Nassau County Interim Finance Authority

NIFA

REVIEW OF NASSAU COUNTY'S ADOPTED MULTI-YEAR FINANCIAL PLAN FISCAL 2022 - 2025

October 21, 2021

NASSAU COUNTY INTERIM FINANCE AUTHORITY

DIRECTORS

Adam Barsky
Chair

Paul D. Annunziato

Mohsin Meghji

Lester Petracca

Christopher P. Wright

STAFF

Evan L. Cohen
Executive Director

Carl A. Dreyer
Treasurer

Kathleen Stella
Corporate Secretary

Jeremy A. Wise
General Counsel

Martha B. Worsham
Deputy Director

Table of Contents

I. OVERVIEW

On September 15, 2021, the Administration released its Proposed Multi-Year Financial Plan, Fiscal 2022-2025 (the “Proposed Plan”), the first year of which is the Proposed Budget for FY 2022 (the “Proposed Budget”).

On October 18, 2021, the County Legislature adopted a budget for FY 2022 as well as a multi-year financial plan for FY 2022 – 2025 (the “Budget” and “Plan,” respectively), which included several amendments to the Proposed Budget and Proposed Plan. The amendments adopted by the Legislature are subject to a 17-day period during which the County Executive can veto (10 days), and the Legislature can override (7 days) any veto.

The County’s Fiscal Challenges are Exacerbated by Proposed Fee Changes, Reductions in the Property Tax Levy, and Restrictions on Use of Excess Sales Tax

Despite the ongoing COVID-19 pandemic, the County’s near-term fiscal outlook has been much better than earlier projections, which should have translated into a favorable longer term fiscal outlook. However, three actions taken by the County have worked against fiscal balance: (1) legislation to reduce or eliminate certain fees (“Legislature Changes”); (2) the Administration’s decision to reduce the property tax levy in FY 2022; and (3) placement of an estimated $328.4 million (see footnote 1) of excess 2021 sales tax revenue into a restricted “Special Revenue Fund,” which is unavailable for use in the operating budget.[1]

Although the Legislature’s Changes (approved on October 1, 2021) translate into approximately $25.4 million in foregone revenue in FY 2021, they result in the loss of $109.2 million in budgeted recurring fee revenue beginning in FY 2022 and the loss of $50.0 million in recurring property tax revenue. These reductions are on top of the $70.0 million reduction in property tax revenue proposed by the Administration.

In place of the $109.2 million, the Legislature submitted amendments that purportedly increase net revenue by $97.1 million and reduce net spending by $12.1 million. Regrettably, included in the revenue changes is the appropriation of $74.6 million in fund balance resources, which are not revenue under Generally Accepted Accounting Principles. Consequently, this “one shot” would leave unmitigated the fiscal hole created by the Legislature’s amendments and does not replace the loss of recurring revenue.

The Legislature also increased the sales tax growth rate assumption in FY 2022 to recognize an additional $72.5 million in revenue. In addition to questioning the legality of the Legislature changing budgeted revenue assumptions, we conclude that this change may

[1] The amount of proceeds transferred to the Special Revenue Fund at year-end may need to be adjusted downward to account for projected underfunding in mandated County payments to local governments.

be too aggressive and fails to account for an associated increase in the County's local government assistance payments that would be required if the County realized the additional sales tax revenue.

At this time, we find the Budget to be out of balance. The Budget can be balanced (with more modest levels of risk) if the County Executive: (1) vetoes the Legislature's Changes, and her veto is not overridden; or (2) the Legislature and Administration agree on an equivalent amount of gap-closing savings (revenue increases and/or expenditure cuts) to mitigate the widening deficit.

Even if the Legislature's amendments are vetoed, the Administration has also jeopardized fiscal balance by proposing a $70.0 million reduction to the property tax levy in FY 2022, which cannot be restored in future years, as scheduled in the Plan, without the consent of the Legislature. This consent appears unlikely considering that one of the Legislature's amendments removed the proposed Out-Year tax increases delineated in the Proposed Plan.

Absent the above-referenced actions (vetoes or alternative gap-closing savings), we project deficits that could reach $148.2 million in FY 2022, $219.1 million in FY 2023, $253.5 million in FY 2024 and $298.1 million in FY 2025, as shown in the bottom row of the following table.

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)	($43.8)	($148.2)	($230.1)	($262.0)	($309.3)
Post CARES Act Funding, Debt Restructuring And Gap-Closing Initiatives:						$90.6*	$12.2	($148.2)	($219.1)	($253.5)	($298.1)

* Year end results including GAAP adjustments.

Final consideration of the Plan by NIFA will take place after the 17-day amendment veto/veto override period runs its course and NIFA is presented with a final submission. As it currently stands, the Plan contains projected deficits that range from almost five times to more than nine times the size of a one percent deficit, which is a threshold that requires NIFA to maintain a Control Period.

The Special Revenue Fund and the Receipt of Additional Federal Aid Provides Financial Support

As previously noted, the County's near-term financial outlook is stronger than indicated by our prior projections because of: (1) an estimated $328.4 million in sales tax revenue over the amount budgeted in FY 2021; and (2) the anticipated receipt of $385.0 million in new Federal aid from the American Rescue Plan Act ("ARPA"). The County already received $192.5 million of ARPA funds on May 19, 2021, with the balance expected to be received in May of 2022.

The potential budgetary benefit that may be realized from these two significant revenue streams is not factored into our financial projections because the former will be diverted into the Special Revenue Fund and the latter will be diverted into the American

Rescue Plan Fund. Each of these special purpose funds were created by the County Legislature and decisions to expend the deposited resources (the "Resources") require Legislative approval and must adhere to spending restrictions specified in the local law and governed by Federal regulations, respectively.

For example, the local law that established the Special Revenue Fund states:

"*The use of this special revenue fund will be to fully or partially fund tax certiorari settlements and judgments, principal and interest payments on debt issued in 2021 or later to pay tax certiorari settlements and judgments, claims against the County by the Nassau Health Care Corporation, claims relating the Fair Labor Standards Act, to fund expenses due to the loss of budgeted state aid, and to pay for unbudgeted COVID-19 response costs in the event that no federal COVID-19 assistance funds remain available to pay for such costs, and shall be restricted for any other purpose.*"

The County Executive and Legislature may want to consider amending the local law regarding the Special Revenue Fund to expand the permissible uses to include funding reserves that could be used prudently, over time, to stabilize the County's finances.

The Legislature has already approved the Administration's Economic Recovery & Community Investment Plan, which earmarks $62.9 million in ARPA Resources as follows: (1) Health & Human Resources Program ($17.9 million); (2) Department of Public Works Program ($9.0 million); (3) Economic Development Program ($32.5 million); and (4) Assistance to Special Districts ($3.5 million).

The Legislature also recently approved using ARPA Resources to fund payments of $375 to County residents earning up to $168,900 (and up to $500,000 if they can demonstrate financial losses related to the COVID-19 pandemic). The County estimates this will cost approximately $100.0 million. The Administration has not disclosed what it will recommend regarding the remaining Federal aid, which by regulation must be obligated by December 31, 2024 and spent by December 31, 2026.

