

INDEPENDENT AUDIT ADVISORY COMMITTEE

Report on Committee Operations

2018 - 2021

December 30, 2021

JACK SCHNIRMAN
NASSAU COUNTY COMPTROLLER

JACK SCHNIRMAN NASSAU COUNTY COMPTROLLER



OFFICE OF THE NASSAU COUNTY COMPTROLLER

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December 30, 2021

In June of 2018, I announced the formation of a newly revitalized Independent Audit Advisory Committee ("IAAC"). This group was established to play a key role in providing much-needed fiscal oversight and act as another set of eyes and ears, with its feedback intended to help develop solutions to address systemic problems like poor fiscal controls or inefficient management practices. At that time, the County was on the brink of a fiscal emergency and the same approach to County finances would not improve our fiscal outlook.

As I said at the time, this committee gives local subject-matter experts - who are not connected to government - a seat at the table. To that end, we invited Nassau County residents with governmental accounting, auditing, or finance experience who are interested in serving on the committee to visit our website and fill out a form to join. At the outset, we determined that it was imperative that we had a consistent meeting schedule and clear goals. We committed to starting this process in our first 100 days in office so this group could get to work helping restore accountability to government.

In December of 2021, almost four years later, the County's finances are in much better shape. The County has gone from a \$122.4 million deficit in the primary operating funds for fiscal year 2017 to a \$128.1 million surplus in the primary operating funds in 2020, as reported in our Comprehensive Annual Financial Reports). Further, our Office had projected a surplus heading into 2022. However, the time ahead is critical.

As we state in our Office's "Guiding Principles" report, with the passing of multiple relief bills, large amounts of federal and state money have been infused into local governments to combat the lingering economic effects of COVID-19 shutdowns. It is incumbent upon governments to approach this rare moment responsibly, with an eye toward strategic long-term sustainability. Smart investments can make transformative progress and ensure that structural gaps are narrowed and closed in our budgets and our communities.

There are several ways in which local governments can make smart decisions to improve municipal finances. An economic recovery that helps people will lead to a more sustainable recovery for our County government's finances as well. It is especially vital in the time ahead that policymakers are vigilant in keeping the County's finances moving in the right direction and to continue this work going forward.

The IAAC members spent countless hours reviewing the County's finances, keeping up to date on important fiscal matters and sharing their wisdom and expertise with the County. With their input, we provided enhanced oversight, moved ERP forward to modernize and limit risk, invested in cyber security, continually improved Open Nassau and launched the Comptroller's Scorecard, the Federal ARPA Funding Tracker, and so much more.

Nassau County is stronger today because of the work of our dedicated IAAC members, and I am grateful for their service.

Sincerely,

Jack Schnirman

Nassau County Comptroller

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Background

Establishment of Committee

The Independent Audit Advisory Committee (IAAC) was first created in 2003 by former Nassau County Comptroller Howard Weitzman. In 2018, Comptroller Jack Schnirman reinvigorated the Committee to assure a more involved group of experts to offer oversight of the County's financial reporting, internal fiscal controls and risk management, and provide input on best practices to help guide the Comptroller's Office.

New Committee members with experience and expertise in accounting, financial reporting and finance who were independent and had no conflicts or business related to County government were sought via public calls to service made by the Comptroller, including stories in local newspapers requesting participation. From these requests for Committee members, a number of remarkable individuals stepped forward, were interviewed and vetted, and five exceptionally talented Nassau County residents were selected to serve.

Committee Members

The Committee is composed of at least five independent members, experienced County community/business financial leaders selected by the Comptroller, who are independent of the County and local governments. The Committee members served without compensation. The Committee members who served between 2018 and 2021 are as follows:

- 1. <u>Colleen Woodell (Committee Chair)</u> Former Chief Credit Officer, Global Corporate and Government Ratings for Standard & Poor's and Past Chair of the Municipal Securities Rulemaking Board. Woodell's four-decades-long career includes years as a credit analyst; user of audits and financial statements; and work with Moody's Investor Services, Fitch Investor Services, and Standard & Poors.
- Frank Romeo (Committee Vide-Chair) Senior Vice President and Assistant Corporate
 Controller for the Estée Lauder Companies Inc., a Fortune 500 Company. Romeo
 previously held several corporate and commercial finance and strategy positions for the
 Estée Lauder Companies Inc. and started his career with Big Four accounting firm Price
 Waterhouse LLP.
- 3. Stuart Klein Former First Deputy Director of the New York City Office of Management and Budget, representing the Mayor from 1996-2011 on the City's audit committee. Klein is also the Executive Vice President and Chief Financial Officer of New York Law School, where he designed and implemented a long-term financial plan for the more than 125-year old independent law school.

- 4. **Paul Smolevitz** A founding partner and Managing Director of TM Capital Corp. Smolevitz is a current member and former chair of the Audit Committee of the Mid-Island Y Jewish Community Center. He received his B.S. in Economics from the Wharton School of the University of Pennsylvania and an M.B.A. from Harvard Business School. His experience includes audit work as a public accountant for Big Four accounting firm Deloitte.
- 5. <u>Kevin Walwyn</u> Program Manager, Engineering Compliance at Google with over 20 years of experience in information technology, IT audit, and advisory services. Mr. Walwyn has more than 15 years of experience in technology audit, including tenures at KPMG and most recently with Wiley as a Director of Technology Audit. He also holds several industry credentials including the Certified Information Systems Auditor (CISA), Certified in Risk and Information Systems Control (CRISC), Certified Fraud Examiner (CFE), and the Project Management Professional (PMP).

Ex-Officio Non-Voting Members of the IAAC include:

- The County Comptroller or designee;
- County Executive or designee;
- Majority and Minority Member of the Legislature's Finance Committee or designees.

It should be noted that the version of the Committee that functioned prior to 2018 did not include members representing the Nassau County Legislature. For full transparency, Comptroller Schnirman included representatives from both the Majority and Minority of the Legislature's Finance Committee.

Operating Guidelines

New operating guidelines for the Committee were established in 2018, with the input of the new Committee members. (See Appendix A for the full IAAC Operating Guidelines.)

The Purpose of the Committee is stated as follows:

The Nassau County Independent Audit Advisory Committee ("IAAC") assists in the oversight of Nassau County's ("County") financial reporting, internal fiscal controls and risk management. The Committee provides advice to the County where appropriate on items ranging from the scope of services to be provided by the independent auditors to the resolution of audit findings and corrective action plans. In addition, the committee is tasked to meet at least once annually with the County's independent auditors about significant risks or exposures facing the County and assess the steps the County has taken or proposes to take to minimize such risks

<u>The role of the Committee</u> is advisory only, making such recommendations it believes appropriate.

The Committee's operating guidelines stated that an annual report summarizing its activities each year be prepared and adopted and be made available to the public. Annual Reports for July of 2018 to June of 2021 are included in Appendix B. This report also serves to represent the operations of the Committee from July of 2021 through December of 2021, and also incorporates the prior two annual reports to provide a full representation of the Committee's operations between 2018 and 2021.

Meetings Held by the IAAC, 2018 – 2021

A total of 16 meetings were held by the IAAC from the time it was established in 2018 to year-end 2021. During the COVID-19 pandemic, the important work of the IAAC continued - in an abundance of caution, the meetings were conducted via video conference calls (Zoom) rather than in person.

Comptroller's Independent Audit Advisory Committee (IAAC) Meeting Dates 2018 - 2021

	Meeting Date	Location
1	July 23, 2018	Comptroller's Office Conference Room
2	September 17, 2018	Comptroller's Office Conference Room
3	November 16, 2018	Comptroller's Office Conference Room
4	February 8, 2019	Comptroller's Office Conference Room
5	April 25, 2019	Comptroller's Office Conference Room
6	June 18, 2019	Comptroller's Office Conference Room
7	September 4, 2019	Comptroller's Office Conference Room
8	November 18, 2019	Comptroller's Office Conference Room
9	February 10, 2020	Comptroller's Office Conference Room
10	July 8, 2020	Video Conference (Zoom)
11	September 16, 2020	Video Conference (Zoom)
12	November 30, 2020	Video Conference (Zoom)
13	February 23, 2021	Video Conference (Zoom)
14	July 22, 2021	Video Conference (Zoom)
15	September 14, 2021	Video Conference (Zoom)
16	December 14, 2021	Video Conference (Zoom)

Additionally, conference calls and other communication between the Comptroller's staff and Committee members took place to discuss emerging issues and other items of importance that needed to be addressed prior to the regularly scheduled meetings.

Major Issues Addressed by the IAAC, 2018 – 2021

Throughout the tenure of the IAAC, the Comptroller and staff presented analysis and information about a variety of fiscal issues. A number of Fact Sheets, Power Point Presentations, Audit Reports and other materials were provided to the Committee for review and discussion. Appendix C includes fact sheets provided; Appendix D includes a list of the audit reports issued that were provided to Committee members.

I. Reviewing Audited Financial Statements, Comprehensive Annual Financial Reports and Single Audits

The County's independent external audit firm annually presented the Committee with a review of the County's audited financial statements, the Comprehensive Annual Financial Report¹, the Single Audit of federal grants, a pre-audit plan and any draft audit findings. See Appendix E for web links to the Comprehensive Annual Financial Reports discussed. The following major discussions related to the financials were held:

2017 Audited Financial Statements, 2017 Comprehensive Annual Financial Report & 2017 Single Audit

- The 2017 Audited Financial Statements were presented by the County's external auditors. (7/23/2018 Meeting). Highlights:
 - \$1.2 billion change in liabilities, including \$1 billion from Other than Post-Employment Benefits (OPEB). This is a large increase, which is due to a change in the standard used by all actuaries, this was an industry-based issue.
 - Large increase in tax liability, Nassau's ability to make these payments are a growing concern. \$200 million in tax certs was related to revaluations.
 - GASB 87, Leases, is on the horizon, the County should start now to implement the new lease pronouncement.

¹ Note, the Comprehensive Annual Financial Report was previously referred to as the "CAFR." The Governmental Accounting Standards Board (GASB) has proposed changing the name of the report to the "Annual Comprehensive Financial Report.")

- Significant deficiency: internal control over financial reporting due to the County's aging financial systems ("NIFS"). The system does not support the County's accounting needs, is very manual, inefficient, time consuming and risky. The Committee discussed updating the financial system (See NIFS/ERP issue later in this report for more information.)
- > Comptroller Schnirman noted that the 2017 Comprehensive Annual Financial Report, submitted on 6/30/2018, was the first time this important report was submitted on time in the last seven years.
- Committee members requested that the Office provide a simplification of the Comprehensive Annual Report, an explanation in terms the public can understand.
- The 2017 Single Audit was presented by the County's external auditors. (11/16/2018) Meeting). Highlights:
 - Issued in September 2018.
 - There were five internal control findings and three compliance findings. These issues would be addressed in an upcoming "boot camp" with departmental accounting personnel. It was not anticipated that these findings would lead to grant disallowances.

2018 Audited Financial Statements & 2018 Comprehensive Annual Financial Report

- The 2018 Audited Financial Statements were presented by the County's external auditors. (9/4/2019 Meeting). Highlights:
 - Nassau adopted GASB 85 (OPEB) this year.
 - No unusual transactions were identified.
 - There is a deficiency of revenues under expenditures indicating that the County has too much reliance on bonding.
 - Controls have strengthened over prior years.
 - There are no disagreements with management and no significant difficulties encountered during the audit process.
- The Comptroller and County Director of Accounting discussed the 2018 Comprehensive Annual Financial Report. Highlights:
 - The report was once again filed on time
 - The financial information included in the Report was uploaded to the Open Nassau online transparency platform to make it more easily accessible to the public.
 - For the first time, the County prepared and submitted a Popular Annual Financial Report (PAFR) which extracts information from the Comprehensive

Annual Financial Report specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance. This is a major achievement for the County.

The 2018 Single Audit was discussed at the 9/18/2019 meeting, where the County Director of Accounting noted that there were some material weaknesses and significant deficiencies.

2019 Audited Financial Statements and 2019 Comprehensive Annual Financial Report

The 2019 Audited Financial Statements were presented by the County's external auditors (7/8/2020 Meeting). While the COVID-19 pandemic led to some changes in how they planned to conduct the audit, the County was cooperative, and the audit and the Comprehensive Annual Financial Report were completed on time.

- It was noted that the 2019 Comprehensive Annual Report was once again filed on time, despite extensions which were available due to the pandemic. A PAFR was also prepared for the second year, and Nassau County received an award for the PAFR filed last year.
- > The 2019 Single Audit was presented by the County's external auditors at the 11/30/2020 meeting. Highlights:
 - A number of prior findings were cleared up as they were no longer necessary.
 - The County should be commended for not needing an extension to complete the Single Audit in light of the current pandemic.

2020 Audited Financial Statements and 2020 Comprehensive Annual Financial Report

- > The 2020 Audited Financial Statements were presented by the County's external auditors (7/22/2021 Meeting). (See Appendix F for Power Point Presentation) Highlights:
 - Results were positive.
 - No new material weaknesses.
 - All recommendations made for fiscal year 2019 were implemented.
- > The Comptroller noted the following about the 2020 Comprehensive Annual Financial Report:
 - For the fourth consecutive year during our tenure, the report was submitted on time.
 - The report shows a \$128.1 million surplus in Nassau County's operating funds. This surplus demonstrates that Nassau County managed the financial challenges brought on by the COVID-19 pandemic, such as declining sales tax and other economically sensitive revenues.

- Since the 2018 fiscal year, Nassau County has actively taken steps to navigate out of crisis and position itself to work towards long term financial stability
- Through corrective actions taken by the County, effective application of federal funding and timely debt management, the County ended the year without painful layoffs, cuts in services, or general fund tax hikes, mitigating a potential operating deficit as high as \$340 million, ultimately closing the year with a \$128 million surplus 2020 shows a clear success in managing an unprecedented financial crisis.
- It goes without saying that the COVID-19 pandemic had an unprecedented effect on our communities, our local economy, and as a result, our County's finances.
- We modeled low, moderate, and high impact scenarios of the effect of the pandemic on sales tax revenues. From the various scenarios performed, our Office's lower-impact, no second-wave scenario, resulted in the closest estimate of 2020 sales tax revenues to actual revenues performed by any of the County's fiscal monitors.
- Our Annual Financial Report shows a clear success in managing this an unprecedented financial crisis. Furthermore, the County demonstrated that local government is capable of adaptation and modernization and continued to make progress towards sustainability.
- Once again, the Comptroller's Office prepared a Popular Annual Financial Report (PAFR) released in conjunction with the Annual Financial Report.
- The County was also awarded a GFOA Certificate of Achievement for its 2019 PAFR. Our team did a total redesign of the Popular Report and the County for the first time received the "Triple Crown Award" from GFOA, which signifies the government has received all three GFOA awards (the Certificate of Achievement for Excellence in Financial Reporting Award, Distinguished Budget Presentation Award, and Popular Annual Financial Reporting Award).

II. Reports on the County's Budget: Mid-Year Report on the County's Finances & Proposed Budget Review of Risks & Opportunities

Staff from the Comptroller's Office presented the Committee with analysis and information contained in the Office's mid-year reports and the proposed budget review of risks and opportunities reports which are required by the Nassau County Charter. See Appendix E for links to the Mid-Year and Proposed Budget Review Risks & Opportunities reports presented to the IAAC.

Mid-Year Report on the County's Finances.

The Nassau County Charter §402 (9) requires that the Office of the Nassau County Comptroller prepare a report on the status of the budget for the first six months of the current fiscal year and give an opinion concerning whether there will be a surplus or deficit.

