



NASSAU COUNTY LEGISLATURE

Office of Legislative Budget Review

**Review of the
Fiscal Year 2026 Budget
&
Multi-Year Plan**

Executive Summary

Maurice Chalmers, Director

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Inter-Departmental Memo

To: Hon. Howard J. Kopel, Presiding Officer
Hon. Delia DeRiggi-Whitton, Minority Leader
All Members of the Nassau County Legislature

From: Maurice Chalmers, Director
Office of Legislative Budget Review

A handwritten signature in blue ink, appearing to be "M. Chalmers", written over the "From:" line.

Date: October 15, 2025

Re: Executive Summary

Pursuant to §183 of the Nassau County Charter, the Office of Legislative Budget Review has prepared a preliminary analysis of the County Executive's proposed operating budget for Fiscal Year 2026 and Multi-Year Plan. Our report is made up of two parts: the enclosed Executive Summary and a Departmental Analysis.

I would like to thank the County Executive's financial team for their cooperation during this process. As always, my staff and I remain ready to provide whatever assistance the Legislature may require during the budget process. This document will be made available to your constituents at <https://www.nassaucountyny.gov/2384/Budget-Documents>.

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1. EXECUTIVE SUMMARY

Introduction

Pursuant to the County Charter, the Administration submitted its FY 26 Proposed Budget on September 15, 2025. Since 2011, the Nassau Interim Finance Authority (NIFA) according to its statute in §3669 imposed a control period upon determining that there was a substantial likelihood and imminence of a Major Operating Funds deficit of one percent or more. Even though the County has ended with a surplus for six consecutive years, to-date, it remains in a control period.

The Proposed FY 26 Budget benefits from the County's strong reserves balances to guarantee that all the budgetary expenses will be met. The Administration has appropriated \$523.2 million from reserves that can be used to mitigate increased expenses or a downturn in the economy. It is anticipated that only a small fraction of the appropriated reserves will be used; however, by appropriating the funds, this ensures that there will not be a budget funding shortage. The budget does not increase property taxes and keeps it flat throughout the Multi-Year Plan (MYP).

In February of this year, the County received another bond rating upgrade from Standard & Poor's (S&P) and is in strong credit standing. The upgrades throughout the years have put the County in a more favorable credit position should it need to borrow money.

The proposed budget increases fringe benefits and entitlement programs by a combined \$127.8 million to account for budgetary needs and current economic conditions. Meeting these budgetary challenges puts fiscal pressure on balancing the Budget. To offset some anticipated increased expenses, the budget reduces other areas such as "other suits and damages" in the operating budget by \$38.0 million and anticipates paying these expenses from the Litigation fund.

There are 68 additional full-time positions in the proposed budget compared to the prior year budget, which are mainly in the Police Department and the Department of Social Services (DSS). However, compared to the current full-time on-board headcount of 7,171 the budgeted headcount of 7,585 positions in the Major Operating Funds (excluding Sewers) represents 414 full-time vacant positions valued by the Administration at approximately \$36.0 million.

Except for the Civil Service Employees Association, Inc. (CSEA) all other County labor agreements that were in place with other County unions will need to be renegotiated in the near future as the last negotiated Cost of Living Adjustment (COLA) was in July of 2025. The Administration and the CSEA entered into an agreement that resolved prior outstanding complaints and lawsuits. The Memorandum of Agreement (MOA) which modified some terms of the initial deal was ratified by CSEA members on April 30, 2025, and was approved by the Legislature on May 19, 2025. The CSEA agreement will be in effect until December 31, 2030. With all the labor contracts except for CSEA expiring, if there is an extension and/or renewal in FY 26, there will be additional salary costs which the Administration intends to cover with reserves if there is a need to. Further details are available in the Labor section of this Executive Summary.

The 2026 budget highlights from the Administration mention that the County plans to offer a Voluntary Separation Incentive Program (VSIP) which is expected to accelerate the number of retirements. The details of this program are being finalized and should be coming to the Legislature for a vote. It will be

up to the Administration to decide how backfills will happen in order to maintain County services. However, an analysis of the proposed budget shows that an additional \$27.0 million in savings from initiatives was included in the budget. Within the Office of Management and Budget’s (OMB) plan, \$10.0 million is considered for regular attrition that happens throughout the year, and the balance is attributed to the VSIP. Table 1.0 below illustrates the savings included in the Budget:

Table 1.0: VSIP Payroll Savings

	2025 Budget	2026 Proposed	Difference
Savings from Initiatives (OMB)	\$ 10.0	\$ 37.0	\$ 27.0

The FY 26 Proposed Budget has been drafted in an environment of economic uncertainty and volatility while absorbing large expenditure increases, making the challenges sizable. However, as previously mentioned, the Administration has appropriated \$523.2 million from reserves to ensure sufficient funding for the budget. Reserves are funds set aside for specific future uses. The appropriated amounts are summarized in the table below:

Table 1.1: Appropriations from Reserves

	Amounts Appropriated By Year			
	2026	2027	2028	2029
From Reserves:				
Bonded Indebtedness Reserve Fund	80,000,000	-	-	-
Capital Reserve Fund	2,000,000	2,000,000	2,000,000	2,000,000
Employee Bene Accrd Liab Reserve Fund	55,000,000	16,000,000	16,000,000	-
Litigation Fund	191,000,000	7,000,000	7,000,000	5,000,000
Operating Reserve Fund	85,000,000	17,000,000	9,000,000	35,000,000
Opioid Litigation Settlement	15,500,000	15,500,000	15,500,000	15,500,000
Retirement Contribution Reserve (Gen)	75,000,000	-	-	-
Sewer and Storm Water District Fund	19,577,323	17,285,312	17,744,466	10,478,958
Technology Fund	82,840	-	-	-
Total:	\$ 523,160,163	\$ 74,785,312	\$ 67,244,466	\$ 67,978,958

Albeit, the FY 26 Proposed Budget is not without risks. The County is in a good position to face these challenges, because during the most recent years, it has been able to build its reserves; which stand at approximately \$864.0 million (including DAF and Opioid), and that has been seen favorably by rating agencies. The opposite is expected to be equally true for the usages. While the budgeted amounts are significant relative to the reserve balances, this does not mean they will be used, but instead they will provide a safety net to the budget should risks materialize. The continued strategic approach to County finances will be needed to avoid cost overruns and address revenue sources that may diminish. The reserve balances as of September are shown in Table 1.2 on the next page:

Table 1.2: Status of Key Strategic Reserves

	Balance As of September 10, 2025
Bonded Indebtedness Reserve Fund	\$82,704,184
American Rescue Plan	\$435,615
Capital Reserve Fund	\$9,441,911
Disputed Assessment Fund	\$49,875,693
Employee Bene Accrd Liab Reserve Fund	\$87,715,168
Litigation Fund	\$330,484,766
Operating Reserve Fund	\$131,132,608
Opioid Litigation Settlement	\$83,988,323
Retirement Contribution Reserve (Gen)	\$88,257,975
Total:	864,036,242

County finances rely on many revenue sources that are sensitive to economic trends and this needs to be at the forefront of policy decisions. The largest revenue source for the County is sales tax, which has been a cornerstone of County finances. The proposed sales tax revenue in the FY 26 Executive Budget, excluding the deferred piece, is \$1,644.3 million. According to the calculations, the FY 26 budget reflects a 1.63% growth rate from OMB’s current FY 25 projection. The out-years of the plan contain a 2.67% growth rate in FY 27, 2.25% in FY 28 and 2.75% in FY 29. In addition to the detailed review included in the “Sales Tax” section of the Executive summary, the planned growth and MYP are reflected in Table 1.3 below:

Table 1.3: Sales Tax Calculations

	2025 Budget	OMB 2025 Projections	OMB Variance to Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget
OMB Scenario	1,617.9	1,617.9	\$ -	1,644.3	1,688.2	1,726.2	1,773.7
			0.0%	1.63%	2.67%	2.25%	2.75%

To make this year’s budget, a growth rate of 6.3% will now be needed on the remaining checks. Often, the County experiences growth rates that have exceeded forecasts, as the Long Island economy has been robust and continues to outperform projections. However, based on recent trends it appears that a growth rate of 6.3% on the remaining checks could be challenging. This increases the likelihood of a potential risk to the Proposed FY 26 Budget. Once all of the October checks are factored into our calculation, which will include the quarterly reconciliation, there will be a more indicative forecast of where the County will end in FY 25 and OLBR will adjust the projections accordingly.

For sales tax projections, OLBR uses year-to-date actual collections as a starting point then grows the remaining checks by a percentage based on available economic data. If the remaining checks grow by the average growth of the last six checks, year to date through October 6th, and using OMB’s current Moody’s economic forecasts for sales tax in FY 26, the FY 25 remaining checks would grow by 2.47% and FY 26 would grow by approximately 2.3%, then sales tax collections would be roughly \$9.0 million shy of the FY 26 Proposed sales tax Budget. That means that a growth rate of 2.9% would be necessary to meet the FY 26 budget. OMB has provided OLBR with a sales tax specific forecast from Moody's that shows an anticipated growth rate of 2.3% in FY 26. The current Gross County Product (GCP) growth of 1.6% is projected by Moody’s for FY 26. Depending on growth scenarios, the County may go from an estimated shortfall of \$9.0 million to a surplus of \$18.2 million with a 4.0% growth in FY 26.

Additionally, although not at the same rate, the average of recent national and regional economic forecasts point to continued positive economic growth for Nassau County in FY 25, FY 26, and FY 27. A survey of current US Gross Domestic Product (GDP) forecasts reveals that the US economy is expected to grow an average of 1.4% in FY 25, 1.7% in FY 26, and 2.0% in FY 27.

Yet, regional growth as of August 2025 is projected by Moody’s to be 1.6% in FY 25, 1.6% in FY 26, and 1.6% in FY 27. Table 1.4 displays the current forecasts.

Table 1.4: Survey of Current US GDP & Nassau GCP Forecasts

Current Real US GDP 2025 - 2027 Forecasts			
	2025	2026	2027
Fannie Mae	1.1%	2.2%	N/A
Mortgage Bankers Association	1.0%	1.4%	1.7%
Federal Reserve Bank - Phil.	1.7%	1.6%	2.1%
The Conference Board	1.6%	1.3%	1.7%
Wells Fargo	1.8%	2.0%	2.3%
Average US GDP Forecast	1.4%	1.7%	2.0%
Moody's GCP Forecast	1.6%	1.6%	1.6%

Many of this year’s checks recorded negative growth earlier in the year but have bounced back with recent checks. If this trend continues, this may translate into a surplus. Projecting growth has been very unpredictable given the many looming economic worries. The availability of reserves will afford the Administration great flexibility to adjust and face challenges. However, OLBR agrees with warnings that the out-years, more so beyond FY 26, will be a greater challenge as subsequent budgets won’t have as many reserves to rely on. Expenses will need to be curtailed especially if revenues continue to dwindle.

As mentioned before, the proposed budget includes no property tax increases. There is a small decrease in the Environmental Bond. Below is a breakdown of the tax levy by funds:

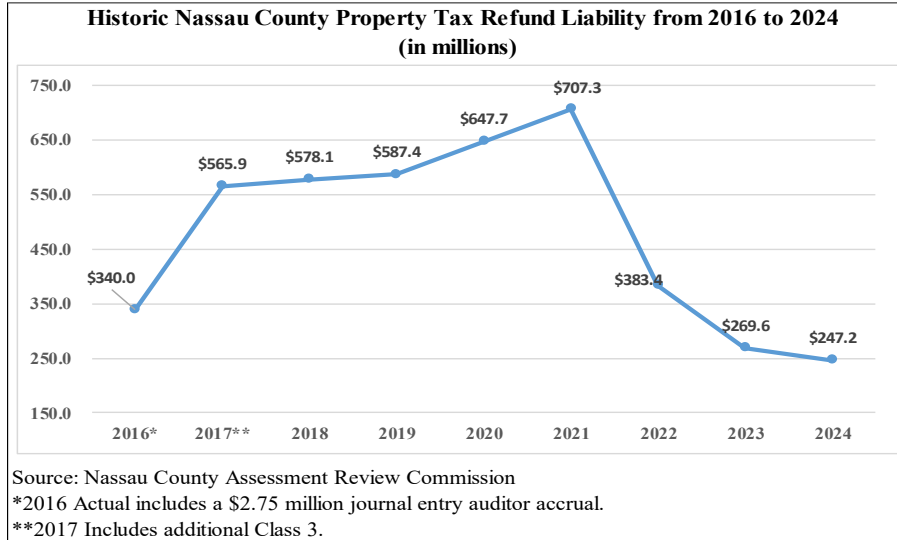
Table 1.5: Proposed Property Tax Levy by Fund

Property Tax Levy			
Fund	2025 NIFA Adopted	2026 Proposed	Difference 2026 Vs. 2025
Fire Commission	706,251	706,251	0
General	3,500,000	3,500,000	0
Police District	483,322,110	528,956,314	45,634,204
Police Headquarters	267,734,776	222,100,572	(45,634,204)
Subtotal Major Funds	\$755,263,137	\$755,263,137	\$0
Sewers (SFA)	154,559,286	154,559,286	0
Total Major Funds & Sewers	\$909,822,423	\$909,822,423	\$0
Environmental Bond	8,211,443	7,215,633	(995,810)
College	52,206,883	52,206,883	0
Grand Total	\$970,240,749	\$969,244,939	(\$995,810)

As of December 31, 2024, the County’s estimated outstanding property tax liability was \$247.2 million which represented a decrease of 8.3% from the estimated prior year liability of \$269.6 million. The

increase from FY 16 to FY 17 was due to the recognition in County reporting of an additional \$220.3 million in Class 3 liability. Chart 1.0 below illustrates the historical ARC estimated backlog:

Chart 1.0: Tax Certiorari Backlog



The backlog is another area where the County continues to make progress in decreasing the outstanding liability by settling cases. On a positive note, the Litigation Fund as reflected in Table 1.2 currently has resources that can be used towards the backlog. Table 1.6 below breaks down the liability by class:

Table 1.6: Backlog by Class

Annual Nassau County Property Tax Refund Liability by Class				
	2023	2024	\$ Change	% Change
Class 1	37.3	39.1	1.8	4.9%
Class 2	16.2	14.9	-1.3	-8.0%
Class 3	5.7	0.1	-5.6	-98.9%
Class 4	210.5	193.2	-17.3	-8.2%
Total	269.6	247.2	-22.4	-8.3%

The Proposed FY 26 Budget contains \$15.0 million for suits & damages in the Assessment Department which is a reduction of \$25.0 million, and the County plans to levy \$40.0 million in the Disputed Assessment Fund (DAF) for a total of \$55.0 million to pay for tax certiorari expenses. For any settlements above the budgeted amounts, the County plans on using the reserves in the Litigation fund. In addition, the Office of Management and Budget includes \$15.0 million for other suits and damages in their budget.

