

Fiscal 2004 Second Quarter Report

NASSAU COUNTY OFFICE OF LEGISLATIVE BUDGET REVIEW

ERIC C. NAUGHTON, DIRECTOR
STEVEN ANTONIO, DEPUTY DIRECTOR
STEPHANIE RUBINO, ASSISTANT DIRECTOR
CONNIE TUCKER, BUDGET ANALYST
DEIRDRE CALLEY, BUDGET ANALYST
HELEN CARLSON, BUDGET ANALYST
HOWARD DIXON, BUDGET ANALYST
SIMONE PETERSEN, ADMINISTRATIVE ASSISTANT

August 25, 2004

Budget Review Committee

Agencies Scheduled to Testify:

Police

County Correctional Center

Nassau County Medical Center

*Assessment Review
Commission*

Parks, Recreation, & Museums

County Attorney



NASSAU COUNTY LEGISLATURE

Hon. Judith A. Jacobs,
Presiding Officer

Hon. Peter J. Schmitt,
Minority Leader

Hon. Lisanne Altmann
*Chairperson, Budget Review
Committee*

Nassau County

Legislature

Judith A Jacobs, Presiding Officer
District 16

Roger Corbin, Deputy Presiding Officer
District 2

Kevan Abrahams
District 1

Denise Ford
District 4

Joseph Scannell
District 5

Jeffrey Toback
District 7

Lisanne Altmann
District 10

Craig Johnson
District 11

Diane Yatauro
District 18

David Denenberg
District 19

Peter J. Schmitt, Minority Leader
District 12

John Ciotti
District 3

Francis X. Becker Jr.
District 6

Vincent Muscarella
District 8

Richard Nicoletto
District 9

Norma Gonsalves
District 13

David Mejias
District 14

Dennis Dunne
District 15

Edward Mangano
District 17

Legislative Budget Review

Eric C. Naughton
Director

Stephanie Rubino
Assistant Director

Deirdre Calley
Budget Analyst

Howard Dixon
Budget Analyst

Steve Antonio
Deputy Director

Connie Tucker
Budget Analyst

Helen Carlson
Budget Analyst

Simone Petersen
Administrative Assistant



ERIC C. NAUGHTON
DIRECTOR
OFFICE OF LEGISLATIVE
BUDGET REVIEW

NASSAU COUNTY LEGISLATURE
ONE WEST STREET
MINEOLA, NEW YORK 11501
(516) 571-6292

Inter-Departmental Memo

To: Hon. Lianne Altmann, Chairperson
All members of the Budget Review Committee

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

Date: August 24, 2004

Re: FY 04 2nd Qtr. Budget Review Committee Hearing

In general I concur with the projections of the Office of Management and Budget and the County Comptroller. The County should end the year with a surplus, with the size dependent on sales tax, future agreements with the SOA and DAI, along with a conclusive decision on how to account for the FY 04 pension bill.

The State Comptroller has stated that a local government (Nassau County) with a calendar fiscal year would not have to recognize a fund expenditure or accrue a fund liability in its governmental funds at fiscal year-end December 31, 2004 for its retirement contribution since that payment will not be contractually due and payable to the systems until February 1, 2005. Subsequent to the enactment of Chapter 260 of the Laws of 2004, the Governmental Accounting Standards Board (GASB) staff expressed an informal opinion that at least nine months of the pension cost should be accrued as of December 31, 2004. GASB staff's view is that salaries paid are the underlying event that creates the pension cost and therefore pension expense (accrual) and expenditures (modified accrual) should be recognized when salaries are paid instead of when contributions are contractually required to be paid to the plan. The State Comptroller's response is that, not accruing the February 1 payment is consistent with the underlying intent of using modified accrual accounting for governmental funds. This basis of accounting is used to focus on the flow of funds to facilitate a government's need to raise enough revenue to pay current expenditures. The accounting treatment for the permanent change in payment due date for

pension costs enables local governments to budget revenue in 2005 to make the payment due in 2005. He feels that using modified accrual accounting for this transaction better matches the flow of funds for pension payments in governmental funds.

The unresolved pension issue does not impact FY 04 because the County has sufficiently budgeted for the larger pension cost if necessary. If the pension bill is determined to be an FY 05 expense, then the Administration will request the creation of a pension reserve to be used in the out-years.

Attached please find a report detailing expenses for the agencies scheduled to testify August 25, 2004, along with an overview of the County's full-time staffing. Budgeted salaries in the headcount report include full-time salaries and some salary adjustments that have been added to departments specifically for full-time salary enhancements. In total the General Fund budget is 4,854 positions with 4,795 filled as of August 1, 2004, resulting in 59 vacancies. These vacancies are producing a full-time projected salary surplus of \$5.2 million.

There are some departments such as Drug and Alcohol, and Housing and Intergovernmental Affairs with filled headcount positions over budget due to transferred positions from the Grant Fund. Positions in the Grant Fund that were less than 100% reimbursable have been transferred from the Grant Fund into the General Fund.

The agency spending portion of the report provides the following information:

- **2004 Mod. Budget** is the Adopted Budget adjusted for any approved modifications.
- **2nd Qtr Actuals** is the total amount that was vouchered and encumbered as of June 30, 2004.
- **Budget Balance** is the difference between the budget and the 2nd quarter actuals.
- **% Exp** is the percentage of the budget that has been vouchered and encumbered.
- **Prior Year 2nd Qtr** is the total amount that was vouchered and encumbered as of June 30, 2003.
- **% Changed** is the percentage growth or reduction in expenses compared to the same period in the prior year.

The percentage of total budget expensed should be approximately 50%, but may be higher because of longevity and terminal leave payments, and the encumbering of annual contracts.

The headcount data section is comprised of the adopted positions and the actual staffing levels as of January 1, 2004, June 30, 2004 and June 30, 2003.

The revenue section provides the modified budget, revenue recognized through June 30, 2004, the percentage of revenue recognized and for comparative purposes the revenue recognized through June 30, 2003.

If you should have any questions, please let me know.

FISCAL 2004 SECOND QUARTER REPORT

TABLE OF CONTENTS

(1) Headcount 1

(2) Police..... 7

(3) County Correctional Center 12

(4) Nassau County Medical Center..... 16

(5) Assessment Review Commission 18

(6) Parks, Recreation, & Museums..... 20

(7) County Attorney 22

Assessment

The full-time headcount in Assessment is 149, which is 45 positions under the FY 04 adopted budget of 194 positions. At the current staffing level, a salary surplus \$1.2 million would result by year's end. However, there are currently five new hires in the pipeline, and the department will seek to fill as many positions as possible, as soon as possible.

Many of the vacant positions are for Real Property Assessor I's and II's. A new Civil Service exam was given in May for these titles, and the list should be available shortly. These employees will be used to perform the annual revaluation of the assessment role in-house, rather than having it done by contractor.

Assessment Review Commission

The Assessment Review Commission, with an actual full-time headcount in August of 27, has 5 vacancies and a projected surplus of \$263,000 at the current staffing level. Similarly to the Assessment Department, ARC is planning to fill these positions before the end of the year, and will soon be able to select candidates from a new Civil Service list for the appraiser title.