- > 2018 Mid-Year Report on Nassau County's Financial Condition July 31, 2018. As presented by the Comptroller at the September 17, 2018 IAAC meeting:
 - In 2018 the County is projected to face a significant operating deficit in the amount of \$117.1 million and ending unassigned fund balance deficit of \$135.1 million.
 - The operating deficit could be improved by approximately 70% (\$117.1 million to approximately \$34 million) if possible, transactions materialized by year-end. Given the amount of time remaining, a major correction to these projections was unlikely.
 - In the Comptroller's testimony to the Legislature recently regarding the Mid-Year report, he informed Legislators that going forward in the interests of providing the taxpayer with clear and consistent financial reporting, the Office of the Nassau County Comptroller will be reporting results using the national standard for governmental accounting known as Generally Accepted Accounting Principles (GAAP). Further, he stated that the County continues to face challenges such as inefficient implementation of issued Governmental Accounting Standards Board (GASB) statements and that we continue to have material weaknesses in our audited results including, but not limited to, the County's outdated financial system.
- ▶ **2019 Mid-Year Report** on Nassau County's Financial Condition July 31, 2019. As presented by the Comptroller at the September 4, 2019 IAAC meeting:
 - Sales tax: "risked" in the review as it was beginning to slow, and although the last two sales tax checks had improved, the Office was taken a conservative approach. Internet sales tax was not included in our sales tax projections as sufficient information regarding it was not available from NY State.
 - Video lottery terminal revenue: "risked" in the review as the County does not have a current agreement with OTB.
 - Funded vacant positions: "opportunity" as there appeared to be funds budgeted for positions which were not filled.
- ➤ 2020 Mid-Year Report on Nassau County's Financial Condition July 31, 2020. As presented by the Comptroller at the September 16, 2020 IAAC meeting:

- Projections indicate the County could end the current year with a \$340.4 million operating deficit and an ending unassigned fund balance deficit of \$227.1 million in the primary operating funds under GAAP.
- Prior to the pandemic, the County's finances were going in the right direction.
- A range of sales tax projections using different COVID related scenarios were completed using the Office's new sales tax modeling tool.
- Sales tax revenues were impacted by the pandemic, and there could be a tremendous revenue loss in 2020 as compared to budget.
- Pension costs should increase modestly.
- ➤ <u>2021 Mid-Year Report</u> on Nassau County's Financial Condition July 31, 2021. As presented by the Comptroller at the September 14, 2021 IAAC meeting:
 - County continues to make positive financial progress and was on track to generate a GAAP surplus estimated at \$79.8 million.
 - There will be an opportunity to make significant investments in moving toward long-term financial sustainability.
 - A deficit was projected for the SSW fund.

Review of the Proposed Budget, Risks & Opportunities.

The Nassau County Charter §402 (8) requires that in connection with the proposed County Budget for each fiscal year, on or before the date of the annual budget hearing (required by §304 of the Nassau County Charter), the Office of the Nassau County Comptroller render an opinion as to the reasonableness of the estimates contained in the proposed budget relating to non-real property tax revenues.

- 2019 Comments on the Risks and Opportunities: Proposed Nassau Cunty 2019

 Budget & Multi-Year Financial Plan- October 12, 2018. Discussed at the November 16, 2018 IAAC meeting.
 - 2019 Proposed Budget includes approximately \$40.7 million in budget risks.
 - Excess funding for vacant positions was included and a dependence on increased sales tax revenues was concerning.

- > 2020 Proposed Nassau County 2020 Budget & Multi-Year Financial Plan: Comments on the Risks and Opportunities – October 2019. Discussed at the November 18, 2019 IAAC Meeting.
 - 2020 Proposed Budget includes approximately \$61.7 million in budget risks.
 - There appears to be a structural deficit of \$19.8 million.
 - The Proposed Budget underfunds Early Intervention & Pre-School Costs by \$19.4 million, and overbudgets sales tax by \$10.6 million, fines and forfeitures by \$6.9 million and departmental revenues by \$9.8 million.
 - A \$3.2 million operating surplus was identified.
- > 2021 Proposed Nassau County 2021 Budget & Multi-Year Financial Plan: Comments on the Risks and Opportunities – October 2020. Discussed at the November 30, 2020 IAAC Meeting.
 - 2021 Proposed Budget includes \$256.6 million in budget risks, which would be reduced by \$32.3 million after restructuring, legislative action on a new revenue initiative and net of labor agreement assumptions.
 - The proposed refinancing provides significant savings to mitigate dramatic reductions in sales tax and other revenues caused by the COVID-19 pandemic's impacts on the economy.
 - The structural deficit inherited in the 2021 Proposed Budget is approximately \$277.7 million.
 - Our Office projects a 16.6% reduction in sales tax checks for the rest of 2020.
- > 2022 Nassau County's Proposed 2022 Budget Review of Risks & Opportunities -September 29, 2021. Discussed at the December 14, 2021 IAAC Meeting. (See Power Point Presentation regarding the 2022 budget review in Appendix F.)
 - NIFA approved the County Executive's 2022 budget at their 12/7/21 meeting. The budget was approved as proposed – the amendments proposed by the Legislature were not adopted.
 - The 2022 Proposed Budget includes some prudent fiscal steps, such as paying off most of the amortized pension liability which has accumulated over a decade.
 - The Proposed Budget reduces recurring revenues with a multi-year Property Tax reduction (\$70 million in 2022), shifting the percentage of overall County revenues more to Sales Tax than any other revenue source. While this can reduce the burden

to property owners, it can create financial risk to County finances going forward and should be monitored closely.

- While sales tax has been strong, it remains an extraordinarily economically sensitive revenue stream. Business economists have warned that slower economic growth can be possible due to COVID-19 variants, among other factors.
- The County must approach this moment thoughtfully if we are to continue to progress towards and ultimately achieve long-term financial sustainability.
- The path to sustainability and to ending the NIFA control period lies in the choices we make right now.

III. **Open Nassau Transparency Portal**

The Comptroller's Office created and launched Nassau County's Open Nassau Transparency Portal in 2019, creating a transparent view of the County's finances. Demonstrations of the portal were provided at IAAC meetings, and the introduction of new modules were discussed at many IAAC meetings, as summarized below. (Open Nassau may be accessed at the following web link: https://opennassau.nassaucountyny.gov/.)

February 8, 2019 IAAC Meeting:

- > Open checkbook is the first module of Open Nassau, a very exciting initiative for the Office as we strive to increase transparency. It is important to have payments the County's has made to vendors open to the public. The Open Checkbook module in test-mode was demonstrated for IAAC feedback prior to full internet posting.
- > Previously the data displayed in Open Checkbook was only made public in raw form and was not user friendly. Using this platform, data is easily searchable and can be regularly updated so that the public can intuitively see how the County is spending its money.

April 25, 2019 IAAC Meeting:

- > Open Checkbook is now live on the internet, and the Office is regularly updating the data posted. The data included in Open Checkbook is easily accessible, right from your own smart phone, and this information used to take an inordinate amount of time for the public to retrieve.
- Additional modules are being prepped for launching, including Open Payroll, and Open Budget.

• June 18, 2019 IAAC Meeting:

- ➤ Open Payroll module is live, which displays salary information in a database that is searchable by department and job title. The data will be updated annually and goes back to 2015.
- ➤ Open Budget is a cloud-based platform that takes the County's annual approved budget document and displays it in a manner that clearly shows where the County expects to receive its funds from each year and where that money is proposed to be spent. There is a dynamic search feature that allows information to be sorted and can automatically track and display data back to 2015.

• September 4, 2019 IAAC Meeting:

- ➤ A new feature of Open Nassau is that it contains information included in the County's Comprehensive Annual Financial Report.
- The next feature to be added to the platform will be a fiscal health scorecard.
- ➤ The IAAC has been extremely helpful in reviewing the modules and providing input as the modules have been developed.
- ➤ The Open Nassau transparency portal has had thousands of web hits to date and we have heard of a variety of people using it in different ways.

• November 18, 2019 IAAC Meeting:

Another new module of Open Nassau was launched, the "Comptroller's Scorecard" which displays the key indicators we use to measure Nassau County's fiscal health in an easy to navigate dashboard, pulling data from the Comprehensive Annual Financial Report, in addition to our Office's assessment of the direction each measure is taking.

• February 10, 2020 IAAC Meeting:

- The Comptroller once again acknowledged and thanked the IAAC for their input and comments on the roll out of Open Nassau.
- The software vendor (Socrata) contacted the Comptroller's Office to be a participant in a case study.
- Another module was launched, cash receipts. Socrata informed us that Nassau County is only the second of the many municipalities that use their software to include cash receipts.
- The Comptroller's Scorecard and other parts of Open Nassau are living documents and are constantly being updated, and IAAC members were asked to convey any best practices regarding the platform.

July 8, 2020 IAAC Meeting:

- Update on Comptroller's Office during COVID-19: An update on the Financial Impact Analysis ("FIA") regarding County Sales Tax Revenue was provided and the Committee was informed that the results of the analysis can be found on our Open Nassau platform.
- The Comptroller reported that we have updated Open Nassau to include information from the latest Comprehensive Annual Financial Report and added revenue (cash receipts) to the platform.
- The Comptroller noted that we are one of the few counties to make cash receipts accessible like this to the public.
- The Scorecard on Open Nassau would once again be updated after the mid-year report is issued.

> September 16, 2020 IAAC Meeting:

- The Comptroller reported that we have updated the numbers on Open Nassau related to our mid-year report and we released a tool kit on equity.
- The Comptroller's Office has been asked to present on the work done with Open Nassau to other municipalities.

November 30, 2020 IAAC Meeting:

- The Comptroller discussed the new tool kit on equity on Open Nassau and a new policy report on childcare has been added to the portal - everyone is encouraged to review.
- The Comptroller noted that we have taken local financial transparency to a new level and thanked all those involved in the process.

February 23, 2021 IAAC Meeting:

- The Comptroller described how in 2017, the County had a D in transparency and that much has been done to through Open Nassau to improve Nassau's County's transparency: in 2019, and in partnership with the County Executive, the Comptroller's Office spearheaded Open Nassau, our robust open data platform to modernize the County's finances and make them easily accessible to the public.
- Since the launching of Open Nassau, the platform has grown to include key initiatives, such as the Comptroller's Scorecard, which displays the key indicators used to measure Nassau County's fiscal health, as well as policy and research reports in one accessible repository.
- The Comptroller added that Open Nassau is a critical piece of our transparency work.

➤ July 22, 2021 IAAC Meeting

- The Comptroller noted that as we continue our work throughout 2021, we have a strong focus on making Open Nassau more accessible and more useful.
- The Office has updated our Scorecard and will continue to update it in the near future to continue to tell a visual story of the County's fiscal condition. A detailed review of the Scorecard was provided.
- It was noted that Open Nassau has been used to respond to FOIL requests as well as having been utilized by academia here in Nassau County.

> September 14, 2021 IAAC Meeting:

- Committee members were informed that some of the charts utilized in the Office's recent 2021 Mid-Year Report came from our Open Nassau platform.
- The Comptroller noted that we continue our work on making the County's financial data more accessible and more useful. The various modules were reviewed, including Open Checkbook and Revenues; Open Budget and Finance; Open Payroll; Open Scorecard; and Policy & Research reports.
- The next goal would be to add a federal funds tracker in Open Nassau, as well as a community-oriented mapping module
- December 14, 2021 IAAC Meeting:
 - The Comptroller demonstrated two new modules of Open Nassau have been recently launched:
 - The Community Indicators Index is an interactive tool that visualizes core Census data by County and Census Track to display critical information about Nassau County, including demographics, economic development, education, healthcare, commuting method to work, and so much more. This module combines our Office's financial transparency work with our equity work.
 - The Federal ARPA Funding Tracker was designed to transparently track how Nassau County is spending \$385 million of American Rescue Plan Act (ARPA) funding. This was outlined as the number one best practice in our Offices Guiding Principles report. The tool displays information so that the people of Nassau County can understand where ARPA funding is being appropriated and spent.

IV. Other Matters Discussed

IAAC members discussed a wide variety of issues with the Comptroller and staff throughout the four year operations of the Committee, including the following subjects:

- RFPs
- ERP Financial System

- Cyber Security
- GASB Pronouncements
- GASB Training
- Accounting Boot Camp
- Audit risk assessments
- Comptroller directives

<u>Appendix A – Office of the Nassau County Comptroller Operating Guidelines</u> <u>for the Independent Audit Advisory Committee (Established 2018)</u>



OFFICE OF THE NASSAU COUNTY COMPTROLLER OPERATING GUIDELINES FOR THE INDEPENDENT AUDIT ADVISORY COMMITTEE

PURPOSE

The Nassau County Independent Audit Advisory Committee ("IAAC") assists in the oversight of Nassau County's ("County") financial reporting, internal fiscal controls and risk management. The Committee provides advice to the Comptroller where appropriate on items ranging from the scope of services to be provided by the independent auditors to the resolution of audit findings and corrective action plans. In addition, the committee is tasked to meet at least once annually with the County's independent auditors about significant risks or exposures facing the County and assess the steps the County has taken or proposes to take to minimize such risks.

ANNUAL REPORT

At the end of each year, an annual report shall be prepared and adopted by the committee summarizing its activities for such period. This annual report shall be made available to the public.

COMPOSITION OF THE COMMITTEE

Members of the Committee are appointed by the Comptroller in the following manner:

The Committee is composed of a minimum of:

At least five independent members*, experienced County community/business/financial leaders selected by the Comptroller, who are independent of the County and local governments. One of the five independent members shall be chosen by the Comptroller, with the consent of the committee, to serve as committee chairperson and one shall be similarly chosen as vice-chairperson. The vice-chairperson shall assume the responsibilities of the chairperson when the chairperson is not available.

* The committee may conduct its business with fewer members while awaiting the filling of vacancies.

Ex-Officio Non-Voting Members:

County Comptroller or designee; County Executive or designee; and a Majority and Minority Member of the Legislature's Finance Committee or designees



Collectively, the Committee should possess the expertise and experience in accounting, financial reporting and finance needed to understand and advise on the preparation of the governmental financial statements and the independent audit of those statements.

GOOD STANDING

A Member shall be considered in Good Standing and eligible to vote on issues presented before the Committee if the Member has attended a minimum of two meetings in a twelve-month period. Members who do not meet the minimum attendance requirement may be removed from the Committee unless good cause for such absences has been accepted by the Comptroller with consent of the committee.

TERMS OF APPOINTMENT

Service on the Committee is pro-bono. County officials serving on the Committee will not receive compensation in addition to their regular salaries. All administrative expenses shall be borne by the Comptroller's Office. The term of Service for independent members shall be a three-year term. Independent members may be reappointed at the end of their term for additional terms. All independent members shall hold their position until successors are chosen, except where an independent member has resigned or has been removed from the Committee.

PLACE OF MEETINGS

All meetings of the Committee shall be held at the Comptroller's Office or any other venue that has been designated from time-to-time.

REGULAR MEETINGS

The Committee shall schedule regular meetings at least quarterly and special meetings as necessary. Notice of all meetings shall be provided at least five business days prior to such meeting. Meetings shall not be delayed or rescheduled due to the absence of one or more Committee members so long as at least a quorum of the Committee is present.

SPECIAL MEETINGS

Special meetings of the Committee may be called at any time by the Comptroller and notice of such special meeting shall be given at least one day prior to such meeting.

QUORUM

Unless otherwise provided herein, a simple majority of the independent members then on the Committee shall constitute a quorum in order to conduct official business, except that when the number of independent members constituting the Committee shall be an even



number, two-thirds of the independent members shall constitute a quorum. Each independent member shall be entitled to one vote on each matter submitted to vote before the Committee.

RESIGNATION

Any independent member may resign at any time by giving written notice to the Comptroller. A resignation is effective upon the date provided for in the notice. If no date is provided for in the written notice, the resignation shall take effect at the next scheduled meeting.

