

# NASSAU COUNTY NEW YORK



## 2025 Mid-Year Report on Nassau County's Financial Condition

July 31, 2025

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**ELAINE PHILLIPS**

**Nassau County Comptroller**

**Hon. Elaine Phillips**  
*Nassau County Comptroller*



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**July 31, 2025**

On behalf of the Office of the Nassau County Comptroller, I am proud to present my administration's fourth Mid-Year report, as required by the Nassau County Charter. This report provides our projections for the 2025 fiscal year measured against the 2025 Adopted Budget, which was adopted and approved by the Nassau County Legislature and the Nassau County Interim Finance Authority (NIFA) in 2024. This report is based upon year-to-date financial data, and our analysis is based on current variables, factors, trends and known events affecting the County's finances as of mid-fiscal year 2025. Not all actions of the Administration or other events in the remainder of the year can be predicted and included in this analysis.

I look forward to responding to any questions as our Nassau County stakeholders have the chance to review our findings.

Sincerely,

A handwritten signature in black ink that reads "Elaine Phillips". The signature is written in a cursive, flowing style.

Elaine Phillips  
Nassau County Comptroller

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## **EXECUTIVE SUMMARY**

### **Purpose**

According to the Nassau County Charter §402 (9) “The Comptroller shall on or before the thirty-first day of July of each year commencing July thirty-first, two thousand three, prepare a report on the status of the budget for the first six months of the current fiscal year, which shall include an opinion, for such period, as to whether a surplus or deficit shall exist.”

### **Financial Reporting**

#### ***Fund Accounting***

The Comptroller's financial reporting is presented in accordance with Generally Accepted Accounting Principles (GAAP). These principles, standards, and procedures for financial reporting enable the County to comparatively track its performance relative to other municipalities.

A basic principle of governmental GAAP is fund accounting. Given the diverse nature of governmental operations and the numerous legal and fiscal constraints under which those operations must be conducted, it is impossible to record all governmental financial transactions and balances in a single accounting entity. Therefore, unlike a private business which is accounted for as a single entity, a governmental unit is accounted for through separate funds, each of which is a fiscal and accounting entity with a self-balancing set of accounts.

The Governmental Accounting Standards Board (GASB) issues GAAP standards for governments to follow to ensure consistent reporting among municipalities and enable comparisons.

The projections in this report are based on the County's three primary operating funds and not on the five budgetary funds, which are managed by the County's Administration. See *Appendix A: County Operating Funds* for a detailed explanation of the difference between the two.

#### ***Major Budget Revenues and Expenditures***

This report analyzes the County's actual budgetary financial results for the first six months of the year and projects budgetary and GAAP results for the remainder of 2025. The full year projections are compared against the 2025 Adopted Budget.

This report reviews the County's revenue sources in the three primary operating funds, with particular focus on major revenue sources, such as Sales Tax, Property Taxes, State and Federal Aid, and Departmental Revenues. These categories have remained relatively constant as a percentage of total revenues in recent years.

Similarly, the report reviews the County's expenditures of the three primary operating funds, with particular focus on the largest categories of expenditures, including Payroll and Fringe Benefits, Debt Service, Contractual Services, Early Intervention, and Social Service Programs.

## Projected 2025 Fiscal Year Budgetary Results

The Comptroller’s 2025 mid-year financial projections estimate an opportunity of \$0.5 million in the three primary operating funds on a budgetary basis prior to any GAAP adjustments<sup>1</sup>.

## STATE OF THE ECONOMY

### *Employment and Income*

Nassau County is considered an affluent suburban area. The unemployment rate and the percentage of families below the poverty level are low and compare favorably to New York State and the United States. Nassau County’s median household income is high, which also compares favorably to New York State and the U.S. The County has fared better than New York State and the United States in these three economic measures since 2000. Nassau County is ranked 6<sup>th</sup> highest for median family income out of 3,143 counties in the U.S.<sup>2</sup>

| Economic Indicator                  | County  | State  | U.S    |
|-------------------------------------|---------|--------|--------|
| Unemployment Rate (2024)            | 3.30%   | 4.30%  | 4.00%  |
| Families Below Poverty Level (2023) | 5.4%    | 14.2%  | 12.5%  |
| Median Household Income (2023)      | 141,568 | 82,095 | 77,719 |

The median household income and the percentage of families below the poverty level are reported annually, while unemployment is reported monthly.

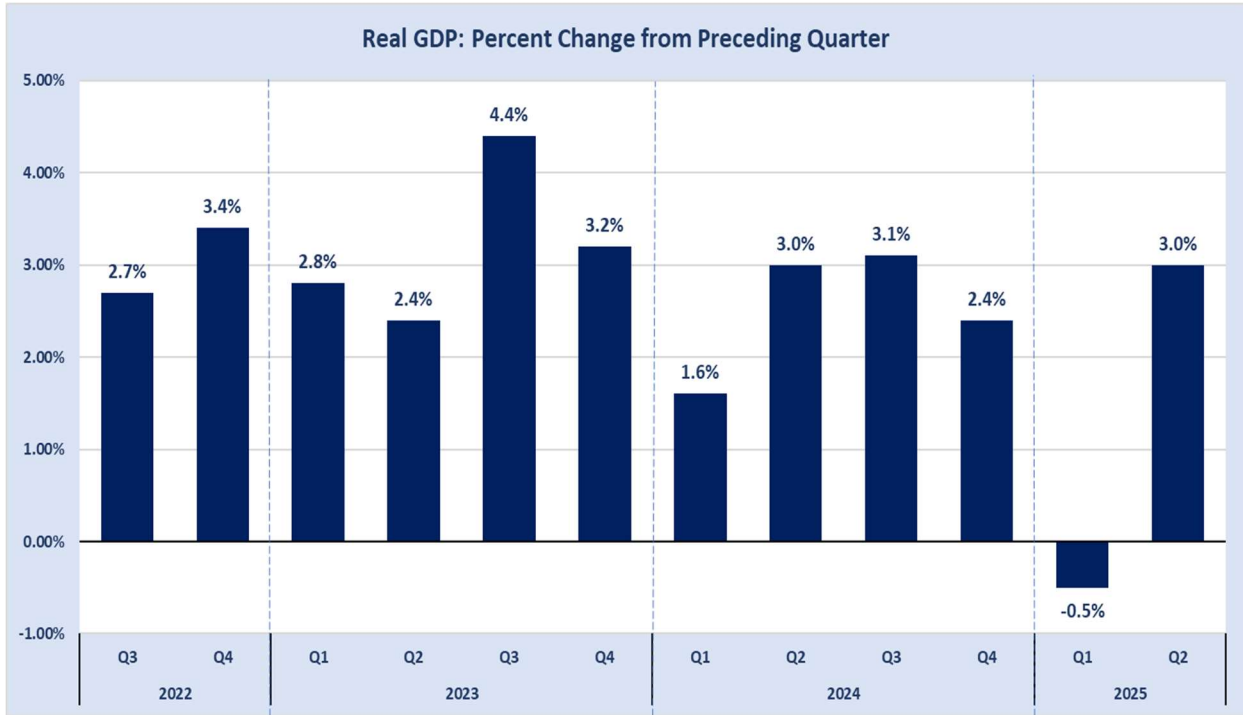
### *Gross Domestic Product<sup>3</sup> (GDP)*

GDP measures economic growth in the value of goods and services produced by the economy. GDP was consistently positive for 10 calendar quarters from mid-2022 through year-end 2024, GDP turned negative in the first quarter of 2025 and rebounded in the second quarter of 2025.

<sup>1</sup> GAAP adjustments, which have a financial impact to the governmental funds, may result in an increase or decrease to the final County GAAP results.

<sup>2</sup> Federal Reserve Economic Data | FRED | St. Louis Fed (stlouisfed.org)

<sup>3</sup> The National Bureau of Economic Research uses Gross Domestic Product (GDP), a measure of economic output, among other factors, to either declare a recession (when GDP declines for two consecutive quarters) or an expansion (when GDP increases for two consecutive quarters following a recession) which indicates the end of a recession.



Source: Gross Domestic Product, Second Quarter 2025 (Advance Estimate) | U.S. Bureau of Economic Analysis (BEA)

***Inflation<sup>4</sup> and the Federal Reserve***

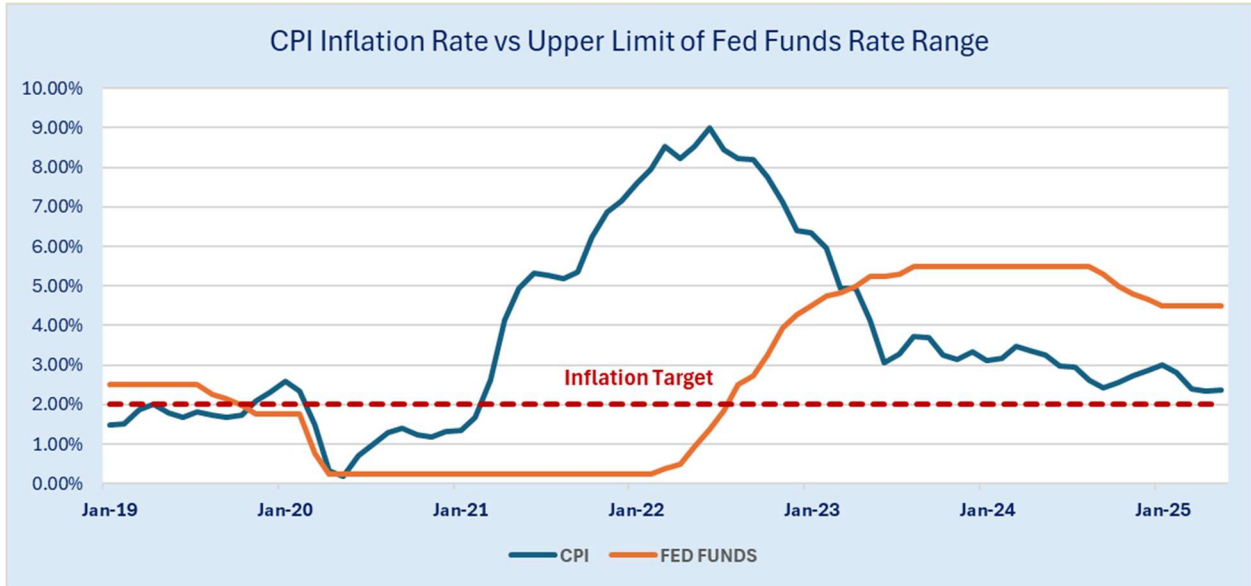
The following graph illustrates the Consumer Price Index (CPI)<sup>5</sup> and the Federal Funds Rate from January 2019 to the present. Inflation as measured by the CPI declined below 3% by June 2024 and has not risen above 3% to date.

The Federal Reserve maintained Federal Funds Rates<sup>6</sup> between 5.0% to 5.50%, the highest level in 22 years, from July 2023 through October 2024, in an attempt to reduce inflation. As of November 2024, the Federal Funds rate was reduced to 4.8% and in January 2025 to 4.5%, where it has remained this year.

<sup>4</sup> Inflation is the overall increase in the price of goods or services resulting from demand exceeding supply. Inflation erodes the purchasing power or the buying power of dollars over time. When inflation occurs, consumer spending habits may change as people eat out less, buy in bulk and switch brands.

<sup>5</sup> The Consumer Price Index (CPI-U) is provided by the [U.S. Department of Labor Bureau of Labor Statistic](#).

<sup>6</sup> The term “Federal Funds Rate” refers to the target interest rate range set by the Federal Open Market Committee (FOMC). This target is the rate at which commercial banks borrow and lend their excess reserves to each other, to keep the Federal Funds Rate around the target established by FOMC.