Correctional Center

The department's headcount is under budget by 37 positions, which produces an annual salary surplus of \$4.1 million. This surplus is expected to be offset by a deficit in the overtime budget. Currently, the total overtime budget is producing a salary deficit of \$8.2 million. The headcount budget should increase in the upcoming months since the Administration has approved the hiring of 32 civilians and 25 officers. The civilians are being hired to perform clerical and processing work which should enable officers who are currently in these positions to return to their correctional duties. Recently, 17 civilians have been hired allowing 12 officers to return to security positions. Five officers have been hired from the old civil service list and another twenty will be recruited from the new list as soon as it is certified. As this occurs, some of the overtime deficit may be reduced although more likely the new officers will just be backfilling retiring officers.

County Executive

The August 1, 2004 actual headcount shows 28 positions over budget, and the current full-time payroll shows projected salaries of \$1.5 million over the adopted FY 04 budget. The current 36 positions are double the first quarter headcount. Since the first quarter, twelve positions were transferred into the County Executive budget from the Office of Management and Budget. Titles that were transferred include Deputy County Executives, Support Staff and Grants Management positions. Aside from the twelve positions covered under the \$1.1 million budget transfer, an additional six positions have been added to the headcount.

Since last year, the department has had plans to transfer positions from the County Executive to the Office of Emergency Management, the Department of Social Services and Grants Management. If and when these transfers are executed, they will help to reduce the full-time salary deficit in this department.

Drug and Alcohol

The FY 04 adopted budget provides for 32 positions in the department. The August 1, 2004 headcount report reflects 92 filled positions, which is an increase of 60 positions over the budget resulting in a \$3.0 million variance. The increase in positions reflects the proper placement of employees reimbursed at less than 100% from the Grant Fund into the General Fund. The Legislature approved a budget transfer

of \$3.7 million from interfund charges into salaries to cover the transferred employees. This budget transfer will eliminate the salary deficit.

Housing & Intergovernmental Affairs

The Housing Department currently has eleven positions filled. Since the FY 04 Adopted Budget contains no positions or salaries expenditures, the filled positions create a salary deficit of \$666,000. The increased headcount results mostly from newly filled executive and administrative positions. Last year these positions were reflected in the Grant Fund, however since these administrative positions are reimbursed at less than 100%, going forward they will be paid from the General Fund. An appropriation of \$875,000 has been moved into the budget to cover these salaries, which will eliminate the deficit.

Office of Emergency Management

The Office of Emergency Management as of August 1st shows three of its six positions filled. This will result in a salary surplus of \$242,000. These positions are not, however, vacant, but accounted for in OMB budget, and will continue to be, until such time as Civil Service titles can be created for them.

Office of Management and Budget

The Office of Management and Budget includes three positions under the adopted headcount budget resulting in a salary deficit of \$415,000. The headcount is closer to budget since the last headcount report when the headcount had been over budget by 15 full time positions. Since the first quarter, 12 positions were transferred from OMB into the County Executive Department. An additional three positions are anticipated to be transferred into the Department of Parks, Purchasing, and Public Works. If this were to occur, the department's headcount will be further under budget.

Police District Fund

Full-time headcount is under budget by 53 positions as of August 1st, 2004, and the Police District Fund's projected salaries are under budget by \$4.7 million. However, this surplus is expected to be offset by a deficit of \$10.6 million in the overtime budget. The projection includes 42 police graduates that graduated the academy in July.

Police Headquarters Fund

The projected salaries in Police Headquarters are over the adopted budget by \$4.0 million and the full-time headcount is 11 positions over the 1,596 adopted headcount budget. The August headcount amount of 1,607 full time positions does not include the 147 new recruits, while the salary projection does include \$1.8 million for their FY 04 cost.

Social Services

The FY 04 budget provides for 845 full-time positions. As of August 1, there were 849 positions filled, four over budget. The department has been staffing up in anticipation of losing a number of their Social Welfare Examiners to the Probation Department, as has historically been the case. Even at the current headcount, Social Services would end the year with a payroll surplus of \$1.6 million.

Grant Employees

The County does not budget for Grant employees, so it cannot be determined if there are vacancies. Since January 2003 there has been a decrease of 62 Grant positions. The majority of reduced positions in 2004 results from the transfer of headcount positions who are reimbursed at less than 100% from the Grant Fund into the General Fund. The department of Drug and Alcohol reduced the Grant headcount

positions from 99 filled positions in August 2003 to 34 filled positions this year. There has also been a reduction in Social Service Grant employees from 82 full-time employees in August 2003 to 59 in August 2004.

2nd Qtr 2004 Full-time Headcount Report

	Adopted 2004 FT Budget	Adopted 2004 Budgeted Salaries	January 2004 FT Actual	August 2004 FT Actual	August 2004 Projected Salaries	Increase (Decrease) from January 1, 2004	Current Vacancies	FY04 Budget -Projected Salaries
Recreation & Parks (GEN)	0	0	0	0	0	0	0	0
Senior Citizens Affairs	35	2,033,442	35	35	2,010,854	0	0	22,588
Sheriff	57	3,741,305	55	52	3,402,473	1	5	338,832
Social Services	845 *	41,050,841	854	849	39,056,246	(10)	(4)	1,994,595
Traffic & Parking Violations	35	1,349,209	26	32	1,263,652	(3)	3	85,557
Traffic Safety Board	3	199,192	3	3	197,408	0	0	1,784
Treasurer	46	2,205,975	44	44	1,988,907	(1)	2	217,068
Veterans' Services Agency	9	531,895	9	8	507,858	1	1	24,037
Youth Board	7	466,425	7	7	446,225	0	0	20,200
General Fund	4,854	277,948,042	4,790	4,795	272,729,863	15	59	5,218,179
Cnty Parks & Rec. (CPF)	223	10,790,158	219	218	10,634,753	(1)	5	155,405
Fire Commission (FCF)	113	7,015,399	113	114	7,033,630	1	(1)	(18,231)
Police District Fund (PDD)	1,618	135,494,837	1,601	1,565	130,582,603	(48)	53	4,912,234
Uniformed	1,544	132,187,983	1,532	1,484	127,136,047	(60)	60	5,051,936
Civilian	74	3,306,854	69	81	3,446,556	12	(7)	(139,702)
Police Headquarters (PDH)	1,596	116,147,328	1,559	1,607	118,575,925	95	(11)	(2,428,597)
Uniformed	952	83,780,758	935	965	86,919,113	75	(13)	(3,138,355)
Civilian	644	32,366,570	624	642	31,656,812	20	2	709,758
Subtotal - Five Major Funds	8,404	547,395,764	8,282	8,299	539,556,774	62	105	7,838,990

* The full-time budget number has been adjusted from 875 in the budget book due to 30 Social Welfare Examiners that perform part-time work but are full-time staff.