REMOVAL

All independent members serve at the pleasure of the Comptroller and may be removed with the consent of the Committee. A member shall be removed for cause, upon the advice of the Comptroller, with consent of the Committee. Cause shall include, but not be limited to, at the discretion of the Comptroller and the Committee, non-disclosure of material fact(s) which if known would present a conflict of interest, breach of a duty of confidentiality, breach of the Media Relations and Social Media policy, a breach - without excuse - of the attendance requirements provided for in these guidelines and/or a breach of any applicable ethical or professional rules of conduct.

VACANCIES

A vacancy or vacancies shall be deemed to exist in the event of an independent member's death, resignation or removal, if the authorized number of independent members is increased or if there is a failure to appoint the full number of authorized independent members.

SUBCOMMITTEES

The Committee shall establish subcommittees from time-to-time where it is deemed necessary for conducting its business.

ADVISORY ROLE

The Committee's role is advisory only. It may make such recommendations as it believes appropriate to its role but shall have no authority to take any independent actions with respect to its role, except to make such recommendations.

Appendix B – IAAC Annual Reports

Office of the Nassau County Comptroller The Independent Audit Advisory Committee (IAAC) Framework for Annual Report – July 2018 to June 2019

According to the IAAC's Operating Guidelines, at the end of each year, an annual report shall be prepared and adopted by the committee summarizing its activities for such period. This annual report shall be made available to the public.

During this time period (July 2018 to June 2019), the Committee consisted of the following members:

Colleen Woodell, Chair

Frank Romeo, Vice-Chair

Stuart Klein

Paul Smolevitz

Kevin Walwyn

The IAAC met on July 23, 2018, September 17, 2018, November 16, 2018, February 8, 2019, April 25, 2019, and June 18, 2019.

Responsibility and Accomplishments

- The IAAC assists in the oversight of Nassau County's (County) financial reporting, internal fiscal controls and risk management. The Committee's role is advisory only. It may make such recommendations as it believes appropriate to its role but shall have no authority to take any independent actions with respect to its role, except to make such recommendations
- Over the course of six meetings, the IAAC has accomplished the following, in addition to open discussions at the respective Committee meetings and between the scheduled sessions.

- Reviewed 2017 Comprehensive Annual Financial Report (CAFR), and Single Audit Update and reviewed draft findings
- Reviewed 2018 Mid-Year Report on Nassau County's Financial Condition, and Proposed 2019 Budget & Multi-Year Financial Year Risks & Opportunities
- Reviewed the Media Relations and Social Media Policy, and received information regarding the County's Procurement and Capital Projects Process
- Reviewed RSM Reports, i.e., Department of Transportation Audit, Accounting Boot Camp Training, YE Closing / 2018 Audit Plan
- Provided input on 2018 Fact Sheets and Special Reports, and the Committee Operating Guidelines including Role of IAAC and IAAC Annual Report
- Provided guidance on the ERP Financial Systems Capital Project and issued a Letter of Support to Nassau County Legislature
- Reviewed and provided guidance on various Requests for Proposals (RFPs) or contributed to discussions relating to: Annual Audit Services, Accounting Services in Connection with CAFR Preparation, Leases (GASB 87 Assistance) and Other Technical Services, ERP Financial Systems, Indirect Cost Services, Actuarial Consulting Services. Provided input on Appointment of Service Providers
- Discussed Comptroller's Control Directives (1-4) and others as deemed necessary
- Received updates on Nassau County Open Checkbook and other initiatives Socrata Financial Transparency Platform, and GFOA Popular Report
- Discussed the process of implementing a risk-based Audit approach
- Received a Presentation on Cyber Security

Office of the Nassau County Comptroller The Independent Audit Advisory Committee (IAAC) Annual Report – July 2019 to June 2020

According to the IAAC's Operating Guidelines, at the end of each year, an annual report shall be prepared and adopted by the committee summarizing its activities for such period. This annual report shall be made available to the public.

During this time period (July 2019 to June 2020), the Committee consisted of the following members:

Colleen Woodell, Chair

Frank Romeo, Vice-Chair

Stuart Klein

Paul Smolevitz

Kevin Walwyn

The IAAC met on September 4, 2019, November 18, 2019, and February 10, 2020. The IAAC Subcommittee members met on May 7, 2020.

Responsibility and Accomplishments

- The IAAC assists in the oversight of Nassau County's (County) financial reporting, internal fiscal controls and risk management. The Committee's role is advisory only. It may make such recommendations as it believes appropriate to its role but shall have no authority to take any independent actions with respect to its role, except to make such recommendations
- Over the course of five meetings, the IAAC has accomplished the following, in addition to open discussions at the respective Committee meetings and between the scheduled sessions:
- Reviewed 2018 Comprehensive Annual Financial Report (CAFR), and Single Audit Update and reviewed draft findings
- Reviewed 2019 Mid-Year Report on Nassau County's Financial Condition, and Proposed 2020 Budget & Multi-Year Financial Year – Risks & Opportunities

- Provided input on the Comptroller's Office COVID-19 Financial Impact Analysis project
- Formed Subcommittees of the IAAC
- Reviewed various policies (i.e., Cyber Security), and received information regarding the County's audit risk assessment process and scope of audits including various discussions on the process of a risk-based audit approach
- Reviewed RSM Reports, (i.e., Department of Transportation Audit, Management Letter),
 Year-end Closing / Marks Paneth 2019 Audit Plan and Accounting Boot Camp Training;
 and also met with the respective audit firm
- Provided input on 2019 Fact Sheets and Special Reports, and the Committee Operating Guidelines including Role of IAAC and IAAC Annual Report
- Provided guidance on the ERP Financial Systems Capital Project
- Reviewed and provided guidance in accordance with Nassau County procedures on various Requests for Proposals (RFPs) or contributed to discussions relating to: Annual Audit Services, Accounting Services in Connection with CAFR Preparation, Leases (GASB 87 Assistance) and Other Technical Services, ERP Financial Systems, Indirect Cost Services, Actuarial Consulting Services. Provided input on Appointment of Service Providers
- Discussed Comptroller's Control Directives as deemed necessary
- Received updates and provided input on Nassau County *Open Nassau* Financial Transparency Platform and other initiatives such as the Comptroller's Scorecard, and GFOA Popular Report
- Received various presentations and provided guidance on Cyber Security
- Met with representative from the GASB and attended staff training session with the GASB
- Attended Accounting Boot Camp Training provided by Marks Paneth
- Participated in Comptroller's Press Conferences

Office of the Nassau County Comptroller

The Independent Audit Advisory Committee (IAAC)

Annual Report – July 2020 to June 2021

According to the IAAC's Operating Guidelines, at the end of each year, an annual report shall be prepared and adopted by the committee summarizing its activities for such period. This annual report shall be made available to the public. It is noted that the Committee's role is advisory only.

During this time period (July 2020 to June 2021), the Committee consisted of the following members:

Colleen Woodell, Chair

Frank Romeo, Vice-Chair

Stuart Klein

Paul Smolevitz

Kevin Walwyn

The IAAC met on July 8, 2020, September 16, 2020, November 30, 2020, and February 23, 2021. All meetings were held via Zoom video conference due to restrictions related to the COVID-19 pandemic.

Responsibility and Accomplishments

- The IAAC assists in the oversight of Nassau County's (County) financial reporting, internal fiscal controls and risk management. The Committee's role is advisory only. It may make such recommendations as it believes appropriate to its role but shall have no authority to take any independent actions with respect to its role, except to make such recommendations
- Over the course of four meetings, the IAAC has accomplished the following, in addition to open discussions at the respective Committee meetings and between the scheduled sessions:
- Discussed the Comptroller's Office's successful transition to a remote work environment in response to the pandemic, including the effectiveness of impacted internal controls.

- Provided input on the Comptroller's Office COVID-19 Financial Impact Analysis project.
- Reviewed the 2019 Comprehensive Annual Financial Report (CAFR), and Single Audit Update and reviewed draft findings.
- Reviewed the 2020 Mid-Year Report on Nassau County's Financial Condition, and Proposed 2021 Budget & Multi-Year Financial Year – Risks & Opportunities.
- Reviewed various policies (i.e., Cyber Security and internal control assessment, revenue enhancements, etc.), and received information regarding the County's audit risk assessment process and scope of audits including various discussions on the process of a risk-based audit approach. New County requirement for IT to do annual cyber review.
- Reviewed Marks Paneth Reports, (i.e., Department of Transportation Audit, Management Letter), Year-end Closing / Marks Paneth 2020 Audit Plan and Accounting Boot Camp Training; and also met with the respective audit firm multiple times during the year. Representatives from Marks Paneth presented the results of the 2020 financial audit and the 2020 Comprehensive Annual Financial Report in detail at the 7/22/2021 IAAC meeting.
- Provided input on 2020 Fact Sheets and Special Reports.
- Provided guidance on the ERP Financial Systems Capital Project.
- Reviewed and provided guidance in accordance with Nassau County procedures on various Requests for Proposals (RFPs) or contributed to discussions relating to: ERP Financial Systems, Indirect Cost Services, and Actuarial Consulting Services.
- Discussed Comptroller's Control Directives as deemed necessary.
- Received updates and provided input on Nassau County *Open Nassau* Financial Transparency Platform and other initiatives such as the Comptroller's Scorecard, and GFOA Popular Report.
- Attended Accounting Boot Camp Training provided by Marks Paneth

<u>Appendix C – Comptroller Fact Sheets Distributed &</u> Reviewed/Discussed with IAAC Committee Members



OFFICE OF THE NASSAU COUNTY COMPTROLLER

FACT SHEET

Comprehensive Annual Financial Report (CAFR)

Audited GAAP1 results for FY 2017

\$68.8 million negative unassigned fund balance; \$122.4 million deficit in the primary operating funds.²

Report Highlights

- First time in seven years that this important financial report has been filed on time. A timely CAFR demonstrates accountability and stewardship of taxpayer resources.
- Presents one set of fiscal results for the County, providing a transparent, fair and standardized view of the County's finances. Previous reports included multiple sets of numbers which created confusion as to the County's overall fiscal standing.
- Unassigned fund balance, referred to as "rainy day fund" of negative \$68.8 million.
- Deficit of \$122.4 million in the primary operating funds.
- Large and growing liabilities: Outstanding tax certiorari liability exceeds \$500 million; Litigation liabilities are nearing \$400 million; New York State deferred pension liabilities are more than \$200 million.

Key Factors Contributing to the Operating Results

- Other Financing Sources: The County did not borrow as budgeted to fund tax cert liabilities, which resulted in a \$60 million reduction in other financing sources for FY 2017.
- Litigation Fund: Use of fund balance to pay for settlements (\$37.6 million).
- Less than expected revenue: Department revenues (-\$6.6 million), Federal Transit Authority (-\$6.3 million, federal & state), Nassau OTB (-\$3 million); department fees not realized due to a temporary restraining order imposed on the income and expense law (-\$10 million).
- Higher than budgeted expenditures: Police termination pay (+\$29.9 million).
- Lower contractual reimbursement for personnel services in the Sewer and Storm Water Fund (-\$2.1 million).
- > Higher than budgeted sales tax revenues helped to offset above impacts (+\$8.9 million).

What is a CAFR and Why is it Important?

The Comprehensive Annual Financial Report (CAFR) is a comprehensive set of financial and statistical statements which comply with accounting requirements established by the Governmental Accounting Standards Board (GASB). It must be audited by an independent auditor using generally accepted auditing standards. A CAFR presents a wide variety of important information to help citizens, policy makers, investors and creditors properly assess the financial condition of a government. Nassau County residents have a right to know their government's fiscal conditions and the CAFR provides verified objective numbers.

Notes:

³⁻GAAP" — Generally Accepted Accounting Principles—Refers to a common set of accounting principles, standards and procedures. GAAP compliance makes the financial reporting process transparent and standardizes assumptions, terminology, definitions and methods.

Primary Operating Funds - Total General Fund (includes Police Funds, Fire Commission Fund, Debt Service Fund, Litigation Fund, Technology Fund, Open Seace Fund, Retirement Contribution Reserve Fund, Employee Accrued Benefit Liability Reserve Fund), and Sewer and Storm Water Fund.

July 2, 2018



FACT SHEET

Sales Tax Collections Report

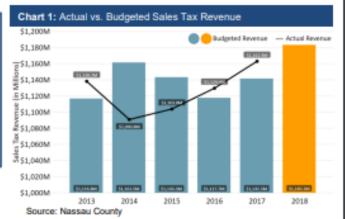
2018 Year-to-Date¹ Sales Tax Collection is up (+4.4%), a \$22.6 million Increase Year-over-Year.

OVERVIEW

- Sales Tax is the leading source of revenue for Nassau County, accounting for 39.5% of the Major Operating Funds' total revenue base as reported in the 2018 NIFA conformed budget. Year-to-date 2018 revenues total \$531.9 million, up 4.4% compared to \$509.4 million in 2017.
- Collections are expected to remain strong throughout the remainder of the year. Based on nearterm economic conditions, the Office of the Nassau County Comptroller is projecting actual collections to surpass budgeted revenues by \$11-12 million.

"The outlook for Nassau County sales tax collections is generally upbeat as rising incomes and progress in the regional economy help maintain healthy gains through the end of the decade," said Brittney Merollo, from Moody's Analytics.

"Collections will soften in later years, however, due to the negative impact of the new tax law on Nassau County's housing market and a slower national and regional economic expansion."



Internet Sales Tax - Supreme Court Ruling

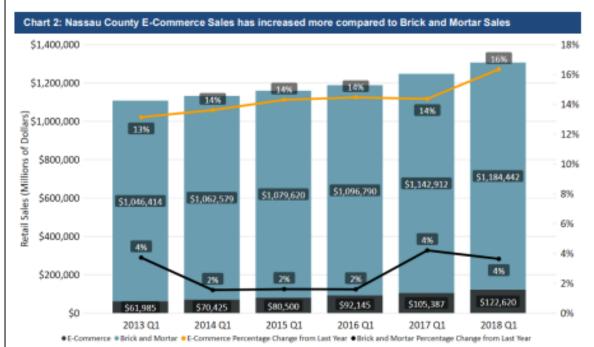
- The recent U.S. Supreme Court ruling on South Dakota v. Wayfair, which overturned the "physical presence requirement," now allows states to collect sales tax from online retailers. The decision overturned Quill Corp. v. North Dakota (1992), which held that the Dormant Commerce Clause barred states from requiring retailers to collect sales or use taxes in connection with mail order or internet sales unless those retailers have a physical presence in the taxing state.
- The New York Association of Counties (NYSAC) estimates that approximately \$275 million in state
 and local sales taxes would be collected in the first year under Governor Andrews Cuomo's
 recent proposal to expand sales tax collection to online purchases.
- According to the Long Island Regional Planning Council (LIRPC), Long Island could generate \$92
 million yearly from internet sale tax. Such revenue could help alleviate high property taxes and in
 turn encourage business growth and home ownership.
- As illustrated below in Chart 2, E-commerce sales has accounted for 9.3% of retail sales in quarter 1 2018 and year-over-year growth has consistently outpaced that over the brick and mortar stores.

ISSUED JULY 2018 PAGE 1 of 4



FACT SHEET

Sales Tax Collections Report

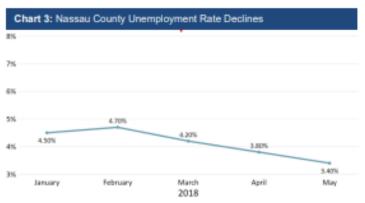


Source: Open Data NY

Driving Factors for Increased Sales Tax Revenue

Consumer Spending

- Unemployment Rate: The Nassau County unemployment rate as reported by the Bureau of Labor Statistics illustrates a steady decrease as the rate fell below 4.0% in April 2018 and further decreased to 3.4% in May 2018, a value last achieved in May 2007.
- Disposable Personal Income "DPI": The 2017 Tax Cuts and Jobs Act has increased disposable incomes, as a result of lower tax brackets, boosting earners take-home pay.



