NIFA Votes "Conditioned" Approval of Nassau County's Four-Year Financial Plan

Oversight Board Will Monitor County Via Monthly Progress Meetings

NIFA Sets out Short- & Long-Term Issues County Must Address

Uniondale, NY – December 8, 2000 – The Nassau County Interim Finance Authority's (NIFA) today approved a resolution accepting the four-year financial plan adopted unanimously by the Nassau County Legislature and approved by Nassau County's Executive. NIFA indicated that its acceptance was conditioned on a continued demonstration that goals are being met. Nassau's top elected leaders will meet monthly with the Authority to demonstrate that the short- and long-term fiscal initiatives adopted by the County to restore its fiscal health are in fact being implemented.

"The County must exercise strong leadership implementing and monitoring the [four-year] plan to ensure that the initiatives achieve their desired effect," said NIFA Chairman Frank Zarb. "The plan must be fully implemented without delays. In order to monitor progress on an ongoing basis, NIFA will meet with County principals and staff monthly. The budget for each of the four years should be completed and balanced well before normal budget deadline."

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Mr. Zarb also warned that should the County fail to meet objectives fully and on time during the four-year plan period "we will have no choice but to replace the current system with hard controls."

The first monthly progress meeting between NIFA and Nassau's County Executive and legislative leaders is slated for Thursday, January 18, 2001.

In reviewing Nassau's four-year fiscal plan for approval, NIFA issued a report that determined:

- Nassau is likely to achieve a balanced FY 2000 budget.

- While the FY 2001 budget contains several risks (totaling $6.3 million), it represents a significant improvement over prior budgets in both estimating revenues and in eliminating the use of one-shot revenues to fund recurring operating expenses. The identified risks are clearly manageable.

- The FY 2002 – 2004 financial plan sets forth a deliberate strategy for closing the out-year gaps. However, the plan contains several speculative initiatives that require immediate attention. These initiatives include numerous new revenue enhancement and expenditure reduction initiatives, many of which depend upon actions to be taken by other levels of government. NIFA will monitor the County to ensure that modifications are made in a timely manner.

The NIFA report also underscored the need to stringently monitor Nassau's progress in implementing its four-year plan. NIFA concluded that effective monitoring by the Authority includes:

- The County Executive developing procedures and processes to ensure that initiatives are implemented and that they are achieving their expected results;

- Monthly meetings with NIFA and the County leaders to share information, to communicate any variances from the plan and to ensure that timely corrective action is taken to maintain budgetary balance; and

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- Continually reviewing and refining the plan as circumstances change to increase the certainty surrounding the plan as the County moves forward.

NIFA also noted in its report that Nassau County faces a variety of other fiscal and management challenges that must be addressed. To help guide the County, NIFA laid out 16 short- and long-term challenges that the County needs to prioritize, and develop a plan to resolve as quickly as possible.

The short- and long-term challenges include:

- Implementing out-year actions as soon as possible to help achieve financial structural balance as early as possible;

- Developing a process for implementing initiatives designed to reduce costs and increase revenues to achieve a balanced FY 2001 budget;

- Filling the vacancies created by the retirement or resignation of key management personnel in an efficient and effective manner;

- Completing the planned reassessment of the County as soon as possible to reduce the significant financial burden created by the current system of paying tax certiorari judgements with borrowed funds rather than through operating revenues;

- Identifying areas where additional revenue would be produced if additional resources were provided, e.g., adding appropriate staff at the Parking Violations Agency to process receipts in a timely, cost effective procedure;

- Exploring ways to share services with other local governments to reduce costs;

- Focusing staff resources to actively seek new Federal and State funds;

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- Developing a debt service schedule showing the amount of outstanding County debt and the debt service payments that are due;

- Implementing an effective cash flow information system to help ensure that the County does not borrow funds in excess of its needs;

- Instituting a capital planning process to identify and prioritize the County's long-term capital needs;

- Financing tax certiorari judgments, other settlements and judgments, and relatively short-lived capital needs through the County's operating budget rather than though the issuance of long-term bonds;

- Benchmarking its operations against other similar entities to identify and implement best practice operations to improve service and/or reduce operating costs;

- Updating and expanding the use of technology to improve operations and lower costs;

- Reviewing all work practices to ensure that work is being performed in the most efficient way possible;

- Undertaking a comprehensive study to determine how the County utilizes its existing office space with an eye on working with the private sector to develop a new County Center that could generate cost savings; and

- Focusing on ways to achieve permanent labor savings in a way that promotes both cost savings and long-term efficiencies. This could include initiatives such as requiring County employees and retirees to contribute to health insurance and reducing the level of termination payments.

170 Old Country Road, Suite 205, Mineola, NY 11501
Tel: (516) 248-3228 Fax: (516) 248-4050