2nd Qtr 2004 Full-time Headcount Report

Grant Employees

	January 1, 2004 FT Actual	January 1, 2004 Salaries	August 2004 FT Actual	August 2004 Projected Salaries	Salary Difference
Criminal Justice	2	97,467	2	107,836	(10,369)
Drug and Alcohol Addiction	32	2,021,732	34	2,128,585	(106,853)
Health	99	5,153,347	97	4,877,234	276,113
Housing & Intergov Affairs	53	2,581,067	50	2,346,539	234,528
Mental Health	13	808,051	13	796,176	11,875
Nassau Community College	4	245,775	6	296,152	(50,377)
Planning	3	226,131	3	224,086	2,045
Recreation & Parks	1	65,727	4	150,524	(84,797)
Social Services	57	2,573,378	59	2,559,034	14,344
Total Grants	264	13,772,675	268	13,486,166	286,509

330

62

2nd Qtr 2004 Full-time Headcount Report

	Adopted 2004 FT Budget	Adopted 2004 Budgeted Salaries	January 2004 FT Actual	August 2004 FT Actual	August 2004 Projected Salaries	Increase (Decrease) from January 1, 2004	Current Vacancies	FY04 Budget -Projected Salaries
Assessment	194	7,543,364	134	149	6,315,269	(11)	45	1,228,095
Assessment Review Commission	32	2,062,504	32	27	1,799,970	4	5	262,534
Board of Elections	109	5,387,678	106	106	5,423,260	1	3	(35,582)
C.A.S.A.	6	251,569	6	6	276,597	0	0	(25,028)
Civil Service	58	3,455,492	61	62	3,505,873	0	(4)	(50,381)
Department of Investigations	4	277,747	4	4	269,963	0	0	7,784
Constituent Affairs	54	2,240,728	55	56	2,374,419	(1)	(2)	(133,691)
Consumer Affairs, Office of	33	1,678,313	31	33	1,709,589	(1)	0	(31,276)
Correctional Center	1,165	76,196,317	1,143	1,128	72,071,754	7	37	4,124,563
County Attorney	147	8,439,732	145	149	8,961,831	(2)	(2)	(522,099)
County Clerk	102	3,709,502	88	91	3,576,100	2	11	133,402
County Comptroller	81	5,010,929	80	81	4,928,722	(2)	0	82,207
County Executive	8	653,894	17	36	2,181,561	(17)	(28)	(1,527,667)
District Attorney	333	21,622,356	339	338	20,745,766	0	(5)	876,590
Drug and Alcohol Addiction	32	2,102,482	91	92	5,131,755	0	(60)	(3,029,273)
Emergency Management	6	495,468	3	3	253,414	0	3	242,054
Health	246	14,534,602	242	240	14,097,348	(1)	6	437,254
Housing & Intergov Affairs	0	0	2	11	665,687	(3)	(11)	(665,687)
Human Rights	10	542,047	9	9	435,039	0	1	107,008
Information Technology	88	6,822,363	97	94	7,351,179	2	(6)	(528,816)
Labor Relations	4	284,000	4	4	314,170	0	0	(30,170)
Legislature	84	4,059,022	89	82	4,116,547	3	2	(57,525)
Management & Budgets, Office of	46	3,332,077	57	43	3,748,025	18	3	(415,948)
Medical Examiner	52	4,231,472	48	48	4,033,368	1	4	198,104
Mental Health	20	1,182,284	18	18	996,163	0	2	186,121
Minority Affairs, Office of	6	345,500	7	6	384,436	1	0	(38,936)
Personnel, Office of	8	465,726	8	7	458,682	1	1	7,044
Physically Challenged, Ofc of	6	242,356	6	6	271,511	0	0	(29,155)
Planning	24	1,556,333	12	16	967,315	1	8	589,018
Probation	228	14,699,387	215	218	14,183,525	20	10	515,862
Public Administrator	7	355,851	7	7	356,589	0	0	(738)
Public Works Department	581	30,255,633	558	551	29,489,583	4	30	766,050
Purchasing	23	1,206,176	23	23	1,204,920	0	0	1,256
Real Estate	11	683,755	10	12	769,370	(1)	(1)	(85,615)
Records Management	9	443,099	10	9	486,940	1	0	(43,841)

NASSAU COUNTY POLICE DEPARTMENT

Police Headquarters 2nd Quarter Expenses						
Object	2004 Modified Budget	2nd Qtr Actuals	Budget Balance	% Exp.	Prior Year 2nd Qtr	% Change
AA - Salaries	\$167,326,375	\$80,637,773	86,688,602	48.2%	\$78,040,449	3.3%
AB - Fringe Benefits	\$81,067,312	\$25,801,758	55,265,554	31.8%	\$22,766,954	13.3%
BB - Equipment	755,950	180,919	575,031	23.9%	534,944	-66.2%
CC - Materials & Supplies	1,417,384	981,141	436,243	69.2%	1,309,685	-25.1%
DD - General Expenses	3,601,557	1,880,195	1,721,362	52.2%	961,075	95.6%
DE - Contractual Services	6,669,580	2,873,383	3,796,197	43.1%	3,626,504	-20.8%
HD - Debt Service Chargebacks	5,144,402	0	5,144,402	0.0%	0	0.0%
HF - Inter-Depart Charges	18,517,431	6,706	18,510,725	0.0%	0	0.0%
HH - Interfund Charges	0	0	0	0.0%	5,821	0.0%
OO - Other	160,000	74,798	85,202	46.7%	55,263	35.3%
Total	\$284,659,991	\$112,436,673	\$172,223,318	39.5%	\$107,300,695	4.8%

The Police Department Headquarters Fund expenses should exceed the 2004 modified budget by approximately \$3.7 million, excluding fringe benefits. The main reason for the shortfall is increased spending for overtime costs which are currently projected to surpass 2003's overtime expense of \$16 million, or approximately \$2.5 million more than the current overtime budget of \$14.6 million. Although the Police Department has been successful in achieving overtime savings, \$1.6 million for the first half of 2004, associated with the implementation of minimum staffing relief from the PBA contract, the department-wide reduced headcount has been a constant driver towards increased overtime. The 42 police officers hired in January 2004 (it was actually 48 but only 42 joined the County force) have had no impact on overtime since they recently graduated from the academy in July 2004 and were not deployed to patrol until then. They are currently assigned to the precincts so their presence should lessen overtime created by vacations, promotions and retirements. A new class of 147 recruits started in late July 2004 but will undergo more than six months of training before being assigned to patrol and therefore their impact on overtime will not be felt until 2005.

The outcome of the current Superior Officers Association (SOA) and the Detective Association (DAI) negotiations may result in greater than expected retirements particularly in the Headquarters fund, since all detectives and many superior officers are paid through the Headquarters fund. At the time of this writing, 48 uniform personnel (22 DAI, 18 PBA and 8 SOA) have retired for an average termination payout of approximately \$210,000. In the District fund 31 members (17 PBA and 14 SOA) have retired and another five have filed for a department-wide total of 79 sworn members retiring and 12 submitting papers. The current trend in terminations, increased overtime, that could act as an incentive for retirement to those members who are undecided about leaving, and the pending outcome of the contract negotiations make 100-125 terminations likely.

The 2004 Adopted Budget had planned for larger than projected numbers of terminations and had set aside a contingency fund for meeting potentially high termination costs. As mentioned previously, the reduction in headcount has increased overtime expense. The benefit of the salary savings gained from retiring members is offset by the increased overtime expense, estimated to exceed the overtime budget of \$14.6 million by approximately \$2.5 million. The PBA contract (September 2003) contained three initiatives, minimum staffing relief, quarter day activity and civilianization, that, when implemented, would provide savings in addressing overtime costs. The minimum staffing relief initiative has provided actual savings, approximately \$1.6 million, for the first half of 2004, while the year-to-date net impact from the extra day worked has not yet achieved savings, although scheduling police officers for extra days is at 99% compliance. It is estimated that this initiative has generated approximately \$1.6 million in overtime savings but the increased salary expense offsets any savings. The recently graduated 42 police officers will begin to have an effect on overtime and should help meet the targeted overtime savings for the remaining two quarters of 2004.