Source: Nassau County Office of Management and Budget

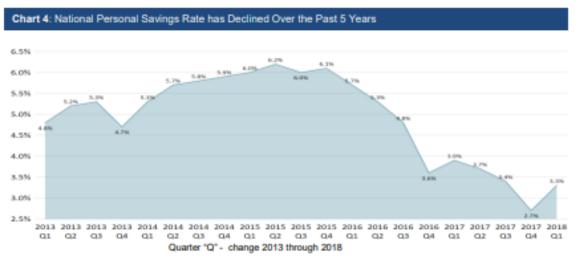
According to the Bureau of Economic Analysis, national DPI has increased \$63.2 billion (+0.4%) in May 2018 compared to the prior month.

ISSUED JULY 2018 PAGE 2 of 4



FACT SHEET

Sales Tax Report

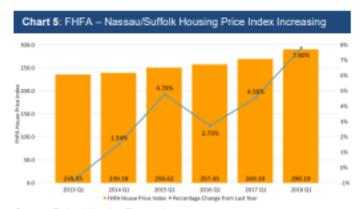


Source: Bureau of Economic Analysis

Personal Savings Rate: The Bureau of Economic Analysis also reports a decrease in the
average national personal savings rate. Personal savings rate has decreased over the past
five years, illustrating that there is more disposable income currently in the market which
in turn is contributing to increased consumer spending.

2. Housing Market

- According to Federal Housing Finance Agency "FHFA" Housing Price Index, which measures the movement of single-family house prices, the Nassau-Suffolk region has seen an year-over-year increase from 4.56% in 2017 Q1 to 7.80% in 2018 Q2.
- 2017 Tax Cuts and Jobs Act enacted a \$10,000 State and Local Taxes (SALT) Deduction Cap. Given this, sales tax growth is expected to plateau in the years ahead as it will ultimately have a negative impact on the housing market and local economy.



Source: Federal Housing Finance Agency

ISSUED JULY 2018 PAGE 3 of 4



FACT SHEET

Sales Tax Report

3. Economic Development

- Redevelopment of the Belmont Park Arena is scheduled to begin in 2019. The privately funded \$1 billion project will serve as a major sports and entertainment center. It is expected to create 3,100 permanent jobs and 12,300 construction jobs. As the new home of the New York Islanders, as well as the hub of various retail outlets and a new hotel, Belmont Park is expected to promote tourism and bolster consumer spending.
- The \$2.6 billion project to create a third track on the Long Island Railroad was approved last year. The proposed track addition to the Main Line between Floral Park and Hicksville is expected to help ease congestion for those commuting between New York City and Long Island, which will encourage potential employees to seek jobs in Nassau County. However, economic benefits will be delayed as the completion date has been pushed back from December 2022 to early 2023.

Notes:

1 Year-to-Date Collections as of July 12, 2018

nccomptroller@nassaucountyny.gov

PAGE 4 of 4



CAFR GUIDE

Comprehensive Annual Financial Report (CAFR) - Made Simple



This quick reference guide is designed to help you navigate and explore Nassau County's 2017 CAFR report. This 246 page document contains a wealth of information regarding our County's finances, structure and key statistical information. Our hope is that this guide will provide further transparency and assist in keeping you informed. Thank you for your commitment to a better Nassau County. Let's get started!

.....



What is a CAFR?

The Comprehensive Annual Financial Report "CAFR" is a comprehensive set of financial and statistical statements which comply with accounting requirements established by the Governmental Accounting Standards Board (GASB). The CAFR is audited by an independent auditor using generally accepted government auditing standards. The CAFR consists of three sections:

- Introductory Guides the reader through the report;
- · Financial Presents the independent auditors report, financial statements, and notes to the financials;
- Statistical Provides additional financial and statistical data, including financial trends.



How is the CAFR different from the Budget?

A budget is a <u>plan</u> for a future fiscal period, typically a year, primarily showing how revenues will be generated and allocated for spending; a CAFR contains the <u>actual results</u> of the prior year's financial activities.



Did you know?

2017 CAFR report is

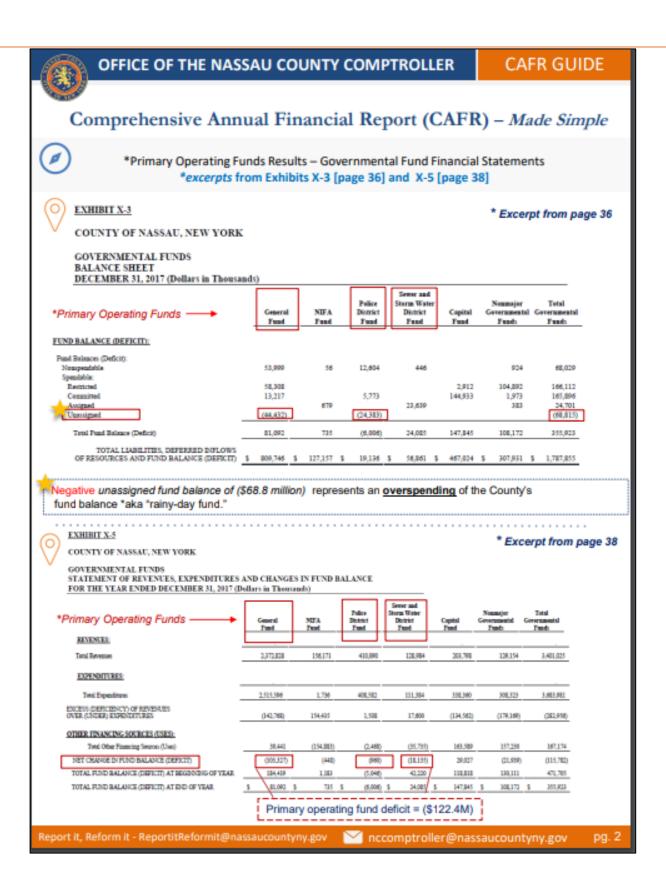
presented on time for the

first time in seven years!

What are the key sections of the 2017 report? Where can I find it?

- 1. Transmittal Letter [page 1] Letter from Comptroller; provides the reader with context for document.
- 2. Audit Report [page 14] Report from County's independent external audit firm.
- Management Discussion & Analysis [page 17] Management provides an overview of the previous year's operations and how the County performed financially.
- Financial Statements [page 32] Schedules of the County's financial statements (see page 2) for overview of primary fund financial statements.
- Notes to Financial Statements [page 47] AKA the footnotes; provides additional information and notes to the financial statements. Clarifies accounting procedures and subsequent events.
- Budget-to-Actuals [page 168] Provides the reader with a crosswalk from budget authority (appropriations) to actual expenditures by function.
- Control Period Calculation [page 200] Calculation of the NIFA control period in accordance with the agreement between the Nassau Interim Finance Authority & the County.
- Statistical Reporting [page 206] Provides reader with key financial trends; revenue information; department information; county statistics by function and; demographic and economic information.

7/2/18





FACT SHEET

Comprehensive Annual Financial Report (CAFR)

Audited GAAP¹ results for FY 2017

\$68.8 million negative unassigned fund balance; \$122.4 million deficit in the primary operating funds.2

Report Highlights

- First time in seven years that this important financial report has been filed on time. A timely CAFR demonstrates accountability and stewardship of taxpayer resources.
- Presents one set of fiscal results for the County, providing a transparent, fair and standardized view of the County's finances. Previous reports included multiple sets of numbers which created confusion as to the County's overall fiscal standing.
- Unassigned fund balance, referred to as "rainy day fund" of negative \$68.8 million.
- Deficit of \$122.4 million in the primary operating funds.
- Large and growing liabilities: Outstanding tax certiorari liability exceeds \$500 million; Litigation liabilities are nearing \$400 million; New York State deferred pension liabilities are more than \$200

Key Factors Contributing to the Operating Results

- Other Financing Sources: The County did not borrow as budgeted to fund tax cert liabilities, which resulted in a \$60 million reduction in other financing sources for FY 2017.
- Litigation Fund: Use of fund balance to pay for settlements (\$37.6 million).
- Less than expected revenue: Department revenues (-\$6.6 million), Federal Transit Authority (-\$6.3 million, federal & state), Nassau OTB (-\$3 million); department fees not realized due to a temporary restraining order imposed on the income and expense law (-\$10 million).
- Higher than budgeted expenditures: Police termination pay (+\$29.9 million).
- Lower contractual reimbursement for personnel services in the Sewer and Storm Water Fund (-\$2.1
- Higher than budgeted sales tax revenues helped to offset above impacts (+\$8.9 million).

What is a CAFR and Why is it Important?

The Comprehensive Annual Financial Report (CAFR) is a comprehensive set of financial and statistical statements which comply with accounting requirements established by the Governmental Accounting Standards Board (GASB). It must be audited by an independent auditor using generally accepted auditing standards. A CAFR presents a wide variety of important information to help citizens, policy makers, investors and creditors properly assess the financial condition of a government. Nassau County residents have a right to know their government's fiscal conditions and the CAFR provides verified objective numbers.

"GAAP" - Generally Accepted Accounting Principles - Refers to a common set of accounting principles, standards and procedures. GAAP compliance makes the sancial reporting process transparent and standardizes assumptions, terminology, definitions and methods.

Primary Operating Funds - Total General Fund (includes Police Funds, Fire Commission Fund, Debt Service Fund, Litigation Fund, Technology Fund, Open Space Fund, Retirement Contribution Reserve Fund, Employee Accrued Benefit Liability Reserve Fund), and Sewer and Storm Water Fund.

July 2, 2018

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✓ nccomptroller@nassaucountyny.gov



FACT SHEET

Fiscal Year 2017 - Preliminary Unaudited GAAP Results¹

Nassau County preliminary unaudited GAAP results for the five primary operating funds² indicate a \$48.9 million deficit for fiscal year 2017.

Preliminary Operating Results Overview

Preliminary operating deficit of \$48.9 million is primarily attributed to lower than expected revenues for fiscal year 2017. This overall decrease in revenue has resulted even with higher than expected sales tax revenue of \$8.9 million.

Key Primary Drivers:

- Other Financing Sources [\$60 million] The County did not borrow as budgeted to fund tax certiorari liabilities, which resulted in a \$60 million reduction in other financing sources for fiscal year 2017.
- Federal Transit Authority & Off-track Betting [\$9.3 million] Budgeted revenues of \$3 million from Off-track Betting and \$6.3 million in Federal Transit Authority grant funding were not received in fiscal year 2017.
- Departmental Revenues [\$6.6 million] Overall departmental revenues were \$6.6 million lower than budgeted for fiscal year 2017.

Preliminary Financial Condition Overview

Preliminary operating results show a negative unassigned fund balance at FYE 2017.

Tax Certiorari Liability

Preliminary operating results show a total tax certiorari liability increasing to \$560 million at FYE 2017.

Deferred Pension Liability

Preliminary operating results show deferred pension liability of \$235 million at FYE 2017.

Notes:

- ¹Preliminary unaudited operating results The above results are as of April 15, 2018 and do not include various management and external auditor adjustments that will impact the final results. Final audited results are expected to be released by mid 2018.
- ² Five Primary Operating Funds General Fund, Police Headquarters, Police District, Fire Commission Fund and Debt Service Fund.
- · Financial Recognition Basis: (i) GAAP General Accepted Accounting Principles, as prescribed by the Governmental Accounting Standards Board; (ii) Control Period Calculation - excludes certain other financing sources; (iii) Budgetary Basis - As appropriated each year, including carry over of encumbrances and other items not permitted under GAAP reporting.

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nccomptroller@nassaucountyny.gov

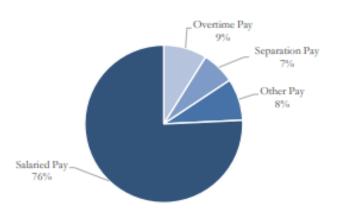


FACT SHEET

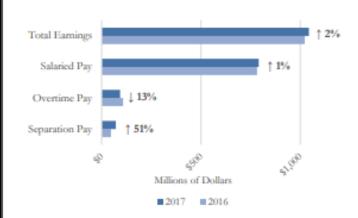
Nassau County Employee Earnings in 2017

Nassau County paid over \$1.04 billion in earnings to over 14,000 current and former employees*

Total Earnings by Pay Type



Comparison to FY 2016



- · Salaried Pay: Earnings from an employee's regular salary amount
- Overtime Pay: Farmings from overtime work, including lump-sum compensatory time payouts
- Separation Pay: Lump-sum payments for employees who have left the County without cause, such as for retirement or resignation, as well as incentive payments for employees who left under a voluntary separation incentive program
- . Other Pay: Farrings from holiday pay, longevity payments, shift differential payments, stipulation payments, and other amounts

2017 At A Glance

\$1.04 billion

total earnings paid

Over 9,300 full-time Over 3,800 part-time

employed during 2017*

93% of County overtime pay

paid to employees in 5 departments (Police, Correctional Center, Public Works, Social Services, and District Attorney)

Total Earnings by Union Affiliation



- Swom (Law Enforcement)
- Non-Union

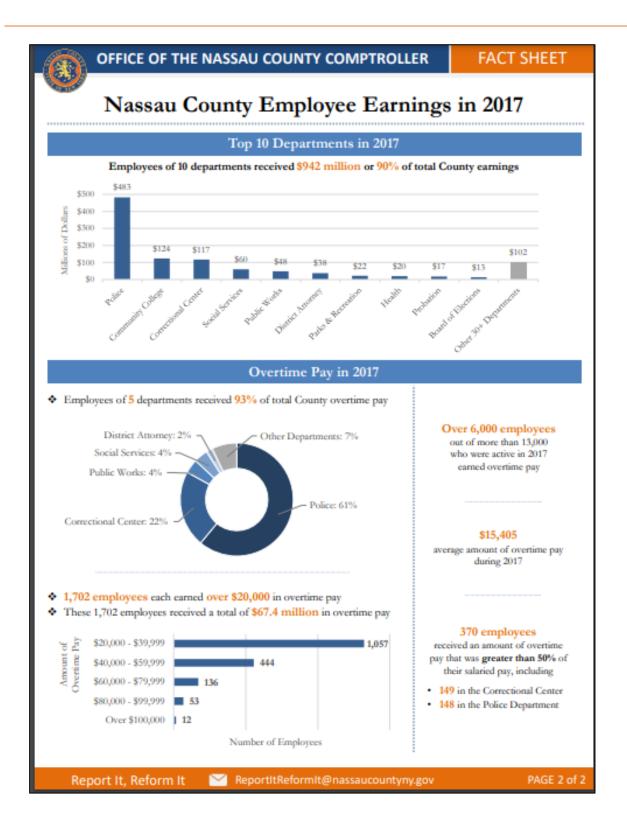
Overtime Pay by Union Affiliation



- Sworn (Law Enforcement)

* Employee earnings reflect gross payments, processed through the Nassau County payroll system, for both current and former employees. Amounts include payroll for Nassau Community College, excluding current and former employees of Nassau Community College, total earnings during 2017 was 50:0 billion. Total earnings excludes estimbursements and fringe benefits. Earnings includes pay to individuals who were actively employed by the county at some point during 2017 (over 13,700 individuals) and individuals whose employment with the County was terminated prior to 2017 (approximately 700 former employees).

PAGE 1 of 2





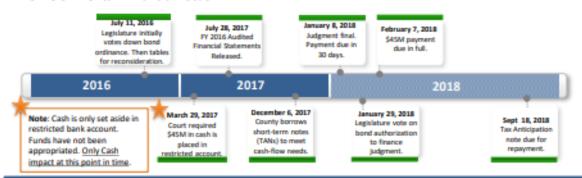
FACT SHEET

Nassau County \$45 Million Judgment

Nassau County required to pay a \$45 million judgment by February 7, 2018 pursuant to court order.

The question at hand is **HOW** is the County going to pay for this judgment? It is imperative that the County's financial condition is presented in a clear and concise manner to ensure the best option is exercised on behalf of the County's taxpayers.

