintain six months amount of debt service payments.

The rate stabilization reserve fund is held in trust by the Trustee until applied under the Resolution. Upon receipt of written instructions from the Treasurer of the County, the Authority shall direct the Trustee to transfer money in the Rate Stabilization Reserve Fund or to be applied to capital expenses of the System.

The O&M Fund shall be made available immediately to the Authority upon request if necessary to fund debt service on Authority Bonds, County Bonds, New County Bonds, Authority Operating Expenses in excess of the budgeted amounts expended for such fiscal year (not to exceed an aggregate of \$1 million when added to the current fiscal year budgeted amount). The fund should maintain an amount equal to 25% of the operating expenses of the District budgeted for a fiscal year.

In the event of insufficient funds for payment of debt service, the Trustee shall, without instruction or further direction from the Authority, transfer the amount needed from the Debt Service Reserve Fund or the Rate Stabilization Reserve Fund to the Debt Service and Sinking Fund. If the amounts are still insufficient, the Authority shall direct the County to transfer the amount in the O&M Reserve Fund to satisfy any deficiency.

Sewer and Storm Finance Authority Board:

The Sewer and Storm Water Finance Authority Board meets regularly and its current members are:

John R. Bransfield, Jr.

Wayne Lipton

Michael H. Dorsky

Paul D. Annunziato

Patricia M. Canzoneri

Jeffrey S. Schwartz

Helena E. Williams

Recently the board has agreed to switch to a new plan of finance for the issuance of bonds under the Commercial Paper Program Tax-Exempt Commercial Paper Notes (the "Notes"). The program provides a low cost flexible financing source for the Authority. It is a short-term borrowing instrument which can be used for both restructuring of existing County debt and funding of capital projects.

FY 2005 Budget

The FY 06 budget for the Sewer and Storm Water Finance Authority is decreasing by \$52 million to \$145.9 million. The FY 06 budget for the Sewer and Storm Water Resource District is increasing by \$28.4 million to \$224.6 million.

Sewer and Storm Water Resource District:**SEWER & STORM WATER RESOURCE DISTRICT****EXPENSE BUDGET
BY OBJECT CLASS**

Obj	Name	Adopted FY 05 Budget	OLBR FY 05 Projection	FY 06 Dept. Request	FY 06 Exec. Budget	Variance Exec. vs Adopted 05	Variance Exec. vs FY 05 Proj.
AA	Salaries	24,360,669	18,643,749	29,243,732	29,243,732	\$4,883,063	\$10,599,983
AB	Fringe Benefits	11,240,097	6,840,880	11,421,114	11,421,114	181,017	4,580,234
	Total PS	35,600,766	25,484,629	40,664,846	40,664,846	5,064,080	15,180,217
BB	Equipment	151,118	110,000	226,981	226,981	75,863	116,981
DD	General Expenses	9,000,655	10,600,000	9,046,903	9,046,903	46,248	(1,553,097)
DE	Contractual Services	20,749,625	20,749,625	21,441,500	21,441,500	691,875	691,875
DF	Utility Costs	10,553,201	10,800,000	10,774,339	10,774,339	221,138	(25,661)
HH	Interfund Charges	27,757,849	27,757,849	28,235,890	28,235,890	478,041	478,041
32	Operations and Maintenance	43,244,321	43,244,321	18,803,764	18,803,764	(24,440,557)	(24,440,557)
33	General Reserves	15,381,709	15,381,709	46,282,126	46,282,126	30,900,417	30,900,417
87	Other Suits & Damages	500,000	500,000	500,000	500,000	0	0
	Total OTPS	127,338,478	129,143,504	135,311,503	135,311,503	7,973,025	6,167,999
FF	Interest	17,117,106	17,117,106	15,337,145	15,337,145	(1,779,961)	0
GG	Principal	16,154,411	16,154,411	33,247,484	33,247,484	17,093,073	0
	Total Debt Service	33,271,517	33,271,517	48,584,629	48,584,629	15,313,112	0
	Grand Total	196,210,761	187,899,650	224,560,978	224,560,978	28,350,217	21,348,216

The FY 06 expense budget is increasing \$28.4 million from \$196.2 million in FY 05. This is due to increases in salaries, the general reserves and debt service, which are offset by a decrease in the operations and maintenance reserve.

