



NASSAU COUNTY LEGISLATURE

Office of Legislative Budget Review

Review of the Fiscal Year 2025 Budget & Multi-Year Plan

Executive Summary

Maurice Chalmers, Director

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Inter-Departmental Memo

To: Hon. Howard J. Kopel, Presiding Officer
Hon. Delia DeRiggi-Whitton, Minority Leader
All Members of the Nassau County Legislature

From: Maurice Chalmers, Director
Office of Legislative Budget Review

Date: October 4, 2024

Re: Executive Summary

Pursuant to §183 of the Nassau County Charter, the Office of Legislative Budget Review has prepared a preliminary analysis of the County Executive's proposed operating budget for Fiscal Year 2025 and Multi-Year Plan. Our report is made up of two parts: the enclosed Executive Summary and a Departmental Analysis.

I would like to thank the County Executive's financial team for their cooperation during this process. As always, my staff and I remain ready to provide whatever assistance the Legislature may require during the budget process. This document will be made available to your constituents at <https://www.nassaucountyny.gov/2384/Budget-Documents>.

Table of Contents ii

1. Executive Summary 1

2. Labor 23

3. Fringe Benefits 28

4. Sales Tax 39

5. Fund Balance and Reserves 42

1. EXECUTIVE SUMMARY

Introduction

Pursuant to the County Charter, the Administration submitted its FY 25 Proposed Budget on September 16, 2024. Although the County has ended with a surplus for five consecutive years, to date, it remains in a control period. Since 2011, the Nassau Interim Finance Authority (NIFA) according to its statute in §3669 imposed a control period upon determining that there was a substantial likelihood and imminence of a Major Operating Funds deficit of one percent or more. Moreover, current FY 24 projections estimate that this year will end in a surplus.

The FY 25 Proposed Budget accommodates increasing costs in Labor, Fringe Benefits and Entitlement programs while revenue growth remains challenged, and this puts fiscal pressure on balancing the Budget. All told, the economy has been resilient and on September 18, 2024, the Federal Reserve reduced its key interest rate by an unusually large half-percentage point. The decision is expected to be positive for Long Island consumers and businesses but may have a mixed effect on the budget. In May of this year, the County received two bond rating upgrades (Moody's and Fitch Ratings) in addition to a change of outlook to Positive from Standard & Poor's (S&P). The upgrades put the County in a more favorable position should it need to borrow money. The Administration opted to not increase property taxes in the Proposed FY 25 Budget, keeping it flat throughout the Multi Year Plan (MYP), and instead will use some of the rainy-day funds it had set aside for such circumstances.

The County currently has agreements in place with all the County Unions which brings stability to the workforce. Contracts are in place with the Civil Service Employees Association, Inc. (CSEA), the Police Benevolent Association (PBA), the Police Detectives' Association (DAI) Inc., the Superior Officers Association (SOA) Inc., the Correction Officers Benevolent Association (COBA) and the Investigators Police Benevolent Association (IPBA). For CSEA, there are current ongoing negotiations for possible revisions to the contract as the agreement, which extends to 2030, included projected savings from employees switching from the Empire health insurance plan to a cheaper plan, the Excelsior plan. When, the contract was proposed, the Administration had anticipated savings of approximately \$59.7 million in FY 24 and \$28.9 million in FY 25 which were supposed to offset the costs. However, the retirees filed suit and were never switched. In addition, when the rates finalized for the Excelsior plan, they increased significantly and the anticipated savings which were supposed to offset the costs never came to fruition; thus, creating a big deficit which is being absorbed in FY 24. To date, no compromise has been reached, even though the Excelsior plan is being phased out as of the end of the year. The parties had until October 1st of this year to choose a similar program for employees. Furthermore, the FY 25 budget still accounts for employee health benefits costs using "Excelsior" budget lines for both current and retired employees. Also, when all of the health insurance components are added up, the proposed FY 25 expense is approximately \$40.0 million less than what is currently being projected by the Office of Management and Budget (OMB). The Administration indicates that they still hope to achieve some of the savings anticipated in the Memorandum of Understanding (MOU).

The FY 25 Proposed Budget has been drafted in an environment of economic uncertainty and volatility while absorbing large expense increases making the challenges sizable. The Proposed Budget removes the prior year general contingency and instead uses fund balance. The use of fund balance will be a negative GAAP adjustment made by the Comptroller when reporting the operating results on a modified

accrual basis in the Annual Comprehensive Financial Report (ACFR). That adjustment is computed and included prior to any additional adjustments that may be made when determining the control period calculation results. Furthermore, it is unclear how NIFA will treat the fund balance revenue/usage.

The budgeted fund balance amounts are reflected in the table below:

Table 1.0: Fund Balance Usage

<u>From Fund Balance</u>	
General Fund	20,000,000
Police District Fund	10,000,000
Sewer & Storm Water Dist Fund	16,861,482
Total:	\$46,861,482

In addition, the County established/replenished many rainy-day reserves that it can tap into should the need arise, further positioning itself favorably to react to a downturn in the economy and risks materializing. The balance of these reserves is summarized in the table below:

Table 1.1: Status of Reserves

	Balance As of September 16, 2024
Retirement Contribution Reserve (Gen)	\$74,967,889
American Rescue Plan	\$47,395,740
Litigation Fund	\$253,740,483
Bonded Indebtedness Reserve Fund	\$69,475,643
Opioid Litigation Settlement	\$92,260,507
Employee Bene Accrd Liab Reserve Fund	\$45,866,859
Operating Reserve Fund	\$96,190,022
Disputed Assessment Fund	\$42,654,599
Total:	722,551,740

Fund balance is a measure of financial position at a point in time, while reserves are funds set aside for specific future use. Anticipating the exposures to the FY 25 Proposed Budget, the plan appropriates the amounts in the table on the next page from reserves:

Table 1.2: Appropriations from Reserves

<u>From Reserves</u>	Amounts Appropriated By Year			
	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Retirement Contribution Reserve (Gen)	74,500,000			
American Rescue Plan				
Litigation Fund				
Bonded Indebtedness Reserve Fund	69,000,000			
Opioid Litigation Settlement	15,000,000	15,000,000	15,000,000	15,000,000
Employee Bene Accrd Liab Reserve Fund	44,500,000			
Operating Reserve Fund	95,000,000			
Capital Reserve Fund	2,000,000			
Disputed Assessment Fund				
Total:	\$300,000,000	\$15,000,000	\$15,000,000	\$15,000,000

Albeit the FY 25 Proposed Budget is not without risks. However, the County is in a good position to face these challenges, because during the most recent years, it has been able to build its reserves which stands at approximately \$722.6 million, and that has been seen favorably by rating agencies. The opposite is expected to be equally true for the usages. While the budgeted amounts are significant relative to the reserve balances, this does not mean they will be used, but instead they will provide a safety net to the budget should risks materialize. The continued strategic approach to County finances will be needed to avoid cost overruns and address revenue sources that have diminished. County finances rely on many revenue sources that are sensitive to economic trends and this needs to be at the forefront of policy decisions. In addition to current healthy reserves, FY 24 is on track to register a surplus and the projected positive result will further provide additional flexibilities to the County to replenish and/or add to their reserves.

Compared to the prior year budget, the Proposed FY 25 Budget adds 38 positions in the Major Funds, which are mainly in the Police Department, the Comptroller’s Office, Corrections, the Health Department and the Department of Social Services (DSS). The proposed budget funds approximately 325 full-time vacant positions, valued at approximately \$30.2 million. In addition, the budget includes approximately \$16.5 million in built in adjustments. A detailed staffing review is included in the “Labor” section of this report for the Legislature.

The largest revenue source for the County is sales tax which has been a cornerstone of County finances. The proposed sales tax revenue in the FY 25 Executive Budget, excluding the deferred piece, is \$1,589.4 million. According to the calculations, the FY 25 budget reflects a 0.1% growth rate from OMB’s current FY 24 projection. This minimal increase is due to an adjustment to the Part County Sales tax line. The out years of the plan contain a 2.5% growth in FY 26 and a 2.75% growth in FY 27 and FY 28. In addition to the detailed review included in the “Sales Tax” section of the Executive summary, the planned growth and MYP are reflected in Table 1.3 on the next page:

Table 1.3: Sales Tax Calculations

2024 Adjusted	2025 Budget without Deferrals	2026 Budget without Deferrals	2027 Budget without Deferrals	2028 Budget without Deferrals
1,587.5	1,589.4	1,629.1	1,673.9	1,720.0
	0.1%	2.5%	2.75%	2.75%
OMB's Calculations and Proposed Budget and Plan				

Often, the County experiences growth rates that have exceeded forecasts, as the Long Island economy has been robust and continues to outperform projections. OLBR uses year-to-date actual collections as a starting point for its projections, then grows the remaining checks by a percentage based on available economic data. Using this methodology and growing the FY 24 remaining checks by 1.3%, sales tax collections would be roughly \$8.8 million shy of the FY 25 Proposed sales tax budget, meaning that minimal growth would be necessary to meet the FY 25 budget. The previously mentioned 1.3% is the current Gross County Product (GCP) growth projected by Moody’s for FY 24. However, Moody’s is currently projecting FY 25 GCP growth to be 1.8%. If sales tax were to grow by Moody’s GCP forecast of 1.8% from the projected FY 24 amount, there is the possibility for a net surplus of approximately \$18.5 million as compared to the FY 25 Proposed sales tax budget. However, the Administration explains that they decided to err on the side of caution given the volatility of the economy and this revenue source. Although, the last two checks through September 12, 2024, have been positive, many of the previous checks experienced negative growth compared to the previous year. On October 12, 2024, the County will receive the final check completing the third quarter collections and at that time, OLBR will have an updated projection.

Additionally, the average of recent national and regional economic forecasts points to continued positive economic growth for Nassau County in FY 24, FY 25, and FY 26. A survey of current US Gross Domestic Product (GDP) forecasts reveals that the US economy is expected to grow an average of 2.3% in FY 24, 1.7% in FY 25, and 2.0% in FY 26.

Yet, regional growth as of August is projected by Moody’s to be 1.3% in FY 24, 1.8% in FY 25, and 1.9% in FY 26. Table 1.4 displays the current forecasts.

Table 1.4: Survey of Current US & Nassau GDP Forecasts

Current Real US GDP 2024 - 2026 Forecasts			
	2024	2025	2026
Fannie Mae	1.9%	1.8%	N/A
Mortgage Bankers Association	1.8%	1.3%	1.5%
Federal Reserve Bank - Phil.	2.6%	1.9%	2.3%
The Conference Board	2.4%	1.7%	1.7%
Wells Fargo	2.7%	1.9%	2.6%
Average US GDP Forecast	2.3%	1.7%	2.0%
Moody's GCP Forecast	1.3%	1.8%	1.9%

As mentioned previously, many of this year’s checks recorded negative growth and a cautious approach to estimating the FY 25 budget was preferable; this may translate into a surplus should sales tax growth continue to improve. Projecting growth has been very unpredictable given the many looming economic worries. The availability of reserves coupled with a projected surplus for FY 24 afford the Administration great flexibility to adjust and face challenges. However, OLBR agrees with warnings that the out-years, beyond FY 25, will be more challenging which makes it that much more important to contain costs and enhance revenues where possible.

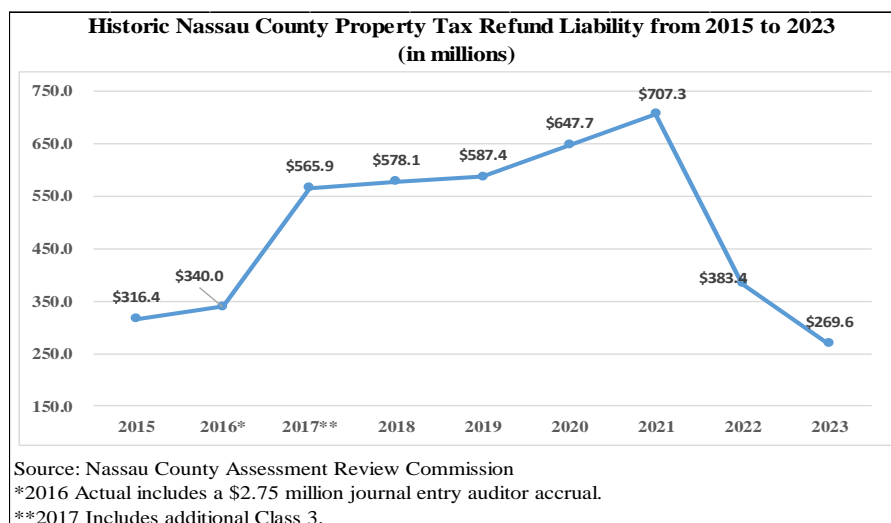
As mentioned before, the proposed budget includes no property tax increases. Below is a breakdown of the tax levy by funds:

Table 1.5: Proposed Property Tax Levy by Fund

Property Tax Levy			
Fund	2024 NIFA Adopted	2025 Proposed	Difference 2025 vs 2024
Fire Commission	706,251	706,251	0
General	3,500,000	3,500,000	0
Police District	466,176,265	483,322,110	17,145,845
Police Headquarters	284,880,621	267,734,776	(17,145,845)
Subtotal Major Funds	\$755,263,137	\$755,263,137	\$0
Sewers (SFA)	154,559,286	154,559,286	0
Total Major Funds & Sewers	\$909,822,423	\$909,822,423	\$0
Environmental Bond	8,211,443	8,211,443	0
College	52,206,883	52,206,883	0
Grand Total	\$970,240,749	\$970,240,749	\$0

As of December 31, 2023, the County’s estimated outstanding property tax liability was \$269.6 million which represented a decrease of 29.7% from the estimated prior year liability of \$383.4 million. The increase from FY 16 to FY 17 was due to the recognition in County reporting of an additional \$220.3 million in class 3 liability. Chart 1.0 below illustrates the historical ARC estimated backlog:

Chart 1.0: Tax Certiorari Backlog



The backlog is another area where the County continues to make progress in decreasing the outstanding liability by settling cases. On a positive note, the Litigation Fund as reflected in Table 1.1 with a balance of \$253.7 million has the resources to cover close to the entire backlog; especially if anticipated surplus funds are added from the projected FY 24 year-end results. Table 1.6 below breaks down the liability by class:

Table 1.6: Backlog by Class

Annual Nassau County Property Tax Refund Liability by Class				
	2022	2023	\$ Change	% Change
Class 1	47.2	37.3	-10.0	-21.1%
Class 2	28.9	16.2	-12.7	-43.9%
Class 3	0.1	5.7	5.6	9230.5%
Class 4	307.2	210.5	-96.7	-31.5%
Total	383.4	269.6	-113.8	-29.7%

Source: Assessment Review Commission

The Proposed FY 25 Budget contains \$40.0 million for suits & damages in the Assessment Department and the County plans to levy \$40.0 million in the Disputed Assessment Fund (DAF) for a total of \$80.0 million to pay for tax certiorari expenses. In addition, the Office of Management and Budget (OMB) includes \$28.0 million for other suits and damages in their budget.