Timeline of Events – Financial Focus



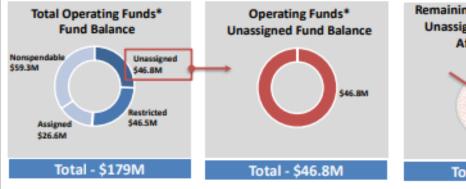
Key Financial Indicator - Fund Balance

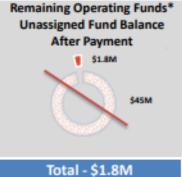
What is Fund Balance and Why is it Important?

Fund Balance is a key indicator of the County's fiscal health. Fund Balance is NOT entirely cash that can be used at anytime. It is the difference between the County's assets (What It Owns) minus its liabilities (What it Owes). An adequate amount of unassigned fund balance is needed to ensure the County has adequate cash flow to meet its disbursements, guard against unforeseen revenue loss or unexpected liabilities, and allow for prudent planning.

What is the County's Fund Balance?

*As of FY 2016 Audited Financial Statements; FY 2017 Audited Statements are expected to be available mid 2018.





Notes:

- Nonspendable Fund Balance Resources inherently not in spendable form (i.e., inventories, pre paids).
- Restricted Fund Balance Resources with externally enforceable limitation on use or enabling legislation.
- Committed Fund Balance Resources constrained to specific purposes by the governing body
- Assigned Fund Balance Resources government intends to use for specific purposes by the governing body.
- Unassigned Fund Balance Available for any purpose.
- *Operating Funds include General Fund and Police District Fund

(ev Impacts – Next Page

PAGE 1 of 2



FACT SHEET

Nassau County \$45 Million Judgment (Con't)

Key Impacts / Effects

Impaired Financial

- County's remaining insufficient unassigned fund balance of \$1.8M supporting approximately \$3 Billion in annual
- Decreased Liquidity
- Decline in available cash on hand to support day-to-day operations of the County.
- Results in increased cash flow borrowings.
- Increased Future **Borrowing Costs**
- · As of December 18, 2017, Moody Cites, "The A2 rating reflects the county's sizeable and diverse tax base, weak fund balance and cash position and above-average debt burden. The rating also reflects the county's fiscal 2016 operating surplus."
- RATING OUTLOOK "The stable outlook reflects our expectation that the county's financial operations will remain stable and liquidity will not deteriorate materially."

FACTORS THAT COULD LEAD TO AN UPGRADE

- Significant improvements to reserves and liquidity resulting from operating surpluses
- o Establishment of sustainable balance between recurring revenues and recurring expenses
- o Continued reduction of amount of annual cash flow borrowing

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Weakened revenue performance
- Significant decline in fund balance or cash levels
- Increased cash flow borrowing
- Increasing reliance on one-time revenues

Increased Fiscal Stress

- Based on 2016 financial reports, the State Comptroller's Office listed Nassau County in the second highest category of "moderate fiscal stress."
- Decrease in unassigned fund balance will impact County's ability to guard against unforeseen events.

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PAGE 2 of 2



FACT SHEET

2019 Nassau County Proposed Budget: Risks and Opportunities

TOTAL RISK OF \$40.7 MILLION

2019 Proposed Budget Risks/Opportunities

- The 2019 Proposed Budget contains approximately \$40.7 million in budget risks. This includes budgeted revenue and expenditure items which may not be achieved and areas where excess funding has been identified. These budget items should be reviewed by County policymakers.
- Revenue risks of \$52.8 million and expenditure opportunities of \$12.1 million were identified, for a total risk of \$40.7 million.

Major Risks/Opportunities in the 2019 Proposed Budget

"Risk" Key Drivers

Off Track Betting Profits	(\$17 million)	Installation of additional VLTs have been delayed.
Fines and Forfeitures	(\$12.7 million)	Includes new Boot and Tow revenue which require Legislative authorization.
Sale of County Property	(\$7.4 million)	The County does not have solid closing dates for any specific properties.
Departmental Revenue	(\$6.2 million)	Primarily mortgage recording fees, GIS tax map fees and ambulance revenues which are overly optimistic.
Asset Forfeiture	(\$6.0 million)	Funds for possible programs which may require approval.

"Opportunity" Key Drivers

Payroll, Fringes & Overtime	+ \$7.9 million	Personnel savings, offset by overtime and termination expenditures.
Debt Service	+ \$4.3 million	Excess funds budgeted for debt service payments.

Oct. 12, 2018

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CAFR FACTSHEET

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

AUDITED RESULTS FOR FISCAL YEAR 2018

Deficit in the Primary Operating Funds

-\$122.4M → -\$27.5M -\$68.8M → -\$22M

FY 2017

Negative Unassigned Fund Balance

(Rainy Day Fund)

Report Highlights

- Last year was the first time in seven years that this important financial report has been filed on time. This on-time CAFR demonstrates accountability and stewardship of taxpayer resources.
- Presents official fiscal results for the County, providing an independent, transparent, and standardized view of the County's finances. Our goal is to create a full and complete picture of the County's finances to help guide the decision-making process.
- The County's primary operating funds reported a deficit of \$27.5 million at the end of fiscal year 2018. At the end of Fiscal year 2017, the deficit was \$122.4 million.
- The County's unassigned fund balance (rainy day fund) was negative \$22 million at the end of fiscal year 2018. The fund balance was negative \$68.8 million at the end of fiscal year 2017.

Key Factors Contributing to Improved Results

The Operating Fund saw an improvement over the previous fiscal year. Some factors include:

- higher sales tax revenues driven by a robust Long Island economy. The revenues in 2018 grew by 3.7% or \$43.1 million from 2017.
- \$59.9 million less spent on personnel costs, excluding fringe benefits.
- \$9.5 million increase in PILOT (payment in lieu of taxes) revenues.
- \$10.4 million increase in Public Safety fee revenues.

Ongoing Challenges

- Outstanding tax certiorari liability is \$603.5 million, up from \$569.3 million.
- Litigation liabilities are \$414.8 million, up from \$391.5 million.
- Postemployment Benefits Other Than Pensions (OPEB) continues to be a significant unfunded liability at \$6.3 billion.

JULY 2, 2019

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2020 PROPOSED BUDGET FACT SHEET

2020 Nassau County Proposed Budget: Risks and Opportunities

TOTAL RISK OF \$61.7 MILLION

2020 Proposed Budget Risks/Opportunities

- The 2020 Proposed Budget contains approximately \$61.7 million in budget risks. This includes both budgeted revenue and expenditure risks and opportunities, which may not be achieved. These budget items should be reviewed by County policymakers.
- Revenue risks of \$15.1 million and expenditure risks of \$46.6 million were identified, for a total risk of \$61.7 million.

2020 Proposed Budget Structural Deficit

The Structural Deficit inherent in the 2020 Proposed Budget is estimated at \$19.8 million, exclusive of any tax certiorari payments made with bond proceeds. This improved from last year's projection of \$42.0 million Structural Deficit.

Proposed Fiscal Year 2020 Budget Certain Major Risks/Opportunities

"Opportunity"	Key Drivers 1	ł
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State Aid	+\$11.6 million	Project an opportunity of \$11.6 million in State Aid related to increased projected costs in the Pre-School Programs.

"Risk" Key Drivers -		
Sales Tax Revenues	-\$10.6 million	The volatility of sales tax collections and lack of historical data on enhanced internet Sales Tax collections make long term forecasting challenging. Sales tax is on close watch.
Fines and Forfeiture Revenues	-\$6.9 million	Aggressive budgeted amounts for red light camera revenues and public safety fees, based on trends.
Departmental Revenues	-\$9.8 million	Over-budgeted amounts in Assessment GIS/Tax Map fees, County Clerk mortgage and deed recording fees, and Fire Commission fees, based on trends.
Payroll Related Costs	-\$14.1 million	Primarily, Police Headquarters, and Correctional Center OT trends; termination pay underfunded in Police District Fund and Sewer and Storm Water District Fund.
Early Intervention and Pre-School Costs	-\$19.4 million	2020 Proposed Budget projected to be underfunding anticipated expenditures in the area of Pre-School Programs.

October 2019

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FACT SHEET

COVID-19 Financial Impact Analysis and Sales Tax Revenue

The Office of the Nassau County Comptroller released an analysis of the potential financial impact that COVID-19 may have on the County's sales tax revenues.

The analysis models Nassau County's sales tax collections and breaks down industry sub-sectors to present a range of scenarios as to how this pandemic may impact the County's primary revenue source. The modeling tool breaks down the facets of sales tax using the North American Industry Classification System (NAICS) into sectors and sub-sectors and delineates which have been deemed essential or non-essential. It further allows for assumptions to be set on the expected level of business activity of a phased reopening scenario. With the current phased reopening, projections indicate a potential sales tax drop to range from 12% to 28%; projections also indicate that a hypothetical second wave may result in a billion dollar loss in sales tax revenues over a two-year period. The modeling tool was developed in collaboration with the expertise of an outside accounting/consulting firm.

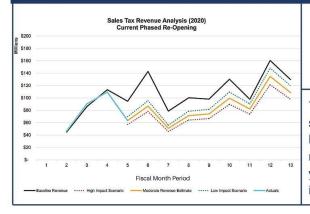
Sales Tax Revenue Analysis Current Phased Re-opening

The Current Phased Re-opening scenario assumes a gradual re-opening / return to pre COVID-19.

		Estimated Revenue - High Impact	Estimated Revenue - Moderate Impact	Estimated Revenue - Low Impact
2020	\$ 1,276,672,363	\$ 916,608,567	\$ 1,018,453,963	\$ 1,120,299,360
2021	\$ 1,330,134,850	\$ 921,813,857	\$ 1,024,237,619	\$ 1,126,661,381
2022	\$ 1,393,335,249	\$ 966,494,253	\$ 1,073,882,503	\$ 1,181,270,753

Under this scenario, sales tax revenues may experience a decline between \$156.4 - \$360.1 million in 2020. This would be a decline of 12.25% - 28.20% of planned 2020 sales tax revenue as illustrated by the grey baseline and yellow estimated lines on the graph below.

Based on the analysis, the potential impact to sales tax revenues in 2020 projects a decline of 12.25% - 28.20% from the baseline.



Impact Estimate	Difference from Baseline	Percent Change from Baseline
High Impact	\$ (360,063,796)	-28.20%
Moderate Impact	\$ (258,218,400)	-20.23%
Low Impact	\$ (156,373,003)	-12.25%

The chart to the left illustrates the baseline / budgeted sales tax revenue by fiscal month period in the grey line, with the actuals for fiscal month periods 1-5 and moderate estimates for fiscal month periods 6-13 in the yellow line. Dotted lines represent the low and high impact range modifiers.

May 2020

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FACT SHEET

Potential Impact of a Hypothetical Second Wave in the Fall

Sales Tax Revenue Analysis Hypothetical Second Wave



Assumes a hypothetical second stay-at-home order beginning in the 4th quarter of 2020 with a gradual re-opening thereafter.

The analysis below illustrates the projected 2020 sales tax revenue budget as the baseline with future years assuming an average growth rate based on the historical 3-year trend. The estimated revenue of high, medium and low impacts illustrate the results of the analysis, all trending lower than the baseline. Based on the analysis, the potential impact to projected sales tax revenues indicate a decrease of 17.7%-32.6% in 2020 and 33%-45.2% in forecasted 2021 from the baseline.

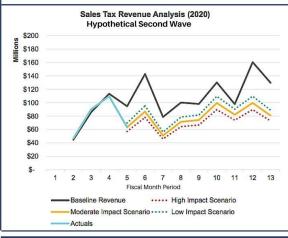
Projected Base Line 2020 \$ 1,276,672,363 2021 \$ 1,330,134,850 2022 \$1,393,335,249

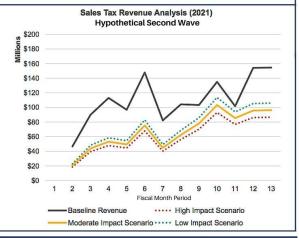
Impact Estimate	Difference from Baseline	Percent Change from Baseline
High Impact	\$ (416,672,715)	-32.64%
Moderate Impact	\$ (321,117,198)	-25.15%
_ow Impact	\$ (225,561,682)	-17.67%

Projected Sales Tax Revenue 2020

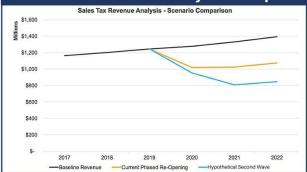
Projected Sales Tax Revenue 2021

impact Estimate	Baseline	from Baseline
High Impact	\$ (601,681,136)	-45.23%
Moderate Impact	\$ (520,741,835)	-39.15%
Low Impact	\$ (439,802,533)	-33.06%





Sales Tax Revenue Analysis Comparison



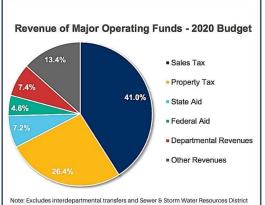
The chart to the left illustrates the moderate impact estimates for both scenarios. Current Phased Re-opening is represented by the yellow line and the Hypothetical Second Wave is represented by the aqua line.

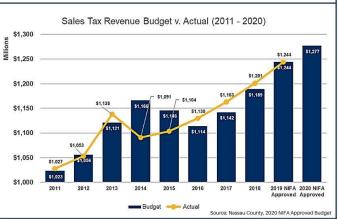


FACT SHEET

Overview of the County's Sales Tax Revenue

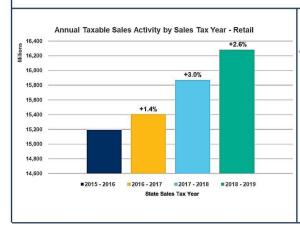
- Sales tax is the largest source of revenue for Nassau County, historically around 40%.
- The 2020 NIFA approved budget includes \$1.277 billion for sales tax revenues.
- Total taxable sales and purchases range between \$25 \$28 billion annually for Nassau County, over the last 4 sales tax years.

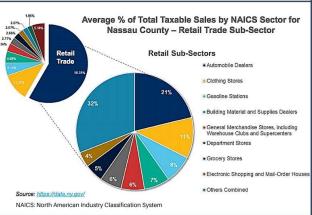




Overview of the County's Sales Tax Revenue: Retail Trade (58.35% of Total Sales Tax Revenues)

Retail Trade represents the largest source of Nassau County's taxable sales and purchases at nearly 60% annually. There are 27 Retail Trade sub-sectors. Prior to COVID-19, the County's sales tax revenues attributed to the Retail Trade industry showed growth year over year as illustrated in the chart to the left below.





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FACT SHEET

CYBERCRIME PREVENTION TIPS (1)



Scammers love a crisis, and it becomes harder to determine what information is trustworthy. A good rule of thumb is that anything that seems too good to be true is not true. Stay Vigilant!

Current Scams

Contact-Tracing Scams: Contact tracing is the process of identifying people who have come into contact with someone who has tested positive for COVID-19, instructing them to quarantine and monitoring their symptoms daily.



People who have had contact with someone infected with COVID-19 may first get a text message from the health department, telling them that they'll get a call from a specific phone number. The tracer who calls will not ask for personal information. Tracers won't ask for money or for information such as Social Security number, bank account, or credit card number. Anyone who does is a scammer.

According to the Federal Trade Commission, scammers pretending to be contact tracers are taking advantage of how the process works and are sending text messages.

However, messages from scammers are spam text messages that ask to click a link. Unlike a legitimate text message from a health department, which only wants to notify that they'll be calling, this message includes a link to click.

Source: Federal Trade Commission

IRS Scams

IRS Scams: According to the IRS, everyone should be alert for scammers calling, texting and emailing about the coronavirus or COVID-19, including about Economic Impact Payments. These scams can lead to tax-related fraud and identity theft. What you need to know:



🙀 The IRS will not call, email or text you to verify or request your financial, banking or personal information.



Match out for websites and social media attempts to request money or personal information. IRS.gov is the official website.