Status of the Current Control Period

Because of the issues that have been outlined in this Overview and the additional details provided in the remainder of this Report, we believe it will be extremely challenging for the County to achieve recurring balance on a GAAP basis in FY 2023 through FY 2025. Naturally, our opinion might change in the event of an additional large infusion of recurring revenue or a significant realignment of expenditures.

Among the threshold statutory criteria that must be satisfied before the current Control Period can terminate is for NIFA to determine that the County has not, nor is there a substantial likelihood or imminence that it will, incur a major operating funds deficit of one percent or more during the fiscal year (assuming all revenues and expenditures are reported in accordance with GAAP). Because the one percent threshold is currently approximately $32.7 million, which is a small fraction of the projected deficits through FY

2025, significant improvement in the County's finances will be required before NIFA can consider terminating the Control Period.

Even after the termination of the Control Period, NIFA would still retain its statutory powers until its mandatory dissolution in 2051. These powers would include the reimposition of a Control Period if the County's fiscal condition were to deteriorate and there were insufficient revenues or reserves to cover any shortfalls.

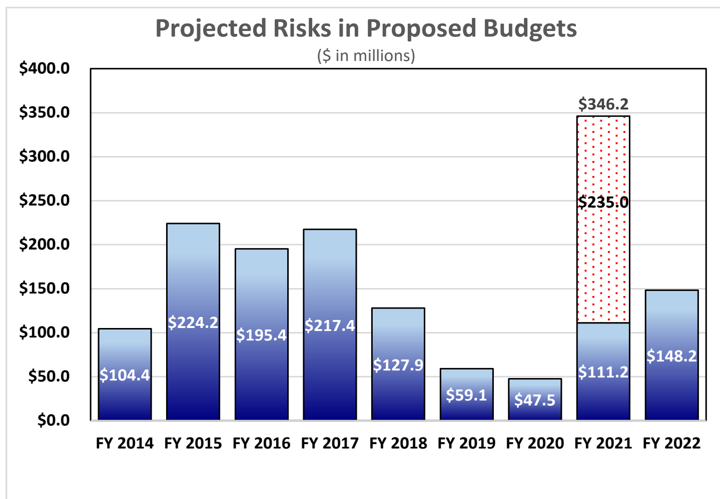
A complete enumeration of the criteria for imposing and terminating the Control Period can be found in Section §3669 of the NIFA Act, which can be found at https://nifa.ny.gov/NIFA%20Act.pdf.

II. Discussion of FY 2022

Our analysis of the Budget indicates that the County could end FY 2022 with an operating deficit in the Major Funds of approximately $148.2 million on a GAAP basis if all the risks we have identified are not resolved.[2] See "Analysis of FY 2022 Budget" in Table 1. Even if all the risks we have identified for FY 2022 are eliminated, the Administration is aware that the projected GAAP basis deficits continue to grow in FY 2023 – FY 2025 (the "Out-Years"), which we discuss in Section IV.

The projected $148.2 million deficit, which is $115.5 million greater than the threshold requiring the continuation of the Control Period that commenced in 2011 (currently a deficit of $32.7 million or more), is composed of revenue shortfalls of $158.8 million offset by expenditure surpluses of $10.6 million that we have identified.

As illustrated in the chart on the right, the projected deficit in this year's Budget is higher than the projected deficits reported at this stage in four of the eight previous years excluding 2021, which had the benefit of a proposed debt restructuring transaction that provided budget relief in the amount of $285.0 million ($50.0 million in FY 2020 and $235.0 million in FY 2021).



[2] "Major Funds" are defined as the General Fund, the Police District Fund, the Police Headquarters Fund, the Fire Commission Fund, and the Debt Service Fund. The Major Funds are the only Funds that are part of the NIFA Control Period calculation, but do not include certain major expenditures, such as the funding of sewer and storm water treatment services and support payments to Nassau Community College.

FY 2022 RISKS

Table 1 lists the major projected risks in FY 2022.

Table 1

Analysis of FY 2022 Budget Surplus / (Risk) ($ in millions)			
($ in millions)	2022 Proposed	2022 Projections	Surplus / (Risk)
Revenues:			
Fines & Forfeits	**$106.5**	**$65.8**	**($40.7)**
Public Safety Fee	*23.5*	*0.0*	*(23.5)*
Red Light Camera & Related Fees	*48.1*	*40.2*	*(7.8)*
Fines & Administrative Fees	*28.4*	*23.0*	*(5.5)*
Boot and Tow & Ticket Reconciliation	*2.3*	*0.0*	*(2.3)*
School Bus Stop Arm Camera	*2.0*	*1.0*	*(1.0)*
All other fines	*2.3*	*1.6*	*(0.7)*
Rents & Recoveries	**$41.4**	**$14.2**	**($27.2)**
Cash Recovery	*10.0*	*0.0*	*(10.0)*
Prior Year Recoveries	*9.7*	*0.0*	*(9.7)*
Sale of County Property	*5.7*	*0.0*	*(5.7)*
All other Rent & Recoveries	*16.0*	*14.2*	*(1.8)*
Departmental Revenues	**$245.3**	**$140.2**	**($105.2)**
GIS Tax Map Verification Fee	*45.0*	*0.0*	*(45.0)*
Mortgage & Deed Recording Fee	*48.9*	*8.2*	*(40.7)*
Income and Expense Law	*10.0*	*0.0*	*(10.0)*
Ambulance Fees	*24.7*	*22.7*	*(2.0)*
All other Departmental Revenues	*116.8*	*109.3*	*(7.4)*
Interfund to Police Headquarters from Sales Tax	**$111.5**	**$111.5**	**$0.0**
Sales Tax	**$1,375.0**	**$1,390.9**	**$15.9**
All other Revenues	**$1,394.5**	**$1,392.9**	**($1.7)**
Total Revenues	**$3,274.2**	**$3,115.4**	**($158.8)**
Expenditures:			
Salaries and Wages	**$934.9**	**$943.7**	**($8.8)**
Overtime	*86.0*	*91.9*	*(5.9)*
Other	*848.9*	*851.8*	*(2.8)*
Fringe Benefits	**$775.3**	**$755.8**	**$19.5**
Health Insurance Active/Retirees	*343.0*	*324.5*	*18.5*
Other	*432.3*	*431.2*	*1.0*
Transfer to Police Headquarters from Sales Tax	**$111.5**	**$111.5**	**$0.0**
Local Government Assistance	**$84.8**	**$83.1**	**$1.7**
Early Intervention/Pre-school	**$144.8**	**$147.8**	**($3.0)**
Social Services Programs	**$419.0**	**$420.4**	**($1.4)**
All other Expenditures	**$804.0**	**$801.4**	**$2.6**
Total Expenditures	**$3,274.2**	**$3,263.6**	**$10.6**
Subtotal Surplus / (Risk)			**($148.2)**

* Totals may not add due to rounding

Discussion of Major Risks Listed in Table 1

Fines and Forfeitures – The Budget includes $106.5 million in anticipated revenue from fines and forfeitures. We have identified risks in the following areas:

- *Public Safety Fee*: $23.5 million based on the Legislature eliminating the budgeted fee.

