NASSAU COUNTY LEGISLATURE

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HOWARD KOPEL

PRESIDING OFFICER

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BUDGET REVIEW

COMMITTEE

THOMAS MCKEVITT

CHAIRMAN

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BUDGET HEARINGS

County Executive and Legislative Building

1550 Franklin Avenue

Mineola, New York

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Friday, August 7, 2026

9:01 a.m.

TAKEN BY: KAREN LORENZO, OFFICIAL COURT REPORTER

COMMITTEE MEMBERS:

CHAIRMAN THOMAS MCKEVITT
LEGISLATOR MICHAEL GIANGREGORIO
LEGISLATOR KAYLA KNIGHT
MINORITY LEADER DERIGGI-WHITTON
LEGISLATOR ARNOLD DRUCKER

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MICHAEL PULITZER
Clerk of the Legislature

ALSO APPEARED:
LEGISLATOR PATRICK MULLANEY
LEGISLATOR CYNTHIA NUNEZ
LEGISLATOR VIVIANA RUSSELL

BUDGET HEARING AGENDA

Office of the Nassau County Comptroller
Elaine Phillips, Comptroller

Office of Management and Budget
Andrew Persich, Budget Director

CHAIRMAN MCKEVITT: Good morning. This is my unique position where I sit in this chair this morning. This is the Budget Review Committee, which is what we do is commence as per the charter in order to do the administrative review on the budget review at this point. So again, we'll do the hearing. We'll first have the Comptroller and then we'll have the Administration, Mr. Persich, and we will then commence with today's proceedings.

Mr. Pulitzer, if you would please call the roll?

CLERK PULITZER: Chairman Thomas McKevitt.

CHAIRMAN MCKEVITT: Here.

CLERK PULITZER: Vice Chairman, Michael Giangregorio?

LEGISLATOR GIANGREGORIO: Here.

CLERK PULITZER: Thank you.

Filling in for Howard Kopel, Legisator Kayla Knight.

LEGISLATOR KNIGHT: Here.

CLERK PULITZER: Minority Leader DeRiggi-Whitton?

LEGISLATOR DERIGGI-WHITTON: Here.

CLERK PULITZER: Legislator Arnold Drucker?

LEGISLATOR DRUCKER: Here.

CLERK PULITZER: Thank you.

We have a quorum.

CHAIRMAN MCKEVITT: Thank you very much. I know we have the County Comptroller and her team is here, so without delay, I'll let you commence with your presentation on the County's current budget status.

COMPTROLLER PHILLIPS: So thank you, all. Good morning. I want to thank the Deputy Presiding Officer, chair of this Budget Committee, Legislator Tom McKevitt, and the entire Committee and Legislature for being here today. I also want to introduce and thank my Deputy Comptroller, Betsy Hill; our Director of Accounting, Lisa Tsikouras, and the

Accounting Executive Advisor, Pina Ruperto.. Joining me is my Chief Counsel, Charlie Casolaro; my Deputy Comptroller, Jeff Schoen, Melissa Marciano, and Constantine Vasilakos.

Before we get to the presentation, I'm going to ask you to celebrate with me. This will be Lisa's last meeting. Lisa is retiring as of September 3rd, and this is most likely Betsy Hill's last meeting. Betsy has given me five years as an advisor at my side guiding us.

So if you'll just give me a second just to talk about Lisa. So Lisa has been a financial professional for over 45 years. She spent 13 years with Citibank, Citigroup Financial Analysts, then in the Corporate Finance Department and managed and assisted with several software implementations. She left Citibank in Manhattan and went to a mid-size regional retailer. Then 20 years ago, in June 2006, she joined the Comptroller's Office as the senior project manager in the

Field Audit Division. She then joined the Accounting Division in 2011, where she's been the Director of Accounting for 14 years. Lisa has been critical to this county, so if you will join me in a little round of applause to thank Lisa. Lisa has two grown married children and is planning on spending some more time with her grandchild. So it's good things.

Betsy has worked for, she says over 40, but I think it's a few more years than that, in the municipal bond industry is financial analysts, portfolio manager and investment director. She worked on municipal bond issues across 50 states and territories and across all sectors, including state and local governments, utilities, housing, student loan programs, transportation projects, nonprofit hospitals, and, in fact, was a subcontractor on for for NIFA on NUMC, colleges and other nonprofit organizations.

Betsy works often involved bond

restructuring and distressed credit workouts. She started her own consulting firm in 2015 and was registered by New York State, New York City and Nassau County as a women's business enterprise and an SEC registered municipal advisor.

Betsy is currently serving on her second task force for the Government Accounting Standards Board, GASB to define accounting rules for government. She's been a resident of 32 years. I think I've told this story Betsy and I met at our church 31 years ago, almost 32 years ago, and it's been an honor to have them both serve in my department. So thank you.

Okay, so. We're going to go through this budget, but I'm going to read one sentence that we included in our budget report, and I hope you all read it, but I think it's important. Budgeting is a financial management tool providing a framework for strategic planning, performance evaluation and effective resource utilization. By establishing clear financial goals and guidelines, organizations like Nassau County can navigate their financial landscape more effectively and work towards sustainable growth. Other opportunities or events can occur during the year, resulting in potential changes to the budget plan. A government's budget informs taxpayers, voters, the legislature and provides a process to ensure that expenditures and revenues are properly authorized.

So we're going to start out, in your folder on the right side, is the PowerPoint presentation; on the left side is the actual report. So Pina Ruperto is going to step into the role as the Director of Accounting. Pina is a CPA and how many years of experience, both public and private, 27 years and 12 years with the County. So despite the loss of Lisa, we will be in good hands when Pina steps into the new role.

MS. HILL: If you look at slide two,

we're talking about the bond ratings, which are a reflection of the County's financial strength. And it's been a continual uphill movement with regards to the ratings. And, in fact, even this past June although the ratings themselves stayed the same, Moody's increased their outlook from stable to positive. The rating reports reflected and noted conservative budgeting and strong expense management. Stabilization of county reserves and liquidity which align with Nassau with higher rated piers. So that should forecast an opportunity for higher ratings as well, and the County continues to manage and reduce its exposure to various liabilities. So it's all pretty good news.

The next slide, slide three, talks about the New York State fiscal scores. This is something that the New York State Comptroller created many years ago, and they request that every local government report certain amount of information, not the full ACFR, you're not expected to do that by April 30th. But, we, the County, has reported every year, and they reported this year based on the limited information that's required. And as you'll see, starting back in 2017, in the red, pink and yellow areas, there was some level of stress. But since 2020, it's continually stayed in the area of not susceptible to risk. And that's where we expect to be to when we are able to give the full 2025 information.

The next slide is reserve balances.

MS. TSIKOURAS: So as of the end of June 2026, the reserve balances, as noted on the slide, are $632.8 million. The majority of these are established in accordance with general municipal law, which restricts how the funds may be used. So you can see that the majority of them have increased or stayed relatively flat, mainly due to interest revenues. There has been some usage in the litigation fund so far this year. And there I believe that there was a little bit more usage for the EBF fund, the employee benefit accrued liability in July, probably approximately like a half $1 million.

MS. HILL: All right. The next slide is with regards to what the Government Finance Officers Association recommends. They recommend that general governments hold at least two months worth of unrestricted funds in the general fund. And, in fact, at the end of the years, we've been able to prove that so with the County from '23 to '25 at over two months held in that area. Obviously, you see there's a slight dip from '24 to '25 in both the reserves on the prior page and on this slide. You don't always have to have surpluses which feed these reserves. In fact, you shouldn't always have surpluses because that's an indicative of overtaxing. It would be ideal, but governments have to have to budget for that. But you can't always have a surplus.

Just talking quickly about the economy, as in many other prior years, you see that the three major indicators median household income, the families below the poverty level and the unemployment rate are all much better in Nassau County than as compared to New York State or the United States. So it is considered a wealthy county. And the median household income is ranked 10th highest of the 3143 counties in the US.

COMPTROLLER PHILLIPS: That's pretty, pretty good.

So let's take a quick look at the national economy. On slide seven is GDP. So first quarter GDP was recently revised up from 1.5% to 2.1%. And the second quarter came out this past week at 1.5%. Just as a reminder, GDP measures US economic growth and the value of goods and services produced by the economy. The second quarter GDP reflects steady but moderate growth, with strong business investment offsetting weaker consumer spending and trade pressures, while inflation and the labor market conditions remain broadly stable.

So let's look at inflation, next page. Since 2000 and really a spike being in 2022 inflation has come down pretty steadily. As of June 30th, CPI, the consumer price index, was 3.5% year over year when you take out food and energy. Because as we all know, energy prices and food prices have spiked significantly because of the war in the Middle East. You take them out and inflation is about 2.6%. Is it a little higher than the Federal Reserve would like? The answer is yes, but it's steadily coming down.

The next page, I put it in there because I see Legislator Drucker looking at me and he always asks, why is our sales tax so great, so good? We're going to get there. But I think it's important to look at what the S&P, what the Dow has done over even just this past year. So the S&P 500 is up approximately 11% since January 1st. Despite what's happening in the global world, your 401 K your investments are over 10% higher. The Dow is up 10%. So even if you look at this chart from January 22nd to August 1st 26, the S&P is up 68%. So I would argue there is a sense of comfort despite how expensive gas prices are that people are feeling that, okay, I can spend my paycheck a little easier because my investment portfolio is doing better.

So let me state, and the report states, that we do believe that the 2026 budget will be met from a budgetary standpoint. Look, I don't have a crystal ball and I am not in charge of making the decisions. Like you, we hear about them after the fact, but between good fiscal management reserves and past performance, I believe that the 2026 budget will be met. However, it has some risks and opportunities.

MS. TSIKOURAS: So I'm going to walk

you through some of the opportunities that we identified in the five budgetary funds; sales tax being the first one.

So we're projecting an opportunity in sales tax right now of 11.3 million. But we'll discuss that a little further in the presentation with some additional information. So for state aid we're projecting approximately $35 million opportunity there, of which about 26 million relates to anticipated reimbursements for higher costs that are also projected in preschool, special education and higher safety net assistance and daycare costs.

We are also projecting an opportunity in the STOA (Statewide Mass Transportation Operating Assistance Program) for the bus operations. For federal aid, we're projecting an opportunity, a potential opportunity of about $8 million, which is a net opportunity of 13.3 million anticipated in projected higher reimbursements for

TANF and daycare costs, offset by approximately 5 million lower in federal transit administration reimbursement for the bus system, which kind of offsets the additional STOA that's anticipated.

For debt service, we anticipate almost a $20 million pickup. And this is definitely related to the defeasance that was done in 2025 in December. You may recall that $18.6 million of debt was defeased. The difference being the interest as well. So the budget had already been set anticipating paying down that debt, but it was paid earlier. It was paid in 2025.

Judgments and settlements and property tax refunds, tax certiorari; we're projecting a $26 million pickup in the five funds for that, because it's anticipated that the litigation fund is going to be paying those expenditures, as has been done over the last few years. There was 30 million budgeted for both, 15 and 15 for each of those lines in the general fund, but we anticipate that those are going to be paid out of Litigation. The difference between the 30 million and the 26.4 represents just an estimate of the excess DAF payments that the general fund has to pay for those old DAF charges, the '27 and '28 DAF charges.

Property taxes right now are anticipated to be about $7 million higher, and that's basically due to the LIPA direct assessment restore taxes and abatements. That information wasn't available when the budget was set up. So we anticipate. So that's already been processed and recorded. Just keep in mind that at the end of the year, there is always an adjustment to the property tax line for unpaid property taxes where we have to reserve a certain amount. But if we don't, we can't tell at this point in time what that number will be.

And then, finally, we have a potential opportunity of 35 million related to interfund transfers, because we anticipate that these funds are going to be utilized to offset some of the risks that we see that we have identified and we'll talk about in a little bit.

COMPTROLLER PHILLIPS: So if you'll turn to slide 11, we'll talk about sales tax revenue because it's a big portion. It's almost 41% of the revenue budgeted.

So if you look over time, the fact is sales tax revenue has been steady. We did an analysis that looked at sales tax revenue as a percentage of the revenue that has come into the County since 1990. And the fact is it is around 41% on average over all these years. So it's something that I'm going to encourage Andy, to speak to the bond rating agencies because one of the things they continue to say is that unlike property taxes that you have control over, sales tax we don't have control over. Well, the fact is it has consistently remained around 40%. So we'll talk to them.

If you go to the next page, I think

it's always important to do a scenario analysis: What if. What if. So I believe we're being conservative by saying actual sales tax as of the July 10th check plus 2% over 2025 checks for the remaining years -- FYI year to date, as of yesterday, we are actually up 5.3% over 2025. So I didn't even put 5% on this chart. But even if we end up up 3%, it will be $20 million over what was budgeted up 4%, 29. So there's a real opportunity here. In addition to that 11 million that we're giving this budget credit for, it could be more. Always have to look at the downside. What if something happens drastically in October? We take it down 1%. So actuals plus 1% year over 2025 for the remainder of the year, we'd still make budget; actual flat to 25, then we would have a $7 million deficit from where it was budgeted. But I really do believe that despite food prices, despite gas prices, the consumer -- I mean, the fact is

Legislator Drucker, the numbers are the numbers. So let's see. We don't have a crystal ball.

So we're going to talk about the potential risks to this budget.

MS. TSIKOURAS: So we identified some potential risks to the budget. And again for the five budgetary funds.

We're going to start off with payroll and fringe payroll and fringe, right now we're projecting $85.8 million risk. And this is primarily due to the termination pay that was paid out resulting from the employees leaving with the VSIP. So as of June 2026, 79 million of term pay related to the VSIP was paid. However, the EBF fund has the reserve and EBF may be utilized for termination pay, not the VSIP payment, but the termination pay. So there's adequate funding in EBF reserve to cover the potential risk in the police headquarters fund that we've identified at about 42 million, but there's likely not enough in EBF to cover the potential risk in Police District of about 24. Believe there's about 20 million available in Police District. So EBF as of June had 65 million reserved for non police district funding and about 20 million reserved for the Police District.

We also anticipate a risk in overtime of about 35 million. But that risk is lower than where we've been in prior years. Primarily, again, terminations that have left are the higher valued employees making higher overtime. So you're filling it with lower salaried employees, making that overtime. And then these risks are offset by net opportunities in salary and fringe primarily related to the vacancies.

The County also has the operating reserve fund. There is a a labor component in there and health insurance as well, although I believe that we have a slight opportunity in fringe of about, I believe it's like $8 million; 7.9

million.