Table 1.7 below shows the expense and revenue components for the Sewer & Storm Water Resource District:

Table 1.7: Sewer & Storm Water Resource District Highlight (SSW)

Sewer & Storm Water Resource District			
Expense	FY 24 NIFA Approved Budget	FY 25 Executive Budget	FY25 vs FY24
Salaries	\$8,306,023	\$9,253,134	\$947,111
Fringe Benefits	6,130,624	6,988,436	857,812
Equipment	10,000	10,000	0
General Expenses	1,694,930	1,694,930	0
Contractual Services	78,361,828	82,588,812	4,226,984
Utility Costs	6,887,245	13,083,319	6,196,074
Interest	10,439,268	14,007,840	3,568,572
Principal	14,108,693	14,552,992	444,299
Interfund Charges	43,813,654	48,948,656	5,135,002
Other Expense	10,458,942	858,500	(9,600,442)
	\$180,211,207	\$191,986,619	\$11,775,412
Revenue			
Fund Balance	\$21,483,133	\$16,861,482	(\$4,621,651)
Permits & Licenses	750,000	750,000	\$0
Invest Income	3,025,000	5,312,813	\$2,287,813
Rents & Recoveries	4,125,800	11,025,800	\$6,900,000
Dept Revenues	1,603,000	1,603,000	\$0
Fed Aid-Reimb of Exp	0	0	\$0
Interfund Transfers	149,224,274	151,433,524	\$2,209,250
Debt Svc From Capital	0	5,000,000	\$5,000,000
	\$180,211,207	\$191,986,619	\$11,775,412

Some of the biggest highlights in SSW include the planned use of \$16.9 million in fund balance in order to keep the Sewer Fund stable which is a decrease of \$4.6 million from FY 24. Rents and recoveries, specifically enterprise fund recoveries are increasing by \$6.9 million. Debt service from capital of \$5.0 million is included in FY 25.

Salaries are increasing by \$0.9 million primarily due to an increase of \$1.0 million in transfer to/from SSW. Fringe benefits are growing by \$0.9 million primarily due to higher health insurance costs for retirees. Other expense is declining by \$9.6 million, general reserves of \$10.1 million was eliminated in FY 25 and is offset by \$0.5 million in expense of loans. SSW contractual service expenses are increasing by \$4.2 million due to a growth of \$3.0 million in professional services for maintenance of the sewer system and \$1.2 million in miscellaneous. In utilities, the budget anticipates additional costs of \$6.2 million primarily due to \$6.9 million in light power & water and \$0.5 million in fuel offset by \$1.2 million in lower brokered gas.

Budget Risks

A review of the FY 25 Proposed Budget reveals areas of the budget where careful management will be needed to contain costs and address revenue declines. The budget anticipated these exposures, and the Administration has appropriated reserves that can be used to offset these costs in FY 25. Not all the risks will materialize and if the Administration is effective in implementing action plans, and successful in recouping the savings it anticipated in the CSEA labor agreement, specifically related to the Health Insurance Plan, it may mitigate a significant portion of the risks.

There are also opportunities that were identified in the budget that may offset these risks. For example, the County took a cautious approach in estimating sales tax growth which is preferable from a budgetary perspective.

OLBR has identified approximately \$165.3 million of risk in the Proposed FY 25 Budget for the Major Funds which are offset by \$111.0 million in opportunities for a net risk of \$54.3 million, which can be covered by \$300.0 million appropriated from reserves to provide a safety net, ending with a positive \$245.7 million. Since these appropriated reserves more than cover the risks, even if they happen, the budget will remain funded on a budgetary basis; however, the GAAP and/or NIFA treatment may be different. In addition, the final amount that is used will be contingent on economic trends, the cost containment measures implemented by the Administration and the success of recouping some of the MOU savings.

Table 1.8 below, which continues on the next page, lists the risks and opportunities including additional offsetting opportunities that could be available to the Administration.

Table 1.8: Major Funds Risks (millions)

Risks (in millions)

Items	Surplus/Risk
Health Insurance	\$53.3
Overtime	42.5
Investment Income	22.1
Department Revenues	15.2
Prior Year Recoveries	10.0
Provider Payments / Preschool	7.9
Capital Resources for Debt	5.0
TPVA Fines	5.0
Sale of County Property	4.2
Total Risks	\$165.3

Opportunities (in millions)

Use of Litigation Fund for Other Suits	\$50.0
Sales tax 1.3% in FY 24 - then 1.8% in FY 25	18.5
Vacancy Value (Half Value)	15.1
Payroll Adjustment included in FY 25	16.5
Debt Service Future Obligations	10.9

Total Opportunities	\$111.0
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Net Risks	(\$54.3)
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Other Offsetting Possibilities

Appropriated Reserves	\$300.0
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Grand Total	\$245.7
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Risks:

Health Insurance Risk

The \$53.3 million risk in Health Insurance represents the shortfall in the health insurance budget if the Administration does not find another health insurance plan for CSEA employees and they are converted back to the Empire plan. The FY 25 Proposed budget builds in anticipated savings from finding an insurance plan for CSEA employees that will absorb a portion of the reductions that were identified in the ratified CSEA MOU. If the Administration finds a plan with similar costs to the Excelsior plan for CSEA employees, the shortfall would still be roughly \$45.2 million.

Overtime

The overtime risk is based on current trends and projections compared to the FY 25 Proposed Budget. The Major Funds overtime expense is budgeted at \$86.3 million in the Proposed FY 25 Budget which represents a \$5.7 million increase from the prior year budget. However, the funding represents a \$42.5 million decrease from OLBR’s FY 24 projections. The FY 23 actual expenses were \$120.8 million, and this amount is projected to be exceeded by all monitors including the Administration which is projecting \$129.8 million in expenses for FY 24. Therefore, the budget will be difficult to achieve and will require a specific plan of action.

Investment Income

There is a risk of \$22.1 million in investment income in FY 25. OLBR estimated this after considering the 0.5% cut in interest rates made by the Federal Reserve and the additional 0.5% cut anticipated in FY 24, as well as another 1.0% cut in rates that is projected in FY 25. This would result in an interest rate that is almost 36.4% less than the peak rate of 5.5%. OLBR took the average of the projected rates at year-end 24 (4.5%) and year-end 25 (3.5%) and applied it to the current FY 24 projection to estimate investment income in FY 25. In addition, as the County spends down fund balances, that will negatively affect investment income.

Department Revenue

A risk of \$15.2 million has been identified in departmental revenues; \$7.2 million of the risk is in the Assessment Department for GIS Tax map fees, \$5.0 million from the Annual Survey of Income and Expense law (ASIE), \$1.5 million in Ambulance fees and \$1.5 million in Parks revenue.

- In the Assessment Department, GIS Tax Map verification fee reflects a \$7.2 million risk in FY 25 which is based on current trends compared to the increased budget from last year.
- The budget includes an anticipated \$5.0 million in revenue from the Income and Expense Law which is pending litigation. This remains unchanged from prior years.
- The proposed budget includes \$21.0 million in ambulance fees, a decrease of \$3.0 million, budget to budget. Although lowered, some \$1.5 million may be in jeopardy based on current collections.
- In the Parks Department, the proposed budget increases revenues by \$1.5 million, however, the current trends do not support the increase.

Prior Year Recoveries

The proposed budget includes \$10.0 million in anticipated revenues from prior year recoveries in the budget office. Such revenues materialize throughout the budget as prior year funds are disencumbered however, they are not guaranteed and are contingent on execution.

Provider Payments

OLBR is projecting a net risk of \$7.9 million after reimbursements are factored for Provider Payments within the Health Department. The department projects caseloads to increase for both Children's Early Intervention and Pre-School Education programs and there have been rises in the provider rates as well. The risk includes projecting an increase for Pre-school expenditures in FY 25.

Capital Resources

The Proposed FY 25 Budget includes \$5.0 million from Bond Surplus and \$5.2 million from Bond Premium. As it has been explained, some of the revenues for Bond Surplus will be realized by closing capital projects with available funds remaining, making the \$5.0 million a risk.

TPVA Fines

The budget for the Traffic and Parking Violations Agency (TPVA) includes \$5.0 million from the Ticket Reconciliation Program (TRP) which is a revamped program for FY 25 that did not materialize in FY 21. The TRP revenue is intended to increase collections of unpaid tickets and Notice of Liabilities (NOL) through a third-party collection vendor, which requires Legislative approval. If the program is not approved and implemented, the revenue of \$5.0 million will be at risk.

Sale of County Property

The sale of County properties is a long and tedious process that sometimes comes to fruition but can fall short of expectations. The budget includes \$4.2 million in anticipated revenue.

Opportunities

Use of Litigation Fund

The budget contains \$68.0 million for other suits and damages. Most recently, the County has used the Litigation Fund to pay for these expenses and has replenished the fund based on the year end results. The Administration sees an opportunity of \$50.0 million in operating expenses.

Sales Tax

In estimating sales tax, OLBR uses year to date actual collections as a starting point, then grows the remaining checks by a percentage based on available economic data. Using this methodology and growing the FY 24 remaining checks by 1.3%, sales tax collections would be roughly \$8.8 million shy of the FY 25 Proposed sales tax budget, meaning that minimal growth would be necessary to meet the FY 25 budget. The previously mentioned 1.3% is the current Gross County Product (GCP) growth projected by Moody's for FY 24. However, Moody's is currently projecting FY 25 GCP growth to be 1.8%. If sales tax were to grow by Moody's GCP forecast of 1.8% there is the possibility for a surplus of approximately \$18.5 million as compared to the FY 25 Proposed sales tax budget.

Vacancies

Based on current headcount and continued attrition, it is anticipated that many positions will be added/backfilled, but some may remain open, resulting in approximately \$15.1 million or half of the value of the vacancies being an opportunity.

Payroll Adjustments

An analysis of the salaries for FY 25, reveals that there is a built-in flexibility of approximately \$16.5 million which can be used to offset other overages in payroll.

Future Debt Obligation

Historically, the County will issue new debt under a structure that delays payments until the following fiscal year, which could result in an opportunity of \$10.9 million in FY 25 on this line.

As illustrated in the Risks and Opportunities Table 1.8, the risks are partially offset by some opportunities. Not all risks will materialize and the same applies to opportunities. Therefore, the success of the FY 25 budget will rely on the Administration implementing revenue initiatives while curtailing expense overruns. In addition, the Administration has appropriated \$300.0 million from reserves to address any remaining risks that materialize.

Conclusion

The Proposed FY 25 Budget reflects the Administration's priorities and strategies to address the continued growth in expenses, while economic pressures are limiting revenues. The budget includes the usage of \$46.9 million in fund balance, and earmarks funding from specific reserves for areas of the budget that are at risk, such as fringe benefits. It's the Administration's position that "the County has prudently used prior year surpluses to establish reserves and accumulate fund balance". They further state that "the Office of the State Comptroller (OSC) has touted that setting aside fund balance has several benefits, most notably, it allows municipalities to stabilize taxes and maintain services without budget cutbacks in poor

economic times”. It is unclear what NIFA’s position will be, as the control board has set a precedent of requiring recurring expenses to be covered by recurring revenues.

The availability of current large reserve balances, which will probably improve based on the anticipated FY 24 results, is not only providing fiscal flexibility to the County but a level of certainty that it will be able to meet its FY 25 budget obligations. However, if the budget uses a large amount from reserves because strategies don’t produce the targeted reduction in expenses, these amounts will no longer be available in the ensuing years, making it more difficult to remain in balance as some expenses, such as salaries and fringe benefits, will more than likely continue to increase. Thus, the Administration will need to remain vigilant and continue taking a measured approach to cost overruns and enhance revenues where possible in order to maintain the County’s strong fiscal position.

Proposed Expense Budget

The FY 25 Proposed Expense Budget for the Major Funds, excluding the Sewer and Storm Water Resource District, sales tax transfers, interdepartmental charges and debt service chargebacks, is \$3.6 billion, a \$105.7 million increase in expenses. A breakdown of the budget categories reveals that many have significant variances, and they will be discussed individually later in the report. Table 1.9 below shows the budget-to-budget variances by category:

Table 1.9: Major Funds Expenses FY 24 vs. FY 25
(\$'s in millions)

2025 Proposed Expense Budget Highlights			
Expenses	2024 NIFA Adopted Budget	2025 Proposed Budget	Variance
Salaries	\$1,021.0	\$1,073.9	\$52.9
Fringe Benefits	645.8	701.2	55.4
Workers Compensation	38.1	37.9	(0.2)
OTPS	417.4	400.7	(16.7)
Utility Costs	42.5	43.6	1.0
Various Direct Expenses	5.3	5.3	0.0
Principal & Interest	222.9	176.7	(46.2)
Local Govt Assistance	94.1	94.7	0.7
Inter-Fund Charges	20.7	20.5	(0.2)
Mass Transportation	51.8	52.0	0.2
NIFA Expenditures	2.8	2.3	(0.5)
Other Expenses	294.5	260.4	(34.0)
Early Intervention / Special Ed.	162.8	185.0	22.2
Direct Assistance	216.5	278.6	62.1
Medicaid	245.2	254.3	9.2
Sub-total Expenses	3,481.2	3,586.9	105.7
Inter Dept/Sales Tax Transfers	586.1	609.6	23.5
Expenses Including Transfers	\$4,067.3	\$4,196.5	\$129.2

- Salaries are increasing by \$52.9 million from the prior year budget. Since the County currently has labor agreements with all unions, the increase captures the cost-of-living adjustments (COLA) and steps for the labor contracts. The salary line also includes funding for open but vacant full-time positions. The overtime (OT) budget has been increased by \$5.7 million from last year’s budget, however, the funding represents a \$42.5 million decrease from OLBR’s FY 24 projections. The FY 23 actual OT expenses were \$120.8 million, and this amount is projected to be exceeded by all monitors including the Administration which is projecting \$129.8 million in expenses for FY 24. Therefore, the overtime budget will be difficult to achieve and poses a significant risk if measures are not implemented to reduce the expense to budgeted amounts.