- *Red Light Camera and Administrative Fee*: $7.8 million based on current trends in FY 2021.

- *Fines and Administrative Fees*: $5.5 million based on current trends in FY 2021 primarily related to tickets issued by the Police Department and collected by the Traffic and Parking Violations Agency ("TPVA") and related administrative fees and violations against various Consumer Affairs laws.

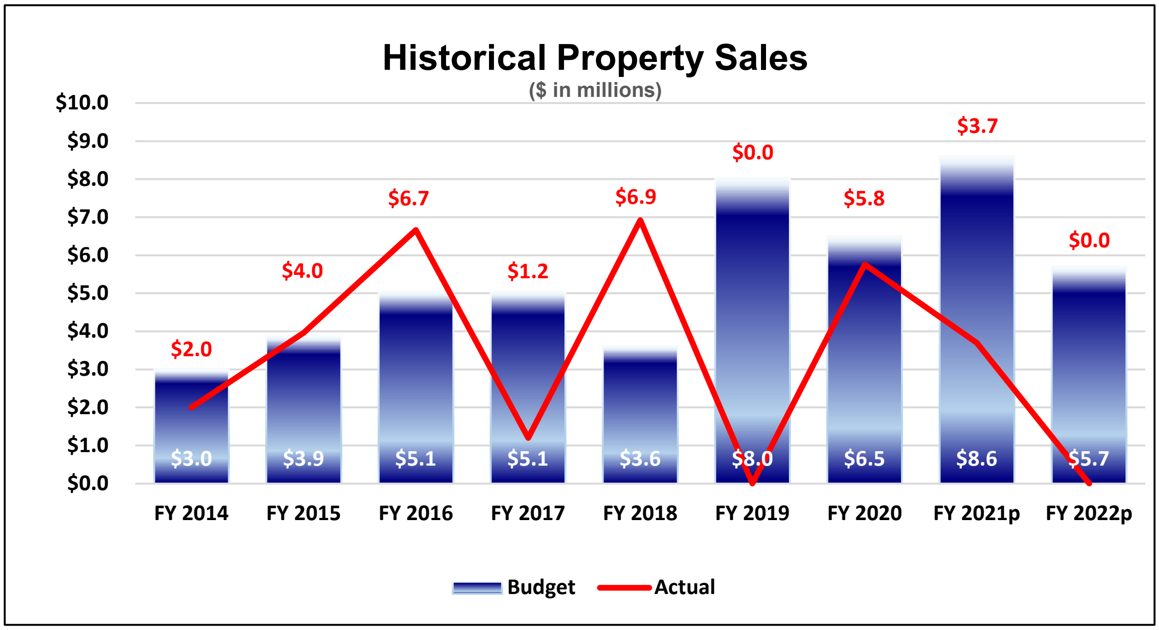
- *Boot & Tow Initiative*: $2.3 million based on uncertainty that the County will reinstate the currently suspended program targeting certain scofflaws.

- *School Bus Stop Arm Camera:* $1.0 million from the School Bus Stop Arm Camera Program. Revenues will be dependent on the number of school districts that opt into the program. As of September 30, 2021, no school district has opted in.

- *All Other Fines:* $0.4 million shortfall in forfeited bail and forfeited property through seizure and $0.3 million in alarm permit fines.

Rents and Recoveries – The Budget includes $41.4 million in rents and recoveries, which is a category of revenue that includes the sale of County property, rental income from tenants that occupy County facilities, recoveries generated by the reversal of prior year appropriations, and recoveries associated with the settlement of claims brought by the County.

Included in the $41.4 million is a $5.7 million "one shot" that the Administration expects to realize from the sale of County property in FY 2022. We have been given little information about progress in this area and note that there have been years when anticipated transactions closed later than expected (or not at all) and budgeted revenues fell short, as illustrated in the chart below. Consequently, we consider the revenue anticipated from property sales to be at risk until specific parcels are identified, potential purchasers are located, contractual agreements are reached, and the Legislative approvals are secured.



The Budget includes $10.0 million in revenue the Administration expects to recognize if it can close certain over-funded capital projects that it determines are complete. These resources are uncertain and even if achieved, cannot be counted as revenue under GAAP accounting principles (required by the NIFA Act) and must be subtracted from the FY 2022 operating results.

Similarly, the Administration anticipates a future reversal of $9.6 million in unspent appropriations from prior years; however, under the NIFA Act, this amount would be recognized in the operating results for the purposes of the Control Period calculation.

Finally, other rents and recoveries are budgeted at $14.2 million, of which we are holding $1.8 million at risk. Based on current trends, these risks include cash recoveries, recovery of coliseum utilities and recoveries from settlement of claims brought by the County against a defendant for damages to police vehicles, ambulances, or other police related vehicles.

Departmental Revenues – The Budget includes $245.3 million in departmental revenue, of which we project $105.2 million to be at risk. We have identified the following risks:

- *GIS Tax Map Verification Fee*: Based on the Legislature's decision to eliminate the fee, we are projecting a shortfall in the amount of $45.0 million. However, even if the County Executive restores the fee by vetoing the legislation, there would be substantial attendant risk since the fee has already been judged to be unconstitutional, which is a ruling the County is appealing.

- *Mortgage and Deed Recording Fees*: Based on the Legislature's decision to reduce these fees by approximately 83% (from $300 to $50), we are projecting a shortfall in the amount of $40.7 million.

- *Income and Expense:* The Administration is optimistic that in 2022 the New York State Court of Appeals will overturn a lower court ruling and rule in favor of the County's Income and Expense Law, which requires commercial property owners to provide income statements for properties that charge commercial rent. Property owners who do not comply will be subject to a fine, which the Administration estimates could produce up to $60.0 million by FY 2025, but it has budgeted a more conservative $10.0 million for its first year in FY 2022. We believe any budgeted funds based on this decision are premature.

- *Ambulance Fees:* The Budget includes $24.7 million from collections in Ambulance fess. Based on current trending we estimate a potential $2.0 million shortfall.

- *Other Departmental Revenue*: Under this category we include a shortfall due to historical trending in the following categories: $3.6 million from Welfare Receipts in the Department of Social Services; $1.5 million from fees collected in the Parks Department; $0.5 million from miscellaneous Fees in the County Clerk; $0.5 million from fees collected by the Police District; $0.4 million from Fees collected by the Fire Commission; offset by a projected increase in fees collected by the Health Department. The remaining risk of $0.9 million is allocated in various departments.

