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**COVID-19 Updates For NYS  
Governmental Entities**

# Presented By

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Duane Shoen



Christine Crowley



Douglas Goodfriend

# Housekeeping

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**Gartner peer insights**

**Figure 1. Gartner Peer Insights "Voice of the Customer" Meeting Solutions Overall Ratings**

**Gartner Peer Insights "Voice of the Customer" Meeting Solutions Overall Ratings**  
As of January 31, 2018

Eligible Vendors	Gartner Peer Insights Customers' Choice	Gartner Magic Quadrant Position	Number of Reviews	Overall Customer Rating
Zoom Video Communications	customer's choice 2018	Leader	n=686	4.69
Highfive Technologies			n=30	4.40
Lifesize			n=30	4.40
LogMeIn	customer's choice 2018	Challenger	n=163	4.36
Teamviewer			n=42	4.33
BlueJeans Network	customer's choice 2018	Visionary	n=57	4.32
Google	customer's choice 2018	Challenger	n=131	4.27
Cisco	customer's choice 2018	Leader	n=380	4.21
Microsoft		Leader	n=293	4.16
Adobe		Challenger	n=72	4.14

Notes: Vendors with greater than 25 reviews on Gartner Peer Insights in the past one year as of January 31, 2018 are considered eligible vendors. Gartner Peer Insights Customers' Choice announced on February 13, 2018. Gartner Magic Quadrant for Meeting Solutions published on September 18, 2017. Number of reviews and ratings as of January 31, 2018. ©2018 Gartner Inc. All rights reserved.

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# Agenda

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- Financial Concerns – Duane Shoen
- Borrowing Options, Borrowing Landscape and Market Conditions – Christine Crowley
- Draft Legislation – Douglas Goodfriend

# Financial Concerns

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**DUANE SHOEN**

# HR and Personnel Issues

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## Families First Coronavirus Response Act (FFCRA)

- Two components of personnel assistance
  - Paid Sick Leave
  - Expanded FMLA
- Effective April 1 – December 31, 2020
- Employers with less than 500 employees





# Paid Sick Leave

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Allows for up to 80 hours of paid sick leave at 100% of regular pay (up to \$511 per day) if:

- Employee is quarantined, or doctor has recommended precautionary quarantine
- Employee is experiencing symptoms and seeking medical diagnosis

Up to 80 hours paid leave at 2/3 of regular pay (up to \$200 per day) if:

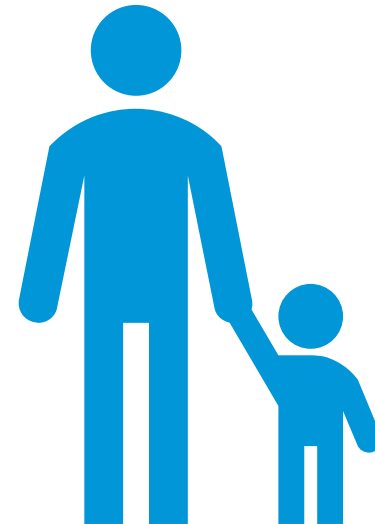
- Employee is caring for a family member subject to mandatory or precautionary quarantine
- Employee is caring for a child whose school is closed or whose childcare provider is unavailable due to COVID-19

# Expanded FMLA

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For employees (employed at least 30 days) caring for a child under 18 due to school or childcare closure

- Entitled to additional 10 weeks paid leave under FMLA
- Paid at 2/3 normal pay (up to \$200 day, with \$12,000 aggregate maximum)



# FFCRA Tax Credits

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Although the FFCRA requires government employers to provide paid leave, it does not entitle those governmental employers to tax credits for this leave.



# CARES Act Provisions

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Allows for deferral of employer's share of Social Security (FICA) taxes

Begins 3/27/2020 and ends 12/31/2020

In order to be considered timely, deferred funds must be paid:

- 50% of total by 12/31/2021
- 100% of total by 12/31/2022

Local governments and school districts are not eligible for the employee retention credit.

