

# NASSAU COUNTY NEW YORK



Popular Annual Financial Report  
of the Comptroller  
for the Fiscal Year Ended December 31, 2020

*Transparency and Modernization*

**JACK SCHNIRMAN**

NASSAU COUNTY COMPTROLLER

# A MESSAGE FROM THE COMPTROLLER

## Did You Know?

This Popular Annual Financial Report (“PAFR”) presents key information contained in Nassau County’s 2020 Comprehensive Annual Financial Report in a readily accessible and easily understandable way.

Our financial reports are consistent with Generally Accepted Accounting Principles (GAAP).

## To The People of Nassau County,

**JUNE 30, 2021**

I am proud to report that our 2020 audited financial statements and the Annual Financial Report are once again presented timely for the fourth year in a row, despite the continued difficulties encountered due to the Coronavirus (“COVID-19”) pandemic. This year’s report shows that the financial impact of COVID-19 on Nassau County was largely mitigated by financial management as well as an infusion of federal funds through the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). **Nassau County ended fiscal year 2020 with a surplus of \$128.1 million in its three primary operating funds.**

Our Office continues to institute improvements to how we discuss and present the County’s financial performance—both operating and financial condition. These improvements will ensure that all stakeholders have a comprehensive, clear, and accurate view of the County’s fiscal health.

Since the 2018 fiscal year, Nassau County has actively taken steps to move in the right direction. It goes without saying that the COVID-19 pandemic was an unprecedented event affecting our County, our communities, and our local economy. Thinking ahead, our team modeled low, moderate, and high impact scenarios of the pandemic’s financial impact on sales tax. Through corrective actions taken by the County, effectively applying federal funding, debt management, as well as local initiatives to help our economy, the County ended the year without painful layoffs or cuts in services. Persevering was no easy feat, but 2020 shows a clear success in managing an unprecedented financial crisis.

**Despite the effects of COVID-19, the County continued to make progress towards sustainability and demonstrated that local government is capable of adaptation and modernization.**

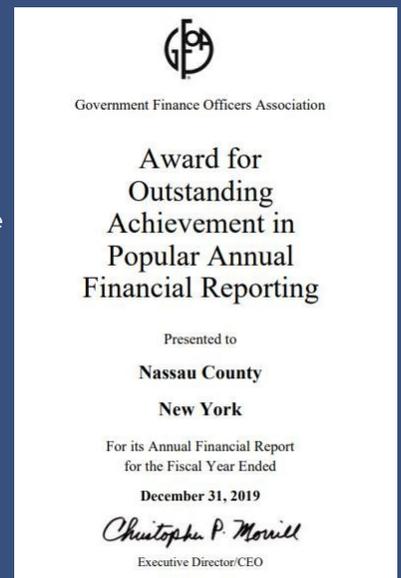
Respectfully submitted,



**Jack Schnirman**  
Comptroller

## Achievements

Nassau County received the GFOA award for the PAFR for fiscal year 2019. The County has also received a special Triple Crown medallion, which signifies the government has received all three GFOA awards (the Certificate of Achievement for Excellence in Financial Reporting Award, Distinguished Budget Presentation Award, and Popular Annual Financial Reporting Award) for FYE 2019.



**PAGE 1**

# Audited Results for Fiscal Year 2020

Nassau County ended fiscal year 2020 with a surplus, despite the impacts of the pandemic.

## Surplus in the Primary Operating Funds



## Financial Results Highlights - Government Funds

- ▶ The 2020 year-end surplus in the County's three primary operating funds was **\$128.1 million**. (See Exhibits X-5, X-7, X-8 and X-9, as well as in the Combining and Individual Fund Financial Statements and Schedules section of the Annual Financial Report.)
- ▶ For all governmental funds (includes all major and non-major government funds and blended component units), the County's total fund balance improved by **\$15.9 million**, from \$618.2 million to \$634.1 million (See Exhibit X-5).