Sales Tax Revenue – Sales tax is the largest revenue source for the County, comprising 42.0% of all revenues in the Major Funds in FY 2022, and is budgeted at approximately $1.375 billion in FY 2022. This revenue component is up 25.7% to-date compared to the same period in FY 2020 and the Administration assumes that it will exceed budgeted levels in FY 2021 (all of which would be diverted to the Special Revenue Fund when it closes it books for the year), continue its upward trend in FY 2022 and grow by 1.5% annually in the Out-Years ("Forward Growth Rate Assumptions").[3]

We find the Forward Growth Rate Assumptions to be reasonable based on historical trends. However, we caution that actual receipts must be watched closely considering the lingering cloud of the COVID-19 pandemic and the expiration of various governmental support programs (Federal stimulus payments, supplemental unemployment insurance benefits, etc.) that have helped fuel consumer spending decisions during the pandemic. To

[3] The Administration projected FY 2022 sales tax revenue by growing FY 2019 sales tax revenues by 3.1% three times: for 2020, 2021 and 2022. The theoretical calculations served to avoid the distorted impact of the anomalous pandemic years of 2020 and 2021.

put the current robust strength in perspective, year-to-date sales tax revenue is up 14.0% compared to the same period in FY 2019 (pre-pandemic).

There is an opportunity for sales tax revenue to exceed the Administration's projections if the County sustains the remarkable pace of economic activity. There is also a chance that the pace of economic activity could slow. Moving in either direction, sales tax revenue could differ from the Administration's projection by approximately $13.7 million for every percentage point variance in growth rates in FY 2022.

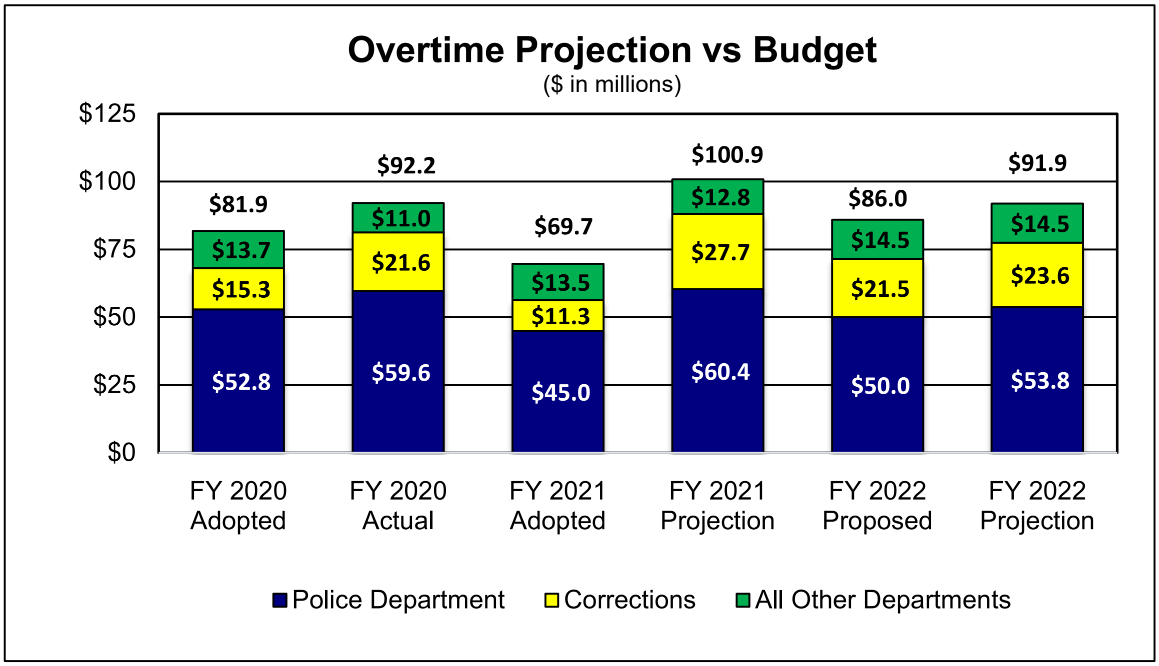
Salaries and Wages – We note that most labor agreements expired at the end of FY 2017. Since that time, the County entered new contracts with the Detectives Association, Inc. ("DAI") and the Superior Officers Association ("SOA") covering the period January 1, 2018, through June 30, 2026.

The County continues to collectively bargain with its unsettled unions: The Police Benevolent Association, Inc. ("PBA"), the Sheriff's Correction Officers Benevolent Association, Inc. ("COBA"), the Civil Service Employees Association, Inc. ("CSEA"), and the District Attorney Investigators Police Benevolent Association ("I-PBA"). The Administration is looking to ensure that all contracts with these unions will be consistent with the pattern established by its contracts negotiated with the DAI (and followed by the SOA).

The Plan includes funding for mandated step increases and pattern-matching COLAs for all union-represented employees. Consequently, any effort by the remaining unions to deviate from the established pattern would exacerbate the projected deficits, require a reopening of the DAI and SOA contracts, and likely be rejected by NIFA.

The Administration projects that salaries and wages will total $934.9 million in FY 2022. Our analysis indicates that the assumptions are not unreasonable if its policy of pattern bargaining is adhered to. However, our analysis indicates a projected variance from the Administration's estimate for overtime costs, which may be under budgeted by approximately $8.8 million (mostly in the Police Department and the Correctional Center). The projected shortfall may be offset by projected savings in funded full-time, part-time, and seasonal employee vacancies, if they remain unfilled.

The Police Department has the largest proposed overtime budget in FY 2022, at $50.0 million, which is $5.0 million higher than the adopted FY 2021 Budget and $10.4 million lower than our projection for FY 2021.



The Administration expects to schedule two classes of police officers (150 new officers, combined) during FY 2022 to address the upward pressure on overtime spending attributed to existing and future vacancies; however, we are hesitant about recognizing the anticipated positive impact on overtime costs until the new officers have been hired and trained and we see evidence of success.

The Correctional Center has the second largest proposed overtime budget at $11.3 million in FY 2021, which is $16.4 million below our projections. Overtime spending at the Correctional Center has increased each year since FY 2016, even though the average census of prisoners has declined. The overtime trend worsened in FY 2019; however, the Correctional Center hired two new classes in FY 2021 and expects to hire two additional classes in FY 2022, which we assume will help restrain runaway overtime spending moving forward.

We believe that workforce management and savings from vacancies and attrition could mitigate some of the Police and Correctional Center overtime risk.

Headcount – The Budget contains 7,327 full-time positions, which is 98 positions higher than the FY 2021 Adopted Budget (see Appendix B), and 120 positions higher than the County's September 9 on-board headcount of 7,207. The Budget also includes an unallocated attrition factor of 300 heads.

The funded headcount in the Budget has increased when compared to the FY 2021 Adopted Budget. The highest number of vacancies are in the departments in public safety, Social Services, the Health Department and Public Works.

Department	FY 2022 Budget	On Board	Vacancy
Police Department	3,313	3,257	56
NC Sheriff/Correctional Center	930	879	51
District Attorney	459	410	49
Social Services	555	506	49
Public Works	405	370	35
Probation	201	175	26
Health Department	181	158	23
Fire Commission	98	82	16
Other Agencies	1,485	1,370	115
Attrition factor budgeted centrally	(300)	0	(300)
Total Headcount	**7,327**	**7,207**	**120**

Fringe Benefits – The Administration deserves praise for proposing to pay down a $195.0 million pension liability balance that had been deferred each year since 2012, including a small component owed by the Nassau Community College. The County's liability will be paid in two installments, with $153.9 million to be paid in FY 2022 and $39.7 million in FY 2023.