After discussions between the PBA and the Administration, the Police Department has identified 50 positions, currently held by police officers, to be civilianized. They include clerk typists, network analysts and police service aides. In August 2004 after completing seven months of training, eight police service trainees have been assigned to each one of the seven precincts, and one to highway patrol, freeing up police officers to go out on patrol. Nine clerk typists in District fund and two in the Headquarters fund will also fill positions formerly held by police officers and another 15 potential clerk candidates are scheduled to be hired in September. Since more than half the year has passed at the time of this writing and implementation of this initiative has just begun, it would be optimistic to assume that savings for 2004 associated with civilianization could be achieved, although the Police Department is confident the targeted 50 positions will be civilianized by the end of the year.

Adjusting the payment date for state pension payments to February as per the Hevesi Plan may create a surplus of approximately \$20 million in the fringe benefits line which will be used to cover future increased pension costs.

Police Headquarters 2nd Quarter Revenue						
Object	2004 Modified Budget	2ndQtr Actuals	Budget Balance	% Exp.	Prior Year 2nd Qtr	% Change
BC-Permits & Licenses	\$430,000	\$143,710	\$286,290	33.4%	\$583,710	-75.4%
BD- Fines & Forfeits	35,000	450	34,550	1.3%	755,504	-99.9%
BE- Investment Income	12,960	88,095	(75,135)	679.7%	17,330	408.3%
BF- Rents & Recoveries	200,000	234,086	(34,086)	117.0%	1,212,945	-80.7%
BH- Dept Revenues	13,098,000	6,353,164	6,744,836	48.5%	6,274,545	1.3%
BJ- Interdept Revenues	9,536,196	48,240	9,487,956	0.5%	3,750	0.0%
BW-Interfd Chgs	0	0	0	0.0%	0	0.0%
FA- Federal Aid	334,000	104,529	229,471	0.0%	194,273	0.0%
SA- State Aid	589,435	0	589,435	0.0%	589,435	0.0%
TL- Property Tax	239,070,905	239,070,905	0	0.0%	252,173,389	0.0%
TX- Other Taxes	21,353,495	6,794,009	14,559,486	0.0%	5,087,343	0.0%
Total	\$284,659,991	\$252,837,188	\$31,822,803	88.8%	\$266,892,224	-5.3%

The variance in revenue in Headquarters appears to be approximately \$14 million when comparing the first half of 2003 and 2004. This is due to a reduced property tax levy in 2004 than in 2003. Other areas such as departmental revenues, which include ambulance fees collections, and special taxes for E-911 surcharges and motor vehicle registration fees, are expected to make up the difference for 2004's reduced property tax. It is estimated that there will be a shortfall of approximately \$4.5 million in overall revenue in the Headquarters fund as a result of reduced projections for the motor vehicle registration fee surcharges. The projected revenue was based on a full year's collections but there was a delay in implementing this initiative until May of this year so projections have been lowered.

The \$700,000 variance between 2003 and 2004 in the fines and forfeitures line is the result of the discontinuance of the DWI vehicle seizure program which had been performing well but was halted due to problems with the DWI Seizure Law.

Headquarters <u>Headcount</u>	FY 2004 <u>Budget</u>	Jan. 1, <u>2004</u>	June 30, <u>2004</u>	June 30, <u>2003</u>
Full-time	1,596	1,565	1,646	1,573
Uniform	952	940	1,004	954
Civilian	644	625	640	619
Part-time	23	34	33	26

Uniform headcount in the Headquarters Fund has increased by 50 when compared to the same time in 2003 and 64 when compared to January 2004. This is a result of the additional 48 recruits hired in January 2004 and promotions of uniform personnel from the District Fund. The above chart does not reflect the hiring of 147 recruits in July 2004, who, upon graduation in early 2005, will be transferred into the District Fund. The growth in civilian headcount is a reflection of civilianization efforts and backfilling of vacant positions.

Police District 2nd Quarter Expenses						
Object	2004 Modified Budget	2nd Qtr Actuals	Budget Balance	% Exp.	Prior Year 2ndQtr	% Change
AA - Salaries	\$195,310,451	\$92,378,945	\$102,931,506	47.3%	\$87,143,704	6.0%
FB - Fringe Benefits	\$81,482,103	\$26,102,311	55,379,792	32.0%	\$23,719,385	10.0%
BB - Equipment	2,000,000	63,902	1,936,098	3.2%	886,621	-92.8%
CC - Materials & Supplies	2,650,339	1,055,629	1,594,710	39.8%	2,505,251	-57.9%
DD - General Expenses	2,562,001	2,098,016	463,985	81.9%	352,782	494.7%
DE - Contractual Services	566,500	355,023	211,477	62.7%	270,821	31.1%
DF - Utility Costs	916,535	656,480	260,055	71.6%	450,402	45.8%
HD - Debt Service Chargebacks	893,430	0	893,430	0.0%	0	0.0%
HF - Inter-Depart Charges	19,192,223	0	19,192,223	0.0%	0	0.0%
HH - Interfund Charges	0	0	0	0.0%	0	0.0%
OO - Other	200,000	199,431	569	99.7%	113,554	75.6%
Total	\$305,773,582	\$122,909,737	\$182,863,845	40.2%	\$115,442,520	6.5%

Expenses in District are estimated to come in on budget with the exception of salaries. As in Headquarters, increased overtime costs, driven by declining headcount, the result of retiring members and unfilled vacant positions, will exceed the overtime budget by an estimated \$9.5 million. The contingency fund established for greater than projected terminations will guard against any shortfall in termination expense but no such fund exists to protect against climbing overtime expense. The implementation of the PBA provisions has met with some success but as discussed previously, targeted savings will be difficult to achieve since all provisions of the contract did not occur at the same time.

Adjusting the payment date for state pension payments to February as per the Hevesi Plan may create a surplus of approximately \$28 million in the fringe benefits line which will be used to cover future increased pension costs.

Police District 2nd Quarter Revenue						
Object	2004 Modified Budget	2nd Qtr Actuals	Budget Balance	% Recognized	Prior Year 2ndQtr	% Change
BC - Permits & Licenses	\$1,200,000	\$1,011,050	\$188,950	84.3%	\$543,839	85.9%
BD - Fines & Forfeits	200,000	98,066	101,934	49.0%	113,298	-13.4%
BE - Invest Income	10,000	65,134	(55,134)	651.3%	18,751	247.4%
BF - Rents & Recoveries	150,000	102,758	47,242	68.5%	367,538	-72.0%
BH - Dept Revenues	2,917,011	2,792,784	124,227	95.7%	1,972,039	41.6%
BJ - Inderdept Revenues	0	85,784	(85,784)	0.0%	83,085	0.0%
TL - Property Tax	301,296,571	301,296,571	0	100.0%	299,978,568	*****
Total	\$305,773,582	\$305,452,147	\$321,435	99.9%	\$303,077,118	0.8%

In the chart on the previous page, it appears that revenue in the District Fund will meet or surpass the 2004 modified budget. With a half year left and current trends continuing in departmental revenues and alarm permits, District revenues are on pace to exceed the budget by approximately \$1 million. Providing police services for certain villages generate the revenue in the departmental revenue line. When reassessment occurred, the assessed value in these communities increased and therefore the taxes grew as well. Since the cost of policing services are based on tax rates, revenue also increased. Additionally, approximately \$200,000 more in alarm permits is projected due to the cyclical nature of renewal applications and heavy compliance by business to conform to alarm permit regulations.

