



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