The monies were owed under a State authorized program that allowed the County to amortize certain pension costs over several years. The original program, which was called the "Contribution Stabilization Program," allowed the deferred portion to span ten years. Beginning in 2014, the County began to use the "Alternate Contribution Stabilization Program," which allowed the amortization period to be extended by two years to 12 years.

That said, our analysis indicates that fringe benefits may be overfunded by $19.5 million. The projected surplus is composed of several variances. Based on current trending, we estimate that health insurance costs for active and retirees is overbudgeted by $10.3 million and $8.2 million respectively. Additionally, there is a $1.0 million surplus related to FICA expense.

Early Intervention/Preschool Special Education – Early Intervention is a program that provides services to children under the age of three with developmental delays and disabilities. Preschool Special Education serves children age three to five providing educational and supportive services. Both programs are administered by the County's Department of Health.

The County decreased the Department's FY 2022 budget request by $3.0 million because they are currently pursuing "State Legislation to cap or mitigate the local cost of preschool and early intervention services." Since there is uncertainty surrounding State approval of this initiative, we are currently risking the $3.0 million adjustment.

Emergency Vendor Payments – The Department of Social Services ("DSS") makes emergency vendor payments directly to vendors servicing clients eligible for the Temporary Assistance for Needy Families ('TANF"), Safety Net Assistance ("SNA"), and

Person in Need of Supervision ("PINS") programs. The Administration increased their assumptions for FY 2022 by $3.6 million when compared to the FY 2021 Adopted Budget. However, based on caseloads and current trending we estimate that Emergency Vendor Payments could be approximately $1.4 million higher than the proposed amount.

Other Concerns

In addition to the risks described above, we want to highlight areas of concern which, if addressed, could help facilitate the County's ability to achieve and maintain balance on a GAAP basis.

Contingency Reserve –The Budget does not allocate funding for contingencies, such as from potentially lower sales tax revenues and higher expenditures for overtime. The Administration's decision to not maintain any reserve for contingencies in the Out-Years is equally disconcerting and not consistent with recommended budgeting practices or its own Guidelines.

Other Reserves – The County should consider transferring FY 2021 surplus resources at year-end into one or more reserves that can be used in future years to fund liabilities that may become payable. For example, the County could supplement its Litigation Reserve to be more fiscally prepared to pay the large, estimated non-certiorari litigation liabilities reported in its financial statements. Likewise, the County could establish a reserve to hold resources that it expects to pay to its unsettled unions once new labor agreements are reached. There may be other reserves that, if funded, would also accomplish the same goal of stabilizing future County finances with currently available resources.

III. Legislative Amendments

This section discusses the amendments adopted by the Legislature on October 18, 2021.

The Legislature made several changes to the Proposed Budget and Proposed Plan, which in aggregate resulted in the Major Funds of the FY 2022 Budget being decreased by $12.1 million, as shown in the following table.

Legislative Amendments	Revenues	Expenditures
Decrease in Expenses related to Judgements	-	(7.0)
Debt Service Opportunity	-	(2.6)
Vacancy Opportunity Centralized in OMB	-	(1.3)
Reduction of Personnel and related Fringe Costs in Constituent Affairs	-	(1.1)
Reduction of Personnel in OMB	-	(0.5)
Increase in Contractual Exp. In the Health Dept. (Rodent Ext. Program)	-	0.5
GIS Tax Map Fee Elimination	(45.0)	-
Mortgage Recording Fee Reduction	(31.7)	-
Public Safety Fee Elimination	(23.5)	-
Deed Recording Fee Reduction	(9.1)	-
Subtotal Legislative Amendments	**($109.2)**	**($12.1)**
		-
Legal/GAAP Questions		-
Fund Balance Appropriation	74.6	-
Sales Tax Increase	72.5	-
Tax Levy Reduction	(50.0)	-
Subtotal Legal/GAAP Questions	**$97.1**	**$0.0**
		-
Total Legislative Amendments	**($12.1)**	**($12.1)**

* Totals may not add due to rounding

The amendments also include reductions of Out-Year property tax revenues by $80.0 million in FY 2023, $95.0 in FY 2024 and $105.0 million in FY 2025. The Legislature ostensibly offset the property tax revenue reduction by increasing the projection for sales tax revenue in the Out-Years by using more aggressive growth rate assumptions.

Expenditure Amendments:

Decrease in Expenses Related to Judgments – This amendment eliminates $7.0 million of "unnecessary outside counsel fees." The FY 2022 Budget increased the total appropriation for Judgments and Settlements by $15.0 million when compared to the FY 2021 Adopted Budget. Historically, the actual expenses related to Judgements and

Settlements have been broken down into different expenditure classifications. The apparent increase is aligned with historical allocations; therefore, we don't see this action as an opportunity.

Debt Service Opportunity – The County Comptroller reported that budgeted debt service is overstated by $2.6 million in FY 2022 due to lower than projected borrowings. We believe that this is a reasonable opportunity for savings, and it is already reflected in our projections.

Vacancy Opportunity Centralized in OMB – The Proposed Budget includes funding for vacancies. This amendment staggers anticipated hiring in FY 2022 to realize $1.3 million in savings resulting from the delay. We believe that this is a reasonable opportunity for savings in FY 2022; however, we note that the savings are non-recurring.

Reduction of Personnel and Related Fringe Costs in Constituent Affairs – This amendment targets on-board staff in the Department of Constituent Affairs. The amendment reduces salaries and fringe related costs for this Agency in the amount of $1.1 million.

Reduction of Personnel in OMB – Similar to the adjustment in Constituent Affairs, this amendment targets on-board staff in the Office of Management and Budget as part of their suggested re-allocation of staff to Departments more appropriate to their titles. The amount to be reduced totals $0.5 million.

Increase in Contractual Expenditures in the Health Department (Rodent Extermination Program) – The amendment funds a Rodent Extermination Program in the contractual budget line of the Health Department for $0.5 million.

Revenue Amendments:

The following revenue items were eliminated/reduced by the Legislature at their meeting on October 1, 2021. As of the date of the issuance of this Report these actions have not been signed into Law. The total fee elimination amounts to $109.2 million.

Legislative Reduction of Fees	$ Amount
GIS Tax Map Fee Elimination	(45.0)
Mortgage Recording Fee Reduction	(31.7)
Public Safety Fee Elimination	(23.5)
Deed Recording Fee Reduction	(9.1)
Total Reduction	**($109.2)**

* Total may not add due to rounding

Amendments Subject to Legal Scrutiny and/or are Not in GAAP Compliance:

Fund Balance Appropriation/Tax Levy Reduction: The FY 2022 Proposed Budget includes $24.6 million to fund retroactive pay to union members with unsettled contracts, in accordance with the pattern established by collective bargaining agreements reached with the DAI and SOA unions. The amendment appropriates resources from Fund Balance to pay these costs, thereby creating savings in the operating budget.

The amendments also reduce the property tax levy by an additional $50.0 million (for a total of $120.0 million, including the Administration's $70.0 million reduction). The recurring budget hole resulting from the additional reduction is proposed to be offset by appropriating an additional $50.0 million in non-recurring Fund Balance.