## Key Factors Contributing to Financial Results

- ▶ Effective use of \$102.9 million in federal CARES funding.
- ▶ Debt management, which included \$20 million in debt service cost savings.
- ▶ Sales tax revenues were better than expected, but \$105.5 million less than Adopted (on a budgetary basis, including County-wide sales tax and preempted sales tax).
- ▶ Revenues associated with traffic violations (Red Light Cameras, Boot & Tow, other traffic violations and associated public safety fees) were down more than \$40 million.
- ▶ State Aid revenues were down by more than \$30 million.
- ▶ Departmental revenues were down \$28 million.
- ▶ Revenues related to mortgage recording fees, however, were \$8.5 million higher.
- ▶ General Fund expenditures were lower in various categories throughout the County, including:
  - ▶ \$17.4 million in salary savings;
  - ▶ Recreation and Parks expenses were down by \$4.9 million; and
  - ▶ County utility costs were down \$2.9 million.

\*Note: These examples represent General Fund variances to total Budgetary Authority.

# Financial Condition

## The financial condition of the County at year-end 2020 was a GAAP surplus.

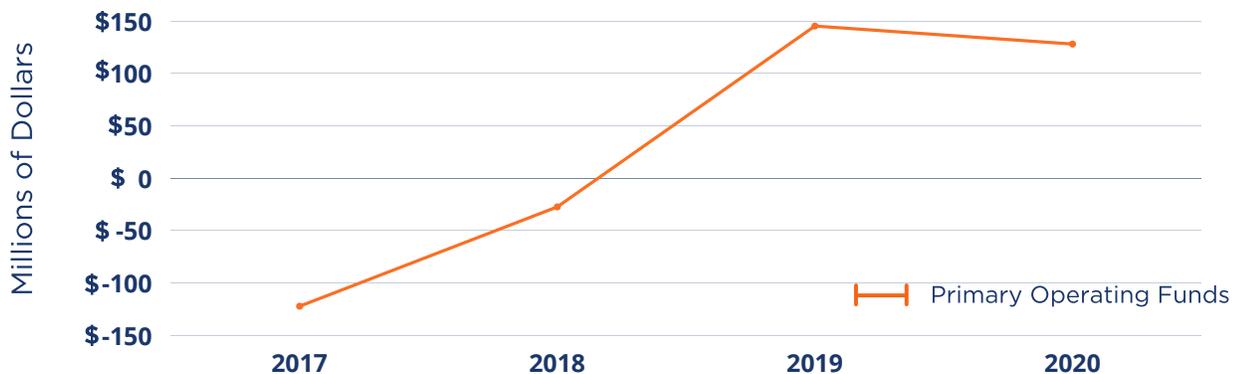
The County successfully navigated the fiscal impacts of the COVID-19 pandemic and related shutdown, managing to end the year in a positive position, utilizing the opportunity to continue progress towards fiscal sustainability. Through corrective actions taken including the effective use of the CARES funding, debt management, and better than expected sales tax revenues, the County ended the 2020 fiscal year in a positive position, with a \$128.1 million GAAP surplus in its primary operating funds. The year-end GAAP results for the primary operating funds from 2017 through 2020 is shown below, and demonstrates that the improvements made through 2019 were not erased.

### GAAP Results for the Primary Operating Funds, 2017 - 2020

Primary Operating Funds (000's)	2020 GAAP Results	2019 GAAP Results	2018 GAAP Results	2017 GAAP Results
General Fund	\$ 39,927	\$ 116,972	\$ (16,721)	\$ (56,316)
Debt Service Fund	\$ (935)	\$ (765)	\$ (731)	\$ (835)
Fire Commission Fund	\$ (108)	\$ (58)	\$ (35)	\$ 43
Police Headquarters Fund	\$ 991	\$ (493)	\$ (1,945)	\$ (727)
All other funds consolidated into Total General Fund *	\$ 127	\$ 14,751	\$ 5,352	\$ (45,492)
<b>Total General Fund as reported in Annual Financial Report*</b>	<b>\$ 40,002</b>	<b>\$ 130,407</b>	<b>\$ (14,080)</b>	<b>\$ (103,327)</b>
Police District Fund	\$ 63,213	\$ 23,204	\$ 1,983	\$ (960)
Sewer and Storm Water Fund	\$ 24,894	\$ (8,321)	\$ (15,445)	\$ (18,135)
<b>TOTAL</b>	<b>\$ 128,109</b>	<b>\$ 145,290</b>	<b>\$ (27,542)</b>	<b>\$ (122,422)</b>