For additional funding and headcount breakdown included in the FY 25 budget, please refer to the labor section in this report. The vacancy funding may prove valuable since OLBR is currently estimating that there could be a risk of \$42.5 million from overtime.

- In the FY 25 Proposed Budget, Fringe Benefits for the Major Funds is \$701.2 million, which is an increase of \$55.4 million from the FY 24 NIFA Approved Budget. The budgeted rise is mainly due to additional funding from pension and social security expenses. The increase in the pension costs is due to significant rises in the pension contribution rates, and pensionable salaries that have grown based on the ratified contracts with the unions.

The overall fringe benefit rise would have been much larger, however health insurance expenses in aggregate (for active and retirees) remain relatively unchanged with a minor \$0.3 million increase. This could be problematic since the health insurance budget is \$40.0 million less than OMB’s current FY 24 projection.

According to the Administration, the FY 25 Proposed Budget builds in savings from finding an insurance plan for CSEA employees with lower costs than the current NYSHIP plan. New York State has announced that it will discontinue the Excelsior plan option for all NYSHIP participating Agencies effective January 1st. The FY 25 Proposed Budget is based on finding a new insurance plan for CSEA that will obtain a portion of the savings that were targeted in the ratified CSEA MOU. However, if this does not come to fruition, it will create a huge gap in the budget. The Administration has appropriated \$95.0 million from the Operating Reserves Fund, of which \$55.0 million in funding is earmarked for health insurance costs, which could possibly be used to offset any shortages. Nonetheless, if any amount of savings doesn’t come to fruition, this will leave the County in a position where they will need to makeup the difference.

- The Other Than Personal Services (OTPS) rollup shows a decrease of \$16.7 million. This consists of smaller decreases of \$2.8 million in equipment, \$3.0 million in general expenses and a much larger decrease in contractual services of \$10.8 million. Below is a breakdown of the different components:

Table 1.10: OTPS

	FY 24 Approved	FY 25 Proposed	Difference
Equipment	\$8.6	\$5.8	(2.8)
General Expenses	\$54.9	\$51.9	(3.0)
Contractual Services	\$353.8	\$343.0	(10.8)
	\$417.4	\$400.7	(\$16.7)

- The largest OTPS decrease is from contractual services. This includes decreases of \$2.6 million in the Department of Public Works (DPW), \$5.2 million in the Police Department, \$1.9 million in the Correctional Center and \$1.2 million in the Comptroller’s Office.
 - Within DPW, the \$2.6 million decline in contractual services is mainly due to a \$1.0 million decrease in streetlight and signal maintenance; a \$0.7 million decrease in tank testing repair and compliance; a \$0.6 million decrease in Veolia contractual services, and a \$0.4 million decrease in the traffic management center.
 - In Police, contractual services are being reduced by \$5.2 million in FY 25. The largest declines are \$3.3 million in miscellaneous contractual and \$2.3 million in radio & communications offset by a total increase of \$0.4 million in software contracts.

- In the Comptroller’s Office, the decrease of \$1.2 million is mainly due the new Enterprise Resource Planning (ERP) system contract being encumbered in FY 24 thus relieving FY 25.
- In Corrections, there is a decrease of \$2.1 million in medical/psychiatric services.
- General expenses are decreasing by \$3.0 million year-over-year. The Police Department has the largest decrease of \$2.7 million of which \$1.4 million is occurring within building supplies and maintenance along with \$1.1 million in clothing & uniform supplies. In addition, other reductions include \$0.7 million in gasoline and \$0.6 million in miscellaneous supplies & expenses offset by an additional \$1.4 million in motor vehicle supplies & parts. The Information Technology Department is decreasing by \$0.2 million in postage and \$0.5 million in IT supplies, for a total decrease of \$0.7 million.
- The Proposed FY 25 Debt Service Budget is driven by the amortization schedule of the existing debt as well as an allotment for future, planned debt issuances. The budget is decreasing by \$46.2 million in principal and interest payments which is mainly due to prior year debt defeasance and the NIFA refunding.
- The Other Expense category is decreasing by \$34.0 million.
 - In OMB, the change nets to a decrease of \$55.3 million. The budget removes \$39.4 million in contingency reserve and decreases other suits and damages by \$17.0 million. These are offset by an increase of \$1.1 million in Legal Aid Society.
 - In the Debt Service Department, the budget is increased by \$20.1 million mainly for NIFA Set-Asides.

Table 1.11: Entitlements

	2023 ACT	2024 Adopted Budget	2024 Modified Budget	2024 Projections	2025 Proposed	FY 24 Proj Vs. FY 25	FY 24 Bud Vs. FY 25 Prop
PP-Early Intervention/Special Education	187.0	162.8	174.8	197.8	185.0	(12.8)	22.2
Direct Assistance							
SS-Recipient Grants	59.2	55.1	72.2	79.7	82.8	3.0	27.7
TT-Purchased Services	100.4	98.5	114.8	116.6	128.0	11.3	29.5
WW-Emergency Vendor Payments	62.7	62.8	64.8	66.6	67.8	1.2	5.0
Direct Assistance Total:	222.3	216.5	251.8	263.0	278.6	15.6	62.1

- Provider payments for Early Intervention/Special Education is increasing by \$22.2 million compared to the FY 24 NIFA Approved Budget, however the budget falls short of the current FY 24 projection by \$12.8 million. The budgeted increase is solely within Pre-school Expenditures, meanwhile the control center for Children’s Early Intervention Services remains flat.

Since the department projects caseloads and rates to increase for both programs, the Provider Payment proposed budget is being flagged as a risk. OLBR projects the proposed budget could be roughly \$7.9 million short after the aid reimbursement. Children’s Early Intervention Services rates experienced a 5.0% rate increase that went into effect from the State on April 1, 2024. The FY 25 Proposed Budget remains unchanged from the current year for this control center.

- Direct Assistance includes the three categories shown in the table on the previous page. The largest increase is in Purchased Services with other increases in Recipient Grants and Emergency Vendor Payments.
 - The Department of Social Services' Proposed FY 25 Budget for Recipient Grants is \$82.8 million, which is a \$27.7 million increase compared to the prior year budget and \$3.0 million more than OLBR's projection. This growth is primarily due to subsidized adoption rates increases, rising caseloads for Safety Net and TANF and higher foster child expenses.
 - The Proposed FY 25 Budget for Purchased Services is \$128.0 million, about \$29.5 million more than the prior year budget and \$11.3 million more than OLBR's projection of \$116.6 million. The rise in expenses is attributed to family and group day care expenses driven by the State reducing income-based family share and lowering the eligibility requirement for Day Care which increased enrollment.
 - The Emergency Vendor Payments for the FY 25 Proposed Budget is \$67.8 million, a 7.9% increase compared to the prior year budget and 1.8% more than OLBR's projection. This growth is mainly due to the increase in costs related to the Education of Handicapped Children, Children in Institutions, and training schools. In addition, expenses for shelter care are higher because local districts must comply with new regulations to assist individuals and families who seek shelter assistance under the "homeless where found" program and the New York State Executive Order to protect homeless individuals during inclement weather where temperatures decline to 32 degrees or below. Additionally, caseloads for individuals placed in foster care are expected to remain flat, however the per day service rates are projected to increase as stated by the Administration.
- The Proposed FY 25 Budget increases Medicaid by \$9.2 million to \$254.3 million compared to the prior year budget and compared to the current projection it is \$4.4 million higher. The budget-to-budget increase is concentrated in the County Share line and all other lines remain flat. This is due to the end of the Affordable Care Act eFMAP reduction, which had resulted in the decrease of the County's share of Medicaid costs. In 2025, the County's weekly Medicaid Local Share Cap is based on 52 cycles in the calendar year.

Proposed Revenue Budget

The FY 25 Proposed Revenue Budget for the Major Funds, excluding the Sewer and Storm Water Resource District, interfund, interdepartmental charges and debt service chargebacks, is \$3.6 billion, a \$105.7 million increase from the prior year budget. Table 1.12 below shows the revenue sources from a year-to-year budget perspective and the corresponding variances:

Table 1.12: Major Funds Revenues FY 24 vs. FY 25
(\$'s in millions)

2025 Proposed Revenue Budget Highlights			
Revenue	2024 NIFA Adopted Budget	2025 Proposed Budget	Variance
Fund Balance	\$0.0	\$30.0	\$30.0
Interest Penalty on Tax	32.5	35.5	3.0
Permits & Licenses	18.8	18.0	(0.8)
Fines & Forfeits	101.7	106.3	4.6
Investment Income	38.9	54.4	15.4
Rents & Recoveries	31.2	37.5	6.3
Revenue Offset to Expense	23.4	23.4	0.0
Department Revenues	194.8	201.4	6.6
Capital Chargebacks	0.0	0.0	0.0
Payments in Lieu of Taxes	53.0	51.7	(1.3)
OTB Profits	20.0	20.0	0.0
Debt Service From Capital	19.9	10.2	(9.7)
Other Non Tax Source Revenue	0.0	0.3	0.3
Interfund Charge Revenue	78.4	82.4	4.1
Intefund Transfers	0.0	0.0	0.0
Federal Aid	188.1	217.6	29.4
State Aid	288.1	309.3	21.2
Sales Tax	1,605.3	1,599.8	(5.5)
Property Tax	755.3	755.3	0.0
OTB 5% Tax	1.6	1.2	(0.4)
Special Taxes	30.3	32.6	2.3
Sub-total Revenue	3,481.2	3,586.9	105.7
Inter Department Transfers	586.1	609.6	23.5
Revenue Including Transfers	\$4,067.3	\$4,196.5	\$129.2

The FY 25 Proposed Budget increases revenues compared to the prior year budget to offset the increases in expenses. The budget removes the prior year general contingency of \$39.4 million from “other expenses” and instead uses \$30.0 million from the fund balance. The use of fund balance will be a negative GAAP adjustment made by the Comptroller when reporting the operating results on a modified accrual basis in the ACFR. That adjustment is computed and included prior to any additional adjustments that may be made when determining the control period calculation results.

- The FY 25 Proposed Budget for Interest Penalty on Tax is \$35.5 million, an increase of \$3.0 million compared to FY 24. The FY 25 Proposed Budget includes \$2.0 million more in penalties and \$1.0 million more in interest.
- The overall increase in Fines & Forfeitures is \$4.6 million budget to budget.
 - The proposed budget for the Traffic & Parking Violations Agency (TPVA) is \$77.4 million, an increase of \$2.5 million from the prior year budget. The change is mainly due to the \$5.0 million allocated for the revamped “Ticket Reconciliation Program” (TRP) offset by a \$2.0 million decrease in Red Light Camera and related administrative fee revenue.
 - In the Police Department, the Public Safety fee is increasing by \$2.5 million.
- Investment Income will be affected by the Federal Reserve reducing its key rate by an unusually large half-percentage point on September 18, 2024. Despite this occurrence, and anticipated additional cuts in interest rates, the budget increases investment income by \$15.4 million. OLBR has flagged a risk based on current forecasts.
- The FY 25 Proposed Budget for Rents and Recoveries is increasing by \$6.3 million in total. In DPW, the Sands rental revenue is increasing by \$4.1 million and also increasing by \$3.0 million in the Budget Office for prior year recoveries.
- The FY 25 Proposed Budget for Capital Resources for Debt is decreasing by \$9.7 million. This line contains \$5.2 million in bond premium and \$5.0 million in bond surplus for a total of \$10.2 million. The decrease is budgeted as \$10.0 million less from bond surplus. However, to date in FY 24, the county collected approximately \$2.0 million.
- The Proposed FY 25 Budget increases Department Revenues by \$6.6 million overall.
 - In the Assessment Department, revenues are increasing by \$4.0 million in GIS Tax map Verification fees. There is a hope that the recent decrease in interest rates and the projected additional cuts throughout next year will spur mortgage and refinancing activities.
 - In the Health Department, the \$1.5 million increase is mostly due to higher than budgeted Medicaid revenue for Pre-school Services. This rise aligns the budgeted amount with the FY 24 projection.
 - The Police Department is decreasing ambulance fees by \$3.0 million which is more in line with current trends.
 - In Parks, there is an increase of \$1.5 million in departmental revenue; the major components include concessions increases of \$0.9 million and golf cart fees of \$0.3 million.
 - In DPW, revenues are increasing by \$2.7 million primarily due to a \$2.5 million increase in bus fare box revenues.

- Federal aid grows by \$29.4 million in the Proposed FY 25 Budget compared to the prior year.
 - In DPW, Federal Aid is decreasing by \$6.1 million due to a \$5.8 million decline in Federal Transportation Authority aid and a \$0.4 million decline in the NYS Pass Thru Federal Funds.
 - In DSS, federal aid is increasing by \$35.5 million which represents the corresponding reimbursement amount the County receives in the form of federal aid as a portion of the increased entitlement programs costs discussed above.
- State aid grows by \$21.2 million in the Proposed FY 25 Budget compared to the prior year.
 - In DPW, state aid is rising by \$3.3 million due to a \$4.0 million rise in the STOA grant, offset by a \$0.7 million drop in reimbursed expenditures.
 - In DSS, state aid increases by \$5.7 million which represents the corresponding reimbursement amount the County receives from the State as a portion of the increased entitlement program costs discussed above.
 - The Health Department's state aid budget is increasing by \$10.2 million; this represents the corresponding reimbursement amount the department receives from the State as a portion of the increased programs costs discussed above.

