

## AGENDA

NASSAU COUNTY INTERIM FINANCE AUTHORITY  
**AUDIT AND INTERNAL CONTROLS COMMITTEE MEETING**  
**SEPTEMBER 10, 2020**

### **Call to Order**

#### Action Items

- I. Approval of Audit and Internal Controls Committee Meeting Minutes of May 19, 2020
- II. Approve Submission of NIFA's 2021 Budget and FY 2021 – FY 2024 Financial Plan to the Office State Comptroller and the Authorities Budget Office to Comply with 2 NYCRR, Part 203

### Adjournment

# TAB I

DRAFT – SUBJECT TO REVIEW AND REVISION

NASSAU COUNTY INTERIM FINANCE AUTHORITY  
**MEETING OF THE AUDIT AND INTERNAL CONTROLS COMMITTEE**  
**MINUTES OF MAY 19, 2020**

The Audit and Internal Controls Committee of the Nassau County Interim Finance Authority convened on May 19, 2020 at 6:03 PM via teleconference, pursuant to legal notice given on May 12, 2020 and electronic notice posted on the Authority’s website.

Committee Members on call: Christopher Wright, Chairman  
Adam Barsky  
Lester Petracca

Committee Members absent:

Staff on call: Evan Cohen, Executive Director  
Carl Dreyer, Treasurer  
Kathleen Stella, Corporate Secretary  
Jeremy Wise, General Counsel  
Martha Worsham, Deputy Director

Call to Order/Roll Call  
The meeting was called to order at 6:03 PM.

**1. Approval of Minutes**

Upon a motion duly made by Committee Member Petracca and seconded by Committee Member Barsky, the Committee approved the minutes from the meeting on April 21, 2020.

Positive votes: 3      Negative votes: 0

Resolution No. 20-85

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE APRIL 21, 2020 AUDIT AND INTERNAL CONTROLS COMMITTEE MEETING OF THE NASSAU COUNTY INTERIM FINANCE AUTHORITY

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RESOLVED, that the Minutes of the Audit and Internal Controls Committee meeting of the

DRAFT – SUBJECT TO REVIEW AND REVISION

Authority held on April 21, 2020 are hereby approved and all actions taken by the Committee Members present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

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**2. Approve Submission of NIFA’s Revised 2020 Budget and Revised FY 2020 – FY 2023 Financial Plan to the Office State Comptroller and the Authorities Budget Office to Comply with 2 NYCRR, Part 203**

NIFA Treasurer, Carl Dreyer, stated the adopted 2020 budget that was approved by the Board in September 2019, provided for six months of consulting fees for labor negotiations and had no appropriation for increased oversight of the Nassau Health Care Corporation.

He stated that since collective bargaining with the Nassau County labor unions was still ongoing, he recommended that the budget for outside labor counsel fees be increased to cover the remainder of 2020, increasing the amount originally budgeted by \$150,000.

He further stated that consistent with the Board’s determination in February to increase oversight of the Nassau Health Care Corporation and a subcommittee’s recommendation to engage a healthcare consulting firm, he recommend that the budget be revised to include an appropriation to cover the additional costs of the engagement estimated at \$935,000.

Carl requested that we increase our 2020 budget by \$1,085,000 for 2020 and all the other components of our budget remain as originally proposed and approved.

On a motion made by Committee Member Barsky and seconded by Committee Member Petracca, the resolution was approved.

Positive votes: 3      Negative votes: 0

RESOLUTION NO. 20-86

APPROVE SUBMISSION OF NIFA’S REVISED 2020 BUDGET AND REVISED FY 2020 – FY 2023 FINANCIAL PLAN TO THE OFFICE OF THE STATE COMPTROLLER AND THE AUTHORITIES BUDGET OFFICE TO COMPLY WITH 2 NYCRR, PART 203 AND THE TAKING OF RELATED ACTIONS

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RESOLVED, that the materials presented to this meeting (the “Materials”) are ordered to be filed

DRAFT – SUBJECT TO REVIEW AND REVISION

with the records of the Audit and Internal Controls Committee (“Committee”) of the Nassau County Interim Finance Authority; and be it further

RESOLVED, that the Committee acknowledges enactment of 2 NYCRR, Part 203 (the “Regulations”) and its requirement that the Directors of the Nassau County Interim Finance Authority receive, review and approve a Revised Budget for FY 2020 (“Revised Budget”) and a Revised Financial Plan for FY 2020 – FY 2023 (“Revised Plan”); and be it further

RESOLVED that the Committee recommends to the Directors that they approve the Revised Budget and Revised Plan so that they may be officially filed with the State Comptroller and any other necessary parties.