Social Services programs. We're anticipating a potential risk of about 39 million or net of the reimbursements; approximately 15.5. And these risks are primarily in recipient grants, purchase services, emergency vendor payments, and and higher safety net costs, mainly due to the need for these services have been increasing.

COMPTROLLER PHILLIPS: One second, we're going to release an audit report probably in the next month that is two parts. The first part will give the reader, our taxpayers, a kind of very extensive overview of the early intervention services that our children are provided and how those services have changed in particular, over the last five. Years. So a lot of this cost, I said it last year -- look, you want to give every child a good start. You really do. And I've been in numerous multi-day seminars that show for every dollar you invest early on, it pays off by a multitude later on. But we don't have control. These are mandates that are unfunded that you, along with the administration, are going to have to contend with.

MS. TSIKOURAS: So on to Early Intervention and preschool. We have a projected risk of 23 million, or 6.5 million after state reimbursements. Then this is primarily due to higher caseloads in preschool and its related services.

Moving on to fines and forfeitures, we've identified approximately 22 million of risk in fines and forfeitures, 5 million of which is related to the ticket reconciliation program, which has not yet been implemented and unlikely for this year.

And the additional risk of 15.2 is primarily in the in the Traffic and Parking Violations agency, mainly based on current run rates. We're not seeing those revenues coming in.

Departmental revenues has a potential risk of about 30 million. And that's primarily due to 11 million in GIS tax map revenues. It's trending higher over last year by about 6.8%. We're projecting about 23 million for the full year. But the budget was also increased and last year I believe we didn't meet budget as well. So the run rate basically is running to 23. So that's where that 11 million risk is projected.

We're also risking approximately 11.8 million in prior year ambulance fee collections.

COMPTROLLER PHILLIPS: Let, me jump in here for a second because one of the meetings we were here in front of you, we talked about ambulance fees. So the County has gone over to a new firm to collect. We were hoping it would have started in January/February, but it didn't go into place until June. But already -- I don't have the numbers with me -- but we were collecting $200,000 a week there, up to a million plus a week. And this is just doing their job. What we hired them to do. The risk that Lisa highlights is, I was under the impression this firm was going to go do back collections. Just as a reminder, the firm that we used to have had a huge security breach. They basically shut down, didn't do any business. So I'm hoping when Andy's sitting here in front of you -- Andy, if you're listening to me, please, let's address what's going to go on with the prior year and a half's collections. So that's a risk we budgeted for it prior year collections, and to date it has not started. I heard that they're concerned about liability risk -- the new firm -- but we need an answer.

MS. TSIKOURAS: So we're also risking the 10 million for the income and expense laws. There's been no change in the situation in collecting those revenues. These risks are offset by a potential opportunity in mortgage and deed recording fees because the collections have been trending higher this year. We're anticipating a about $4.2 million in opportunity there.

Moving on to investment income. For the five funds, we're anticipating a potential risk of about $19 million there, and that's primarily due to lower cash balances. However, remember that the reserves also have interest in there as well. And there's approximately 15 million, I think, that's projected that could come in for the reserves to offset that.

And then finally, the other risk that I want to talk about are rents and recoveries. So we're anticipating about a $23 million risk in there. Approximately 8 million of it is related to distant conferences. And remember that, you know, disencumberances is a budgetary revenue stream, but not a GAAP revenue stream. But we're anticipating lower disencumbrances for the year. And we also have other recoveries of about 2.2 reduction just based on trending where we're going for the fiscal year. We've also asked about 13 million in sale of county properties. We're aware that there is a potential sale, but the likelihood of it closing this year was unknown. So we're risking that. That could be a pickup if it does close before the end of the fiscal year.

COMPTROLLER PHILLIPS: So the last two slides I decided to add because I think as you as a legislative body should see. Sometimes it's easier, you know, it's happening, but when you see it on paper, it helps. So the first slide is a Nassau County's state pension contributions. So if you look from 2023 where we were contributing about 167 plus million to 2026 of 269 million, that is a 61% increase, 61%. That's a big increase when your revenue base, your property taxes have remained flat. Your sales tax growth has been great. But that type of percentage increases are going to have to be -- those are real costs that you as a legislative body are going to have to address. And we sat back and said, why, why, why are these numbers so big? Well, a lot of it had to do with the new contracts, the retro that we paid. Obviously, we want to pay our employees a good living wage. I went and looked at how the pension fund is performing. There's been 6.7% return over the last five years. But I think also we talked about people are living longer and you have this defined benefit pension plan means that once you retire, you're going to get paid the rest of your life. So the combination of it has increased the cost to Nassau County significantly.

The last page is the health insurance premiums. Same concept, right? 2023, 329 million; 2026 is projected to be 407 million. That's a 23.5% change. I will say we were projecting 6%. I just received from another county in New York state who received information from NYSHIP that rates actually for individuals are going to go up 8.9% and for families, 8.8%. What this doesn't, though, is doesn't reflect the offset of the 3% or 15% that many of our unions pay in. The only thing I'll say on that is most of our NYSHIP participants are CSEA members. A lot of our sworn officers are in the no contribution.

So please, questions.

CHAIRMAN MCKEVITT: Legislator Drucker will commence the questioning.

LEGISLATOR DRUCKER: Good morning. First, I want to congratulate Lisa and Betsy on all the years of service. It's amazing. We thank you so much for your service all these years for the taxpayers of Nassau County, for us, for all of the legislature and the administrations that you served all these years. So thank you very much on behalf of the Legislature.

MS. TSIKOURAS: Thank you. It's been a privilege.

LEGISLATOR DRUCKER: Thank you. Good luck to you both.

Madam Comptroller, good morning. Thank you for the hard work that you guys have done to put this together. I wish I could share your optimism. I don't know whether it's just because I'm generally a glass half empty kind of guy, but I forecast things a little bit differently than you do. So I don't share the optimism when it comes to a number of the issues.

To start off though, I have some basic questions. So you mentioned at the outset that, you know, budgetary analysis, GAAP analysis, they are tools, useful tools. The GAAP analysis based on what NIFA does and what OLBR does, they project things differently than what you do, they project deficits, they project not surpluses. And the risks seem to outweigh them by a lot. So, you know Do you anticipate a GAAP deficit?

COMPTROLLER PHILLIPS: So on page 30

of your report and I really, if you haven't had the opportunity to read the entire report, please, they put hours and hours of work into this. We do the GAAP adjustments. But and Lisa, correct me, please, because I am no GAAP expert, but at this point in time --

LEGISLATOR DRUCKER: The GAAP deficit is 35 million. Is that what it is?

COMPTROLLER PHILLIPS: So 24.8 million is not the deficit, it is the GAAP adjustments as of right now, but the encumbrances, which, again, I encourage you, if you have not read, read page 32. Lisa, do you want to just give a quick?

MS. TSIKOURAS: Sure. Of course. So just to just to make apples to apples, when NIFA and OLBR look at the financials for the reports, they are also looking at the five budgetary funds. And that is what we were looking at to be comparative to them. So the GAAP adjustments, again these are for the five budgetary funds, GAAP adjustments are very difficult to project mid-year because the majority of the GAAP adjustments have to do with the encumbrances. So for GAAP purposes, encumbrances do not impact your surplus or deficit. Encumbrances are just obligations. They are not actual expenditures. So when we are projecting GAAP adjustments for the mid-year report, and even when we produce the review of the proposed budget, in a lot of cases, it's very difficult to determine what the value of unspent encumbrances will be at the end of the year. They can fluctuate significantly. Which we were tracking them for like five years to kind of get an average. But they're up, they're down, they're up, they're down. So what we've done is we project those certain adjustments at what we had at fiscal year end, the prior year. So if we had an effect of an encumbrance adjustment in this case, in this chart, it's a positive .9, that's what we would have had for the five funds as of the end of fiscal year on an actual basis.

And the reason it is positive is because on a budgetary basis, your encumbrances reduce your fund balance. But on a GAAP basis, your opening conferences have to be added back because they're not actual expenditures. We only record actual expenditures.

We also have other adjustments that go in the opposite direction, one being the pension adjustment. So in this case the pension adjustment is a -10.7. And what that represents is the State is on a different fiscal year than we are. Their fiscal year ends in March. Ours ends in in December. We have to adjust two years of invoices to pick up 75% of one invoice, versus 25% of the other in order to match the County's fiscal year; that's GAAP accounting. I will say that while this is a -10.7, this is where we actually project for '26 based on the final '26 invoice from the State and the estimated invoice from the state for the

27 bill, which we anticipate will be prepaid in December. So this number is likely more accurate than the effect of encumbrance adjustments. As well as the other GAAP adjustments, there are requirements in GAAP for leases as an example for private public partnerships that we have to make adjustments for. Those are all estimates at this point.

COMPTROLLER PHILLIPS: So, Legislator Drucker, if 2026 ends flat on a five fund budgetary basis, we are estimating that on a GAAP basis, it would be -24.8. So that's the adjustments that come at the end of the year in the ACFR.

LEGISLATOR DRUCKER: Right. But what you call an adjustment, I call a very accurate GAAP measure prediction. I mean, this is not just illusory things. They're basing it on an analysis of what could be. And we have to examine that. So on the budgetary basis, you can show that if the year end is flat, this is what's going to happen. But we have to examine what if the year doesn't end flat? And you talk about, you know, global things. I mean, you know, when you talk about expenses, you can't discount energy prices and, and take it out of your analysis. It's a big factor every day. That's what taxpayers are feeling the crunch of. And, you know, the war in Iran, which was supposed to be short term, is now months and months and months with no end in sight. And who knows what's going to happen down the road. So I think you can't just discount that when you're talking about gross national product and what the total amount is. So these are things that, you know, on a GAAP basis, that analysis is important to us. It helps inform us. And I think, you know, when you when you can place the numbers in a certain way --

COMPTROLLER PHILLIPS: The GAAP analysis is here, sir, respectfully. It's here.

LEGISLATOR DRUCKER: It's what?

COMPTROLLER PHILLIPS: It's here, Page 30; please read the report.

LEGISLATOR DRUCKER: But you're basing -- you put that down there. You call it an estimated GAAP adjustment. You know, GAAP analysis is something that's utilized. NIFA utilizes it, OLBR uses it.

COMPTROLLER PHILLIPS: Respectfully, they don't.

LEGISLATOR DRUCKER: Well, but they help inform us in a way that we need to be aware of what the possible risks are.

Getting back for a minute though on on this the ACFR, how come this year you didn't issue a preliminary ACFR that you usually do.

COMPTROLLER PHILLIPS: This county has never issued a preliminary ACFR.

LEGISLATOR DRUCKER: Last year.

COMPTROLLER PHILLIPS: It would be a draft. It's not a preliminary.

LEGISLATOR DRUCKER: Well but.

MS. TSIKOURAS: I can answer that question. So last year -- as you know, we have not received the NHCC financial statements. The ACFR cannot be issued. The auditors will not give us an opinion letter without their final issued financial statements. So we don't even have draft financial statements from the hospital. This time last year, we were provided with draft financial statements, complete draft financial statements from the hospital, and we were able to drop that information in. They indicated that their draft numbers would not change. So we did have draft financial statements so we could actually put something together in draft form. This year, we were not provided with draft financial statements. Last week they gave us an Excel file of two exhibits. However, NHCC information appears on the majority of the pages within the ACFR. So we did not have that information, and it would have been disingenuous for the County to put out numbers if we didn't even have the breakouts in the proper format for those two exhibits. So the difference between last year and this year is that we were not provided with even draft financial statements.

COMPTROLLER PHILLIPS: So when Lisa refers to draft that these were financial statements from the hospital that had an auditor's opinion on them --

MS. TSIKOURAS: They did not have them.

COMPROLLER PHILLIPS: But they felt that they were not going to change. I am in communication with Tom Stokes and Chairman Kessel. They've been responsive. They understand. If you have any influence Minority Leader, I could use the support. We were told this week that we should have draft financials in two weeks. They informed us, though they would not have a board meeting until October, which is totally unacceptable. They understood when I explained that to them, and they are working on a way to get us audited financials. As soon as those audited financials come to us, we will, as Lisa explained, run the numbers through the entire ACFR and the ACFR will get released. This is serious. This is an extremely serious situation. When a component unit cannot get financials, despite the fact that we should have had them months ago, it could have a serious impact on Nassau County. It could affect our grants from the federal government. The federal government could deem us at risk. I can't express to you how concerned we are in the Comptroller's Office. But I will say that Tom Stokes and Chairman Kessel have kept an open line of communication with me.

LEGISLATOR DRUCKER: It seems like, you know, it gets it gets worse and worse each and every day. So we are all very concerned about it --

COMPTROLLER PHILLIPS: You should be.

LEGISLATOR DRUCKER: Taxpayers, legislators. We're all concerned because we keep waiting for the other shoe to drop. And then it drops. And then another shoe drops. You know, it's horrible. And you know, we kind of warned about this for a long time when people were going in there on the board that we didn't think should have been running this place, but that's in the past.

So, Madam Comptroller, OLBR has a $113 million GAAP and you have it at 35 million. I just want to get some of these numbers correct.

COMPTROLLER PHILLIPS: I'm sorry, I don't have OLBR report in front of me.

LEGISLATOR DRUCKER: I'm talking about for 2026. So is that --

COMPTROLLER PHILLIPS: Sorry, I can't address what they have. I can address what we have.

LEGISLATOR DRUCKER: Okay. So your budgetary surplus of 15 million. I'm seeing that. Right. That one I saw.

COMPTROLLER PHILLIPS: We don't have a budget surplus of 15.

(Whereupon, off the record

discussion.)

LEGISLATOR DRUCKER: So it's on our summary. I'm sorry. Do you have an estimate for a budgetary surplus for 2025?

COMPTROLLER PHILLIPS: 2025, yes.

LEGISLATOR DRUCKER: How much is that?

COMPTROLLER PHILLIPS: I think we don't have audited financials, but I want to say 20.6. But Lisa is looking. For the five funds?

LEGISLATOR DRUCKER: Yes,

MS. TSIKOURAS: For the five funds for Budgetary, the surplus was 20.655.

LEGISLATOR DRUCKER: What is the GAAP estimate?

MS. TSIKOURAS: The GAAP for that was a deficit of 27.1. And the major driver of that, as I mentioned before, was the pension adjustment. The pension adjustment for 2025 for the five funds was a -32.6.

COMPTROLLER PHILLIPS: Just as a

reminder on GAAP, this is why you talk about budgetary because GAAP -- the people that understand GAAP are the accounts. But just remember when you bring in a reserve on GAAP, it's not considered revenue because it's like using your savings account.

