

***Nassau County Interim  
Finance Authority***

**NIFA**

***REVIEW OF THE POST-VETO ADOPTED  
MULTI-YEAR FINANCIAL PLAN  
FISCAL 2022 – 2025***

***December 7, 2021***



# ***NASSAU COUNTY INTERIM FINANCE AUTHORITY***

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## **DIRECTORS**

**Adam Barsky**  
*Chair*

**Paul D. Annunziato**

**Mohsin Meghji**

**Lester Petracca**

**Christopher P. Wright**

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*Executive Director*

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*Treasurer*

**Kathleen Stella**  
*Corporate Secretary*

**Jeremy A. Wise**  
*General Counsel*

**Martha B. Worsham**  
*Deputy Director*



# OVERVIEW

NIFA is being asked to approve the same budget for FY 2022 (“Budget”) and multi-year plan for FY 2022-2025 (“Plan”) that the County Executive proposed on September 15<sup>th</sup> because all of the amendments proposed by the Legislature were rejected by the County Executive and the Legislature did not have sufficient votes to overturn her vetoes. For a more detailed discussion of the Plan that NIFA is now being asked to consider, including the unsuccessful amendments, see the NIFA report dated October 21, 2021, which can be found on the NIFA website at [www.nifa.ny.gov](http://www.nifa.ny.gov).

## Discussion:

NIFA has reviewed the Budget and concluded that the projected risks total approximately \$39.3 million.

The new Administration will need to manage these risks, and any others that may arise during the year, including a potential slowdown in sales tax revenue receipts. The Administration must also ensure that it: (1) negotiates new labor contracts that fit within the constraints of the Plan; and (2) resolves the significant backlog of tax certiorari claims filed in past years.

The Out-Years of the Plan remain concerning. As discussed in our October Report, the County presented a Gap-Closing Plan designed to close their estimate of baseline gaps; however, our analysis indicates that the initiatives comprising the Gap-Closing Plan contain significant execution risks and are insufficient to close NIFA’s projection of Out-Year risks.

For example, in addition to approximately \$39.3 million in risks for FY 2022, our analysis indicates that the potential mismatch between baseline operating revenues and expenditures in the Major Funds (prior to implementing gap-closing initiatives) could reach \$151.3 million in FY 2023, \$194.5 million in FY 2024 and \$226.5 million in FY 2025, as shown below. A large driver of these risks relate to the \$70.0 million property tax levy reduction included in the FY 2022 Budget, but which was intended to be reversed in the Out-Years of the Plan.

Operating Results on a GAAP Basis												
(\$ in millions)												
FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021p*	FY 2022p	FY 2023p	FY 2024p	FY 2025p	
(\$189.2)	(\$125.3)	(\$83.1)	(\$63.2)	(\$61.2)	\$76.8	(\$62.5)	(\$15.1)	(\$39.3)	(\$151.3)	(\$194.5)	(\$226.5)	
						Post Gap-Closing Initiatives:	\$90.6**	\$40.9**	(\$39.3)	(\$140.3)	(\$186.0)	(\$215.3)

\* Projections are based on data through October. Actual results will differ after year-end closing adjustments are finalized.

\*\* Operating results include CARES Act funding and/or unbudgeted debt restructuring savings.

Due to the overall size of the projected risks, we conclude that the County will likely not demonstrate GAAP Basis balance in the Out-Years unless additional actions are taken to increase revenues or decrease expenditures.



# UPDATED ANALYSIS OF FY 2022

Our review of the FY 2022 Budget indicates the following risks listed in Table 1.

