

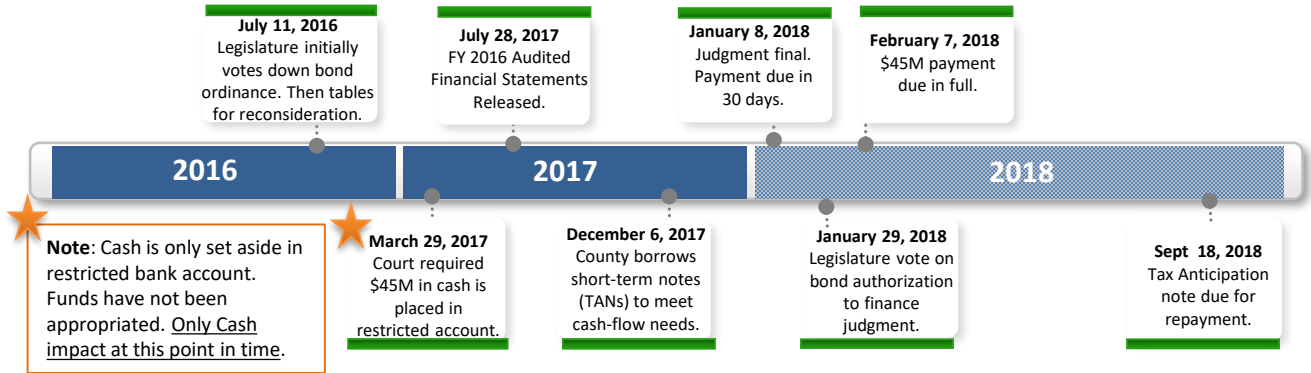


# Nassau County \$45 Million Judgment

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



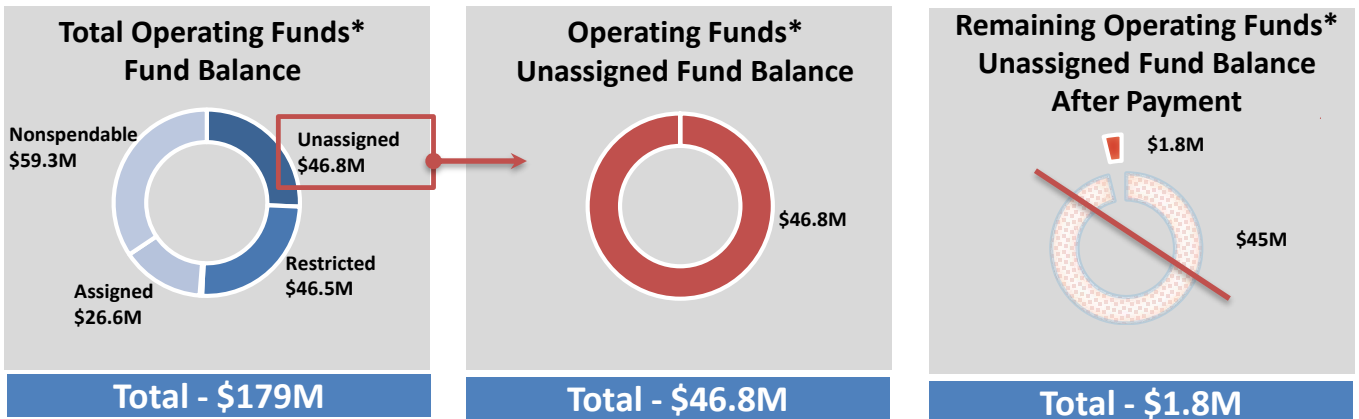
## Key Financial Indicator – Fund Balance

### 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 **Ow**ns) minus its liabilities (What it **Ow**es). 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 paid).
- 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



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

## Key Impacts / Effects

1.

### Impaired Financial Condition

- County’s remaining insufficient unassigned fund balance of \$1.8M supporting approximately \$3 Billion in annual expenditures.

2.

### Decreased Liquidity

- Decline in available cash on hand to support day-to-day operations of the County.
- Results in increased cash flow borrowings.

3.

### 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
  - Establishment of sustainable balance between recurring revenues and recurring expenses
  - 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

4.

### 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.