Fund balance resources are not revenue under Generally Accepted Accounting Principles. Consequently, the appropriation of these resources does not contribute to budget balance.

Sales Tax Increase – This action increases sales tax by $72.5 million. In addition to questioning the legality of the Legislature's amendments that change budgeted revenue assumptions, we conclude that this change may be too aggressive and fails to account for an associated increase in the County's local government assistance payments that would be required if the County realized the additional sales tax revenue.

IV. THE OUT-YEAR GAPS: FY 2023 – FY 2025

This section discusses the projected Out-Year gaps (FY 2023 – FY 2025) and the Administration's plan for ensuring balance in these years.

Sizing the Out-Year Gaps – The Administration assumes that even if it can mitigate all risks in FY 2022, projected baseline gaps between recurring revenues and expenditures will emerge in the Out-Years totaling $39.2 million in FY 2023, $23.8 million in FY 2024, and $41.9 million in FY 2025. It has presented a Gap Closing plan to address these gaps.

Our analysis indicates that if the risks we identified in FY 2022 are not satisfactorily addressed with recurring solutions, the Administration's projections of Out-Year gaps may be understated by approximately $190.9 million in FY 2023, $238.2 million in FY 2024, and $267.4 million in FY 2025. Stated differently, we project that the baseline gap could reach $230.1 million in FY 2023, $262.0 million in FY 2024 and $309.3 million in FY 2025, as shown in Table 2. The projected gaps would be larger if the Legislature's $50.0 million additional property tax levy reduction is implemented.

Table 2

Projected Out-Year Gaps are Understated before GAAP closing actions			
($ in millions)	FY 2023	FY 2024	FY 2025
County Estimated Baseline Gap*	($39.2)	($23.8)	($41.9)
NIFA Risks	(190.9)	(238.2)	(267.4)
NIFA Estimated Baseline Gap	($230.1)	($262.0)	($309.3)

* The baseline gaps were calculated by the Administration using growth rate assumptions listed in Appendix C.

Most of these risks are extrapolated from our analysis of projected revenues and expenditures in FY 2022, which are described in detail earlier in this Report. In addition, we have placed the incremental value of the property tax levy increases delineated in the Plan at risk because they require Legislative action to implement. This consent appears unlikely considering that one of the Legislature's amendments removed the proposed Out-Year tax increases.

Other Major Issues

There are also a few Out-Year concerns that require closer examination, as discussed below.

Judgments and Settlements - The Administration is funding its annual, non-certiorari judgments and settlements with $45.0 million in operating revenue in FY 2022 and in each of the Out-Years. Our analysis indicates that this amount is conservative based on average historical liability; however, it makes no provision for potentially large judgments or settlements, which are pending and likely to reach resolution in FY 2022 and the Out-Years.

The County currently has only $29.7 million in its Litigation Reserve Fund to mitigate potentially large judgments or settlements, including Workers' Compensation claims, and has made no provision to increase this amount in the future even though the County is a defendant in several major lawsuits. The County Comptroller has reported that as of December 31, 2020, the County has potential liabilities of $591.2 million for non-certiorari litigation and $349.6 million for Workers' Compensation claims.

It is very likely that resolution of these potential liabilities will result in actual costs far exceeding budgeted amounts and require a debt issuance. It is likely that NIFA will, once again, need to decide if future generations should be forced to pay the lion's share for past liabilities even though the County currently has the ability to increase its reserves.

Property Tax Certiorari - Significant property tax certiorari liability continues to confound County efforts to improve its balance sheet. The tax certiorari liability was reported by the Comptroller to be $647.7 million, including LIPA-related claims on December 31, 2020.[4] This estimate was approximately $60.0 million higher than it was on December 31, 2019.

We have been told that the pandemic limited the County's ability to mitigate the balance of its tax certiorari liability; however, it has worked aggressively in 2021 to already pay out approximately $108.5 million through October 5, 2021, and intends to pay out approximately an additional $200.0 million in refunds before the end of the year. We recently received a plan from the Administration that documents its proposed timing for reducing the liability to $110.0 million by FY 2025 and will be discussing it with them shortly.

Contingency Reserve – The Plan does not contain a budgeted contingency reserve in any of the Out-Years. With so much uncertainty in the County's fiscal outlook, we advise the County to take the necessary steps to fund a contingency reserve with at least $10.0 million in operating revenues annually. Reasonable contingency reserves are expected by bond rating agencies and are part of any well-constructed budget because of the probability that certain assumptions will break unfavorably in any year. Even a modest contingency reserve could buffer the otherwise disruptive impact on operations caused by unforeseen increases in expenditures or unanticipated shortfalls in revenues.

Other Reserves – As previously noted in Section II, the County should consider transferring FY 2021 surplus resources at year-end into one or more reserves that can be used in future years to fund liabilities that may become payable. For example, the County could supplement its Litigation Reserve to be more fiscally prepared to pay the large, estimated non-certiorari litigation liabilities reported in its financial statements. Likewise, the County could establish a reserve to hold resources that it expects to pay to its unsettled

[4] If the County reaches a settlement with LIPA for these claims, with no retroactive liability, the long-term liability will still be approximately an eye popping $400.0 million, all else being equal.

unions once new labor agreements are reached. There may be other reserves that, if funded, would also accomplish the same goal of stabilizing future County finances with currently available resources.

***

The following discussion describes the Administration's plan to close the baseline gaps it has projected, as shown in Table 3. However, as discussed above (and illustrated in Table 2), our analysis indicates that the Administration's projections of baseline gaps are understated (also delineated on the top line of Table 3).

Table 3

County Gap-Closing Plan						
	FY 2023		FY 2024		FY 2025	
($ in millions)	COUNTY	NIFA	COUNTY	NIFA	COUNTY	NIFA
Estimated Baseline Gap	**($39.2)**	**($230.1)**	**($23.8)**	**($262.0)**	**($41.9)**	**($309.3)**
County Gap-Closing Options						
Expense/Revenue Actions						
eFMAP Reconciliation	11.0	11.0	8.5	8.5	11.2	11.2
State Aid Mandated Cap	10.0		10.0		10.0	
Building Consolidation	5.0		5.0		5.0	
Sales Tax from Belmont	3.0		3.0		3.0	
Sports Betting	1.0		2.0		3.0	
Marijuana Sales	1.0		2.0		2.0	
Efficiency Program	10.0		10.0		10.0	
Energy Reduction Initiative	1.0		1.5		1.5	
Total Gap-Closing Options	**$42.0**	**$11.0**	**$42.0**	**$8.5**	**$45.7**	**$11.2**
Remaining Surplus / (Deficit)	**$2.8**	**($219.1)**	**$18.2**	**($253.5)**	**$3.8**	**($298.1)**

Closing the Out-Year Gaps – Our analysis raises concerns with many of the initiatives, particularly with projected savings resulting from the Administration's Efficiency Program and Economic Recovery Revenue initiatives. Even if we give partial credit for some of the other initiatives, our analysis indicates that the projected value of the Administration's gap-closing plan will be insufficient to close NIFA's estimates of baseline gaps. As shown in Table 3, the projected gaps would still be $219.1 million in FY 2023, $253.5 million in FY 2024 and $298.1 million in FY 2025.