📩 Don't open unexpected emails that look like they're coming from the IRS or click on any attachments or links. Don't engage potential scammers. Forward suspicious emails to phishing@irs.gov.

JUNE 2020



FACT SHEET

Password Tips

Change passwords often and use a password with additional complexity so hackers have more difficultly cracking your account.

- Don't use names of people or pets.
- Don't use lucky numbers such as the birthday for anyone you may know.
- Use a number within the password which will make it more difficult to guess. Examples: Instead of "Tokyo2020" use "T20ok20yo" or rather than "LauraLI66" use "L19uaraLI66."
- Avoid using the same password for internal and external applications (e.g. Zoom, Google, etc.).





Don't respond to calls, texts, or emails about money from the government

Or from anyone asking for your personal or bank account information. Government agencies, like the IRS will not call, text, or email you about your relief payment.





Hang up on robocalls and research before you donate.

Scammers use illegal sales call to get your money and your personal information. Don't let anyone rush you into making a donation.





Watch out for phishing emails and text messages

Don't click on links in emails or texts that you didn't expect.

Source: Federal Trade Commission

Tips for Using Zoom, Teams, and Other Conferencing Platforms

Many of us are using Microsoft Teams and Zoom to hold meetings and work collaboratively. These platforms, however, may not always be entirely secure, so it is important to remain vigilant. Here are some safety tips for using Zoom, Microsoft Teams, and other online platforms:

- Make sure that you are communicating with the people you intend. In Teams, it is easy to type a name to start a chat and someone with a similar name from your contact list comes up and is sent a message or is joined to a group in error.
- Be careful with the information shared during these online calls and avoid sharing sensitive documents as attachments. Send emails with attachments before, during, or after the call directly to the participants.
- Monitor who is actually in the session and identify any attendees you do not recognize before starting the meeting. For example, do a roll call to confirm each person who is in the meeting.
- Visual backgrounds are nice to help personalize your session but also be careful where they come from. Only obtain backgrounds from verified sources from the vendor as others may be vulnerable or pose a security risk.

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CAFR **FACT SHEET**

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

AUDITED RESULTS FOR FISCAL YEAR 2020

Significant 2019 Improvement Before Unprecendented 2020 Crisis

Surplus in the Primary Operating Funds

Positive Unassigned Fund Balance

-\$27.5M → \$145.3M -\$22.0M → \$112.2M

FY 2018

FY 2019

FY 2018

FY 2019

Report Highlights

- This marks the fourth year in a row that this important financial report has been filed on time.
- The CAFR presents official fiscal results for the County, providing an independent, transparent, and standardized view of the County's finances. Our goal is to create a full and complete picture of the County's finances to help guide the decision-making process.
- ↑ At the end of fiscal year 2019, the financial condition of the County ended with \$145.3 million in its primary operating funds, a significant improvement from a negative \$27.5 million at fiscal year-end 2018 and a negative \$122.4 million at fiscal year-end 2017.
- At the end of fiscal year 2019, the County's unassigned fund balance for all its governmental funds was a \$112.2 million, a significant improvement of \$134.2 million from a negative \$22.0 million at the end of fiscal year 2018 and a negative \$68.8 million at fiscal year-end 2017.

Key Factors Contributing to Improved Results

The Operating Funds saw an improvement over the previous fiscal year. Some factors include:

- higher sales tax revenues driven by a robust pre-COVID Long Island economy. Sales tax collections grew by 3.5% in 2019. Total revenues in 2019 grew by \$47.7 million from 2018.
- Less spent on personnel costs primarily resulting from salary and fringe cost savings.
- Higher OTB revenue due to Video Lottery Terminal (VLT) receipts of \$15 million.
- \$15 million in funds received from New York State to assume liability for certain types of workers' compensation injuries.

Ongoing Challenges

- Total tax certiorari liability decreased by \$16.1 million to \$588.5 million at fiscal year-end 2019; outstanding tax certiorari liability continues to be significant.
- ↑ Other Post-Employment Benefits (OPEB) continue to be a significant liability at \$5.2 billion, a \$1.1 billion decrease from last year.
- Net pension liability increased from \$147.2 million to \$269.0 million, primarily due to actual earnings on the State's pension plans not meeting the State's expectations.
- While having no effect on what is reported in the 2019 CAFR, in 2020, our Office conducted an analysis which shows the unprecedented potential impact of COVID-19 on future sales tax collections and other economically driven revenue.

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FACT SHEET

2020 NASSAU COUNTY MID-YEAR REPORT ON THE COUNTY'S FINANCIAL CONDITION

FY 2019 (ACTUAL)

FY 2020 (PROJECTION)

Primary Operating Funds GAAP Operating Surplus/(Deficit)

\$145.3 million surplus

 \rightarrow

\$340.4 million (deficit)

Ending Unassigned Fund Balance

+ \$112.2 million

- \$227.1 million

The mid-year financial report underscores the County's current unprecedented and daunting fiscal year 2020 financial outlook, as it grapples with the long-term economic and social effects of the Coronavirus ("COVID-19") pandemic.

At 2019 year-end, significant improvements in the County's financial condition occurred before the onset of COVID-19 had upended that trajectory in 2020.

Based on our analysis, the positive gain that the County experienced in 2019 could potentially be erased in 2020, and there will likely be future impacts on the County's 2020-2023 Multi-Year Financial Plan.

2020 Budget to Projected Actual Variance Drivers

Positive "Opportunity" Key Drivers

Payroll and Fringe Savings	+ \$71.0 million	Primarily unfilled positions County-wide slightly offset by higher OT and PD termination pay costs
Federal Aid	+ \$30.0 million	CARES Act funding received from the FTA for bus operations
Social Services	+ \$15.5 million	Savings projected in Recipient Grants (\$3.0 million), Purchased Services (\$3.4 million) and Medicaid (\$9.1 million)
Debt Service	+ \$13.9 million	Expenditure savings in principal and interest costs projected primarily due to lower borrowings than budgeted
Local Government Assistance	+ \$13.2 million	Expenditure savings due to lower sales tax revenues redistributed to local governments

Unfavorable "Risk" l	Key Drivers 棏	
Sales Tax Revenue	- \$238.8 million	Shortfall due to economic conditions, shutdowns and consumer confidence due to COVID-19 pandemic
Departmental Revenue	- \$65.3 million	Due to revenue shortfalls across departments but primarily GIS Tax Map revenues (\$12.7 million), and lower projected Farebox revenues (\$30.0 million)
State Aid	- \$52.0 million	Primarily the result of the State's ability to cut back funding to local governments as a result of COVID-19 shortfalls at the State level
Fines and Forfeitures	- \$43.0 million	Primarily due to lower PD Public Safety (\$13.7 million), Red Light Camera (\$13.3 million) and other Traffic and Parking Violations Agency (TPVA) fine
OTB Lottery Terminals	- \$15.2 million	Due to shutdowns in the gaming industry resulting from the COVID-19 pandemic
Rents and Recoveries	- \$13.0 million	Primarily due to risks in Sale of County Property (\$6.5 million) and Coliseum revenues (\$3.0 million)

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FACT SHEET

2021 Proposed Budget Analysis on Risks and Opportunities

- No proposed property tax increase; no proposed service cuts.
- Proposed budget includes significant short-term savings by refinancing debt to address the impact of COVID-19.

2021 Proposed Budget Risks/Opportunities

- The 2021 Proposed Budget contains an approximate total of \$256.6 million in budget risks, however the risk would be reduced to \$32.3 million after restructuring, legislative action on a new revenue initiative, and net of labor agreement assumptions.
- The proposed refinancing provides significant savings to mitigate dramatic reductions in sales tax and other revenues.

2021 Proposed Budget Structural Deficit

The structural deficit inherent in the 2021 Proposed Budget is estimated at \$277.7 million, which is increasing due to the NIFA and County debt restructuring as a result of the pandemic and economic downturn.

Proposed Fiscal Year 2021 Budget; Certain Major Risks/Opportunities

Positive "Opportunity" Key Drivers

Sales Tax	\$40.7 million	This represents an opportunity of sales tax revenue growth against proposed budgeted revenue.
Payroll, Fringes & Overtime	\$18.8 million	This represents savings in payroll, fringe benefits, and overtime costs.

Unfavorable "Risk" Key Drivers ♥

Debt Restructuring	-\$233.2 million	This represents the savings attributed to the potential restructuring of NIFA and County debt that is included in the proposed budget.		
Rents and Recoveries	-\$24.5 million	This represents risks budgeted for the sale of County property; cash for capital project closeouts; and revenues for rentals and utilities for the Nassau Veterans Memorial Coliseum as negotiations continue over new management.		
Fines and Forfeitures	-\$20.6 million	This represents projected over-budgeted amounts for red light camera revenues and public safety fees, and the proposed Ticket Reconciliation Program (TPR), a new initiative that requires legislative approval.		

OCTOBER 2020

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FACT SHEET

Other Potential Risks and Opportunities - Not Included in the 2020 Projection

At this time, due to limited available details, the projected operating results DO NOT account for the potential fiscal impacts of various other possible transactions detailed below. Potential opportunities of \$124.4 million may reduce deficit projections to as low as \$216.0 million and the potential risks could result in deficit projections as high as \$526.8 million.

Positive "Opportunity" Key Drivers	Unfavorable "Risk" Key Drivers	To Be Determined	
Debt Restructuring: Up to + \$75 million Capital Closeouts: Up to + \$22.0 million	Sales Tax Loss: \$142.7 million to \$348.8 million Sales Tax Loss (Hypothetical Second Wave): \$193.4 million to \$390.4 million	Federal and State Aid OTB Profits - Video Lottery Terminals (VLT) NYS Workers' Compensation	
→ Judgments and Settlements: Up to + \$14.8 million → Program to Eliminate Gap (PEG): Up to \$12.6 million	Total Revenue (including Sales Tax) per NYSAC: \$347.6 million to \$430.3 million*	Labor Contracts	

^{*}The New York State Association of Counties (NYSAC) in July 2020 projected Nassau County's mild to severe range of revenue losses to be \$347.6 million to \$430.3 million for fiscal year 2020.

Hypothetical Second Wave Shutdown

Our sales tax model for a second wave shutdown scenario projects a shortfall in sales tax revenue estimated to range from a low impact of \$193.4 million to a high impact of \$390.4 million, with a moderate impact of \$291.9 million. The 2020 projected shortfall to the adopted budget, assuming a second wave and corresponding shutdowns, would result in a shortfall of \$428.1 million on a GAAP reporting basis, which is an \$87.7 million increase to the 2020 projected deficit of \$340.4 million.

Potential Change in Sales Tax Revenues from Baseline (2020) Hypothetical Second Wave		
High Impact \$390.4 million		
Moderate Impact \$291.9 mil		
Low Impact \$193.4 million		

Percent Change from Baseline (2020) Hypothetical Second Wave		
High Impact -30.58%		
Moderate Impact -22.86%		
Low Impact -15.15%		

Comptroller's Scorecard: <u>opennassau.nassaucountyny.gov</u>



The Comptroller's Scorecard displays the key indicators we use to measure Nassau County's fiscal health so that our financial data is easily accessible to all. This graphic illustrates where Nassau County stands as of June 30, 2020. Red indicates that a measure is "off-track", yellow represents "caution", and green reflects an "on-track" measure.

The Comptroller's Scorecard reports that the County's fiscal health had been showing signs of significant improvement, however COVID-19 has had an unprecedented impact on the local economy, with sales tax, the County's largest source of revenue, significantly impacted and a large deficit projected for 2020.

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FACT SHEET

Audited Results for Fiscal Year 2020

Nassau County ended fiscal year 2020 with a surplus, despite the impacts of the pandemic.

Surplus in the Primary Operating Funds

-\$122.4 million -\$27.5 million

\$145.3 million &

\$128.1 million

FISCAL YEAR 2017

FISCAL YEAR 2018

FISCAL YEAR 2019

Nassau County New York FISCAL YEAR 2020

Financial Results Highlights - Government Funds

- The 2020 year-end surplus in the County's three primary operating funds was \$128.1 million. (See Exhibits X-5, X-7, X-8 and X-9, as well as in the Combining and Individual Fund Financial Statements and Schedules section of the Annual Financial Report.)
- For all governmental funds (includes all major and non-major government funds and blended component units), the County's total fund balance improved by \$15.9 million, from \$618.2 million to \$634.1 million (See Exhibit X-5).

Key Factors Contributing to Financial Results

- ↑ Effective use of \$102.9 million in federal CARES funding.
- Debt management, which included \$20 million in debt service cost savings.
- Sales tax revenues were better than expected, but \$105.5 million less than Adopted (on a budgetary basis, including County-wide sales tax and preempted sales tax).
- Revenues associated with traffic violations (Red Light Cameras, Boot & Tow, other traffic violations and associated public safety fees) were down more than \$40 million.
- State Aid revenues were down by more than \$30 million.
- Departmental revenues were down \$28 million.
- Revenues related to mortgage recording fees, however, were \$8.5 million higher.
- General Fund expenditures were lower in various categories throughout the County, including:
 - \$17.4 million in salary savings;
 - Recreation and Parks expenses were down by \$4.9 million; and
 - Ocunty utility costs were down \$2.9 million.

*Note: These examples represent General Fund variances to total Budgetary Authority.

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2021 Nassau County Mid-Year Report on the County's Financial Condition

JULY 31, 2021

Primary Operating Funds

FY 2021 (PROJECTION)

\$79.8 million surplus

GAAP Operating Surplus

Our analysis shows that Nassau County is on track to generate a 2021 GAAP surplus, estimated at \$79.8 million in the three primary operating funds, demonstrating that the County is continuing to move in the right direction fiscally.

As stated in the 2021 Mid-Year Report, 2020 year-end financial results illustrated the County moving in the right direction with an operating surplus of \$128.1 million for the three primary operating funds. 2021 is on track for more positive results, a \$79.8 million GAAP fund balance. By comparing the indicators from the 2021 Mid-Year Report to the 2020 Mid-Year Report, we can see the improvements made.

2021 Mid-Year Report Off-Track Caution On-Track



The Comptroller's Scorecard displays the key indicators that we use to measure Nassau County's fiscal health so that our financial data is easily accessible to the public. The graphics above illustrate where Nassau County stands as of 2021 and 2020. Red indicates that a measure is "off-track," yellow represents "caution," and green reflects an "on-track" measure. The Scorecard is an easy way to see the County's status at a glance and can be found at OpenNassau.NassauCountNY.gov.

2021 Budget to Projected Actual Variance Drivers: Drivers Impacting Nassau County's Three Primary Operating Funds

Positive "Opportunity" Key Drivers 🋊

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Payroll and Fringe Savings	+ \$46.6 million	Primarily unfilled positions County-wide and fringe benefit savings, offset by higher Police and Correctional Center Overtime and termination pay.	
Rents and Recoveries	+ \$39.2 million	Primarily recovery of \$55.4 million of NIFA sales tax withholdings for its 2020 debt service returned as a result of restructuring (one-time savings) offset by lower projected sale of County property, and lower rents and recoveries in Coliseum revenues and other.	
Departmental Revenue	+ \$19.3 million	Strong real estate related revenues offset by lower Income and Expense law projections.	
Social Services	+ \$37.1 million	Savings primarily in Recipient Grants (\$13.2 million), and Medicaid (\$24.5 million).	
State Aid	+ \$21.9 million	Higher State Aid primarily due to the STOA grant for the bus operations.	
Unfavorable "Risk" Key Drivers 🌉			
Fines and Forfeitures	- \$38.1 million	Primarily the result of lower Red Light Camera, Public Safety and other traffic violation fines.	
Local Government Assistance	- \$16.3 million	Local Government Assistance is projected to be higher due to the higher projected Sales Tax revenue. Page 1	

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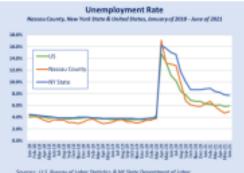
FACT SHEET

JULY 31, 2021

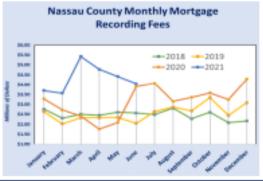
An Economic Snapshot In Time

As we head into the second half of 2021, COVID-19 and emerging variants of the virus may continue to impact the economy and economically sensitive revenues resulting in negative impacts on County finances. Some of the parameters used to analyze how our economy is doing are GDP, CPI, unemployment rates, and the status of the real estate market. The past year has been unprecedented from a trend perspective, with significant and rapid negative swings due to the onset of the pandemic and rolling shutdowns beginning in March 2020. The charts below show these major indicators. The chart below of monthly Nassau County mortgage recording fees shows a positive fiscal impact from the strong real estate market.

