



**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	➔	\$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" Key Drivers ↓

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) fines
OTB Lottery Terminals Rents and Recoveries	- \$15.2 million	Due to shutdowns in the gaming industry resulting from the COVID-19 pandemic
	- \$13.0 million	Primarily due to risks in Sale of County Property (\$6.5 million) and Coliseum revenues (\$3.0 million)



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
<p>+ Debt Restructuring: Up to + \$75 million</p> <p>+ Capital Closeouts: Up to + \$22.0 million</p> <p>+ Judgments and Settlements: Up to + \$14.8 million</p> <p>+ Program to Eliminate Gap (PEG): Up to \$12.6 million</p>	<p>⊖ Sales Tax Loss: \$142.7 million to \$348.8 million</p> <p>Sales Tax Loss (Hypothetical Second Wave): \$193.4 million to \$390.4 million</p> <p>⊖ Total Revenue (including Sales Tax) per NYSAC: \$347.6 million to \$430.3 million*</p>	<ul style="list-style-type: none"> • Federal and State Aid • OTB Profits - Video Lottery Terminals (VLT) • NYS Workers' Compensation • 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.

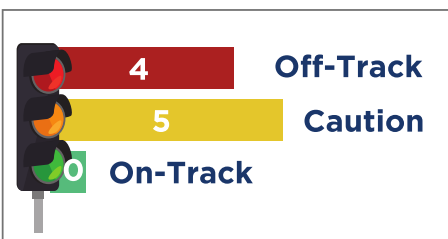
Hypothetical Second Wave Shutdown

▶ 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 million
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: open Nassau.nassaucountyny.gov



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.