**Table 1**

Analysis of FY 2022 Budget Surplus / (Risk) (\$ in millions)			
(\$ in millions)	2022 Budget	2022 Projections	Surplus / (Risk)
<b>Revenues:</b>			
<b>Fines &amp; Forfeits</b>	<b>\$106.5</b>	<b>\$89.2</b>	<b>(\$17.3)</b>
<i>Public Safety Fee</i>	23.5	23.5	0.0
<i>Red Light Camera &amp; Related Fees</i>	48.1	40.2	(7.8)
<i>Fines &amp; Administrative Fees</i>	28.4	23.0	(5.5)
<i>Boot and Tow &amp; Ticket Reconciliation</i>	2.3	0.0	(2.3)
<i>School Bus Stop Arm Camera</i>	2.0	1.0	(1.0)
<i>All other fines</i>	2.3	1.6	(0.7)
<b>Rents &amp; Recoveries</b>	<b>\$41.4</b>	<b>\$14.2</b>	<b>(\$27.2)</b>
<i>Cash Recovery</i>	10.0	0.0	(10.0)
<i>Prior Year Recoveries</i>	9.7	0.0	(9.7)
<i>Sale of County Property</i>	5.7	0.0	(5.7)
<i>All other Rent &amp; Recoveries</i>	16.0	14.2	(1.8)
<b>Departmental Revenues</b>	<b>\$245.3</b>	<b>\$215.3</b>	<b>(\$30.0)</b>
<i>GIS Tax Map Verification Fee</i>	45.0	41.2	(3.8)
<i>Mortgage &amp; Deed Recording Fee</i>	48.9	42.1	(6.8)
<i>Income and Expense Law</i>	10.0	0.0	(10.0)
<i>Ambulance Fees</i>	24.7	22.7	(2.0)
<i>All other Departmental Revenues</i>	116.8	109.3	(7.4)
<b>Interfund to Police Headquarters from Sales Tax</b>	<b>\$111.5</b>	<b>\$111.5</b>	<b>\$0.0</b>
<b>Sales Tax</b>	<b>\$1,375.0</b>	<b>\$1,406.1</b>	<b>\$31.1</b>
<b>All other Revenues</b>	<b>\$1,394.5</b>	<b>\$1,393.0</b>	<b>(\$1.5)</b>
<b>Total Revenues</b>	<b>\$3,274.2</b>	<b>\$3,229.4</b>	<b>(\$44.8)</b>
<b>Expenditures:</b>			
<b>Salaries and Wages</b>	<b>\$934.9</b>	<b>\$947.9</b>	<b>(\$13.0)</b>
<i>Overtime</i>	86.0	96.1	(10.1)
<i>Other</i>	848.9	851.8	(2.9)
<b>Fringe Benefits</b>	<b>\$775.3</b>	<b>\$755.8</b>	<b>\$19.5</b>
<i>Health Insurance Active/Retirees</i>	343.0	324.5	18.5
<i>Other</i>	432.3	431.2	1.0
<b>Transfer to Police Headquarters from Sales Tax</b>	<b>\$111.5</b>	<b>\$111.5</b>	<b>\$0.0</b>
<b>Local Government Assistance</b>	<b>\$84.8</b>	<b>\$84.0</b>	<b>\$0.8</b>
<b>Early Intervention/Pre-school</b>	<b>\$144.8</b>	<b>\$147.8</b>	<b>(\$3.0)</b>
<b>Social Services Programs</b>	<b>\$419.0</b>	<b>\$420.4</b>	<b>(\$1.4)</b>
<b>All other Expenditures</b>	<b>\$804.0</b>	<b>\$801.4</b>	<b>\$2.6</b>
<b>Total Expenditures</b>	<b>\$3,274.2</b>	<b>\$3,268.7</b>	<b>\$5.5</b>
<b>Subtotal Surplus / (Risk)</b>			<b>(\$39.3)</b>