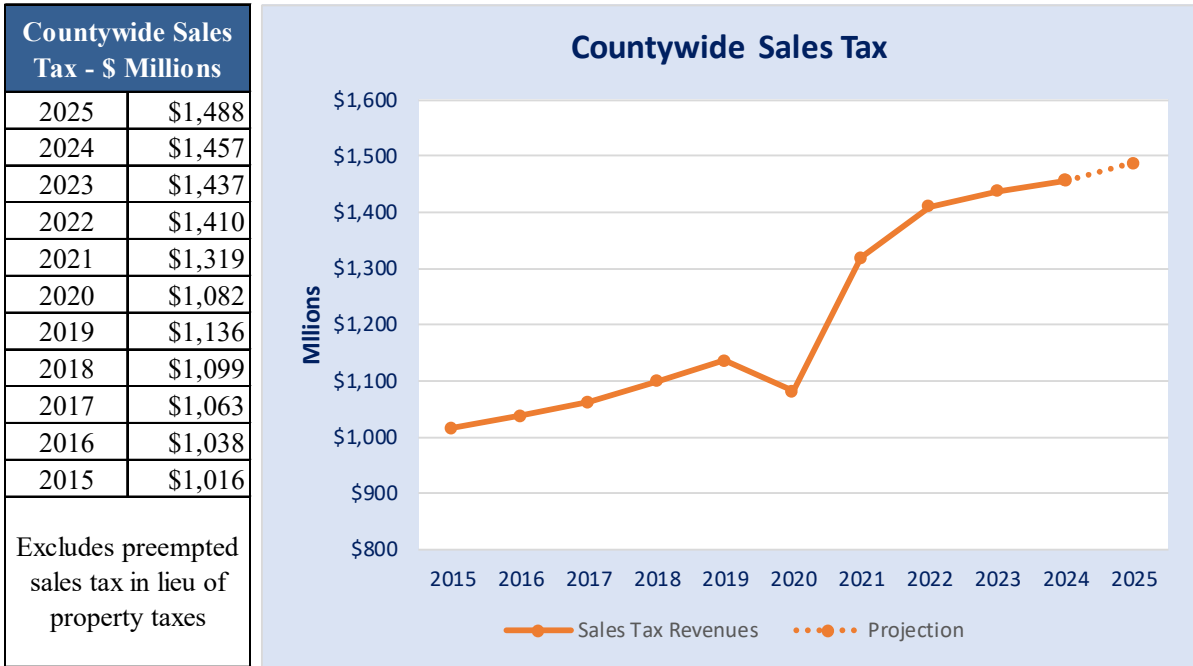
## **RATING AGENCY UPGRADES IN MAY 2025**

The rating agencies review the credit ratings of the County annually, which normally coincides with bond issuance. Standard & Poor’s upgraded its AA- rating of the County to AA and the outlook is now Stable.

| The County's Bond Ratings |          |          |          |          |          |         |
|---------------------------|----------|----------|----------|----------|----------|---------|
|                           | 2023-May |          | 2024-May |          | 2025-May |         |
|                           | Rating   | Outlook  | Rating   | Outlook  | Rating   | Outlook |
| Moody's Investors Service | Aa3      | Positive | Aa2      | Stable   | Aa2      | Stable  |
| S&P Global Ratings        | AA-      | Stable   | AA-      | Positive | AA       | Stable  |
| Fitch Ratings             | A+       | Positive | AA       | Stable   | AA       | Stable  |

The May 2025 rating agency reports noted the improved reserves, financial budgeting and management as a reason for the upgrades.

- **Improved financial budgeting and fiscal management resulting in operational resilience** - The County has shown a continued trend of structurally balanced operations, and significantly improved fund balances since lows in fiscal 2017 and 2018.
- **Sales tax revenues** –The rating agencies consider sales tax, the County’s largest revenue source, less reliable than property tax. However, the following table and graph indicate that, with the exception of the decline in 2020 due to COVID, sales tax revenues have been a reliable source of revenue for many years. Countywide sales tax collections are projected for fiscal year 2025 in the following graph.



## OTHER LONG-TERM TOPICS

**The Nassau Health Care Corporation (NHCC)** is a New York State public benefit corporation. NHCC’s serious continuing financial problems are noted as an ongoing concern by Moody’s rating agency. Per draft financial statements<sup>7</sup> as of December 31, 2024, NHCC had a negative net position of \$1,381.7 million and reported a decrease in net position of \$148.1 million for fiscal year 2024. However, the County-guaranteed debt of NHCC is a limited, manageable outstanding financial liability of \$68.5 million following the scheduled debt repayment on August 1, 2025. Beginning in 2026, scheduled debt service payments are less than \$20 million in any year through final payment in 2029. Effective June 1, 2025, the majority of the newly appointed Board of Directors of NHCC is appointed by the State.

**Tax Certiorari Issues** – Through June 2025, the County has disbursed approximately \$18.0 million in tax certiorari payments, of which approximately 19% were paid from reserves, 74% paid from the Disputed Assessment Fund (DAF) for commercial properties and the remaining 7% paid from the General Fund. The reserves have afforded the County the funding to continue to pay down this long-term obligation. Approximately \$133.0 million remains in the reserve fund for tax certiorari payments. See *Appendix E: Reserve Funds* for the balance available.

**County Reserve Funds** – The County has six various reserve funds which accumulate resources to pay long-term liabilities, such as tax certiorari refunds, judgments and settlements, termination pay, and labor costs. At the end of 2024, on a budgetary basis, the reserve funds had \$750.9 million

<sup>7</sup> The Comptroller’s Office received draft financial statements from NHCC dated June 9, 2025. Final results may vary.

available, up from \$544.2 million at the end of 2023. In 2024, the County paid \$43.0 million of tax certiorari refunds, \$43.5 million of judgments and settlements, and \$9.5 million of termination pay as contributions to the 401(a) benefit plan, from the reserve funds. Through July 25<sup>th</sup>, 2025, there is \$733.1 million in resources to fund the various long-term liabilities. See *Appendix E: Reserve Funds* for details on each fund’s balance.

**GFOA Recommended Reserve Amounts** – Under GAAP reporting, the “Fund Balance Guidelines for the General Fund” published by the Government Finance Officers Association (GFOA) defines Unrestricted Fund Balance as the sum of the Committed Fund Balance, the Assigned Fund Balance and the Unassigned Fund Balance because the only constraint on spending, if any, is imposed by the government itself. The GFOA recommends, at a minimum, that general-purpose governments maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular General Fund operating revenues or expenditures.

The General Fund’s unrestricted fund balance as of December 31, 2024, meets the GFOA recommendations.

| <b>GFOA Recommend Reserve Amount</b>                 | <b>2023</b> | <b>2024</b> |
|--|-------------|-------------|
| <b>Unrestricted Fund Balance (\$ million)</b>        | \$ 552      | \$ 677      |
| <b>Equivalent # of months of actual expenditures</b> | 2.2         | 2.7         |

**PROJECTIONS TO 2025 ADOPTED BUDGET**

**2025 Revenues and Obligations Forecast – Budgetary Basis Risks and Opportunities**

| Revenue and Obligations Risks and Opportunities 2025 Mid-Year Report |                           |                           |                          |                          |                            |                  |
|--|---------------------------|---------------------------|--------------------------|--------------------------|----------------------------|------------------|
| (\$'s millions)  |                           |                           |                          |                          |                            |                  |
|  | 2025<br>Adopted<br>Budget | 2025<br>Projected<br>GEN* | 2025<br>Projected<br>PDD | 2025<br>Projected<br>SSW | 2025<br>Projected<br>Total | Variance         |
| <b>Revenues</b>  |                           |                           |                          |                          |                            |                  |
| Sales Tax  | \$ 1,628.3                | \$ 1,628.3                | \$ -                     | \$ -                     | \$ 1,628.3                 | \$0.0            |
| Use of Fund Balance ***  | 316.9                     | 119.3                     |                          |                          | 119.3                      | (197.6)          |
| Departmental Revenue   |                           |                           |                          |                          |                            |                  |
| Assessment - GIS Tax Map Fees  | 29.0                      | 21.0                      |                          |                          | 21.0                       | (8.0)            |
| County Clerk - Mortgage and Deed Recording Fees                      | 27.0                      | 28.9                      |                          |                          | 28.9                       | 1.9              |
| Other Departmental Revenue   | 147.0                     | 138.6                     | 3.3                      | 1.1                      | 143.0                      | (4.0) (10.1)     |
| Fines and Forfeitures  |                           |                           |                          |                          |                            |                  |
| Red Light Camera and Administration Fees                             | 25.7                      | 26.7                      |                          |                          | 26.7                       | 1.0              |
| Public Safety Fees   | 2.6                       | 4.1                       |                          |                          | 4.1                        | 1.5              |
| Other Fines and Forfeitures  | 47.8                      | 24.1                      | 0.9                      |                          | 25.0                       | (22.8) (20.3)    |
| Investment Income  | 59.7                      | 52.2                      | 9.4                      | 7.4                      | 69.0                       | 9.3              |
| Rents and Recoveries   |                           |                           |                          |                          |                            |                  |
| Sale of County Property  | 4.2                       | 4.2                       |                          |                          | 4.2                        |                  |
| Recoveries of Prior Year Appropriations ***                          | 13.8                      | 15.0                      |                          | 0.2                      | 15.2                       | 1.4              |
| Other Rents and Recoveries   | 30.5                      | 26.7                      |                          | 2.4                      | 29.1                       | (1.4) (0.0)      |
| Federal Aid  | 217.6                     | 230.4                     |                          |                          | 230.4                      | 12.8             |
| State Aid  | 309.4                     | 352.7                     |                          |                          | 352.7                      | 43.3             |
| Capital Resources for Debt   | 15.2                      | 10.2                      |                          | 5.0                      | 15.2                       |                  |
| Property Taxes   | 755.2                     | 273.8                     | 489.0                    |                          | 762.8                      | 7.6              |
| Payment in Lieu of Taxes   | 51.7                      | 32.9                      | 16.8                     |                          | 49.7                       | (2.0)            |
| Interfund Revenue (eliminating)                                      | 366.9                     | 361.8                     | 0.4                      |                          | 362.2                      | (4.7)            |
| Interfund Transfers In (Other Financing Sources)                     | 426.8                     | 4.0                       |                          | 151.4                    | 155.4                      | (271.4)          |
| All Other Revenue (includes rounding) **                             | 214.2                     | 213.2                     | 3.8                      | 0.8                      | 217.8                      | 3.6              |
| <b>Total Revenue</b>   | <b>\$4,689.5</b>          | <b>\$3,568.1</b>          | <b>\$523.6</b>           | <b>\$168.3</b>           | <b>\$4,260.0</b>           | <b>(\$429.5)</b> |
| <b>Obligations</b>   |                           |                           |                          |                          |                            |                  |
| Payroll  | 1,133.3                   | 781.8                     | 291.3                    | 7.5                      | 1,080.6                    | 52.7             |
| Fringe   | 831.3                     | 529.7                     | 188.4                    | 6.8                      | 724.9                      | 106.4            |
| Social Services  | 532.9                     | 569.7                     |                          |                          | 569.7                      | (36.8)           |
| Early Intervention   | 185.0                     | 220.9                     |                          |                          | 220.9                      | (35.9)           |
| Debt service   | 334.2                     | 301.0                     |                          | 22.5                     | 323.5                      | 10.7             |
| Contractual Expense  | 440.6                     | 364.1                     | 0.9                      | 80.6                     | 445.6                      | (5.0)            |
| Judgments & Settlements  | 28.4                      | 40.2                      |                          |                          | 40.2                       | (11.8)           |
| Property Tax Refunds   | 40.0                      | 45.6                      |                          |                          | 45.6                       | (5.6)            |
| General Expenditures   | 53.4                      | 48.3                      | 5.8                      | 1.2                      | 55.3                       | (1.9)            |
| Local Government Assistance  | 96.4                      | 96.4                      |                          |                          | 96.4                       |                  |
| Interfund Charges (eliminating)                                      | 366.9                     | 331.6                     | 30.6                     |                          | 362.2                      | 4.7              |
| Interfunds Transfers Out (Other Financing Uses)                      | 344.5                     | 1.5                       |                          |                          | 1.5                        | 343.0            |
| All Other Expenditures (includes rounding)**                         | 302.6                     | 217.3                     | 13.3                     | 62.5                     | 293.1                      | 9.5              |
| <b>Total Obligations</b>   | <b>\$4,689.5</b>          | <b>\$3,548.1</b>          | <b>\$530.3</b>           | <b>\$181.1</b>           | <b>\$4,259.5</b>           | <b>\$430.0</b>   |
| <b>Estimated Results on a Budgetary Basis for Operating Funds</b>    |                           | <b>\$20.0</b>             | <b>(\$6.7)</b>           | <b>(\$12.8)</b>          |                            | <b>\$0.5</b>     |

\* Includes: General Fund, Police Headquarters Fund, Fire Communication Fund, Debt Service Fund, Litigation Fund, Employee Accrued Benefits Liability Reserve Fund, Retirement Contribution Reserve Fund, Bond Indebtedness Reserve Fund, Open Space Fund, Technology Fund, Opioid Litigation Settlement Fund and Operating Reserve Fund.

\*\*Variance in All Other Revenues comprised of variances in PILOTS and Other Revenues. Variance in All Other Expenditures comprised of variances in Insurance and reserve for Local Government Assistance.

\*\*\* Use of Fund Balance and Recoveries of Prior Year Appropriations resulting from the disencumbrance of contracts are not reported as GAAP revenues and are included in the GAAP adjustments to arrive at GAAP results.