LEGISLATOR DRUCKER: On a budgetary basis last year, '24, I'm seeing here 102 million. And now we're seeing 20 million for 25.

COMPTROLLER PHILLIPS: You know, you're looking at something we don't have Legislator. I'm sorry.

LEGISLATOR DRUCKER: Do you see a difference on your numbers from '24 to '25. What are those differences?

COMPTROLLER PHILLIPS: I don't have '24 in front of us. We're talking about the '26 budget.

LEGISLATOR DRUCKER: 27.1 million.

COMPTROLLER PHILLIPS: Legislator Drucker, I'll just remind you, we don't want deficits, that's for sure. But we also don't want big surpluses because as taxpayers, at some point you begin to say, why are you taxing me if you're running surpluses? And I go out into the community all the time talking about exemptions, assessments, the budget, and when I say the County has run surpluses for the last five years, I'm telling you, every time somebody will raise their hand and say, then why are you taxing me so much? So look, we have to maintain reserves. GFOA has a standard, we showed you that, two months of your expenditures; we're at 2.4 months. We have liabilities, tax certiori liabilities, litigation liabilities, other liabilities that we must prepare for. Therefore, we have to maintain those reserves as much as possible. But -- so you're balancing. That's your job. Your job as the Administration and the Legislature is balancing keeping those reserves, but also providing the services of the people.

LEGISLATOR DRUCKER: Yeah, I'm going to get back to you, Elaine. Thank you so much. The Minority Leader is going to step in now.

CHAIRMAN MCKEVITT: The minority leader will now ask questions.

LEGISLATOR DRUCKER: I yield. I'm sorry.

MINORITY LEADER DERIGGI-WHITTON: Thank you, Chairman.

So let's just go back to the reserves. And the reason we have them is because the ARPA money was switched into the reserves. So we have $500 million. Without that, there really wouldn't be reserves. You know, that money could have been given back to taxpayers. I know the County Executive mentioned doing a tax break to everyone when he ran. I mean, he could have given that money back to taxpayers, but he didn't. He put it in his reserves for the situations like this when we actually are running honestly a deficit.

There's a lot of I -- we did read this report. Let me tell you, I scrutinized it and we know our jobs. So no need to worry about that. And not to drop kick anything. But the bottom line is a lot of these numbers do not add up. Right now because of the gas and food, which people do need, you can't say, let's not count that, the sales tax is higher than was expected by quite a lot. It was up high, as we remember after Covid with the influx of money. But next to that, this is skyrocketed, especially since February 1st when the war started. As Legislator Drucker said, unfortunately, I think none of us think this war is almost over and the longer the strait is in a mess, the more likely it is that gas prices will remain where they are. So the County is benefiting from huge amount of increase in sales tax.

And they're also benefiting right now from a very low personnel lists. You know, everyone from the police -- the police are down almost 10% before the incentive. They went from manpower of 3060 in '21 to manpower of 2069 and 24 before VSIP, they're down 10%. Now with VSIP, it's going to be a huge -- many people took that. It was 500 and something across the county, but we're going to have a huge decrease. I know they're starting to have the classes, but it's going to take a long time, as you said, to have overtime reflect these savings. It's not going to happen this year; it's not, it's just realistically it's not.

I understand that any projection -- and I'm glad you come from the private sector, by the way, I do too. I can't separate it in my mind. And there's no way that as a financial institution, you can say you can't predict the future. That's sort of like -- your educated guess is why we have financial institutions to, to educate in educationally sound way, analyze things to predict the future. That's what we rely on. That's what we need.

So I'm going to start, I have my top five questions. The first one we're talking about using interest as a line to help us with this budget. Now, as you know, we were very upset when the opioid money -- and Tom, you might find this interesting -- was transferred out of that line. And we were happy to have the interest put back in. And it was. And I was happy about that. And the interest continued to go in for about two months. But for the last six months, there's no more interest going into the opioid line. I'll give that to Tom (handing). So I guess that bottom line is you're now moving that interest money automatically. It's being moved -- not you -- it's being moved into the general fund automatically. With everything that's happening right now, with the opioid money not going out, and one death, as I just saw on TV, is too many. And then the fact that now the interest is automatically moved into the general fund, I think that is just something that everyone -- I haven't said anything about it until today -- but that is something that really feels wrong to the public. And we saw that with the reaction to what happened last time. So the opioid interest is included in that line. That's that's number five.

Number four, as I said, you know, the the staffing is at an all time low. So our salaries are at an all time low. And that coupled with number three, which is that the sales tax is at an all time high, we should have a surplus. If at any time we should have a surplus, it should be. Now and there is still excessive spending from everything from the outside counsel, it's gone up about 25 million. I know overtime is up partially because of the low staffing. I mean literally I don't want to say this, but you know, we're defunding the police by having it so low. We really -- and it's not just now. It's been from '21 we've been going down.

We've had the assessment frozen that that's another thing that's going to hurt us. Again, five year low with staffing.

So what GAAP is like a cute name for is savings, and we're relying on our savings. Whether you're saying we're spending 35 million out of our out of our savings or NIFA -- and I'm sure you have access to NIFA, right? Their reports. You don't have access to the NIFA reports.

COMPTROLLER PHILLIPS: They have not provided.

MINORITY LEADER DERIGGI-WHITTON: All right. Well, it's a good idea to get the NIFA report.

COMPTROLLER PHILLIPS: It would be nice if NIFA sent it.

MINORITY LEADER DERIGGI-WHITTON: Well, you can ask for it.

COMPTROLLER PHILLIPS: We ask. Honestly, OLBR did not send us their report either.

MINORITY LEADER DERIGGI-WHITTON: You have to go to the meetings.

It was just issued. But we have people attend the meeting and it's just a good idea for the comptroller to have people attend the meeting.

COMPTROLLER PHILLIPS: We have people attending the meeting.

MINORITY LEADER DERIGGI-WHITTON: So did they tell you about the report? Did they tell you the number that they're anticipating? Then we got to get different people. So NIFA has a much higher number than you.

COMPTROLLER PHILLIPS: Legislator DeRiggi-Whitton, please --

MINORITY LEADER DERIGGI-WHITTON: You need to have the information as a Comptroller.

COMPTROLLER PHILLIPS: You made a comment that these numbers don't add up.

These people in the accounting department are working on a new financial system that is taking a full time job, and have provided this report of numbers that do add up. So please, respectfully, let's treat our employees with respect.

MINORITY LEADER DERIGGI-WHITTON: I completely, treat them with respect. But as a comptroller, I'm talking about you. Your employees are not the comptroller. You were elected as the comptroller. It falls on you just like on me. If my LA does something and doesn't -- I can't say something about that. You are the elected official just as I am.

COMPTROLLER PHILLIPS: I don't need to be lectured, respectfully.

LEGISLATOR DERIGGI-WHITTON: No, we at the end of the day, we're the ones who are responsible for our district and our in our department.

COMPTROLLER PHILLIPS: I agree.

LEGISLATOR DERIGGI-WHITTON: The bottom line is, if you don't even have the NIFA number and you don't have access to it, it's a problem, because it should be something that you should look at.

COMPTROLLER PHILLIPS: What does the NIFA -- what does NIFA know that the Administration or the Comptroller's department knows? They know nothing different. And in fact, I don't know if they have the complete picture. So I'm not sure what your point is. One, we are in a control period with a county -- you should be outraged as legislators, that we are a double A county with positive upgrades and other counties throughout New York State that have similar or lower ratings that --

MINORITY LEADER DERIGGI-WHITTON: Comptroller, I'm so sorry I didn't interrupt you when you were speaking. Can I finish my I did not interrupt you once. Nobody did. And that I would never do. And honestly, I don't appreciate it because that's that's not the way we handle our meetings.

COMPTROLLER PHILLIPS: I didn't believe I was interrupting.

MINORITY LEADER DERIGGI-WHITTON: The bottom line is, the reason it's important is to understand the different calculations from various different financial institutions, including our own independent office is because, as you said, that these numbers are not exactly written in stone; they are estimates. And I always find it best to get as many opinions as I can to make my own educated decision. So that is why I think it's important to be aware of what NIFA is saying, to be aware of what OLBR is saying. And I can tell you that both of them are significantly higher than what you're estimating. And the reason there's a problem with this, like, let's say it's maybe a possibility of a risk of 120 million that we might need from our savings --

COMPTROLLER PHILLIPS: Excuse me.

LEGISLATOR DERIGGI-WHITTON: Wait,

can I just finish? I didn't interrupt you.

COMPTROLLER PHILLIPS: I just want to know where they're higher.

MINORITY LEADER DERIGGI-WHITTON: So let's okay, so let's say that there's $120 million risk from -- even with OLBR, he has real concerns with the risks. His are much higher. Maybe closer to 100 million, maybe more. Let's say that NIFA is also higher. Quite high, much higher than yours. Like you said, it's not a perfect science, but these are other estimates. And the reason we have a problem is because there's a finite number in our savings -- which people call GAAP because it doesn't sound as bad to the normal people -- and once we use more of our savings, it's one shot, basically. We're not going to get another influx of 500 million. So it's something that we can't rely on in the future. I look at the government like the private sector, like my own budget. If I know I'm using savings to make ends meet, I don't I don't feel comfortable, nor do I feel comfortable with that as a legislator. Especially with the one shots.

Can I ask you if I heard you correctly, the EFR was not filed with the state this year. I'm sorry, AFR was not filed with --

COMPTROLLER PHILLIPS: AFR was filed.

MINORITY LEADER DERIGGI-WHITTON: AFR was filed. Well can we have a copy of that. The preliminary one.

MS. TSIKOURAS: So wait, please let me just explain. The AFR is due by April 30th.

MINORITY LEADER DERIGGI-WHITTON: Right.

MS. TSIKOURAS: We filed a preliminary.

CHAIRMAN MCKEVITT: Excuse me. Excuse me. I'm still the chairman of the committee. What we're going to do is there's going to be a question asked and there'll be the question answered. We cannot have this go between. One thing I learned with courts over the years, she can only take one party at a time. So, Minority Leader, please ask the question. Comptroller staff, please answer the question.

MINORITY LEADER DERIGGI-WHITTON: Thank you. All right, so the AFR was filed with the state. Correct? On April 1st -- April 29th. Sorry.

MS. TSIKOURAS: The a f a preliminary AFR is always filed with the State on April 30th. However, the County's financial audit is never complete by then. So the numbers may change significantly after that. We reach out to the state Comptroller, we ask them to open up the software and then we update the information. So we updated the information recently. We gave them what we have currently in our draft financial statements for the County. The State just responded to us this week -- I think it was this week -- with additional questions and asked us to change information. So we are still in the process of updating the information or answering questions. It's not been completed at this point in time.

MINORITY LEADER DERIGGI-WHITTON: I understand that. Can we have a copy of that? Can you forward that to me? I know we're trying to get it from the state, but I haven't received it yet.

MS. TSIKOURAS: It's not final though, so the numbers are going to change again.

MINORITY LEADER DERIGGI-WHITTON: But I think as as the fiduciary agents of the County, I would just like to see what you filed with the State. Because if they know, you know, you should -- I'll get it from the state if it's just --

MS. TSIKOURAS: So just keep in mind, I just want to make this one point that the AFR is not in accordance with GAAP. Because we've had this conversation. Many counties and municipalities have had this conversation with the state comptroller's office about the AFR. So why this requires changes is because we have to report things the way they want for their fiscal stress score, which is not always in agreement with the ACFR. So if you're looking to say this is what the numbers are, they're going to be a little different than the ACFR. I just want to make that point.

MINORITY LEADER DERIGGI-WHITTON: Completely understand that. And I appreciate the explanation. But I do understand that it's a moving target.

So we're going with the GAAP number being 35 million, as you stated in your report.

COMPTROLLER PHILLIPS: Sorry, I don't know where you're getting your number.

MINORITY LEADER DERIGGI-WHITTON: So what is the GAAP number as of right now or what.

COMPTROLLER PHILLIPS: What's the GAAP adjustments at this point? We would adjust for on a GAAP basis, Page 30, 24.8.

MINORITY LEADER DERIGGI-WHITTON: 24 million. Okay. So 24.8. I'm sorry, I said 30, I think. So 24.8 GAAP, which is using savings basically in a different way of saying it, using the reserves, you're predicting it to be that number as of right now.

COMPTROLLER PHILLIPS: That's the adjustments, Legislator.

MINORITY LEADER DERIGGI-WHITTON: Okay. So you know, right now we're using - you know, in this budget, we're going to still rely on our savings. Which is concerning with the fact that they're going to run out eventually, especially if the number -- if your number is correct, it's not that terrible, but compared to what NIFA and OLBR are saying, you know, there's a lot more risk in their minds than what we're seeing. You know, there's $800 million a year collected in property taxes. If it's possible that they're predicting maybe 100 million will have to be used from savings or GAAP, that's a good percentage of a difference. If you were to have a property tax, if you didn't have the savings, you'd be talking about a good number of a percentage there. So we're still really, in my opinion, there's a lot of excessive spending. And I go back, especially after this week of how much we're spending in the outside counsel, it's just it's gone up from about 6 million to over 30 million. I mean, right there is our GAAP just there in that one line. And that's a real concern. And as the comptroller, I think that you should be really furious because that is giving you a problem, which is that your budget is relying on savings. And even if we use your number, which is a lot less, if we fix that problem, we went back to what it used to be, you would be looking a lot better right now because you wouldn't be using your savings to balance your budget. I would love if you could also -- how many audits did you guys do this year of different departments?

COMPTROLLER PHILLIPS: We released Living Wage audit, we released an audit of our own department. So two to date and data cleansing. So three.

MINORITY LEADER DERIGGI-WHITTON: Who gets those audits?

COMPTROLLER PHILLIPS: The public.

MINORITY LEADER DERIGGI-WHITTON: I'd like to yeah, maybe we could just have those resent to us also.

COMPTROLLER PHILLIPS: Why don't you just go to the website?

MINORITY LEADER DERIGGI-WHITTON: Yeah, we can get it. Okay. I haven't seen it on the website. We'll have to double check. I haven't been able to find any audits.

COMPTROLLER PHILLIPS: It is transparent.

MINORITY LEADER DERIGGI-WHITTON: I'll double check with the website.

