



NIFA BOARD ACTS ON COUNTY MULTI-YEAR PLAN

Mineola, NY – September 2, 2011 – The Nassau County Interim Finance Authority (NIFA) passed a Resolution which formally rejected Nassau County’s most recent update of their midyear financial plan and prescribed a format and actions for the 2012-15 Multi-Year Plan the County will submit on September 15, 2011.

At a public meeting of the Board of Directors held in Mineola today, NIFA disapproved the County’s Midyear Plan of July 28, 2011 which failed to comply with NIFA’s specific order to remove certain revenues or make offsetting adjustments. NIFA had determined that the County’s plan for Fiscal Year 2012 was out of balance by approximately \$225 million.

In addition, NIFA directed the County to incorporate at least \$225 million in budgetary relief for 2012 in the Multi-Year Plan due September 15th. Specifically, Nassau County was asked to remove the \$150 million from privatization of the County’s wastewater system or to provide a realistic contingency plan of at least \$150 million in alternative actions that would be GAAP allowable.

Also, the County was directed to eliminate revenue from the Red Light Camera expansion initiative, to increase the cost estimate for property tax refunds to \$70 million from \$50 million, and to detail all components of any projected labor savings in 2012.

As required by State statute, NIFA will review the County’s Multi-Year Plan for 2012-2015, which includes the proposed budget for 2012, and which the County Executive will submit on September 15th to the County Legislature.

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NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLUTION NO. 11-___

DISAPPROVING NASSAU COUNTY'S MIDYEAR FINANCIAL PLAN UPDATE OF JULY 28, 2011 AND PRESCRIBING THE FORMAT FOR THE FINANCIAL PLAN AND SUPPORTING INFORMATION DUE SEPTEMBER 15, 2011

WHEREAS, on January 26, 2011, after adopting a resolution imposing a control period based on a likelihood and imminence of a major operating funds deficit of more than one percent for FY 2011, NIFA directed the County Executive to submit a financial plan that was balanced; and

WHEREAS, on March 22, 2011, shortly after withdrawing the County's lawsuit challenging the control period, the County Executive submitted to NIFA a plan of proposed revisions to the FY 2011 budget to address the deficit, including layoffs and a furlough of County personnel; and

WHEREAS, on June 24, 2011, the County Executive submitted to NIFA his Multi-Year Financial Plan (Update) Fiscal 2011-2014 (the "Midyear Plan"), which purported to reflect balance on a "budgetary basis of accounting," whereas the County is required by law to have a financial plan that is balanced according to Generally Accepted Accounting Principles ("GAAP"); and

WHEREAS, the Midyear Plan was the first four-year financial plan delivered to NIFA since the imposition of the control period, offering a strategy for Fiscal Year 2012 and beyond; and

WHEREAS, the NIFA adopted a Staff Report on the Midyear Plan, which Report shows that the County continues on a path that will not achieve the fiscal balance required by law in Fiscal Year 2011 and later years of the plan, including Fiscal Year 2012, during which the County faces greater budgetary challenges than those that triggered the control period; and

WHEREAS, on July 14, 2011, NIFA adopted a resolution disapproving the County's Midyear Plan and ordering the County to submit a new Midyear Plan with a prescribed format for FY 2012 in particular, including removal of questionable revenues or equivalent adjustments of \$225 million for FY 2012; and

WHEREAS, on July 28, 2011, the County submitted to NIFA a new Midyear Plan containing projected revenues already rejected by NIFA; and

WHEREAS, on July 29, 2011, NIFA issued a statement that the County had ignored NIFA's direction to remove questionable revenues or make equivalent adjustments of \$225 million for FY 2012; and

WHEREAS, the NIFA Act contemplates that during a control period the County will conduct its operations in conformity with a four-year financial plan approved by NIFA, *see* NIFA Act § 3669(2)(a); and

WHEREAS, the County is required by law to submit a four-year financial plan for FYs 2012 – 2015 by September 15, 2011; and

WHEREAS, during a control period NIFA, among other things, "shall . . . prescribe the form of a financial plan and the supporting information required in connection therewith" and "exercise the rights of approval, disapproval and modification with respect to the financial plan, including but not limited to the revenue estimates contained therein," NIFA Act § 3669(2)(a)(ii) & (iii); and

WHEREAS, NIFA "shall issue, to the appropriate official of the county . . . such orders as it deems necessary to accomplish the purposes of [the NIFA Act], including, but not limited to timely and satisfactory implementation of an approved financial plan," NIFA Act § 3669(2)(f);

NOW, THEREFORE, BE IT RESOLVED, that NIFA hereby disapproves the County's Midyear Plan of July 28, 2011, which failed to comply with NIFA's specific direction to remove questionable revenues or make offsetting adjustments;

AND BE IT FURTHER RESOLVED, that NIFA deems it appropriate and necessary to prescribe a format and supporting information for the County's submission, by September 15, 2011, of a financial plan covering Fiscal Years 2012-2015;

AND BE IT FURTHER RESOLVED, that such financial plan covering FYs 2012-15 describe specifically for Fiscal Year 2012 realistic projected revenues and expenditures and the County's plan for achieving balance in Fiscal Year 2012 in accordance with GAAP;

AND BE IT FURTHER RESOLVED, that NIFA, as a first step, hereby prescribes that the format of the plan for FY 2012 shall incorporate at least \$225 million in budgetary relief (*i.e.*, specific revenue sources and/or expense reductions) in comparison to the 2012 projections in the Midyear Plan, including:

- (i) In light of the execution risks and potential accounting treatment issues that may arise from any final transaction, the \$150 million projection of budgetary relief from privatization of the County's wastewater system shall be eliminated or fully offset by realistic contingencies amounting to a minimum of \$150 million of revenues acceptable under applicable GAAP treatment; and
- (ii) The projected \$23 million in revenue from expansion of the Red Light Camera initiative shall be eliminated because the execution risk is unacceptably high; and
- (iii) The cost of payment of property tax refunds shall be no less than \$70 million (rather than the \$50 million figure in the Midyear Plan), which more realistically reflects the County's historical liability for such refunds; and
- (iv) The projection of \$33 million in labor savings and any other additional projected labor savings shall be explained in detail, including an itemized listing of components and budgetary impacts.

Ronald Stack
Chairperson

September 2, 2011