## Potential Opportunities and Risks – Budgetary Basis

| <b>Key Highlights: 2025 Projections to 2025 Adopted Budget Variances</b> |                   |  |
|--|-------------------|--|
| Major Drivers Impacting Nassau County’s Three Primary Operating Funds    |                   |  |
| <i>Potential Opportunities</i>   |                   |  |
| Payroll and Fringe   | + \$159.1 million | <ul style="list-style-type: none"> <li>• Vacancies and budgeted payroll and fringe costs in the reserves drive this opportunity;</li> <li>• Offset by \$44.8 million projected shortfall in Overtime costs: Police District and Headquarters \$28.2 million; Corrections \$13.9 million; All Other \$2.7 million.</li> </ul>   |
| State Aid  | + \$43.3 million  | <ul style="list-style-type: none"> <li>• Higher state aid due to the Statewide Mass Transportation Operating Assistance (STOA) program for County bus operations;</li> <li>• Reimbursements anticipated for projected higher Pre-School and Special Education costs;</li> <li>• Reimbursements anticipated for projected higher Safety Net Assistance and Day Care costs.</li> </ul> |
| Federal Aid  | + \$12.8 million  | <ul style="list-style-type: none"> <li>• Reimbursements anticipated for projected higher Temporary Assistance for Needy Families and Day Care costs;</li> <li>• Offset by lower Federal Aid from Federal Transit Administration for County bus operations.</li> </ul>  |
| Debt Service   | + \$10.7 million  | <ul style="list-style-type: none"> <li>• Projected opportunity due to delayed timing of bond issuance originally anticipated in 2024.</li> </ul>   |
| Investment Income  | + \$9.3 million   | <ul style="list-style-type: none"> <li>• Due primarily to large reserve fund cash balances.</li> </ul>   |

| <b>Key Highlights: 2025 Projections To 2025 Adopted Budget Variances</b>     |                  |  |
|--|------------------|--|
| <b>Major Drivers Impacting Nassau County's Three Primary Operating Funds</b> |                  |  |
| <b><i>Potential Shortfalls</i></b>   |                  |  |
| Social Services Programs   | - \$36.8 million | <ul style="list-style-type: none"> <li>Projected shortfall in Recipient Grants, Purchased Services, Emergency Vendor Payments are offset by opportunities of \$15.3 million and \$11.0 million in Federal and State Aid, respectively;</li> <li>Higher Safety Net costs due to increase in caseloads.</li> </ul>         |
| Early Intervention and Pre-School  | - \$35.9 million | <ul style="list-style-type: none"> <li>Higher caseloads than budgeted, the cost of which is offset by \$22.9 million in the State Aid opportunity.</li> </ul>  |
| Fines and Forfeitures  | - \$20.3 million | <ul style="list-style-type: none"> <li>Driven primarily by Ticket Amnesty and Ticket Reconciliation programs not yet implemented;</li> <li>Shortfall of \$8.9 million in TPVA fines based on current run-rate.</li> </ul>  |
| Judgments and Settlements/Property Tax Refunds                               | - \$17.4 million | <ul style="list-style-type: none"> <li>Projected risk due to no adopted budget in reserves although there is adequate fund balance and modified budget.</li> </ul>   |
| Departmental Revenues  | - \$10.1 million | <ul style="list-style-type: none"> <li>Shortfall of \$8.0 million in GIS Tax Map revenues;</li> <li>Risking Income and Expense Law revenues of \$5.0 million;</li> <li>Offset by opportunities of \$1.9 million in Mortgage and Deed Recording Fees and \$1.5 million in various other Departmental Revenues.</li> </ul> |

**REVENUE VARIANCES**

**Sales Tax**

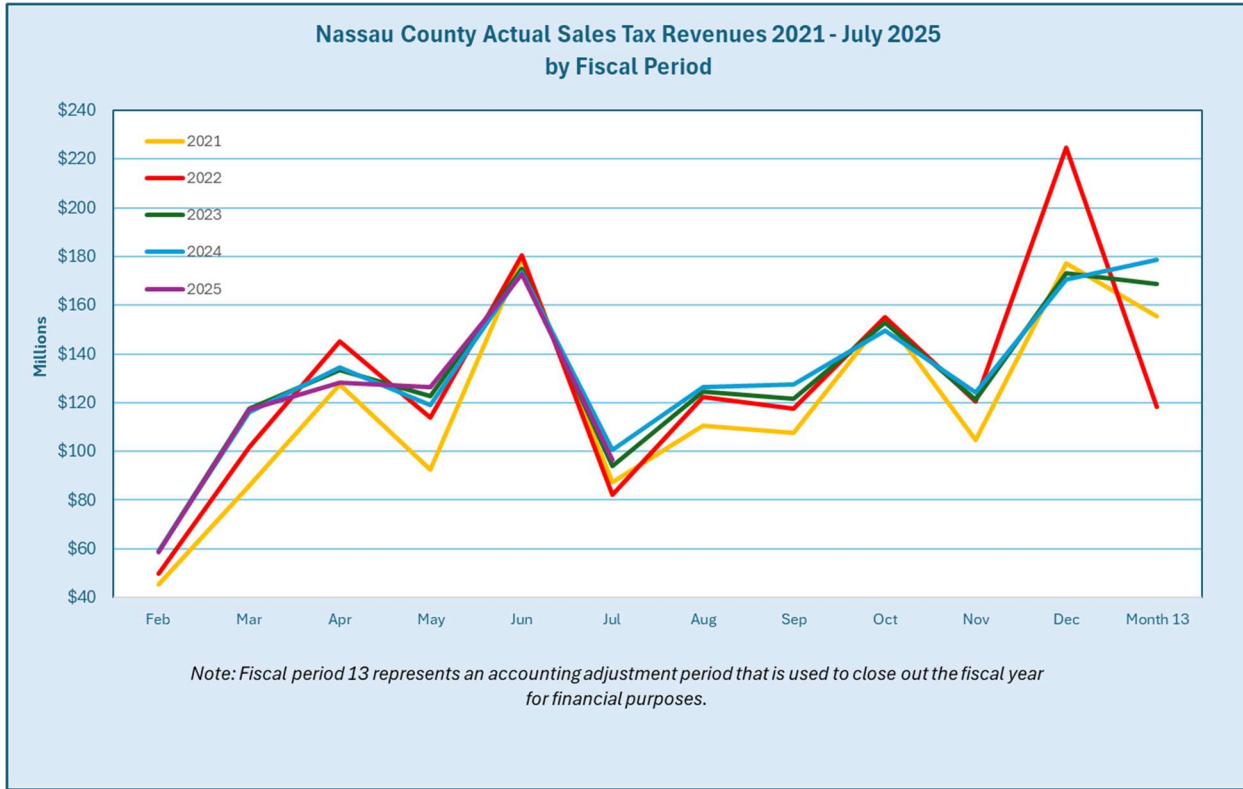
Sales tax is the largest source of revenue for the County<sup>8</sup>, representing 34.7% of the 2025 Adopted Budget for the County’s three primary operating funds total budgeted revenues of \$4.7 billion. Given the significant changes that have and are occurring in the United States right now in relation to tariffs and the trickle-down effect and uncertainty they have on our local economy, we are maintaining our sales tax number as budgeted. Any projection at this time would be just speculative given the rapidly moving events occurring. Historical experience provides us confidence that the net result at the end of the year should be well within an acceptable range of plus or minus \$30 million, minimal given the overall sales tax dollars received of \$1.6 billion. Sales Tax collections are distributed by the NYS Department of Taxation over the course of 26 checks throughout the year. Sales Tax revenues are recorded in the County’s financial system and reported in its financial statements. Collections are a part of revenue, however, there are adjustments that are required to be made in accordance with State law as it pertains to Preempted Sales Tax in Lieu of Property Taxes (aka Part County Sales Tax). Appendix C: *Sales Tax Terminology*, provides more detail on those adjustments. In the following table, sales taxes are reported as Countywide Sales Tax and Part County Sales Tax, which comprise total collections. Part County Sales Tax, or Preempted Sales Tax In Lieu of Property Taxes, and Deferred Part County Sales Tax are explained in the Appendix C of this report.

| <b>Sales Tax Revenue - Millions of Dollars</b> |                    |                    |                      |                      |                 |
|--|--------------------|--------------------|----------------------|----------------------|-----------------|
| <b>Category</b>                                | <b>2024 Actual</b> | <b>2025 Budget</b> | <b>2025 YTD June</b> | <b>2025 Forecast</b> | <b>Variance</b> |
| Countywide Sales Tax                           | \$1,456.7          | \$1,487.9          | \$566.5              | \$1,487.9            | \$0.0           |
| Part County Sales Tax Receipts                 | \$123.1            | \$130.0            | \$36.4               | \$130.0              | \$0.0           |
| Total Collections                              | \$1,579.8          | \$1,617.9          | \$602.9              | \$1,617.9            | \$0.0           |
| Net Deferred Part County Sales Tax             | \$27.3             | \$10.4             | \$10.4               | \$10.4               | \$0.0           |
| <b>Total Sales Tax</b>                         | <b>\$1,607.1</b>   | <b>\$1,628.3</b>   | <b>\$613.3</b>       | <b>\$1,628.3</b>     | <b>\$0.0</b>    |

<sup>8</sup> Includes Countywide sales tax, part county sales tax, and deferred part county sales tax.

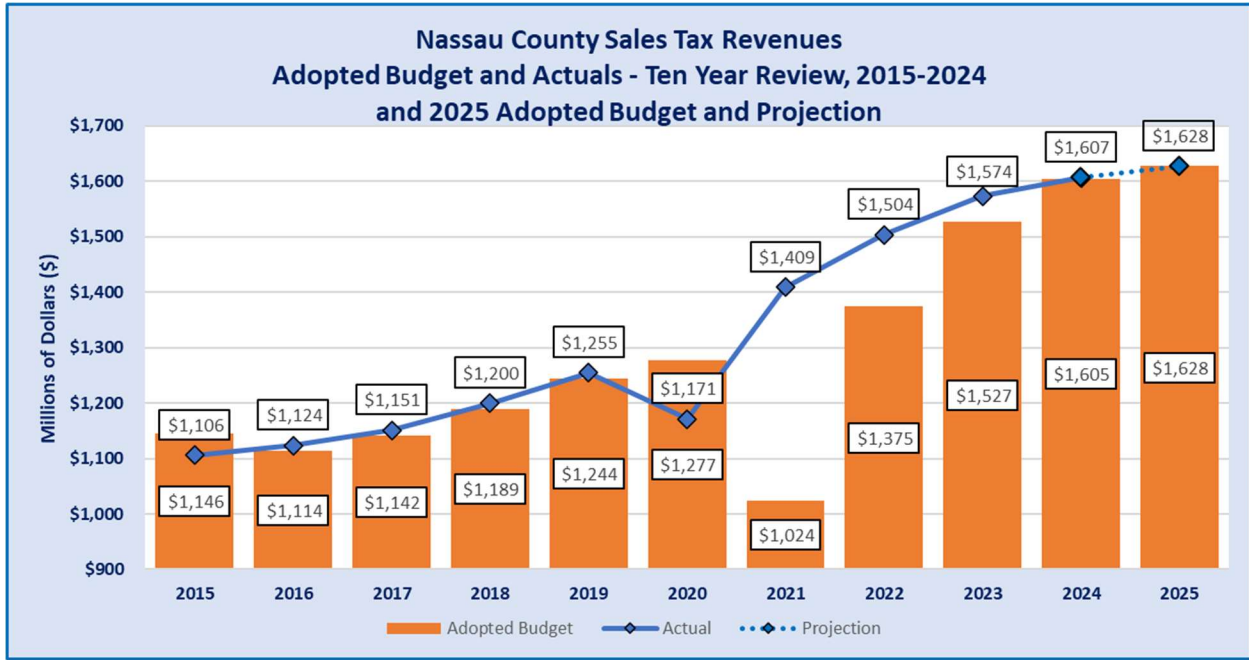
Sales Tax Trends

As illustrated by the following graph, the monthly trends in sales tax revenues have been fairly consistent over the years. There is a spike in sales tax revenues from May to June, then a decline from June to July, followed by a general increase to December.



The following chart illustrates how consistent sales tax revenue<sup>9</sup> has been over the past 10 years. With the exception of the impact of shutdowns in reaction to COVID in 2020, sales tax collections generally continued to increase, due in part to the June 2019 “Enhanced Internet Sales Tax” enacted by New York State, which requires online sellers to charge sales tax to buyers in the buyers own tax districts. The growth in sales tax revenue due to the Enhanced Internet Sales Tax appears to have leveled off.

<sup>9</sup> Sales Tax revenue includes deferred part county revenue while sales tax collections represent the sales tax checks provided from New York State.