Discussion of County Gap-Closing Initiatives Listed in Table 3

Expense/Revenue Actions – The Administration has referenced several initiatives (see discussion that follows) that it is pursuing and that the Administration projects could generate additional revenue or reduce expenditures in the Out-Years. While theoretically this may be true, in most instances our discussions and review of the plans for implementation of these initiatives have generated little confidence that the projections are achievable.

eFMAP Reconciliation – The Administration claims that $11.0 million can be realized in 2023, $8.5 million in FY 2024, and $11.2 million in FY 2025 when the enhanced Federal Medical Assistance Percentage ("eFMAP") is reconciled. These estimates are not unreasonable.

State Aid Mandated Cap – Because of increased State mandated services provided by the County related to certain pre-school children, the Administration expects that reimbursements from New York State will increase by $10.0 million beginning in 2023. As far as we can tell, this is not based on any discussions with the State and must be considered highly speculative.

Building Consolidation – The Administration claims that reductions in its workforce during the past few years have provided opportunities for reduction of office space and centralization of its staff. They state that the County will also realize utility and maintenance savings from consolidation. Although the premise makes sense, the Administration has not provided support for the savings, such as a roadmap and timeline for transferring employees out of leased space to County-owned facilities.

Sales Tax from Belmont – The Administration expects to realize $3.0 million in additional sales tax revenue, in each of the Out-Years, during and after construction of the new Belmont Arena and the Hub development project surrounding the Nassau Coliseum. These incremental amounts would come from additional local sales tax from entertainment, lodging and various other sources. Although the construction of the Belmont Arena is nearly complete, plans for the Hub have yet to be finalized. Consequently, we question the assumptions behind these modest sales tax revenue increments in the Out-Years.

Sports Betting – Despite the legalization of mobile sports betting in New York State in April of 2021, the State Gaming Commission anticipates first awarding contracts to carriers in February of 2022 at the earliest. Additionally, we have yet to see any revenue sharing documentation to support the Administration's assumptions and Resorts World Casino in Aqueduct must be awarded a license for mobile sports wagering before any discussion regarding revenue sharing can commence.

The County will also have to wait until early 2022 to find out whether the State Legislature will authorize a desired incremental 1,000 Video Lottery Terminals ("VLTs") to the Nassau County OTB. The County will need to ensure that agreements are reached with OTB and Genting, who operates Resorts World Casino, to secure VLT gaming revenue.

Marijuana Sales – The Administration anticipates collecting $1.0 million in additional sales tax revenue in FY 2023 and then $2.0 million per year, beginning in FY 2024, from the legalization of recreational marijuana use under the NYS Cannabis/Marijuana Regulation & Taxation Act. We question the assumptions because the County opted out of allowing recreational marijuana retail establishments to open in Nassau County.

Efficiency Program – The Administration claims that consolidation and realignment of workforce levels will provide an additional $10.0 million of savings in each of the Out-Years. NIFA believes that any such savings would have been reflected in the salaries and fringes categories and therefore risks the entire amounts.

Energy Reduction Initiative – The Administration claims to be finalizing a Master Cost Recovery Agreement with the New York Power Authority that will allow the County to finance and realize savings from energy efficiency projects and intends to focus on street lighting with local municipalities. There are no further details regarding this initiative.

IV. CONCLUSION

The County will remain fiscally challenged throughout the term of the Multi-Year Financial Plan to the extent the fee and property tax revenue reductions remain in place. Furthermore, Out-Year deficits could worsen if sales tax growth wanes because of future weakness in the local economy.

The County has the ability to end the Control Period but continues to squander its resources by enacting short-term politically expedient measures. Consequently, the County will likely remain in a control period for an extended period.

The recipe for exiting the Control Period is well known. The County must adopt measures that significantly raise the level of recurring revenue enough to fund its current obligations and desired level of services. In the alternative, the County must radically cut the level of its recurring expenditures so that they match its available recurring revenues. A reasonable course of action would combine both approaches.

V. APPENDICES

Appendix A
Proposed Multi-Year Financial Plan, Fiscal 2022-2025

MAJOR FUNDS

EXPENDITURES

OBJECT	2022 Proposed	2023 Proposed	2024 Proposed	2025 Proposed
AA - SALARIES, WAGES & FEES	934,890,738	951,570,681	990,624,848	1,031,717,913
AB - FRINGE BENEFITS	775,270,435	682,340,506	652,292,160	667,980,421
AC - WORKERS COMPENSATION	34,812,100	34,812,100	34,812,100	34,812,100
BB - EQUIPMENT	5,949,420	5,949,420	5,949,420	5,949,420
DD - GENERAL EXPENSES	43,698,715	43,806,263	43,813,688	43,877,507
DE - CONTRACTUAL SERVICES	300,201,106	303,127,316	306,012,130	308,852,641
DF - UTILITY COSTS	36,040,854	35,815,423	35,972,865	36,235,146
DG - VAR DIRECT EXPENSES	5,250,000	5,250,000	5,250,000	5,250,000
FF - INTEREST	91,421,096	104,778,557	108,103,068	111,237,163
GA - LOCAL GOVT ASST PROGRAM	84,755,653	86,008,239	87,279,612	88,570,056
GG - PRINCIPAL	32,470,001	132,585,000	146,485,000	117,415,001
HH - INTERFUND CHARGES	23,031,962	21,712,152	21,375,902	21,033,652
MM - MASS TRANSPORTATION	46,780,511	47,562,724	48,363,711	49,183,921
NA - NCIFA EXPENDITURES	2,330,000	2,050,000	2,115,000	2,185,000
OO - OTHER EXPENSE	182,004,858	223,568,163	230,260,146	251,901,361
PP - EARLY INTERVENTION/SPECIAL EDUCATION	144,756,580	147,256,580	148,756,580	150,256,580
SS - RECIPIENT GRANTS	50,850,000	50,850,000	50,850,000	50,850,000
TT - PURCHASED SERVICES	70,485,373	70,485,373	70,485,373	70,485,373
WW - EMERGENCY VENDOR PAYMENTS	61,145,142	61,395,142	61,645,142	61,895,142
XX - MEDICAID	236,533,590	245,200,531	241,683,528	242,518,652
Total Expenditures	**3,162,678,134**	**3,256,124,170**	**3,292,130,273**	**3,352,207,049**