I think it'd be a good idea to do an audit of the County Attorney's Office and just see where the savings can be. I mean, right there, you wouldn't have a deficit. You wouldn't have to use your savings if you could find that savings again. That's just my --

COMPTROLLER PHILLIPS: It would be an interesting analysis. I know there's not a question, so I apologize, but to look at what our outstanding liability was five, six years ago versus what it is today and see if the cost of spending on outside counsel has provided the benefit to lower the outstanding liability.

MINORITY LEADER DERIGGI-WHITTON: I agree with you, but from what I'm seeing lately, I'm not so sold on that. I can't get over some of these judgments. They are staggering. And, you know, I'm not talking about what we're paying out. I'm just talking about what we're paying the outside counsel themselves. And again, I agree with you. There are times when I'm

100% good with using outside counsel. I vote for that, those contracts, but not the increase of, you know, 5-6 million, which was reasonable because there are cases that we need to do that for to almost 30 million. And I got to tell you, we just started I just started to look into this. There's money going out from the litigation fund to pay outside counsel as well. So I don't even know where those contracts are -- there are a number of law firms on there that I have never seen. So I'm just saying, if as an independent office, I think it would be good to look into what's happening with the County Attorney's Office. Literally we've just been I've just been starting this investigation for like three days and I can't get over. There's certain employees being paid out of litigation, you know, people that are working with -- homeland security being paid out of litigation fund. This is just, we're both trying to do the right thing here, which is protect the taxpayers money. You have your role and we have our role, but they're not that different. And I think that if you took, you know, if you -- I'm just giving out some suggestions of things that I think would be worth having you do a report on -- you know, and again.

CHAIRMAN MCKEVITT: Not to interrupt, but obviously we have another witness after it's going to take quite some time. You just get to the questions rather briefly because we still have a lot to do today.

MINORITY LEADER DERIGGI-WHITTON: Listen, I just trying to get you to hurry up things earlier and it was a problem. I still have a number of other questions, so I don't know what you want me to do.

If you look at the key comparisons with the NIFA report too, there are a lot of different variables. And again, we could just say that there are different opinions at this point, but the projections, a lot of the projections that we have compared to NIFA -- and again, I know you don't have the report yet -- but it's something that I really, the discrepancies are so high that I think that we really, it warrants, like everything from the Public Safety Department with overtime, with the Social Service issues especially with the fact that, you know, we're so understaffed with Social Service. And things can be glossed over, like the fact that social service has been, you know, a lot of people took the incentive, but there's really they've not been hiring many people at all. The caseload is going up and talk about money, you know, keeping on the money, not the ethical part, because that I think we all care about. But, you know, the exposure to even one horrible case, God forbid, with a child involved or something could be huge for the County. So we need to really keep an eye on how many of these jobs are being posted and filled because there's a real problem.

COMPTROLLER PHILLIPS: Let me correct something I said. We did meet with NIFA, Lisa and her team, as we always have. And the differences, whatever they are, really get down to assumptions. Maybe they have higher interest income; we have lower. We assumed 2% interest rate, they assume 3. So the reports do go through each item. It'll at least give you a little roadmap to understand why the assumptions are different.

MINORITY LEADER DERIGGI-WHITTON: Well, I understand. And again we already agree that it's not a perfect science. That's what a financial institutions do; they're estimates. But I do think some of their concerns as a legislator, although we don't -- none of us want oversight, but some of them do make a little bit of sense to me that we should just consider that, that I'm going to leave it at that. All right, Tom, I'm going to do you a favor and follow up.

CHAIRMAN MCKEVITT: Legislator Drucker has questions.

LEGISLATOR DRUCKER: Thank you, Mr. Chair.

So your mid-year report indicates that the County's tax certiori liability increased by 45.5 million in 2025, rising from 247.2 million in '24 to 292.7 million in 2025. This is the first increase after several years of declining liability. Can you explain what caused this liability to increase by 45.5 million in '25?

(Whereupon, off the record discussion.)

COMPTROLLER PHILLIPS: I mean, the data comes from ARC. That data comes from the Assessment Review Commission.

LEGISLATOR DRUCKER: Do you know if it reflects new filings, the slower processing of claims, vacancies in the Assessment Department.

MS. TSIKOURAS: So that information

represents the long term liability for tax certiori as we have to report on a GAAP basis in the financial statements. We get the data from the Assessment Review Commission. Every year they revalue their liability, some writs come off, some writs come on. And then there's a revaluation. I mean they can better explain their process than we can. The County's auditors do do a review of the information.

COMPTROLLER PHILLIPS: And Legislator Drucker, on page eight when you have a second, right below the chart that I think you're referring to, it talks about how in 2026, ARC wrote off approximately 50 million of writs. So that is not reflected in that 2025 number of 292 million.

LEGISLATOR DRUCKER: Okay.

COMPTROLLER PHILLIPS: It will show up, sir, in 2026.

LEGISLATOR DRUCKER: What does it mean to write off? Explain that.

MS. TSIKOURAS: So the Assessment Review Commission came to us in April and they went through a review -- I believe it was through the court system, I don't have the information handy -- but they came back with an email to us indicating that the, the courts, I believe, had determined that they could write these off and remove these writs from the liability that they were no longer valid writs.

LEGISLATOR DRUCKER: So you write them off.

MS. TSIKOURAS: They were old, right? I believe that, yes. I don't have the data in front of me.

COMPTROLLER PHILLIPS: We'll be glad to reach out to ARC and follow up if you'd like. Glad to. Because we're not really the right person.

CHAIRMAN MCKEVITT: I will join that request and please respond to ARC because I want that as well.

COMPTROLLER PHILLIPS: We'll make

sure. As soon as they get back to us, we'll get it to you.

LEGISLATOR DRUCKER: Yeah. Okay. Because your report indicates, you know, you only paid out 11.4 million through the first half of 2026. And do you know if the Administration has a plan to accelerate payments to reduce the outstanding liability owed to the residents of Nassau County?

COMPTROLLER PHILLIPS: I do not know.

LEGISLATOR DRUCKER: Okay.

Your report indicates that only 1% of the tax payments came from reserves, with approximately 99% paid from Disputed Assessment Fund, the DAF; is that correct.

COMPTROLLER PHILLIPS: It's correct. Of the 11.4 million. So 1% was from reserves, 99% was out of the DAF fund, which is for commercial properties.

LEGISLATOR DRUCKER: Brings me back to my concern, if you've only paid out 11.4 and you're anticipating, you know, 292 million liability, how is that going to be met?

COMPTROLLER PHILLIPS: That's your long term liability, which is something that obviously has gone down, but we want it to continue to go down, right? So we want to pay that tax certiori liability. But honestly, respectfully, that's really a question for the Administration.

LEGISLATOR DRUCKER: I'm also concerned with, and again, this is probably an administration -- the frozen tax roll, you know, going on, you know, six years now is just leads to an inaccurate assessment, dysfunctional assessment department. It results in increased liability. It's going to it has to happen because everyone is challenging their tax assessment. And it leads to liability. And it concerns me and I don't understand the benefit of it anymore. You know, it was originally started as a short term measure to deal with Covid. That's when it was frozen. And it's continued each and every year during the current administration. And it leads to a false and inaccurate assessment. And I think that's going to -- it compounds the problems that you face. And I just wish that there was some way we could get a handle on that, because I think we're doing a disservice to the taxpayers of Nassau County the longer we keep the tax roll frozen.

COMPTROLLER PHILLIPS: Can I share something with you? So we haven't released this report yet, but we will over the next couple months. But New York State -- Nassau County, as you may know, is considered a special assessing district. There's only us and New York City. It was put in place in 1948. If we could go back in time, we would not have done this. But here we are and only New York State can change that. So in that is called a 6/20 Rule that says your assessed value can only go up by 6% in any given year, or 20% over a five year period of time. So we market adjusted every home throughout Nassau County. Our internal analysis will release it. And because the 6/20 Rule and because property values have increased so significantly since the last reassessment, 100% of all class one homes, assuming nobody raised taxes in 2025, which we know school districts did, their change in their entire tax liability would be no more or less than $55. The areas that would be hurt the worst without 620 are Westbury, Hempstead, Roosevelt. Areas that we have a beautiful heat map that I'll share with you at some point when we release it, that shows those are the areas that have seen such significant market increases. So it's a little counterintuitive to what you might think.

MINORITY LEADER DERIGGI-WHITTON: But just to correct the record, I'm sorry, but --

CHAIRMAN MCKEVITT: Excuse me.

Legislator Drucker's asking questions. Is the Minority Leader now asking to be recognized?

MINORITY LEADER DERIGGI-WHITTON: Okay. Thank you. Can I, Tom?

Just to correct the record, there was a reevaluation that was done, not a reassessment. And at that point, they wiped out that whole 6%.

COMPTROLLER PHILLIPS: That's absolutely not true. They wiped it out in the reassessment.

MINORITY LEADER DERIGGI-WHITTON: No, they did.

In the reassessment, they wiped it out. So let me tell you, the prices are all over the place. And I can tell you as a as someone who owns Seacliff, I know you looked at a house in Seacliff. Seacliff got hit like you wouldn't believe. So the 6% you can't rely on because the Re-eval threw that out the window and totally screwed it up. So I'm just saying, it would be nice if we knew that those numbers were factual, but the reassessment screwed everything up and it totally got rid of that. It was --

COMPTROLLER PHILLIPS: It did at that point of time --

MINORITY LEADER DERIGGI-WHITTON: Which was not that long ago. So that is still affecting the numbers from the frozen roll. So it's way over. It's way over the percentage that you're seeing. Some of these, they're going to be huge, so the risk is high.

COMPTROLLER PHILLIPS: But New York State only allows you to go up six --

MINORITY LEADER DERIGGI-WHITTON: We were allowed as a legislator to void that during the reevaluation. I voted against it. However, we wiped that out during the reval to allow for these crazy changes. What you're seeing would have been accurate had that not happened. So it's a problem. We have a huge risk for assessment.

LEGISLATOR DRUCKER: So you'll

provide us with those those numbers
though?

COMPTROLLER PHILLIPS: When we release the report, Legislator Drucker. But I will ask ARC to provide us the information.

LEGISLATOR DRUCKER: Because I am concerned with how we're going to be paying that. I'm sorry.

And last question is, so we talked about risks and, you know, budgeting for certain things that I have questions on. We're still budgeting for fines and penalties from red light cameras. Correct. That was in your report.

COMPTROLLER PHILLIPS: We're still getting them. We're not getting that extra fee that was approved.

LEGISLATOR DRUCKER: Correct. But there's a possibility of refunds here that could total millions and millions of dollars. And I just worry about budgeting for those in the upcoming year. And I don't know how that we could do that in a responsible way to taxpayers with this uncertainty that lies ahead. Do you have a comment on that?

COMPTROLLER PHILLIPS: I don't. I mean that is a potential liability that should be --

LEGISLATOR DRUCKER: How do you include that in a budget though? Going forward?

COMPTROLLER PHILLIPS: It's not included in this budget, sir. What's included in the budget is -- I don't know the exact number. I think it's in the report. The $55 that you're that we're charging, not the $125 that the County used to charge. Just so you understand, the only thing being budgeted is when you or I, someone runs a red light, the camera gets it, just the fee. No additional fees. I'll find a web page. We'll find it for you. The potential liability is not being budgeted because it's in the courts.

LEGISLATOR DRUCKER: No, but it's

something that you should consider, though. Not in terms of calculating the budget, but it's something that needs to be considered.

COMPTROLLER PHILLIPS: Something we should be concerned about.

CHAIRMAN MCKEVITT: Okay. Are there any other questions from legislators?

(Whereupon, no response.)

CHAIRMAN MCKEVITT: If not, thank you very much for your time.

COMPTROLLER PHILLIPS: Can I invite you guys though, to something? Tomorrow morning, 9 a.m. we are doing a food drive for veterans at Eisenhower Park. Park and Field six will meet at the memorial statue there. The only entrance fee is bring some dried goods. It's dry goods that will go into Nassau County's pantry. Please come one. Come all.

MINORITY LEADER DERIGGI-WHITTON: Thanks. Ralph got us also. Ralph is good that way. He reaches out to us. Ralph Esposito.

CHAIRMAN MCKEVITT: Comptroller, thank you. Thank you to your assistants for your service to Nassau County. It's been greatly appreciated. Thank you very much. And best of luck in your retirement.

We'll now have the Mr. Persich from Budget as our next witness.

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CHAIRMAN MCKEVITT: Mr. Persich, good morning. I know you have a presentation, so I'll let you proceed.

MR. PERSICH: Good morning, Legislators, Andy Persich Office of Management and Budget. I have to the right of me Irfan Qureshi, deputy budget director, and Irina Siddiqui, deputy budget director. This is my team. I have a whole staff upstairs that does the work for me. Sometimes they make me look good, sometimes not so good. So you know, we'll work on that. They're the glue that keeps this together for me and I have to thank them. I always do. I'm only a part of it. They do a lot of the work for me behind the scenes and everything else. So I have to thank my staff for that.

My presentation, as I always say, will be brief, but we'll get into some of the things. We'll talk about 25 and then 26. And you know, I'll get into any questions that you may have. We're in the process of developing the '27 budget. So this is a tool that we use, this historical data and everything else.

So let's start with 2025. 2025, surprisingly to me, which was a critical point, we finished with a surplus of I have 52 million. And I'll explain the differences between how I'm presenting it and what the Comptroller did. We finished with a $52 million surplus. We had originally planned on drawing down reserves of around $32 million in the budget. With the 50, what we did was the money that we originally took from the reserves, we replenished back in 2025, which was around 30 million. So we got to a $20 million, I will say, surplus on a budgetary basis. I deal in budgetary numbers. Just so everybody knows that because GAAP and everything else, we do the tax levy based on budgetary numbers, that's how the taxes are set. So just so everybody understands, that's the distinction. GAAP has a lot of nuances. I don't want to get into it because that's the Comptroller's specialty. There are things that we do that create negative GAAP things like using reserves to pay down liabilities. That creates a negative GAAP impact. But I will say that structurally, we're still in a very good place, and we continue to be down that place.

In 2025, we had favorable results in a couple of areas: Salary and fringes OTPS we thought were going to be higher gasoline and a couple other things. Departmental revenue was under budget due to a few things. It was a cooler real estate market. The GIS tax map didn't come in. There was some red light camera fees that didn't materialize in '25 that we had hoped to get, but we still finished on the plus side.