\*Total General Fund under GAAP includes General Fund, Debt Service Fund, Fire Prevention Fund, Police Headquarters Fund, Litigation Fund, Technology Fund, Open Space Fund, Retirement Contribution Reserve Fund, Employee Accrued Benefit Liability Reserve Fund and Bond Indebtedness Fund.

### Three-Year Trend of Fiscal Results for the Primary Operating Fund



### Total Bonded Debt:

The County and its blended component units reported total serial bond debt of \$3.324 billion, inclusive of accreted interest, which decreased over 2019 by \$175.0 million and has remained relatively level with approximately a 3.8 percent reduction over year-end 2019 (\$3.4567 billion). This is due to scheduled maturities of serial bonds by the County and its blended component units as well the County not issuing long-term debt in 2020 due to the impact of COVID-19 on the municipal markets.

# 2020 Finances At A Glance

## Nassau County, NY

### Primary Operating Funds Sources of Revenue:

**\$2.5 Billion Total**

**\$1.0B**



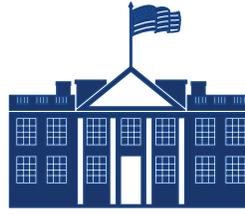
**Sales Tax\***

**\$971M**



**Property Taxes**

**\$351M**



**State and Federal Aid**

**\$203M**



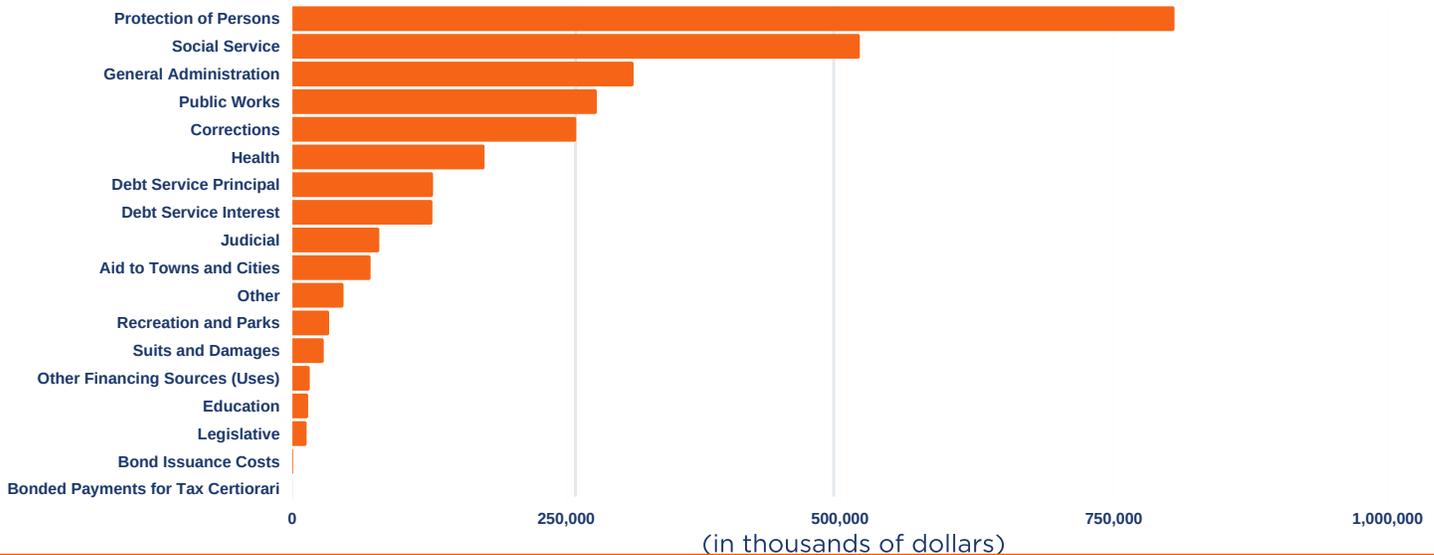
**Department Revenue**

\*Does not include \$76 Million retained by NIFA to pay NIFA debt.