### Departmental Revenue

Departmental Revenue represents 4.3% of the 2025 Adopted Budget for the County's total budgeted revenues of \$4.7 billion for the three primary operating funds.

*Departmental Revenue is projected to be under budget by \$10.1 million. This projected decline is attributed to various shortfalls, which are offset by opportunities as described below.*

#### *Potential shortfalls*

- GIS map verification fees in the County Department of Assessment are projected to be \$8.0 million lower than budgeted primarily due to high mortgage rates and slowing real estate sales.
- The projections do not include any revenue from the Income and Expense Law, which was budgeted at \$5.0 million. Lawsuits filed challenging the implementation of penalties for failure to file an Income and Expense Statement are still pending.
- Social Service's revenue from Other Welfare Receipts (Special Education Cost) is projected to be lower than the adopted budget by \$2.2 million based on historical trends.
- Concession revenues are projected to be under budget by \$1.3 million. Approximately half of the budgeted revenue for concessions will not be realized due to reductions in revenue receivables taken in 2025.

*Potential opportunities*

- Mortgage and Deed Recording Fees are projected to have an opportunity of \$1.9 million against the adopted budget based on the current year's run rate. However, due to the June 2025 court ruling requiring the County to lower the block fees associated with mortgage and deed recording, there may be a future potential risk. Because the County is appealing the court's ruling, the block fees continue to be charged at the same rate. The following scenarios were projected using various assumptions, to determine the potential risk to the adopted budget should the County be required to reduce the block fee.

| <b>Scenarios - Mortgage &amp; Deed Recording</b>     |                          |                |                |                |                |
|--|--------------------------|----------------|----------------|----------------|----------------|
| <b>Fee Assumptions</b>                               |                          |                |                |                |                |
|  | <b>Current<br/>\$300</b> | <b>\$250</b>   | <b>\$200</b>   | <b>\$150</b>   | <b>\$100</b>   |
| 2025 Adopted Budget Mortgage and Deed Recording Fees | \$27.0                   | \$27.0         | \$27.0         | \$27.0         | \$27.0         |
| 2025 Comptroller's Office Projection                 | \$28.9                   | \$26.3         | \$23.9         | \$21.6         | \$19.2         |
| <b>Potential Opportunity/(Risk)</b>                  | <b>\$1.9</b>             | <b>(\$0.7)</b> | <b>(\$3.1)</b> | <b>(\$5.4)</b> | <b>(\$7.8)</b> |

- The projections also include a positive variance of \$3.0 million for Pre-school Medicaid revenues due to increased enrollment.
- The remaining opportunity of \$1.5 million is comprised of various department-related fees based on year-to-date revenue trends.

| <b>Departmental Revenue - Millions of Dollars</b> |                        |                        |                          |                          |                 |
|---|------------------------|------------------------|--------------------------|--------------------------|-----------------|
| <b>Category</b>                                   | <b>2024<br/>Actual</b> | <b>2025<br/>Budget</b> | <b>2025 YTD<br/>June</b> | <b>2025<br/>Forecast</b> | <b>Variance</b> |
| GIS Tax Map Verification Fees                     | \$20.1                 | \$29.0                 | \$8.6                    | \$21.0                   | (\$8.0)         |
| Mortgage & Deed Recording Fees                    | \$28.3                 | \$27.0                 | \$12.0                   | \$28.9                   | \$1.9           |
| Miscellaneous Clerk Fees                          | \$6.6                  | \$8.2                  | \$2.3                    | \$8.2                    | \$0.0           |
| Income and Expense Law                            | \$0.0                  | \$5.0                  | \$0.0                    | \$0.0                    | (\$5.0)         |
| Other Welfare Receipts                            | \$15.2                 | \$19.0                 | \$4.4                    | \$16.8                   | (\$2.2)         |
| Concession Revenue                                | \$4.5                  | \$3.3                  | \$0.2                    | \$2.0                    | (\$1.3)         |
| Pre-School Medicaid                               | \$9.0                  | \$9.0                  | \$7.6                    | \$12.0                   | \$3.0           |
| Other Departmental Revenue                        | \$92.6                 | \$102.5                | \$37.6                   | \$104.0                  | \$1.5           |
| <b>Total Departmental Revenue</b>                 | <b>\$176.3</b>         | <b>\$203.0</b>         | <b>\$72.7</b>            | <b>\$192.9</b>           | <b>(\$10.1)</b> |

**Fines and Forfeitures**

Fines and Forfeitures represents 1.6% of the 2025 Adopted Budget’s total budgeted revenues of \$4.7 billion for the County’s three primary operating funds.

*Fines and Forfeitures are projected to be under budget by \$20.3 million.*

- Other Fines and Forfeitures are projected to have a shortfall of \$22.8 million, primarily in Traffic and Parking Violations Bureau revenues.
  - The Adopted Budget included \$18.5 million for the Ticket Amnesty Program and the Ticket Reconciliation Program (TRP) with budgeted revenues of \$13.5 million and \$5.0 million, respectively. As of the date of this report, the programs have not been implemented, however, according to the Budget Office, it is expected that the programs will be approved by the Legislature in 2025. The projections include one quarter of the budgeted revenues (\$4.6 million) for these two programs, for a risk of \$13.9 million.
  - The remaining \$8.9 million shortfall in fines is based on the current rate of collections.
- The projection for PD Public Safety Fees is an opportunity of \$1.5 million based on the current rate of collections.
- Fines for Red Light Cameras are projected to have an opportunity of \$1.0 million due to the recording of 2024 revenues in the current fiscal year. The County no longer collects Administrative Fees and Public Safety Fees associated with Red Light Camera fines.

| <b>Fines and Forfeitures - Millions of Dollars</b> |                    |                    |                      |                      |                 |
|--|--------------------|--------------------|----------------------|----------------------|-----------------|
| <b>Category</b>                                    | <b>2024 Actual</b> | <b>2025 Budget</b> | <b>2025 YTD June</b> | <b>2025 Forecast</b> | <b>Variance</b> |
| PD Public Safety Fees                              | \$26.2             | \$2.6              | \$2.0                | \$4.1                | \$1.5           |
| Red Light Camera and Administrative Fees           | \$45.4             | \$25.7             | \$13.8               | \$26.7               | \$1.0           |
| Other Fines and Forfeitures                        | \$17.7             | \$47.8             | \$8.3                | \$25.0               | <b>(\$22.8)</b> |
| <b>Total Fines and Forfeitures</b>                 | <b>\$89.3</b>      | <b>\$76.1</b>      | <b>\$24.1</b>        | <b>\$55.8</b>        | <b>(\$20.3)</b> |

**Federal Aid**

Federal Aid represents 4.6% of the 2025 Adopted Budget for the County’s three primary operating funds’ total budgeted revenues of \$4.7 billion.

*Federal Aid is projected to have an opportunity of \$12.8 million.* The opportunity in Federal Aid is primarily due to an increase in Day Care cost reimbursements in the Department of Social Services of approximately \$13.9 million. Day care costs have risen substantially due to the State’s change in eligibility requirements. An additional reimbursement of \$1.4 million is projected in the area of Temporary Assistance to Needy Families (TANF) as an increase in caseloads is projected. There is also an opportunity of approximately \$2.6 million, as the Correctional Center received

COVID funding reimbursements in May 2025. These opportunities are offset with a projected risk of \$5.2 million in Federal Transit Administration-Coronavirus Response and Relief Supplemental Appropriations and American Rescue Plan Act receipts for the County’s transit system.

At this time, it is uncertain if and how Federal Aid reimbursements may be affected by the current Federal Administration’s future policies.

| <b>Federal Aid - Millions of Dollars</b> |                    |                      |                      |                 |
|--|--------------------|----------------------|----------------------|-----------------|
| <b>2024 Actual</b>                       | <b>2025 Budget</b> | <b>2025 YTD June</b> | <b>2025 Forecast</b> | <b>Variance</b> |
| \$209.5                                  | \$217.6            | \$75.6               | \$230.4              | \$12.8          |

**State Aid**

State Aid represents 6.6% of the total budgeted revenues of \$4.7 billion reported in the 2025 Adopted Budget for the County’s three primary operating funds.

*State Aid is projected to be over budget by \$43.3 million.* The primary reason for this variance includes an opportunity of \$8.3 million due to higher than budgeted State Operating Assistance (STOA) reimbursements for the County’s transit system. There are additional possible opportunities of \$22.9 million in Pre-School services due to the projected increase in expenditures, Safety Net Assistance (SNA) of \$5.6 million due to an increase in homelessness expenditures, and Social Services / Childcare & Development Block grants of \$5.3 million due to increased costs for day care. The County is reimbursed for a portion of these programs.

| <b>State Aid - Millions of Dollars</b> |                    |                      |                      |                 |
|--|--------------------|----------------------|----------------------|-----------------|
| <b>2024 Actual</b>                     | <b>2025 Budget</b> | <b>2025 YTD June</b> | <b>2025 Forecast</b> | <b>Variance</b> |
| \$332.3                                | \$309.4            | \$130.0              | \$352.7              | \$43.3          |

**Investment Income**

Investment Income represents 1.3% of the total budgeted revenues of \$4.7 billion reported in the 2025 Adopted Budget for the County’s three primary operating funds.

*Investment Income is projected to have an opportunity of \$9.3 million.* The opportunity is due to a projection of \$26.9 million of interest earnings on cash held in the reserve funds and the Sewer and Storm Water Fund, which are included in the three primary operating funds but not included in the 2025 Adopted Budget. This opportunity is offset by lower estimated interest income of \$17.6 million in the five budgetary funds due to lower interest rates and lower cash balances.

| <b>Investment Income - Millions of Dollars</b> |                    |                      |                      |                 |
|--|--------------------|----------------------|----------------------|-----------------|
| <b>2024 Actual</b>                             | <b>2025 Budget</b> | <b>2025 YTD June</b> | <b>2025 Forecast</b> | <b>Variance</b> |
| \$90.2   | \$59.7             | \$29.2               | \$69.0               | \$9.3           |

**Property Taxes**

Property Taxes represent 16.1% of the 2025 Adopted Budget for the County’s three primary operating funds’ total budgeted revenues of \$4.7 billion.

*Property Taxes are projected to have an opportunity of \$7.6 million against the adopted budget.* The projected opportunity is related to property taxes assessed on two (2) LIPA properties related to the settlement of outstanding assessment grievances and the net of County restored taxes offset by restored abatements. It is important to note that year-end adjustments for uncollected and uncollectible property taxes may unfavorably impact these revenues, however, it is not possible to estimate the adjustments at this point in the fiscal year.

| <b>Property Taxes - Millions of Dollars</b> |                    |                      |                      |                 |
|---|--------------------|----------------------|----------------------|-----------------|
| <b>2024 Actual</b>                          | <b>2025 Budget</b> | <b>2025 YTD June</b> | <b>2025 Forecast</b> | <b>Variance</b> |
| \$762.2                                     | \$755.2            | \$762.8              | \$762.8              | \$7.6           |

**Interfund Transfers In**

Interfund Transfers In represents 9.1% of the 2025 Adopted Budget for the County’s three primary operating funds’ total budgeted revenues of \$4.7 billion. This is partially offset by budgeted Interfund Transfers Out.

*Interfund Transfers In are projecting a risk of \$271.4 million.* The Police Headquarters Fund and the Fire Commission Fund, both components of the General Fund for reporting purposes, have budgeted Interfund Transfers In revenues of \$242.0 million and \$24.1 million, respectively. The projections include \$1.5 million which has already been transferred to the Police Headquarters Fund, and a pending transfer of \$2.5 million from the Grant Fund to the General Fund to reimburse the General Fund for expenditures that were paid with grant funding. The remaining budgeted balances are risked as it is not yet known if the monies will be needed.

The Sewer and Storm Water Fund has \$151.4 million budgeted for Interfund Transfers In, representing transfers of sewer assessments collected by the Sewer and Storm Water Finance Authority for County sewer and storm water operations. This transfer is projected in this report.