Preschool is a recurring issue that we're monitoring closely. In addition, we had found some money in 2025 from capital closeouts that can only be used for debt service. So we made a prepayment of the

'26 debt service in '25, which creates a negative -- this is a GAAP variance. This is what I will say that we prepaid the debt service for '26 and '25. That created it. We all are aware that we did had the intention of using -- there was an opioid reserve money that was going to be used in '25. It was taken out and removed. It's not being used in '26. I just confirmed that there is no interest between the general fund and the opioid fund coming in. So I just want to be very clear on that.

CHAIRMAN MCKEVITT: Yeah. Mr. Persich, can you just confirm that once again, because the information I was given was different. So can you just please indicate whether there's been any sweep of the interest from the opioid General fund whatsoever?

MR. PERSICH: There has not been any sweeping or transfers to the general fund. The way it would happen, if it was going to happen, would be an interfund transfer because of due to due froms. I'll leave that to the Comptroller's Office, but I just confirmed that they are posting the interest on a monthly basis into the opioid fund.

CHAIRMAN MCKEVITT: I don't know what this says, so I mean, I just have numbers here. The Minority is indicating that the money is not going into the opioid fund. I see a list of numbers here which I can't make no sense of. So I'll just say that.

MR. PERSICH: What I will do just for everybody's edification, and I don't want to labor on this fact. I will send everybody a copy of what I'm seeing in NFS, because I just confirmed it prior to this, just to confirm it, we did it yesterday to the transfer that was allegedly done in '25 was reversed out and it never happened, which was part of the plan. And then in '26, it's been booked accordingly. So I will get you the information. I don't want to hang up on this because we're not using it. I have no intention of using it at this point as a source for the general fund or the five major operating funds. But just to clear up what what the assumptions were and how we were doing that. Okay.

CHAIRMAN MCKEVITT: Yeah. If at some point you can just give us an indication of what the interest is in your report, maybe by next week sometime, I will appreciate that.

MR. PERSICH: I will send it to to your respective people here and I will you know what I mean. They can disseminate it down. All right. But I'm just from what I've seen and I'm telling you from the Treasurer's Office, it's going into the opioid fund from what I saw.

CHAIRMAN MCKEVITT: So give it to our usual financial people. We appreciate that.

MR. PERSICH: Not a problem.

Additionally, you know, 2025 was a

struggle. We did we were planning on doing the budget. We did the VSIP, which was supposed to occur in '25. It occurred in '26 for just lack of -- things got in the way doing MOUs and deciding that.

Our current reserve balance, which you know, I say this all the time because, you got to go backwards to go forwards. Not having reserves was a terrible thing. Having reserves is a good thing, but it's a dangerous thing, you know what I mean? You have to know when to use them or not. You just saw an article in *Newsday* about the use of reserves and school districts having a boatload of cash on hand. We have to worry about that, too, because the Comptroller does frown upon that. The County is just coming out of this. And it's it's an evolution. You know, we had we had the tax cert problem, we had Covid, we had Sandy, we had all these things. And we still managed to survive through all those things. There's been some challenges. We will always have challenges here. They're not going to go away. I don't know what the next event is. We're in higher inflation period right now, but we're managing to it. But what we do have at our disposal is about $630 million of reserves that we strategically placed, and it can't be spent unless I come to this body and we give you a plan of how we're going to spend that money. We have $633 million in various reserves. As you can see, some are GML reserves, which are regulated by the state. Some are local county reserves that we've established, like the litigation fund that was established when we did the NIFA transaction, which proved to be very fruitful. It also created a problem for me, and I'll get to that when we get to one of my slides. But I want to explain that having money in the court system is not the best thing when you're a defendant. And I'm not a lawyer, although sometimes I pretend to be. I will say there are some judgments that are coming out that are way astronomical from what I've seen, and there's reasons for it. But now the path we've taken is a different path, which is a better one in defending the fort in which we have.

So the next slide, that's 2025. I mean, it's closed out. We've been down this road and everything else. I can talk to you about it if you need further comments, but I will say we're still in a very healthy financial position. And, you know, look, I'm judged by a lot of people here. This body, the Comptroller's Office, OLBR, NIFA but the ones who I look to as my people who like are out there monitoring me on the outside world as the rating agencies. They've reaffirmed where we're at. And should all take credit here in this body to be thankful that our bond ratings have gone up because it's a good news story for everybody sitting up there.

So I want to talk about tax certs

because I know there's going to be a question on that. Our tax liability is starting to level off. My number's a little different from the Comptroller's Office. And I'm going to explain why. There were $50 million in writs from 2015 that we wrote off. They were just sitting out there. We had replaced personnel of people doing this reval. We found that we had all these old writs that were not acted upon that we've written off. Now, what we did was we just took the liability. There was no financial impact because it was just hanging out there when they do this reval. So we wrote them off in '26. My number reflects that.

And while the payments, Legislator Director, you brought this up and I will say, we have an active work stream with all the Tax Cert Bar. I usually meet with them quarterly. They're not complaining about payments anymore. In the old days they would be knocking on your door, my door, everybody's door saying we're not getting paid. They're settling cases for the taxpayers at a rapid pace. And it's working. I will say having money to pay that liability down is working. The liability is going to fluctuate based on many conditions. Market being where it's at with high pricing and low inventory numbers creates skews in the numbers. And if we start revaluing at the higher rate you're going to get more grievances. That's why I think you got to look at it in totality with market fluctuations and everything else. We're hoping that housing prices come down because it is becoming unsustainable: Million dollar houses, people buying in, these young kids. Look, all the crisises, we had the financial crisis in 2007. Again, that was one of the markets as a result of the real estate market. We don't need that again. I think the stock market being robust right now, whether it's sustainable or not, is helping us. I think it's offsetting what's happening in the inflationary market, which is helping consumer spending and everything else.

But to the tax cert liability, as you can see, we're trending down. As I tell you, every time I'm up here, it's never going to be zero. It will be anomalies where it will bump up and bump down depending upon what's going on when we do the reval. But for the most part, you're starting to see stabilization in what's happening in the number. The discrepancy we have is related to the writs. This was done with ARCS. We discussed that with them. The $50 million in writs that we wrote off. If they're dormant, why hold them out there and why hold them on the liability section?
So that's tax certs.

Now let me move on to the legal liability, which I know this is a source of sensitive subject with outside counsel fees. But if you look at this chart right now and we save 300 and we spent 15 or $20 million over the past three years, I think it's a win, maybe unfavorable, maybe not the best thing. What I did know when we got the money was my fear in the courthouse that the lawyers would be circling and the sharks were circling. And to defend it, we needed to have some hired guns with some of these cases, because we have a lot of, I will say, high exposure cases that we've gotten rid of. And we're going to get new ones coming in just a function of the business in which we're in. Could be roads, it could be police actions, it could be trips and falls, torts, regular things that occur. And there's some significant damages that we're liable for, but we are managing that process to the best of our ability. The Administration's policy has been set on how we're handling this. I don't set it. I believe it's working from a financial perspective, because the numbers are not lying to us about what we're doing here. If you look at this chart, it helps me and it gives me a sense of comfort that I don't have a lot of risk out there. But there's still other risks that we have to -- in litigation world, you never know when it's going to happen.

So let's talk about '26, which kind of where we're at right now. '26 we are projecting a conservative $23.2 million surplus. That's primarily driven by a couple things. It's mostly on the revenue side, I will say. But we also have some expense savings that we might have to address, which would be in the TPVA arena. But sales tax, which I will get to in a minute, is holding very strong despite the inflationary pressures out there. And I think good or bad, how you look at inflation, it is helpful and it's helpful on the sales tax way. I think consumers haven't hit that period of where they're saying all the prices of groceries, gas, all these other things are impacting their spending. When that happens, you'll see a dip. But I think there's a big opportunity this year. Our checks are trending at about 3.9% over budget at this point, and I think we're five over last year. Last year we didn't hit it. We came close, but we didn't hit the number. I think this was some pent up demand from the marketplace that was out there from, you know, lagging timing of how sales tax money comes in. But we are trending at a higher number. So there's a much bigger opportunity than what I'm showing here for sales tax, which will help us going forward because it is our primary revenue source. It's 1.6 billion. Do the math. 1% is 16 million, 2% is 32, 48 for three. So you get it. That's a big help to offset some of the risks that we have.

We've addressed some risks in DSS, which is, I will say, the direct assistance world, which is partially funded through federal aid. But we've addressed that and we've mitigated that. So the needy are being taken care of.

Overtime, as a result of the VSIP is a challenge right now. We have to accept that. But you know, that being said, I think we're in a decent place.

As far as other glowing risks, I mean, we're in active work streams right now. Contracts are up. We're trying to work to get some of the unions moving forward in that. So I want to make you aware that there is active work streams with that.

In addition, there's some other things going on that we're working with, with DAF and a couple other things that I want to bring to light. There was one decision that just came out from the circuit court yesterday, which I got, which was the ASIE thing came out favorable to us. It's chargeable. I have $1 million that's sitting out there that I remember from when the County Attorney's Office with Lisa LoCurto now Judge LoCurto, had put aside that we can now recognize as income. It's legal and we can do it. And I think we're going to start charging for that in the upcoming year. I have to work with the Cert Bar on that. There's some timing of things that we need to do with this, but I think now that we have the ability to charge for it, there's an opportunity there because it's been out there for years and we're going to address it.

So if you flip to the next slide, sales tax, I just want to go over that. This is kind of where we're at right now and where we see we're trending. It's 1.652 that we're projecting. Our budget was 1.644. That's 8 million. But right now, when you look at the checks, we're about 30 million on the plus side. Look, I'm being conservative here. I'm still showing a surplus. My job is to keep us in the budgetary surplus world or finish to a budget. That is the opportunity. GAAP is a whole 'nother world. My world in which I work in is keeping the budget balanced, and we have to use all the tools that we need to do that and mostly through, you know, doing things a little differently and everything else. But, you know, challenges are always going to be there, but our sales tax is holding strong because our economy is resilient. We have an affluent community. Nassau County has a very, very affluent base. And I don't mean that in a bad way. I think from top to bottom, when I say that it's not just the upper people. I want to say the bottom people and the wages and everything else. The economy seems to be very robust here, and it will show.

If you go to the next slide, this compares what personal consumption is and inflation and how it's impacting sales tax. This chart is a little messy. I'm not going to lie to you. But if you look over the past year, you can see there was a little stretch last year where we saw the dip in sales tax. But now you're starting to see it come back. And I think what that is a reflection of, that was pent up demand from last year because of the uncertainties. And you had some dips in the beginning of the year with all the global conflicts going on, the inflationary pressures, the tariffs, the whole nine yards, all those things were factored in. And I think people are starting to get a sense that the economy is okay. We had predicted recessions. There is going to be a recession. It's a question of when, and I don't know when it is. Having been old enough to be here, I can tell you there will be a dip in the market which will impact consumer spending. That's what this chart is showing. I think consumer confidence is still at a high despite all these outside conflicts that are going on.

The economic data for what we're looking at right now, we still have a very low unemployment rate compared to our competitors in New York City. Our median household income is $143,000, which when I said affluent, this is a good news story. You know, I remember my first job when I first started, I was making $18,000 back in 1985, and now I see $143,000 on a piece of paper. I have to say that I don't know if that's enough right now, but it seems like it's a number that I didn't think would happen. But it's amazing that we're at that number. But that's just a function of CPI and everything else.

As compared to Suffolk County. You can see our closest peer there at 126. Their unemployment rates a little bit higher, but I think their population is slightly larger than ours. And New York City, you could see you know what I mean? That's the unemployment rates of 520. Their median household income is 833. And if you look at Westchester, the numbers speak for themselves.

For 2026, like I said, our revenue assumption is about 17 million higher, mostly from federal aid, sales tax and everything else. And on the expense side, we're seeing some some pressures in the direct assistance world, offset by some of the debt service.

The VSIP did occur this year. I will say that it was oversubscribed from what we originally planned. It was 594 people. There were 94 deferrals or 90 deferrals. What that meant was these people didn't leave. So it was 100 people who just left as of June or whatever the extension date was, There's still some lingering around because with some institutional knowledge out there.

We have worked on a backfill program since we implemented this. The first one, I will say that I do recall that first year we were losing 30 equipment operators from the VSIP. We were having a snowstorm and I remember speaking to Commissioner of DPW. We immediately put a PRF in, which is a personal request form in to backfill those immediately before the snow hit. That was the first area I will remember. The second one was the amount of Public Safety. We lost about 150 cops, 180 police officers. We addressed that right away. The new class went in in May. So we've addressed that. Corrections, we've done two classes. Caseworkers, 66 left. And when I say 66, it's caseworkers and SWEX. You have to clarify the two. We did an immediate PRF. There's been additional hiring that we've done over there on top of that, to mitigate, to keep the caseload data down, which we are well within range, which is between 10 and 15. That's what we operate on in the aggregate level. It's not an individual level, but you know what I mean because there's disparity in caseloads when you look at it between some caseworkers having a more or less. But we are managing to that and it's an active work stream. There's constant communication with Commissioner Lopez on his needs and wants and everything else, as with the Police Department, too. We've ramped up. We lost 15 people in 911. We put backfill to 15 people that just came on board the other day. We're also doing medics. We just added an additional eight medics.

So those are high priority areas, I will say for backfilling. And it's not just there because we've done other backfill and health and everything else. But it's Public Safety, Corrections, DPW, DSS. DSS has been ahead of DPW, but I will say that we are actively working with with them to see where their immediate needs are. We've done about, I would say, between 75 and 100 promotions structure wise, just to build it back up. Because you have to have the structure before you can hire the people, you have to have the right people in place to see how the manager wants to structure it. There may be things that we may want to do. And as a function of that, one of the things that we do have a problem with is overtime. And I can't get around that, but that's just a function of not having enough people and we're backfilling. The good news is, is that the rate of pay for the newer people who are covering that overtime is a little less than what we have with the older people. So there is some savings there, but that's just a function of stepcharts and who's in there or not.

So what else do I have for you? Lost TPVA revenue that we've discussed, the TRP program is slow. We're not getting it in. We're we're doing judgments now. Despite what's happening litigation wise, there were people who had some outstanding tickets that are not paying us, whether it be red light cameras or moving violations, State stopped and tow, which was during the timeframe. If you pay a ticket like I do when I get them, which I don't get too often, but when you do get it, you pay it right away. There's some people who refuse to pay them. And we have outstanding and people owe us money. And, you know, I'm a budget guy.

You owe me money. I want my money. But sometimes I don't always get what I want. So there are some challenges there.