\* Totals may not add due to rounding





# APPENDIX

## STAGES OF 2022 BUDGET

MAJOR FUNDS EXPENDITURES					
OBJECT	2022 Proposed Budget	Legislative Amendments	2022 Adopted Budget	Veto of Legislative Amendments	2022 Budget after Veto
AA - SALARIES, WAGES & FEES	934,890,738	(2,617,248)	932,273,490	2,617,248	934,890,738
AB - FRINGE BENEFITS	775,270,435	(350,100)	774,920,335	350,100	775,270,435
AC - WORKERS COMPENSATION	34,812,100	-	34,812,100	-	34,812,100
BB - EQUIPMENT	5,949,420	-	5,949,420	-	5,949,420
DD - GENERAL EXPENSES	43,698,715	-	43,698,715	-	43,698,715
DE - CONTRACTUAL SERVICES	300,201,106	450,000	300,651,106	(450,000)	300,201,106
DF - UTILITY COSTS	36,040,854	-	36,040,854	-	36,040,854
DG - VAR DIRECT EXPENSES	5,250,000	-	5,250,000	-	5,250,000
FF - INTEREST	91,421,096	(2,600,000)	88,821,096	2,600,000	91,421,096
GA - LOCAL GOVT ASST PROGRAM	84,755,653	-	84,755,653	-	84,755,653
GG - PRINCIPAL	32,470,001	-	32,470,001	-	32,470,001
HH - INTERFUND CHARGES	23,031,962	-	23,031,962	-	23,031,962
LA - PDH SALES TAX TRANSFER	111,527,154	-	111,527,154	-	111,527,154
MM - MASS TRANSPORTATION	46,780,511	-	46,780,511	-	46,780,511
NA - NCIFA EXPENDITURES	2,330,000	-	2,330,000	-	2,330,000
OO - OTHER EXPENSE	182,004,858	(7,000,000)	175,004,858	7,000,000	182,004,858
PP - EARLY INTERVENTION/SPECIAL EDUCATION	144,756,580	-	144,756,580	-	144,756,580
SS - RECIPIENT GRANTS	50,850,000	-	50,850,000	-	50,850,000
TT - PURCHASED SERVICES	70,485,373	-	70,485,373	-	70,485,373
WW - EMERGENCY VENDOR PAYMENTS	61,145,142	-	61,145,142	-	61,145,142
XX - MEDICAID	236,533,590	-	236,533,590	-	236,533,590
<b>Total Expenditures</b>	<b>3,274,205,288</b>	<b>(12,117,348)</b>	<b>3,262,087,940</b>	<b>12,117,348</b>	<b>3,274,205,288</b>
MAJOR FUNDS REVENUES					
OBJECT	2022 Proposed Budget	Legislative Amendments	2022 Adopted Budget	Veto of Legislative Amendments	2022 Budget after Veto
AA - FUND BALANCE	-	74,582,013	74,582,013	(74,582,013)	-
BA - INT PENALTY ON TAX	34,825,000	-	34,825,000	-	34,825,000
BC - PERMITS & LICENSES	18,378,065	-	18,378,065	-	18,378,065
BD - FINES & FORFEITS	106,482,491	(23,450,991)	83,031,500	23,450,991	106,482,491
BE - INVEST INCOME	2,315,000	-	2,315,000	-	2,315,000
BF - RENTS & RECOVERIES	41,360,319	-	41,360,319	-	41,360,319
BG - REVENUE OFFSET TO EXPENSE	20,518,091	-	20,518,091	-	20,518,091
BH - DEPT REVENUES	245,309,587	(85,748,370)	159,561,217	85,748,370	245,309,587
BO - PAYMENT IN LIEU OF TAXES	55,166,758	-	55,166,758	-	55,166,758
BQ - CAPITAL RESOURCES FROM DEBT	1,500,000	-	1,500,000	-	1,500,000
BS - OTB PROFITS	20,000,000	-	20,000,000	-	20,000,000
BW - INTERFUND CHARGES REVENUE	74,899,003	-	74,899,003	-	74,899,003
IF - INTERFUND TRANSFER	111,527,154	-	111,527,154	-	111,527,154
FA - FEDERAL AID	156,785,018	-	156,785,018	-	156,785,018
SA - STATE AID	225,053,004	-	225,053,004	-	225,053,004
TA - SALES TAX COUNTYWIDE	1,280,179,167	72,500,000	1,352,679,167	(72,500,000)	1,280,179,167
TB - PART COUNTY SALES TAX	94,820,833	-	94,820,833	-	94,820,833
TL - PROPERTY TAX	755,263,137	(50,000,000)	705,263,137	50,000,000	755,263,137
TO - OTB 5% TAX	1,710,000	-	1,710,000	-	1,710,000
TX - SPECIAL TAXES	28,112,663	-	28,112,663	-	28,112,663
<b>Total Revenues</b>	<b>3,274,205,288</b>	<b>(12,117,348)</b>	<b>3,262,087,940</b>	<b>12,117,348</b>	<b>3,274,205,288</b>