However, a portion of the risk is offset by an opportunity in Interfund Transfers Out.

| <b>Interfund Transfers In - Millions of Dollars</b> |                    |                    |                      |                      |                  |
|---|--------------------|--------------------|----------------------|----------------------|------------------|
| <b>Fund</b>   | <b>2024 Actual</b> | <b>2025 Budget</b> | <b>2025 YTD June</b> | <b>2025 Forecast</b> | <b>Variance</b>  |
| Total General Fund:                                 | \$736.9            | \$266.1            | \$0.0                | \$4.0                | (\$262.1)        |
| General   | \$247.8            | \$0.0              | \$0.0                | \$2.5                | \$2.5            |
| Police Headquarters                                 | \$184.0            | \$242.0            | \$0.0                | \$1.5                | (\$240.5)        |
| Fire Commission                                     | \$22.0             | \$24.1             | \$0.0                | \$0.0                | (\$24.1)         |
| Bond Indebtedness Reserve                           | \$10.0             | \$0.0              | \$0.0                | \$0.0                | \$0.0            |
| Employee Benefit Reserve*                           | \$49.1             | \$0.0              | \$0.0                | \$0.0                | \$0.0            |
| Litigation Reserve*                                 | \$174.0            | \$0.0              | \$0.0                | \$0.0                | \$0.0            |
| Operating Reserve                                   | \$40.0             | \$0.0              | \$0.0                | \$0.0                | \$0.0            |
| Retirement Contribution Reserve                     | \$10.0             | \$0.0              | \$0.0                | \$0.0                | \$0.0            |
| Police District                                     | \$0.0              | \$9.3              | \$0.0                | \$0.0                | (\$9.3)          |
| Sewer and Storm Water                               | \$175.3            | \$151.4            | \$71.4               | \$151.4              | \$0.0            |
| <b>Total Transfers In</b>                           | <b>\$912.2</b>     | <b>\$426.8</b>     | <b>\$71.4</b>        | <b>\$155.4</b>       | <b>(\$271.4)</b> |

\* a portion of these funds have been funded by the General Fund and the Police District Fund, therefore as a result, for reporting purposes, the GAAP fund balance of each fund may vary.

### Other Revenue Categories

Use of Fund Balance has a projected shortfall of \$197.6 million against the Adopted Budget. The 2025 Adopted Budget includes Use of Fund Balance for the reserve funds and the Sewer and Storm Water Fund. Since there is generally no revenue budgeted in the reserve funds, in order to appropriate funds to pay expenditures, existing fund balance is used. The 2025 Adopted Budget included \$300 million of appropriated fund balance in the reserve funds and \$16.9 million in the Sewer and Storm Water Fund. The projections anticipate \$119.3 million of the \$300 million of fund balance in the reserve funds will be utilized to cover the projected expenditures in the reserve funds. No Use of Fund Balance was projected for the Sewer and Storm Water Fund. This is the main cause of the shortfall.

Since Use of Fund Balance is not revenue but merely a use of “savings”, on a GAAP basis, the total projected of \$119.3 million is removed as part of the GAAP adjustments.

Payment in Lieu of Taxes (PILOT) is projected to be \$2.0 million lower than budget. The risk is primarily related to PILOT revenue from LIPA associated with the general fund. The projections estimate that the County will receive the same PILOT payments as in the first half of the year, resulting in a shortfall of \$2.0 million from the adopted budget.

All Other below include the following categories: Permits and Licenses, Opioid Litigation Settlement Revenue, Belmont Park Revenues, Revenue Offset to Expense, Interest Penalty on Taxes, OTB Profits and OTB Taxes. All except for Opioid Litigation Settlement Revenue and Belmont Park Revenues were projected flat to the adopted budget.

Beginning in 2021, the County received funds as settlements from the opioid litigation brought against drug manufacturers. The County joined lawsuits brought against pharmaceutical companies and distributors. In total, the County expects to receive nearly \$155 million dollars through the structured settlements with payments being made to the County over the course of 18

years. For fiscal year-to-date 2025, the County has received \$2.6 million. These revenues were not budgeted and the projections in this report include this amount but do not project any additional funds for the fiscal year.

Most of the opioid funds are restricted to approved uses under the Opioid Settlement Sharing Agreement and State Finance Law 99-n(5) and Local Law No. 14-2021. The approved uses in the Settlement Sharing Agreement focus on three general areas: (1) treatment; (2) prevention; and (3) other strategies. While the State and Local Law have similar restrictions, a portion of the funds may only be subject to allowed uses under these laws.

| <b>Other Revenue - Millions of Dollars</b> |                    |                    |                      |                      |                 |
|--|--------------------|--------------------|----------------------|----------------------|-----------------|
| <b>Category</b>                            | <b>2024 Actual</b> | <b>2025 Budget</b> | <b>2025 YTD June</b> | <b>2025 Forecast</b> | <b>Variance</b> |
| PILOTS                                     | \$49.3             | \$51.7             | \$25.9               | \$49.7               | (\$2.0)         |
| Use of Fund Balance                        | \$0.0              | \$316.9            | \$0.0                | \$119.3              | (\$197.6)       |
| All Other                                  | \$218.2            | \$214.2            | \$62.1               | \$217.8              | \$3.6           |

**OBLIGATIONS VARIANCES<sup>10</sup>**

This section discusses the expenditure items with variances from the 2025 Adopted Budget as identified in the 2025 Revenues and Obligations Risks and Opportunities 2025 Mid-Year Report table.

**Salaries, Fringe Benefits and Workers’ Compensation**

*Salaries, fringe benefits, and workers’ compensation expenditures are projected to have a combined positive variance of \$159.1 million when compared to the 2025 Adopted Budget.*

The 2025 Adopted Budget includes a total of \$2,002.4 million for salaries, fringe benefits and workers’ compensation with potential variances to the adopted budget as follows:

| <b>Salaries, Fringe Benefits and Workers' Compensation</b> |                    |                      |                             |
|--|--------------------|----------------------|-----------------------------|
| <b>\$ Millions</b>   | <b>2025 Budget</b> | <b>2025 Forecast</b> | <b>Opportunity / (Risk)</b> |
| Salaries (excluding OT & termination pay)                  | \$974.6            | \$899.6              | \$75.0                      |
| Overtime   | \$87.0             | \$131.8              | (\$44.8)                    |
| Termination Pay  | \$71.7             | \$49.2               | \$22.5                      |
| <b>Total Salaries</b>                                      | <b>\$1,133.3</b>   | <b>\$1,080.6</b>     | <b>\$52.7</b>               |
| Fringe Benefits  | \$831.3            | \$724.9              | \$106.4                     |
| Workers' Compensation                                      | \$37.8             | \$37.8               | \$0.0                       |
| <b>TOTAL</b>   | <b>\$2,002.4</b>   | <b>\$1,843.3</b>     | <b>\$159.1</b>              |

**Salaries**

*The Comptroller’s Office forecast of salaries and wages is projected to total \$1,080.6 million by the end of fiscal year 2025, a net opportunity of \$52.7 million. Potential savings in this category are mainly driven by over 270 vacant open positions included in the 2025 Adopted Budget with an estimate value of \$39.1 million. Also included in these potential savings are \$50.2 million of appropriations included in the 2025 Adopted Budget in the County Reserve Funds. This consists of \$30.0 million in the Operating Reserve Fund (ORF) and \$20.2 million in the Employee Benefit Reserve Fund (EBF). These reserve funds are available to the Administration to address potential 2025 shortfalls within salary expense. To date, the reserve balance in EBF has gone unspent, although a \$7.3 million Interfund Transfer Out from EBF to the Police District Fund has been budgeted. To date, \$9.0 million and \$9.1 million have been expensed in the ORF and Litigation Fund (LIT), respectively, in 2025 related to salary and fringe costs. These savings are reduced by*

<sup>10</sup> Obligations refer to expenditures and encumbrances.

a budgetary shortage forecasted for overtime costs currently projected up to \$44.8 million in both the Police Department and the Correctional Center.

| <b>Total Salaries* - Millions of Dollars</b> |                    |                    |                      |                      |                 |
|--|--------------------|--------------------|----------------------|----------------------|-----------------|
| <b>Fund</b>                                  | <b>2024 Actual</b> | <b>2025 Budget</b> | <b>2025 YTD June</b> | <b>2025 Forecast</b> | <b>Variance</b> |
| General Fund:                                |                    |                    |                      |                      |                 |
| General Fund                                 | \$443.3            | \$489.3            | \$226.8              | \$460.8              | \$28.5          |
| Police Headquarters Fund                     | \$288.3            | \$285.0            | \$134.2              | \$297.9              | (\$12.9)        |
| Fire Commission Fund                         | \$13.7             | \$16.0             | \$7.0                | \$14.0               | \$2.0           |
| Operating Reserve Fund                       | \$0.4              | \$30.0             | \$0.0                | \$0.0                | \$30.0          |
| Litigation Fund                              | \$10.6             | \$0.0              | \$0.0                | \$9.1                | (\$9.1)         |
| Employee Benefit Fund                        | \$9.5              | \$20.2             | \$0.0                | \$0.0                | \$20.2          |
| <b>Total General Fund</b>                    | <b>\$765.8</b>     | <b>\$840.5</b>     | <b>\$368.0</b>       | <b>\$781.8</b>       | <b>\$58.7</b>   |
| Police District Fund                         | \$273.1            | \$283.5            | \$134.4              | \$291.3              | (\$7.8)         |
| Sewer and Storm Water Fund                   | \$8.4              | \$9.3              | \$3.7                | \$7.5                | \$1.8           |
| <b>Total Salaries</b>                        | <b>\$1,047.3</b>   | <b>\$1,133.3</b>   | <b>\$506.1</b>       | <b>\$1,080.6</b>     | <b>\$52.7</b>   |

\* Includes overtime and termination pay.

The 2025 Adopted Budget assumes a total full-time headcount of 7,588 employees for 2025. The current on-board headcount as of June 2025 was 7,317, slightly higher compared to the June 2024 headcount of 7,305.

The increase in budgeted headcount year-over-year includes funding for additional staffing primarily in areas of Public Safety, which include the Sheriff’s Department, and the Police and Correctional Departments. Classes of new police and correctional officers are included to offset attrition, assist in mitigating future overtime costs, and manage the impact of Criminal Justice Reform passed by New York State on the County. Other budgeted increases in headcount include Social Services, Health Department, Assessment and the Department of Public Works due to the increase in these services. However, as of the end of July many of these funded vacant positions remain open for these departments. The County currently has over 270 vacant positions funded in the 2025 Adopted Budget as of July which continues to create a budgetary savings opportunity with positions that remain unfilled.

The County entered into new labor agreements with the Police Detectives Association Inc. (DAI) in December 2019, the Superior Officers Association (SOA) in November of 2020, the Police Benevolent Association (PBA) in February of 2023 and the Correctional Officers Benevolent Association (COBA) in September 2023, which cover the years 2018-2026. The Civil Service Employees Association (CSEA) also entered into a new collective bargaining agreement with the County covering the period of 2018-2030. All related contractual wage increases, stipend and cost of living adjustments have been included in our 2025 salary forecast.

In April 2025, a Memorandum of Agreement (MOA) was approved between the CSEA union and the County that delayed the 3% increase to the general wages from the original collective

bargaining agreement from July 1<sup>st</sup> 2025 to January 1<sup>st</sup> 2026. This has resulted in additional savings for the County estimated at \$4.4 million.

### **Fringe Benefits**

*This analysis projects that the County is expected to end the year with a positive variance of \$106.4 million in fringe benefits when compared to the 2025 Adopted Budget of \$831.3 million for this expenditure category. This budgetary opportunity is primarily due to \$123.1 million in appropriations included in the 2025 Adopted Budget in the County reserve funds. This includes \$55.0 million in ORF, \$66.1 million in the Retirement Contribution Reserve Fund (RCF) and \$2.0 million in EBF. These reserve funds are available to the Administration to help address deficiencies in fringe benefits in the 2025 budget year. Of these reserve balances \$10.1 million has been spent to date in 2025.*

Potential savings were also identified in FICA expenses related to funded but vacant positions, Medicare reimbursement costs based on current trends, pension costs due to a lower payment in 2025 to the State than budgeted, and lower projected costs for dental insurance based on current trends.

Offsetting these potential savings are shortages related to health insurance for retirees, which could reach over \$31.0 million. The Adopted Budget for health insurance for retirees has been dramatically reduced in 2024 and 2025 although health insurance costs have continued to steadily increase each year. This has resulted in a deficit in 2024 of \$39.3 million in this category when compared to the Adopted Budget and a deficit of over \$31.0 million estimated for fiscal 2025. The 2025 budget as adopted did not sufficiently fund this County expense based on current costs. The CSEA MOA ratified and approved in 2025, resulting in both active and retired members remaining on the NYSHIP Empire Plan for fiscal year 2025. Beginning January 1, 2026, all active CSEA members will be contributing 3% of the base salary every year towards the cost of health insurance.

As mentioned above, the Administration has Reserve funds of \$123.1 million (\$55.0 million in the ORF, \$2.0 million in the EBF and \$66.1 million in the RCF) included in the 2025 Adopted Budget available to address any shortages in fringe benefits.

