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Comptroller’s Audit Finds More Than \$6 Million in PILOT Payments Lost

An additional \$7.6 million went unrecorded and uncollected until investigation launched

MINEOLA, NY – The Office of the Nassau County Comptroller today announced an audit that uncovered more than \$6 million in lost revenues owed to Nassau County because of expired or terminated Payment in Lieu of Taxes (PILOT) agreement properties that weren’t restored back to the tax roll.

“Our team found massive deficiencies in how the County recorded, tracked, and collected PILOT payments,” Schnirman said. “Nassau County cannot afford to just write off \$6 million in revenue, but in this case that is exactly what happened.”

The audit was started under the previous administration in 2016 to examine PILOT agreements to determine if all revenues were collected, if revenues were correctly calculated, and if allocations to municipalities were accurate and timely.

While the missing \$6 million in PILOT revenues identified prior to 2017 are lost forever, the audit did result in the Town of Hempstead sending Nassau County more than \$7 million for missing PILOT payments from 2017 and the first half of 2018.

“This is a great example of an audit getting real results for Nassau County,” Schnirman said. “Our investigation is shining a light on these wasteful practices, providing corrective actions and resulting in money being returned to county taxpayers.”

The more than \$6 million in PILOT revenues that were permanently lost were the result of the County not being notified of the early termination of Town of Hempstead PILOT agreements and the failure to ensure that expired PILOTs were billed at the full assessed value until the parcels were restored to the tax roll.

In addition, the audit found that the Department of Assessment did not invoice the Nassau County IDA for more than \$500,000 in reimbursements to the county general fund for contractual services; late fees were waived in several circumstances; and the Nassau County IDA did not provide evidence regarding the monitoring and compliance of PILOT employment benefits. Specifically, in nearly half of the sampled Nassau County PILOT agreements, employment goals were not met.

“It’s no secret that these problems persist throughout Nassau. That’s why our team launched audits of the Nassau County IDA and Assessment Review Commission,” Schnirman said. “We will push forward with our audits currently in process to find answers and hold these departments accountable.”

In response to this audit, the Department of Assessment agreed to undertake corrective actions, including taking steps to ensure PILOT revenues are properly recorded and collected and working with the IDAs across the County to prevent these issues from happening again by improving communication and establishing formal procedures.

As is a new standard practice for all audits, the Office of the Nassau County Comptroller’s audit team will follow-up in six months to check on the progress of the recommendations. Additionally, as with all audits, the findings in the audit will be forwarded to the Nassau County District Attorney’s Office.

A copy of the audit and a user-friendly report overview can be found online at: www.nassaucountyny.gov/audits. The report overview and redesigned executive summaries are new features that will accompany every audit to increase accessibility.