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### **Adjournment**

Upon a motion made by Committee Member Barsky seconded by Committee Member Petracca and the meeting was adjourned at 6:08 PM.

Respectfully submitted,

Kathleen Stella  
Corporate Secretary

**TAB II**

**NASSAU COUNTY INTERIM FINANCE AUTHORITY**  
Audit and Internal Controls Committee

**FOR CONSIDERATION**

September 10, 2020

TO: Christopher Wright, Adam Barsky, and Lester Petracca

FROM: Evan Cohen

SUBJECT: NIFA Budget and Multi-Year Plan

REQUEST FOR: Approve Submission of NIFA’s 2021 Budget and FY 2021 – FY 2024 Financial Plan to the Office State Comptroller and the Authorities Budget Office to Comply with 2 NYCRR, Part 203

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**Background:**

Pursuant to the New York State Constitution and the Public Authorities Law, the State Comptroller adopted Regulation 2 NYCRR Part 203 “Budget and Financial Plan Format, Supporting Documentation and Monitoring – Public Authorities” (the “Regulations”). The Nassau County Interim Finance Authority (“NIFA”) has been deemed by the Comptroller to be subject to the requirements of said Regulations.

**Discussion:**

As required by the Regulations, NIFA has prepared a Proposed Budget for FY 2021 (“Budget”) and a Proposed Financial Plan for FY 2021 – FY 2024 (“Plan”). These documents are being submitted for review by the Audit and Internal Controls Committee. They will be made available for public inspection and also posted on NIFA’s website (“Disclosed”), as required by the Regulations.

**Requested Action:**

It is requested that the Committee recommend to the Directors approval of the Budget and Plan so that they may be disclosed and subsequently, if no negative comments from the public are received, officially filed with the State Comptroller and any other necessary parties.

**Attachments:**

Resolution

Proposed Budget and Multi-Year Financial Plan for FY 2021 – FY 2024

**NASSAU COUNTY INTERIM FINANCE AUTHORITY**  
**Audit and Internal Controls Committee**

RESOLUTION NO. 20-

APPROVE SUBMISSION OF NIFA’S 2021 BUDGET AND FY 2021 – FY 2024 FINANCIAL PLAN TO THE OFFICE OF THE STATE COMPTROLLER AND THE AUTHORITIES BUDGET OFFICE TO COMPLY WITH 2 NYCRR, PART 203 AND THE TAKING OF RELATED ACTIONS

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RESOLVED, that the materials presented to this meeting (the “Materials”) are ordered to be filed with the records of the Audit and Internal Controls Committee (“Committee”) of the Nassau County Interim Finance Authority; and be it further

RESOLVED, that the Committee acknowledges enactment of 2 NYCRR, Part 203 (the “Regulations”) and its requirement that the Directors of the Nassau County Interim Finance Authority receive, review and approve a proposed Budget for FY 2020 (“Budget”) and a proposed Financial Plan for FY 2021 – FY 2024 (“Plan”); and be it further

RESOLVED, that the Committee hereby conditionally approves the Budget and Plan subject to the conditions outlined in the Materials; and be it further

RESOLVED that the Committee recommends to the Directors that they approve the Budget and Plan so that they may be disclosed and subsequently, if no negative comments from the public are received, officially filed with the State Comptroller and any other necessary parties.

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**Christopher Wright**  
Chairperson