The County prepaid the 2025 retirement bill in December 2024, which resulted in savings to the County of \$1.6 million dollars. The projections in this report assume that the retirement bill due in February 2026 will be prepaid in December 2025 and that the County will continue to not elect to defer pension contributions for 2025. The County has not elected to defer pension contributions beginning with the 2021 fiscal year.

| <b>Fringe Benefits - Millions of Dollars</b> |                    |                    |                      |                      |                 |
|--|--------------------|--------------------|----------------------|----------------------|-----------------|
| <b>Fund</b>                                  | <b>2024 Actual</b> | <b>2025 Budget</b> | <b>2025 YTD June</b> | <b>2025 Forecast</b> | <b>Variance</b> |
| General Fund:                                |                    |                    |                      |                      |                 |
| General Fund                                 | \$302.0            | \$294.3            | \$171.8              | \$308.1              | (\$13.8)        |
| Police Headquarters Fund                     | \$191.9            | \$211.2            | \$141.3              | \$204.1              | \$7.1           |
| Fire Commission Fund                         | \$7.4              | \$7.2              | \$4.1                | \$7.4                | (\$0.2)         |
| Operating Reserve Fund                       | \$0.0              | \$55.0             | \$9.0                | \$9.0                | \$46.0          |
| Retirement Contribution Fund                 | \$0.0              | \$66.1             | \$0.0                | \$0.0                | \$66.1          |
| Employee Benefit Fund                        | \$0.0              | \$2.0              | \$0.0                | \$0.0                | \$2.0           |
| Litigation Fund                              | \$10.6             | \$0.0              | \$0.0                | \$1.1                | (\$1.1)         |
| <b>Total General Fund</b>                    | <b>\$511.9</b>     | <b>\$635.8</b>     | <b>\$326.2</b>       | <b>\$529.7</b>       | <b>\$106.1</b>  |
| Police District Fund                         | \$166.2            | \$188.5            | \$133.5              | \$188.4              | \$0.1           |
| Sewer and Storm Water Fund                   | \$7.1              | \$7.0              | \$3.9                | \$6.8                | \$0.2           |
| <b>Total Fringe Benefits</b>                 | <b>\$685.2</b>     | <b>\$831.3</b>     | <b>\$463.6</b>       | <b>\$724.9</b>       | <b>\$106.4</b>  |

### Workers' Compensation

*Our analysis projects that workers' compensation is sufficiently funded by the 2025 Adopted Budget of \$37.8 million for the County's major operating funds.*

### Termination Pay

*The 2025 projected total termination pay for the County could reach up to \$49.2 million for the primary operating funds. Our current forecasts anticipate this expenditure to be sufficiently funded for all operating funds when compared to the 2025 Adopted Budget except for the Police District Fund (PDD). PDD is trending towards a potential shortfall of up to \$2.8 million.*

The 2025 Adopted Budget funded termination pay of approximately \$28.3 million for both the Police District and Police Headquarters Funds. A total of 65 sworn officers have retired to date in fiscal year 2025 with actual expenditures of \$11.9 million. Our forecast estimates a total of up to 90 police officers retiring from both Police District and Police Headquarters in 2025, with an estimated cost up to \$30.4 million. The 2025 Adopted Budget includes \$20.2 million appropriated in the EBF (a component of the General Fund) to address any possible shortages in termination pay specific to PDD. The Adopted Budget for PDD included an Interfund Transfer In of \$7.3 million

| <b>Termination Pay - Millions of Dollars</b> |                    |                    |                      |                      |                 |
|--|--------------------|--------------------|----------------------|----------------------|-----------------|
| <b>Fund</b>                                  | <b>2024 Actual</b> | <b>2025 Budget</b> | <b>2025 YTD June</b> | <b>2025 Forecast</b> | <b>Variance</b> |
| Police District Fund                         | \$6.2              | \$7.3              | \$6.3                | \$10.1               | (\$2.8)         |
| Police Headquarters Fund                     | \$20.5             | \$21.0             | \$5.6                | \$20.3               | \$0.7           |
| Employee Benefit Fund                        | \$9.5              | \$20.2             | \$0.0                | \$0.0                | \$20.2          |
| Other  | \$14.7             | \$23.2             | \$9.8                | \$18.8               | \$4.4           |
| <b>Total Termination Pay</b>                 | <b>\$50.9</b>      | <b>\$71.7</b>      | <b>\$21.7</b>        | <b>\$49.2</b>        | <b>\$22.5</b>   |

**Overtime**

Based on current expenditure trends, overtime costs for the operating funds are expected to be underfunded by \$44.8 million when compared to the 2025 budget of \$87.0 million. The projected deficit is primarily comprised of \$9.5 million in the Police District Fund, \$18.7 million in the Police Headquarters Fund, and \$13.9 million for the Correctional Center.

| <b>Overtime - Millions of Dollars</b> |                    |                    |                      |                      |                 |
|---------------------------------------|--------------------|--------------------|----------------------|----------------------|-----------------|
| <b>Fund</b>                           | <b>2024 Actual</b> | <b>2025 Budget</b> | <b>2025 YTD June</b> | <b>2025 Forecast</b> | <b>Variance</b> |
| Police District Fund                  | \$34.6             | \$24.0             | \$6.0                | \$33.5               | (\$9.5)         |
| Police Headquarters Fund              | \$45.4             | \$26.0             | \$13.9               | \$44.7               | (\$18.7)        |
| Correctional Center                   | \$40.2             | \$20.6             | \$15.6               | \$34.5               | (\$13.9)        |
| Other                                 | \$22.3             | \$16.4             | \$9.0                | \$19.1               | (\$2.7)         |
| <b>Total Overtime</b>                 | <b>\$142.5</b>     | <b>\$87.0</b>      | <b>\$44.5</b>        | <b>\$131.8</b>       | <b>(\$44.8)</b> |

The 2025 projections are forecasting a combined shortfall in overtime of up to \$28.2 million when compared to the combined Adopted Budget of \$50.0 million for the Police District and Police Headquarters. In the Police Department, a class of 37 new police officers began the Police Academy in March 2025. An additional class of 75 officers is expected sometime in the second half of 2025 and has been funded in the 2025 Adopted Budget. While overtime costs in the future may be mitigated with the additional officers hired in 2025 at a lower average salary, overtime is still trending high in 2025 for both the Police District and Police Headquarters Funds with projected deficits of \$9.5 million and \$18.7 million, respectively.

To date in 2025, the Correctional Center was able to hire two classes of 52 new officers, and a possible additional class planned for some time in the second half of 2025. Funding for this anticipated additional class has been included in the Adopted Budget. Notwithstanding these additional classes of correctional officers, this department continues to project a shortfall in overtime with the current forecast anticipating a shortage in this category of up to \$13.9 million. Overtime expenses for the Correction Center appear to be trending high for the last few years while inmate populations steadily increase and the County adopted budget has not increased to support this growth.

**General and Contractual Expense**

*Expenditures in the categories of General Expense and Contractual Expense are projected to be more than the original 2025 Adopted Budget by \$6.9 million as illustrated below.*

The projections estimate a deficit of \$1.9 million to the 2025 Adopted Budget in the General Expense category. This is primarily due to a projected increase in Court Remands costs of \$2.0 million. There were additional risks noted in several other departments and categories totaling \$1.4 million. However, these were offset by potential opportunities of \$1.1 million in diesel fuel, copying, and miscellaneous supplies and expenses lines.

The projections estimate a \$5.0 million shortfall to the Adopted Budget in contractual expenditures. The primary factor for the deficit is the increase in the NICE bus contractual payments, which are expected to be higher by \$4.7 million. In addition, \$3.5 million in Board Transfers were approved by the Legislature for Parks, Emergency Management and Human Services to pay for contractual services; the projections in this report include this amount. This report also projects a shortfall in the amount of \$2.5 million for legal services.

Offsetting the risks are various projected opportunities against the Adopted Budget:

- \$1.3 million for contractual services in the Traffic and Parking Violations Bureau based on historical trends in the last several years, as contractual expenses are based on collections of fines;
- a projected opportunity of \$1.6 million for contractual services in the Police Headquarters Fund;
- \$2.0 million in the Sewer and Storm Water Fund in contractual services based on historical trends; and
- \$0.6 million in contractual services for the District Attorney’s Office based on historical and current year run-rate.

The 2025 Adopted Budget for contractual expenditures also include \$15.0 million budgeted in the Opioid Litigation Settlement Fund, a component of the General Fund for reporting purposes. These funds are earmarked for opioid recovery and education programs. The projections in this report include the \$15.0 million.

| <b>General Expense and Contractual Expense - Millions of Dollars</b> |                    |                    |                          |                      |                 |
|--|--------------------|--------------------|--------------------------|----------------------|-----------------|
|  | <b>2024 Actual</b> | <b>2025 Budget</b> | <b>2025 YTD<br/>June</b> | <b>2025 Forecast</b> | <b>Variance</b> |
| General Expense  | \$46.7             | \$53.4             | \$27.8                   | \$55.3               | (\$1.9)         |
| Contractual Expense  | \$418.4            | \$440.6            | \$368.0                  | \$445.6              | (\$5.0)         |

**Judgments and Settlements/Property Tax Refunds**

*We are projecting tax certiorari refunds to be over the 2025 Adopted Budget by \$5.6 million. Judgments and Settlements are projected to be over the 2025 Adopted Budget by \$11.8 million.*

The projections in this report forecast tax certiorari payments of \$45.6 million, to be paid primarily by the Litigation (LIT) Fund which holds a reserve set aside for these payments. The projection is based on historical actual payments and the year-to-date payments paid from the LIT Fund through July 2025.

Other judgments and settlements are projected using actual historical payments paid from the LIT Fund along with the County’s structured settlement with the Town of Hempstead, which was also factored into the projection.

While property tax refunds are projected to be higher than the Adopted Budget, there is adequate funding in the LIT Fund to cover the projected expenditures for 2025.

| <b>Judgments and Settlements/Property Tax Refunds - Millions of Dollars</b> |                    |                    |                      |                      |                 |
|---|--------------------|--------------------|----------------------|----------------------|-----------------|
| <b>Category</b>   | <b>2024 Actual</b> | <b>2025 Budget</b> | <b>2025 YTD June</b> | <b>2025 Forecast</b> | <b>Variance</b> |
| Property Tax Refunds  | \$43.9             | \$40.0             | (\$11.8)             | \$45.6               | (\$5.6)         |
| Other Judgments and Settlements   | \$42.9             | \$28.4             | \$20.3               | \$40.2               | (\$11.8)        |

**Debt Service**

*We are projecting an opportunity of \$10.7 million in debt service costs based on the current bond amortization schedules.*

The opportunity of \$10.7 million is comprised of \$5.3 million in interest savings and \$5.4 million in principal savings.

| <b>Debt Service - Millions of Dollars</b> |                    |                      |                      |                 |
|---|--------------------|----------------------|----------------------|-----------------|
| <b>2024 Actual</b>                        | <b>2025 Budget</b> | <b>2025 YTD June</b> | <b>2025 Forecast</b> | <b>Variance</b> |
| \$322.3                                   | \$334.2            | \$144.3              | \$323.5              | \$10.7          |

The County issued \$281.0 million in bonds in May 2025. The County Administration anticipates additional bonding of \$195.0 million in 2025 as follows:

- \$75.0 million for general capital improvements;
- \$25.0 million for sewer system improvements; and
- \$95.0 million for the Bay Park conversion project.

The County is continuing to work on the Bay Park Conveyance project, which is estimated to cost over \$500.0 million. The County is funding the project with monies from the New York State

Environmental Facilities Corporation (EFC) and \$67.3 million in grants from the NYS Division of Homeland Security & Emergency Services Hazard Mitigation programs, which was used to pay down EFC loans. Through July 2025, the County received \$387.8 million in funding from EFC including \$22.4 million in grant funds. The County enters into bond anticipation notes with EFC that are subsequently converted to long-term bonds payable to EFC. Debt service for EFC bonds is paid from the Sewer and Storm Water Fund.

**Social Services Programs**

*We are forecasting expenditures for Social Services programs to be \$36.8 million over the 2025 Adopted Budget.* The primary components of this variance are a projected shortfall of \$15.5 million in Recipient Grants, \$24.5 million in Purchased Services, \$1.7 million in Emergency Vendor Payments, and offset by a net cost reduction of \$4.9 million in Medicaid due to the reduction in Indigent Care quarterly payments.