# CARES Act Provisions

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Local government employers will be reimbursed 50% of amounts paid, in lieu of contributions, into the state unemployment fund.

Applicable for weeks of unemployment beginning on or after March 13, 2020 and ending on or before December 31, 2020.

The employer must pay their bill in full before reimbursement can be processed.

It is up to the states to decide how often to reimburse – monthly, quarterly.

# FEMA Funding

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Nationwide declaration on 3/13/2020. Expenses incurred related to the virus can be reimbursed (75% of total cost reimbursed by federal government) for the following:

- Training specific to the event
- Disinfection of eligible facilities
- Security and law enforcement
- Communication of health and safety information to the public
- Emergency medical care and sheltering costs

Note that costs cannot be duplicated, if reimbursement is being made by CDC, HHS, or another agency.

# FEMA Links

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Fact Sheet (eligible expenses): <https://www.fema.gov/news-release/2020/03/19/coronavirus-covid-19-pandemic-eligible-emergency-protective-measures>

Simplified Process: <https://www.fema.gov/news-release/2020/03/23/coronavirus-covid-19-pandemic-public-assistance-simplified-application>

Recipients should work through their FEMA regional point of contacts to make sure that paperwork has been filled out before applying for a grant.

# Education Stabilization Fund

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- CARES Act provides \$13.5 billion in K-12 formula grants to states based on their share of ESEA Title I-A funds.
- States must maintain support for elementary and secondary education in fiscal years 2020 and 2021 equal to their average support for the preceding three years.
- Secretary of Education could waive the MOE if states have “experienced a precipitous decline in financial resources.”



# Single Audit Extension

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- Fiscal year ends through June 30, 2020.
- 6 months beyond the normal due date.
- Does not require individual recipients and subrecipients to seek approval for the extension.
- Need to maintain documentation of the reason for the delayed filing.
- Would still qualify as a “low-risk auditee.”

# Federal Education Grants Changes

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Flexibility in Federal Grant Requirements – NYSED April 24th memo includes:

- Allowability of certain COVID-19 related costs, including technology, for certain grants
- Waiver from provisions of ESSA pertaining to state assessments and school and district accountability determinations
- Carryover process extended for certain education grants
- Reporting extended up to three months
- Extension of closeouts up to one year

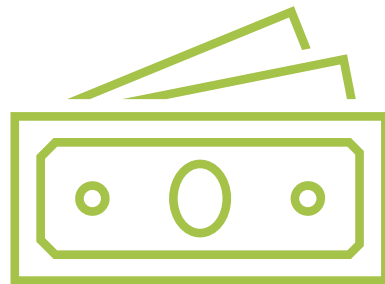
Check with funders on possible changes to other federal programs.

# CDBG

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Additional federal funding through the regular CDBG formula

- \$193 million to NYS for immediate funding based on public health needs and COVID-19 cases)
- Also included specific amounts for cities that already receive specific amounts



# NYS Budget 2020-2021

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Department of Budget to determine potential budget cuts based on revenues at the following measurement dates: April 30, June 30, and December 31

Based on those dates, NYS will determine what changes to make to aid to local governments and schools.

April 30 measurement date results are \_\_\_\_\_

# Questions?

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# COVID-19 Updates for NYS Governmental Entities



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BORROWING OPTIONS, BORROWING  
LANDSCAPE AND MARKET CONDITIONS

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# Financing Options

Revenue Anticipation Notes (RANs)

Tax Anticipation Notes (TANs)

Budget Notes

Deficiency Notes

# Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs)

RANs or TANs can help with cash flow for anticipated delays of revenue in the current or succeeding fiscal year.