The real estate market is so volatile right now. Some of the things that we are seeing is lack of transactions, which that's the driver of the real estate market. Especially in the clerk's world and in the ARC assessment world in the GIS tax map. But we are working with that. And if and when pricing drops or rates drop or there is some anomaly, we start creating more transactions that will come back and that will come back at some point. I think you're going to start seeing a flip. Whether we get an exodus from New York City to us like we did during Covid, that was one of the things that we saw. You know, they came here, then they moved out to the Hamptons. There was a whole chain of events that happened during Covid where people came here. So it spurred the real estate market a little bit more, which is part of the driving up the pricing piece of that. There's no supply out there. So unless we're going to build a lot and do a lot of other things, which I'm hearing that that's part of what's happening in the world that we're going to. Some of the relief that's coming out in another bill that's making it affordable that will help spur the job market. Because not only does does the housing market move, the job market moves with it. Creates sales tax, you buy a new home, you got to buy furniture, you got to buy carpet, you got to buy all these things that you want. That's a functional component of what's out there.

I'm going to summarize because I'm sure we'll get to the questions. We have an extremely resilient economic base from health care, from other things. I think that's one of the things that keeps this county so well positioned. And we are starting to behave -- as people have complained in the old days -- because

I'll get to the next slide -- we are behaving like a triple A rated county now, which is what we should be, even though we have some stresses that we are. And we have an affluent economic base and population that deserves it. We have high reserves, we have strong cash balances. We haven't done a short term borrowing in three years. Now. We haven't had to. In the old days, we'd be running around doing a December deal. We're not doing that now, that has embedded savings. Rating agencies look positive on that. They've given us a lot of accolades. And this is based on an independent review of what we have out there. You know, part of it is a function of having surpluses and building reserves, but this is exactly what we want to be like. Our rating is right next to NIFA right now. We're a high quality investment grade. Our pricing deals go out, we get a lot of activity on it. When we do deals, we get a lot of oversubscription to it. We look for the best because it's a competitive bid. There's not a structured deal or anything else. This helps us go to market. It helps everybody here having a high bond rating. It's not glorious to the taxpayer but it does save them money, some of the things we have to do to maintain that. But that's where you get savings on the back end of this. That's why bond ratings are so very crucial.

So we've done our due diligence with this body and everything else to get us where we need to be. And I think look, are the challenges going ahead forward? Yes. But where we stand right now, I think we've been in a better place than we've been. It's not the best place. We're not going to have robust surpluses again. If we're finishing 20, 30, $40 million on the plus side, last year, I as I told this body, we are not going to see $100 million surpluses unless there's a big jump in economic activity or anything else. Or there's some downside that we're not going to have to pay something. But as it stands right now, I think you're starting to see that some of the programs we've implemented with rolling surpluses and everything else, which is what we're supposed to do, is actually coming to fruition because we have the flexibility of reserves and fund balance.

One thing we don't talk about, we left some money in fund balance at the end of '24/'25, that we probably could re-appropriate into reserves. We have to look at that to see if we want to do that. It's a component of how we have to deal with some of our other affiliations and agencies. But that, I will say is, is that we can move that around and put it back into reserves. We still have that resource.

So while there are challenges, I know everybody's going to think I'm painting a rosy picture, from where we were to where we are, it's a lot better.

Is there challenges coming ahead? It's definitely a challenge coming ahead. We're going to see a recession. Nobody's predicting that in the near future, but we have to be cognizant of that. That's why we're not spending down our reserves. We're ready for the storm if it hits. If the meteor hits, I can't help you with that. But if there's an economic uncertainty that will occur, we are well positioned to do that.

So I am here to field your questions. I hope I covered some of the topics that you wanted to talk about. I will entertain questions if you have them for me. Hopefully not, but I don't think that's going to happen.

CHAIRMAN MCKEVITT: I just have a couple of questions to begin off with. You did mention that from the police we have a new class. Do we know how many members of police officers are in that new class we have right now?

MR. PERSICH: I want to say it's 180.

CHAIRMAN MCKEVITT: Okay. That's one of the largest we've had that I can remember, if I'm correct.

MR. PERSICH: The PBA is above headcount right now, I know that. They're, well ample. But that's a function of they have to move into other roles when they decide to be detectives and everything else. I can't backfill until I have men who wear uniforms first. The newbies coming out.

CHAIRMAN MCKEVITT: I just want to talk about sales tax for a minute, because I know we do have some positive numbers in sales tax, but there's some numbers I'm just trying to reconcile here, which I'm trying to grasp. In 2025, the State Comptroller said that statewide the collections are up 4.5%. And we had numbers which were certainly higher than we projected, but not what we came to that point. And just last week, the Comptroller said statewide is up 6.8%. And you have us up approximately how much in 2026?

MR. PERSICH: We're projecting a little less than a half a percentage over where we're at. That's what I'm projecting. But our checks are tracking right now at 3.6 above budget or 4%. I don't understand why there's such a discrepancy as we are more affluent. Like to your point, Legislator, we should be collecting what the state is collecting on that ratio is what I think.

CHAIRMAN MCKEVITT: So, and what concerns me with this is historically it always has been. As a matter of fact, if you look at many years, we've actually often outpaced what the state number is. So for now, two years in a row, just below, I'm just trying to reconcile. I mean, when you look at I don't see the economy being downward here. And I certainly in New York City can do that. But it's just something which if anyone has looked into as to why his collections are what they are. Because again, from my perspective, looking historically, the numbers just don't seem to make sense.

MR. PERSICH: Yeah. I don't understand if there's something nefarious. I mean, I will say NYSHIP is a is a black hole for us. I mean, that's one of our biggest components that I will say. The pension bill I will explain if you need me to. That's amortized over five years. They have to take into account when they have dips and everything, but they haven't had a dip. So that's why we're sort of favorable lower pension bill.

But to your point is on the sales tax. Look, I can't tell you if there's something going on in the State where they're delaying payments or there's a lag or anything else. You know, there may be something out there, I don't know, but as long as my numbers are up and they keep coming in and I get cash through the door, I kind of just count my blessings and it's not going the other way. But, you know, I would like to see because it's based on quarterly tax returns that individual business filers have to file. So I don't know, you know, what I mean to your point is I don't have a warm and fuzzy that it's not something else in there, but there could be delays and everything else and how the processing of payments come through.

CHAIRMAN MCKEVITT: If you could just comment again, when you try to go and negotiate your budget and try to get projections, I do agree, you know, historically we have boom times, we have recessions going back and forth. And I've been waiting for that recession to hit too. Again, we know it will happen someday and we're hopefully prepared for the incidence. But I just want you to comment even further on the two expenses that we have no control over, which is the pension costs and the healthcare costs. And I know we've discussed beforehand regarding the pension costs, they take a five year number to try to estimate and get a hold at that point. I'm told the pension fund is so well funded and that, you know, and even let's negotiate and take into account the fact that we did have a CSEA contract which increased the amount. So that increase is going to increase our bill. But still seems to me that our pension costs have gone extremely higher than I would have predicted going back four years. I don't know if you agree with that assessment as well.

MR. PERSICH: It's a valid assessment and it's two components of it you got to take into -- well, three actually. One, they they do that amortization thing, which is an actuarial. You want to talk about GAAP and what they do. I just that's a whole 'nother world with an actuarial report. If you read it, you're like, oh my God, you know what I mean? That's one of the functions.

The other function is the market

conditions of what's happening out there. The stock market, volatility is there, but it's up. I mean you're going to see days with dips. You know 50,000 on the Dow is you know not that big anymore. That's that's like sales tax being $1 billion. And now we're at 1,600,000,000. So look at the differential on increases.

The other thing too, which will help us, which is not a common thing, is that the VSIP will lower -- because part of the calculation is based on payroll. And if our payroll drops a little bit, that means some of our costs will drop. Tier six didn't have a material impact on here. I will say that much. That was a question. It was more impacted in the teachers world and some of the overtime in the police and the fire and safety world, so we're going to have minimal impact on that. Although, somewhere down the line, I would imagine it's going to get pushed on to us. Because, you know, we do have some funding that we don't reap the benefit of that goes to New York State. We can't be in denial about it. And this is one of those things that it's going to be spread out, that risk where they have a large population of, you know, city school teachers that, you know, are going to reap the benefit of tier six, even locally to, you know what I mean? School districts are going to struggle to fund that because they have to be the ones to do that, you know, and that's good and bad, you know what I mean? It's going to be a struggle for them, but I would imagine that they'll recalculate the formula. And that's another -- I will say it's a mystery land.

Health insurance is a mystery land, too. We've asked for claims data from New York State when we were doing the CSEA deal. We could not get a thing out of them with claims, history and everything else. It is always a challenge. Just so everybody understands, there's two different rates in the NYSHIP world. There's participating agencies and state agencies. So there's two different rates. State employees, state CSEA pays less than what we do by $7-8,000. I think on the family plan, that's just a function of how the plan design is. So, you know, we look and explore all options to mitigate costs. I mean, we have the pension. We're not going to get out of that fund.

Health insurance. We're looking, we've done, we have a health care committee, we look at ways to self-insure to do other things. But, you know, we're a little apprehensive about that too. So but we're working with the other unions to do that. And look, there are many challenges and there are many things I think that were out there; Medicare, Medicaid, all the things that we could talk about. I mean, there's still some challenges that we have to be cognizant of.

CHAIRMAN MCKEVITT: That's all I have for now.

Minority leader, go right ahead.

MINORITY LEADER DERIGGI-WHITTON: Thank you, Thomas.

Andy, I just want to start with, as you know, we rely on you implicitly as a fiduciary agents of the County. You used a word that disturbed me when you started your statement, which is "allegedly". Allegedly transferred the interest out of the opioid into the -- it's on the record. That's fine. You said that.

Do you have access to NFS?

MR. PERSICH: Yes, I do.

MINORITY LEADER DERIGGI-WHITTON: I do too, and it showed the date you did it and the amount you did it of $13,000,691 of interest from that line went into the general fund and then you put it back. So the word allegedly -- you don't even have to answer because we all know what your situation is. Everyone understands that you're very accountable to County

Executive's Office. We got it. It's a difficult role that you're in. However, you can't say that. Originally you were saying it didn't happen and now you're saying it allegedly happened. We need you to be straight.

I want to say one other thing. The interest that you're showing is great because that that really is a good amount of money. It's a half $1 million of interest accruing. Guess what? That's for two months. If you look at our investment income as of July 20th, it shows those two months, but then all of a sudden it stops. The interest for the opioid money is no longer going into this line. It's going into the general fund. And I can't -- as a parent and as a human being, this is very sneaky. Again, this is the second sneaky thing that's happened with this opioid funding. Not to mention the fact that it's not being given out. But now they're stealing the interest again right in front of us. We look at this. We have access to this. The interest for the opioid money has not gone in for approximately five months. And again, this is going to be a major issue. You don't have to answer it. I'm not asking you to explain it. If you want to answer it, you can answer it. Don't tell me that these numbers are not accurate, though, because they're coming from our financial system. And you can say you don't know about it and you can say you'll look into it. And that's great, because I know that's what you're going to do after knowing you for 15 --

MR. PERSICH: I'm going to say this. I will say that in 2025, and let me correct the record, allegedly, in 2025, we originally had a plan that we were going to take the opioid interest, which was the $13 million, which included many years. We went back and we redid that. Sometimes, in 2026, I am not using in my projections or anything else. When the treasurer books the interest, which I don't know, it's a formula that they do down there. Sometimes the postings don't occur every month. Sometimes they're done twice a month. But to that point is, is what I will do for this body is, is I will give you a historical of what the interest posting --

MINORITY LEADER DERIGGI-WHITTON: I don't want the historical. Andy, we can't talk around this. These are facts. They used to call them the T charts. It's factual of what's happening to these accounts. You cannot -- it's very clear. You can go back and look and see all the deposits from last year. And that's great. And you can see the deposits from the beginning of this year. But then they stop because now they've gotten smart. They don't want to transfer a bulk amount. They want to transfer it month to month hoping that nobody picks up on it. Well, we're watching this fund bipartisan, by the way. We all care about this money.

And what we're talking about with the revenue helping our Moody's. And I'm all for good Moody's, believe me. But a big part of our revenue line is this opioid money that is sitting there and, you know, it's helping us. And the interest, if it's going into the general fund, which is what all of, NFS and all of our documents that we rely on and are accurate from showing that it is. There's really nothing else to say other than if you want to show us something in writing with the deposits going into the account. Otherwise, Andy, with all due respect, whatever, it doesn't matter because I don't have any faith. I'm sorry to be mean, but I I've lost faith. So we're dealing with the financial advisor that I can't trust on that subject, especially.

So when you're talking about how great the economy is and the stock market and how people are spending money and that's why our sales tax is going up. Do you realize that most of that is coming from the food and gas that people have to buy? You have no way of knowing that they're buying swimming pools or, you know, new cars. It's essentials. And I can tell you how I know and I don't know where you live if you're not hearing it from everyone. The number one polling for all politicians, including ones running on a state level, is affordability. And it's because everybody's panicked, panicked. A lot of people lost their health insurance. They're trying to pay for that, their food costs. I don't know if you do your food shopping, there's no way you can tell me that that's not a problem. That's a huge problem. The prices are insanely high and a lot of it is due to the gas problem because they have to incorporate the transportation costs. This is like a silly thing to talk about. This is almost like everyone knows this, so I don't know where you are saying that the economy is fine and all that. And maybe I'm not quoting you precisely, and let's not even get into that. But the bottom line is, if you're saying that it looks pretty rosy, I don't know who you're talking to.

Let's skip over to the amount of vacancies. You skirted over the 911 operators. I speak to that department and representatives from there constantly. There's a huge lack of 911 operators. There was a six minute wait last weekend. This is going to be a real problem. There was one person on six minute wait for 911. So this is coming out. They're actually looking into this. They are very low with the 911 operators, dangerously low. We pay $1 million a year fine to cover the fact that we're not hitting the minor number for 911 operators. So now put VSIP in there. And again, I supported VSIP with the promise that everyone was going to do everything they can to backfill. Putting it up on line or saying, let's throw out the -- first of all, they're not online. I go and I look at all the job listings. They're not on our website. You can look, they're not. So to say we took care of it, we did not take care of it. We didn't even start to take care of it.