District <u>Headcount</u>	FY 2004 <u>Budget</u>	Jan. 1, <u>2004</u>	June 30, <u>2004</u>	June 30, <u>2003</u>
Full-time	1,618	1,605	1,537	1,625
Uniform	1,544	1,535	1,456	1,551
Civilian	74	70	81	74
Part-time	446	455	458	446

The chart above illustrates that uniform headcount is down 95 members when compared to the same time as last year. Retirements and promotions, 37 officers to Detective status and paid from Headquarters, and 21 officers to Sergeant in the first quarter of 2004, have contributed to the diminished ranks. The increase in the civilian ranks is a result of civilianization efforts and backfilling vacant positions.

CORRECTIONAL CENTER

Correctional Center 2nd Quarter Expenses						
Object	2004 Mod. Budget	2nd Qtr Actuals	Budget Balance	% Exp.	Prior Year 2nd Qtr	% Changed
AA - Salaries	\$98,506,609	\$47,526,534	\$50,980,075	48.2%	\$49,429,223	-3.8%
BB - Equipment	60,000	57,499	2,501	95.8%	44,662	28.7%
CC - Materials & Supplies	4,285,075	1,616,546	2,668,529	37.7%	1,727,716	-6.4%
DD - General Expenses	670,440	306,936	363,504	45.8%	337,380	-9.0%
DE - Contractual Services	21,692,120	19,542,710	2,149,410	90.1%	13,846,254	41.1%
DF - Utility Costs	555,000	368,366	186,634	66.4%	283,982	29.7%
HF - Inter-depart Charges	2,566,163	0	2,566,163	0.0%	0	*****
Total	\$128,335,407	\$69,418,591	\$58,916,816	54.1%	\$65,669,217	5.7%

The projection for wages and salaries expense for the Correctional Center in FY 2004 is \$104.0 million, which is over budget by \$5.5 million. This is primarily due to increased usage of overtime resulting in an anticipated expenditure of \$8.2 million over budget. This is partially offset by 32 vacant positions, 27 of which are uniform personnel. The Administration has approved the hiring of 32 civilians and 25 officers. With the 17 civilians hired recently, 12 officers should be able to return to security positions. The current union contract calls for the civilianization of 55 positions. Although 25 officers were offered jobs from the old list, only five qualified after physicals and mental health exams were completed. The other 20 will be taken from the new list but the department is still waiting for certification of that list. Although the increase in officers performing security functions from these hirings could be up to 37, many will be used to backfill rather than positively affect overtime. The Department has already lost 31 officers and 4 civilians from this time last year.

<u>Headcount</u>	<u>FY 2004 Budget</u>	<u>Jan. 1, 2004</u>	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Full-time	1,165	1,143	1,133	1,164
Uniform	1,053	1,033	1,026	1,053
Civilian	112	110	107	111
Part-time	0	8	8	9

Overtime for 2004 is projected to be \$23.0 million (OMB is projecting \$19.0 million), which is \$8.2 million or 55.7% over budget, and 14.6% over 2003. The increase over last year is due to the vacant positions and a 1% salary increase received in July 2003 and a 2% increase received in July 2004. One reason for the overtime being over budget is that the alternative staffing initiative, designed to reduce \$1.0 million in overtime per year with the use of on-call part-time employees will not be pursued. The

Correctional Center has decided not to hire these part-timers at this time due to pending union negotiations. Even if this initiative had not been in the budget, the department was not sufficiently funded. Overtime expense was \$16.3 million in 2001, \$15.5 million in 2002 and \$20.1 million in 2003. OMB, with its current projection of \$19.0 million, now seems to agree with our original assessment in the Review of the FY 04 Budget that the \$14.8 million budget is unachievable.

Other than personal services is expected to be over budget for the year by about \$1.7 million, although the Office of Management and Budget is projecting a surplus of \$188,000. The budget variance is primarily reflecting the actual cost of the medical care received from Nassau University Medical Center. The contractual cost at the Correctional Center was \$24.0 million in FY 03 but is budgeted at \$21.7 million in 2004. The FY 02 actual expense was \$26.9 million, part of which should have been allocated to the prior year, and the FY 01 expense was \$19.0 million. The actual expense in 2004 is \$19.5 million, over the prior year by \$5.7 million probably due to the encumbrance of anticipated expenses this year. Although there have been some initiatives in the past to try to reduce this expense, very little if any impact has been seen and even anticipating the 2004 expense to remain flat from 2003, the Department will be over budget by \$2.3 million. This year the Department has started reviewing and disputing more of the medical bills and the RFP put out for a company to manage the medical needs of the inmates may have had a positive impact on the billing practices of the Medical Center.

The Department is anticipating a \$558,000 surplus in materials and supplies which would offset the increased spending in other areas. Equipment expenditures have been made earlier this year than last but the Department does not expect to be over budget in this category. Utility costs are 30% over last year and may be over budget by about \$100,000 in 2004 although the Administration has implemented a number of initiatives to reduce this cost.

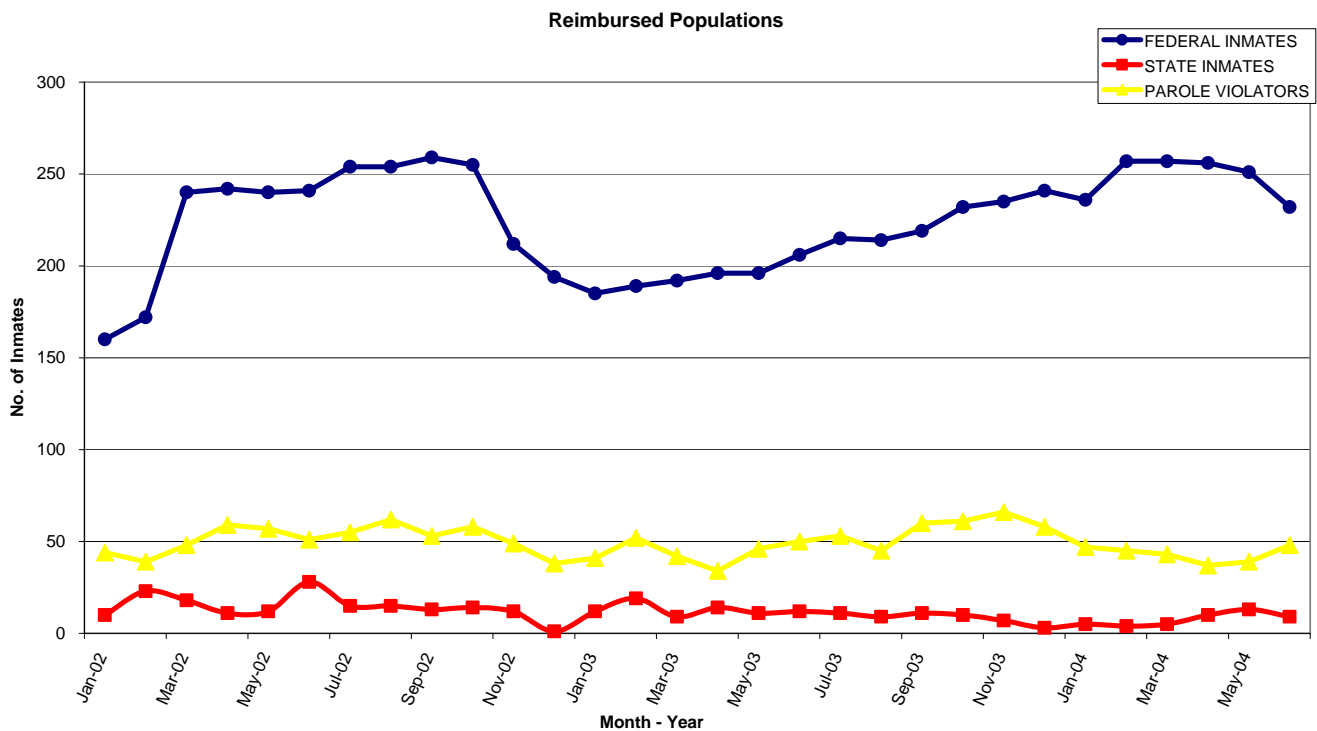
As seen in the following charts, the average population has decreased by 61 or 3.6% over last year. Federal inmates, the major part of the revenue-producing population, have increased by 54 or 27.8% and the number is expected to remain high through the rest of the year. State inmates have decreased by 5 and parole violators have remained almost the same as the prior year.