RANs - Issued in anticipation of the receipt of a specific revenue (most commonly State/Federal aid) when expenditures do not align with the receipt of such revenues

- May be issued for one year and renewed if revenue for which the RAN was issued against was not received by the maturity of the RAN , however, RAN cannot be renewed beyond the close of the second fiscal year succeeding the fiscal year of the original issuance date.
- When issued for the succeeding fiscal year's revenues, RANs can be issued within fourteen days prior to the commencement of the succeeding fiscal year.

TANs - issued in anticipation of the receipt of property taxes.

- May be issued for one year and renewed if property taxes are not received by the maturity of the TAN and must be retired within five years after their original date of issue.
  - When issued for the succeeding fiscal year's taxes, TANs can be issued within ten days prior to the commencement of the succeeding fiscal year.
- Estimated Cash Flow statement to be included in Official Statement or offering document showing the month or point in time when the deficit is expected to occur to justify the need for the RAN or TAN issuance .
  - Cash Flow statement should also include the repayment of borrowing and provide the actual cash flow of the prior fiscal year.
  - Not subject to public referendum. Revenue/Tax Anticipation Note resolution to be adopted by the governing board. No estoppel period is required. Resolution is effective immediately.
  - Consult with Bond Counsel & Municipal Advisor on appropriate timing and sizing of issuance.



# Budget Notes

- Events related to the COVID-19 Pandemic are anticipated to cause fiscal stress to local governments and school districts with unexpected increased operating expenses.
- Local governments may issue budget notes in any fiscal year to provide funding for unexpected expenditures for which insufficient or no provision was made in the budget (up to five percent of the budget) or for necessary expenditures resulting from an unforeseen public emergency.
- May be issued to cover expenses related to unforeseen public emergencies, however, there is no authority to issue budget notes for a revenue shortfall.
- Budget notes may be renewed but must not mature later than the close of the fiscal year succeeding the fiscal year in which the budget notes were originally issued.
- To be redeemed in full at maturity with taxes or assessments levied for the fiscal year in which the budget notes mature or revenues legally available during the fiscal year in which the budget note was issued.
- Not subject to public referendum. Budget note resolution to be adopted by the governing board. No estoppel period is required. Resolution is effective immediately.