The projected shortfalls in Purchased Services, Recipient Grants and Emergency Vendor Payments are primarily due to an increase in the demand for Day Care, higher costs related to Temporary Assistance for Needy Families (TANF) and Safety Net Assistance (SNA) due to an increase in homelessness. The Social Services programs are mandated programs, with most receiving Federal and/or State Aid reimbursements at varying rates. Federal and State Aid reimbursements related to the projected \$36.8 million risk in Social Services programs are estimated to be \$15.3 million and \$11.0 million, respectively.

| <b>Social Services - Millions of Dollars</b> |                    |                    |                          |                          |                 |
|--|--------------------|--------------------|--------------------------|--------------------------|-----------------|
| <b>Category</b>                              | <b>2024 Actual</b> | <b>2025 Budget</b> | <b>2025 YTD<br/>June</b> | <b>2025<br/>Forecast</b> | <b>Variance</b> |
| Recipient Grants                             | \$84.3             | \$82.8             | \$44.4                   | \$98.3                   | (\$15.5)        |
| Purchased Services                           | \$122.9            | \$128.0            | \$78.4                   | \$152.5                  | (\$24.5)        |
| Medicaid                                     | \$250.0            | \$254.3            | \$113.7                  | \$249.4                  | \$4.9           |
| Emergency Vendor Payments                    | \$63.8             | \$67.8             | \$43.1                   | \$69.5                   | (\$1.7)         |
| <b>Total Social Services</b>                 | <b>\$521.0</b>     | <b>\$532.9</b>     | <b>\$279.6</b>           | <b>\$569.7</b>           | <b>(\$36.8)</b> |

**Early Intervention/Preschool Program**

*Projected expenditures for Early Intervention are anticipated to be \$220.9 million, or \$35.9 million over the adopted budget.* This shortfall is related to an increase in caseloads resulting in higher than budgeted expenditures for Pre-school (3-5 Years) and Pre-school related services. An estimated \$22.9 million of State Aid reimbursements for the additional expenditures incurred by the County are projected to partially offset this shortfall (see State Aid in Revenue Variances section).

| <b>Early Intervention - Millions of Dollars</b> |                    |                      |                      |                 |
|---|--------------------|----------------------|----------------------|-----------------|
| <b>2024 Actual</b>                              | <b>2025 Budget</b> | <b>2025 YTD June</b> | <b>2025 Forecast</b> | <b>Variance</b> |
| \$206.5   | \$185.0            | \$131.3              | \$220.9              | (\$35.9)        |

**Interfund Transfers Out**

The Comptroller’s Office projects an opportunity of \$343.0 million in Interfund Transfers Out. The majority of the Interfund Transfers Out are in the General Fund and are budgeted to fund the appropriations of the Police Headquarters and Fire Commission Funds. Because it is unknown at this time how much funding may be required for these funds at year-end, the projections only include actual transfers that have been recorded year-to-date. The \$69.0 million budgeted in the Bond Indebtedness Fund may only be used to pay down unbudgeted debt service or defease debt. There is no anticipation of either occurring in the fiscal year.

The projections do not estimate any Interfund Transfers Out to the reserve funds or Interfund Transfers Out from the reserve funds because it is not yet known what may be available or needed for transfers at this time.

| <b>Interfund Transfers Out - Millions of Dollars</b> |                    |                    |                      |                      |                 |
|--|--------------------|--------------------|----------------------|----------------------|-----------------|
| <b>Fund</b>  | <b>2024 Actual</b> | <b>2025 Budget</b> | <b>2025 YTD June</b> | <b>2025 Forecast</b> | <b>Variance</b> |
| Total General Fund                                   | \$490.5            | \$344.5            | \$0.0                | \$1.5                | \$343.0         |
| General  | \$490.3            | \$242.8            | \$0.0                | \$1.5                | \$241.3         |
| Bond Indebtedness Reserve                            | \$0.0              | \$69.0             | \$0.0                | \$0.0                | \$69.0          |
| Employee Benefit Reserve*                            | \$0.2              | \$22.3             | \$0.0                | \$0.0                | \$22.3          |
| Litigation Reserve*                                  | \$0.0              | \$2.0              | \$0.0                | \$0.0                | \$2.0           |
| Retirement Contribution Reserve                      | \$0.0              | \$8.4              | \$0.0                | \$0.0                | \$8.4           |
| Police District                                      | \$9.0              | \$0.0              | \$0.0                | \$0.0                | \$0.0           |
| Sewer and Storm Water                                | \$0.0              | \$0.0              | \$0.0                | \$0.0                | \$0.0           |
| <b>Total Transfers Out</b>                           | <b>\$499.5</b>     | <b>\$344.5</b>     | <b>\$0.0</b>         | <b>\$1.5</b>         | <b>\$343.0</b>  |

\* a portion of these funds have been funded by the General Fund and the Police District Fund, therefore as a result, for reporting purposes, the GAAP fund balance of each fund may vary.

**Other Expenditures**

The Comptroller’s Office projects an opportunity of \$9.5 million in Other Expenditures.

All Other in the table below includes the following categories: Equipment, Transportation, Rent Expense, Direct Expenses, Utilities, Workers’ Compensation, NIFA expenditures, non-eliminating Interfund Charges, and Other Expenditures. The variance in All Other is primarily related to \$10 million budgeted insurance costs in the Operating Reserve Fund that is not expected to be spent.

| <b>Other Expenditures - Millions of Dollars</b> |                    |                    |                          |                      |                 |
|---|--------------------|--------------------|--------------------------|----------------------|-----------------|
|   | <b>2024 Actual</b> | <b>2025 Budget</b> | <b>2025 YTD<br/>June</b> | <b>2025 Forecast</b> | <b>Variance</b> |
| All Other                                       | \$279.5            | \$302.6            | \$83.9                   | \$293.1              | \$9.5           |
| <b>Total Other</b>                              | <b>\$279.5</b>     | <b>\$302.6</b>     | <b>\$83.9</b>            | <b>\$293.1</b>       | <b>\$9.5</b>    |

**DEBT**

Through July 2025, the County issued \$281.0 million in bonds to fund various public purposes, including capital projects, and to pay costs of issuance. At this time, the County does not anticipate issuing Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs) in 2025.

The County anticipates bonding an additional \$195.0 million in the second half of the year to pay for capital projects as well as various sewer system improvements. Projects for sewer-related improvements may be funded through borrowing by either the County, NYS Environmental Facilities Corporation (EFC) or the Nassau County Sewer and Storm Water Finance Authority (SFA). The table below details projected new long-term debt issued by the County (including borrowings for Nassau Community College, and Sewer and Storm Water Capital Projects).

At 2024 fiscal year-end, the total of the County’s general obligation bonds and its component units’ long-term serial bonds outstanding was approximately \$3.7 billion, including serial bonds and accreted interest of the Nassau County Tobacco Settlement Corporation (NCTS) which are secured only by the Tobacco Settlement revenues and the bondholders have no recourse to the County. The 2025 actual borrowings, along with projected borrowings for the remainder of the year and projected reductions from maturing debt, will increase the total long-term bonds outstanding slightly by approximately \$306.5 million.

**Total Projected Long-Term Borrowings**

| <b>Total Projected Long-Term Borrowings<br/>(\$ millions)</b> |                                      |                                |                                 |  |
|---|--------------------------------------|--------------------------------|---------------------------------|--|
|   | <b>As of Dec 31,<br/>2024 Actual</b> | <b>Projected<br/>Additions</b> | <b>Projected<br/>Reductions</b> | <b>As of December 31,<br/>2025 Estimated</b> |
| <b>County &amp; SSW (a)(b)</b>                                | \$ 2,161.8                           | \$476.0                        | \$86.8                          | \$ 2,551.0                                   |
| <b>NIFA</b>   | 998.0                                |                                | 92.9                            | 905.1  |
| <b>Sewer and Storm Water Finance<br/>Authority (SFA)</b>      | 50.8                                 |                                |                                 | 50.8   |
| <b>Tobacco Settlement Corp (c)</b>                            | 514.0                                | 10.2                           |                                 | 524.2  |
| <b>Total</b>  | <b>\$ 3,724.6</b>                    | <b>\$486.2</b>                 | <b>\$179.7</b>                  | <b>\$4,031.1</b>                             |

- (a) Beginning in 2014, the County implemented a change in accounting principle to include the NCC debt as part of the County debt.
- (b) Includes \$25.0 million of bonds projected to be issued in 2025 to be used for Sewer and Storm Water projects.
- (c) December 31, 2024 includes accumulated accreted interest of \$133.1 million.

**2025 PROJECTED BUDGETARY BASIS TO GAAP RECONCILIATION**

GAAP adjustments can significantly fluctuate each fiscal year primarily due to the effects of encumbrances. The value of unspent encumbrances as of year-end and expenditures paid after year-end but incurred during the fiscal year are difficult to predict. Thus, these adjustments are estimates based on the actual GAAP adjustments for FY24. GAAP adjustments related to GASB 87, *Leases*, GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB 96, *Subscription-Based Information Technology Arrangements*, were also estimated using the actuals recorded in FY24 and will change in FY25 based upon amortization tables as well as any new or modified agreements identified in the fiscal year.

| <b>2025 Estimated GAAP Adjustments</b><br>((\$'s in millions)) | <b>General Fund</b> | <b>Police District Fund</b> | <b>Sewer and Storm Water Fund</b> | <b>Total Operating Funds</b> |
|--|---------------------|-----------------------------|-----------------------------------|------------------------------|
| <b>Projected Results on a Budgetary Basis</b>                  | \$ 20.0             | \$ (6.7)                    | \$ (12.8)                         | \$ 0.5                       |
|  |                     |                             |                                   |                              |
| Period of availability adjustments                             | 0.9                 |                             | (2.0)                             | (1.1)                        |
| Use of Fund Balance  | (119.3)             |                             |                                   | (119.3)                      |
| Sale of Mitchel Field Leases                                   | 1.3                 |                             |                                   | 1.3                          |
| NCC adjustment for termination pay                             | (1.0)               |                             |                                   | (1.0)                        |
| Effect of encumbrances adjustment                              | 9.4                 | 0.7                         | 3.4                               | 13.5                         |
| Pension expenditure adjustment                                 | (27.7)              | (4.6)                       | (0.3)                             | (32.6)                       |
| Other GAAP adjustments   | (15.3)              | 7.2                         |                                   | (8.1)                        |
| <b>Projected Net Change in Fund Balance (Deficit)</b>          | <b>\$ (131.7)</b>   | <b>\$ (3.4)</b>             | <b>\$ (11.7)</b>                  | <b>\$ (146.8)</b>            |

Based upon the current projections for FY2025 and the estimated GAAP adjustments, the projected GAAP results show a risk of \$146.8 million.

The main driver of estimated GAAP deficit is the use of reserve funds to pay estimated expenditures of \$119.3 million. Because reserves exist to pay down long-term liabilities and should be used accordingly, there is no offsetting revenue against those costs. Adding to the estimated deficit is an increase in GAAP pension costs due to a significant increase in the invoice due February 2026. Seventy-five percent of the invoice is attributable to FY25.

Based on the projections in this report, the projected 2025 fiscal year-end results, in accordance with NIFA’s Control Period Calculation, is a deficit of \$47.2 million. See Appendix D, *Nassau County Interim Finance Authority (Act) and Control Period Calculation* for details of this calculation.

# APPENDICES

## APPENDIX A: COUNTY OPERATING FUNDS

### *Budgetary Funds*

The County Administration manages to the five budgetary funds: the General Fund (unconsolidated), the Police District and Police Headquarters Funds, the Fire Commission Fund, and the Debt Service Fund. The Administration does not include the reserve funds and the Sewer and Storm Water Fund as part of its “five major funds”, although it does annually budget for the Sewer and Storm Water Fund, and occasionally for the reserve funds. The Administration prepares monthly forecast reports, projecting the fiscal year’s result, for only the five budgetary funds and the Sewer and Storm Water Fund, but not the reserve funds, even if they had an adopted budget or actual revenues and/or expenditures.

### *Three Primary Operating Funds*

The County’s financial statements, the Annual Comprehensive Financial Report (ACFR), are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and encompasses all Governmental Accounting Standards Board Statements (GASBs) that impact the County. The ACFR reports on the County’s operations and major funds<sup>11</sup> differently than the Administration in order to comply with GAAP.

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, several funds that had previously been reported as separate special revenues funds in the County’s financial reporting, were consolidated with the General Fund beginning in fiscal year 2011. GASB Statement No. 54, was adopted by Nassau County in fiscal year 2011.

GASB Statement No. 54 clarified the definitions of a general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type, which caused the County to redefine the County’s General Fund to include funds that no longer met the Statement’s definition of a special revenue fund. Special Revenue Funds are used to account for and report the “proceeds of specific revenue sources” that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund and have a recurring and steady revenue stream. The consolidated General Fund is more comprehensive than the pre-2011 General Fund.<sup>12</sup>

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<sup>11</sup> As defined and reported in accordance with GASB Statement No. 34, *Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments*, issued June 1999.