<u>INMATE POPULATION</u>		
	<u>AVG. 2nd QTR. OF 2004</u>	<u>PRIOR YR AVERAGE</u>
TOTAL POPULATION	1,632	1,693
FEDERAL INMATES	248	194
STATE INMATES	8	13
PAROLE VIOLATORS	43	44

Source: Correctional Center

Correctional Center 2nd Quarter Revenue						
Revenue Class	2004 Mod. Budget	2nd Qtr Actuals	Budget Balance	% Recognized	Prior Year 2nd Qtr	% Changed
BD - Fines & Forfeitures	\$40,000	\$24,618	\$15,382	61.5%	\$15,510	58.7%
BF - Rents & Recoveries	0	3,126	(3,126)	*****	267	*****
BH - Dept Revenues	220,000	90,562	129,438	41.2%	86,501	4.7%
BJ - Interdept Revenues	120,000	0	120,000	*****	245,508	-100.0%
FA - Federal Aid	13,605,640	10,900,146	2,705,494	80.1%	3,272,950	233.0%
SA - State Aid	900,000	191,300	708,700	21.3%	254,347	-24.8%
Total	\$14,885,640	\$11,209,752	\$3,675,888	75.3%	\$3,875,083	189.3%

State aid, fines and forfeitures, and department revenues are all expected to be close to budget in 2004. Interdepartmental revenues was not part of the adopted budget in 2004 but \$120,000 was added back for transporting services performed for Social Services.



Federal reimbursement is projected to increase from 2003 by \$7.5 million and is expected to be over budget by about \$5.6 million (OMB is projecting a \$4.4 surplus). The increase over the budget and last year is due largely to the increase in federal inmates and the increase in revenue received from \$142.32 to \$165 per inmate per day. The timing of payments from one year to the next also tends to vary. The agreement with the Federal government calls for a maximum of 150 inmates to be housed at the Center, but the County has been over the limit consistently since September 2001 with the average at 248 for the first half of 2004. There is also a \$2.0 million State Criminal Alien Assistance Program (SCAAP)

award received in 2004 instead of 2003. This Federal aide, which is received each year for the reimbursement of illegal aliens, was not received in 2003 due to an error which was successfully challenged by the Correctional Center.

NASSAU HEALTH CARE CORPORATION

The net loss for the Nassau Health Care Corporation as of June 30, 2004 is \$8.0 million, which is \$6.5 million over a budgeted loss of \$1.5 million. The Hospital (NUMC) accounts for \$6.2 million of this loss and the Nursing Home accounts for \$1.9 million. The Corporation is budgeted to break even in 2004 but it will likely run a deficit of about \$15.0 million. In addition, cash flow is a major problem and if none of the outstanding cash issues are favorably resolved, NHCC is looking at the possibility of running out of cash by early next year when their \$25.0 million pension payment for 2004 is due. The Corporation does not receive the same benefits from the Hevesi reform because they use full accrual based accounting.

Unrestricted Cash Balance

(\$ in thousands)

	<u>Actual</u>
09/30/99	135,000
12/31/00	116,280
12/31/01	69,850
12/31/02	56,354
12/31/03	35,050
07/31/04	13,172

As the above chart demonstrates, cash balances have been dropping steadily since the inception of the Public Benefit Corporation. The Corporation ended July with a cash and cash equivalents balance of \$13.2 million, down from December 31, 2003 by \$18.4 million. A number of issues have been identified that will affect the Corporation's ability to sustain itself until they are able to achieve a break-even run-rate. NHCC may also be hurt by a union contract that includes salary increases for 2003. If the Corporation agrees to a contract with a 2.5% increase in 2003 it will cost the Corporation about \$6.5 million in retroactive pay according to Hospital Administration. Since no increase was anticipated for in 2003, none of this possible expense has been accrued.

One of the problems encountered earlier in the year is a volume adjustment received from Medicare that reduced the revenue for NUMC by \$600,000 per month. The Hospital Administration has received verbal confirmation that this has been resolved and is anticipating written confirmation shortly. This would provide a retroactive payment of about \$2.5 million possibly to be received in October and an increase in revenue as of August. Still uncertain are the disputed items between the County and the Hospital, including early retirement payments and medical bills rejected by the jail.

The Nassau University Medical Center lost \$6.2 million primarily due to a shortfall in revenue of \$6.7 million. Discharges year to date are 1.2% over budget and last year's actual. The case mix index is over budget by 6.7%. A. Holly Patterson's average daily census continues to decline steadily and was at 604 in June compared to a budget of 700 and a prior year census of 661. The Hospital continues to try to reduce headcount to reach the industry standard of between 4.6 and 4.8

FTEs per occupied bed. As of June the Hospital was at 5.6. No future reductions are planned at the Nursing Home which is currently within industry standards.

Currently the County's consultant, George Kalkines, is working with the Corporation on a number of issues to prevent NHCC from running out of cash and to gain financial stability. They will soon be tracking on a weekly basis the cash balances and the cash effects of any initiatives taken and a monthly summary should be issued.

NASSAU HEALTH CARE CORPORATION

The net loss for the Nassau Health Care Corporation as of June 30, 2004 is \$8.0 million, which is \$6.5 million over a budgeted loss of \$1.5 million. The Hospital (NUMC) accounts for \$6.2 million of this loss and the Nursing Home accounts for \$1.9 million. The Corporation is budgeted to break even in 2004 but it will likely run a deficit of about \$15.0 million. In addition, cash flow is a major problem and if none of the outstanding cash issues are favorably resolved, NHCC is looking at the possibility of running out of cash by early next year when their \$25.0 million pension payment for 2004 is due. The Corporation does not receive the same benefits from the Hevesi reform because they use full accrual based accounting.

Unrestricted Cash Balance

(\$ in thousands)

	<u>Actual</u>
09/30/99	135,000
12/31/00	116,280
12/31/01	69,850
12/31/02	56,354
12/31/03	35,050
07/31/04	13,172

As the above chart demonstrates, cash balances have been dropping steadily since the inception of the Public Benefit Corporation. The Corporation ended July with a cash and cash equivalents balance of \$13.2 million, down from December 31, 2003 by \$18.4 million. A number of issues have been identified that will affect the Corporation's ability to sustain itself until they are able to achieve a break-even run-rate. NHCC may also be hurt by a union contract that includes salary increases for 2003. If the Corporation agrees to a contract with a 2.5% increase in 2003 it will cost the Corporation about \$6.5 million in retroactive pay according to Hospital Administration. Since no increase was anticipated for in 2003, none of this possible expense has been accrued.