Note: The funds depicted in this graphical representation come from the primary operating funds, which can be found on Exhibit X-5 in the 2020 Comprehensive Annual Financial Report

### Primary Operating Funds Expenditures:

**\$2.9 Billion Total**



### Revenues, Expenditures and Changes in Fund Balance

Exhibit X-5 (Dollars in Thousands)	General Fund	NIFA Fund	Police District Fund	Sewer and Storm Water District Fund	Capital Fund	Disputed Assessment Fund	Nonmajor Government Funds	Total Governmental Funds
Total Revenues	\$2,421,246	\$77,062	\$414,548	\$167,178	\$101,815	\$1,472	\$239,291	\$3,422,612
Total Expenditures	\$2,436,502	\$3,179	\$350,512	\$103,662	\$199,255		\$316,357	\$3,409,467
Excess (Deficiency) of Revenue Over (Under) Expenditures	(\$15,256)	\$73,883	\$64,036	\$63,516	(\$97,440)	\$1,472	(\$77,066)	\$13,145
Total Other Financing Sources (Uses)	\$55,258	(\$73,642)	(\$823)	(\$38,622)	(\$19,862)	(\$429)	\$80,915	\$2,795
Net Change in Fund Balance (Deficit)	<b>\$40,002</b>	\$241	<b>\$63,213</b>	<b>\$24,894</b>	(\$117,302)	\$1,043	\$3,849	\$15,940
Total Fund Balance at the Beginning of the Year	\$197,419	\$887	\$19,181	\$319	\$298,632	\$5,837	\$95,898	\$618,173
Total Fund Balance at the End of the Year	\$237,421	\$1,128	\$82,394	\$25,213	\$181,330	\$6,880	\$99,747	\$634,113

\*The circled numbers total \$128.1 million which represents the surplus in the primary operating funds.

Source 2020 Comprehensive Annual Financial Report Exhibit X-5

## Coronavirus (COVID-19) Relief Fund

Section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) established the Coronavirus Relief Fund (the “CRF”) and appropriated \$150 billion of Federal funds to the CRF. Under the CARES Act, the CRF is to be used to make payments to States and certain local governments, and others for specified uses.

The CARES Act had an immediate impact on the County as the County received \$102.9 million. The funds were used in 2020 primarily to pay for public safety personnel costs incurred during the public health emergency. It should be noted that CARES funding could not be used to replace lost revenues. The receipt and effective use of CARES funding is a major reason the County ended fiscal year 2020 with a GAAP surplus.