Table 1.7 below shows the expense and revenue components for the Sewer & Storm Water Resource District:

Table 1.7: Sewer & Storm Water Resource District Highlight (SSW)

Sewer & Storm Water Resource District			
Expense	FY 25 NIFA Approved Budget	FY 26 Executive Budget	FY26 vs FY25
Salaries	\$9,253,134	\$9,071,787	(\$181,347)
Fringe Benefits	6,988,436	7,588,805	600,369
Equipment	10,000	10,000	0
General Expenses	1,694,930	1,719,930	25,000
Contractual Services	82,588,812	86,913,812	4,325,000
Utility Costs	13,083,319	11,833,319	(1,250,000)
Interest	14,007,840	14,660,342	652,502
Principal	14,552,992	13,435,549	(1,117,443)
Interfund Charges	48,948,656	48,644,603	(304,053)
Other Expense	858,500	858,500	0
	\$191,986,619	\$194,736,647	\$2,750,028
Revenue			
Fund Balance	\$16,861,482	\$19,577,323	\$2,715,841
Permits & Licenses	750,000	750,000	0
Invest Income	5,312,813	5,400,000	87,187
Rents & Recoveries	11,025,800	11,025,800	0
Dept Revenues	1,603,000	1,603,000	0
Fed Aid-Reimb of Exp	0	5,000,000	5,000,000
Interfund Transfers	151,433,524	151,380,524	(53,000)
Debt Svc From Capital	5,000,000	0	(5,000,000)
	\$191,986,619	\$194,736,647	\$2,750,028

Some of the biggest highlights in SSW include the planned use of \$19.6 million in fund balance in order to keep the Sewer Fund stable, which is an increase of \$2.7 million from FY 25. Rents and recoveries which specifically include enterprise fund recoveries, remain flat. Federal aid of \$5.0 million budgeted in revenues “Due from Federal Government” is new to FY 26. The Administration states that the funding is expected from the U.S. Environmental Protection Agency (EPA) to support sewer operations and/or projects. Debt service from capital of \$5.0 million is not included in the SSW FY 26 budget, but instead reflected in the Debt Service Fund per the Administration.

Salaries are decreasing by \$0.2 million while fringe costs are growing by \$0.6 million primarily due to higher health insurance costs. SSW contractual service expenses are increasing by \$4.3 million due to a growth of \$4.0 million in professional services for the maintenance of the sewer system and \$0.3 million in miscellaneous expenses. In utilities, the proposed budget anticipates total costs of \$11.8 million mainly made up of \$6.9 million in light, power & water and \$4.9 million in brokered gas offset by the removal of \$1.3 million in fuel. Principal expenses on debt are declining by \$1.1 million while interest grows by \$0.7 million.

Budget Risks

A review of the FY 26 Proposed Budget reveals areas where careful management will be needed to contain costs and address revenue declines. The budget anticipates these exposures, and the Administration has earmarked reserves that can be used to offset these shortfalls in FY 26. Since not all the risks will materialize and the appropriated amounts far exceed the exposure, this ensures that the County will be able to meet its budgetary funding requirements. In addition, if the Administration is successful in implementing action plans and the VSIP, the risks are reduced significantly. There are also opportunities that were identified in the budget that may offset these risks.

OLBR has identified approximately \$225.1 million of risks in the Proposed FY 26 Budget for the Major Funds which are offset by \$80.2 million in opportunities for a net risk of \$144.8 million, which can be covered by \$523.2 million appropriated from reserves to provide a safety net, ending with a positive \$378.4 million with all the reserves considered. Since these appropriated reserves more than cover the risks, even if they occur, the budget will remain funded on a budgetary basis; however, the GAAP and/or NIFA treatment may be different. In addition, the Administration points out that they have \$79.4 million in unassigned fund balance.

Table 1.8 below, which continues on the next page, lists the risks and opportunities including additional offsetting opportunities that could be available to the Administration.

Table 1.8: Major Funds Risks (millions)

Risks (in millions)

Items	<u>Surplus/Risk</u>
Department Revenues	(34.5)
TPVA Fines	(34.5)
Voluntary Separation Incentive Program (VSIP)	(27.0)
Investment Income	(20.9)
Entitlements	(20.2)
Overtime	(19.9)
Capital Resources for Debt	(17.5)
Prior Year Recoveries	(15.0)
Sale of County Property	(13.7)
Provider Payments / Preschool	(12.8)
Sales Tax	(9.0)
Total Risks	(225.1)

Opportunities (in millions)

Use of Litigation Fund for Other Suits	\$30.0
State & Federal Aid Reimbursement (Preschool + Entitlement)	23.9
Vacancy Value (Half Value)	18.0
Fringe Benefits	5.0
Debt Service Future Obligations	2.8
Local Government Assistance	0.5

Total Opportunities	\$80.2
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Net Risks	(\$144.8)
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Other Offsetting Possibilities

Appropriated Reserves	\$523.2
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Grand Total	\$378.4
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Risks:

The FY 26 Proposed Budget correctly captures many funding adjustments that were needed compared to the prior year budget. However, compared to some current trends, there are areas that will necessitate careful management and monitoring and pose risks to the budget. To illustrate some of these areas and explain how risks were assessed, OLBR has compiled the table below comparing the proposed budget for the entire categories to current projections. This is illustrated in Table 1.9 below:

Table 1.9: Major Revenue Exposure Areas (millions)

Revenue	2026 Proposed Budget	2025 Projections	Exposure
Fines & Forfeits	79,741,623	44,924,250	(34,817,373)
Investment Income	52,330,000	31,443,958	(20,886,042)
Rents & Recoveries	57,528,697	35,371,717	(22,156,980)
Department Revenues	223,272,366	186,581,472	(36,690,894)

The following sections will dive into the specific areas of concern which have been flagged as risks:

Department Revenue

Out of the total \$36.7 million, a risk of \$34.5 million has been identified in departmental revenues; \$13.0 million of the risk is in the Assessment Department for GIS Tax map fees, \$10.0 million from the Annual Survey of Income and Expense law (ASIE) and \$11.5 million which is included for ambulance fee collections in the Police Department.

- In the Assessment Department, GIS Tax Map verification fee reflects a \$13.0 million risk in FY 26 which is based on current trends compared to the increased budget from last year.
- The budget includes an anticipated \$10.0 million in revenue from the Income and Expense Law which is pending litigation. This status remains unchanged from prior years.

- The proposed budget includes \$11.5 million in ambulance fees in addition to the normal revenue. It is unclear how this will happen.

TPVA Fines

- The Traffic & Parking Violations Agency’s (TPVA) portion of the fines and forfeits budget for FY 26 is \$73.9 million, an increase of \$3.4 million from the prior year’s budget. However, the proposed budget represents an increase of \$34.5 million compared to current projections.

Table 1.10: TPVA Revenue Trends

	2024 Total Actual	2025 Adopted	OLBR 2025 Proj	2026 Proposed	26 Prop Vs. 25 Projection
Fines	6,940,483	13,900,000	7,090,357	18,900,000	11,809,644
TPVA Admin Fee	6,042,548	9,425,000	4,586,943	14,000,000	9,413,057
RLC	26,383,839	25,700,000	25,700,000	33,000,000	7,300,000
RLC Admin Fee	18,967,212				-
Speed Camera	70,816	-	28,290	-	(28,290)
Speed Admin	19,785				-
Boot & Tow		-		-	-
Ticket Reconciliation Program (TRP)		5,000,000	-	5,000,000	5,000,000
School Bus Stop Arm	2,136,546	3,000,000	2,025,990	3,000,000	974,010
Ticket Amnesty Program (TAP)		13,500,000	-	-	-
Total	60,561,229	70,525,000	39,431,580	73,900,000	34,468,420

VSIP

The budget anticipates achieving savings of \$27.0 million from a Voluntary Separation Incentive Program. The details of the plan have not been finalized and will be subject to participation.

Investment Income

Investment income is \$20.9 million higher than the current projection. The investment income budget line is a potential risk due to the Federal Reserves Federal Open Market Committee (FOMC) continuing to lower the federal funds rate, with interest rate cuts totaling 1.25% since rate cuts began in September of 2024. The FOMC is currently projecting to further cut rates by 0.5% in the remainder of FY 25, 0.25% in FY 26 and 0.25% in FY 27.

Entitlements

This category includes Recipient Grants, Purchased Services and Emergency Vendor Payments. Table 1.11 on the next page illustrates all the different components of this category:

Table 1.11: Entitlement Breakdown

	2025 Projections	2026 Proposed	FY25 Projection Vs. FY26 Proposed
PP - Early Intervention/Special Ed	222,618,671	209,800,000	(12,818,671)
<u>Direct Assistance / Entitlements</u>			
SS - Recipient Grants	93,150,000	91,000,000	(2,150,000)
TT - Purchased Services	154,527,109	135,322,685	(19,204,424)
WW - Emergency Vendor Payments	66,025,000	67,171,000	1,146,000

- The Department of Social Services’ Proposed FY 26 Budget for Recipient Grants is \$91.0 million, which is \$2.2 million lower than OLBR’s projection. According to the Administration, lower cost is anticipated due to a reduction in caseloads for Safety Net (SNA) and Temporary Assistance for Needy Families (TANF).
- The Proposed FY 26 Budget for Purchased Services is \$19.2 million lower than the FY 25 projection of \$154.5 million. According to the Administration the projected decrease is based on anticipated caseload reductions for mainly Day Care services in the coming year.
- The Emergency Vendor Payments for the FY 26 budget proposal is \$1.1 million more than the current projection and represents an opportunity.

Overtime

The overtime risk is based on current trends and projections compared to the FY 26 Proposed Budget. The Major Funds overtime expense is budgeted at \$103.1 million in the Proposed FY 26 Budget which is \$19.9 million lower than current projections.

Capital Resources

The Proposed FY 26 Budget includes \$17.5 million from Bond Surplus. As it has been explained, some of the revenues for Bond Surplus will be realized by closing capital projects with available funds remaining. This is subject to execution.

Prior Year Recoveries

The proposed budget includes \$15.0 million in anticipated revenues from prior year recoveries in the budget office. Such revenues materialize throughout the budget as prior year funds are disencumbered however, they are not guaranteed and are contingent on execution.

Sale of County Property

The sale of County properties is a long and tedious process that sometimes comes to fruition but can fall short of expectations. The budget includes \$13.7 million in anticipated revenue.

Provider Payments

Illustrated in Table 1.11 above, OLBR is projecting a risk of \$12.8 million for Provider Payments within the Health Department. This additional expense will be offset by approximately \$6.0 million in State reimbursement.

Sales Tax

The risk for sales tax is based on using the average growth of the past six checks of 2.47% and growing the FY 26 checks by 2.3%. As previously mentioned, the percent increases from check to check have been very volatile and there is a scenario where the County can go from a deficit to a surplus. As such, OLBR will be monitoring sales tax growth closely and reporting back to the Legislature if the trends change as additional checks are received.

Opportunities

Use of Litigation Fund

The budget contains \$30.0 million for other suits and damages. Most recently, the County has used the Litigation Fund to pay for these expenses and has replenished the fund based on the year end results. The Administration sees an opportunity in operating expenses.

State & Federal Aid Reimbursement

This line item captures the reimbursable portion of the additional expenses exposure the County has in Pre-school/Early Intervention and Entitlement expenses.

Vacancies

Based on the current headcount and continued attrition, it is anticipated that many positions will be added/backfilled, but some may remain open, resulting in approximately \$18.0 million or half of the value of the vacancies being an opportunity.

Health Insurance

OLBR has worked up an analysis that projects health insurance costs based on a 7.1% projected rate increase for all employees in the County’s Major Funds, for the Empire Plan and roughly a 5.7% historical composite for Medicare eligible retirees. Based on projecting these growth rate assumptions by the budgeted headcount, the health insurance budget appears to be sufficiently funded. However, if the Administration does not hire up to the budgeted headcount figure, there may be more of an opportunity for health insurance costs of roughly \$5.0 million.

Future Debt Obligation

Historically, the County will issue new debt under a structure that delays payments until the following fiscal year, which could result in an opportunity of \$2.8 million in FY 26.

As illustrated in the Risks and Opportunities Table 1.8, the risks are partially offset by some opportunities. Not all risks will materialize and the same applies to opportunities. Therefore, the success of the FY 26 budget will rely on the Administration implementing revenue initiatives while curtailing expense overruns. In addition, the Administration has appropriated \$523.2 million from reserves to address any remaining risks that materialize.

Long Term Outlook

Although beyond the scope of this budget, there are other pending litigations and factors that may further impact the budget.

- There is potential risk in Clerk revenues due to litigation on the legality of the current block fee. A judge recently found the current fee of \$300 to be illegal and ordered the County to reduce it to

an amount that covers the cost of the service provided. The County is currently appealing the ruling. If the fee drops to \$250, the impact on the budget would be approximately \$4.5 million, whereas if it drops to as low as \$150 the impact increases to \$13.5 million.

- The GIS Tax Map Verification Fee was set at \$355, however, due to finalized litigation, it has been reduced to \$270 as of 2023. The reduction in fees has had a significant impact on County revenue and could potentially worsen if the fee is further changed.
- With all the labor contracts except for CSEA expiring, if there is an extension and/or renewal, there will be additional salary costs which the Administration intends covering with reserves if there is a need to.

Conclusion

The Proposed FY 26 Budget will be a challenging budget due to a variety of exposures, from the continued growth in expenses while economic pressures are limiting revenues. OLBR has identified a net of \$144.8 million in risks on both the expenditure and revenue side. However, on a positive note, the Administration has built up a substantial number of reserves from prior years which will be available to provide a safety net to the budget. The reserves have been recognized by the monitoring agencies as fiscally prudent and as such the County has seen multiple bond upgrades in recent years. In FY 26, approximately, \$523.2 million from these reserves has been appropriated. Albeit only a small portion of the reserves may end up being used, this appropriation will ensure that the FY 26 budget will not result in a funding shortage.