Multi-Year Plan (MYP)

Changing economic conditions make it difficult to forecast past FY 25 with great accuracy and the attempt to predict beyond a year by monitors have yielded major variances from actuals. However, Table 1.13 below details the Administration’s projected expenditures and revenues through FY 28. Although the Proposed MYP by the Administration does not show any deficits in the out-years, they nonetheless listed actions that could have positive effects on the budget.

Table 1.13: Multi-Year Plan Projections (Major Funds)
(\$’s in millions)

Proposed MYP Expense Budget				
Expenses	2025 Proposed	2026 Plan	2027 Plan	2028 Plan
Salaries	\$1,073.9	\$1,101.2	\$1,121.4	\$1,140.2
Fringe Benefits	701.2	734.8	761.8	787.7
Workers Compensation	37.9	38.6	39.4	40.1
OTPS	400.7	400.8	401.8	404.2
Utility Costs	43.6	42.8	42.3	42.0
Various Direct Expenses	5.3	5.3	5.3	5.3
Principal & Interest	176.7	195.0	215.4	192.4
Local Govt Assistance	94.7	97.1	99.7	102.4
Inter-Fund Charges	20.5	20.0	19.6	19.2
Mass Transportation	52.0	53.4	54.3	55.3
NIFA Expenditures	2.3	2.8	2.5	3.2
Other Expenses	260.4	243.4	245.9	261.6
Early Intervention / Special Ed.	185.0	179.3	168.5	168.5
Direct Assistance	278.6	267.6	262.6	262.6
Medicaid	254.3	256.7	256.7	256.7
Sub-total Expenses	3,586.9	3,638.7	3,697.2	3,741.3
Inter Dept/Sales Tax Transfers	609.6	660.6	711.2	730.9
Expenses Including Transfers	\$4,196.5	\$4,299.2	\$4,408.3	\$4,472.2

Proposed MYP Revenue Budget				
Revenue	2025 Proposed	2026 Plan	2027 Plan	2028 Plan
Fund Balance	\$30.0	\$30.0	\$30.0	\$30.0
Interest Penalty on Tax	35.5	35.5	35.5	35.5
Permits & Licenses	18.0	22.6	23.0	22.6
Fines & Forfeits	106.3	106.3	108.3	111.3
Investment Income	54.4	53.4	52.4	51.4
Rents & Recoveries	37.5	47.3	47.3	37.3
Revenue Offset to Expense	23.4	23.1	22.3	22.3
Department Revenues	201.4	217.6	228.7	239.7
Payments in Lieu of Taxes	51.7	52.2	53.6	53.9
OTB Profits	20.0	20.0	20.0	20.0
Debt Service From Capital	10.2	10.2	10.2	10.2
Other Non Tax Source Revenue	0.3	0.3	0.3	0.3
Interfund Charge Revenue	82.4	84.6	90.3	87.7
Federal Aid	217.6	217.9	218.4	217.6
State Aid	309.3	303.6	295.6	296.2
Sales Tax	1,599.8	1,629.1	1,673.9	1,720.0
Property Tax	755.3	755.3	755.3	755.3
OTB 5% Tax	1.2	1.2	1.2	1.2
Special Taxes	32.6	32.6	32.6	32.6
Sub-total Revenue	3,586.9	3,642.9	3,699.0	3,744.9
Inter Department Transfers	609.6	660.6	711.2	730.9
Revenue Including Transfers	\$4,196.5	\$4,303.4	\$4,410.1	\$4,475.9
Projected Surplus/Deficit	-	4.2	1.8	3.7

Through the course of this MYP, total expenses are projected to grow by 4.3% while revenues increase at 4.4%. There are many uncertainties that can affect the proposed MYP. The economy has been improving, however, there are many steps being taken to deal with inflation and the outcomes are uncertain. The decrease of the interest rates and expected additional cuts will affect some County revenues differently. For example, the latest move from the Federal Reserve decreasing the interest rate will have a negative effect on investment income but may jump start certain economic activity such as mortgage refinances and home purchases, among other things. The economic outcome and trends will need to be monitored closely and communicated to Policy makers for possible adjustments to the budget. There are many assumptions in the FY 25 budget that are carried through the entire MYP that if they trend as budgeted may require the County to rely on the reserves that it has set aside as rainy-day funds. Every year of the MYP includes fund balance usage which may not be seen positively by rating agencies and monitors.

- Salaries and wages will increase by \$66.3 million, from a proposed budget of \$1,073.9 million in FY 25 to \$1,140.2 million in FY 28. The MYP includes COLA increases for the unions based on the ratified contracts.
- Fringe benefits will increase by \$86.5 million, or 12.3%, from the \$701.2 million in the Proposed FY 25 Budget to \$787.7 million in FY 28.
- Health insurance expenses for active and retired employees from FY 25 to FY 28 are projected to increase by \$55.2 million to \$407.2 million. The MYP baseline inflator used to project out-year health insurance costs for both active employees and retirees is a recurring 6.0% in FY 26, 5.0% in FY 27 and 4.0% in FY 28.
- In FY 25, the Administration assumes savings from finding an insurance plan for CSEA employees that obtain a portion of the savings that were identified in the ratified CSEA MOU, these savings are carried into the out-years of the MYP. It should be noted, that if an insurance plan is not found and CSEA employees revert back to the Empire plan, the \$53.3 million risk in FY 25, has the potential to grow to \$60.5 million in FY 26, \$63.6 million in FY 27 and \$66.3 million in FY 28.
- In FY 25, \$55.0 million has been set aside in the Operating Reserve Fund, to fund the potential shortfall, however, if this reserve is used in FY 25 it becomes eliminated in the out-years of the plan. This could be problematic since it will no longer be available to cover the health insurance shortfall in the out-years of the plan.
- Pension costs for ERS and PFRS are increasing by \$10.2 million in FY 26, \$6.0 million in FY 27 and by \$7.7 million in FY 28. Pension expenses are expected to grow since both pension contribution rates and salaries are projected to increase in the out-years.
- As previously mentioned, the New York State Comptroller projects a rise in FY 25-26 contribution rates and recently provided a pension invoice projection for SFY 25-26 with estimated costs.
- The Proposed FY 25 Budget for social security is increasing annually about \$1.8 million each year of the out-years for a total rise of \$5.4 million by FY 28. Social security is a function of salaries.
- The FY 25 sales tax budget is basically flat to OMB's current projections. In the outyears, the growth rate is increased by 2.5% in FY 26 and 2.75% in FY 27 and FY 28.

The Administration recognizes that the economy still faces challenges and will seek to implement the following items to fortify the County's finances.

State Aid Mandated Cap

Nassau County pays vendors to provide preschool education for certain 0–5 year olds in the County. The County submits a voucher to the State and obtains reimbursement for these services from the State. The current State reimbursement rate on most related expenses is 59.5%. The County portion of this mandated program has been growing with no control available to the County. The County anticipates increased reimbursement being provided to account for the cost to the County.

Building Consolidation

The County's past workforce reduction has opened possibilities for centralization and downsizing of office space. The County also hopes to realize utility and maintenance savings from better consolidated space.

Efficiency Program

The Administration will continue to seek opportunities for consolidation and realign workforce levels to ensure that the County provides essential services for all Nassau County residents in an affordable manner.

Economic Development

Nassau County has opportunities for growth, especially where communities are exploring re-development of downtown areas. While no specific projects can be discussed at this time, it is clear that upside potential exists.

Sands Casino

The County renegotiated the terms of its lease agreement with Las Vegas Sands (LVS) that gave the company control over the more than 70-acre Coliseum site. With approval of the Legislature LVS will pay an annual rent of \$10.0 million to the County while it awaits a state gaming license. The administration expects LVS to develop the Coliseum site into a world-class hotel and entertainment center. This will bring jobs, economic prosperity, and improved safety. The licensing decision is anticipated in 2025. If LVS is granted a casino license, the County has a Gaming Revenue Guarantee of \$25.0 million annually.

2. LABOR

The County currently has labor agreements in place with all the County Unions which brings stability to the workforce. Contracts are in place with the Civil Service Employees Association, Inc. (CSEA), the Police Benevolent Association (PBA), the Police Detectives’ Association (DAI) Inc., the Superior Officers Association (SOA) Inc., the Correction Officers Benevolent Association (COBA) and the Investigators Police Benevolent Association (IPBA). For CSEA, there are current ongoing negotiations for possible revisions to the contract agreement, which extends through 2030, and included projected savings from employees switching from the Empire health insurance plan to a less expensive option, the Excelsior plan. However, the retirees filed suit and were never changed. In addition, when the rates finalized, they increased significantly and the anticipated savings which were supposed to offset the costs never came to fruition, thus creating a big deficit in the FY 24 budget. To date, no compromise has been reached. The Administration hopes to reach an agreement that would allow the County to achieve the savings it expected and built in as an offset to expenses in the Memorandum of Understanding (MOU).

For SOA and DAI, the MOUs provide Cost of Living Adjustments (COLAs) of 2.0% on July 1, 2020, and July 1, 2021, 2.5% on July 1, 2022 and July 1, 2023, and 3.0% on July 1, 2024 and July 1, 2025.

The PBA agreement stipulated that members would receive raises annually (each July 1st) beginning in 2018 of 1.0% each year through 2021, 2.5% for 2022 and 2023, and 3.0% for 2024 and 2025. The Police GWIs are shown in Table 2.0 below:

Table 2.0: Police COLAs

<u>PBA</u>		<u>SOA</u>		<u>DAI</u>	
<u>Date</u>	<u>GWI</u>	<u>Date</u>	<u>GWI</u>	<u>Date</u>	<u>GWI</u>
July, 1 2018	1.00%	July, 1 2018	0.00%	July, 1 2018	0.00%
July, 1 2019	1.00%	July, 1 2019	0.00%	July, 1 2019	0.00%
July, 1 2020	1.00%	July, 1 2020	2.00%	July, 1 2020	2.00%
July, 1 2021	1.00%	July, 1 2021	2.00%	July, 1 2021	2.00%
July, 1 2022	2.50%	July, 1 2022	2.50%	July, 1 2022	2.50%
July, 1 2023	2.50%	July, 1 2023	2.50%	July, 1 2023	2.50%
July, 1 2024	3.00%	July, 1 2024	3.00%	July, 1 2024	3.00%
July, 1 2025	3.00%	July, 1 2025	3.00%	July, 1 2025	3.00%

The increases for COBA, IPBA and CSEA are illustrated in the table 2.1 below:

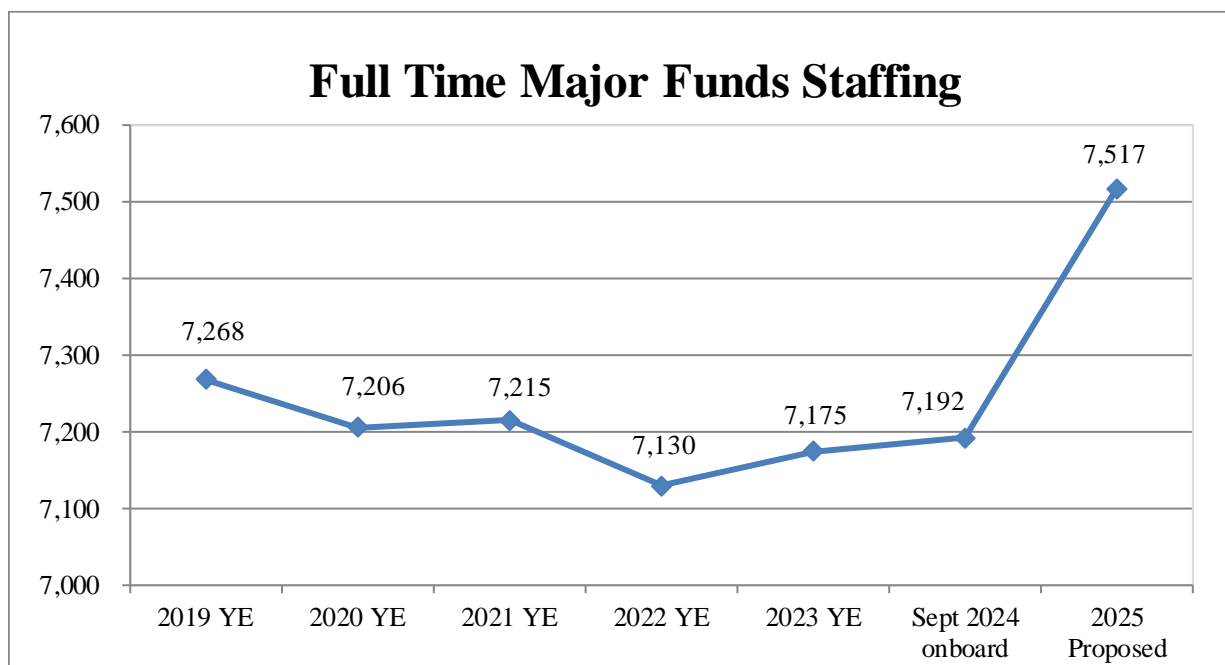
Table 2.1: COBA, IPBA and CSEA COLAs

<u>COBA</u>		<u>IPBA</u>		<u>CSEA</u>		
<u>Date</u>	<u>GWI</u>	<u>Date</u>	<u>GWI</u>	<u>Phase</u>	<u>Date</u>	<u>GWI</u>
July, 1 2018	0.00%	July, 1 2020	2.00%	<u>Phase 1</u>	July, 1 2020	2.00%
July, 1 2019	0.00%	July, 1 2021	2.00%		July, 1 2021	2.00%
July, 1 2020	2.00%	July, 1 2022	2.50%		July, 1 2022	2.50%
July, 1 2021	2.00%	July, 1 2023	2.50%		July, 1 2023	2.00%
July, 1 2022	2.50%	July, 1 2024	3.00%		July, 1 2024	3.00%
July, 1 2023	2.50%	July, 1 2025	3.00%	<u>Phase 2</u>	August 1, 2026	2.50%
July, 1 2024	3.00%				September 1, 2027	2.50%
July, 1 2025	3.00%				October 1, 2028	2.50%
					November 1, 2029	2.85%

There are currently 7,192 full-time On-Board employees and when compared to the full-time budgeted headcount of 7,517 positions in the Major Operating Funds (excluding Sewers), the proposed budget funds 325 full-time vacant positions, valued at approximately \$30.2 million. In addition, the budget includes approximately \$16.5 million in adjustments built in. This number will be reduced as the Administration hires employees.