REVENUES

OBJECT	2022 Proposed	2023 Proposed	2024 Proposed	2025 Proposed
BA - INT PENALTY ON TAX	34,825,000	34,825,000	34,825,000	34,825,000
BC - PERMITS & LICENSES	18,378,065	17,719,440	18,378,065	17,719,440
BD - FINES & FORFEITS	106,482,491	106,482,491	106,482,491	106,482,491
BE - INVEST INCOME	2,315,000	2,315,000	2,315,000	2,315,000
BF - RENTS & RECOVERIES	41,360,319	23,360,319	23,360,319	23,360,319
BG - REVENUE OFFSET TO EXPENSE	20,518,091	20,513,341	20,516,466	20,511,544
BH - DEPT REVENUES	245,309,587	248,436,587	254,076,127	259,728,458
BO - PAYMENT IN LIEU OF TAXES	55,166,758	56,405,424	57,681,983	58,967,431
BQ - CAPITAL RESOURCES FROM DEBT	1,500,000	1,200,000	1,200,000	1,200,000
BS - OTB PROFITS	20,000,000	20,000,000	20,000,000	20,000,000
BW - INTERFUND CHARGES REVENUE	74,899,003	80,200,406	85,422,845	87,196,042
FA - FEDERAL AID REIMBURSEMENT OF EXPENSES	156,785,018	140,285,018	140,164,678	139,996,589
SA - STATE AID REIMBURSEMENT OF EXPENSES	225,053,004	227,923,561	230,085,396	232,262,066
TA - SALES TAX COUNTYWIDE	1,280,179,167	1,299,663,124	1,319,439,340	1,339,512,199
TB - PART COUNTY SALES TAX	94,820,833	122,475,655	124,312,790	126,177,482
TL - PROPERTY TAX	755,263,137	785,263,137	800,263,137	810,263,137
TO - OTB 5% TAX	1,710,000	1,710,000	1,710,000	1,710,000
TX - SPECIAL TAXES	28,112,663	28,112,663	28,112,663	28,112,663
Total Revenues	**3,162,678,134**	**3,216,891,165**	**3,268,346,298**	**3,310,339,861**
Surplus / (Deficit)	**-**	**(39,233,006)**	**(23,783,976)**	**(41,867,189)**

Appendix B
FY 2022 Budget Full-Time Headcount (HC) Comparison Table

Department	FY 2021 Adopted HC	FY 2022 Proposed HC	Inc / (Dec) 2022 vs. 2021	On Board 9 - Sep - 21	Inc / (Dec) Proposed vs. On Board
AN - ASIAN AMERICAN AFFAIRS	4	6	2	3	3
AR - ASSESSMENT REVIEW COMMISSION	63	70	7	64	6
AS - ASSESSMENT DEPARTMENT	153	162	9	156	6
AT - COUNTY ATTORNEY	88	93	5	85	8
BU - OFFICE OF MANAGEMENT AND BUDGET	28	28	-	28	-
CA - OFFICE OF CONSUMER AFFAIRS	25	26	1	22	4
CC - NC SHERIFF/CORRECTIONAL CENTER	923	930	7	879	51
CE - COUNTY EXECUTIVE	13	13	-	13	-
CF - OFFICE OF CONSTITUENT AFFAIRS	15	15	-	15	-
CL - COUNTY CLERK	89	90	1	82	8
CO - COUNTY COMPTROLLER	84	84	-	77	7
CS - CIVIL SERVICE	45	45	-	44	1
CV - CRIME VICTIMS	6	7	1	4	3
DA - DISTRICT ATTORNEY	448	459	11	410	49
EL - BOARD OF ELECTIONS	161	160	(1)	141	19
EM - EMERGENCY MANAGEMENT	8	9	1	8	1
FC - FIRE COMMISSION	91	98	7	82	16
HE - HEALTH DEPARTMENT	180	181	1	158	23
HI -HOUSING & INTERGOVERNMENTAL AFFAIRS	14	14	-	13	1
HR - COMMISSION ON HUMAN RIGHTS	5	6	1	5	1
HS - DEPARTMENT OF HUMAN SERVICES	61	59	(2)	58	1
IT - INFORMATION TECHNOLOGY	115	117	2	107	10
LE - COUNTY LEGISLATURE	98	99	1	93	6
LR - OFFICE OF LABOR RELATIONS	5	6	1	5	1
MA - OFFICE OF MINORITY AFFAIRS	8	11	3	8	3
ME - MEDICAL EXAMINER	85	91	6	86	5
PA - PUBLIC ADMINISTRATOR	6	7	1	5	2
PB - PROBATION	184	201	17	175	26
PD - POLICE DEPARTMENT	3,285	3,313	28	3257	56
PE - DEPARTMENT OF HUMAN RESOURCES	8	9	1	8	1
PK - PARKS, RECREATION AND MUSEUMS	144	149	5	143	6
PR - SHARED SERVICES	12	12	-	12	-
PW - PUBLIC WORKS DEPARTMENT	391	405	14	370	35
RM - RECORDS MANAGEMENT	11	10	(1)	8	2
SA - COORD AGENCY FOR SPANISH AMERICANS	6	6	-	3	3
SS - SOCIAL SERVICES	555	555	-	506	49
TR - COUNTY TREASURER	29	27	(2)	25	2
TV - TRAFFIC & PARKING VIOLATIONS AGENCY	43	45	2	42	3
VS - VETERANS SERVICES AGENCY	8	9	1	7	2
SubTotal	**7,497**	**7,627**	**130**	**7,207**	**420**
Unallocated HC Reduction	(268)	(300)	(32)	-	(300)
Grand Total	**7,229**	**7,327**	**98**	**7,207**	**120**

Appendix C
Multi-Year Plan Baseline Inflators

Category	2023, 2024, 2025	Inflator Explanation
Expenditures		
Employee Benefits:		
Non-Police Pension	-3.0%, 2.0%, 2.0%	Assumptions based on available bills and recent historical increases
Police Pension	2.5%, 1.5%, 2.0%	Assumptions based on available bills and recent historical increases
Health Insurance - Active	3.0%, 3.0%, 3.0%	Highest average increase over last 3, 5 or 9 years
Health Insurance - Retirees	3.0%, 3.0%, 3.0%	Highest average increase over last 3, 5 or 9 years
Other Than Personal Services	Flat, Flat, Flat	
Utilities:		
Light and Power	-0.76%, 2.03%, 0.58%	EIA (US DOE) 2021 Annual Energy Outlook Price Projection for Commercial Customers, (Reference Case)
Brokered Gas	-5.61%, -5.84%, -0.01%	
Trigen	-3.15%, -3.30%, 0.54%	Blended (2/3 weighting for Natural Gas and 1/3 weighting for the ten-year average CPI
Fuel	4.05%, 0.52%, -1.04%	EIA (US DOE) 2021 Annual Energy Outlook Price Projection for Commercial Customers, (Reference Case)
Water	2.67%, 2.67%, 2.67%	Derived from the NY Public Service Commission's 2017 Five Year Book, Percent Increase in Average Annual Bill per Customer, and weighted equally with the CPI
Telephone	1,62%, 1.62%, 1.62%	Assumes increases consistent with the 10 year average growth in the CPI - All Urban Consumers (New York - Northern New Jersey-Long Island, NY-NJ-CT-PA)
Medicaid	Flat, Flat, Flat	Based on Weekly Medicaid Cap prior to Relief
Social Services Entitlements	Variable	Reflects most current caseload information
Special Education Program	Variable	Reflects most current caseload information
Revenues:		
State Aid	Variable	Variable based upon reimbursement formula
Federal Aid	Variable	Variable based upon reimbursement formula
Sales Tax	1.5%, 1.5%, 1.5%	