Even with all these challenges, the County has not only built up its reserves and credit standing but remains in overall strong fiscal position. The Administration will still need to continue to take measures to limit cost overruns and enhance revenues in order to maintain its standing. However, even with careful cost containment, some of the risks are economically sensitive and out of the County's ability to control.

Proposed Expense Budget

The FY 26 Proposed Expense Budget for the Major Funds, excluding the Sewer and Storm Water Resource District, sales tax transfers, interdepartmental charges and debt service chargebacks, is \$3.7 billion, a \$111.0 million increase in expenses. With the exclusions, the total budget is \$4.4 billion. A breakdown of the budget categories reveals that many have significant variances, and they will be discussed individually later in the report. Table 1.12 below shows the budget to budget variances by category:

Table 1.12: Major Funds Expenses FY 25 vs. FY 26
(\$'s in millions)

2026 Proposed Expense Budget Highlights			
Expenses	2025 NIFA Adopted Budget	2026 Proposed Budget	Variance
Salaries	\$1,073.9	\$1,086.9	\$13.1
Fringe Benefits	701.2	789.3	88.1
Workers Compensation	37.9	39.9	2.0
OTPS	400.0	408.4	8.3
Utility Costs	43.6	43.8	0.2
Various Direct Expenses	5.3	5.3	0.0
Principal & Interest	176.7	186.7	10.0
Local Govt Assistance	96.4	98.1	1.7
Inter-Fund Charges	20.5	20.0	(0.5)
Mass Transportation	52.0	54.8	2.8
NIFA Expenditures	2.3	2.8	0.6
Other Expenses	260.4	207.2	(53.3)
Early Intervention / Special Ed.	185.0	209.8	24.8
Direct Assistance	278.6	293.5	14.9
Medicaid	254.3	252.4	(1.9)
Sub-total Expenses	3,587.9	3,698.9	111.0
Inter Dept/Sales Tax Transfers	609.6	689.1	79.5
Expenses Including Transfers	\$4,197.5	\$4,388.0	\$190.5

- Salaries are increasing by \$13.1 million from the prior year budget. The salary increase can be attributed to the rise in budgeted headcount, greater CSEA salaries from the revised CSEA MOA and higher budgeted overtime. CSEA recently renegotiated a new contract last June, which provides a 3.0% COLA as of January 1, 2026, as well as a higher graded salary plan that will go into effect on July 1, 2026. The Police and COBA union contracts will need to be renegotiated, as their last COLA occurred in July of 2025.

The overtime budget has increased by \$16.8 million from last year's budget, however, the funding represents a \$19.9 million decline from OLBR's FY 25 projections. The FY 24 actual overtime expenses were \$141.8 million, and the FY 26 budget amount is well below this amount. Overtime is currently projected to be exceeded by all monitors, including the Administration, which is also projecting a deficit in FY 25. Therefore, the overtime budget will be difficult to achieve and pose a risk. The FY 26 budget will not be able to absorb a large deficit.

The budget as proposed has 414 open-funded positions which the Administration values at approximately \$36.0 million. The budget also includes savings of \$27.0 million from an anticipated Voluntary Separation Incentive Program (VSIP). The details of the VSIP are being finalized and will need to be presented to the Legislature. For additional funding and headcount breakdown included in the FY 26 budget, please refer to the labor section in this report.

- In the FY 26 Proposed Budget, Fringe Benefits for the Major Funds is \$789.3 million, which is a significant increase of \$88.1 million from the FY 25 NIFA Approved Budget. The budgeted rise is mostly due to significant growth from health insurance and pension expenses. The FY 25 NIFA Approved Budget was underfunded for health insurance since it had built in savings that were anticipated in the original CSEA Memorandum of Understanding (MOU). However, this did not come to fruition in 2025 since all CSEA employees currently switched from the discontinued Excelsior insurance plan back to the Empire Plan. The new CSEA MOA that was recently approved, maintains the Empire health care coverage, but includes health insurance savings from incorporating a “3.0%” health insurance contribution of an active union member’s base salary that will become effective on January 1, 2026. The rise in the pension bill can be attributed to increasing pension contribution rates and higher pensionable salaries that have grown from the union’s ratified contracts that included annual COLAs.

The Administration has appropriated \$85.0 million from the Operating Reserves Fund, of which \$53.0 million in funding is earmarked for health insurance costs, which could possibly be used to offset any shortages. However, since there may be a possible opportunity if the Administration does not hire up to the budgeted staffing level, the need and or usage of this reserve seems unlikely.

- The Other Than Personal Services (OTPS) rollup shows an increase of \$8.3 million. This consists of a smaller increase of \$0.7 million in equipment expenses and a larger increase in contractual services of \$7.6 million. Below is a breakdown of the different components:

Table 1.13: OTPS

	FY 25 Approved	FY 26 Proposed	Difference
Equipment	\$5.5	\$6.2	0.7
General Expenses	\$51.6	\$51.6	0.0
Contractual Services	\$343.0	\$350.6	7.6
	\$400.0	\$408.4	\$8.3

- The largest OTPS increase is from contractual services. Some of the departments with increases include \$7.3 million more in the Department of Public Works (DPW), \$1.0 million in the Information Technology Department (IT), \$1.0 million in Parks, \$0.9 million in the Police Department (PD), and \$0.7 million in DSS. These increases are offset by a reduction of \$2.0 million in the County Attorney (AT) and a decrease of \$1.8 million in the Correctional Center (CC).

- Within DPW, the contract with Veolia for the bus service operation is increasing by \$6.5 million. In addition, the traffic management center expenses are budgeted to increase by \$0.7 million.
- In the Parks Department, the increase of \$1.0 million is to mainly satisfy the contract terms with the Ed Moore Agency. This contract is for advertising, including but not limited to print, radio, TV, and internet advertising to aid the tourism, travel, and hospitality industries in Nassau County.
- In the Police Department, the largest increase of \$1.2 million is for radio and communications expenses.
- DSS is increasing the miscellaneous contractual services line by \$0.7 million.
- For IT, the increase of \$1.0 million is mainly due to software contracts. According to the department, the most significant increase is related to Cyclomedia which is a service used to capture parcel information for the entire County. Several County departments use this data, which is entered into our ESRI system.
- In Corrections, the contractual budget is decreasing by \$1.8 million due to lower medical/psychiatric services expenses. This line captures the budget between the Correctional Center and NHCC, for in-patient and out-patient inmate healthcare services and the rehabilitation medicine services (RMS).
- In the County Attorney, the budget line for legal expenses is reduced by \$2.0 million.
- Principal and Interest payments on outstanding debt is expected to increase by \$10.0 million and is a function of the amortization schedules on the bonds.
- The Other Expense category is decreasing by \$53.3 million.
 - In the Assessment Department, the budget decreases the other suits and damages by \$25.0 million, from \$40.0 million to \$15.0 million. This line had historically been used to pay for tax certiorari expenses, and the adjustment indicates the shift to utilizing reserves from the Litigation Fund if needed.
 - In OMB, the change nets to a decrease of \$13.0 million. Other suits & damages are decreasing by \$13.0 million to \$15.0 million in FY 26 from \$28.0 million in FY 25. A decrease of \$2.0 million in FIT resident tuition is partially offset by an increase of \$1.1 million in Bar Association expenses and \$0.6 million more for Legal Aid Society.
 - In the Debt Service Department, the budget is decreasing by \$12.1 million mainly for NIFA Set-Asides.

Table 1.14: Entitlements

	2025 Budget	2026 Proposed	FY25 Budget Vs. FY26 Proposed
PP - Early Intervention/Special Ed	185,000,000	209,800,000	24,800,000
<u>Direct Assistance / Entitlements</u>			
SS - Recipient Grants	82,774,000	91,000,000	8,226,000
TT - Purchased Services	127,988,881	135,322,685	7,333,804
WW - Emergency Vendor Payments	67,790,000	67,171,000	(619,000)
Total:	463,552,881	503,293,685	39,740,804

- Provider payments are increasing by \$24.8 million to \$209.8 million in the FY 26 Executive Budget when compared to the FY 25 NIFA Approved Budget. Although the Proposed FY 26 Budget is rising by a considerable amount compared to last year’s budget, it still falls short of OLBR’s projected FY 25 amount by \$12.8 million. Since the Proposed budget is not sufficient to cover the current year projection and the department projects caseloads to increase, the Provider Payment budget has been flagged as a risk. However, this will be offset by roughly \$6.0 million in reimbursement for a net risk of \$6.8 million. This risk is solely in the Pre-school Expenditure control center.
- Direct Assistance includes the three categories shown in Table 1.14 above. The largest increase budget-to-budget is in Recipient Grants followed by Purchased Services. However, the increases fall short of the current projections and this is shown in the Risk section of this report.
 - The Department of Social Services’ Proposed FY 26 Budget for Recipient Grants is \$91.0 million, which is an \$8.2 million increase compared to the prior year budget.
 - The Proposed FY 26 Budget for Purchased Services is \$135.3 million, about \$7.3 million more than the prior year budget.
 - The Emergency Vendor Payments for the FY 26 budget proposal is \$67.2 million, a decrease of \$0.6 million budget-to-budget, but a \$1.1 million increase against current projection. This budget decrease is mainly driven by an expected reduction in educational expense offset by increases in room and board and motel expenses to comply with state regulations to assist individuals and families who seek shelter assistance under the “homeless where found” program. Emergency Vendor Payments are payments made directly to vendors who provide services to eligible DSS clients.
- The Proposed FY 26 Budget decreases Medicaid by \$1.9 million to \$252.4 million compared to the prior year budget, but against the current projection it is \$2.3 million higher. The budget-to-budget decline is driven by lower indigent care expenses offset by an increase in the County Share line and all other lines remain flat.

Proposed Revenue Budget

The FY 26 Proposed Revenue Budget for the Major Funds, excluding the Sewer and Storm Water Resource District, interfund, interdepartmental charges and debt service chargebacks, is \$3.7 billion, a \$108.7 million increase from the prior year budget. With the exclusions, the total budget is \$4.4 billion. Table 1.15 below shows the revenue sources from a year-to-year budget perspective and the corresponding variances:

Table 1.15: Major Funds Revenues FY 25 vs. FY 26
(\$'s in millions)

2026 Proposed Revenue Budget Highlights			
Revenue	2025 NIFA Adopted Budget	2026 Proposed Budget	Variance
Fund Balance	\$0.0	\$0.0	\$0.0
Interest Penalty on Tax	35.5	36.0	0.5
Permits & Licenses	18.0	18.4	0.4
Fines & Forfeits	76.1	79.7	3.7
Investment Income	54.4	52.3	(2.0)
Rents & Recoveries	37.5	57.5	20.0
Revenue Offset to Expense	23.4	21.4	(2.0)
Department Revenues	201.4	223.3	21.9
Capital Chargebacks	0.0	0.0	0.0
Payments in Lieu of Taxes	51.7	49.6	(2.1)
OTB Profits	20.0	20.0	0.0
Debt Service From Capital	10.2	22.7	12.5
Other Non Tax Source Revenue	0.3	0.3	0.0
Interfund Charge Revenue	82.4	84.6	2.1
Intefund Transfers	0.0	0.0	0.0
Federal Aid	217.6	222.5	4.9
State Aid	309.3	342.0	32.6
Sales Tax	1,628.3	1,644.3	16.0
Property Tax	755.3	755.3	0.0
OTB 5% Tax	1.2	1.0	(0.2)
Special Taxes	32.6	33.0	0.4
Sub-total Revenue	3,555.2	3,663.9	108.7
Inter Department Transfers	642.3	724.1	81.7
Revenue Including Transfers	\$4,197.5	\$4,388.0	\$190.5

The revenues in the Proposed FY 26 Budget reflect adjustments from the prior year budget, however, when these amounts are compared to current projections, some major risks become obvious and were discussed in the Risk section of this report. It will be up to the Administration to formulate the reasoning and implement action plans where possible in order to achieve these revenues. Table 1.16 on the next page highlights the different revenues on a macro view and goes to the department level further in the report.

Table 1.16: Major Revenue Comparisons (Macro View)

Revenue	2025 NIFA Adopted Budget	2026 Proposed Budget	Variance
Permits & Licenses	17,997,672	18,393,635	395,963
Fines & Forfeits	76,075,163	79,741,623	3,666,460
Investment Income	54,360,000	52,330,000	(2,030,000)
Rents & Recoveries	37,528,209	57,528,697	20,000,488
Department Revenues	201,392,470	223,272,366	21,879,896

- The Traffic & Parking Violations Agency (TPVA) portion of the fines and forfeits budget for FY 26 is \$73.9 million, an increase of \$3.4 million from the prior year's budget. The change is due to higher revenues of \$5.0 million for the fine revenue, \$4.6 million for the related administrative fee and \$7.3 million for Red Light Camera revenue. These increases are offset by the elimination of the \$13.5 million allocation for the Ticket Amesty Program (TAP) that was included in the FY 25 budget. However, the proposed budget represents an increase of \$34.5 million compared to current projections.
- Investment income is expected to decline by \$2.0 million in the budget due to the continued decrease in interest rates. However, it is \$20.9 million higher than the current projection. The investment income budget line has been identified as a potential risk.
- The FY 26 Proposed Budget for Rents and Recoveries is increasing by \$20.0 million in total.
 - In DPW, revenues are projected to increase by \$12.9 million. Sands rental revenue is increasing by \$0.9 million, the Mitchell Field housing project has \$2.6 million more and sale of County property is increasing by \$9.5 million.
 - In the Budget Office, Prior year recoveries increased by \$5.0 million (from \$10.0 million to \$15.0 million).
- The Proposed FY 26 Budget increases Department Revenues by \$21.9 million overall.
 - In the Assessment Department, revenues are increasing by \$10.0 million in total. There is \$5.0 million more in GIS Tax Map Verification fees. In addition, the plan increases the revenue from the Income and Expense law by \$5.0 million to \$10.0 million.
 - The Police Department included \$11.5 million in their budget for ambulance fee collections which were not included in the FY 25 Budget.
- The \$12.5 million increase from capital resources from debt is in the bond surplus sub-object.
- Federal aid grows by \$4.9 million in the Proposed FY 26 Budget compared to the prior year.
 - The Fire Commission included \$1.0 million in revenue due from the federal government. The department states that elevated levels of 1.4 Dioxane and PFAs have been detected in the vicinity of the Fire Service Academy. The County is expecting approximately \$135.0 million of EPA funding to support remediation and repair of clean water and drinking water infrastructure, which is partially represented by this revenue appropriation.