Personal services are increasing 14% from \$35.6 million in FY 05 to \$40.7 million. This is due to increases in both salaries and fringe benefits. The salary budget is increasing by \$4.9 million or 20% due to an incorrect FY 05 budget. The FY 05 budget amount of \$24.4 million did not include the entire chargeback amount from the General Fund for storm water services. The chargeback accounts for the costs incurred on behalf of the Sewer for Sewer and Storm Water Resource District for sewer and storm water services. Approximately \$6.9 million in salaries has been budgeted in FY 06 to cover the cost of the storm water personnel in the General Fund. This charge back includes the responsibility centers from the General Fund for wastewater engineering, groundwater remediation, storm water & drain maintenance (or water supply), mosquito control and construction. In FY 05 the portion for water supply had not been included in the FY 05 budget. The FY 05 projection of \$18.6 million is under the FY 05 budget by \$5.7 million because the projection does not include the storm water personnel costs from the General Fund.

The fringe budget is increasing by \$181,000 or 2%. It includes the fringe benefit costs for the storm water general fund personnel. Approximately \$4.2 million, or 56%, of the salary budget will be used to cover these employees.

Other than personal services is increasing by \$8.0 million from \$127.3 million in FY 05 to \$135.3 million due to a transfer of funds between General Reserves and the O&M Reserve fund. The FY 05 budget had incorrectly allocated the amounts for these two funds. FY 06 switches the allocation between the two reserves. The O&M Reserve must be maintained at a level equal to 25% of operating expenses (excluding debt). The General reserve fund is allowed to float to any amount. A technical change to the budget may increase these figures.

In FY 06 budget for interfund charges of \$28.2 million is increasing by 2% from FY 05. These charges also accounts for the costs incurred on behalf of the Sewer District for sewer and storm water services. Of this amount, \$14.2 million is for charges from the General Fund for salaries of Public Works storm water employees. Another \$8.1 million will be charged for indirect and other than personal services expenses related to these employees. The Administration has decided to budget these costs in both salaries and interfund charges.

The Office of Management and Budget has merged the categories materials and supplies (CC) and general expense (DD) under general expense (DD) for the 2006 budget to simplify the management of these expenses. For comparison purposes, we have done the same for the 2005 Budget and OLBR Projection. General expenses remain flat with a 1% variance. Included in general expenses are costs for sewage and drainage supplies, motor vehicle supplies, equipment and maintenance renovations, medical supplies, building supplies etc. The FY 05 projection for general expenses is \$10.6 million.

Contractual services are increasing by 3% to \$21.4 million in FY 06. Of this amount \$10.5 million has been budgeted for sludge disposal.

Utility costs are growing by 2% to \$10.8 million in FY 06. Due to rising energy costs, utilities may fall short. The FY 05 projection is \$10.8 million or about \$250,000 under budget.

Debt Service is increasing 46% from \$33.3 million in FY 05 to \$48.6 million due to the issuance of the series bonds in FY 04.

**SEWER & STORM WATER RESOURCE DISTRICT
REVENUE BUDGET**

Revenue Class	Adopted FY 05 Budget	OLBR FY 05 Projection	FY 06 Dept. Request	FY 06 Exec. Budget	Variance Exec. vs Adopted 05	Variance Exec. Vs FY 05 Proj.
AA Fund Balance - BOY	\$ 9,053,700	\$ 21,401,465	\$ 95,071,265	\$ 95,071,265	\$ 86,017,565	\$ 73,669,800
BE Investment Income	750,000	1,100,000	1,250,000	1,250,000	500,000	150,000
BF Rents and Recoveries	632,178	300,000	325,000	325,000	(307,178)	25,000
BH Department Revenues	1,255,224	1,255,224	1,788,302	1,788,302	533,078	533,078
BI Capital Backcharges	348,871	348,871	451,780	451,780	102,909	102,909
BW Interfund Charges	111,651,136	103,600,000	125,674,631	125,674,631	14,023,495	22,074,631
IF Interfund Transfers	72,519,652	76,400,066	0	0	(72,519,652)	(76,400,066)
Grand Total	196,210,761	204,405,626	224,560,978	224,560,978	28,350,217	20,155,352