Chart 2.0 below, illustrates the historical, current and FY 25 proposed full-time headcount:

Chart 2.0: Headcount Trend



Although the Administration could move quickly to hire in many positions, there is a high probability, based on recent trends, that not all the titles will be filled for the entire year. The longer a position remains vacant, the more savings will be generated from not filling that position. This may become an additional funding opportunity that the Administration could use to cover unforeseen costs.

The Major Funds overtime expense is budgeted at \$86.3 million in the Proposed FY 25 Budget which represents a \$5.7 million increase from the prior year budget. However, the funding represents a \$42.5 million decrease from OLBR’s FY 24 projections. The FY 23 actual expenses were \$120.8 million, and this amount is projected to be exceeded by all monitors including the Administration which is projecting \$129.8 million in expenses for FY 24. Therefore, the budget will be difficult to achieve.

The Police Department budgeted \$21.6 million less than the current projection. Although the department can maximize grants and Asset Forfeiture Funds to offset overtime, the budget seems low and will be challenging. The Police Department expects the impact of overtime to also be mitigated in FY 25 as they continue to hire new recruits which should bring down the blended overtime rate.

In the Correctional Center, the FY 25 Proposed Budget for overtime is \$18.4 million less than the current projections and the lower budget will be difficult to attain. The department is planning to add two classes of recruits in FY 25, one in March and the other in July.

Table 2.2: Major Funds Overtime Trends

OVERTIME TRENDS					
	<u>2023 YE</u>	<u>2024 Adopted</u>	<u>2024 Projection</u>	<u>2025 Proposed</u>	<u>2025 Prop vs. 2024 Proj Variance</u>
Police District	33,940,285	22,000,000	29,500,000	24,000,000	(5,500,000)
Police Headquarters	39,381,516	26,793,383	42,100,000	26,000,000	(16,100,000)
Total	73,321,801	48,793,383	71,600,000	50,000,000	(21,600,000)
Corrections	29,927,038	16,821,446	39,040,923	20,640,000	(18,400,923)
Police & Corrections	103,248,839	65,614,829	110,640,923	70,640,000	(40,000,923)
Others	17,518,270	14,920,182	18,173,057	15,624,323	(2,548,734)
TOTAL:	120,767,109	80,535,011	128,813,980	86,264,323	(42,549,657)

Headcount

Compared to the prior year budget, the Proposed FY 25 Budget adds 38 positions which are mainly in the Police Department, the Comptroller’s Office, Corrections, the Health Departments and the Department of Social Services (DSS).

Table 2.3 on the next page shows the FY 24 Adopted Budget headcount, the FY 25 full-time Major Funds budget, including Sewer & Storm Water positions, which is compared to the current on-board headcount by department:

Table 2.3: Full-Time Staffing Comparison

Full Time Major Funds Staffing Comparison						
Department	2024 NIFA Adopted Headcount	2024 Sept Onboard Headcount	2024 Sept Onboard Salaries	2025 Proposed Headcount	2025 Proposed Salaries	Variance 2025 Proposed vs. 2024 Sept Onboard
Assessment	164	114	10,003,450	160	12,050,437	46
Asian American Affairs	6	3	250,000	6	414,500	3
Assessment Review Commission	62	59	5,735,315	62	6,055,342	3
Board of Elections	160	135	11,496,449	160	14,532,215	25
Civil Service	46	44	4,308,499	46	4,833,077	2
Office of Crime Victims Advocate	5	2	248,400	4	338,400	2
Comptroller	95	80	8,852,071	102	11,141,928	22
Constituent Affairs	12	11	1,213,900	12	1,263,900	1
Consumer Affairs	25	21	1,571,874	25	1,927,981	4
Correctional Center	940	839	79,799,115	943	91,501,148	104
County Attorney	89	86	8,984,770	91	9,547,774	5
County Clerk	90	77	5,629,152	90	6,675,390	13
County Executive	13	11	1,300,539	13	1,427,637	2
District Attorney	460	439	49,367,151	450	51,019,579	11
Emergency Management	8	6	683,567	8	876,149	2
Health	281	261	26,802,393	288	30,292,428	27
Housing & Intergovernmental Affairs	15	10	768,044	17	1,272,383	7
Human Resources	9	8	747,232	9	794,732	1
Human Rights	7	5	460,237	7	620,100	2
Human Services	61	60	5,387,928	61	5,710,075	1
Information Technology	121	113	10,914,700	121	12,139,932	8
Labor Relations	6	4	349,800	5	424,800	1
Legislature	94	88	8,432,354	96	9,330,400	8
Office of Hispanic Affairs	6	4	363,000	6	441,250	2
Office of Minority Affairs	13	12	942,724	13	1,052,724	1
Office of Management and Budget	25	22	2,348,007	32	2,946,787	10
Parks, Recreation and Museums	151	135	9,874,153	150	10,695,900	15
Probation	221	201	21,328,391	217	23,605,059	16
Public Administrator	6	6	496,284	6	506,924	0
Public Works Department	415	370	31,705,242	415	35,533,190	45
Shared Services	14	13	1,234,984	14	1,363,251	1
Records Management	10	5	515,065	10	684,520	5
Social Services	566	453	39,040,911	578	47,822,900	125
Traffic & Parking Violations	46	42	3,507,702	47	3,743,691	5
Treasurer	26	22	1,784,740	28	2,167,926	6
Veterans' Services Agency	9	8	634,580	9	691,874	1
Savings from Initiative & Adjustment	(305)	0	0	(312)	(10,000,000)	(312)
General Fund Total	3,972	3,769	357,082,723	3,989	395,446,303	220
Fire Commission	115	98	8,862,503	122	10,972,023	24
Police District	1,738	1,782	184,728,904	1,735	209,502,458	(47)
Police Headquarters	1,654	1,543	182,141,592	1,671	202,028,777	128
Total Major Funds	7,479	7,192	732,815,722	7,517	817,949,561	325
Sewer & Storm Water (SSW)	79	63	5,173,250	71	6,313,129	8
Total including Sewers*	7,558	7,255	737,988,972	7,588	824,262,690	333

Note: The September onboard total for Major Funds includes all FT employees.

Table 2.4 below illustrates the multi-year salary plan for the Major Funds:

Table 2.4: MYP Major Funds Salary Plan

Major Funds Multi-Year Salary Plan				
Department	2025 Proposed	2026 Plan	2027 Plan	2028 Plan
Assessment Review Commission	6,222,086	6,498,607	6,791,257	6,908,532
Assessment Department	12,571,617	13,065,970	13,536,822	13,842,279
Asian American Affairs	552,592	552,592	552,592	552,592
County Attorney	10,564,382	10,608,436	10,567,677	10,649,271
Office of Management and Budget	8,322,541	8,186,919	8,186,919	8,186,919
Office of Consumer Affairs	2,318,387	2,406,031	2,475,151	2,542,199
Correctional Center	127,841,339	129,428,620	129,597,191	130,698,115
County Executive	1,700,762	1,700,762	1,700,762	1,700,762
Office of Constituent Affairs	1,628,375	1,628,375	1,628,375	1,628,375
Clerk	7,441,133	7,756,447	8,054,528	8,227,923
County Comptroller	10,086,608	10,497,411	10,953,610	11,179,729
Civil Service	6,230,403	6,478,041	6,749,011	6,925,455
Office of Crime Victims Advocate	353,856	353,856	353,856	353,856
District Attorney	58,467,946	58,850,033	59,220,451	59,780,199
Board of Elections	22,928,260	22,789,872	22,507,535	22,508,740
Emergency Management	1,118,553	1,139,510	1,147,291	1,153,209
Fire Commission	15,992,832	16,705,979	17,167,741	17,461,280
Health Department	33,114,541	34,708,966	36,059,670	36,906,201
Housing & Intergovernmental Affairs	1,324,819	1,324,819	1,324,819	1,324,819
Commission on Human Rights	851,607	864,884	890,529	905,291
Department of Human Services	6,307,803	6,518,911	6,794,493	6,952,140
Information Technology	13,103,282	13,722,511	14,331,465	14,694,265
County Legislature	10,109,317	10,109,317	10,109,317	10,109,317
Office of Labor Relations	497,862	497,862	497,862	497,862
Office of Minority Affairs	1,227,499	1,227,499	1,227,499	1,227,499
Medical Examiner	-	-	-	-
Public Administrator	705,224	723,486	749,744	759,808
Probation	27,137,321	28,161,970	29,263,590	29,828,753
Police Department	568,560,608	588,607,779	598,948,407	610,000,139
Department of Human Resources	905,775	905,775	905,775	905,775
Parks, Recreation and Museums	22,496,981	23,067,810	23,470,987	23,754,598
Shared Services	1,418,206	1,500,892	1,577,338	1,620,540
Public Works Department	37,035,374	38,449,936	39,697,207	40,543,581
Records Management	883,686	899,212	934,437	946,264
Office of Hispanic Affairs	552,592	552,592	552,592	552,592
Social Services	55,596,670	57,845,935	59,719,547	61,085,243
County Treasurer	2,281,900	2,380,148	2,466,775	2,523,765
Traffic & Parking Violations Agency	4,584,582	4,676,855	4,763,738	4,840,645
Veterans Services Agency	818,955	843,763	880,680	898,346
Office of Management and Budget - Attrition	(10,000,000)	(15,000,000)	(15,000,000)	(15,000,000)
Grand Total	1,073,856,276	1,101,238,383	1,121,357,240	1,140,176,876

3. FRINGE BENEFITS

Fringe benefit expenditures include health insurance contributions for active and retired employees, as well as pension and social security contributions. Health insurance and pension contribution costs continue to place a heavy burden on the County’s budget.

For the third year in a row, the County has made the prudent decision to no longer amortize any portion of the pension bill and in the FY 25 Proposed Budget there is no outstanding liability remaining. Approximately \$122.9 million was paid off in FY 22, and the remaining \$29.4 million was paid in FY 23. Paying off this liability, is good governmental practice since it will save the County millions from paying future interest payments.

The FY 25 Proposed Fringe Benefit budget for the Major Funds is \$701.2 million, which is a significant increase of \$55.4 million from the FY 24 NIFA Approved Budget. Compared to the FY 24 projection, expenses are rising by a lesser amount of \$25.6 million. The is mostly due to significant growth from pension and social security expenses.

The overall fringe benefit increase would have been much larger; however, health insurance expenses are decreasing compared to the current projections. According to the Administration, the FY 25 Proposed budget builds in anticipated savings from finding an insurance plan for CSEA employees that will absorb a portion of the reductions that were identified in the ratified CSEA Memorandum of Understanding (MOU). In addition, the FY 25 Proposed Budget sets aside appropriations for both health insurance and pension costs in the Operating Reserve Fund (OSF) and the Employee Benefit Contribution Fund (EBF).

The following Table 3.0 displays the fringe benefit appropriations for the Major Funds and Table 3.1 displays the fringe benefit appropriations that the Administration has set aside for reserve funds.

Table 3.0: Fringe Budget by Major Funds

Fund	Department	NIFA Approved FY 24 Budget	OLBR FY 24 Projection	FY 25 Executive Budget	Variance Exec. Vs. NIFA Approved	Variance Executive vs FY 24 Proj.
Fire Commission	Fringe Benefits	7,474,878	7,577,240	7,162,621	(\$312,257)	(\$414,619)
General Fund	Courts	832,400	832,400	832,400	0	0
	Fringe Benefits	272,341,995	295,616,012	293,483,790	21,141,795	(2,132,222)
Police District	Fringe Benefits	178,022,961	171,821,060	188,478,921	10,455,960	16,657,861
Police Headquarters	Fringe Benefits	187,108,180	199,718,287	211,215,029	24,106,849	11,496,742
Total		645,780,414	675,564,999	701,172,761	\$55,392,347	\$25,607,762

Table 3.1: Fringe Budget Reserves

Fund	Department	FY 25 Executive Budget
Employee Benefit	OMB	2,000,000
Operating Reserve	OMB	55,000,000
Retirement Contribution	OMB	74,500,000
Total		131,500,000

Table 3.2 below itemizes the Fringe Benefits budget by sub-object.