- In DSS, federal aid in the FY 26 Proposed Budget is \$193.8 million, a \$4.4 million increase from the FY 25 NIFA Approved Budget; the increase is in the TANF line and represents the reimbursable portion of the additional expenses.
- State aid grows by \$32.6 million in the Proposed FY 26 Budget compared to the prior year.
 - In DPW, state aid is rising by \$8.3 million due to a rise in the STOA grant for the NICE bus.
 - In DSS, the proposed budget increases by \$3.8 million budget-to-budget. This growth is reflective of higher reimbursed expenditures and adult daycare assistance.
 - The Health Department's state aid budget is increasing by \$14.8 million; this represents the corresponding reimbursement amount the department receives from the State as a portion of the increased programs costs discussed above.
 - Probation's FY 26 state aid budget increased by \$1.0 million due to higher anticipated Raise the Age revenue and reimbursed expenditures offset by lower juvenile delinquent state reimbursements.
 - In OMB, state aid increases by \$1.4 million. There was a \$1.5 million increase in aid to localities – 18B reimbursement.

Multi-Year Plan (MYP)

Changing economic conditions make it difficult to forecast past FY 26 with great accuracy and the attempt to predict beyond a year by monitors have yielded major variances from actuals. However, Table 1.17 below details the Administration’s projected expenditures and revenues through FY 29. Although the Proposed MYP by the Administration does not show any deficits in the out-years, they nonetheless listed actions that could have positive effects on the budget.

Table 1.17: Multi-Year Plan Projections (Major Funds)
(\$’s in millions)

Proposed MYP Expense Budget				
Expenses	2026 Proposed	2027 Plan	2028 Plan	2029 Plan
Salaries	\$1,086.9	\$1,110.4	\$1,137.9	\$1,167.4
Fringe Benefits	789.3	818.9	833.6	867.5
Workers Compensation	39.9	39.9	39.9	39.9
OTPS	408.4	404.4	408.7	411.7
Utility Costs	43.8	42.7	42.9	43.4
Various Direct Expenses	5.3	5.3	5.3	5.3
Principal & Interest	186.7	206.2	181.7	187.1
Local Govt Assistance	98.1	100.6	102.8	105.6
Inter-Fund Charges	20.0	19.6	19.2	18.9
Mass Transportation	54.8	55.7	56.7	57.8
NIFA Expenditures	2.8	2.5	3.2	2.8
Other Expenses	207.2	212.7	228.4	224.7
Early Intervention / Special Ed.	209.8	199.1	193.3	193.3
Direct Assistance	293.5	274.5	267.5	262.5
Medicaid	252.4	252.4	252.4	252.4
Sub-total Expenses	3,698.9	3,745.0	3,773.5	3,840.2
Inter Dept/Sales Tax Transfers	689.1	753.0	765.0	814.7
Expenses Including Transfers	\$4,388.0	\$4,498.0	\$4,538.5	\$4,654.8
Proposed MYP Revenue Budget				
Revenue	2026 Proposed	2027 Plan	2028 Plan	2029 Plan
Fund Balance	\$0.0	\$0.0	\$0.0	\$0.0
Interest Penalty on Tax	36.0	36.0	36.0	36.0
Permits & Licenses	18.4	23.8	23.4	23.8
Fines & Forfeits	79.7	79.7	81.7	84.7
Investment Income	52.3	52.3	52.3	52.3
Rents & Recoveries	57.5	55.6	51.6	47.6
Revenue Offset to Expense	21.4	20.6	20.6	20.6
Department Revenues	223.3	229.4	241.1	250.8
Payments in Lieu of Taxes	49.6	51.7	51.5	52.4
OTB Profits	20.0	20.0	20.0	20.0
Debt Service From Capital	22.7	22.7	22.7	22.7
Other Non Tax Source Revenue	0.3	0.3	0.3	0.3
Interfund Charge Revenue	84.6	90.1	87.1	88.8
Federal Aid	222.5	216.1	211.9	207.7
State Aid	342.0	335.6	334.0	336.5
Sales Tax	1,644.3	1,688.2	1,726.2	1,773.7
Property Tax	755.3	755.3	755.3	755.3
OTB 5% Tax	1.0	1.0	1.0	1.0
Special Taxes	33.0	33.1	33.3	33.4
Sub-total Revenue	3,663.9	3,711.7	3,750.1	3,807.8
Inter Department Transfers	724.1	788.0	792.0	849.7
Revenue Including Transfers	\$4,388.0	\$4,499.7	\$4,542.1	\$4,657.4
Projected Surplus/Deficit	-	1.7	3.6	2.6

Through the course of this MYP, total expenses are projected to grow by 3.8% (net of Inter Department & Sales Tax transfers) while revenues increase at 3.9%. There are many uncertainties that can affect the proposed MYP. However, some reserves are expected to remain available especially in the earlier years of the MYP. How much is used is contingent on economic trends and policies implemented by the Administration. The decrease in interest rates and expected additional cuts will affect some County revenues differently. For example, the latest move from the Federal Reserve decreasing the interest rate will have a negative effect on investment income but may jump start certain economic activity such as mortgage refinances and home purchases, among other things. There are many assumptions in the FY 26 budget that are carried out through the entire MYP that if they trend as budgeted may require the County to rely on the reserves that it has set aside as rainy-day funds.

- Salaries and wages will increase by \$80.4 million, from the Proposed Budget of \$1,086.9 million in FY 26 to \$1,167.4 million in FY 29. The MYP includes the January 1st COLA increase for CSEA union based on the revised MOA contract. The MYP continues to carry out a significant amount of initiative savings throughout all years of the plan. The plan includes \$37.0 million in FY 26 but continues this savings in the out-year at a total of \$32.5 million in FY 27, \$29.0 million in FY 28 and \$28.0 million in FY 29. It is unclear how these saving will be achieved after the County offers the VSIP in FY 26.
- Fringe benefits will increase by \$78.2 million, or 9.9%, from \$789.3 million in the Proposed FY 26 Budget to \$867.5 million in FY 29.
- Health insurance expenses for active and retired employees from FY 26 to FY 29 are projected to increase by \$51.6 million to \$466.9 million. According to the Administration, the baseline inflator used to project out-year health insurance costs includes a recurring 4.0% for active employees and retirees in all of the out-years. The inflators appear low compared to the historical five-year average of 7.4% for active and 5.7% for retiree insurance.
- In FY 26, \$53.0 million has been set aside in the Operating Reserve Fund, to fund the potential shortfall, if this reserve is not used in FY 26, it may be available in the out-years of the plan.
- Pension costs for ERS and PFRS are increasing by \$23.4 million in FY 27, however they are decreasing by \$6.7 million in FY28, and then rising by \$12.6 million in FY 29. According to the Administration, the FY 28 rates are based on FY 26, however if rates rise there could be a potential shortfall. Pension expenses are expected to grow since both pension contribution rates and salaries are projected to increase in the out-years.
- In FY 26, \$75.0 million has been set aside in the Retirement Contribution Reserve (RCF), since it seems unlikely this will be used in the Proposed budget, it may be available in the out-years of the plan.
- The Proposed FY 26 Budget for social security is increasing annually by roughly \$1.7 million in the out-years for a total increase of \$5.1 million by FY 29. Social Security is a function of salaries.

The Administration recognizes that the economy still faces challenges and will seek to implement the following items to fortify the County's finances:

State Aid Mandated Cap

Nassau County pays vendors to provide preschool education for certain 0-5 year-olds in the County. The County submits a voucher to the State and obtains reimbursement for these services from the State. The current State reimbursement rate on most related expenses is 59.5%. The County portion of this mandated program has been growing with no control available to the County. The Administration anticipates increased reimbursement being provided to account for the cost to the County.

Building Consolidation

The County's past workforce reduction has opened possibilities for centralization and downsizing of office space. The County will also realize utility and maintenance savings from better consolidated space.

Efficiency Program

The Administration intends to continue to seek opportunities for consolidation and realign workforce levels to ensure that the County provides essential services for all Nassau County residents in an affordable manner.

Economic Development

Nassau County has opportunities for growth especially where communities are exploring redevelopment of downtown areas. While no specific projects can be discussed at this time, it is clear that upside potential exists.

Coliseum Property

In 2024, the County entered into a new lease agreement with Las Vegas Sands (LVS) that gave the company control over the more than 70-acre Coliseum site and permitted them to operate and maintain the Coliseum. Pursuant to the terms of that lease, for each of the first three lease years, LVS will pay an annual payment of \$10.0 million to the County. Beginning with the fourth lease year, LVS will pay rent to the County in the amount of \$5.0 million per year (as escalated) and \$900,000 per year for the County's provision of exterior police and security. LVS will also pay a one-time fixed payment to the County in the amount of \$1.0 million for the use and occupancy of the premises. The environmental review process associated with the Coliseum site has been successfully completed thereby facilitating any future development of the property for a variety of potential uses.

2. LABOR

Many labor agreements that were in place with County Unions will need to be renegotiated in the near future, as the last negotiated Cost of Living Adjustment (COLA) was in July of this year. The Administration and the Civil Service Employees Association, Inc. (CSEA) entered into an agreement that resolved prior outstanding complaints and lawsuits. The Memorandum of Agreement (MOA) which modified some terms of the initial deal was ratified by CSEA members on April 30, 2025, and was approved by the Legislature on May 19, 2025. The Agreement will be in effect until December 31, 2030. Prior agreements that were in effect and had their last COLA in July 2025 included contracts with the Police Benevolent Association (PBA), the Police Detectives’ Association (DAI) Inc., the Superior Officers Association (SOA) Inc., the Correction Officers Benevolent Association (COBA) and the Investigators Police Benevolent Association (IPBA). With all the labor contracts except for CSEA expired, if there is an extension and/or renewal in FY 26, there will be additional salary costs which the Administration intends to cover with reserves if needed. The agreements and COLAs are illustrated in Table 2.0 below:

Table 2.0: Police COLAs

PBA		SOA		DAI	
<u>Date</u>	<u>GWI</u>	<u>Date</u>	<u>GWI</u>	<u>Date</u>	<u>GWI</u>
July 1, 2018	1.00%	July 1, 2018	0.00%	July 1, 2018	0.00%
July 1, 2019	1.00%	July 1, 2019	0.00%	July 1, 2019	0.00%
July 1, 2020	1.00%	July 1, 2020	2.00%	July 1, 2020	2.00%
July 1, 2021	1.00%	July 1, 2021	2.00%	July 1, 2021	2.00%
July 1, 2022	2.50%	July 1, 2022	2.50%	July 1, 2022	2.50%
July 1, 2023	2.50%	July 1, 2023	2.50%	July 1, 2023	2.50%
July 1, 2024	3.00%	July 1, 2024	3.00%	July 1, 2024	3.00%
July 1, 2025	3.00%	July 1, 2025	3.00%	July 1, 2025	3.00%

The increases for COBA, IPBA and CSEA are illustrated in Table 2.1 below:

Table 2.1: COBA, IPBA and CSEA COLAs

COBA		IPBA		CSEA		
<u>Date</u>	<u>GWI</u>	<u>Date</u>	<u>GWI</u>	<u>Phase</u>	<u>Date</u>	<u>GWI</u>
July 1, 2018	0.00%	July 1, 2020	2.00%	Phase 1	July 1, 2020	2.00%
July 1, 2019	0.00%	July 1, 2021	2.00%		July 1, 2021	2.00%
July 1, 2020	2.00%	July 1, 2022	2.50%		July 1, 2022	2.50%
July 1, 2021	2.00%	July 1, 2023	2.50%		July 1, 2023	2.00%
July 1, 2022	2.50%	July 1, 2024	3.00%		July 1, 2024	3.00%
July 1, 2023	2.50%	July 1, 2025	3.00%		January 1, 2026	3.00%
July 1, 2024	3.00%			Phase 2	January 1, 2027	2.50%
July 1, 2025	3.00%				January 1, 2028	2.50%
					January 1, 2029	2.50%
					January 1, 2030	2.85%

The Proposed FY 26 Budget includes an additional \$27.0 million in savings, which will be mainly realized from the Administration’s plan to reduce salaries by offering a Voluntary Separation Incentive Plan (VSIP) to employees. The details and planned implementation have not yet been shared with OLBR.

Table 2.2 below shows the additional saving included in the Proposed FY 26 Budget:

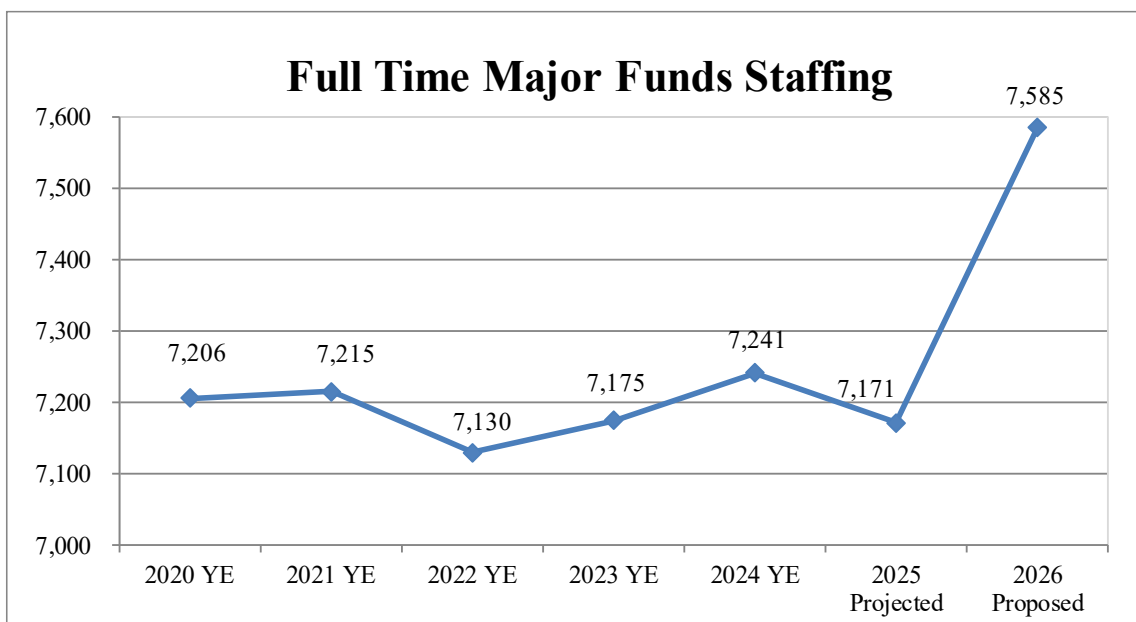
Table 2.2: VSIP Savings

	2025 Budget	2026 Proposed	Difference
Savings from Initiatives (OMB)	\$ 10.0	\$ 37.0	\$ 27.0

There are currently 7,171 full-time on-board employees and when compared to the full-time budgeted headcount of 7,585 positions in the Major Operating Funds (excluding Sewers), the proposed budget funds 414 full-time vacant positions, valued by the Administration at approximately \$36.0 million.