# Sales Tax

## Sales Tax

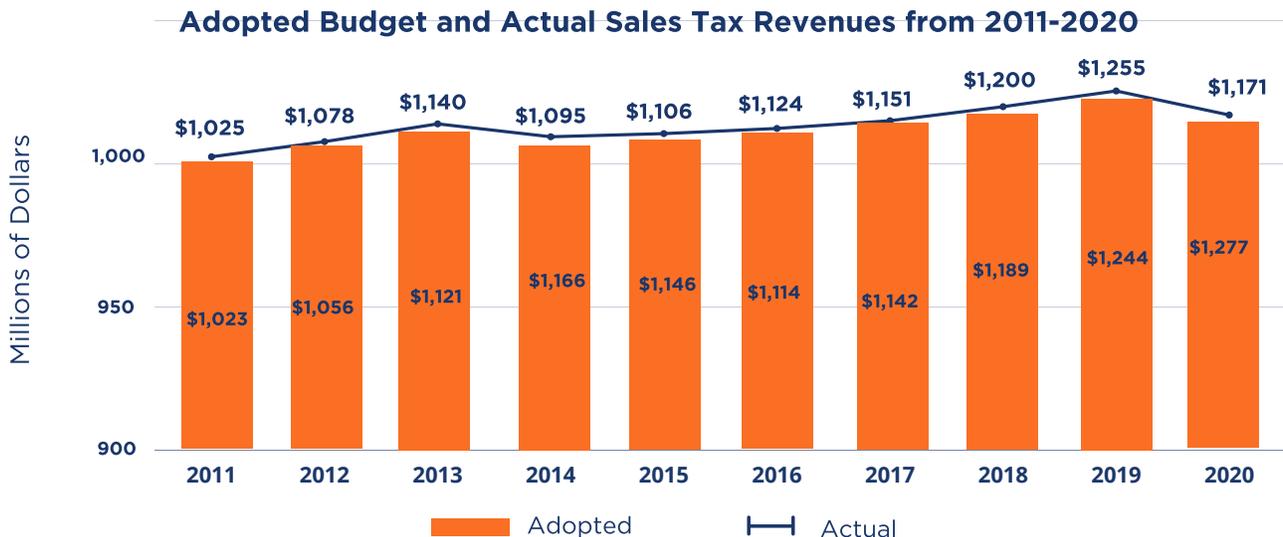
Sales tax is the largest source of revenue for the County, historically 40% of all revenues. The onset of the COVID-19 pandemic in fiscal year 2020 presented new and uncharted territory for sales tax revenue forecasting not only in Nassau, but across the Country. To provide a deeper level of analysis of sales tax revenues in the County, my Office created a new, comprehensive sales tax modeling tool.

The new sales tax modeling tool we developed broke down the facets of sales tax using the North American Industry Classification System (“NAICS”) into sectors and sub-sectors, allowing for assumptions to be set on the expected level of business activity, such as a phased reopening scenario.

Using the sales tax modeling tool, my Office forecast various sales tax revenue scenarios, including low, moderate, and high impact scenarios, and also took into account a potential second wave shutdown.

From the various scenarios performed, our Office’s lower-impact, no second-wave scenario, resulted in the closest estimate of 2020 sales tax revenues to actual revenues performed by any of the County’s fiscal monitors, projecting just 0.7% (or \$7.75 million less) from actual revenues. While there was a second wave of the virus in Nassau County during the third and fourth quarters of 2020, it did not have the same economic impact on the local economy as in the first wave.

Sales tax revenues had an upward trend between 2014 and 2019, but then ended 2020 8.26% less than adopted budget, or \$105.5 million. This was the largest single year decline in sales tax revenues for at least the last ten years. The chart below illustrates the adopted budget and actual sales tax revenues from 2011 through 2020.



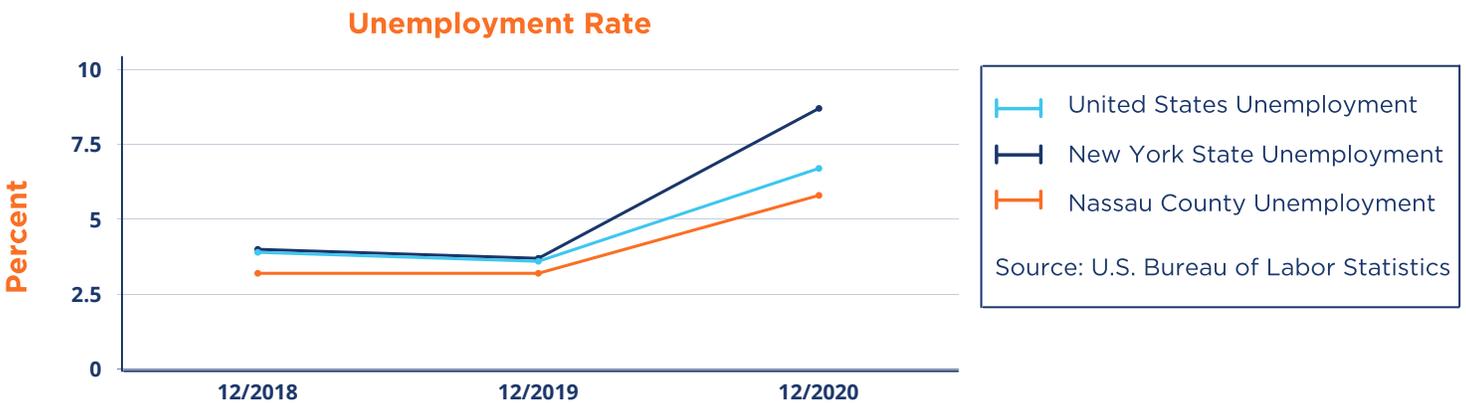
Source: Nassau Integrated Financial System.