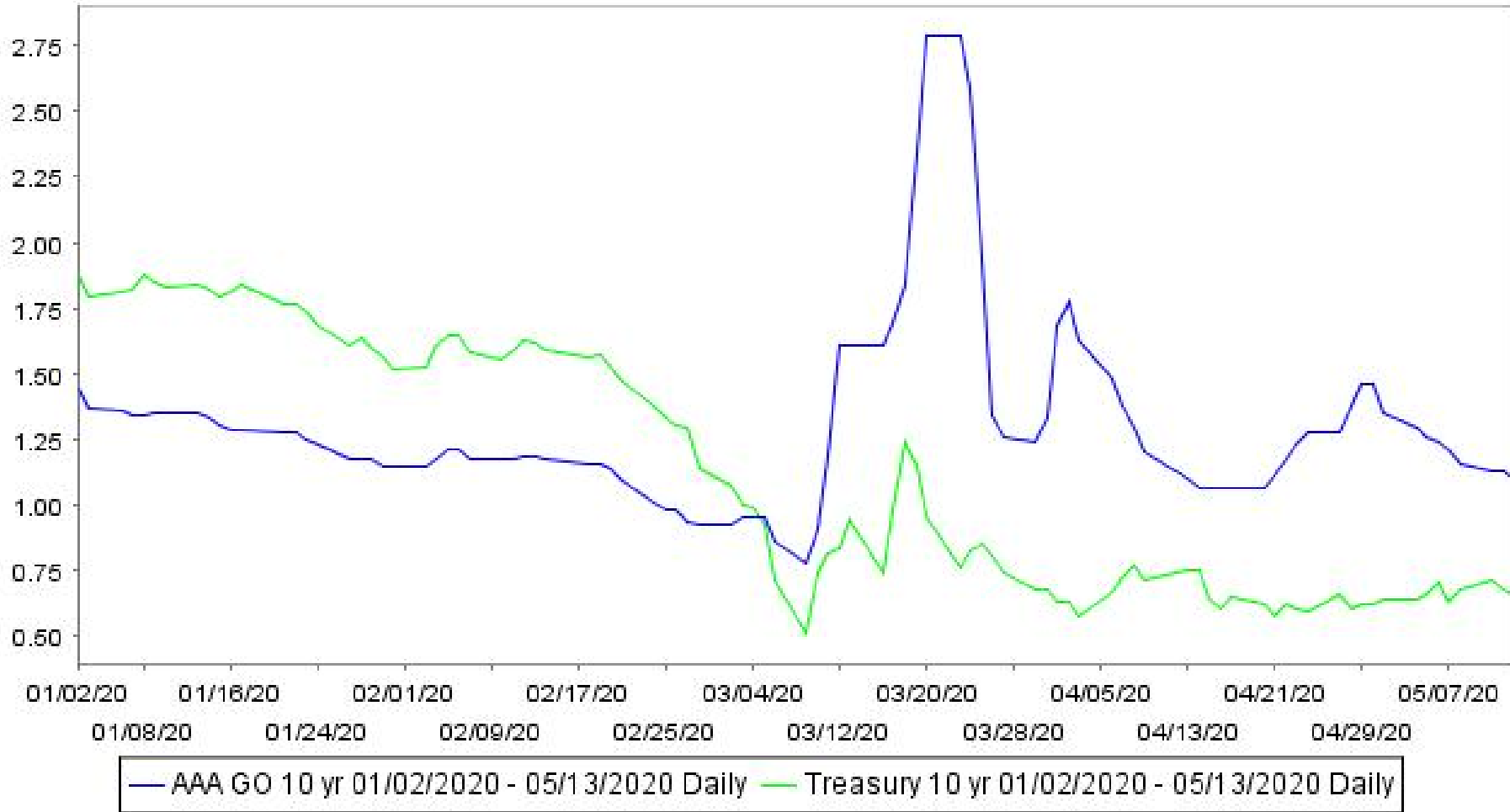
# Deficiency Notes

- Deficiency notes may be issued to finance a deficiency of funds caused by revenues which were less than the estimated amount budgeted in the current fiscal year (up to five percent of the budget) .
- Not subject to public referendum. Budget note resolution to be adopted by the governing board. No estoppel period is required. Resolution is effective immediately.



# Market Conditions

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# Market Conditions (cont.)

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Both underwriters and local banks have participated in recent competitive sales for short-term financings (BANs/RANs/TANs).

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Local banks may participate if there is an existing relationship with the issuer.

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Credit Rating will effect interest rate received.

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Timeline for borrowing process is approximately 6-8 weeks to allow for preparation of Official Statement, sale and closing documents.

# **COVID-19 Updates For NYS Governmental Entities: Draft New Financing Legislation**

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**May 20, 2020**



# SECTION 29.20 DEFICIENCY NOTES



a. Any municipality, school district or district corporation may issue deficiency notes during any fiscal year to finance a deficiency in any fund or funds arising from revenues being less than the amount estimated in the budget for such current fiscal year. Such notes may be issued in such amount as the finance board shall determine to be necessary, but not to exceed five per centum of the amount of the annual budget of such municipality, school district or district corporation.

b. Deficiency notes may be renewed from time to time, but such notes, including the renewals thereof, shall mature not later than the close of the fiscal year succeeding the fiscal year in which such notes are issued. However, such notes, including the renewals thereof, may mature not later than the close of the second fiscal year succeeding the fiscal year in which such notes are issued, when authorized and issued during a fiscal year at a time subsequent to the date of the adoption of the annual budget for the next succeeding fiscal year, by a municipality, school district or district corporation in which the total amount of taxes or assessments levied for a fiscal year is determined pursuant to an annual budget adopted during the fiscal year preceding such fiscal year.