Chart 2.0 below illustrates the historical, FY 25 projected and FY 26 proposed full-time headcount:

Chart 2.0: Headcount Trend



Although the Administration could move quickly to hire in many positions, there is a high probability, based on recent trends, that not all the titles will be filled for the entire year. The longer a position remains vacant, the more savings will be generated from not filling that position. This may become an additional funding opportunity that the Administration could use to cover unforeseen costs. In addition, the inclusion of \$27.0 million in savings to be achieved from the VSIP adds additional fiscal pressure to the budget as they will need to be achieved or covered by other initiatives.

The Major Funds overtime expense is budgeted at \$103.1 million in the Proposed FY 26 Budget which represents a \$16.8 million increase from the prior year budget; however, the funding falls short from the current projections by \$19.9 million. FY 24 actual expenses were very high at \$141.8 million and there has been an effort to reduce the expense and the current projection is \$123.0 million. However, if the

initiatives do not continue to reduce this expense, there will be a potential for a higher shortage not only in FY 25 but one that FY 26 will not be able to absorb.

The Police Department budgeted \$8.4 million less than the current projection. Although the department can maximize grants and Asset Forfeiture Funds to offset overtime, the budget seems low and will be challenging. The Police Department expects the impact of overtime to also be mitigated in FY 26 as they continue to hire new recruits, which should bring down the blended overtime rate.

In the Correctional Center, the FY 26 Proposed Budget for overtime is \$8.2 million less than the current projections and the lower budget will be difficult to achieve. The department is planning to add two classes of recruits in FY 26, one in April and the other in July.

Table 2.3: Major Funds Overtime Trends

OVERTIME TRENDS					
	<u>2024 YE</u>	<u>2025 Adopted</u>	<u>2025 Projection</u>	<u>2026 Proposed</u>	<u>2026 Prop vs. 2025 Proj Variance</u>
Police District	34,632,870	24,000,000	28,970,143	28,000,000	(970,143)
Police Headquarters	45,389,664	26,000,000	39,381,516	32,000,000	(7,381,516)
Total	80,022,534	50,000,000	68,351,659	60,000,000	(8,351,659)
Corrections	40,013,818	20,640,000	33,267,639	25,069,271	(8,198,368)
Police & Corrections	120,036,352	70,640,000	101,619,298	85,069,271	(16,550,027)
Others	21,762,725	15,624,323	21,385,883	17,992,766	(3,393,117)
TOTAL:	141,799,077	86,264,323	123,005,181	103,062,037	(19,943,144)

Headcount

Compared to the prior year budget, the Proposed FY 26 Budget adds 68 positions which are mainly in the Police Department, the Department of Social Services (DSS) and the Fire Commission.

Table 2.4 on the next page shows the FY 25 Adopted Budget headcount, the FY 26 full-time Major Funds budget, including Sewer & Storm Water positions, which is compared to the current on-board headcount by department:

Table 2.4: Full-Time Staffing Comparison

Full Time Major Funds Staffing Comparison						
Department	2025 NIFA Adopted Headcount	2025 Sept Onboard Headcount	2025 Sept Onboard Salaries	2026 Proposed Headcount	2026 Proposed Salaries	Variance 2026 Proposed vs. 2025 Sept Onboard
Assessment	160	108	9,593,639	160	11,309,017	52
Asian American Affairs	6	3	288,000	6	432,500	3
Assessment Review Commission	62	56	5,360,100	58	5,966,784	2
Board of Elections	160	139	11,821,836	160	15,104,653	21
Civil Service	46	45	4,663,777	45	4,963,923	0
Office of Crime Victims Advocate	4	2	255,852	4	345,852	2
Comptroller	102	82	9,381,112	102	11,628,438	20
Constituent Affairs	12	11	1,234,809	12	1,284,809	1
Consumer Affairs	25	23	1,713,132	26	1,993,952	3
Correctional Center	943	842	79,481,270	943	92,208,790	101
County Attorney	91	82	8,828,741	91	9,683,815	9
County Clerk	90	77	5,703,968	90	6,827,948	13
County Executive	13	11	1,358,567	13	1,525,033	2
District Attorney	450	438	50,045,084	449	50,928,373	11
Emergency Management	8	2	274,622	3	391,927	1
Health	288	263	27,173,104	283	30,802,567	20
Housing & Intergovernmental Affairs	17	13	966,965	14	1,046,715	1
Human Resources	9	7	773,000	8	823,000	1
Human Rights	7	6	539,387	8	715,334	2
Human Services	61	59	5,376,544	62	6,057,342	3
Information Technology	121	113	11,147,165	122	12,633,834	9
Labor Relations	5	4	360,294	5	410,294	1
Legislature	96	88	8,693,717	94	9,543,812	6
Office of Hispanic Affairs	6	4	373,890	6	452,750	2
Office of Minority Affairs	13	12	948,359	13	1,099,685	1
Office of Management and Budget	32	33	3,426,956	34	3,545,329	1
Parks, Recreation and Museums	150	127	9,417,906	150	10,978,825	23
Probation	217	214	22,637,128	222	24,447,821	8
Public Administrator	6	5	410,154	6	521,366	1
Public Works Department	415	377	32,370,145	419	36,372,843	42
Shared Services	14	15	1,479,558	15	1,597,139	0
Records Management	10	5	518,800	10	629,800	5
Social Services	578	490	40,499,137	596	49,174,977	106
Traffic & Parking Violations	47	36	3,148,932	45	3,746,742	9
Treasurer	28	26	2,051,987	28	2,395,064	2
Veterans' Services Agency	9	8	603,423	9	724,179	1
Savings from Initiative & Adjustment	(312)	0	0	(312)	(37,000,000)	(312)
General Fund Total	3,989	3,826	362,921,061	3,999	375,315,232	173
Fire Commission	122	99	9,022,626	128	12,051,187	29
Police District	1,735	1,690	190,180,269	1,756	219,671,892	66
Police Headquarters	1,671	1,556	187,935,017	1,702	216,691,968	146
Total Major Funds	7,517	7,171	750,058,973	7,585	823,730,279	414
Sewer & Storm Water (SSW)	71	55	4,619,275	71	6,181,063	16
Total including Sewers*	7,588	7,226	754,678,248	7,656	829,911,342	430

Note: The September onboard total for Major Funds includes all FT employees.
 Due to coding, Peoplesoft shows 2 more in Civil Service and 5 less in the District Attorney for a net of 3 less.

Table 2.5 below illustrates the multi-year salary plan for the Major Funds:

Table 2.5: MYP Major Funds Salary Plan

Major Funds Multi-Year Salary Plan				
Department	2026 Proposed	2027 Plan	2028 Plan	2029 Plan
Assessment Review Commission	6,208,675	6,479,748	6,656,293	6,857,903
Assessment Department	11,685,432	12,311,279	12,711,320	13,218,959
Asian American Affairs	562,052	562,052	562,052	562,052
County Attorney	10,308,310	10,465,300	10,575,171	10,693,078
Office of Management and Budget	6,987,763	6,987,763	6,987,763	6,987,763
Office of Consumer Affairs	2,276,144	2,413,737	2,494,599	2,592,313
Correctional Center	129,713,717	131,060,447	132,258,166	134,040,598
County Executive	1,712,262	1,712,262	1,712,262	1,712,262
Office of Constituent Affairs	1,628,375	1,628,375	1,628,375	1,628,375
Clerk	7,559,634	7,901,182	8,109,229	8,390,643
County Comptroller	10,094,375	10,658,353	10,986,765	11,425,724
Civil Service	6,496,391	6,821,827	7,030,980	7,332,564
Office of Crime Victims Advocate	350,852	350,852	350,852	350,852
District Attorney	56,539,484	57,544,393	58,217,644	58,958,861
Board of Elections	21,282,322	21,522,257	22,018,109	22,539,008
Emergency Management	597,550	610,139	619,786	629,360
Fire Commission	17,417,329	17,759,849	18,188,198	18,702,510
Health Department	33,518,293	35,274,213	36,405,010	37,813,777
Housing & Intergovernmental Affairs	1,171,955	1,171,955	1,171,955	1,171,955
Commission on Human Rights	954,486	983,533	1,004,417	1,036,692
Department of Human Services	6,513,022	6,857,114	7,076,205	7,347,033
Information Technology	13,419,497	14,131,838	14,610,671	15,212,663
County Legislature	10,502,533	10,502,533	10,502,533	10,502,533
Office of Labor Relations	516,296	516,296	516,296	516,296
Office of Minority Affairs	1,306,403	1,306,403	1,306,403	1,306,403
Medical Examiner	-	-	-	-
Public Administrator	649,666	673,425	685,561	704,910
Probation	27,915,731	29,963,543	31,120,018	32,726,661
Police Department	605,090,605	609,817,650	623,243,473	638,705,436
Department of Human Resources	991,433	991,433	991,433	991,433
Parks, Recreation and Museums	23,176,407	23,714,184	24,119,567	24,546,676
Shared Services	1,757,409	1,859,144	1,907,014	1,970,975
Public Works Department	38,643,893	39,438,627	40,061,520	40,826,805
Records Management	838,966	868,852	885,575	907,101
Office of Hispanic Affairs	562,052	562,052	562,052	562,052
Social Services	57,216,503	59,493,756	61,338,889	63,436,851
County Treasurer	2,488,392	2,598,361	2,670,660	2,752,134
Traffic & Parking Violations Agency	4,930,464	5,055,469	5,161,357	5,259,994
Veterans Services Agency	837,438	877,831	902,290	944,151
Office of Management and Budget - Attrition/Chargeback	(37,500,000)	(33,000,000)	(29,500,000)	(28,500,000)
Grand Total	1,086,922,111	1,110,448,027	1,137,850,462	1,167,365,355

3. FRINGE BENEFITS

Fringe benefit expenditures include health insurance contributions for active and retired employees, as well as pension and social security contributions. Health insurance and pension contribution costs continue to place a heavy burden on the County’s budget.

For the fourth year in a row, the County has made the prudent decision to no longer amortize any portion of the pension bill and in the FY 26 Proposed Budget there is no outstanding liability remaining. Paying off this liability is good governmental practice since it will save the County millions in future interest payments.

The FY 26 Proposed Fringe Benefit budget for the Major Funds is \$789.3 million, which is a significant increase of \$88.1 million from the FY 25 NIFA Approved Budget. Compared to the FY 25 projection, expenses are rising by a lesser amount of \$68.3 million. This is mostly due to significant growth from health insurance and pension expenses. The FY 25 NIFA Approved budget was underfunded for health insurance since it had built in savings that were anticipated in the original CSEA Memorandum of Understanding (MOU). However, this did not come to fruition in FY 25 since all CSEA employees switched from the discontinued Excelsior insurance plan back to the Empire Plan.

The new CSEA MOA, that was recently ratified in April and approved by the Legislature in May, includes health insurance savings from incorporating a “3.0%” health insurance contribution of an active union member’s base salary that will become effective on January 1, 2026.

In addition, the FY 26 Proposed Budget sets aside appropriations for both health insurance and pension costs in the Operating Reserve Fund (ORF) and the Retirement Contribution Fund (RCF).

The following Table 3.0 displays the fringe benefit appropriations for the Major Funds and Table 3.1 reflects the fringe benefit appropriations that the Administration has set aside for reserve funds.

Table 3.0: Fringe Budget by Major Funds

Fund	Department	NIFA Approved FY 25 Budget	OLBR FY 25 Projection	FY 26 Executive Budget	Variance Exec. Vs. NIFA Approved	Variance Executive vs FY 25 Proj.
Fire Commission	Fringe Benefits	7,162,621	7,218,315	8,831,781	\$1,669,160	\$1,613,466
General Fund	Courts	832,400	579,992	791,744	(40,656)	211,752
	Fringe Benefits	293,483,790	309,960,529	345,750,648	52,266,858	35,790,119
Police District	Fringe Benefits	188,478,921	194,010,852	208,967,756	20,488,835	14,956,904
Police Headquarters	Fringe Benefits	211,215,029	209,251,826	224,932,723	13,717,694	15,680,897
Total		701,172,761	721,021,513	789,274,652	\$88,101,891	\$68,253,139

Table 3.1: Fringe Budget Reserves

Fund	FY 25 NIFA Approved Budget	FY 26 Executive Budget
Employee Benefit	2,000,000	0
Litigation Fund	0	2,000,000
Operating Reserve	55,000,000	53,000,000
Retirement Contribution	66,100,000	75,000,000
Total	123,100,000	130,000,000

As shown in the table above, the Administration has also appropriated \$130.0 million in reserves if the need arises to cover any shortfalls in health insurance and pension costs. Through September, the Administration has already transferred \$9.0 million to the ORF from the Excelsior Active Health insurance (AB31F) and Health insurance retiree (AB75F) costs. This transfer is included in OLB's current FY 25 health insurance projections.

Table 3.2 below itemizes the Fringe Benefits budget by sub-object.