Note: Revenues are on a budgetary basis and include County-wide sales tax and preempted sales tax



# Local Economy

Nassau County is considered an affluent community and is a diversified economic engine with extensive access to the New York City and the metropolitan area. Major industries located within the County boundaries include a mix of large utilities, corporate facilities, hospitals and retail. According to the New York State Labor Department and the Federal Bureau of Labor and Statistics, the County's unemployment rate increased from 3.2% to 5.8% from December 2019 to December 2020. Similarly, the County's unemployment rate was also lower than the statewide and national rates of 8.7% and 6.7%, respectively.



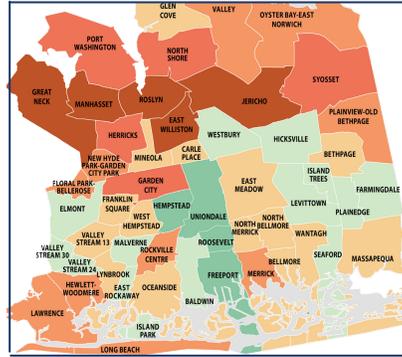
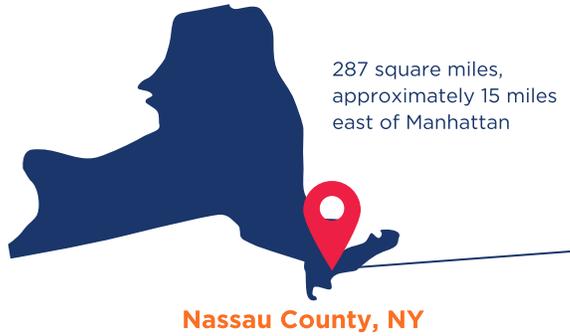
The onset of COVID-19 upended day-to-day life for all of us, causing not only a public health crisis, but a significant temporary economic setback. As of April 2021, Long Island's unemployment rate was 5.4% and projections from our Office's financial analysis showed significant impacts to sales tax.

Median household incomes in Nassau County are significantly above the national average and the State as a whole. According to the 2019 American Community Survey, the most recent available, Nassau County's median family income totals \$135,643 as compared to the State and national median family income of \$84,385 and \$77,263, respectively.

Nassau County is considered largely developed with limited vacant parcels. The County is struggling to maximize assets, such as world class research institutions, a highly educated population, innovative companies, and a developed digital infrastructure. Ongoing projects to increase housing options, transit-oriented development, walkable downtowns, and investment in startups are essential to expanded growth. The current plan to develop the Nassau Hub Innovation District could provide significant economic impacts to the County, including an estimated \$2.5 billion in economic activity during construction, \$1.3 billion in annual economic activity when fully operational, plus the district's planned Bus Rapid Transit route is projected to generate \$5.7 million in annual revenue to Nassau County.

Lastly, it is important to note that if the federal cap on State and Local Taxes "SALT deductions" is repealed, it may have a positive impact on the County's economy.