One of the problems encountered earlier in the year is a volume adjustment received from Medicare that reduced the revenue for NUMC by \$600,000 per month. The Hospital Administration has received verbal confirmation that this has been resolved and is anticipating written confirmation shortly. This would provide a retroactive payment of about \$2.5 million possibly to be received in October and an increase in revenue as of August. Still uncertain are the disputed items between the County and the Hospital, including early retirement payments and medical bills rejected by the jail.

The Nassau University Medical Center lost \$6.2 million primarily due to a shortfall in revenue of \$6.7 million. Discharges year to date are 1.2% over budget and last year's actual. The case mix index is over budget by 6.7%. A. Holly Patterson's average daily census continues to decline steadily and was at 604 in June compared to a budget of 700 and a prior year census of 661. The Hospital continues to try to reduce headcount to reach the industry standard of between 4.6 and 4.8

FTEs per occupied bed. As of June the Hospital was at 5.6. No future reductions are planned at the Nursing Home which is currently within industry standards.

Currently the County's consultant, George Kalkines, is working with the Corporation on a number of issues to prevent NHCC from running out of cash and to gain financial stability. They will soon be tracking on a weekly basis the cash balances and the cash effects of any initiatives taken and a monthly summary should be issued.

PARKS, RECREATION AND MUSEUMS

The Parks department began the year with a budget of \$54.4 million. Overall expenditures for the department are projected to end the year right on target. As of June 30th the department has dispensed 59% of its total operating budget, excluding debt service chargebacks and inter-departmental charges.

Parks, Recreation and Musuems 2nd Quarter Expenses						
Object	2004 Modified Budget	2nd Qtr Actuals	Budget Balance	% Exp.	Prior Year 2nd Qtr	% Change
AA - Salaries	\$16,482,088	\$7,965,785	\$8,516,303	48.3%	\$9,204,206	-13.5%
BB - Equipment	406,490	342,398	64,092	84.2%	420,738	-18.6%
CC - Materials & Supplies	764,345	553,143	211,202	72.4%	565,937	-2.3%
DD - General Expenses	635,108	396,315	238,793	62.4%	781,655	-49.3%
DE - Contractual Services	2,466,654	1,412,158	1,054,496	57.2%	1,197,457	17.9%
HD - Debt Service Chargebacks	19,221,265	0	19,221,265	0.0%	0	0.0%
HF - Inter-Depart Charges	14,403,394	0	14,403,394	0.0%	0	0.0%
Total	\$54,379,344	\$10,669,799	\$43,709,545	19.6%	\$12,169,993	-12.3%

Although it appears the overall spending goals will be met, the department’s latest year-end forecast shows the salaries account \$275,745 over budget. The department expects a payroll adjustment for \$115,000 for facility management employees transferred at the beginning of the year to Public Works, and another adjustment for \$60,000 due to employees being charged to the grant fund. The remainder of the \$100,000 deficit will be mitigated by terminating seasonal employees earlier than expected.

<u>Parks Headcount</u>	<u>FY 2004 Budget</u>	<u>Jan. 1, 2004</u>	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Full-time	223	264	218	272
Part-time	181	259	243	246
Seasonal	414	529	469	518

In the past seasonal employees were hired with no termination date, and many were allowed to remain on-board into the fall season after their services were no longer required. The administration has recognized this problem and this year hired seasonal employees with termination dates. Even though seasonal staffing was increased for the budget year, the department regularly operates beyond the 414 person allotment. This is done by design to off-set the historically low numbers of full-time and part-time employees. From a budgeting perspective this plan has been effective, unfortunately seasonal employees are only good for operating the day to day businesses of the department. The maintenance

PARKS, RECREATION AND MUSEUMS

and repairs of the various facilities is done by the permanent staff, which has been asked to do more with limited resources.

Through the end of June the department expensed 84.2% of its \$406,490 equipment budget and 72.4% of its \$764,345 material and supplies budget. The department used these funds to purchase lawn mowers, golf supplies and replace out-dated equipment.

Parks, Recreation and Musuems 2nd Quarter Revenue						
Object	2004 Modified Budget	2nd Qtr Actuals	Budget Balance	% Recognized	Prior Year 2ndQtr	% Change
BE - Invest Income	\$15,000	\$42,048	(\$27,048)	280.3%	\$0	*****
BF - Rents & Recoveries	1,122,000	603,462	518,538	53.8%	500,386	20.6%
BG - Revenue Off-sets	250,000	0	250,000	0.0%	0	0.0%
BH - Dept Revenues	18,546,300	5,502,727	13,043,573	29.7%	5,573,287	-1.3%
TL - Property Tax	43,577,327	43,577,327	0	100.0%	43,084,813	1.1%
TX - Special Taxes	325,000	46,124	278,876	0.0%	39,899	0.0%
Total	\$63,835,627	\$49,771,688	\$14,063,939	78.0%	\$49,198,385	1.2%

As of June 30th the department collected \$49.7 million of the budgeted \$63.8 million in revenue. Of this amount \$43.6 million has been collected from the property tax levy. Although total collections are right at 78% a little more than halfway through the year, revenues, for the department are expected to miss budgeted targets by approximately \$3.2 million. The budgetary shortfall is largely due to under performing non-tax sources, such as golf and swimming operations.

Golf related revenues, which include green fees, golf cart fees, the driving ranges concessions and golf reservation fees are expected to miss budgeted targets by more than \$1.9 million. For the most part the department's budgeted revenues were over projected, but some of the shortfall can be attributed to the 9-hole courses and the loss of the driving range vendor who operated at Cantiague and North Woodmere Parks. Also, the department anticipated a stronger winter golf season.

Total aquatic operations are forecasted to collect \$400,000 less than the \$2 million which was budgeted for the year. Factoring into the deficit is the anticipated loss of revenue from the aquatic center which will be incurred when the pool is emptied and closed for three weeks to be repaired. The Sands Point Preserve revenue was budgeted for \$370,000 at the beginning of the year. The Administration expected to rent the facility out for catering, but due to community resistance that plan has been discarded and the forecast was reduced to \$150,000 to account for the normal revenue produced by the facility.

COUNTY ATTORNEY

County Attorney 2nd Quarter Expenses						
Object	2004 Modified Budget	2nd Qtr Actuals	Budget Balance	% Exp.	Prior Year 2ndQtr	% Change
AA - Salaries	\$9,135,257	\$4,616,057	\$4,519,200	50.5%	\$4,064,469	13.6%
AB - Fringe Benefits	\$14,335,025	\$10,233,189	\$4,101,836	71.4%	\$10,244,492	-0.1%
BB - Equipment	119,500	19,986	99,514	16.7%	3,468	476.3%
CC - Materials & Supplies	30,000	29,283	717	97.6%	0	0.0%
DD - General Expenses	280,518	261,528	18,990	93.2%	101,717	157.1%
DE - Contractual Services	5,083,000	3,544,489	1,538,511	69.7%	1,262,094	180.8%
HF - Inter-Depart Charges	1,158,570	0	1,158,570	0.0%	0	0.0%
OO - Other	1,500,000	(130)	1,500,130	0.0%	342,390	-100.0%
Total	\$31,641,870	\$18,704,402	\$12,937,468	59.1%	\$16,018,630	16.8%

The County Attorney’s office has utilized 50% of their salary budget as of June 30, 2004. The FY 04 salary projection is \$9.4 million which is almost \$278,000 over the modified budget. In fringe benefits, 71.4% of expenses have been spent in the department. Fringe benefit represents the Worker’s Compensation budget, which will be discussed later in the report.