## DEFICIENCY NOTES

Provision	Current Law	Proposed Law
<b>Maximum Maturity of Notes</b>	Must pay off in next fiscal year unless issued after adoption of next FY budget (then 2 years total)	Authorizes renewal for period up to 5 years from original issuance date if issued for budget deficiency resulting from unforeseen public emergency including epidemics (with annual principal installments)
<b>Borrowing Size Limitation</b>	5% of annual budget	CFO certified amount
<b>Conversion To Bonds; Original Bond Issuance</b>	Not authorized	Authorizes issuance of bonds for this purpose either initially or to redeem notes, subject to OSC review of budget deficit
<b>Period of Probable Usefulness For Bond Issuance (Maximum Maturity of Bonds)</b>	Not authorized	Deficit of 2% or less of annual budget: 10 years  Deficit exceeds 2% of annual budget: 15 years
<b>Private Sale Marketing of Bonds</b>	Not authorized	Authorizes subject to OSC approval of terms and conditions
<b>Applicability to Type of Local Government Unit</b>	Municipality, School District, District Corp.	Municipality, School District, District Corp., BOCES
<b>Method(s) of Authorization</b>	Note resolution of board	1. Note resolution of board  2. Bond resolution of board (not subject to mandatory or permissive referendum or prior public vote)



# SECTION 29.00 BUDGET NOTES



a. 1. Any municipality or district corporation, other than a fire district, may issue budget notes during any fiscal year for any unforeseeable public emergency during such year such as epidemic, conflagration, riot, storm, flood, earthquake or other unusual peril to the lives and property of the citizens of such unit of government in such amount as the finance board shall determine to be necessary, but no municipality may issue such notes for emergencies in behalf of any local improvement district. Any school district may issue budget notes during any fiscal year to provide temporary school buildings or facilities in such year when such buildings or facilities are necessitated because of an unforeseeable public emergency during such year such as epidemic, conflagration, riot, storm, flood, earthquake or other unusual circumstance preventing the use in whole or in part, of the buildings or other facilities used by such school district.

2. Any municipality or district corporation which adopts an annual budget may issue budget notes during any fiscal year for expenditures for which an insufficient or no provision is made in the annual budget for such fiscal year in an amount not to exceed five per centum of the amount of such annual budget.

Notwithstanding the foregoing limitation, any fire district may issue budget notes pursuant to this subdivision in the amount of at least one thousand dollars. In addition, any county which adopts an annual budget may issue budget notes pursuant to this subdivision without limitation as to amount for necessary expenditures for the apprehension and prosecution of persons charged with the commission of crime and for which an insufficient or no provision has been made in the annual budget for such fiscal year.

# SECTION 29.00 BUDGET NOTES (CONTINUED)



If, however, any such municipality or district corporation may issue budget notes for any such expenditures pursuant to the provisions of any other paragraph of this section, such municipality or district corporation shall not issue budget notes for any such expenditures pursuant to this subdivision. Any town, and any county, in computing “the amount of the annual budget” for the purposes of this subdivision shall not include any amounts which are to be paid in the first instance from improvement district assessments.

3. A school district may issue budget notes during the last nine months of any fiscal year for expenditures for which an insufficient or no provision is made in the annual budget for such fiscal year in an amount not to exceed five per centum of such annual budget. The foregoing limitation shall not be applicable in any case in which a budget note resolution has been adopted by the finance board of a school district and has been approved by a majority of the qualified voters of the school district present and voting at any annual or special meeting of the school district held pursuant to the provisions of the education law during the last nine months of such fiscal year. The notice for any such meeting, in addition to complying with applicable provisions of the education law, must state that such budget note resolution will be submitted for approval by the voters at such meeting; the purpose for which moneys are proposed to be borrowed under such resolution; the total amount proposed to be borrowed, and the fiscal year in which taxes are required to be levied for the payment of the budget note proposed to be issued. The vote at any such meeting on such proposition shall be by ballot, or ascertained by taking and recording the ayes and noes of such qualified voters attending and voting at such meeting.