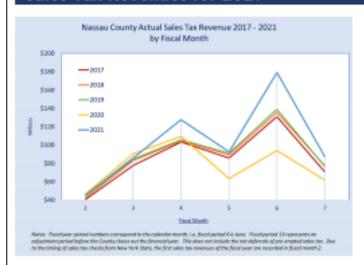








Sales Tax Revenues for 2021



As illustrated in the chart on the left, sales tax revenues for 2021 have been consistently higher than the previous four years on a monthly basis.

Sales tax revenues statewide are on an upward trend. According to a recent report issued by the Office of the State Comptroller (OSC) in July of 2021, actual sales tax revenues have been coming in higher than in previous years.

According to the OSC report, Nassau County's June 2021 sales tax collections were 76.3% higher than June of 2020, and 35.3% higher than June of 2019.

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FACT SHEET

JULY 31, 2021

Sales Tax Revenues for 2021 (continued)

2021 Sales Tax Revenue Forecasts		
Optimistic Scenario	\$ 1,471 Million	
Mid-Range Scenario	\$ 1,337 Million	
Conservative Scenario	\$ 1,203 Million	

Based on our sales tax modeling tool estimates, we have three different ranges for sales tax in 2021. We are projecting 2021 sales tax revenues using the Mid-Range model. Adjusted for deferred Part County Sales Tax, the estimate for 2021 is \$1.319 billion.

Did you know?

One percent of sales tax represents over \$11 million in revenues to Nassau County.

Special Revenue Fund – 2021 Sales Tax Revenues

At the end of 2020, Nassau County adopted Local Law 12-2020, which created a special revenue fund to commence concurrently with the 2021 budget. Pursuant to this Local Law:

- Sales tax revenues in excess of the Adopted Budget and any budgeted funds that become surplus as a result
 of the receipt of Federal Aid to address the COVID-19 pandemic shall be deposited into the fund; and
- It is important to note that the surplus of sales tax revenues we are forecasting for 2021 will not impact the overall results of the County's three primary operating funds. As revenues in excess of the budget will be transferred into the special revenue fund and used for specific purposes as designated in Local Law 12-2020, they will not contribute to end-of-year fund balance in the County's primary operating funds.

To the extent that sale tax revenue outperforms the 2021 Adopted Budget, in 2020, the County established a special revenue fund to use such excess 2021 sales tax revenues over budget for the following specific purposes, to 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 to the Fair Labor Standards Act;
- expenses due to loss of budgeted State Aid; and
- unbudgeted COVID-19 response costs in the event that no Federal COVID-19 assistance funds remain available.

In summary, over the next few years, there is the possibility that the County will have over \$761 million in additional funds, generated by the estimated 2021 sales tax surplus, 2021 budgetary surplus and the 2021-2022 ARPA funding. With the right investments, these funds could improve the lives of our residents, boost our local economy, and make significant progress towards the County's long-term financial stability. Sometimes in crises, there is an element of opportunity, and we are at such a moment. As detailed in *Guiding Principles: Making Smart Investment with Stimulus Funding* report our Office recently issued, we must approach this moment responsibly.

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FACT SHEET

2022 Proposed Budget Analysis on Risks and Opportunities

We must approach this moment thoughtfully if we are to continue to progress towards and ultimately achieve long-term fiscal sustainability.

The 2022 Proposed Budget includes some prudent fiscal steps, such as paying off most of the amortized pension liability which has accumulated over a decade. The Proposed Budget also includes funds to settle outstanding collective bargaining agreements. At the same time, the Proposed Budget also reduces recurring revenues with a multi-year Property Tax reduction. As a result, the 2022 Proposed Budget further shifts the percentage of overall County revenues more to Sales Tax than any other revenue source, which, while reducing the burden to property owners, can create financial risk to County finances going forward.

Our 2021 Mid-Year report estimated a \$79.8 million GAAP surplus in the three Primary Operating Funds, positive results given the impacts of the pandemic.

Fiscal Stress Score

The State Comptroller's Fiscal Stress Score in September 2021 shows that Nassau County's finances are continuing to move in the right direction with a score of 45, only one-tenth of a point away from the No Designation of Fiscal Stress category.

Key Highlights: 2022 Proposed Budget Risks and Opportunities Drivers

Positive "Opportunity" Key Drivers

Payroll and Fringe Savings	+ \$65.0 million	Savings of \$44.9 million in Payroll Savings and \$20.1 million in Fringe Benefits Savings primarily due to the exclusion of assumptions for collective bargaining agreements not yet negotiated
Sales Tax Revenues	+ \$17.5 million	Higher projected sales tax based on higher base of 2021
Interest Penalty on Taxes	+ \$8.1 million	Primarily the result of the delay in tax lien sales projected for 2021
Debt Service	+ \$5.6 million	Lower debt service costs projected than Proposed Budget
Judgements and Settlements	+ \$5.4 million	Lower projected costs in the Sewer and Storm Water District Fund related to Judgements and Settlements
Social Services	+ \$3.1 million	Lower expenditures projected in Purchased Services (\$1.7 million) and Emergency Vendor Payments (\$1.4 million)

Unfavorable "Risk" Key Drivers

Rents and Recoveries	- \$24.2 million	Primarily due to risks in Sale of County Property, Recovery of Prior Year Appropriations and \$10.0 million in capital close-outs
Use of Fund Balance	- \$12.9 million	Use of Fund Balance for Sewer and Storm Water District Fund is risked as we project the fund will not have residual fund balance
Departmental Revenue	- \$11.2 million	Primarily due to risks related to the Income and Expense Law (\$10.0 million) and Police Ambulance Fees (\$1.2 million)
Fines and Forfeitures	- \$10.7 million	Primarily due to risks in Traffic and Parking Violations fees, including Red Light Cameras and Boot and Tow
Early Intervention	- \$3.0 million	Primarily due to risks associated with a lower budget than the Department requested

SEPTEMBER 2021

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DECEMBER 2021

NEPOTISM IN NASSAU COU HOW NEPOTISM CAN BE PREVEN

NEPOTISM is the practice among those with power or influence of favoring relatives or friends, especially by providing jobs. This practice has a negative impact on governmental operations and can deprive County residents and taxpayers of a well-qualified workforce.

In 2018, the Office of the Nassau County Comptroller initiated the first-ever audit on Nepotism in Nassau County after a series of corruption allegations arose culminating in the indictments and convictions of officials related to Nassau County Government and reports surfaced of numerous "friends and families" of political figures working in taxpayer funded jobs. Our research cannot find another example of an audit of this type having ever been conducted.

THREE AUDITS ON NEPOTISM WERE ISSUED







The Nepotism Series of Reviews of Hiring Practices and Related Parties Reports focused on the administration and management of hiring in Nassau County, to identify the processes, policies, and practices embedded within the County which had allowed favoritism in hiring and staffing to flourish in the past and to recommend specific reforms to end abuses in the hiring processes.

SOME OF OUR FINDINGS

BOARD OF ETHICS:

- 1. Most County employees have not received the updated Code of Ethics and formal ethics training.
- 2. The Nassau County Code of Ethics is not promoted, such as posting in County buildings.
- 3. The Board has operated with less than the required five members and has consistently lacked diversity in gender and occupational backgrounds.
- 4. Advisory opinions, which provide guidance to public servants seeking to avoid ethical missteps, were not available to the public.

HUMAN RESOURCES:

- 1. The Office lacks policies to properly ensure that Nassau County's Code of Ethics requirements concerning nepotism is being monitored & enforced by County departments.
- 2. The Office of Human Resources deviated from County policy by not requesting Civil Service background checks on 50% of the files sampled (39 employees out of 78).
- 3. Nepotism was likely involved in the hiring of a relative of the former County Executive's friend/County contractor;
- 4. Over 40 Ordinance employees were moved into Civil Service protected positions and placed in non-competitive job titles prior to the 2018 change in County Executive administration.

CIVIL SERVICE:

- 1. The website of the Civil Service Commission lacked pertinent information that would be helpful for the public. A transparent website is a key tool in informing the public as to employment opportunities with the County and ensuring that all interested qualified people in the County are aware of such opportunities.
- 2. Nassau County job titles and salary ranges have not been surveyed or updated in over 24 years.
- 3. The Commission granted extended leaves of absence to certain exempt County and Town employees without justification, likely due to nepotism.



These audits were guided by the standards of the Government Accountability Office, providing an objective and independent review.

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SPOTLIGHT ON NASSAU COUNTY'S CODE OF ETHICS

The primary law governing nepotism in Nassau County is contained in the Nassau County Code of Ethics. A strong Code of Ethics that helps prevent ethical missteps is the cornerstone of meaningful reform.

NO OFFICER OR EMPLOYEE OF THE COUNTY SHALL HIRE OR INDUCE OTHERS TO HIRE A RELATIVE...

> §2218(7) - Nassau County Code of Ethics

SPOTLIGHT ON NASSAU COUNTY'S HUMAN RESOURCES

The County's Office of Human Resources is responsible for developing and administering of programs that directly affect all employees, such as organizational development, professional training, and recruitment. The objective of reviewing the Office of Human Resources was to identify and strengthen the processes, policies, and practices embedded within the County. The Office could use its resources to prevent favoritism in hiring and identify those processes which fail to prevent nepotism in hiring, as well as to review whether adequate internal controls are in place to avoid improper hiring and to make recommendations for the implementation of best practices.

SPOTLIGHT ON NASSAU COUNTY'S CIVIL SERVICE COMMISSION

The Nassau County Civil Service Commission's purpose is to administer New York State Civil Service Law to ensure County taxpayers a qualified public workforce pursuant to the principles of selection according to merit and fitness. The Commission operates in accordance with the New York State Constitution, New York State Civil Service Law, and the Nassau County Civil Service Commission Rules.

DID YOU KNOW?

The merit system of hiring in New York State (Civil Service) was instituted in the late 1800s, championed by Assemblyman Theodore Roosevelt and Governor Grover Cleveland to combat the "spoils" system of doling out government jobs. In 1894, the NY State Constitution was updated to include the merit principle in Article V. Section 6.



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FACT SHEET

PREVENT NEPOTISM?

1. DEVELOP, IMPLEMENT & ENFORCE AN ANTI-NEPOTISM POLICY

- Establish a "Nepotism" policy as other governmental agencies have done, which prohibits employees from attempting to use their positions to obtain financial gain, privilege, or personal advantage for themselves or for people or firms with whom they are associated.
- Ensure that Nassau County's Board of Ethics actively enforces the Code of Ethics and performs complete financial disclosure reviews.
- Develop a questionnaire that is completed during the hiring process, which identifies if an individual has any friends or family working for the County. Disclosure is important. Being related to someone does not prohibit an employee from being hired if it is done transparently and if the relationship is not in a direct supervisory position.

2. IMPLEMENT TRANSPARENCY, ACCESS & AWARENESS MEASURES

- An important anti-nepotism measure is transparency in policies and procedures and equally applying policies consistently to all employees. It assures employees that they are being treated fairly. Human Resources should have a complete and open procedures manual for County employees to access.
- Transparency in hiring is critical to workplace culture and ensuring that those hired have the necessary skills for a modern workforce so that when the County needs the Civil Service Commission to create a job specification, the focus is on the needs of the County for the position, not on which person is in mind to hire.
- Make jobs accessible to all and create community awareness of jobs by advertising job vacancies and promotional opportunities. To that end, the Comptroller's Office is calling for all colleges in Nassau County to receive updates to the civil service website on a regular basis.
- Detailed job descriptions that outline the skills and experience required provide accountability that those hired can effectively perform their jobs.

3. CREATE A CULTURE THAT DOES NOT ALLOW NEPOTISM

- Management can create a culture that does not allow nepotism by being transparent and communicative in the hiring and promotional process.
- Educating everyone about what nepotism is and how to prevent it can create an environment of fairness and equity.

4. TRAINING TO PROMOTE FAIRNESS AND EQUITY AS ENVISIONED BY THE MERIT

- Supervisory training that teaches employees about nepotism and favoritism should be provided so that people know what nepotism looks like and what to do about it.
- HR representatives should be fully trained to ensure consistency in the provision of HR functions, which is important to employees being treated fairly and equally.

5. ACTIVE BOARD OF ETHICS ENFORCING THE ETHICS CODE

- The Code of Ethics must be a cornerstone for ethical operations of government. The Board of Ethics should be actively engaged with Human Resources.
- The Code of Ethics should be reviewed and updated as best practices evolve.
- Advisory opinions, which provide guidance to public servants seeking to avoid ethical missteps, must be made available to the public and to employees in an easily accessible manner.

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<u>Appendix D – Field Audit Reports & Links Provided to IAAC</u> <u>Committee, 2018- 2021</u>

Comptroller's Independent Audit Advisory Committee (IAAC) Field Audit Reports Provided to Committee

	Date of	
	Issue	Audit Title (Hyper-Link)
1	9/5/2018	2017 Living Wage Law Annual Report
2	9/24/2018	Limited Review of the Nassau County Department of Public Works Calculation of Charges and Fees for Out-of-District Sewer Connections
3	10/3/2018	Limited Review of the Department of Assessment Collection of Payments in Lieu of Taxes (PILOT) Revenue
4	10/18/2018	Limited Review of Nassau County's Take-Home Vehicles
5	12/10/2018	Limited Review of All Metro Health Care Compliance with the Nassau County Living Wage Law Years 2014-2015
6	12/18/2018	Limited Review of the Nassau County Office of the Public Administrator
7	2/20/2019	Limited Review of ADD/ADHD Housing Group Inc. Compliance with the Nassau County Living Wage Law and Related Memorandum of Understanding for Years 2016 and 2017
8	4/10/2019	<u>Limited Review of Hiring Practices and Related Parties Nepotism - Part I Nassau County Board of Ethics</u>
9	5/2/2019	Nassau County Department of Assessment Review of Property Tax Exemption Processing
10	6/4/2019	<u>Limited Review of the Town of Hempstead Animal Shelter</u>
11	9/5/2019	2018 Living Wage Law Annual Report
12	11/26/2019	Limited Review of Personal Touch Home Care of Long Island Compliance with the Nassau County Living Wage Law
13	12/11/2019	Limited Review of a Nassau County Emergency Shelter Provider
14	12/17/2019	Audit Follow-Up: Limited Review of the Nassau County Department of Public Works Calculation of Charges and Fees for Out of District Sewer Connections
15	12/17/2019	Audit Follow-Up: Limited Review of the Nassau County Office of the Public Administrator
16	7/21/2020	Limited Review of Friends of Nassau County Recreation, Inc.
17	8/27/20	Audit Follow-Up: Limited Review of the Town of Hempstead Animal Shelter