Table 3.2: Fringe Budget by Sub-object for the Major Funds

SubObject & Description	NIFA Approved FY 24 Budget	OLBR FY 24 Projection	FY 25 Executive Budget	Variance Exec. Vs. NIFA Approved	Variance Executive vs FY 24 Proj.
08F - NYS Police Retirement	107,902,593	106,665,725	140,592,147	32,689,554	33,926,422
11F - State Retirement Systems	66,804,233	66,759,383	80,265,790	13,461,557	13,506,407
13F - Social Security Contribution	76,622,601	79,133,163	89,008,491	12,385,890	9,875,328
14C - Employee Contributions	(7,821,689)	(7,821,689)	(7,966,391)	(144,702)	(144,702)
14F - Health Insurance	127,072,107	107,853,573	109,335,301	(17,736,806)	1,481,728
16G - County Exp	42,000	42,000	42,000	-	-
17F - Optical Plan	887,563	754,343	858,149	(29,414)	103,806
19F - NYS Unemployment	1,706,000	1,810,677	1,706,000	-	(104,677)
20F - Dental Insurance	4,708,293	3,820,030	4,928,947	220,654	1,108,917
22F - Medicare Reimbursement	32,104,263	32,104,263	32,734,702	630,439	630,439
22S - Medicare Reimbursement Surcharge	3,827,184	3,827,184	3,728,464	(98,720)	(98,720)
26F - Flex Benefit	2,100,000	2,100,000	2,100,000	-	-
31F - Excelsior Health Insurance	72,223,097	86,281,756	82,922,557	10,699,460	(3,359,199)
32F - Excelsior Health Insurance for Retiree	25,142,243	-	45,224,028	20,081,785	45,224,028
33F - Healthcare Reimbursement Account	3,615,729	3,615,729	0	(3,615,729)	(3,615,729)
35F - MTA Mobility Tax	3,615,338	3,517,029	3,930,800	315,462	413,771
40F - CSEA Legal Plan	530,500	520,750	507,375	(23,125)	(13,375)
41F - COBA Legal Plan	98,750	86,500	86,500	(12,250)	-
45F - Disability Insurance	54,000	54,000	54,000	-	-
75F - Health Insurance For Retirees	127,187,346	184,786,852	114,464,432	(12,722,914)	(70,322,420)
76F - Employees Optical - Retirees	827,805	817,333	877,843	50,038	60,510
98G - Fringes Allocable to Grants	-	-	(758,832)	(758,832)	(758,832)
ZZ0 - Capital Backcharge Overtime Fringes	(302,875)	(302,875)	(302,875)	-	-
ZZS - Capital Backcharge ST Time Fringes	(3,166,667)	(1,466,667)	(3,166,667)	-	(1,700,000)
Grand Total	645,780,414	675,564,999	701,172,761	55,392,347	25,607,762

08F Pension for the Police and Fire Retirement System, 11F Employee Retirement System

Table 3.3 on the next page provides the FY 25 and FY 24 pension expenses billed by the State for Employee Retirement System (ERS) and Police and Fire Retirement System (PFRS) based on both the February and December payment dates. Please note, that in addition to the Major Funds within the pension invoice, funds are included for the Nassau Community College (NCC), the Sewer and Storm Water Resource District (SSW) and the Grant Fund.

The annual bill for the New York State Retirement System covers the period from April 1st of the previous year to the ensuing March 31st. The pension payment date for participating employers is February 1st, but local municipalities have the option to make the payment on December 1st at a discounted amount. The FY 25 budget is based on paying the bill in February, however if the Administration makes the payment in December, the County will realize the pre-payment discounted savings of approximately \$1.6 million, which is reflected on Table 3.3 on the next page.

**Table 3.3: SFY24-SFY25
Pension Invoices**

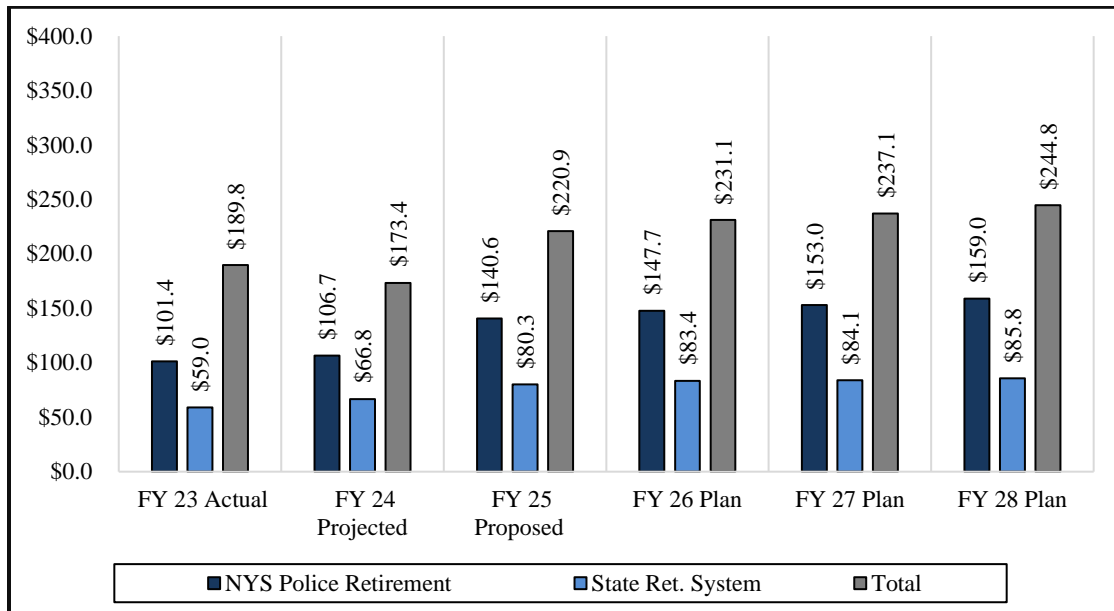
Pension Payments Based on December & February Schedules			
December			
	2024 Invoice	2025 Invoice	2025 vs. 2024
Total Pension Bill Excluding Amortization			
ERS	73,874,532	90,062,485	16,187,953
PFRS	106,709,177	138,127,314	31,418,137
	\$180,583,709	\$228,189,799	47,606,090
February			
	2024 Invoice	2025 Invoice	2025 vs. 2024
Total Pension Bill Excluding Amortization			
ERS	74,405,764	90,710,124	16,304,360
PFRS	107,476,523	139,120,588	31,644,065
	181,882,287	229,830,712	47,948,425
Savings From December Pre-payment	1,298,578	1,640,913	

* The pension invoice includes the entire bill for all funds, NCC Fund, SSW Fund, and the Grant Fund.

The February invoice of \$229.8 million includes \$90.7 million billed for (ERS) and \$139.1 million billed for (PFRS). This is an increase of roughly \$47.9 million compared to the State Fiscal Year (SFY) 2023-24 pension bill. In SFY 2024-25, pension contribution rates were significantly higher. For ERS, the average pension contribution rate increased from roughly 14.9% in SFY 2023-24 to 17.6% in FY 2024-25, and for PFRS, the average rate of 28.1% in SFY 2023-24 grew to 31.4% in SFY 2024-25. However, the increase in the bill is also attributable to pensionable salaries, from the ratified contracts with the County’s Civil Service Employees Association (CSEA), Correction Officers Benevolent Association (COBA) and Police unions. The contracts provided General Wage Increases (GWI) that were retroactive back to FY20, thereby greatly impacting the pensionable salaries.

Chart 3.0 details on the next page the historical pension obligation from FY 23 actual through FY 28 (the out-years of the MYP) for **the Major Funds**. The Administration’s FY 25 Proposed Budget includes pension expenses of \$140.6 million in PFRS and \$80.3 million in ERS for a total budget of roughly \$220.9 million. This total does not include the \$74.5 million that the Administration has appropriated in the Retirement Contribution Reserve Fund.

Chart 3.0: FY 23 to FY 28 Pension Costs for the Major Funds (in millions)



The New York State Comptroller recently announced Employer Contribution rates for both ERS and PFRS Systems. The adjusted rates will impact payments in the next State Fiscal Year 2025-26 invoice. According to the State Comptroller, ‘the average employer contribution rate for ERS will increase from 15.2% to 16.5% of payroll; and the average employer contribution rate for PFRS will rise from 31.2% to 33.7% of payroll.’¹ According to the State Comptroller, “despite global tensions and market volatility, the state’s pension fund remains one of the strongest in the nation. In addition to investment performance, other factors that impacted rates included inflation, higher salaries, recent legislative changes (including reforms to Tier 6) and member retirement rates”.²

The increase in pension contribution rates will trigger pension costs to grow in the out-years. The Multi-Year Plan (MYP) projects costs to be \$231.1 million in FY 26, \$237.1 million in FY 27 and \$244.8 million in FY 28. The MYP is reflected at the end of this report. As mentioned earlier, the New York State Comptroller projects a rise in FY 2025-26 contribution rates and provides a projected invoice for FY 25-26 with estimated costs. Based on the projected bill, the pension budget for PFRS could fall short by roughly \$12.0 million in FY 26, partially offset by a small cushion for ERS.

14F & 75F Health Insurance for Active and Retired Employees, 31F Excelsior Health Insurance, and 32F Excelsior Health Insurance for Retirees

In FY 24, the New York State Health Insurance Plan (NYSHIP) **Empire** individual and family premiums increased by roughly 9.0% and 7.5%, respectively for non-CSEA members. Effective January 1, 2024, all CSEA active employees had their health coverage provided by the New York State Health Insurance Program (NYSHIP) **Excelsior** plan. CSEA retirees never switched to the plan due to current litigation. The anticipated change to the NYSHIP **Excelsior** plan was expected to produce large savings based on

¹Office of the New York State Comptroller, “NYSLRS Announces Employer Contribution Rates for 2025-26”, September 3, 2024.

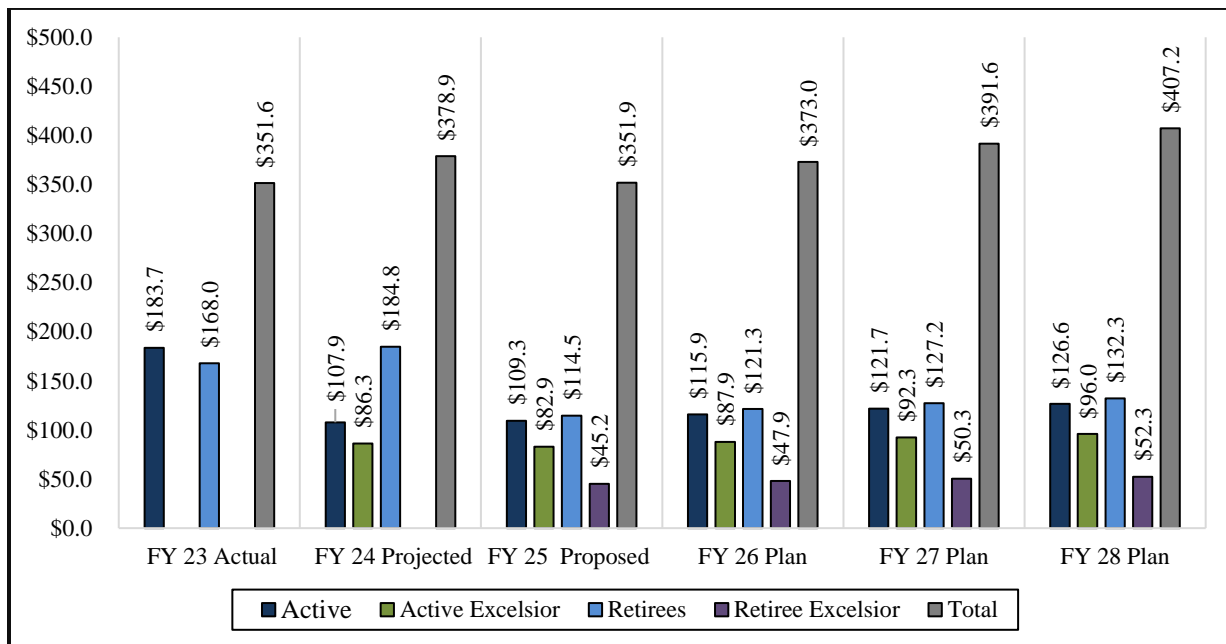
²Ibid.

the CSEA MOU, however, the savings did not come to fruition when these rates were finalized in January. Excelsior rates increased significantly by 49.3% for the family plan and by 22.6% for the individual plan compared to the prior year; meanwhile the Medicare eligible rates increased by triple digits.

A new plan will need to be provided for CSEA members since the State Department of Civil Service recently announced that it will discontinue the Excelsior Plan option for all NYSHIP Participating Agencies, effective January 1st. The agencies needed to notify the State by July 1, 2024, if they intended to stay in the New York State Health Insurance Program (NYSHIP) under the Empire Plan, or if they had planned to withdraw their Excelsior Plan enrollees from NYSHIP. However, the County has been given an extension until October 1st to make that decision. According to the Administration, the County is actively working with a negotiator for a resolution in order to meet the financial savings originally determined in the CSEA MOU.

In total the FY 25 Proposed Budget includes \$351.9 million for active and retiree health insurance costs (which is shown in the chart and discussed below). The following two charts depict the health insurance costs for both the non-CSEA members in the Empire plan and costs for CSEA members.

Chart 3.1: FY 23 to FY 28 Health Insurance Costs (in Millions)



The FY 25 budget continues to include sub-object codes (AB31F and AB32F) to breakout the separate cost for CSEA members who are currently in the Excelsior plan. The chart on the next page provides the total health insurance budget for both Empire and Excelsior health insurance plans by sub-object.

The FY 25 Proposed Budget is decreasing by \$27.0 million compared to the projection for both insurance plans, however, budget to budget it is remaining relatively unchanged with a minor \$0.3 million increase. The active health insurance budget (AB14F and AB31F) is decreasing by \$7.0 million, however this is offset by an increase of \$7.4 million in the retiree health insurance budget (for both plans, AB75F and AB32F), which can be seen on the next page.

Table 3.4: Health Insurance Costs for the Empire and Excelsior plans

Health Insurance Costs					
Subject	FY 24 NIFA	FY 24 Projected	FY 25 Proposed	FY 25 vs FY	FY 25 vs FY
	Approved Budget			24 Budget Variance	24 Projection Variance
14F - Health Insurance	\$127.1	\$107.9	\$109.3	(\$17.7)	\$1.5
31F-Excelsior Health Insurance	72.2	86.3	82.9	10.7	(3.4)
Total Active Health Insurance	199.3	194.1	192.3	(7.0)	(1.9)
75F - Health Insurance for Retirees	127.2	184.8	114.5	(12.7)	(70.3)
32F-Excelsior Retiree Health Insurar	25.1	0.0	45.2	20.1	45.2
Total Retiree Health Insurance	152.3	184.8	159.7	7.4	(25.1)
Total Health Insurance Costs	\$351.6	\$378.9	\$351.9	\$0.3	(\$27.0)

When compared to the current projection, the FY 25 Proposed Budget is \$27.0 million less than OLBR’s current projection for health insurance costs. This is a significant decrease and could be problematic since the Proposed budget is insufficient to cover the current costs. According to the Administration, the FY 25 Proposed budget builds in savings from finding an insurance plan for CSEA employees that will absorb a portion of the savings that were identified in the ratified CSEA MOU. After the savings have been applied, the Administration further inflates the costs by a 4.0% premium inflator for Empire and a 6.0% for Excelsior. Furthermore, the budget is based on the current headcount and does not include additional insurance costs for hiring during the year.