The budget for both materials and supplies and general expenses has been almost entirely used. Since a portion of the material and supplies expense has been encumbered, the budget should be sufficient. In general expenses, extra funds were utilized for transcripts and expert witness costs in litigation. In the past these costs were often paid to outside counsel. Therefore, most likely the expense for general expenses will exceed the budget.

Expenses for contractual services will be more than last year due to the contract extension for Manatt, Phelps, and Philips, LLP. The firm is working with the Nassau Health Care Corp to implement the recommendations of the Kalkines Report.

Other expenses include expenses for “other suits and damages,” which is pay-go money for judgments and settlements. The department is facing a possible liability of \$1.2 million to reimburse HUD, however the County has disputed HUD’s findings and maintains it will owe less than \$10,000. If so the funds would be available to cover other judgments and settlements.

County Attorney <u>Headcount</u>	FY 2004 <u>Budget</u>	Jan. 1, <u>2004</u>	June 30, <u>2004</u>	June 30, <u>2003</u>
Full-time	147	145	151	135
Part-time	4	4	4	4

As of June 30, 2004, the headcount is four full-time positions over budget. The Legislature approved a budget transfer from the Assessment Department into the County Attorney’s department to hire two Deputy County Attorney’s to handle assessment matters.

County Attorney 2nd Quarter Revenue						
Object	2004 Modified Budget	2nd Qtr Actuals	Budget Balance	% Recognized	Prior Year 2ndQtr	% Change
BF - Rents & Recoveries	2,800,000	1,724,805	1,075,195	61.6%	(76,166)	-2364.5%
BH - Dept Revenues	110,000	53,903	56,097	49.0%	150,009	-64.1%
BJ - Interdept Revenue	6,239,250	0	6,239,250	0.0%	46,712	0.0%
FA - Federal Aid	225,000	-369,600	594,600	0.0%	(184,800)	0.0%
SA - State Aid	60,000	-95,200	155,200	-158.7%	(47,600)	0.0%
Total	\$9,434,250	\$1,313,908	\$8,120,342	13.9%	(\$111,845)	-1274.8%

The FY 04 revenue budget is \$9.4 million of which \$1.3 million or 14% has been realized through the end of June. The largest portion of the revenue budget is interdepartmental revenue with a budget of \$6.2 million. Last year \$6.8 million had been produced therefore the \$6.2 million appears to be achievable. Interdepartmental revenue represents interfund charges to departmental worker’s compensation accounts. Revenue is budgeted based on the prior year’s expenses and usually a journal entry is recorded at the end of the year to transfer the appropriate amount.

Rents and recoveries have generated \$1.7 million in revenue through June 2004. The revenue should exceed the budgeted projection due to recovery of worker’s compensation. This is due to the department’s recovery of reimbursement from the state for special injury funds. The State allows the county to apply for recovery for cases that go as far back as two years. The department is projecting to generate between \$2.5 to \$3.0 million for special funds recovery in FY 04.

Worker’s Compensation

In the past year the County has made significant progress restructuring the Worker’s Compensation Bureau which includes the relocation of the bureau, significant revenue generation for FY 04 and the hiring of a third party administrator to take over specific areas of the department.

The Worker’s Compensation Bureau has been relocated from the Medical Center to 160 Old Country Road. All employees, files and records have been completely removed from the Medical Center. There are approximately 15 employees working for the bureau at the new location. The County Attorney department staffs four investigators who can investigate into worker’s compensation cases and one investigator who is solely responsible for handling worker’s compensation. In addition there are also two part time investigators.

The FY 04 fringe benefit budget in the County Attorney’s department represents expenses for worker’s compensation. This year, \$14.3 million has been budgeted however expenses have ranged from \$17 to \$18 million in prior years. Therefore we are anticipating expenses close to \$17 million this year.

The process for reporting an injury on the job starts with the filing the Employer's Report of Injury. The report of injury is reviewed by the worker's compensation board to determine if the case will be controverted or accepted. In most circumstances, cases are accepted. If accepted, an average weekly wage rate is determined. This rate of payment is computed by taking the average weekly payment the employee made in the prior 52 weeks and computing two thirds of this average or a maximum of \$400. This rate does not change for the remainder of payments that the employee will receive for worker's compensation.

In some circumstances, a Employer's Report of Injured Employee's Change in Employment Status Resulting from Injury is filed. This report refers to a change in the employee's status and is forwarded to the Worker's Compensation Board by County departments for review. The Bureau uses this information to file reimbursement requests in those cases where the County has paid sick leave to the employee. This report restores the employee's time and leave balance. The Worker's Compensation bureau has stressed the problem that many departments have ceased to fill out these forms. The departments have claimed that they do not have the staff to complete the filing of the forms. In cases where the department is negligent with filing this from, the County becomes liable to pay the claimant for the additional loss in time.

In order to verify the claimant's eligibility for benefits, the Bureau hires Independent Medical Exams (IME's). The bureau usually hires IME's from three separate firms or hires independent doctors to review claims. The bureau may spend anywhere from \$250 - \$300 for medical examiners to conduct examinations.

In most cases, employees are labeled as "partial permanent disability" (PPDs). PPD's are incapable of working their current job however they have the choice to work another job that does not impair their disability.

In June of 2004, the County Attorney hired Triad as a third party administrator (TPA) to handle new claims. There have been difficulties with implementing the TPA's electronic system to make it compliant with the County's systems. Triad uses their electronic system to process all new claims. The Worker's Compensation Bureau has access to this system in order to review newly processed claims.

Triad has a staff of nurses and claim examiners to look over claims and determine if the proper procedures and treatment were provided for the reviewed cases. For example, they may look over a case and determine that an MRI had been performed but was not necessary for treatment. In such a circumstance the payment would be disallowed. With the help of professionals scrutinizing bills, it will be easy to determine whether payments are appropriate.

In the future, Triad maybe asked to look at old medical claims. The department has stressed that the caseload is declining, however to our knowledge there is no record keeping relating to the number of claims opened and closed on a historical basis. It would be beneficial for the Bureau to closely monitor and keep record of claims on a historical basis. In the late 90's Nassau County was penalized large sums for late payment of claims due to the backlog at that time. Although the department has stressed this currently is not occurring on a large scale it would be also beneficial to keep track of any claims which are also paid late.

The County Attorney is also looking into settling cases in lump sum payments. The department can do this by employing section 32 of the worker's compensation law. This section asserts that if a case is settled with one lump payment, the case is over and will not be reopened. This will be beneficial to the department because settling on a lump sum payment will most likely result in a lower expense when compared to making payments over the claimant's lifetime.

For FY 04, the department is projecting \$3 million in special funds revenue from the State. This recovery is made available from the special injury fund which is established under section 15(8) of worker's compensation law. As an incentive to hire workers who have permanent disabilities resulting from a prior accident or disease, the State has created a Special Injury Disability Fund. This fund provides for reimbursement of awards made to such workers. The County is allowed to file for recovery for claims that are up to two years old. As of the June 2004, close to \$1.7 million has been realized.