DSS again, I don't know what county you're talking about, but Nassau County has a huge problem with caseload right now. Huge. It's probably double, close to double. They lost all of their top supervisors, including some of the horrible sex offending supervisors. We lost all of them. They've been closing the office early just to try to catch up with the paperwork because they have so many. We're lining ourselves up for such a huge problem between the 911 operators and our caseload workers. Talk about a huge payout in Suffolk County. I don't want to see that happen. But realistically, Andy, these jobs are not being backfilled. I have the number right now. We're down, I think it's 312 jobs. We're not backfilling them. And you can talk to CSEA. I don't know if you ever talk to them. They are so concerned not only with our fire marshals, which I know they hired nine; I was at the graduation. But they're still down a substantial amount. Assessments is down 68; correction officers are down 160, and this is as of very, very recently; Emergency Management 36. And you're right about DPW, that one is down -- and those we have something like 100 and something and -- I'm sorry, I don't have it written down here -- routes for the for the drivers of the snowplow and we only have 75 operators. So if we have a big snowstorm this year, there's going to be 25 routes that don't have operators. So we also have in Social Services down 120, if you could believe that. That's a huge amount that it's down right now. And you know, it goes on and on and on. Public Works, again, 75; Human Resources 21; the Housing Department is also down; Health Department's down 36. Again, you can't just say, we took care of it. We didn't take care of it. These jobs are not backfilled. The Police headcount is the lowest that it's been. And these are just numbers. This isn't me and my opinion. These are numbers that we have. And I'm sure you have the same numbers. So we can't gloss over these things and say we fixed the problem with the 911 operators if we're having six minute waits. We fixed the problem with DSS if we have caseloads that are ridiculously high and no supervisors. We can't say that we fix the problem with the fire marshals. We still have a lot of them that are outstanding. The County Executive said he'll look into that. But, you know, I know how many fire marshals are very concerned right now. And the jails, that is another major, major problem. So that is another thing.

As far as sales tax goes, I really think if we could somehow -- I don't know if we have the capability, but if we took out the food sales tax and the gas sales tax and saw what our numbers were, I think they would be totally low. I think that nobody's spending extra money right now. It's a real concern. We are in good shape Because of Covid, which sounds so insane, but 500 million was put into our savings/reserves and we're dwindling it down every year right now with the highest sales tax in history and the lowest, you know, lowest number of employees, down 300 at least, we're still we're still using our savings. So we're running into a brick wall because we're relying on that one time, one shot influx of money that's not happening again. And as you said, insurance, we have to expect to go up, health insurance and all these other expenses are going to go up. And County Executive Blakeman might squeak out of this because he might have enough to put in. I think it's 150 million might have to go in this year. That's the that's what I'm hearing, as a rough estimate, 150 million of our savings just to cover the basics. We don't know what the number is yet because it's still only August, but that's the estimate that I'm hearing. So if we use 150 this year, we used, including all the interest that was put in there from other funds, which I don't even know. I guess we can do it, who knows, we still used, what was it, 25 million last year, I think it was. So, you know, now we're up to 175 million. We're running out of the opioid money that's keeping us afloat and helping our bond fund and helping, you know, running out of the Covid money. So once we do, I just looked at a number, we've taken about 800 million in sales in property tax a year. You take that 100, let's say even it's 100 million at 150 million, you're talking about like a double digit tax increase to cover that if we didn't have the Covid money. I understand budgets are tricky to analyze, and that's why we have people like you. But the one thing I got to tell you, Andy, is we can't use words allegedly. You got to respect us enough to know that we have access to the same information you do.

MR. PERSICH: Let me formally apologize for using the word allegedly, Legislator, it was just me. I wanted to clear the record up, so let me start there.

The other thing too, with active work streams, I meet with every department, whether it be PD to DSS, and I meet with them frequently. If there's a need that they have or want, it gets executed. I'm telling you that we will talk about things, but we can't put our head in the sand like caseload data like in DSS. It's trending down right now. It will peak when schools go back because mandatory reporting. I already know that. So we're trying to get ahead of that, working with them. I meet with the commissioner all the time.

MINORITY LEADER DERIGGI-WHITTON: But

that's what I was just going to say.

MR. PERSICH: You know what I mean, it's not like we don't. It's not just DPW, it's all the department heads I meet with quarterly.

MINORITY LEADER DERIGGI-WHITTON: All right, Andy, I'm going to tell you something. And I'm a legislator and I don't care. Nobody can do anything to me. The department heads are not reflecting what the employees are saying. Okay. I'm telling you straight out, I know from employees mouths what their caseloads are. I know that commissioners are not even allowed to talk to us. Okay. It's a whole different world under this administration. The numbers are there. The numbers are missing. DSS is what was the number again? It's like one something is missing and many of them are supervisors. I'm telling you, Andy, talking to the commissioner is not going to give you the accurate information. It's the employees that will tell you that there are lines to the door every day, or else you just go and you can see it. There are lines the door every day. That wasn't that way a year ago. And you know, the caseloads are -- talk to the employees and that's where you're going to get -- I know that Jose said that we're fine. We're hiring. He said the same thing to us. But then you go and look at the caseload numbers and you hear about them. I'm just -- it's unfortunate --

MR. PERSICH: I have caseload data too, Legislator. I look at it all the time and I've been around long enough. I was here for the Valva case. I remember that whole thing. And one focal point that I do have here is CPS; always will, always have been. And DSS is my second largest department in the county outside of PD, that I have a very focal point because it takes care of the needy. And there is a spot here that we all don't want to see anybody hurt. I don't care what administration, anything else. We're humans, we're compassionate. We have to worry about that.

But I am saying the caseload data that I have supports the fact that well within range, there's some problems within that. The VSIP didn't help. I'm not going to tell you it did. It's not. But the people took the money to leave. They were going to go anyway. We had people that were in the 70s and 80s still working. God bless them. I'll probably be doing that too. But there were people who were on the cusp that were going to leave within the next two years, so that accelerated the process of where we might be.

The other problem we have, which nobody wants to talk about, the next generation are not in tune to do some of these jobs, people come out, you want to be a CPS worker, you want to be a social worker. It's great. Until you actually sit down with somebody who's been --- and you don't. I don't think I could do it. I mean, I have kids too. I couldn't sit there and say that this is the job I want to listen to. Same thing with Corrections. It's getting harder and harder to recruit people. I've authorized classes of 25, 35, 45 in corrections. I get 19. I don't want to say a socioeconomic thing. I don't even know if that's the right term, but I think it's a generational thing that we're not seeing to go out there -- these jobs used to be coveted. That's what they were. I mean, that's how I ended up here. Good benefits. You know what I mean? Pension. I was a Wall Street guy. I came here. But I'm just saying, I don't think we -- the rubber's going to meet the road at some point and we're going to see that somewhere. And I agree, the only arena that we are seeing some success is which is Public Safety and the Police Department, that's one thing. We don't have a recruitment problem with.

Corrections, we're working on something. Maybe we have to figure out some new in the next round of contracts where we adjust things. Again, I've authorized. When I tell you I have 156 authorized PRFs out there right now that are being filled. It's a process. It's got to go through CS4, CS39, all these things that have to occur, they have to be vetted. They have to go down the path of getting background checks and everything else. And the other thing with DS two and a couple of other arenas, there's training classes that have to occur, you don't come out and be a CPS worker. We've discussed that. We try and get ahead of it by putting, you know, getting on a class cycle and everything else. The problem is the state runs the CPS classes in Albany. We're a downstate region. You would think that they would move some of those classes down here to make it a little bit -- because that's that's another turn off I heard about the job. You know what I mean? I will tell you, you have to hear about it. I got to go to Albany for a month, three weeks, whatever it is, and travel back and forth. That's something we should probably be advocating to do some training down here. We don't have a CPS academy like we do with PD. My point to you is we have to change maybe the way we do business and think about how we do it.

MINORITY LEADER DERIGGI-WHITTON: I think maybe that would have been a good idea. There's a lot -- I have a social worker and a mental health worker, and I have an OT. I have three kids that all went into that field. Our salaries are not competitive. And we keep hearing that. So you have to invest a little to get what you need. And that's where I'd rather see the money going rather than all these outside counsel. But that's another story.

But anyway, the other thing is we offered this VSIP, which we supported, but we hadn't hired many people. The 911 operators were a problem long before the VSIP. We were down in the headcount with a lot of different areas before the VSIP. So then we get hit with the VSIP and we hadn't hired -- I'm telling you personal things, but I had a neighbor who has a 26 year old who can't find a job. And I've been trying to look at the website, there's not much listed at all. So if you want to take -- I know it's not your job to worry about that. You might be doing what you think is effective by okaying it. But it's not happening. They're not hiring anyone. And that's a problem. And the fact that we're spending $1 million a year because we don't have enough 911 operators should concern everyone, not only because it's $1 million, but a six minute wait when you're having a heart attack or your loved one's having a heart attack can make the difference of everything.

Again, a lot of this budget is

beyond what your scope of business is. But I can tell you that we're setting ourselves up. I want to be careful with liability.

All right. So the sales tax we'll talk about obviously is great, but it's on the backs of people that can't afford gas and heat. This winter is going to be a real problem for a lot of people.

And the other concern that I have, we talked about some of the risks, including assessment. We talked about the red light camera, which just happened in Suffolk. We could have an issue with that. I don't know if there's anything else we can do to avoid having what happened in Suffolk. I know we cut down the fees to a certain degree, but.

MR. PERSICH: We're at the state level of what we're allowed to charge right now. That's what I know and what I know about the cas is it's not a class action case. So that's what the difference is between Nassau and Suffolk.

And I'm not a lawyer. I defer to outside counsel or our County Attorney's Office to talk about that. But that's my institutional knowledge of what's happening.

MINORITY LEADER DERIGGI-WHITTON: Again, I like numbers because they're real. Had we not transferred interest money into the -- and I'm not talking about opioid -- but into the general fund, we would not have had a surplus. And we did use some of our savings to also reach that surplus. So in all numbers to numbers, not opinions to opinions, we did not have a surplus last year. We did not. If I went out and did my budget and spent 25,000 of my own money to make ends meet, I would not be telling you, oh, I'm doing great. I'm fine. I know, especially when there's a limited number in your savings. We did not have a surplus last year, no matter what they say. So let's just go with that and let's just try.

Andy, I like you as a person very much and you know that. But I need to be able to trust what I hear.

MR. PERSICH: Thank you, Legislator.

CHAIRMAN MCKEVITT: Legislator Drucker.

LEGISLATOR DRUCKER: I don't want to belabor the points here, too. They were rather well articulated by the Minority Leader. So I'm only going to ask a couple.

Andy, when it comes to bond ratings, I'm always puzzled and I feel it's very, very illusory. How much of a factor are the reserves in bond rating?

MR. PERSICH: Very much a big factor.

LEGISLATOR DRUCKER: That's right. That's what I that's what I'm concerned about.

MR. PERSICH: Well, they're a factor because for people who have covered the county, you know we've had analysts that I've worked with for ten years now. I will say, you know, we were at death's door. You know what I mean? I hate to say that we had Restivo and we had no money to pay it. You know what I mean? That was my gift when I walked through the door here, you know.

LEGISLATOR DRUCKER: I know, but what happens when we have these situations where we have to deplete these reserves? Are our bond ratings going to going to plummet?

MR. PERSICH: Look, it's a function of what we're doing. Look, I don't want to make the picture rosy and everything. We have a strategic plan to spend down some of those reserves. We haven't hit them. It's like the EBF reserve. I'm going to have some additional savings and salary savings from having these vacancies open. I have about $35 million in the operating budget for term pay. I'm going to use that to charge out for some of the expenses from the VSIP. I will have additional savings, so I'm going to manage that. You got to manage that. My point to you, legislator, is you got to take the whole picture in. And that's what we do. And we try and do that to your point is, yeah, I'm going to prevent any elected official from this body to my principal spending all my reserves. It's too hard to get here to go back. I don't think I could do it.

LEGISLATOR DRUCKER: It's trending in a bad direction, I feel. On our side we feel like you guys have obliterated the definition of the word or the term rainy day fund. It's now considered to be an extra piggy bank that we can pull out when we need it. Rainy day fund used to have a connotation that really, you don't want to touch it, you want to leave it there in case we need it. And, you know, you mentioned before that there are fund balances from 2024 and you're contemplating moving them over to reserves to replenish. That should be done right away. Right away. Why is there a delay in that? I mean, that should be done immediately.

MR. PERSICH: There's certain things that from an accounting perspective that create a nightmare, but to the point of fund balance and everything else, New York State has a plug, I believe, in their budget of like $4 billion of reserve use, just so we're all -- it's a common practice in municipalities. When you collect and accumulate that money, it theoretically is taxpayer money. So that's how you give it back to them.

LEGISLATOR DRUCKER: Would you would you agree that a lot of that was based on a one shot?

MR. PERSICH: It was a couple shots. It wasn't just one. ARPA was one of them. I'm not going to lie to you. The other thing was some of the scoop and chuck restructuring we did. That's where we built most of those reserves up from which was from the declaration of deed. That's where a lot of the reserves came from. At the point when we did do it, nobody liked it, but it turned out to be a benefit to the County and the residents.

LEGISLATOR DRUCKER: ARPA was hundreds of millions of dollars. That's not going to happen again. That's not going to happen.

MR. PERSICH: Let's hope not.

LEGISLATOR DRUCKER: Well, no, I understand that. But it's not going to happen for budgetary purposes. And that's something that -- I'm not talking about the pandemic itself, of course we don't want that. But from a financial standpoint, it's not going to happen again. And I think that we use it as a crutch and we have to be very, very diligent and careful going forward.

With regard to your tax refund liability page, the trend was from '21, it was 707 million; '22 down 300 some odd million dollars, 400 million, like some odd million dollars.

MR. PERSICH: LIPA. That was the

case just in a nutshell. The reduction in LIPA liability.

LEGISLATOR DRUCKER: From '22 to '23 was another 113 million.

MR. PERSICH: Correct.

LEGISLATOR DRUCKER: And then bam, '23 to' 24, $23 million, and then from '24 to '25, $4 million. I'm concerned about that.

But yet on your next page, you know, we talk about legal liability too. And again, that's trending in a different way as well. How do we intend to take care of that going forward. I'm worried about it.

MR. PERSICH: Contingent liabilities on financial statements or I would say they're not a hard dollar amount. The cert liability, I always thought it would be around 100 to 150 million. But we have to take into account now where valuations are. So while if the house was worth 700, when we were thinking it was going to be 150, there are now millions. So I think the cert liability number is a component of the market out there, meaning because the number of things that are going out there. But 240, it's not callable. I'm not getting called out like on a demand letter and saying, I got to pay 243. I think this is what we're wrestling with. We took care of the backlog that we created way back in the day, and we've now mitigated it down to an inflection point that I think, I hope it doesn't go back up. I mean, there's no indication that I'm going to owe anybody money.