The growth rates appear somewhat reasonable based on New York States benefit consultant’s, AON Empower Results, most recent analysis which projects an overall blended growth of 5.2% for the entire region. However, the budget could be insufficient if the Administration is not successful in obtaining the savings from the CSEA union.

OLBR has worked up an analysis that projects health insurance costs based on the 5.2% rate for all employees in the County’s Major Funds, for the Empire Plan and roughly a 4.4% historical composite for Medicare eligible retirees. If the current non-CSEA members stay in the Empire plan and the Administration finds a plan with similar costs to the Excelsior plan for **active** CSEA employees, the shortfall would be roughly \$45.2 million. If the Administration does not find another health insurance plan before the October 1st deadline, and CSEA employees are converted to the Empire plan, the health insurance budget shortfall could grow upwards to \$53.3 million. Any new hires during the year would further augment this shortfall.

In addition, the Proposed FY 25 Budget also assumes that the CSEA **retirees** will also be placed in a health insurance plan with rates lower than the current Excelsior insurance plan, however, CSEA retirees have remained under the Empire plan since they filed a lawsuit against the County. Therefore, it is unlikely that this will be resolved before FY 25.

If in FY 25, all County employees fall under the **Empire** plan and the health insurance budget falls short, there is funding for health insurance that has been appropriated for use from the reserve. The

Administration has decided to appropriate \$55.0 million in funds for use of health insurance from the Operating Reserve Fund, and this could be used to offset the possible shortages.

Finally, the budget also includes a credit reduction of \$8.0 million **(AB14C)** in the FY 25 Proposed budget for employees who continue to contribute to their health insurance coverage under the Empire Plan.

13F Social Security

Social Security tax is comprised of two components: Old-Age Survivors and Disability Insurance (OASDI) and Medicare tax. The employer's contribution rate is 6.2% for OASDI and 1.45% for Medicare, which equals a combined rate of 7.65%. For the current year, the OASDI portion is applied to salaries up to \$168,600 which is up \$8,400 from \$160,200 in 2023, and much lower than the significant rise of \$13,200 in 2022. Medicare has no maximum.

The social security limit for 2025 is projected to be \$174,900 in 2025 based on the intermediate projections from the 2024 Board of Trustees of the Social Security Trust Fund.³ This is an increase of \$6,300 from the 2024 wage base of \$168,600.

The Proposed Budget for social security is increasing by \$12.4 million, or 16.2%, compared to the FY 24 NIFA Approved Budget and \$9.9 million, or 12.5% compared to the projection. With a rise in wages, social security costs are expected to increase, in addition OLBR is currently projecting a deficit of \$2.5 million in the current year.

17F Optical Plan

This benefit provides optical insurance to full-time County employees. The County renewed its contract with Davis Vision in FY 22 for a five-year term. The rate remains at the annual per capita premium of \$110.40. The FY 25 Proposed Budget is decreasing minimally at 3.3% compared to the FY 24 NIFA Approved Budget, however, compared to the FY 24 projection, it is increasing by \$103,806. Based on the FY 25 Proposed budgeted headcount of 7,517 in the Major Funds, the budget appears sufficient.

19F New York State Unemployment

The County is required to reimburse the State for all unemployment claims paid to former employees. The County provides quarterly payments to the State. The FY 25 Proposed Budget remains unchanged from the current year at \$1.7 million. In the current year, OLBR is projecting a small deficit of \$104,677, however it is anticipated that this cost will be lower in FY 25.

20F Dental Insurance

This benefit provides dental insurance to full-time employees. The County renewed its contract with Healthplex in FY 22, for a five-year term which will end on December 31, 2026. The annual premium per capita remains at \$561. However, it offers a "buy up" plan, for County employees who choose to contribute towards the cost of a PPO Plan, that would offer a broader range of coverage.

The FY 25 Proposed Budget is increasing by roughly \$220,654 compared to the FY 24 NIFA Approved Budget, however it is increasing by \$1.1 million compared to the FY 24 current projection. The FY 25

³ Levalley, Donna, "When will the Social Security 2025 COLA be announced." [The Kiplinger](#). September 23, 2024.

Proposed Budget appears to be more than sufficient to cover the full-time budgeted headcount in the proposal with the potential to provide another year of surplus funds.

22F Medicare Reimbursement

The County provides quarterly payments to cover premium costs related to Medicare coverage for retired employees. The Proposed FY 25 Budget is higher by \$630,439, or 2.0%, compared to the FY 24 NIFA Approved Budget and the current projection.

Medicare part B premiums cover physician’s services, outpatient hospital services, certain home health services, durable medical equipment and certain other medical and health services not covered by Medicare Part A. In FY 24, standard Medicare Part B premiums are \$174.70 per month for individual salaries up to \$103,000 and joint salaries up to \$206,000. The monthly Part B premiums that include income-related adjustments will range from \$244.60 up to \$594.00, depending on the extent to which an individual beneficiary’s modified adjusted gross income exceeds \$103,000 (or \$206,000 for a married couple).⁴

Medicare Part B premiums are expected to increase in 2025. The standard monthly premium is projected to rise from \$174.70 in 2024 to approximately \$185.00 in 2025.⁵ This increase reflects adjustments for inflation and the rising costs of healthcare services.

The Proposed Budget for 2025 is increasing by \$630,439 compared to the FY 24 NIFA Approved budget and the current projections. There could be a possible opportunity if the current projections come in under budget.

22S Medicare Reimbursement Surcharge

The Proposed FY 25 Budget for the Medicare Reimbursement surcharge is declining by \$98,720, compared to the NIFA Approved FY 24 Budget, and the current projection.

26F Flex Benefits Plan

All Nassau County employees have the option of contributing a portion of their salary to a flexible spending account for either healthcare or daycare expenses. This allows the employee to use pre-tax dollars on health care costs such as co-pays and deductibles. The FY 25 proposal remains flat at \$2.1 million. The FY 25 budget includes corresponding revenue to offset the expense for the same budgeted amount.

33F Healthcare Reimbursement Account

The FY 25 budget eliminates the sub-object line for **Health Care Contributions** that pertains to CSEA members in the new Excelsior plan. With the transition to this new coverage, the CSEA MOU established a Health Reimbursement Arrangement (HRA) with an annual contribution of \$3.6 million in the Major Funds (pro-rata on a monthly basis). However, due to the current negotiations, this has not been included in the FY 25 Proposed Budget.

⁴ “What does Medicare Part B cost,” [Medicare.Gov](https://www.Medicare.gov/Basics/Get-started-with-medicare/Medicare-basics/What-does-medicare-cost.”), <https://www.Medicare.gov/Basics/Get-started-with-medicare/Medicare-basics/What-does-medicare-cost.”>

⁵ The Board of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds. “The 2024 Medicare Trustees Report”. <https://www.cms.gov/oact/tr/2024>. May 2024.

35F MTA Mobility Tax

The Metropolitan Commuter Transportation Mobility Tax (MCTD) is a tax imposed on certain employers and self-employed individuals engaging in business within the metropolitan commuter transportation district (MCTD). For employers with payroll expenses above \$437,500, the tax is equivalent of 0.34% of payroll expenses. The FY 25 budget is \$3.9 million, which is an increase of \$315,462 from the NIFA Approved FY 24 Budget and roughly \$413,771 from the current projection.

40F CSEA Legal Plan

The FY 25 budget includes \$507,375 for the CSEA legal plan, which is a minimal decrease of \$23,125 budget to budget, and \$13,375 compared to the current projection. As per the CSEA agreement, the County shall pay for each full-time and regular part-time employee the sum of \$125 annually.

41F COBA Legal Plan

The FY 25 budget includes \$86,500 for the Correctional Officer Benevolent Association (COBA) legal plan as per the COBA contract agreement. The Proposed Budget is \$12,250 less compared to the current year budget, but equal to the FY 24 projection.

45F Disability Insurance

The Proposed FY 25 Budget includes \$54,000 for providing New York State disability insurance to CSEA unit members, which remains unchanged compared to the current year's budget and compared to the current projection.

76F Employees Optical for Retirees

This benefit provides optical coverage for retired County employees. The County's cost to provide optical insurance coverage to retired employees is the same as the cost to provide insurance for current employees, which is \$110.40 per person. The FY 25 proposal of \$877,843 is increasing minimally by \$50,038 from the NIFA FY 24 Approved Budget and by \$60,510 compared to the FY 24 projection. Based on the current projection, the budget appears to be adequately funded.

ZZO Capital Backcharge Overtime Fringes

The Proposed FY 25 Budget includes a credit of (\$302,875) which is the corresponding fringe benefit charge related to overtime salary chargeback. This remains unchanged from the current year budget.

ZZS Capital Backcharge to Fringes

The FY 25 proposal includes a credit of (\$3.2 million) which is the corresponding fringe benefit charge associated with the salary chargeback. Compared to the prior year budget and current projections there is a decrease of \$1.7 million.

Multi-Year Plan

Table 3.5: FY 25 Proposed-FY 28 Multi-Year Plan

SubObject & Description	2025 Proposed			
	Budget	2026 Plan	2027 Plan	2028 Plan
AB08F - NYS Police Retirement	140,592,147	147,713,992	152,967,085	158,989,292
AB11F - State Retirement Systems	80,265,790	83,383,715	84,108,523	85,799,674
AB13F - Social Security Contributions	89,008,491	90,788,661	92,604,434	94,456,523
AB14C - Employee Contributions	(7,966,391)	(8,084,111)	(8,084,111)	(8,084,111)
AB14F - Health Insurance	109,335,301	115,895,419	121,690,190	126,557,798
AB16G - County Exp	42,000	42,000	42,000	42,000
AB17F - Optical Plan	858,149	875,312	892,818	910,675
AB19F - New York State Unemployment	1,706,000	1,740,120	1,774,922	1,810,421
AB20F - Dental Insurance	4,928,947	5,027,526	5,128,076	5,230,638
AB22F - Medicare Reimbursement	32,734,702	33,314,396	33,905,684	34,508,798
AB22S - Medicare Reimbursement Surcharge	3,728,464	3,728,464	3,728,464	3,728,464
AB26F - Flex Benefits Plan	2,100,000	2,100,000	2,100,000	2,100,000
AB31F - Excelsior Health Insurance	82,922,557	87,897,910	92,292,806	95,984,518
AB32F - Excelsior Health Insurance for Retirees	45,224,028	47,937,470	50,334,343	52,347,717
AB35F - MTA Mobility Tax	3,930,800	3,930,800	3,930,800	3,930,800
AB40F - CSEA Legal Plan	507,375	517,523	527,873	538,430
AB41F - COBA Legal Plan	86,500	88,230	89,995	91,794
AB45F - Disability Insurance	54,000	55,080	56,182	57,305
AB75F - Health Insurance for Retirees	114,464,432	121,257,298	127,245,163	132,259,969
AB76F - Employees Optical for Retirees	877,843	877,843	877,843	877,843
AB98G - Fringes Allocable to Grants	(758,832)	(758,832)	(758,832)	(758,832)
ABZZO - Cap Backcharge OT Fringes	(302,875)	(308,933)	(315,111)	(321,413)
ABZZS - Cap Backcharge ST Time Fringes	(3,166,667)	(3,230,000)	(3,294,600)	(3,360,492)
Grand Total	701,172,761	\$734,789,883	\$761,844,547	\$787,697,811

Fringe benefits will increase by \$86.5 million, or 12.3%, from the \$701.2 million in the Proposed FY 25 Budget to \$787.7 million in FY 28.

- Health insurance expenses for active and retired employees from FY 25 to FY 28 are projected to increase by \$55.2 million to \$407.2 million. The MYP baseline inflator used to project out-year health insurance costs for both active employees and retirees is a recurring 6.0% in FY 26, 5.0% in FY 27 and 4.0% in FY 28.
- In FY 25, the Administration assumes savings from finding an insurance plan for CSEA employees that obtain a portion of the savings that were identified in the ratified CSEA MOU, these savings are carried into the out-years of the MYP. It should be noted, that if an insurance plan is not found and CSEA employees revert back to the Empire plan, the \$53.3 million risk in FY 25, has the potential to grow to \$60.5 million in FY 26, \$63.6 million in FY 27 and \$66.3 million in FY 28.
- In FY 25, \$55.0 million has been set aside in the Operating Reserve Fund, to fund the potential shortfall, however, if this reserve is used in FY 25 it becomes eliminated in the out-years of the plan which could be problematic since there is no longer an offset to cover the health insurance shortfalls in the out-years of the plan.
- Pension costs for ERS and PFRS are increasing by \$10.2 million in FY 26, \$6.0 million in FY 27 and by \$7.7 million in FY 28. Pension expenses are expected to grow since both pension contribution rates and salaries are projected to increase in the out-years.

- As previously mentioned, the New York State Comptroller projects a rise in SFY 2025-26 contribution rates and recently provided a pension invoice projection for SFY2025-26 with estimated costs.
- The Proposed FY 25 Budget for social security is increasing annually about \$1.8 million in the out-years for a total increase of \$5.4 million by FY 28. Social security is a function of salaries.

4. SALES TAX

The largest single source of revenue for the County is sales tax. Sales tax is collected by the State and distributed to the County on a regular basis. The current rate in Nassau is 8.625%, of which 4.0% is the State’s share, 4.25% is the County’s share and 0.375% goes to the Metropolitan Commuter Transportation District. The County distributes one seventeenth of its collections to the Town of Hempstead, the Town of North Hempstead, the Town of Oyster Bay, the City of Glen Cove, and the City of Long Beach. In addition, in FY 25 the incorporated villages are allocated a lump sum amount of \$1,250,000 to be divided on a per capita basis.