The FY 06 revenue budget for the Resource District is \$225 million, which is an increase of \$28.4 million compared to the FY 05 budget. This increase is due to a growing fund balance which has been offset by the elimination of interfund transfers. A technical adjustment may revise the fund balance downward from \$95 million to \$68 million. The fund balance includes last year's reserves plus any operating surplus or deficits. The fund balance variance is not as large as shown in the above chart. The FY 05 budget for fund balance was placed in both the Sewer and Storm Water Financing Authority and the Sewer and Storm Water Resource District. If taken together, the FY 05 fund balance budget for the Sewer and Storm Water Financing Authority and the Sewer and Storm Water Resource District equal \$68 million.

Interfund transfers have been excluded from the FY 06 budget. The FY 06 amount has been included in Interfund charges. The \$125.7 million in revenue accounts for the costs incurred by the Sewer District for sewer and storm water services charged to the Finance Authority. A technical change to the budget may revise this amount upward.

Departmental revenues are increasing by roughly \$533,000 from \$1.3 million in FY 05 to \$1.8 million in FY 06. Approximately \$1.5 million of revenue in the FY 05 General Fund budget will be transferred to the Sewer and Storm Water Resource District in FY 06. The revenues to be transferred include subdivision plan review, non-stormwater discharges, 239F drainage waiver, and capital backcharges. However this revenue does not appear in the FY 06 Resource District Budget.

**The Sewer And Storm Water District
Staffing Analysis**

	<u>FY 05 Adopted</u>	<u>Sept-05 Actual</u>	<u>FY 06 Request</u>	<u>FY 06 Executive</u>	<u>Exec. vs 05 Adopt</u>	<u>Exec. vs Actual</u>
CC Full-time Staffing						
31 Sewage Disposal District 3-Plant	0	2	0	0	0	(2)
50 Sewer & Storm Water District	392	294	461	461	69	167
Total Full-time	<u>392</u>	<u>296</u>	<u>461</u>	<u>461</u>	<u>69</u>	<u>165</u>
CC Part-time and Seasonal						
Part-time and Seasonal	3	10	3	3	0	(7)

Full-time staffing is increasing by 69 positions from the FY 05 adopted budget of 392 positions to 461 positions in the Sewer and Storm Water District. This budget is an increase of 165 positions over the current staffing level. The FY 05 budget did not include the storm water personnel from the General Fund. Part-time staffing remains unchanged at 3 positions.

In FY 05 the department identified critical hiring needs, which included positions for Sewage Treatment Chemist I's, Laborer I's, Power Plant Operator Trainees, Plant Maintenance Mechanic Trainees's and Maintenance Electricians for the Bay Park Sewage Treatment Plant. The FY 06 budget request includes critical new hires for Sewage Treatment Plant Operator Trainees, Power Plant Operator Trainee, Clerk I's, Plant Maintenance Mechanic Trainees, and Industrial Waste Control Specialist's and Equipment Operators.

Sewer and Storm Water Finance Authority:

SEWER & STORM WATER FINANCE AUTHORITY							
EXPENSE BUDGET BY OBJECT CLASS							
Obj	Name	Adopted FY 05 Budget	OLBR FY 05 Projection	FY 06 Dept. Request	FY 06 Exec. Budget	Variance Exec. vs Adopted 05	Variance Exec. vs FY 05 Proj.
DD	Other Expenses	0	250,000	0	0	0	(250,000)
DE	Contractual Services	500,000	500,000	0	500,000	0	(500,000)
LZ	Transfer Out to SSW For Debt	184,170,788	180,000,000	0	125,735,120	(58,435,668)	(54,264,880)
31	Rate Payer Protection Plan	7,000,000	7,000,000	0	7,000,000	0	0
	Total OTPS	191,670,788	187,750,000	0	133,235,120	(58,435,668)	(55,014,880)
FF	Interest	3,159,945	3,000,000	0	8,567,189	5,407,244	5,567,189
GG	Principal	3,075,000	3,000,000	0	4,130,000	1,055,000	1,130,000
	Total Debt Service	6,234,945	6,000,000	0	12,697,189	6,462,244	6,697,189
	Grand Total	197,905,733	193,750,000	0	145,932,309	(51,973,424)	(48,317,691)