<sup>12</sup> The NIFA Control Period Calculation uses the pre-2011 unconsolidated General Fund.

In order to facilitate consistency in reporting, the ACFR and the two annual financial reports issued by the Comptroller's Office, the Mid-Year Report and the Review of the Proposed Budget, report actual results and full year projections for the "three primary operating funds", which is in compliance with GAAP and GASB Statement No. 54. The three primary operating funds are defined as:

- the total (consolidated) General Fund;
- the Police District Fund; and
- the Sewer and Storm Water District Fund.

Each of these funds is a Major Fund for ACFR reporting.

## **APPENDIX B: GAAP ADJUSTMENTS, THE EFFECT OF ENCUMBRANCES AND RECOVERIES OF PRIOR YEAR APPROPRIATIONS**

GAAP adjustments, which are estimated to arrive at a projected ending GAAP fund balance, can vary significantly at year-end primarily due to the effect that encumbrances have on the County's financial results. Encumbrances are a budgeting control tool which allows governments to set aside budgeted appropriations for obligations that have not yet been spent. This ensures that appropriations authorized by the government's governing board (the County Legislature in the case of the County) are not exceeded. Since unspent encumbrances are not actual expenditures, unspent encumbrances are added back to budgetary results because they have been included when computing those results. Further, expenditures that are paid subsequent to year-end but were part of the unspent encumbrances, are added back as expenditures to arrive at the GAAP results. Encumbrances that are no longer needed prior to year-end are disencumbered; those that originated in a prior fiscal year generate a budgetary revenue because it is the recovery of a prior year's appropriation that was included in a previous year's budgetary surplus or deficit. Disencumbrances that result in budgetary revenue are excluded from GAAP results. At the time of the Mid-Year Report, these GAAP adjustments have been estimated based on the information available at this time, based on averages computed using prior year balances or using balances from the prior year. Therefore, these estimates may significantly change depending on how many encumbrances remain unspent and the total encumbrances spent in the ensuing fiscal year.

Recoveries of prior year appropriations are comprised of two categories: (1) recoveries in the form of stale checks, refunds, or other cash recoveries of expenditures paid in prior fiscal years, and (2) recoveries of prior year encumbrances, which have the effect of generating revenue on a budgetary basis. However, in accordance with GAAP, encumbrances are not actual expenditures, and therefore, the budgetary revenues generated from the recoveries of prior year encumbrances (a/k/a, disencumbrances) are removed from the GAAP results when converting from budgetary reporting to GAAP reporting. This adjustment is reflected in the GAAP adjustments.

In addition to the effect of encumbrances and prior year appropriation recoveries on budgetary and GAAP results, budgetary results may need to be adjusted to accurately reflect the effect of GASB Statements. Certain GASB Statements require significant evaluation of County transactions in order to accurately compute necessary adjustments to the County's governmental fund statements. Examples include GASB Statement No. 87, *Leases*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs)*, and *Availability Payment Arrangements (APAs)*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, and GASB Statement No. 101, *Compensated Absences*, the last of which was adopted in fiscal year 2024. Due to the complexity of the calculations and the evaluations required, these GAAP adjustments are performed annually at fiscal year-end to ensure that all transactions have been captured. For purposes of projecting the GAAP adjustments related to GASB Statements, the projections include the prior year's GAAP adjustments.

## **APPENDIX C: SALES TAX TERMINOLOGY**

There are several variables other than economic conditions and some specific to Nassau County that are considered in Nassau County's sales tax forecasts. The section below provides a summary of these factors for informational purposes.

### *NIFA Set-Aside*

- The Nassau County Interim Finance Authority (NIFA) intercepts and withholds a portion of the County's sales tax collections in an amount equal to the NIFA operating costs and the debt service costs it pays on its debt. The County reports its sales tax collections on a gross basis with the offset, the amount withheld by NIFA, reported as debt service on a budgetary basis.
- Due to timing issues with the receipt of sales tax and NIFA's due dates for debt service payments, the amounts withheld from sales tax may differ from the debt service reported by NIFA in the financial statements.

### *Part County Sales Tax*

- For 2023, because Part County sales tax received was higher than budgeted, the City of Glen Cove and the three towns did not receive enough credit on their property tax levies. This amount of \$10.4 million was reflected in the calculation of the County's 2025 tax levies as a credit to the levy due to be collected.
- For 2024, because Part County sales tax received was lower than budgeted, the City of Glen Cove and the three towns received excess credit on their property tax levies. This amount of \$2.8 million will need to be included in the calculation of the County's 2026 tax levies and recovered by the County at that time.
- New York State Tax Law §1262(d), provides cities and towns a share of certain sales taxes related to hotel occupancy, restaurants, and other retail establishments. This law gives cities a choice to receive their share of sales tax revenues directly or to receive them as a credit to their county property tax levies. The towns may only receive the revenues via a credit to the property tax levies.
- Nassau County contains two cities and three towns. The City of Glen Cove elected to receive their share of sales taxes as a credit to their property tax levies, while the City of Long Beach receives a direct distribution of these sales taxes from New York State. All three towns (Hempstead, North Hempstead and Oyster Bay) receive the revenues via a credit to their property tax levies.
- The portion of sales tax revenues that the three towns and the City of Glen Cove are entitled to, are budgeted and recorded separately from other sales taxes and are referred to as "Part County" sales tax. This segregation ensures that the property tax bills for the three towns and the City of Glen Cove properly reflect an equal reduction in what otherwise would have been County property taxes owed.

- As Part County sales taxes offset the payment of County property taxes by the three towns and the City of Glen Cove, actual collections can only be recognized up to the amount budgeted each year.
- Variances of actual sales tax received as compared to what is included in the annual adopted budget must be either credited or collected in a subsequent year. Because of the timing of when the operating budget is adopted and when the County's books are closed, any variance to budget for Part County Sales Tax is delayed for two years. This is called a "Prior Year Deferral."
- If the actual amount of sales tax collected is *greater* than budgeted, the County effectively collected too much in property taxes from the City and towns. The County must credit this difference through the Prior Year Deferral.
- If the actual amount of sales tax collected is *less* than budgeted, the County effectively collected too little in property taxes from the City and towns. The County must collect this difference from the City and Towns.
- The amount of the Prior Year Deferral varies each year based on the year-end results of sales tax collections.

## **APPENDIX D: NIFA (ACT) AND CONTROL PERIOD CALCULATION**

Since its enactment in 2000, the Nassau County Interim Finance Authority (NIFA) provides State oversight of the County's finances. NIFA was created pursuant to the NIFA Act (the Act) codified as Title I of Article 10-D of the New York State Public Authorities Law. Under the NIFA Act, the County is prohibited from filing any petition for the composition or adjustment of municipal indebtedness without the approval of NIFA and the New York State Comptroller and no such petition may be filed while NIFA bonds or notes remain outstanding. NIFA currently has bonds outstanding through 2035. The NIFA Act was amended on April 3, 2020, as part of New York State's 2021 budget, which was passed on April 3, 2021. Included in the legislation for the State's budget for the 2021 fiscal year were modifications to the NIFA Statute that allowed it to issue up to an additional \$400 million of bonds through December 31, 2021, allowing any bonds issued by NIFA to mature no later than January 31, 2051. NIFA issued debt in 2021, which refunded NIFA and County debt totaling \$1,110.11 million with final maturities of 2035. NIFA has certain powers under the Act to monitor and oversee the County's finances and upon the declaration of a "control period," additional oversight authority.

On January 26, 2011, NIFA adopted a resolution which imposed a control period on the County pursuant to the Act. It determined that the County's proposed fiscal 2011 budget reflected a substantial likelihood that the budget would produce a deficit in excess of one percent of the aggregate result of operations in the major operating funds.

During a control period, NIFA has the authority to:

- Withhold transitional State Aid,
- Approve or disapprove proposed contracts and borrowings by the County,
- Approve, disapprove, or modify the County's financial plan,
- Issue binding orders to the appropriate local officials,
- Impose a wage freeze, and
- Terminate the control period upon finding that no condition exists which would permit imposition of a control period.

The Control Period Calculation requirement was agreed to by NIFA and the County in 2011. The agreement requires that the budgetary results of the County's five funds (the General Fund<sup>13</sup>, Fire Commission Fund, Police Headquarters Fund, Police District Fund, and Debt Service Fund) be converted to GAAP results. Then, adjustments are made to remove the effect of other financing sources that are derived from the issuance of bonds. These include bond proceeds and premiums used to pay for operational expenditures.

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<sup>13</sup> NIFA uses the pre-GASB Statement 54 definition of General Fund, which differs from the General Fund reporting in the County's financial statements. GASB Statement 54 was adopted by Nassau County in 2011.

**APPENDIX E: COUNTY RESERVE FUNDS**

| <b>Funds/Reserves for Liabilities - Millions of Dollars</b>     |                |                |                |                              |                          |
|---|----------------|----------------|----------------|------------------------------|--------------------------|
| <b>Fund</b>   | <b>2022</b>    | <b>2023</b>    | <b>2024</b>    | <b>2025<br/>YTD<br/>June</b> | <b>2025<br/>YTD July</b> |
| <b>Bond Indebtedness Reserve Fund *</b>                         | \$125.0        | \$63.0         | \$80.6         | \$81.8                       | \$82.1                   |
| <b>Retirement Contribution Reserve Fund *</b>                   | \$70.3         | \$72.9         | \$86.0         | \$87.4                       | \$87.7                   |
| <b>Capital Reserve Fund</b>                                     | \$0.0          | \$0.0          | \$10.0         | \$9.7                        | \$9.4                    |
| <b>Operating Reserve Fund *</b>                                 | \$0.0          | \$94.0         | \$137.0        | \$129.8                      | \$130.2                  |
| <b>Employee Benefit Accrued Liability Reserve Fund:</b>         |                |                |                |                              |                          |
| Legislative Reserve   | \$0.8          | \$1.0          | \$1.0          | \$1.1                        | \$1.1                    |
| PDD Reserve   | \$13.3         | \$23.9         | \$31.1         | \$32.0                       | \$32.3                   |
| General Fund Reserve  | \$0.0          | \$20.0         | \$54.0         | \$54.0                       | \$54.0                   |
| <b>Total Employee Benefit Accrued Liability Reserve Fund **</b> | <b>\$14.1</b>  | <b>\$44.9</b>  | <b>\$86.1</b>  | <b>\$87.1</b>                | <b>\$87.4</b>            |
| <b>Litigation Fund:</b>   |                |                |                |                              |                          |
| Tax Certiorari Reserve  | \$147.2        | \$77.9         | \$120.3        | \$133.6                      | \$133.0                  |
| Workers Compensation Reserve                                    | \$14.0         | \$14.0         | \$13.7         | \$13.7                       | \$11.8                   |
| Health Insurance Reserve  | \$25.0         | \$0.0          | \$0.0          | \$0.0                        | \$0.0                    |
| Labor Reserve   | \$20.0         | \$0.0          | \$0.0          | \$0.0                        | \$0.0                    |
| Insurance Reserve   | \$10.0         | \$0.0          | \$0.0          | \$0.0                        | \$0.0                    |
| <b>Litigation Reserve:</b>                                      |                |                |                |                              |                          |
| GEN   | \$130.4        | \$86.5         | \$139.0        | \$123.9                      | \$120.0                  |
| PDD   | \$27.8         | \$28.8         | \$21.6         | \$21.6                       | \$21.6                   |
| Total Litigation Reserve  | \$158.2        | \$115.3        | \$160.6        | \$145.5                      | \$141.6                  |
| <b>Longevity Reserve:</b>                                       |                |                |                |                              |                          |
| GEN   | \$37.6         | \$34.7         | \$32.7         | \$32.7                       | \$27.4                   |
| PDD   | \$29.4         | \$27.5         | \$23.9         | \$23.9                       | \$22.5                   |
| Total Longevity Reserve   | \$67.0         | \$62.2         | \$56.6         | \$56.6                       | \$49.9                   |
| <b>Total Litigation Fund **</b>                                 | <b>\$441.4</b> | <b>\$269.4</b> | <b>\$351.2</b> | <b>\$349.4</b>               | <b>\$336.3</b>           |
| <b>Total All Funds</b>  | <b>\$650.8</b> | <b>\$544.2</b> | <b>\$750.9</b> | <b>\$745.2</b>               | <b>\$733.1</b>           |

*\*This fund is consolidated into the General Fund for reporting purposes.*

*\*\*Some revenues/expenditures reported in the index codes in this fund are consolidated into the General Fund for reporting purposes while others are reported in the Police District Fund.*

*Source: Nassau Integrated Financial System (NIFS)*

*2025 YTD through Friday, July 25<sup>th</sup>, 2025*