	Date of	Audit Title (Hyper-Link)	
	Issue		
18	9/2/2020	2019 Living Wage Law Annual Report	
19	10/8/2020	Limited Review of Bethany House (Emergency Shelter) Compliance with the Nassau County Living Wage Law 2017-2018	
20	11/18/2020	Audit Follow-Up: Limited Review of Personal Touch Home Care of Long Island Compliance with the Nassau County Living Wage Law	
21	12/28/2020	Limited Review of the Nassau County Industrial Development Agency Operations and Internal Financial Controls	
22	12/30/2020	Limited Review of HDDIC, Inc. (Emergency Shelter) Compliance with the Nassau County Living Wage Law January 2017 – October 6, 2019	
23	5/21/2021	Audit Follow-Up: Limited Review of the Department of Assessment Collection of Payments in Lieu of Taxes (PILOT) Revenue	
24	5/21/2021	Audit Follow-Up: Nassau County Department of Assessment Review of Property Tax Exemption Processing	
25	6/23/2021	Limited Review of the Nassau County Bridge Authority Atlantic Beach Bridge	
26	7/13/2021	Limited Review of the Nassau County Correctional Commissary Operations	
27	7/28/2021	Limited Review of Bethany House (Emergency Shelter) Compliance with the Nassau County Living Wage Law	
28	7/30/2021	Review of Employee Complaints for Nassau County's Compliance with the Living Wage Law	
29	9/1/2021	Audit Follow-Up: Limited Review of ADD/ADHD Housing Group Inc. Compliance with the Nassau County Living Wage Law and Related Memorandum of Understanding	
30	9/8/2021	2020 Living Wage Law Annual Report	
31	10/12/2021	Audit Follow-Up: Limited Review of All Metro Health Care Compliance with the Nassau County Living Wage Law for Years 2014 and 2015	
32	12/9/2021	Limited Review of Hiring Practices and Related Parties Nepotism - Part II Nassau County Office of Human Resources	
33	12/9/2021	Limited Review of Hiring Practices and Related Parties Nepotism - Part III Nassau County Civil Service Commission	
34	12/17/2021	Limited Review of Peace Valley Haven Compliance with the Nassau County Living Wage Law 2018-2020	
35	12/17/2021	Audit Follow-Up: Limited Review of the HDDIC, Inc. (Emergency Shelter) Compliance with the Nassau County Living Wage Law January 2017 - October 6, 2019	
36	12/21/2021	Review of Residential Property Procedures and Controls of the Assessment Review Commission	

<u>Appendix E – Links to Comprehensive Annual Reports, Mid-Year Reports</u> and Proposed Budget Risks & Opportunities Reports Presented to IAAC

Comptroller's Independent Audit Advisory Committee (IAAC) Comprehensive Annual Reports Presented to IAAC

	IAAC Meeting	
Year	Report Discussed	Report Link
Year Ended	9/17/2018	https://www.nassaucountyny.gov/DocumentCenter/View/23762/2017 Na
December 31,		ssau County Final CAFR Report?bidId=
2017		
Year Ended	9/4/2019	https://www.nassaucountyny.gov/DocumentCenter/View/25778/Nassau-
December 31,		County-CAFRSecured-20182019
2018		
Year Ended	7/8/2020	https://www.nassaucountyny.gov/DocumentCenter/View/29677/County-
December 31,		of-Nassau-2019-CAFR-Secured
2019		
Year Ended	7/22/2021	https://www.nassaucountyny.gov/DocumentCenter/View/33334/Nassau-
December 31,		County-2020-Comprehensive-Annual-Financial-Report-secured
2020		

Comptroller's Independent Audit Advisory Committee (IAAC) Mid-Year Reports on the County's Financial Condition Presented to the IAAC

	IAAC Meeting	
Year	Report Discusse	d Report Link
2018	9/17/2018	https://www.nassaucountyny.gov/DocumentCenter/View/23761/Mid-
		Year 201808021310095666?bidId=
2019	9/4/2019	https://www.nassaucountyny.gov/DocumentCenter/View/26096/2019-
		ComptrollerOffice-Mid-Year-Projections-Final-S?bidId=
2020	9/16/2020	https://www.nassaucountyny.gov/DocumentCenter/View/29909/2020-
		Comptroller-Office-Mid-Year
2021	9/14/2021	https://www.nassaucountyny.gov/DocumentCenter/View/33852/2021-
		Mid-Year-Report-on-Nassau-Countys-Financial-Condition

Comptroller's Independent Audit Advisory Committee (IAAC) Proposed Budget Review of Risks & Opportutnieis Presented to the IAAC

	IAAC Meeting	
Year	Report Discussed	Report Link
2019	11/16/2018	https://www.nassaucountyny.gov/DocumentCenter/View/23760/FY 2019
		Proposed Budget and MYP Risks Opportunties Report?bidId=
2020	11/18/2019	https://www.nassaucountyny.gov/DocumentCenter/View/26854/FY-2020-
		Proposed-Budget-and-MYP-Risks Opportunties-Report
2021	11/30/2020	https://www.nassaucountyny.gov/DocumentCenter/View/30501/FY-2021-
		Proposed-Budget-and-MYP-Risks-Opportunties-Report
2022	12/14/2021	https://www.nassaucountyny.gov/DocumentCenter/View/35145/Nassau-
		County-Comptroller-2022-Budget-Review?bidId=

Appendix F – Power Point Presentations

Fiscal Year 2020 Audited Results - Presentation to Audit Advisory Committee, July 22, 2021

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Comprehensive Annual Financial Report Presentation



Fiscal Year 2020 - Audited Results

Presentation to Independent Audit Advisory Committee July 22, 2021



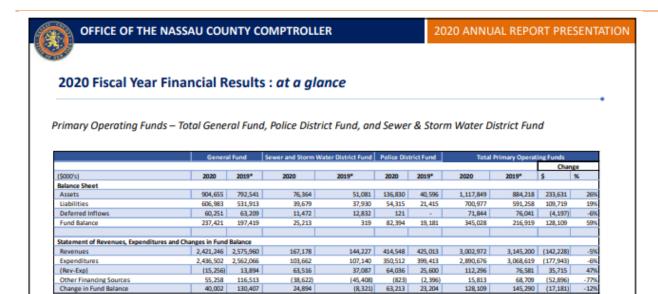
OFFICE OF THE NASSAU COUNTY COMPTROLLER

2020 ANNUAL REPORT PRESENTATION

Introduction

- · Presentation by Nassau County's Independent External Auditors
- 2020 Comprehensive Annual Financial Report filed on time, 6/30/21
- · Single Audit status

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restated to reflect the adoption of GASB Statement No. 84 and its retroactive application

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2020 ANNUAL REPORT PRESENTATION

2020 Fiscal Year Financial Results : at a glance

Governmental Funds

Governmental Funds							
			Change				
(\$000's)	2020	2019*	\$	%			
Balance Sheet							
Assets	2,102,978	1,894,565	208,413	11%			
Liabilities	1,396,841	1,200,257	196,584	16%			
Deferred Inflows	72,024	76,135	(4,111)	-5%			
Fund Balance	634,113	618,173	15,940	3%			
Statement of Revenues, Expenditures and Cha	nges in Fund	Balance					
Revenues	3,422,612	3,522,700	(100,088)	-3%			
Expenditures	3,409,467	3,590,733	(181,266)	-5%			
(Rev-Exp)	13,145	(68,033)	81,178	-119%			
Other Financing Sources	2,795	218,779	(215,984)	-99%			
Change in Fund Balance	15,940	150,746	(134,806)	-89%			
* restated to reflect the adoption of GASB Statement No. 84 and its retroactive application							

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2020 ANNUAL REPORT PRESENTATION

2020 Fiscal Year Financial Results : at a glance

Government-Wide: Statement of Net Position (Deficit)

Government-Wide (*Excludes Discretely Prese				
			Ch	ange
(\$000's)	2020	2019**	\$	%
Condensed Statement of Net Position				
Assets				
Current and Other Assets	1,732.4	1,694.7	37.7	2%
Capital Assets	3,603.4	3,497.8	105.6	3%
Total Deferred Outflows of Resources	1,738.5	881.0	857.5	97%
Liabilities				
Current and Other Liabilities	1,557.6	1,500.8	56.8	4%
Long-Term Liabilities	12,898.0	11,160.7	1,737.3	16%
Total Deferred Inflows of Resources	861.0	1,281.0	(420.0)	-33%
Total Net Position (Deficit)	(8,242.3)	(7,869.1)	(373.2)	5%

^{**} restated to reflect the adoption of GASB Statement No. 84 and its retroactive application

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OFFICE OF THE NASSAU COUNTY COMPTROLLER

2020 ANNUAL REPORT PRESENTATION

2020 Fiscal Year Financial Results : at a glance

Government-Wide: Statement of Activities

Government-Wide (*Excludes Discretely Prese	-			
	Change			
(\$000's)	2020	2019	\$	%
Condensed Statements of Activities (Dollars in	Millions)			
Expenses	3,804.4	3,294.6	509.8	15
Program Revenues				
Charges for Services	346.1	432.9	(86.8)	-20
Operating Grants	555.0	499.0	56.0	11
Capital Grants	176.0	76.6	99.4	
General Revenues				
Property Taxes	989.2	970.5	18.7	2
Sales Tax	1,164.2	1,242.2	(78.0)	-6
Other Tasks	88.9	94.5	(5.6)	-6
TSRs	19.3	16.9	2.4	14
Investment Income	30.0	43.8	(13.8)	-32
Other General Revenues	62.5	65.0	(2.5)	-4
Total Revenues	3,431.2	3,441.4	(10.2)	0
Increase (Decrease) in Net Position (Deficit)	(373.2)	146.8	(520.0)	-354

Report it, Reform it - www.nassaucountyny.gov Marcomptroller@nassaucountyny.gov

Proposed Nassau County 2022 Budget – Review of Risks & Opportunities Report – Presented to the IAAC on 12/14/21



2020 YEAR-END RESULTS - MOVING IN THE RIGHT DIRECTION

2020 OPERATING SUPPLIES \$128.1 MILLION

HISTORICAL OPERATING GAAP SURPLUS/(DEFICIT)

2017: \$122.4 million (Deficit)2018: \$ 27.5 million (Deficit)

2019: \$145.3 million

2021 OUTLOOK - ON TRACK FOR POSITIVE RESULTS

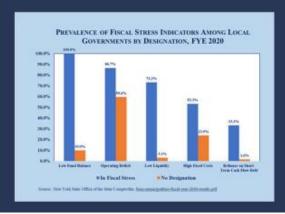
As we head into the end of 2021, COVID-19 and emerging variants of the virus may continue to affect the economy and economically sensitive revenues resulting in negative impacts to County finances. Regardless, Federal revenue relief, support for local business, and smart governance continue to be critical for the County to maintain liquidity and take steps to close long-term structural gaps in our budgets as well as equity gaps in our communities.

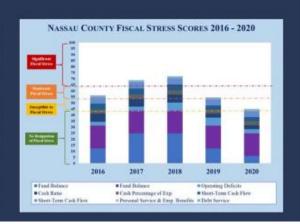
Proposed Budget and 2022 Outlook

THE COUNTY'S FINANCIAL OUTLOOK IS PROGRESSING POSITIVELY:

- Improving from a 2017 year-end GAAP deficit of (-\$122.4) million in the Primary Operating Funds to a \$128.1 million GAAP surplus in 2020, are important steps on the path to fiscal sustainability.
- Our 2021 Mid-Year report estimated a \$79.8 million GAAP surplus in the three Primary Operating Funds, positive results given the impacts of the pandemic.
- Sales Tax has rebounded from the major decrease seen in 2020, the lowest level of Sales Tax revenues the County has received in a decade, to amounts which exceed pre-pandemic levels.

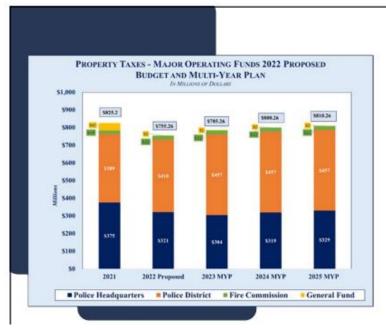
FISCAL STRESS SCORE





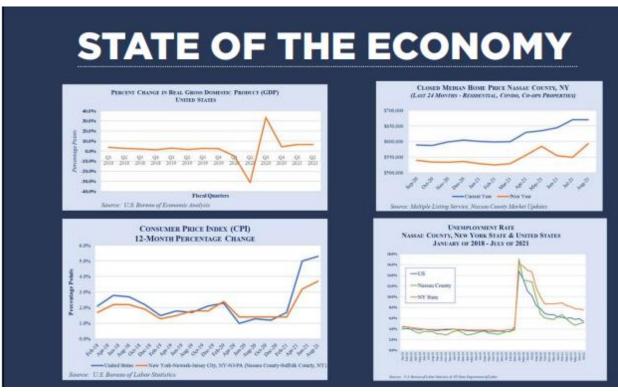
We must approach this moment thoughtfully if we are to continue to progress towards and ultimately achieve long-term fiscal sustainability.

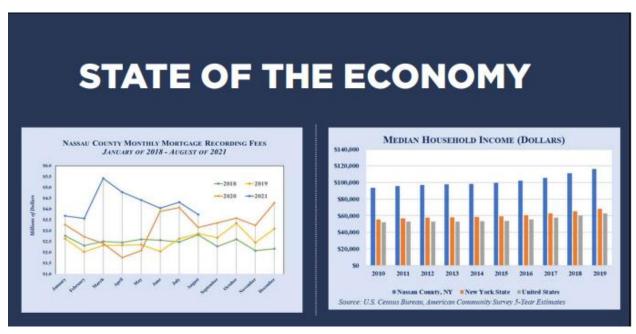
The path to sustainability and to ending the NIFA control period lies in the choices we make right now.

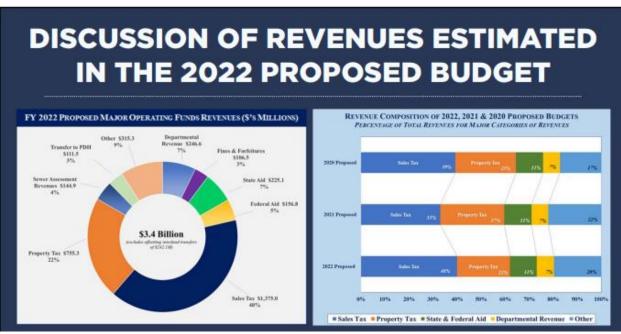


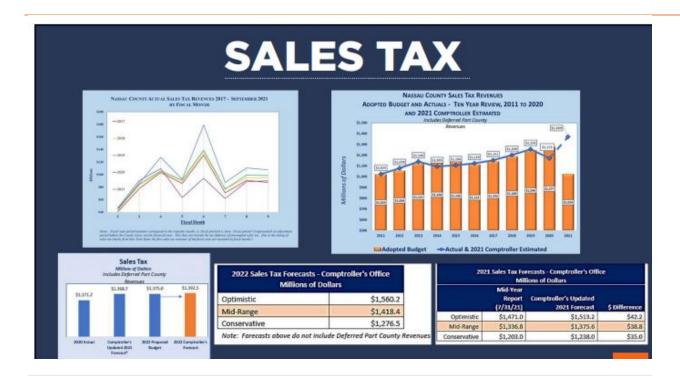
Property Taxes - Major Operating Funds 2022 Proposed Budget and Multi-Year Plan

- The 2022 Proposed Budget reduces Real Property Taxes in the primary operating funds by \$70 million in 2022 as compared to the 2021 Adopted Budget.
- The 2022 Proposed Budget for the Primary Operating Funds includes an 8.5% reduction in Property Taxes for these funds as compared to the 2021 Proposed Budget.









Key Highlights: 2022 Proposed Budget Risks and Opportunities Drivers Positive "Opportunity" Key Drivers 🛊 + \$65.0 million Savings Sales Tax Revenues + \$17.5 million Higher projected sales tax based on higher base of 2021 (RISKS) / Debt Service +\$5.6 million **OPPORTUNITIES** Settlements Social Services +\$3.1 million million) and Emergency Vendor Payments (\$14 million) Unfavorable "Risk" Key Drivers Use of Fund Balance - \$12.9 million \$11.2 million - \$10.7 million - \$3.0 million

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