September 10, 2020



**NIFA**  
**Proposed Budget and Multi-Year Plan**  
**2021-2024**

	<b>Adopted 2020</b>	<b>Proposed 2021</b>	<b>Proposed 2022</b>	<b>Proposed 2023</b>	<b>Proposed 2024</b>
<b>Revenues</b>					
Sales Tax Retained	3,084,000	2,159,000	2,024,000	2,074,000	2,139,000
Interest Income					
Bond & Debt Service Accounts					
Operating Accounts	1,000	1,000	1,000	1,000	1,000
Total Interest					
<b>Total Revenues</b>	<b>3,085,000</b>	<b>2,160,000</b>	<b>2,025,000</b>	<b>2,075,000</b>	<b>2,140,000</b>
<b>Expenses</b>					
NIFA Operating Expenses					
Salaries and Benefits	1,367,161	1,418,597	1,484,999	1,554,579	1,627,819
Furniture & Equipment	17,000	17,000	17,000	17,000	17,000
Rent	124,836	128,233	131,703	135,319	139,035
Telephone & Communications	20,176	21,185	22,244	23,356	24,524
Professional Fees	157,404	224,741	216,500	189,275	169,670
Insurance	6,273	6,989	7,338	7,705	8,090
Other	57,150	43,255	45,216	47,766	53,862
<b>Total Operating</b>	<b>1,750,000</b>	<b>1,860,000</b>	<b>1,925,000</b>	<b>1,975,000</b>	<b>2,040,000</b>
<b>Control Period Expenses</b>					
Total Control Period Expenses	1,335,000	300,000	100,000	100,000	100,000
<b>Total Expenses</b>	<b>3,085,000</b>	<b>2,160,000</b>	<b>2,025,000</b>	<b>2,075,000</b>	<b>2,140,000</b>
<b>Revenues Over (Under) Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## **NIFA Budget and Financial Plan**

**2021-2024**

As of August 27, 2020

1. **Accounting method:** The budget has been prepared in accordance with GAAP using the modified accrual basis of accounting.
2. **Assumptions and estimates used:** The two largest items in the budget are; 1) sales tax revenue, taken from Nassau County's Multi-Year Financial Plan Update for Fiscal Years 2020-2023; and 2) debt service, taken from the schedule of senior debt service provided in the NIFA Sales Tax Secured Bonds, Series 2015A Bond Offering Circular.
3. **Estimates of revenues:** The main source of NIFA revenue is Nassau County sales tax. This projection has been taken from Nassau County's Multi-Year Financial Plan Update for Fiscal Years 2020-2023 (only up to the amount necessary to cover NIFA expenditures).
4. **Estimates of personal service expenses:** The plan assumes that NIFA staffing levels will remain constant in accordance with guidance from the NIFA Employment and Compensation Committee (the "Committee"). Subject to approval by the Committee, the budget assumes a 4% adjustment for salaries and an 8.5% increase in health insurance premiums in 2021 and beyond. NIFA participates in the NYS pension plan and NYSHIP health insurance program. Pension costs were projected based on guidance from the State Comptroller at 18.2% of participating salaries for 2021 through 2024. Four of the five current employees participate in the pension program. Of the four participating employees, one employee has opted for the voluntary defined contribution plan and NIFA's contribution is currently set at 8% of the participant's salary. Salaries and fringe benefits were adjusted by 4% and 8.5%, respectively, in each year for 2021-2024.
5. **Estimates of non-personal service expenses:** Costs for office space, telephone, professional fees, and supplies were adjusted by a 5% growth factor for each successive year of the plan.
6. **Estimates of projected debt service expenditures:** Projections for NIFA debt was taken from the schedule of senior debt service provided in the NIFA Sales Tax Secured Bonds, Series 2015A Bond Offering Circular. Interest on variable rate bonds was calculated assuming that payments are equal to the receipts from the associated swaps.
7. **Cash budget and financial plan:** NIFA's budgetary expenditures are closely aligned with the timing of its cash flow. There are no material timing differences

other than receipt of sales tax and GAAP rules for debt service, which is explained below in item 18.

8. **Explanation of relationship with units of government on whose behalf the authority was established:** NIFA was created in 2000 for the purpose of overseeing the fiscal turnaround of Nassau County, issuance and administration of debt on behalf of the County, issuance of reports on statutory findings based on the County's financial condition, and for the disbursement of State assistance.
9. **Description of budget process and key budget decisions:** The budget is created by the NIFA Treasurer and reviewed by its Executive Director and Audit and Internal Controls Committee. It is then approved by the NIFA Directors prior to the start of each fiscal year. Staffing level decisions are guided by recommendations of the NIFA Employment and Compensation Committee.
10. **Description of budget assumptions including revenue sources, staffing etc:** Revenues of the Authority ("Revenues") consist of sales tax revenues, defined as net collections from sales and compensating use taxes, penalties and interest authorized by the State and imposed by the County on the sale and use of tangible personal property and services in the County ("Sales Tax Revenues"), and investment earnings on money and investments on deposit in various Authority accounts. Sales Tax Revenues collected by the State Comptroller for transfer to the Authority are not subject to appropriation by the State or County. Revenues of the Authority that are not required to pay debt service, operating expenses and other costs of the Authority are payable to the County as frequently as practicable. Revenue numbers used in the budget have been taken from Nassau County's Updated Multi-Year Financial Plan for Fiscal Years 2020-2023 (only up to the amount necessary to cover NIFA expenditures).