LEGISLATOR DRUCKER: You're ignoring the 800 pound gorilla in the room in that we have a frozen tax roll. And with a frozen tax roll, you're just not going to have an accurate tax roll going forward. I'm sorry. It was something that was not intended to be a permanent solution here in Nassau County. And especially with the real estate prices going up where they are, you're just inviting appeals and protests and grievances year after year.

They got to go up. How can we ignore that?

MR. PERSICH: We're not ignoring it, Legislator. We have resources to cover that. We've created the DAF. We created a reserve specifically for that. We have old outstanding DAF to the tune of, I think it's 70 to 75 million, I think out from 17 and 18 DAF that we need to convert over.

The frozen roll thing. Two schools of thought. One is with the number of transactions and pricing going up, we could over assess people based on current transactions, which would create more refund liability, or we keep it where it is until the housing market becomes more stable. I don't have a crystal ball. I don't have an opinion on it. I know there was pent up demand from the pandemic that created fluctuations in pricing, created demand here. I don't know if City policy is going to transcend into Nassau County, is going to have a housing boom, because people are going to want to come here, or that people are going to say, hey, see you later. I'm getting out of New York. You know what I mean? So there's things you have to account to.

But to your point is, is that we look at this all the time. It's not something that we don't look at, but we look at -- that's why we do the reval in, in the in the liability every year to see where we think the structural components would be. It's under advisement, Legislator, I will tell you that.

LEGISLATOR DRUCKER: It's so speculative. I don't know how you can do your job with being on being so cloudy like that. You continuously talk about an economic forecast that's good or you're optimistic. I'm the other way. I think our economy forecast is not good. I think our inflationary rate is going to be going up. I think, with the fed reserve rate when they're trying to manage that, fed interest rate. And it's not it's still an elusive thing here. And with tariffs and energy and inflation and global affairs I don't know how anyone can paint a rosy picture right now.

There were so many funded vacant positions that we have. I know we're trying to backfill, but as the Minority Leader said, we're very concerned about DSS and the 911 operators and I don't know how we can -- that should be number one priority here.

MR. PERSICH: Those areas that you talk about are active work streams when I meet with department heads. There's PRFs that I've approved for promotions. I've approved many of them in those two worlds, but I meet with them and they tell me their needs. We go back and forth and we do do that.

The other thing, too is you're going to have vacancy savings. Irfan leaves tomorrow. He walks out the door. He doesn't get backfilled tomorrow. You got to go through the process, which probably takes 6 to 8 weeks to get people on board. Just using that as an example, do it exponentially. Civil service. We've given them staff to ramp back up because that's what we have to do, because that's the first step on hiring somebody. It's got to go through Civil Service. We spoke to Judge Foskey and said, what do you need? Because we figured out that he's going to need to get the applicants through the door. That's one of the areas that you don't see, but we've given him additional bodies to do that.

My point being is there's always going to be funded vacancies in every budget and the cycle of how we do things. Same thing with PD. We don't bring a new cop on the day he leaves. We wait for the next class and we do it that way. We try and do them cyclically some of the positions. I'm not saying all of them. Same thing with caseworkers. We try to bundle them all together to come in at the same time, so that when they go to training, they're going through the process all together, not ones, not twos, that that's not a way to do it. And you're going to have run off to, I mean, we have people, even when we approve police classes or corrections classes, people fall off in the middle of in training. So I mean, it's a function of it. And it goes back to the whole thing I said previously, you know, it's a different generation. These jobs are not as coveted as they once were. People like them for a little while. Pay could be this. It could be that. Work from home, you know, the whole nine yards. There could be many things that could attribute to why we're lagging or governmental. It's not just us. It's mostly --

LEGISLATOR DRUCKER: It's mostly salary too, that is not a big thing.

One of the things that frustrates us too is that from day one of the VSIP issue that came came before us we were promised reports, periodic reports; we don't get them.

MR. PERSICH: Okay. One thing I have to do a monthly report. I know I heard that. I do monthly reports of current head counts and current on boards. It's on them on my website that shows you what's happening. We have the VSIP file. We've disseminated that. If you want it again, we could do that. Who left what the payout was. It was disseminated to all agencies, the Comptroller, I think I think I gave a copy to Maurice, I given it to NIFA. I've given it to everybody. We can give that to you.

LEGISLATOR DRUCKER: We can. We'd like it.

CHAIRMAN MCKEVITT: So again, I'm just going to help the court reporter here. Can you be recognized and just say in the record, just so we have it all here.

LEGISLATOR DRUCKER: Yeah. No, we have those numbers, Andy, but we okay, they don't really they're not so informative in terms of what we're looking for.

MR. PERSICH: Again, I'm telling you, we have I have data that's out there that shows new hires that come on the books. It's in my KPIs of my monthly report that says we hired 200 police officers. Classic example. You go to my KPI report on my monthly reports. If you look at it, that's what it shows you. It shows the budgeted headcount, the vacancies it shows you by union, doesn't show you individual department breakouts like, you know, 911 operators, medics, DSS caseworkers, it shows you the department in totality. But that's a challenge. I'm not going to tell you that it's not, you know, we're not going to fill every position at the same time. We do authorize. I've authorized I press the button to approve PRFs. And right now, in addition to the cops, there's about 150 and there's a bunch more coming down. There were promotions that were done for structure. You needed to do the structure before you hired the people. You don't start a company without building the base. So that's what it is.

LEGISLATOR DRUCKER: So I'm not going to belabor that.

All right. So two final questions. One is just for my own edification. Getting back to the tax certiori refunds, the DAF fund, can that be used or is that used to refund class one grievances?

MR. PERSICH: Class one and class two are excluded from that. Three is a whole separate world.

LEGISLATOR DRUCKER: So that's really a major concern because I see that with the frozen tax roll is increasing on the class one grievances and the refunds on that. And we don't have the DAF. The Comptroller's report said 99% of the refunds were through the DAF fund.

MR. PERSICH: Yeah, because that's where the large majority of the dollars come from are out of the commercial property base. That's where the liability came from.

LEGISLATOR DRUCKER: 99%.

MR. PERSICH: Well, that's what the payouts were. You got to take into effect that we do -- this body knows that class one and class two are a hot button here because for exactly the reasons that residential people that were overtaxing the commercial base is different. We focus on them. I know Assessment and ARC focuses on them because they know these are constituents and taxpayers within the county. That's why they focus them. They focus on those, and we do put money in the operating budget for that.

LEGISLATOR DRUCKER: So we get the calls from. Everyone of us.

MR. PERSICH: And having been here and knowing that that's the focal point of what we do. And look, we have we have reserves set up that we can use, but we also have operating funds to pay the class one and class two out of. I cannot use DAF. It's prohibited under the state law. It was set up that way. I only use operating funds or reserve funds that I have out there if I don't have enough resources.

LEGISLATOR DRUCKER: Andy, just for the record, please can you confirm that the opioid interest has been put back for the past five months?

MR. PERSICH: I can only tell you I looked at something today that said it was booked, but I will confirm for this body so we don't beat the dead horse here that what the interest was posted. I will check with the Treasurer's Office. Budget does not do that. It's in the Treasurer's Office that books the interest. It takes some time to book interest. Sometimes it gets done two months later because they have to do a calculation. And what the drawdown is on cash. I will confirm that for you. All right. I know last year's and what I saw from the current year, it looks like it's posting, but I will confirm to this body that it's still -- I took out the 13 million. It was in there. I'm not going to tell you it wasn't. That's why I had to come back to this body. That's why the board transfer for year end was late. We removed it and used a different reserve to fund the money that we needed. That I will confirm for you.

LEGISLATOR DRUCKER: Thank you, Andy.

MR. PERSICH: You got it. Thank you, Legislator.

CHAIRMAN MCKEVITT: Legislator DeRiggi-Whitton.

MINORITY LEADER DERIGGI-WHITTON: Okay, so we pulled up your numbers and the total on board is actually less than what we had starting this meeting.

(Whereupon, off the record discussion.)

MINORITY LEADER DERIGGI-WHITTON: All right. So basically we're down lower than we thought. I don't know how this is happening if we're hiring anyone, but the

July numbers are down lower than the June according to your report. So I don't know how many people, even if you -- look, you can say you have the money and you have the job opening available, but unless somebody is hiring them, and that's really where I think the holdup is, nobody wants to hire them because honestly, the County can't afford to backfill, I hate to tell you. The salaries are going to increase the deficit that we already have. So I think that was the plan with the VSIP, honestly. So you know, we need to look at these numbers. I'm just trying to find the 911 operators, but we'll keep an eye on your reports, but your own report has it at the lowest amount ever right now. So all right. I'm not going to belabor that. And I appreciate you confirming. I only see two months of the interest going into the opioid line. I heard this -- it's a problem.

MR. PERSICH: I will confirm it for

you.

MINORITY LEADER DERIGGI-WHITTON: The other thing, we were promised a report. I don't know who was supposed to give us a report. I thought it would be you, but we should really have a detailed report especially with how many jobs are posted. And what efforts are being made if the website is updated, if the applications are available. Try to go on it and try to find a job for a kid and it's really not there. All right. Thank you.

MR. PERSICH: Understood.

CHAIRMAN MCKEVITT: Legislator Giangregorio has been on the edge of his seat waiting to ask a question.

LEGISLATOR GIANGREGORIO: How are you, Mr. Persich?

MR. PERSICH: Good, Legislator.

LEGISLATOR GIANGREGORIO: So a couple of things. I think some points should be made on the record. Being an ex-wall street person like yourself, bond ratings are very important. What goes into a bond rating? We've talked about reserve, reserve, reserves. There's a lot more to me that goes into a bond rating. Is fiscal management, fiscal responsibility; isn't that correct?

MR. PERSICH: There's a chart each rating agency has set up like a scorecard for us because it's not just arbitrary and everything else. They have a rating sheet that we have to go through. Each one is different, whether it be Moody's, Fitch or S&P. They have a rating schedule that tells us. We're compared to our peers. That's what bond ratings are for. So they're taking us and comparing it to other people. And they say, right, fiscal management, revenue streams, reserves, workforce, collective bargaining. There's a whole list of things. There's a new thing out there called ESF now, which is environmental issues that they deem as a risk. These storms, the weather patterns, hurricanes, they do do that. So there is a lot.

LEGISLATOR GIANGREGORIO: And I would have to think that Moody's and S&P, they're smart people. They balance out what they call what we're reporting as reserves. And they know what those reserves are for.

We talk about using reserves for a rainy day. Aren't we supposed to use some of the reserves on a budgetary year when we need to be? Because what would be the alternative?

MR. PERSICH: Well, that's the argument I think the State Comptroller has already made for us. Having too much cash on hand is not a good thing. I mean, he he dictates it. I mean, you just saw the article in *Newsday* about the school districts that have an exorbitant amount. I would be challenged. There's this other thing in bonding, I forgot the name of it. There was this other thing we have to be cognizant of, unassigned fund balance. If it gets too high, you have a bond problem. We've mitigated that. But that's one of the other things too.

But to your point, legislator, yes, having too much money on hand and not giving it to the taxpayers or raising a fee or a tax or anything else -- that was the that was the intent of purpose of what the State Comptroller was trying to do, I believe. I don't want to speak for him, but I do believe that's what he's saying. Rainy day funds with the smooth things out. So you don't have roller coaster budgeting.

LEGISLATOR GIANGREGORIO: I mean, when I know just a running a household, if you have to dip into your savings to make it from one year to the next, we all have to do that. Do we prepare? We hope we prepare for a tsunami rather than just a thunderstorm. But I think the alternative would be significant if we didn't use some of that. Let alone taxpayers saying, why are you closing the year out with hundreds of millions of dollars? What would the alternative be?

Again, like you said, raise fees, taxes. I don't think that we want to do that. So that's what the reserves are there for. Correct?

MR. PERSICH: Correct. Absolutely. Yes.

LEGISLATOR GIANGREGORIO: Thank you.

CHAIRMAN MCKEVITT: Mr. Persich, I just want to follow up with some of the issues you're dealing with Assessment beforehand and how it works with the DAF and the money. But, you know, if I'm correct, when you're looking at our assessment liability, I would say probably at least 99% of that is going to be in the class four property and some class three utilities too, but class three, primarily class four. And correct me, the reason why it works is, is that the way we do our assessment system with almost essentially a two year lag, is that there was a time in this county's history where we were funding almost $100 million a year in some residential funds.

I don't think we refund almost any residentials anymore, because what we do is we work through the Assessment Review Commission center, and even when they don't resolve it, we're able to resolve the small claims assessment review before the final rolls hit and, therefore, not a refund. Am I correct in that assessment?

MR. PERSICH: That is correct. We've expedited settling scars and assessment review cases quicker, which diminishes what the property owner would have got as a refund. They're getting it in the current tax year that they're going to be taxed on when the rolls are finalized at that point.

CHAIRMAN MCKEVITT: Right. But the County is longer refunding.

MR. PERSICH: No, well we're doing some -- I mean there's some out there class one and class twos. But there are some class one liability that we do have. But it's de minimis to what we're paying out in commercial. It's probably maybe

10% of whatever the total amount paid out is of the 40 million of DAF. A majority of what we've done is just current tax roll stuff that we have liability on.

CHAIRMAN MCKEVITT: But probably the vast majority of our class one liability are going to be those which are mostly very wealthy properties, which are owned by LLCs. And because of that, they're not eligible for small claims assessment review. They follow the Article 7 under the real property tax law, and they take a much longer period of time. So it's not possible to clear them off the books before the final roll hits. We've had some here. We've had almost $1 million on estates allegedly worth 40, 50, $60 million. But that's where your class one is going to be, if I'm correct.

MR. PERSICH: That is correct.

CHAIRMAN MCKEVITT: Okay. Any further questions from the legislators at this point?

(Whereupon, no response.)

CHAIRMAN MCKEVITT: My head is spinning from numbers this morning. I've got my share at this point. So I want to thank everyone on a Friday summer afternoon. Hopefully there will not be a thunderstorm today, but I do want to thank everyone for their attendance today. And please everyone, have a good weekend.

MR. PERSICH: Thank you very much, everybody.

CHAIRMAN MCKEVITT: We are adjourned.

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C E R T I F I C A T E

STATE OF NEW YORK)

: SS.:

COUNTY OF NASSAU)

I, KAREN LORENZO, a Notary Public for and within the State of New York, do hereby certify:

That the above is a correct transcription of my stenographic notes.

IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of August, 2026.

Karen Lorenzo

Karen Lorenzo

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