# Profile of the Government

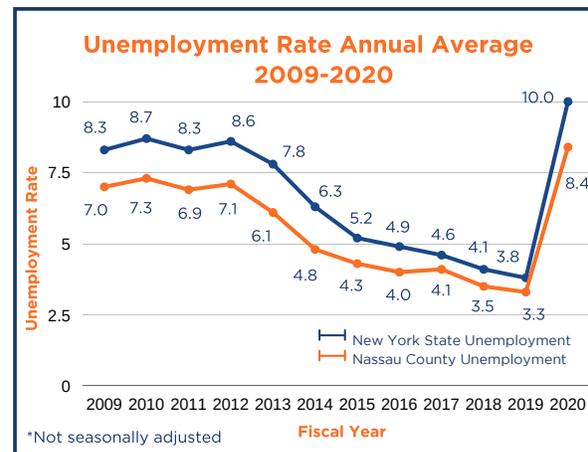
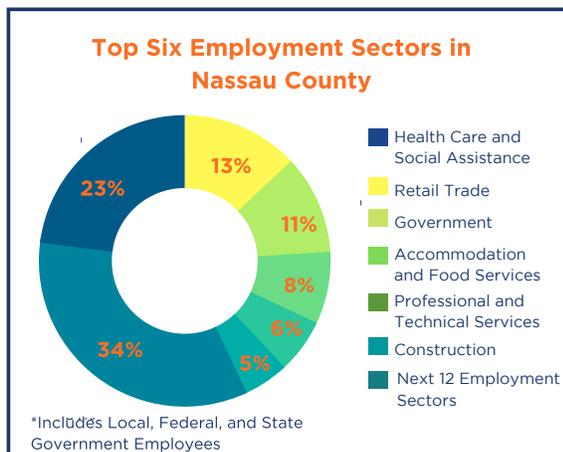


- Three towns, two cities
- 64 incorporated villages
- 56 school districts
- 200 special tax districts

Nassau County funds a wide range of municipal services, which include but are not limited to public safety, health, highways, water and sewer, college education, sanitation, public improvements, parks, recreational facilities, and cultural events, as well as planning and general administrative services.

Incorporated in 1899, the County contains three towns, two cities, 64 incorporated villages, 56 school districts, and approximately 200 special taxing districts that provide services in specific areas, such as garbage collection and water supply. With a population of more than 1.3 million people, it occupies 287 square miles located approximately 15 miles east of Manhattan.

- 🔗 **Services:** Robust services including health, social services, public safety, public works, and recreation.
- 🔗 **Diversified:** 18 unique sectors employing over 621,216 people.
- 🔗 **Unemployment:** The County's unemployment rate increased from 3.2% to 5.8% from December 2019 to December 2020, however, the County's unemployment rate was also lower than the statewide and national rates of 8.7% and 6.7%, respectively.
- 🔗 **High Wages:** Median family income of \$135,643 compared to New York State median family of \$84,385 and a 15% increase in per capita personal income over 9 years.



## Demographics

A Countywide demographic profile of the Comptroller's Office detailed changing County populations including breakdowns by town and city. The Comptroller's Office has created fact sheets and brochures with key information about Nassau's minority populations. With the County's rapidly changing demographics, government needs to have to most up-to-date data to serve its entire population, engaging diverse communities across the County, while also implementing policies that both protect the quality of life for aging residents and support initiatives to attract and retain young people.

# Major Initiatives

Over the past three and a half years, I have worked towards four major priorities:

- 1 Opening Up and Modernizing Nassau County's Finances:**  
[OpenNassau.NassauCountyNY.gov](https://OpenNassau.NassauCountyNY.gov) provides a wide array of tools for residents to transparently see the County's finances.
  - ➔ We are moving forward with replacing our financial system with one that can produce GAAP compliant financial statements on a more efficient and cost-effective basis.
  - ➔ The experience of continuing government operations during a pandemic, such as COVID-19, showed that local government can swiftly implement technology and adapt operations to modern working conditions.