Table 3.2: Fringe Budget by Sub-object for the Major Funds

SubObject & Description	NIFA Approved FY 25 Budget	OLBR FY 25 Projection	FY 26 Executive Budget	Variance Exec. Vs. NIFA Approved	Variance Executive vs FY 25 Proj.
08F - NYS Police Retirement	140,592,147	138,045,280	149,970,940	9,378,793	11,925,660
11F - State Retirement Systems	80,265,790	81,132,464	110,458,110	30,192,320	29,325,646
13F - Social Security Contribution	89,008,491	81,420,790	82,865,035	(6,143,456)	1,444,245
14C - Employee Contributions	(7,966,391)	(3,597,121)	(12,689,136)	(4,722,745)	(9,092,015)
14F - Health Insurance	192,257,858	191,394,128	212,960,305	20,702,447	21,566,177
16G - County Exp	42,000	42,000	42,000	-	-
17F - Optical Plan	858,149	755,593	789,181	(68,968)	33,588
19F - NYS Unemployment	1,706,000	1,706,000	1,740,120	34,120	34,120
20F - Dental Insurance	4,928,947	3,812,174	4,082,232	(846,715)	270,058
22F - Medicare Reimbursement	32,734,702	32,734,702	33,564,396	829,694	829,694
22S - Medicare Reimbursement Surcharge	3,728,464	3,694,512	3,738,464	10,000	43,952
26F - Flex Benefit	2,100,000	2,200,000	2,200,000	100,000	-
35F - MTA Mobility Tax	3,930,800	1,731,604	0	(3,930,800)	(1,731,604)
40F - CSEA Legal Plan	507,375	520,251	534,226	26,851	13,975
41F - COBA Legal Plan	86,500	89,125	90,908	4,408	1,783
45F - Disability Insurance	54,000	54,000	55,080	1,080	1,080
75F - Health Insurance For Retirees	159,688,460	188,680,103	202,328,242	42,639,782	13,648,139
76F - Employees Optical - Retirees	877,843	834,282	857,491	(20,352)	23,209
98G - Fringes Allocable to Grants	(758,832)	(758,832)	(774,009)	(15,177)	(15,177)
ZZ0 - Capital Backcharge Overtime Fringes	(302,875)	(302,875)	(308,933)	(6,058)	(6,058)
ZZS - Capital Backcharge ST Time Fringes	(3,166,667)	(3,166,667)	(3,230,000)	(63,333)	(63,333)
Grand Total	701,172,761	721,021,513	789,274,652	88,101,891	68,253,139

08F Pension for the Police and Fire Retirement System, 11F Employee Retirement System

Table 3.3 below provides the FY 25 and FY 26 pension expenses billed by the State for the Employee Retirement System (ERS) and Police and Fire Retirement System (PFRS) based on both the February and December payment dates. Please note, that in addition to the Major Funds within the pension invoice, funds are included for the Nassau Community College (NCC), the Sewer and Storm Water Resource District (SSW) and the Grant Fund.

The annual bill for the New York State Retirement System covers the period from April 1st of the previous year to the ensuing March 31st. The pension payment date for participating employers is February 1st, but local municipalities have the option to make the payment on December 1st at a discounted amount. The Administration has reported that they plan on making the payment in December. With the December payment, the County will realize the pre-payment discounted savings of approximately \$1.9 million, which is reflected in Table 3.3 below.

Table 3.3: SFY25-SFY26

Pension Invoices

Pension Payments Based on December & February Schedules			
December			
	2025 Invoice	2026 Invoice	2026 vs. 2025
<u>Total Pension Bill Excluding Amortization</u>			
ERS	84,748,978	121,279,025	36,530,047
PFRS	138,127,314	148,310,325	10,183,011
	\$222,876,292	\$269,589,350	46,713,058
Amount Allowed to be Amortized	\$38,117,835	\$64,020,612	\$25,902,777
February			
	2025 Invoice	2026 Invoice	2026 vs. 2025
<u>Total Pension Bill Excluding Amortization</u>			
ERS	85,396,617	122,151,142	36,754,525
PFRS	139,120,588	149,376,825	10,256,237
	224,517,205	271,527,967	47,010,762
Savings From December Pre-payment	1,640,913	1,938,617	

* The pension invoice includes the entire bill for all funds, NCC Fund, SSW Fund, and the Grant Fund.

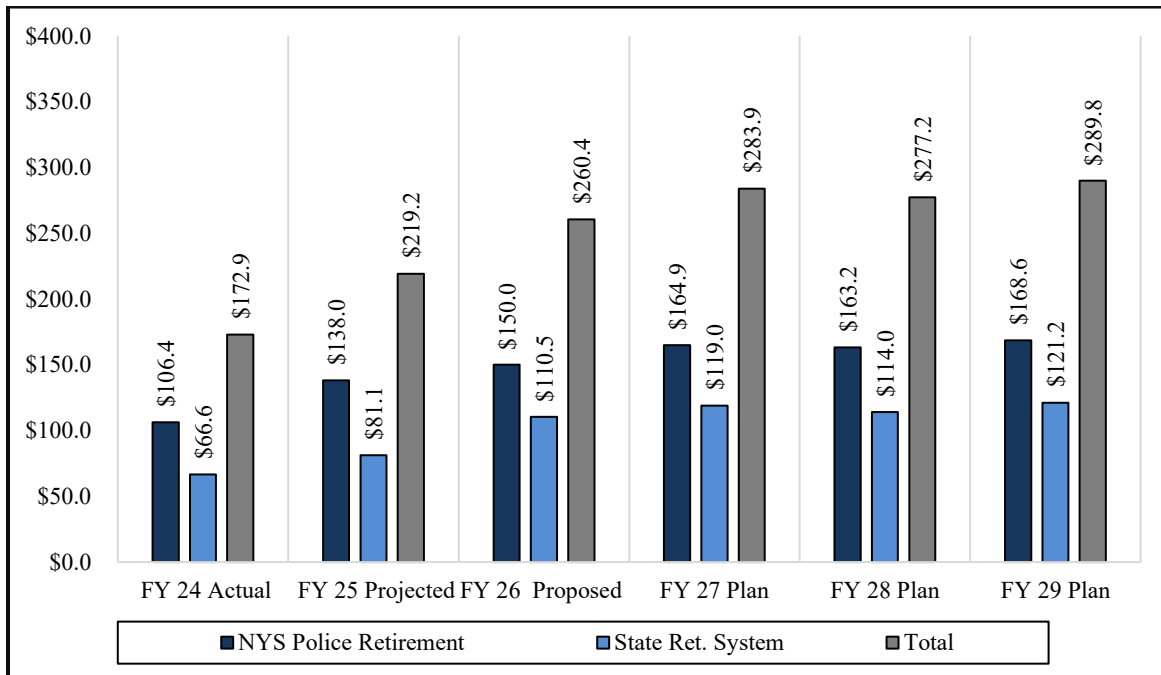
**The 2025 Annual Invoice includes a \$5.3 million Reserve Credit.

The February invoice of \$269.6 million includes \$121.3 million billed for (ERS) and \$148.3 million billed for (PFRS). This is an increase of roughly \$46.7 million compared to the State Fiscal Year (SFY) 2024-25 pension bill. The FY 24-25 final annual invoice included a credit of -\$5.3 million that was applied after the adoption of the FY 25 budget. If this reserve credit had not been applied the increase would have been roughly \$41.4 million, which may be more indicative of the true pension rise. According to the Administration, since the New York State graded payment reserve has been exhausted, the 2026 full invoice amount will be paid.

Aside from the credit, the rise in the pension bill can be attributed to both higher pensionable salaries as well as pension contribution rates. In SFY 2025-26, pension contribution rates are continuing to rise. For ERS, the average pension contribution rate increased from roughly 17.6% in SFY 2024-25 to 19.3% in FY 2025-26, and for PFRS, the average rate of 31.4% in SFY 2024-25 is growing to 33.8% in SFY 2025-26. However, the increase in the bill is also attributable to pensionable salaries, from the ratified contracts with all of the County’s labor unions. The contracts have provided annual General Wage Increases (GWI) that have continued to boost pensionable salaries. In addition, the County’s recent revision of the Civil Service Employees Association (CSEA) contract further boosts the salary plan for CSEA employees, which will impact the future pension bills.

Chart 3.0 below details the historical pension obligation from FY 24 actual through FY 29 (the out-years of the MYP) for **the Major Funds**. The Administration’s FY 26 Proposed Budget includes pension expenses of \$150.0 million in PFRS and \$110.5 million in ERS for a total budget of roughly \$260.4 million. This total does not include the \$75.0 million that the Administration has appropriated in the Retirement Contribution Reserve Fund.

Chart 3.0: FY 24 to FY 29 Pension Costs for the Major Funds (in millions)



The New York State Comptroller recently announced Employer Contribution rates for both ERS and PFRS Systems. The adjusted rates will impact payments in the next State Fiscal Year 2026-27 invoice. According to the State Comptroller, the average employer contribution rate for ERS will increase from 16.5% to 17.6% of payroll; and the average employer contribution rate for PFRS will rise from 33.7% to 36.5% of payroll.¹ According to the State Comptroller, rates were impacted by turbulence in the financial markets, rising public salaries, changes to retirement tiers and member retirement trends. The New York State Retirement Fund’s long term assumed rate of return remains at 5.9%, lower than the nation’s median

¹Office of the New York State Comptroller, “NYSLRS Announces Employer Contribution Rates for 2026-27”, September 4, 2025.

investment return assumption of 7.0%, according to the National Association of State Retirement. Only Kentucky's system has a lower assumed return.² If actual funds fall short of the assumed rate, taxpayers or employers may need to increase contributions to keep the fund solvent.

The increase in pension contribution rates will trigger pension costs to grow in the out-years. The Multi-Year Plan (MYP) projects cost to be \$283.9 million in FY 27, \$277.2 million in FY 28 and \$289.8 million in FY 29. The MYP is reflected at the end of this report. As mentioned earlier, the New York State Comptroller projects a rise in FY 2026-27 contribution rates and provides a projected invoice for FY 26-27 with estimated costs. Based on the projected bill, the pension budget appears sufficiently funded in FY 26 and FY 27. However, the MYP declines in FY 28 by \$6.7 million. According to the Administration, the out-year rates were brought in line with FY 26, however if rates rise, funding could fall short in FY 28 and FY 29.

14F & 75F Health Insurance for Active and Retired Employees, 31F Excelsior Health Insurance, and 32F Excelsior Health Insurance for Retirees

In FY 25, the New York State Health Insurance Plan (NYSHIP) **Empire** individual premiums increased by roughly 2.3%, however the family premium remained flat with a 0% rise.

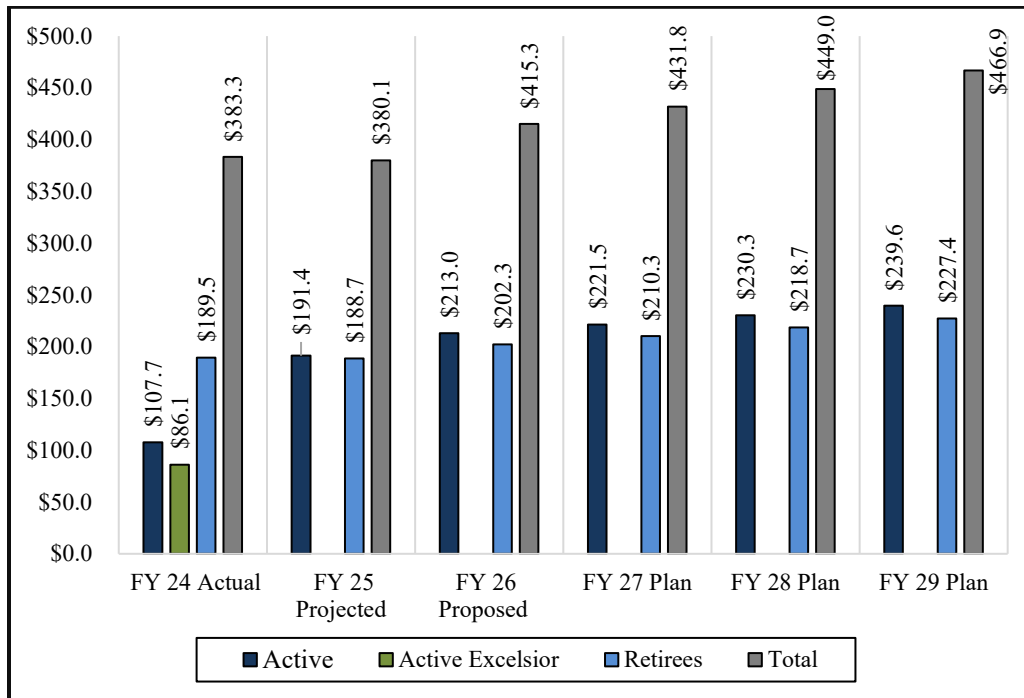
Effective January 1, 2025, the New York State Department of Civil Service discontinued the Excelsior Plan option for all NYSHIP Participating Agencies. As a result, all CSEA active employees that were previously in this plan have since been transferred back to the Empire Plan. Compared to the 2024 rates in the Excelsior plan, the 2025 Empire rates are higher by 10.0% for individual and 7.5% for family for CSEA employees.

As previously mentioned, the new proposed CSEA MOA, that was recently ratified in April, will capture future health insurance savings from incorporating a "3.0%" health insurance contribution of an active union member's base salary. This becomes effective on January 1, 2026, and the Administration has confirmed that this has been incorporated in the Proposed Budget.

In total the FY 26 Proposed Budget includes \$415.3 million for active and retiree health insurance costs (which is shown in the chart on the next page and discussed on the next page). The following chart depicts the health insurance costs from FY 24 through the out-years of the Multi-Year Plan.

²Ibid.

Chart 3.1: FY 24 to FY 29 Health Insurance Costs (in Millions)



The FY 26 budget eliminates the sub-object codes (AB31F and AB32F), which was previously included to separate the cost for CSEA members who were previously in the Excelsior plan. The table below provides the total health insurance budget for both active and retired employees.

The FY 26 Proposed Budget is increasing by \$35.2 million compared to the projection, however, budget to budget is growing by a greater amount of \$63.3 million. The active health insurance budget (AB14F) is increasing by \$20.7 million, and the retiree budget is growing by \$42.6 million, which can be seen below.

Table 3.4: FY 25 and FY 26 Health Insurance Costs

Health Insurance Costs					
Subsubject	FY 25 NIFA			FY 26 vs FY 25	FY 26 vs FY 25
	Approved Budget	FY 25 Projected	FY 26 Proposed	25 Budget Variance	Projection Variance
Total Active Health Insurance	192.3	191.4	213.0	20.7	21.6
Total Retiree Health Insurance	159.7	188.7	202.3	42.6	13.6
Total Health Insurance Costs	\$351.9	\$380.1	\$415.3	\$63.3	\$35.2

As previously mentioned, the FY 26 Proposed Budget is \$35.2 million greater than OLBR’s current projection for health insurance costs. In the current year, OLBR is projecting a shortfall of \$27.4 million for health insurance since the FY 25 Adopted Budget built in savings that were anticipated in the original CSEA Memorandum of Understanding (MOU). However, this did not come to fruition in 2025 since all CSEA employees currently switched from the discontinued Excelsior insurance plan back to the Empire Plan. Not only did the FY 25 budget fall short of the FY 24 year-end expense, but it did not include any growth to capture the annual rise in health insurance premium rates.

