

**Statement by the Board of Directors of the Nassau County
Interim Finance Authority (NIFA)**

March 14, 2011

NIFA is pleased that the Court denied the County's request to enjoin the control period, which is now in effect. We look forward to the County's delivery of a revised financial plan within five business days. We are confident that we will prevail on the remaining issues if the County decides to continue with this litigation.

At this juncture, we want to make the following points very clearly regarding NIFA, our oversight responsibility and our plan to work with the County.

First, who is in charge of Nassau County: The County Executive and the County Legislature and the County Comptroller and all of the County's elected and appointed officials are in charge of Nassau County, ***not*** NIFA. All policy decisions are made by County officials. They remain responsible for the operations and delivery of services in the County. NIFA is a group of volunteers, appointed pursuant to State law with the sole mission of working with the County to achieve and maintain financial stability.

Second, why do we have a "control period: NIFA was created by a State law enacted in 2000 at the request of the County and with the supporting votes of the current Presiding Officer of the Legislature and the County Executive, who was at the time, a legislator. NIFA's role is to provide oversight and review to assist elected officials in achieving a balanced, realistic budget. Simply put, that means NIFA will require that the County adopt a budget where revenues are equal to expenditures, without imprudent borrowing. That is how families run their households, and that is how elected officials must run the County. By State law, NIFA had no choice but to declare a control period when it found that the County faced an operating deficit of more than 1% in 2011. In fact, NIFA concluded that the County faces an operating deficit of more than 7%.

Third, NIFA cannot increase property or any other taxes: NIFA cannot and will not increase taxes. The repeated charges in the public arena that NIFA wants to increase taxes are simply wrong. No NIFA Board member has ever recommended a tax increase, and in fact, NIFA lacks authority to impose or raise any tax. This barrage of political rhetoric of mistruths and distortions must end. NIFA can only require the County to balance its budget. How the County chooses to achieve balance is up to the County -- not NIFA. NIFA reviews policy decisions; it does not make them.

Fourth, how will a balanced budget be achieved: The County will be responsible for taking the actions required to balance the budget, with NIFA's assistance and oversight. If necessary, NIFA may declare a wage freeze. That decision has not been reached and will not be made until the County submits a new budget. NIFA will also review material contracts to make sure they meet the restrictions of the new balanced financial plan. In the end, the County – those elected officials whose responsibility it remains to run Nassau County – will decide how best to balance the County's budget. NIFA's role is to review those decisions, to assist County officials and to be sure that the decisions made do in fact result in a balanced budget.

Finally, when does a control period end: When NIFA is able to determine and certify that the County budget is balanced and that the risk of a 1% deficit or more in the budget has been eliminated, then NIFA will end the control period.

Since its creation nearly eleven years ago, NIFA has worked with the County to ensure fiscal stability. We are confident that the current control period, required by law, will result in a stronger and more resilient County in the future. We look forward to the full cooperation of the County in our joint mission of a strong and vibrant County with a budget that is truly balanced.

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