# SECTION 29.00 BUDGET NOTES (CONTINUED)



3-a. Notwithstanding any other provisions of this section, where a school district can demonstrate to the satisfaction of the commissioner of education extenuating circumstances that a waiver is warranted for the adoption of a budget note resolution by its finance board, upon certification by the chief executive officer to the commissioner of education, in such form as the commissioner of education shall determine pursuant to guidelines developed, for the purpose of making additional accruals requirements in the two thousand four--two thousand five or two thousand five--two thousand six school years associated with changes in accounting methodologies for liabilities for employer and employee contributions due and payable to a public retirement system that will result in a tax increase to the residents of the district in the following school year, a school district may issue budget notes during the last nine months of the school year in which such resolution is adopted, or during the first three months of the following school year, in an amount not to exceed the amount of such additional accruals for public pension liabilities. The limitation on the amount of budget notes contained in subdivision three of this paragraph shall not be applicable to notes issued pursuant to this section and the amount of budget notes issued pursuant to this section shall not be included in the computation of such limitation.

j. Except as otherwise provided in paragraph d of this section, budget notes may be renewed from time to time but such notes, including the renewals thereof, shall mature not later than the close of the fiscal year succeeding the fiscal year in which such notes are issued. However, such notes, including the renewals thereof, may mature not later than the close of the second fiscal year succeeding the fiscal year in which such notes are issued, when authorized and issued during a fiscal year at a time subsequent to the date of the adoption of the annual budget for the next succeeding fiscal year, by a municipality, school district or district corporation in which the total amount of taxes or assessments levied for a fiscal year is determined pursuant to an annual budget adopted during the fiscal year preceding such fiscal year.

## BUDGET NOTES

Provision	Current Law	Proposed Law
<b>Maximum Maturity of Notes</b>	Must pay off in next fiscal year unless issued after adoption of next FY budget (then 2 years total)	Authorizes renewal for period up to 5 years from original issuance date if issued for budget deficiency resulting from unforeseen public emergency including epidemics (with annual principal installments)
<b>Borrowing Size Limitation</b>	Not limited to 5% of annual budget if due to unforeseen public emergency	Unchanged
<b>Conversion To Bonds; Original Bond Issuance</b>	Not authorized	Authorizes issuance of bonds for this purpose either initially or to redeem notes
<b>Period of Probable Usefulness For Bond Issuance (Maximum Maturity of Bonds)</b>	Not authorized	5 years unless: <ul style="list-style-type: none"> <li>• Amount exceeds 1% but does not exceed 2% of annual budget: 10 years</li> <li>• Exceeds 2%: 15 years</li> </ul>
<b>Private Sale Marketing of Bonds</b>	Not authorized	Authorizes subject to OSC approval of terms and conditions
<b>Applicability to Type of Local Government Unit</b>	Municipality School District (restricted uses) Fire District (restricted uses)	Municipality School District Fire District BOCES
<b>Method(s) of Authorization</b>	Note resolution of board	1. Note resolution of board 2. Bond resolution of board (not subject to mandatory or permissive referendum or prior public vote)

# BAN EXTENSION DRAFT LEGISLATION



- Currently a local government can issue BANs and renew them annually four (4) times (with principal paydowns).
- Unless the BAN is for an “assessable improvement”, like town improvement district projects, the remaining outstanding principal must be “bonded out” by the fifth anniversary of the first borrowing.
- Issuers with BANs issued in 2015, if not paid off this year, will be compelled to issue bonds in the current choppy municipal bond market. This condition may also continue next year.
- Draft legislation would permit BANs issued in 2015 and 2016 to remain in notes an additional two years.

# Questions?

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# Thank You

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Thank you for your attendance at today's program.

For more information regarding the topics discussed today,  
please feel free to contact us at:

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