According to the Office of Management and Budget (OMB), in the FY 26 Proposed Budget, the Administration reports that they assume a growth rate of 6.0% for both active and retirees. The growth rates appears slightly low but somewhat reasonable based on New York States benefit consultant's, AON Empower Results, most recent analysis which projects an overall blended growth of 7.1% for the entire region.

OLBR has worked up an analysis that projects health insurance costs based on the 7.1% rate for all employees in the County's Major Funds, for the Empire Plan and roughly a 5.7% historical composite for Medicare eligible retirees. Based on projecting these growth rate assumptions by the budgeted headcount, the health insurance budget appears to be sufficiently funded. However, if the Administration does not hire up to the budgeted headcount figure, there may be more of an opportunity for health insurance costs up to \$5.0 million.

The Administration has also decided to appropriate \$53.0 million in funds used for health insurance from the Operating Reserve Fund, and this could be used to offset any possible shortages. However, since there may be a possible opportunity, the need for the reserve seems unlikely.

Finally, the budget also includes a credit of (\$12.7) million **(AB14C)** in the Proposed FY 26 Budget for employees who are required to contribute to their health insurance coverage.

14C Employee Contributions

The 14C budget represents the employee's health insurance contribution required by the labor contracts, that is a percentage of a base members salary. The FY 26 Proposed budget credit of (\$12.7) million has been enhanced by (\$4.7) million compared to the current year budget and (\$9.1) million compared to the current projection. The increased credit represents the new 3.0% contribution from CSEA employees that will become effective for all CSEA members on January 1, 2026, based on the new revised CSEA MOA, that was approved by the Legislature last May.

13F Social Security

Social Security tax is comprised of two components: Old-Age Survivors and Disability Insurance (OASDI) and Medicare tax. The employer's contribution rate is 6.2% for OASDI and 1.45% for Medicare, which equals a combined rate of 7.65%. For FY 25, the OASDI portion is applied to salaries up to \$176,100 which is up \$7,500 from \$168,600 in 2024, and lower than the rise of \$8,400 in 2023 and the significant jump of \$13,200 in 2022. Medicare has no maximum.

The social security limit for 2026 is projected to increase again by \$7,500 to roughly 183,600 in 2026 based on the projections from the Social Security Board of Trustees.³ This would increase the maximum amount someone could owe in taxes from \$10,918.20 to \$11,383.20.⁴

The proposed budget for social security is decreasing by \$6.1 million, or 6.9%, compared to the FY 25 NIFA Approved Budget, however it is increasing by \$1.4 million, or 1.8% compared to the projection. In the current year OLBR is projecting a surplus of roughly \$7.6 million, due to an overfunded social security budget.

³ Levalley, Donna, "Six Changes Coming to Social Security in 2026" [The Kiplinger](#). August 19, 2025.

⁴ Ibid.

17F Optical Plan

This benefit provides optical insurance to full-time County employees. The County renewed its contract with Davis Vision in FY 22 for a five-year term. The rate remains at the annual per capita premium of \$110.40. The FY 26 Proposed Budget is decreasing by 8.0% compared to the FY 25 NIFA Approved Budget, however, compared to the FY 25 projection, it is increasing by \$33,588. Based on the current staffing level, the budget appears adequate, however there could be a small shortfall if the Administration hires up to the budgeted headcount figure of 7,585 in the Major Funds.

19F New York State Unemployment

The County is required to reimburse the State for all unemployment claims paid to former employees. The County provides quarterly payments to the State. The FY 26 Proposed Budget is increasing minimally by 2.0% to \$1.7 million, compared to both the FY 25 budget and FY 25 projection. In the current year, OLBR is projecting unemployment to be at budget.

20F Dental Insurance

This benefit provides dental insurance to full-time employees. The County renewed its contract with Healthplex in FY 22, for a five-year term which will end on December 31, 2026. The annual premium per capita remains at \$561. However, it offers a “buy up” plan, for County employees who choose to contribute towards the cost of a PPO Plan, that would offer a broader range of coverage.

The FY 26 Proposed Budget is decreasing by \$846,715 compared to the FY 25 NIFA Approved Budget, however it is increasing by \$270,058 compared to the FY 25 current projection. The decrease compared to budget appears reasonable since there is currently a \$1.1 million surplus being projected in the current year. The FY 26 Proposed budget appears sufficient to cover the budgeted headcount.

22F Medicare Reimbursement

The County provides quarterly payments to cover premium costs related to Medicare coverage for retired employees. The Proposed FY 26 Budget is higher by \$829,694, or 2.5%, compared to the FY 25 NIFA Approved Budget and the current projection.

Medicare part B premiums cover physician’s services, outpatient hospital services, certain home health services, durable medical equipment and certain other medical and health services not covered by Medicare Part A. In FY 25, standard Medicare Part B premiums are \$185.00 per month for individual salaries up to \$106,000 and joint salaries up to \$212,000. The monthly Part B premiums that include income-related adjustments will range from \$259.00 up to \$628.90, depending on the extent to which an individual beneficiary’s modified adjusted gross income exceeds \$106,000 (or \$212,000 for a married couple).⁵

The standard Medicare Part B premium is forecasted to rise up to \$206.50 per month in 2026. The 11.6% increase would be the largest single jump in about a decade, according to the latest annual Medicare trustees report. According to the forecast, it is unlikely to be a one-time spike and is being driven by a

⁵ “2025 Medicare Parts A & B Premiums and Deductibles,” [Centers for Medicare & Medicaid Services \(CMS.gov\)](https://www.cms.gov/medicare/medicare-eligibility/eligibility-renewal/2025-medicare-parts-a-b-premiums-and-deductibles), “[2025 Medicare Parts A & B Premiums and Deductibles | CMS](https://www.cms.gov/medicare/medicare-eligibility/eligibility-renewal/2025-medicare-parts-a-b-premiums-and-deductibles).”

shift from less inpatient to more outpatient care, the financial funding structure, and greater enrollment in Medicare Advantage growth which costs more than the Original Medicare plans.⁶

The Proposed Budget for FY 26 increases by \$0.8 million to \$33.6 million compared to the FY 25 NIFA Approved budget and the current projections. There could be a possible opportunity if the current projections come in under budget.

22S Medicare Reimbursement Surcharge

The Proposed FY 26 Budget for the Medicare Reimbursement surcharge is increasing slightly by \$10,000, budget to budget and by \$43,952 compared to the current projection.

26F Flex Benefits Plan

All Nassau County employees have the option of contributing a portion of their salary to a flexible spending account for either healthcare or daycare expenses. This allows the employee to use pre-tax dollars on health care costs such as co-pays and deductibles. The FY 26 proposal is increasing by a minimal \$100,000 to \$2.2 million compared to the FY 25 budget, however it is aligned with the current projection. The FY 26 budget includes corresponding revenue to offset the expense for the same budgeted amount.

35F MTA Mobility Tax

The New York State budget eliminated the MTA Mobility Tax for local municipalities. This Metropolitan Commuter Transportation Mobility Tax (MCTD) is a tax imposed on certain employers and self-employed individuals engaging in business within the metropolitan commuter transportation district (MCTD).

As a result of the State budget, the \$3.9 million in the FY 25 NIFA budget has been removed in the FY 26 Proposed Budget. The FY 25 projection of \$1.7 million represents the tax that the County paid through July 1, 2025.

40F CSEA Legal Plan

The FY 26 budget includes \$534,226 for the CSEA legal plan, which is a minimal increase of \$26,851 budget to budget, and \$13,975 compared to the current projection. As per the CSEA agreement, the County shall pay for each full-time and regular part-time employee the sum of \$125 annually.

41F COBA Legal Plan

The FY 26 budget includes \$90,908 for the Correctional Officer Benevolent Association (COBA) legal plan as per the COBA contract agreement. The Proposed Budget is only \$4,408 greater than the current year budget, and by \$1,783 compared to the FY 25 projection.

45F Disability Insurance

The Proposed FY 26 Budget includes \$55,080 for providing New York State disability insurance to CSEA unit members, which is a very slight increase of \$1,080 compared to the current year's budget and compared to the current projection.

⁶ "Here's how much Medicare premiums could spike in January," [MoneyTalksNews](#), September 4, 2025.

76F Employees Optical for Retirees

This benefit provides optical coverage for retired County employees. The County’s cost to provide optical insurance coverage to retired employees is the same as the cost to provide insurance for current employees, which is \$110.40 per person. The FY 26 proposal of \$857,491 is decreasing by \$20,352 from the NIFA FY 25 Approved Budget, however it is rising by \$23,209 compared to the FY 25 projection. Based on the current projection, the budget appears to be adequately funded.

ZZO Capital Backcharge Overtime Fringes

Similar to the current year, the Proposed FY 26 Budget includes a credit of (\$308,933) which is the corresponding fringe benefit charge related to overtime salary chargeback.

ZZS Capital Backcharge to Fringes

The FY 26 proposal includes a credit of (\$3.2 million) which is the corresponding fringe benefit charge associated with the salary chargeback. Compared to the prior year budget and current projections.

Multi-Year Plan

Table 3.5: FY 26 Proposed-FY 29 Multi-Year Plan

SubObject & Description	2026 Proposed Budget	2027 Plan	2028 Plan	2029 Plan
AB08F - NYS Police Retirement	149,970,940	164,903,472	163,186,460	168,643,157
AB11F - State Retirement Systems	110,458,110	118,975,070	114,006,475	121,179,599
AB13F - Social Security Contributions	82,865,035	84,522,336	86,212,782	87,937,038
AB14C - Employee Contributions	(12,689,136)	(18,329,549)	(18,329,549)	(18,329,549)
AB14F - Health Insurance	212,960,305	221,478,717	230,337,866	239,551,381
AB16G- County Exp	42,000	42,000	42,000	42,000
AB17F - Optical Plan	789,181	789,181	789,181	789,181
AB19F - New York State Unemployment	1,740,120	1,774,922	1,810,421	1,846,629
AB20F - Dental Insurance	4,082,232	4,082,232	4,082,232	4,082,232
AB22F - Medicare Reimbursement	33,564,396	34,160,684	34,768,898	35,389,276
AB22S - Medicare Reimbursement Surcharge	3,738,464	3,738,464	3,738,464	3,738,464
AB26F - Flex Benefits Plan	2,200,000	2,200,000	2,200,000	2,200,000
AB35F - MTA Mobility Tax	0	0	0	0
AB40F - CSEA Legal Plan	534,226	544,911	555,809	566,925
AB41F - COBA Legal Plan	90,908	92,726	94,581	96,472
AB45F - Disability Insurance	55,080	56,182	57,305	58,451
AB75F - Health Insurance for Retirees	202,328,242	210,346,372	218,685,227	227,357,636
AB76F - Employees Optical for Retirees	857,491	857,491	857,491	857,491
AB98G - Fringes Allocable to Grants	(774,009)	(774,009)	(774,009)	(774,009)
ABZZO- Cap Backcharge OT Fringes	(308,933)	(315,112)	(321,414)	(327,842)
ABZZS- Cap Backcharge ST Time Fringes	(3,230,000)	(3,294,600)	(3,360,492)	(3,427,702)
Grand Total	789,274,652	\$818,851,489	\$833,639,727	\$867,476,830

Fringe benefits will increase by \$78.2 million, or 9.9%, from \$789.3 million in the Proposed FY 26 Budget to \$867.5 million in FY 29 of the MYP.

- Health insurance expenses for active and retired employees from FY 26 to FY 29 are projected to increase by \$51.6 million to \$466.9 million. According to the Administration, the baseline inflator

used to project out-year health insurance costs includes a recurring 4.0% for active employees and retirees throughout the out-years of the Plan. The inflators appear low compared to the historical five-year average of 7.4% for active and 5.7% for retiree insurance.

- If the inflators come in closer to the historical averages, the FY 27 budget would be adequate but there could be a potential deficit between \$10.0 million to \$15.0 million in FY 29.
- In FY 26, \$53.0 million has been set aside in the Operating Reserve Fund, to fund the potential shortfall, if this reserve is not used in FY 26, it may be available in the out-years of the plan.
- Pension costs for ERS and PFRS are increasing by \$23.4 million in FY 27, however they are decreasing by \$6.7 million in FY28, and then rising by \$12.6 million in FY 29. According to the Administration, the FY 28 rates are based on FY 26, however if rates rise this could be problematic for the plan. Pension expenses are expected to grow since both pension contribution rates and salaries are projected to increase in the out-years.
 - As previously mentioned, the New York State Comptroller projects a rise in SFY 2026-27 contribution rates and recently provided a pension invoice projection for SFY 2026-27 with estimated costs.
- The Proposed FY 26 Budget for social security is increasing annually by roughly \$1.7 million in the out-years for a total increase of \$5.1 million by FY 29. Social security is a function of salaries.

4. SALES TAX

The largest single source of revenue for the County is sales tax. Sales tax is collected by the State and distributed to the County on a regular basis. The current rate in Nassau is 8.625%, of which 4.0% is the State’s share, 4.25% is the County’s share and 0.375% goes to the Metropolitan Commuter Transportation District. The County distributes one seventeenth of its collections to the Town of Hempstead, the Town of North Hempstead, the Town of Oyster Bay, the City of Glen Cove, and the City of Long Beach. In addition, in FY 26 the incorporated villages are allocated a lump sum of \$1,250,000 to be divided on a per capita basis.