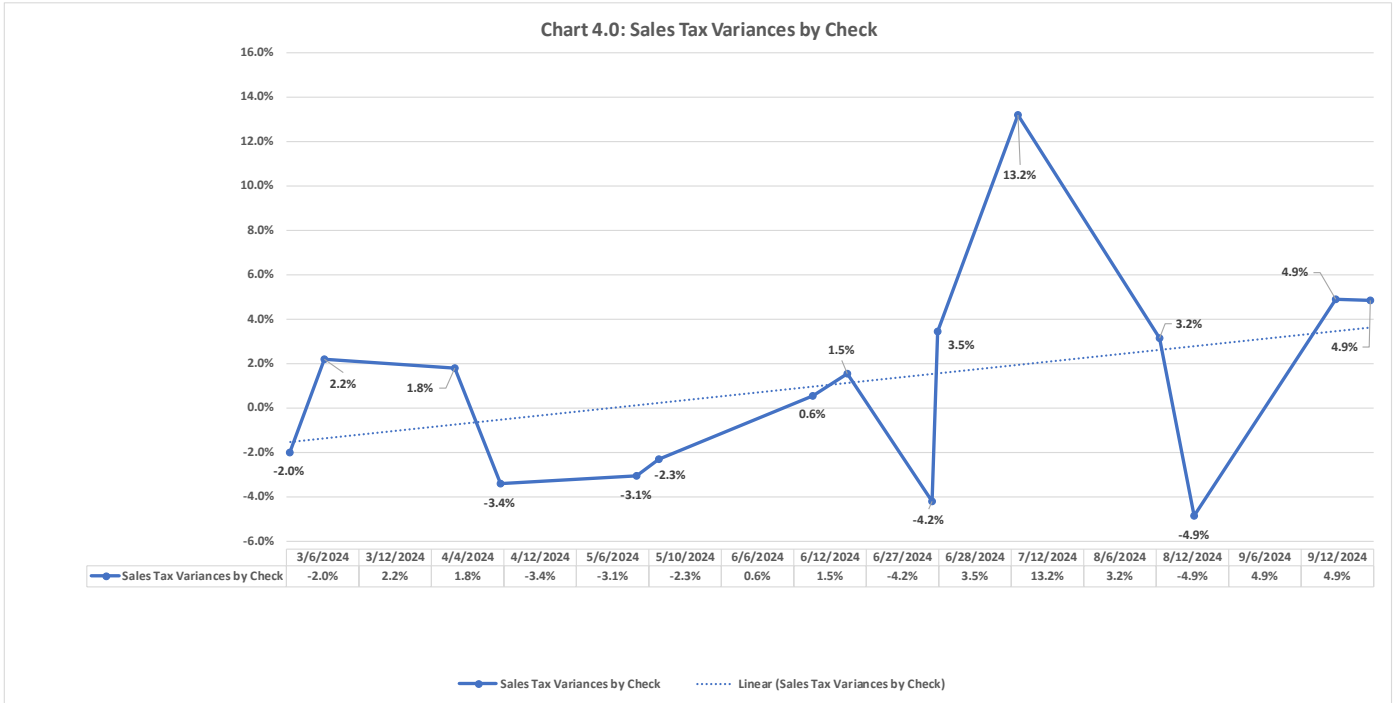
Year-to-date collections, through the September 12, 2024, sales tax check, are up 1.0% from this time last year, as shown in Table 4.0.

Table 4.0: Current Sales Check Percentage Growth

Sales Tax Receipts 2024 vs. 2023

	2023	2024	Variance \$	Variance %
Gross Sales Tax YTD	\$947.3	\$956.5	\$9.2	1.0%

The check-to-check growth rates for sales tax have been volatile with large swings from one check to the other. However, the last 2 checks have been positive and if this trend continues, this should put the county on a firmer financial footing as there is a heavy reliance on this revenue source. The graph below illustrates the growth swings from check-to-check beginning with the March 6, 2024, check:



Recognizing the magnitude of this revenue source and its budgetary implications, OLBR has compiled the table below to help the Legislature assess and understand how the Administration arrived at its budgeted sales tax number. The proposed sales tax revenue in the FY 25 Executive Budget, excluding the deferred piece, is \$1,589.4 million. According to the calculations, the FY 25 budget reflects a **0.1%** growth rate annually from OMB’s current FY 24 projection. The Administration explains that this increase is due to an adjustment to the Part County Sales tax line, which are collections in Nassau County outside of Long Beach on hotel room occupancy and alcoholic beverages.

Table 4.1 below illustrates the FY 25 Proposed Budget, which shows the 0.1% growth rate from their FY 24 projection and the out years of the plan which contain a 2.5% growth in FY 26 and a 2.75% growth in FY 27 and FY 28.

Table 4.1: Proposed Sales Tax Budget, Calculations, and Plan

2024 Adjusted	2025 Budget without Deferrals	2026 Budget without Deferrals	2027 Budget without Deferrals	2028 Budget without Deferrals
1,587.5	1,589.4	1,629.1	1,673.9	1,720.0
	0.1%	2.5%	2.75%	2.75%
OMB's Calculations and Proposed Budget and Plan				

In estimating sales tax, OLBR uses year to date actual collections as a starting point, then grows the remaining checks by a percentage based on available economic data. Using this methodology and growing the FY 24 remaining checks by 1.3%, sales tax collections would be roughly \$8.8 million shy of the FY 25 Proposed sales tax budget, meaning that minimal growth would be necessary to meet the FY 25 budget; The previously mentioned 1.3% is the current Gross County Product (GCP) growth projected by Moody’s for FY 24. However, Moody’s is currently projecting FY 25 GCP growth to be 1.8%. If sales tax were to grow by Moody’s GCP forecast of 1.8% there is the possibility for a surplus of approximately \$18.5 million as compared to the FY 25 Proposed sales tax budget. However, the Administration explains that they decided to err on the side of caution given the volatility of the economy and this revenue source.

Additionally, the average of recent national and regional economic forecasts points to continued positive economic growth for Nassau County in FY 24, FY 25, and FY 26. A survey of current US Gross Domestic Product (GDP) forecasts reveals that the US economy is expected to grow an average of 2.3% in FY 24, 1.7% in FY 25, and 2.0% in FY 26.

Yet, regional growth as of August is projected by Moody’s to be 1.3% in FY 24, 1.8% in FY 25, and 1.9% in FY 26. Table 4.2 displays the current forecasts.

Table 4.2: Survey of Current US GDP Forecasts

Current Real US GDP 2024 - 2026 Forecasts			
	2024	2025	2026
Fannie Mae	1.9%	1.8%	N/A
Mortgage Bankers Association	1.8%	1.3%	1.5%
Federal Reserve Bank - Phil.	2.6%	1.9%	2.3%
The Conference Board	2.4%	1.7%	1.7%
Wells Fargo	2.7%	1.9%	2.6%
Average US GDP Forecast	2.3%	1.7%	2.0%
Moody's GCP Forecast	1.3%	1.8%	1.9%

Additionally, it should be mentioned that the FY 25 Proposed Budget and the out years of the Plan include several sales tax interfund transfers. In FY 25, \$24.2 million in sales tax is being transferred from the General Fund to the Fire Commission Fund. Similarly, the budget includes an interfund transfer from the General Fund to the Police Headquarters Fund of \$218.6 million in FY 25 and will continue to grow throughout the Multi-Year Plan.

On October 12, 2024, the County will receive the final check completing the third quarter collections. At that time, OLBR will have an updated projection of where FY 24 sales tax collections will end.

5. FUND BALANCE

For presentation purposes the funds are shown to correlate with the itemization used in the Annual Comprehensive Financial Report (ACFR). Historically, the Total General Fund represented the sum total of the General Fund, Debt Service Fund, Fire Commission Fund, Police Headquarters Fund, Technology Fund, Open Space Fund, Employee Accrued Benefit Liability Fund, Litigation Fund, Retirement Contribution Reserve Fund, Bonded Indebtedness Fund, and Nassau County Power Utility Authority Fund. In FY 21, two funds, the Excess Sales Tax and Opioid Litigation Settlement funds were added to the Total General Fund while the Operating Reserve Fund was added in FY 23. To calculate the Total Governmental Funds amount, the NIFA, Police District, Sewer, Dispute Assessment, Capital, Non-Major Funds and American Rescue Plan Fund are added to the Total General.

Table 5.0 itemizes the County’s actual fund balance levels from FY 21 through FY 23, along with a projection of the FY 24 and FY 25 current appropriations/usages. All figures are shown on a **budgetary** basis.

Table 5.0: Budgetary Basis Year End Balance 2021 to 2023 & Office of Management and Budget (OMB) Projected Year-End 2024-2025 figures

Bugetary Basis Year End Fund Balance, 2021 to 2023 Actuals, 2024 Projection & 2025 Appropriation in thousands								
	2021	2022	2023	2023 vs. 2022	2024 Usage	2024 Projected	2025 Projected Usage	2025 Projected
General Fund	251,452	277,121	290,553	13,432		290,553	(20,000)	270,553
Debt Service Fund	0	0	0	0		0		0
Fire Commission Fund	0	0	0	0		0		0
Police Headquarters Fund	0	0.5	0.0	(0)		0		0
Technology Fund	83	84	88	4		88		88
Open Space Fund	1,805	2,001	2,016	15		2,016		2,016
Employee Benefit Fund	13,840	14,055	44,899	30,844		44,899	(44,500)	399
Litigation Fund	99,665	441,378	269,420	(171,958)		269,420		269,420
Operating Reserve Fund	0	0	94,034	94,034		94,034	(95,000)	(966)
Retirement Contribution Fund	30,052	70,347	72,872	2,525		72,872	(74,500)	(1,628)
Bonded Indebtedness Fund	20,000	125,000	63,026	(61,974)		63,026	(69,000)	(5,974)
Nassau County Power Utility Authority	(188)	(187)	(183)	5		(183)		(183)
SRF Excess Sales Tax	362,163	0	0	0		0		0
Opioid Litigation Settlement	55,928	77,251	85,559	8,309		85,559	(15,000)	70,559
Unreconciled*	0	0	5	5		5		5
Total General Fund	834,799	1,007,050	922,290	(84,760)	0	922,290	(318,000)	604,290
NIFA	0	0	0	0		0		0
Police District	115,272	115,855	118,006	2,151		118,006	(10,000)	108,006
Sewer	54,947	65,526	68,063	2,537	(21,334)	46,729	(16,861)	29,868
Dispute Assessment Fund DAF	7,118	8,808	14,351	5,543		14,351		14,351
Capital	0	0	0	0		0	(2,000)	(2,000)
Non Major	706	627	1,145	518		1,145		1,145
American Rescue Plan	(1,603)	(17,734)	11,066	28,801		11,066		11,066
Total Governmental Funds Budget Balance	1,011,239	1,180,131	1,134,921	(45,210)	(21,334)	1,113,587	(346,861)	766,726

*Could not reconcile the Comptroller's Report from NIFS

The projections in the above table take the FY 23 year-end as a starting point and then add or subtract FY 24 and FY 25 appropriated uses incorporated in the FY 24 OMB Mid-year projections and the Proposed FY 25 Budget.

The County ended FY 23 with a balance of \$1,134.9 million in Total General Fund balance. This was a \$45.2 million budgetary decrease from FY 22. In FY 23, a significant decline occurred in the Litigation Fund of \$172.0 million followed by the Bonded Indebtedness Fund with \$62.0 million. The Operating Reserve Fund was created in FY 23 and currently has a balance of \$94.0 million. In addition, the FY 23 year-end surplus was used to replenish many reserves and current balances are high, giving great fiscal flexibility to the County.

From a Major Fund perspective (General, Debt Service, Fire Commission, Police Headquarters and Police District), the County ended FY 23 with a balance of \$408.6 million, an increase of \$15.6 million from FY 22.

The FY 24 OMB Mid-year projection anticipates the usage of \$21.3 million in the Sewer Fund.

In FY 25, the Proposed Budget reflects the usage of \$20.0 million in General Fund, \$44.5 million in Employee Benefit Fund, \$95.0 million in Operating Reserve Fund, \$74.5 million in Retirement Contribution Fund, \$69.0 million in Bonded Indebtedness Fund, \$15.0 million in Opioid Litigation Fund, \$10.0 million in Police District, \$16.9 million in the Sewer Fund and \$2.0 million in Capital. It is important to note that amounts represent appropriations that may or may not be used. However, the inclusion of these amounts is seen as offering financial flexibility should the need arise. These FY 24 and FY 25 additions and usages are captured in the chart.

Additionally, the County is required to report its annual financial results on a Generally Accepted Accounting Principles Basis (GAAP basis). The County's year-end GAAP results are reflected in the Comptroller's annual ACFR report. Moreover, per Governmental Accounting Standards Board (GASB) statement number 54, the reserved and unreserved classifications of fund balance were eliminated and replaced with five new classifications, non-spendable, restricted, committed, assigned, and unassigned.

The definition for each category is summarized below:

- The non-spendable balance reflects amounts that can't be spent because they are either not in a spendable form, will not convert to cash within the current period, or are legally or contractually required to be maintained intact.
- The restricted balances are restricted to specific purposes by external parties.
- The committed funds are constrained for specific purposes pursuant to formal action by the government's highest level of authority, the County's Legislature. The funds may not be used for any other purpose unless the constraint is changed by a similar action passed by the Legislature (Ordinance / Resolution).
- The assigned funds are constrained by the government's intent to be used for a specific purpose. The County Legislature may assign fund balance via approval of the annual budget. The assignment generally only exists temporarily, and no additional action is required for the removal of an assignment.
- The unassigned funds show the residual classification for the General Fund.

The table on the following page displays these GAAP based financial results from 2021 through 2023.

FUND BALANCE AND RESERVES

Total Gov't GAAP by Type, Exhibit X-14 Note 16	2023	2022	2021	2023 vs. 2022
Non-Spendable	\$103.3	\$127.7	\$3.7	(\$24.4)
Spendable:				
Restricted	350.4	364.0	217.0	(13.6)
Committed	556.6	646.3	574.4	(89.7)
Assigned	353.4	368.7	287.3	(15.3)
Unassigned	61.8	42.1	31.2	19.7
Total Gov't GAAP	\$1,425.5	\$1,548.8	\$1,113.6	(\$123.3)

The Comptroller reports that the County ended FY 23 with a positive \$61.8 million **unassigned** Fund Balance. When compared to the FY 22 year-end balance, the Total Governmental GAAP unassigned fund balance grew by \$19.7 million in FY 23. The positive number represents the flexibility that could be utilized should the County need to and is also viewed positively by rating agencies.