The above chart reflects the expenditure budget for the Sewer and Storm Water Finance Authority. The biggest component of the \$145.9 million is the transfer of funds to the Sewer and Storm Water Resource District. These charges represent a transfer from the Financing Authority to the Resource District. With the creation of the Authority, all tax proceeds are received by the Authority to fund debt service payments and reserve accounts. The remaining balance of the tax proceeds is transferred to the District for annual operating expenses. This amount has been reduced by \$58.4 million to \$125.7 million in FY06. A technical change to the budget may change this amount.

Debt service of \$12.7 million has been budgeted in FY 06, which is more than double the FY 05 budget and projection. This increase is from new debt issued in FY 05.

The funding for the rate payer protection plan remains unchanged from the FY 05 budget at \$7 million. The Financing Agreement prohibits the County from reducing the Rate Stabilization Reserve Fund to an amount below \$7 million before 2007.

**SEWER & STORM WATER FINANCE AUTHORITY
REVENUE BUDGET**

Revenue Class	Adopted FY 05 Budget	OLBR FY 05 Projection	FY 06 Dept. Request	FY 06 Exec. Budget	Variance Exec. vs Adopted 05	Variance Exec. Vs FY 05 Proj.
AA Fund Balance - BOY	58,973,424	0	0	7,000,000	(51,973,424)	7,000,000
OA Capital Proceeds	0	32,552,653	0	0	0	(32,552,653)
BQ Debt Service from Capital	0	8,520,000	0	0	0	(8,520,000)
TL Property Tax	138,932,309	138,932,309	0	138,932,309	0	0
Grand Total	197,905,733	180,004,962	0	145,932,309	(51,973,424)	(34,072,653)

The FY 06 revenue budget for the Sewer and Storm Water Finance Authority includes property taxes and fund balance. The rate stabilization program requires the tax rate to remain unchanged until 2007. Therefore, property taxes remain unchanged at \$138.9 million.

The decrease in Fund Balance from \$59 million from to \$7 million is not a true decrease since fund balance revenue is also budgeted in the Resource District.

Property taxes remain unchanged at \$139 million. The bond proceeds of \$8.5 million are from the issuance of commercial paper. The \$32.6 million includes revenue collected from retired debt. Approximately \$120 million has been collected in property taxes for FY 05. Assessments are collected in February/March and August/September.

OFFICE OF INFORMATION TECHNOLOGY

The proposed FY 06 Budget for the Department of Information Technology (DoIT) is \$24.5 million. There are no funds included in the Technology Fund in FY 06 for DoIT, and the department expects to exhaust the \$5.2 million it had available in FY 05 by the end of the year. In FY 06 the department will be using its capital funds to continue and start projects that include eGovernment, PC Rollout and upgrade to Outlook, Human Resources Payroll and Benefit System, a Financial System upgrade, and the proposed Cisco network equipment upgrade.

IT BUDGET BY PROGRAM			
Program	2005 Budget	2006 Budget	Difference
Application Support	\$1,905,125	\$3,123,698	\$1,218,573
Client Relationship	75,778	574,574	498,796
Data Center Operations	939,839	4,566,292	3,626,453
Desktop Support	1,912,708	2,234,443	321,735
E-Mail/Server	118,602	833,218	714,616
Network	794,480	1,301,020	506,540
Support	9,338,781	1,544,240	(7,794,541)
Support- Inter Dept Chg	1,297,130	1,888,809	591,679
Telecommunications	6,701,931	4,634,934	(2,066,997)
Training	80,000	239,816	159,816
Web Services	410,480	1,593,883	1,183,403
Geographic Information System	0	769,028	769,028
IT Security	0	250,000	250,000
Electronic Document Management System	0	158,010	158,010
Project Management Office	0	822,344	822,344
Total	<u>\$23,574,854</u>	<u>\$24,534,309</u>	<u>\$959,455</u>

The DoIT FY 06 budget shows an increase of only 4.07% over FY 05. However, the expenses for Telecommunications of nearly \$2 million have been reallocated to various departments.