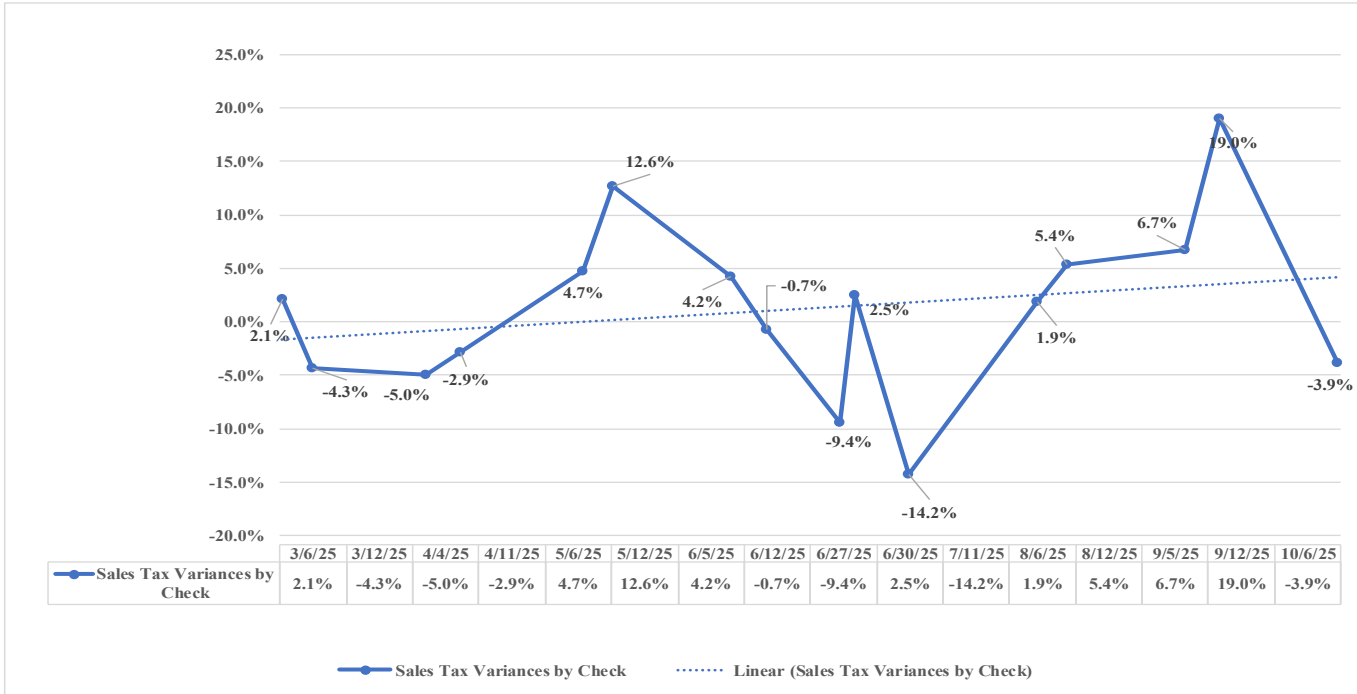
Year-to-date collections, through the October 6, 2025 sales tax check, are up 0.6% from this time last year, as shown in Table 4.0.

Table 4.0: Current Sales Check Percentage Growth

Sales Tax Receipts 2025 Vs. 2024 (figures in millions)				
	2024	2025	Variance \$	Variance %
Gross YTD Sales Tax	\$1,077.6	\$1,084.0	\$6.4	0.6%

The check-to-check growth rates for sales tax have been volatile with large swings from one check to the other. However, four of the last six checks have been positive and if this trend continues, this could put the County on a stronger financial footing as there is a substantial reliance on this revenue source. The chart below illustrates the growth swings from check-to-check beginning with the March 6, 2025, check:

Chart 4.0: Sales Tax Variances by Check



Recognizing the magnitude of this revenue source and its budgetary implications, OLBR has compiled the table below to help the Legislature understand how the Administration arrived at its budgeted sales tax number. The proposed sales tax revenue in the FY 26 Executive Budget is \$1,644.3 million and no deferrals are budgeted. According to the calculations, the FY 26 budget reflects a 1.6% growth rate annually from OMB’s current FY 25 projection. The Administration explains that the 1.8% increase that they reference is inclusive of an adjustment for Part “B” collections. Part “B” collections fall under the TB object code, which are sales tax revenues outside of Long Beach for hotel room occupancy and alcoholic beverages. However, the calculated 1.6% reflects the numbers that are in the budget.

Table 4.1 below illustrates the FY 26 Proposed Budget, which shows the 1.6% growth rate from their FY 25 projection and the out years of the plan which contain a 2.7% growth rate in FY 27, 2.3% in FY 28 and 2.8% in FY 29.

Table 4.1: Proposed Sales Tax Budget, Calculations, and Plan

(figures in millions)

2025 Adjusted	2026 Budget without Deferrals	2027 Budget without Deferrals	2028 Budget without Deferrals	2029 Budget without Deferrals
1,617.9	1,644.3	1,688.2	1,726.2	1,773.7
	1.63%	2.67%	2.25%	2.75%
OMB's Calculations and Proposed Budget and Plan				

To make this year’s budget, a growth rate of 6.3% will now be needed on the remaining checks. Often, the County experiences growth rates that have exceeded forecasts, as the Long Island economy has been robust and continues to outperform projections. However, based on recent trends it appears that a growth rate of 6.3% on the remaining checks could be challenging. This increases the likelihood of a potential risk to the Proposed FY 26 budget. Once all of the October checks are factored into our calculation, which will include the quarterly reconciliation, there will be a more indicative forecast of where the County will end in FY 25 and OLBR will adjust the projections accordingly.

For sales tax projections, OLBR uses year-to-date actual collections as a starting point, then grows the remaining checks by a percentage based on available economic data. If the remaining checks grow by the average growth of the last six checks, year to date through October 6th, and using OMB’s current Moody’s economic forecasts for sales tax in FY 26, the FY 25 remaining checks would grow by 2.47% and FY 26 would grow by approximately 2.3%, resulting in sales tax collections being roughly \$9.0 million shy of the FY 26 Proposed sales tax budget. That means that a growth rate of 2.9% would be necessary to meet the FY 26 budget. OMB has provided OLBR with a sales tax specific forecast from Moody's that shows an anticipated growth rate of 2.3% in FY 26, which, as previously stated, could result in a FY 26 Sales tax deficit as illustrated in the table on the following page. However, as will be illustrated on the next page, the next few checks will determine where the County will end up as the projections can go from negative to positive. The table offers a range of possible outcomes.

The following Table 4.2 depicts several sales tax scenarios based on different growth rates:

Table 4.2: FY 26 Sales Tax Scenarios

(figures in millions)

2025 Projection	2026 Growth Rate Scenarios			
	2.3% growth	2.9% growth	3.5% growth	4.0% growth
\$ 1,598.5	\$ 1,635.3	\$ 1,644.3	\$ 1,654.5	\$ 1,662.5
Surplus/Deficit	\$ (9.0)	\$ (0.0)	\$ 10.2	\$ 18.2

Additionally, the average of recent national and regional economic forecasts points to continued positive economic growth for Nassau County in FY 25, FY 26, and FY 27. A survey of current US Gross Domestic Product (GDP) forecasts reveals that the US economy is expected to grow an average of 1.4% in FY 25, 1.7% in FY 26, and 2.0% in FY 27.

Yet, regional growth as of August is projected by Moody’s to be 1.6% in FY 25, 1.6% in FY 26, and 1.6% in FY 27. Table 4.3 displays the current forecasts.

Table 4.3: Survey of Current US GDP Forecasts

Current Real US GDP 2025 - 2027 Forecasts			
	2025	2026	2027
Fannie Mae	1.1%	2.2%	N/A
Mortgage Bankers Association	1.0%	1.4%	1.7%
Federal Reserve Bank - Phil.	1.7%	1.6%	2.1%
The Conference Board	1.6%	1.3%	1.7%
Wells Fargo	1.8%	2.0%	2.3%
Average US GDP Forecast	1.4%	1.7%	2.0%
Moody's GCP Forecast	1.6%	1.6%	1.6%

Additionally, it should be mentioned that the FY 26 Proposed Budget and the out-years of the Plan include sales tax interfund transfers. In FY 26, \$299.0 million in sales tax revenue is being transferred from the General Fund to the Police Headquarters Fund and will continue to grow throughout the Multi-Year Plan.

In October 2025, the County will receive the final check completing the third quarter collections. At that time, OLBR will have an updated projection of where FY 25 sales tax collections will end.

5. FUND BALANCE

For presentation purposes the funds are shown to correlate with the itemization used in the Annual Comprehensive Financial Report (ACFR). Historically, the Total General Fund represented the sum total of the General Fund, Debt Service Fund, Fire Commission Fund, Police Headquarters Fund, Technology Fund, Open Space Fund, Employee Accrued Benefit Liability Fund, Litigation Fund, Retirement Contribution Reserve Fund, Bonded Indebtedness Fund, Nassau County Power Utility Authority Fund and Opioid Litigation Settlement funds. The Operating Reserve Fund was added in FY 23. To calculate the Total Governmental Funds amount, the NIFA, Police District, Sewer, Dispute Assessment, Capital, Non-Major Funds and American Rescue Plan Fund are added to the Total General.

Table 5.0 itemizes the County’s actual fund balance levels from FY 22 through FY 24, along with a projection of the FY 25 and FY 26 current appropriations/usages. All figures are shown on a **budgetary** basis.

Table 5.0: Budgetary Basis Year End Balance 2022 to 2024 & Office of Management and Budget (OMB) Projected Year-End 2025-2026 figures

Budgetary Basis Year End Fund Balance, 2022 to 2024 Actuals, 2025 Projection & 2026 Appropriation (\$'s in thousands)								
	2022	2023	2024	2024 vs. 2023	2025 Usage	2025 Projected	2026 Projected Usage	2026 Projected
General Fund	277,121	290,553	389,896	99,344		389,896		389,896
Debt Service Fund	0	0	0	0		0		0
Fire Commission Fund	0	0	0	0		0		0
Police Headquarters Fund	0.5	0.0	0.0	0		0		0
Technology Fund	84	88	92	4		92	(83)	9
Open Space Fund	2,001	2,016	2,110	93		2,110		2,110
Employee Benefit Fund	14,055	44,899	86,112	41,213		86,112	(55,000)	31,112
Litigation Fund	441,378	269,420	351,209	81,788		351,209	(191,000)	160,209
Operating Reserve Fund	0	94,034	136,969	42,935		136,969	(85,000)	51,969
Retirement Contribution Fund	70,347	72,872	86,048	13,176		86,048	(75,000)	11,048
Bonded Indebtedness Fund	125,000	63,026	80,573	17,547		80,573	(80,000)	573
Nassau County Power Utility Authority	(187)	(183)	(177)	6		(177)		(177)
SRF Excess Sales Tax	0	0	0	0		0		0
Opioid Litigation Settlement	77,251	85,559	88,581	3,022	(15,000)	73,581	(15,500)	58,081
Unreconciled*	0	5	0	(5)		0		0
Total General Fund	1,007,050	922,290	1,221,414	299,124	(15,000)	1,206,414	(501,583)	704,831
NIFA	0	0	0	0		0		0
Police District	115,855	118,006	120,658	2,652		120,658		120,658
Sewer	65,526	68,063	83,726	15,663	(15,220)	68,506	(19,577)	48,929
Dispute Assessment Fund DAF	8,808	14,351	20,220	5,869		20,220		20,220
Capital	0	0	0	0		0	(2,000)	(2,000)
Non Major	627	1,145	406	(739)		406		406
American Rescue Plan	(17,734)	11,066	(13,950)	(25,016)		(13,950)		(13,950)
Total Governmental Funds Budget Balance	1,180,131	1,134,921	1,432,475	297,554	(30,220)	1,402,254	(523,160)	879,094

*Could not reconcile the Comptroller's Report from NIFS

The projections on the previous page take the FY 24 year-end as a starting point and then add or subtract FY 25 and FY 26 appropriated uses incorporated in the FY 25 OMB Mid-year projections and the Proposed FY 26 Budget.

The County ended FY 24 with a balance of \$1,432.5 million in Total Governmental Fund balance. This was a \$297.6 million budgetary increase from FY 23. The majority of the funds recorded increases in FY 24 while the largest decline occurred in the American Rescue Plan, specifically \$25.0 million. Significant increases occurred in the General Fund with \$99.3 million followed by the Litigation Fund with \$81.8 million, the Operating Reserve Fund with \$42.9 million and the Employee Benefits Fund with \$41.2 million. The Operating Reserve Fund was created in FY 23 and currently has a balance of \$137.0 million, an increase of \$42.9 million.

From a Major Fund perspective (General, Debt Service, Fire Commission, Police Headquarters and Police District), the County ended FY 24 with a balance of \$510.6 million, an increase of \$102.0 million from FY 23.

The FY 25 OMB Mid-year projection anticipates the usage of \$15.2 million in the Sewer Fund.

In FY 26 the Proposed Budget reflects the appropriation of \$191.0 million in the Litigation Fund, \$85.0 million in Operating Reserve Fund, \$80.0 million in Bonded Indebtedness Fund, \$75.0 million in Retirement Contribution Fund, \$55.0 million in Employee Benefit Fund, \$19.6 million in the Sewer Fund, \$2.0 million in the Capital Fund and \$0.1 million in the Technology Fund. It is important to note that amounts represent appropriations that may or may not be used. However, the inclusion of these amounts is seen as offering financial flexibility should the need arise. These FY 25 and FY 26 additions and usages are captured in the chart.

Additionally, the County is required to report its annual financial results on a Generally Accepted Accounting Principles Basis (GAAP basis). The County's year-end GAAP results are reflected in the Comptroller's annual ACFR report. Moreover, per Governmental Accounting Standards Board (GASB) statement number 54, the reserved and unreserved classifications of fund balance were eliminated and replaced with five new classifications, non-spendable, restricted, committed, assigned, and unassigned.

The definition for each category is summarized below:

- The non-spendable balance reflects amounts that can't be spent because they are either not in a spendable form, will not convert to cash within the current period, or are legally or contractually required to be maintained intact.
- The restricted balances are restricted to specific purposes by external parties.
- The committed funds are constrained for specific purposes pursuant to formal action by the government's highest level of authority, the County's Legislature. The funds may not be used for any other purpose unless the constraint is changed by a similar action passed by the Legislature (Ordinance / Resolution).
- The assigned funds are constrained by the government's intent to be used for a specific purpose. The County Legislature may assign fund balance via approval of the annual budget. The assignment generally only exists temporarily, and no additional action is required for the removal of an assignment.

➤ The unassigned funds show the residual classification for the General Fund.

The table below displays these GAAP based financial results from 2022 through 2024.

Total Gov't GAAP by Type, Exhibit X-14 Note 16	2024	2023	2022	2024 vs. 2023
Non-Spendable	\$145.3	\$103.3	\$127.7	\$42.0
Spendable:				
Restricted	509.6	350.4	364.0	159.2
Committed	596.3	556.6	646.3	39.8
Assigned	388.9	353.4	368.7	35.6
Unassigned	79.4	61.8	42.1	17.6
Total Gov't GAAP	\$1,719.6	\$1,425.5	\$1,548.8	\$294.1

The Comptroller reports that the County ended FY 24 with a positive \$79.4 million **Unassigned** Fund Balance. When compared to the FY 23 year-end balance, the Total Governmental GAAP unassigned fund balance grew by \$294.1 million in FY 24. The positive number represents the flexibility that could be utilized should the County need to and is also viewed positively by rating agencies.