- 2 Conducting Smart Audits**
  - ➔ Our Office conducts audits that ask tough questions and focuses on results, and began performing follow-up reviews to assure corrective action plans have been implemented, increasing accountability and accessibility to residents and taxpayers.
  - ➔ We have affirmed the Comptroller's legal authority to conduct audits of special districts and townships, seeking to protect Nassau County residents and taxpayers by continuing to hold local governments accountable.
- 3 Cleaning Up and Reforming County Contracts**
  - ➔ While increasing oversight and accountability in payment of County claims, the Comptroller's Office has implemented a number of efficiencies to review claims.
  - ➔ Working with the County Executive's Office, an electronic claims processing system has been deployed. The initiative introduces efficiency into the claims process, additional oversight, audit trails, and tracks metrics, which may be used for data analytics to improve operations in the future.
- 4 Eliminating Waste, Fraud, Abuse and Inefficiencies ([ReportItReformIt@nassaucountyny.gov](mailto:ReportItReformIt@nassaucountyny.gov))**
  - ➔ Our Office created the "Report It, Reform It" program to be a resource for the public to directly engage with the Comptroller's Office on reforming government. The "Report It, Reform It" tip-line was recognized with an Achievement Award by the National Association of Counties ("NACo") in 2018.

# Understanding the County's Financials - Transparency Initiative

As part of our transparency initiative, our Office has developed a variety of tools to improve residents' access to and understanding of the County's finances, which may be found at [OpenNassau.NassauCountyNY.gov](https://OpenNassau.NassauCountyNY.gov).



The Open Nassau Transparency Hub, which launched in 2018 includes:

- ➔ **Open Checkbook & Open Cash Receipts**, which is an easy-to-read online checkbook that details more than a billion dollars of annual County third-party expenditures and payments made to the County from various sources, such as proceeds from bond sales, user fees on tickets and permits, as well as intergovernmental aid, sales tax and property taxes;
- ➔ **Open Budget**, which provides searchable and downloadable data from the County's Operating Budget for the years 2015 through 2021;
- ➔ **Open Payroll**, which provides end of year compensation for County employees (except for Nassau Community College and Nassau Health Care Corporation breaks down compensation by major categories (i.e. salaries, overtime, termination pay) and includes data from 2015 through 2021;
- ➔ **The Comptroller's Scorecard**, which displays the key indicators we use to measure Nassau County's fiscal health in an easy to navigate dashboard, pulling data from the Comprehensive Annual Financial Report;
- ➔ **A Guide to Understanding the Comprehensive Annual Report**, which assists readers in understanding the information presented in the Annual Financial Report; and
- ➔ **The Popular Annual Financial Report** ("PAFR"), which presents key information contained in the Annual Financial Report in a readily accessible and easily understandable way.

# Policy & Research Unit

Our Office formed a Policy and Research Unit to analyze data to create reports and policy proposals. Through community engagement, our Office has invited residents, students, reporters, and researchers to join our team in looking at this information for policy opportunities and to model best practices.



- ➔ Cutting-edge data is key to informing policymakers to most effectively serve residents and taxpayers.
- ➔ Recently, the Policy & Research Unit issued a three-part Local Economic Acceleration Plan that highlights revenue opportunities and cost savers.
- ➔ This Unit also released a report entitled "Guiding Principles: Making Smart Investments with Stimulus Funding," a report focused on smart options for Nassau County to apply funding provided by the American Rescue Plan Act. With the stimulus infusing trillions of federal and state dollars into local governments to combat the lingering economic effects of COVID-19 shutdowns, "Guiding Principles" highlights the need for governments to approach the moment responsibly, with an eye toward strategic long-term sustainability.

## Summary & Long-Term Challenges

- ➔ In 2020, Nassau County had a \$128.1 million surplus in the primary operating funds, despite the negative fiscal impact of a global pandemic.
- ➔ Upgrading the County's financial system and modernizing the Comptroller's Office capabilities has been a priority to ensure continued compliance with governmental accounting standards, timely financial statements, and enhanced public transparency.
- ➔ In striving for cost efficiencies, the County should streamline processes to centralize a countywide organizational structure that has been heavily decentralized and has been utilizing outdated technology.
- ➔ The County must continue to position itself for progress towards fiscal sustainability.