**EXPENSE BUDGET
BY CONTROL CENTER**

Control Center	Adopted FY 05 Budget	Departmental Request FY 06	Executive FY 06	Change From FY 05 To Executive	Change From Request To Executive
10 Administration	23,574,854	23,281,057	22,534,927	(1,039,927)	(746,130)
20 Internal Support Services	0	2,689,803	1,999,382	1,999,382	(690,421)
Total	23,574,854	25,970,860	24,534,309	959,455	(1,436,551)

Any Information Technology department with an operating budget of over \$24.5 million and a planned capital budget expenditure of over \$100 million over the next 5 years needs to ensure that it has a management team that is very strong in leadership skills, technology expertise, and customer relations. DoIT has had several changes in the Commissioner position over the past five years, but minimal new management talent has been injected into the organization. DoIT continues to depend on outside consultants to provide technical expertise and to fill management roles. An example is the role played by Contemporary Computer Services (CCSI, a Cisco only partner) in developing the network topology and recommending additional Cisco equipment in order to deploy the boxed equipment that is still in inventory. However, DoIT has allocated funds to fill some management and technical positions in 2006.

The proposed budget for salaries is approximately \$10.0 million, which includes salary related expenses for 119 full-time employees. This is 23 employees over the current full-time onboard positions. DoIT has created two control centers in the FY 06 budget; Administration and Internal Support Services. In FY 06 DoIT plans to chargeback approximately 15 positions to capital projects for the work they will be performing.

EXPENSE BUDGET BY OBJECT CLASS							
Obj	Name	Adopted FY 05 Budget	OLBR FY 05 Projection	FY 06 Dept. Request	FY 06 Exec. Budget	Variance Exec. Vs. Adopted 05	Variance Exec. Vs. FY 05 Proj.
AA	Salaries	\$9,267,706	\$8,727,270	\$10,917,884	\$9,967,011	\$699,305	\$1,239,741
BB	Equipment	250,000	250,000	1,343,511	252,000	2,000	2,000
DD	General Expense	1,977,402	1,977,402	2,753,183	2,445,734	468,332	468,332
DE	Contractual Services	5,297,908	5,297,908	6,846,849	6,371,322	1,073,414	1,073,414
DF	Utility Cost	5,484,708	5,379,000	4,109,433	3,609,433	(1,875,275)	(1,769,567)
	Total OTPS	13,010,018	12,904,310	15,052,976	12,678,489	(331,529)	(225,821)
HF	Inter-Depart Charges	1,297,130	1,297,130	0	1,888,809	591,679	591,679
	Grand Total	\$23,574,854	\$22,928,710	\$25,970,860	\$24,534,309	\$959,455	\$1,605,599

The total proposed OTPS budget is \$331,529 less than the adopted FY 05 budget. The decrease is the net result of, telecommunications cost of \$1.9 million in the utility line transferred to Police Department and \$0.5 million of GIS related contractual services added to department's budget. GIS was previously budgeted in the Planning Department.

The equipment account is used by the department to purchase computers for new employees and replacement computers for existing employees, County-wide. DoIT had requested \$1,343,000 for this account to ensure all employees who required computers would have one available, but the Executive Budget reduced this to \$252,000. An executive decision was made that all new or replacement computers and related hardware for county agencies would be purchased through the Capital Fund.

The Office of Management and Budget has merged the categories materials and supplies (CC) and general expense (DD) under general expense (DD) for the 2006 budget to simplify the management of these expenses. For comparison purposes, we have done the same for the 2005 Budget and OLBR Projection. The general expense category includes the cost of maintenance of software and licensing increases, and additional software tools. The contractual services category is reflective of the additional maintenance contracts to support the increase and replacement of equipment and software.

In addition, included in general expenses is \$240,000 for education expenses. The department uses these funds to train employees. With the ever changing nature of information technology and the slow turnover of County staff, it appears that more funds should be allocated to this account so employees can obtain training and attend seminars.