Staffing has been kept at the level required to perform appropriate oversight of the County and covered organizations, including the Nassau County Health Care Corporation, the Sewer and Storm Water Authority and Nassau Community College.

11. **Self assessment of budget risks:** NIFA has a perfected interest in the sales tax collections for Nassau County and receives remittances from the NYS Department of Taxation and Finance for the purpose of withholding debt service set-aside monies and expenses, prior to remittance to the County. NIFA's costs are closely monitored by its executive staff and its Directors. As a result, there is little budget risk to NIFA or its bond holders.
12. **Revised forecast of current year budget:** The current year projected results for core operating expenses are anticipated to be at or less than the adopted budget. The budget also includes funding for litigation costs that may be incurred from the Control Period that was imposed on Nassau County.

13. **Reconciliation that identifies all changes in estimates from projections in the previously approved budget:** There are no material revisions to the previously approved budget based on current projections.
14. **Statement of last year's fiscal actual performance:** The 2019 fiscal performance and 2020 projected results are in substantial conformity with its approved budget.
15. **Projections of number of employees, funding source, and functional classifications:** NIFA currently operates with 5 full-time employees. Positions are funded via withholding sales tax proceeds which are received on behalf of Nassau County. These are classified as general operating expenses in the budget and financial statement.
16. **Statement of revenue enhancing or cost reduction initiatives:** NIFA has maintained a lean staffing plan in light of its debt issuance and oversight responsibilities. NIFA has also taken steps to reduce expenditures for rent, telephone and communications, and other expenses.

The Authority oversees a \$3.6 billion County budget and has issued approximately \$4.0 billion of debt, including swap transactions, during the past 19 years. NIFA currently has outstanding approximately \$412.0 million in bonds, of which approximately \$224.0 million are in the variable rate mode and synthetically fixed using interest rate swaps.

17. **Statement on any non-recurring resource planned for use in any given year:** It is possible that NIFA may refund existing debt or issue new debt depending on the County's financial needs and the extent to which the County asks NIFA to assist in the current financial crisis during the COVID pandemic.
18. **Statement on transactions that shift resources from one year to another:** Under GAAP reporting rules, NIFA accrues two months of sales tax revenue receivable at each calendar year end which will be paid in January and February of the subsequent year by the NYS Department of Taxation and Finance. However, also as per GAAP rules, NIFA accrues 12 months of debt service payments as a current liability. As a result, there is always a negative balance of current assets net of current liabilities, which directly results from this reporting timing difference. It should be noted that NIFA still has all funds required for its annual May 15 interest payment and annual November 15 principal and interest payments, under this scenario.
19. **Statement on borrowed debt outstanding at year end, planned issuances, assumed interest rates, debt service as a percentage of pledged revenue:** The final maturity of the outstanding bonds is November 15, 2025. NIFA's statute requires it to remain in existence until all of its liabilities including OPEB have been satisfied. The NIFA Act has been amended to allow it (until the end of 2021) to issue certain types of new debt with maturities no later than December 2051.

NIFA's debt program was initiated in FY 2000 and continued successfully in 2019. The outstanding debt of \$411.979 million is comprised of \$188.029 million of conventional fixed rate debt, and \$223.95 million of synthetic fixed rate debt. Total estimated debt service to maturity is \$447.615 million as of August 27, 2020. NIFA does not have any notes outstanding.

**20. Statement on capital budget plan:** not applicable

**21. Statement from COO on reasonableness of assumptions and estimates:**

I confirm, to the best of my knowledge and belief, the following representations made to you in this financial plan are fairly presented in conformity with accounting principles generally accepted in the United States of America. To the best of my knowledge and belief, after reasonable inquiry, the plan is based on reasonable assumptions and methods of estimation and that all regulations have been satisfied.

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Carl A. Dreyer, Treasurer