Inter-departmental charges have been separated out of the OTPS budget for comparison purposes. These charges have been developed to more accurately identify and allocate the costs incurred by other departments on behalf of Information Technology. The corresponding revenue gets booked to the department providing the service as inter-departmental revenue (BJ). The largest components of the

department's FY 06 inter-departmental charges are for indirect charges at a cost of \$1.5 million and building occupancy charges of \$315,000.

Information Technology Staffing Analysis						
	<u>FY 05</u>	<u>Sept-05</u>	<u>FY 06</u>	<u>FY 06</u>	<u>Exec. vs</u>	<u>Exec. vs</u>
	<u>Adopted</u>	<u>Actual</u>	<u>Request</u>	<u>Executive</u>	<u>05 Adopt</u>	<u>Actuals</u>
CC Full-time Staffing						
10 Administration	104	96	114	105	1	9
20 Internal Support Services	0	0	15	14	14	14
Total Full-time	<u>104</u>	<u>96</u>	<u>129</u>	<u>119</u>	<u>15</u>	<u>23</u>
CC Part-time and Seasonal						
10 Administration	1	19	0	0	(1)	(19)
20 Internal Support Services	0	0	2	2	2	2
Total Part-time and Seasonal	<u>1</u>	<u>19</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>(17)</u>

The department requested 129 full-time positions, of which 119 were granted by the Administration. This increase of 23 employees, as compared to the current actual headcount, will allow DoIT to fill some critical positions. The department requested more senior level staff to assist in project management and administrative functions of the office. New positions in the proposed budget include three Program Manager I's, two Project Manager II's, and two Programmer Analysts. The proposed staffing includes the transfer of one full-time from the office of Real Estate Planning and Development who will support the County's Electronic Document Managements System (EDMS).

A new organizational structure will be in effect beginning 2006. The Commissioner will have the following units reporting to him: IT Security, Administration, Operations, Program Office, Geographic Information Systems, and Electronic Documents Management System.

The seasonal employees are typically younger staff members who handle mostly routine, but time consuming tasks. Their tasks include installing software, preventing or removing computer viruses and tagging and auditing hardware components. The seasonal positions which were utilized during this year were not funded in the 2005 budget and are not included in the 2006 budget either. However, OLBR was assured by the department that seasonal positions will be eliminated in the near future.

REVENUE BUDGET							
Revenue Class		Adopted FY 05 Budget	OLBR FY 05 Projection	FY 06 Dept. Request	FY 06 Exec. Budget	Variance Exec. Vs. Adopted 05	Variance Exec. Vs. FY 05 Proj.
BH	Department Revenues	\$700,000	\$700,000	\$202,000	\$202,000	(\$498,000)	(\$498,000)
BI	Capital Chargebacks	0	195,559	2,311,073	2,311,073	2,311,073	2,115,514
BJ	Inter-departmental Revenues	21,672,379	21,672,379	0	5,559,985	(16,112,394)	(16,112,394)
BW	Inter-fund Charges	637,618	637,618	660,000	660,000	22,382	22,382
SA	State Aid	0	422,452	0	0	0	(422,452)
Grand Total		\$23,009,997	\$23,628,008	\$3,173,073	\$8,733,058	(\$14,276,939)	(\$14,894,950)

Inter-departmental revenues are reimbursements for the costs incurred by Information Technology for services, supplies, and materials provided to other County departments. A corresponding expense gets booked to the budget of the user department as an inter-departmental charge. In the past inter-departmental charges were only allocated to the major funds.

Departmental revenues in FY 2005, budgeted for \$700,000, represent the charges to the Correctional Center for reimbursement for inmate’s telephone calls, but next year it will be allocated to the Correctional Center to offset the expenses. Inter-fund charges include information technology and telecommunication charges to Social Services for \$942,004, Recreations and Parks \$1,292,036, Health \$548,212, Fire Commission \$448,379, and Drug & Alcohol \$303,573 in FY 06. It should be noted that a capital chargeback of \$2.3 million has been established to reflect the work that will be performed by County DoIT staff towards various capital projects. The inter-fund charges have increased due to the substantial increases in central government cost allocations, such as the charge to Nassau Community College for information technology and telecommunications expenses of approximately \$200,000 in FY 06.