

Research Update:

# Nassau County, NY Series 2026A GO Improvement Bonds Assigned 'AA' Rating

June 4, 2026

## Overview

- S&P Global Ratings assigned its 'AA' long-term rating to [Nassau County](#), New York's \$280 million general obligation (GO) improvement bonds, series 2026A.
- S&P Global Ratings also affirmed its 'AA' rating on the county's GO debt outstanding and its 'AA' rating on the [Nassau County Sewer and Storm Water Finance Authority](#) sewer system revenue bonds, series 2014.
- The outlook is stable.

## Rationale

### Security

Securing the GO debt outstanding is the county's faith and credit, including the statutory authorization to levy ad valorem taxes on all real property within its borders, subject to the provisions of the 2011 tax levy limitation law, which imposes additional procedural requirements on a municipality's ability to annually increase the real property tax levy.

The rating on Nassau County Sewer and Storm Water Finance Authority's sewer system revenue bonds reflects the application of our "[Issue Credit Ratings Linked To U.S. Public Finance Obligors' Creditworthiness](#)" criteria (published Nov. 20, 2019). The bonds are secured by property tax assessments. We are rating the authority's outstanding obligation at the same level as our view of Nassau County's creditworthiness given the authority's nature as a non-operating entity and the county's role in the appointment and confirmation of its governing body.

Proceeds of the 2026A bonds will be used to finance various capital projects.

### Credit highlights

The 'AA' GO rating reflects Nassau County's sizable, diverse economy, high residential incomes compared with the state and nation, and stronger management practices and financial performance that have facilitated historically high levels of reserves and budgetary flexibility in

### Primary Contact

**Victor M Medeiros**  
Boston  
1-617-530-8305  
victor.medeiros  
@spglobal.com

### Secondary Contact

**Lauren Freire**  
New York  
+ 1 (212) 438 7854  
lauren.freire  
@spglobal.com

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fiscal 2026. The rating also reflects a manageable debt burden, although very high unfunded other postemployment benefits (OPEB) liabilities will lead to higher costs the longer the liability remains unaddressed. State statutes do not provide a mechanism for local governments to prefund the obligation.

To maintain structural balance in the current economic environment, the county is making budgetary adjustments to ensure balanced operating results for 2026 and is projecting a \$20.7 million surplus, supported by available general fund reserves exceeding 18% of revenues across all operating funds. At the end of fiscal 2025, general fund balances closed strongly and are projected to grow by more than \$52.3 million before funding reserves for future expenditures. Although total fund balances are at their highest level ever, the county faces a bifurcated revenue outlook. Sales tax performance remains resilient, but current economic conditions are pressuring these revenues and some departmental receipts. While Nassau County's conservative budgeting mitigates the risk of sudden financial deterioration, the combination of rising operational costs and a cooling revenue environment is tightening margins and could lead to the use of reserve balances should unforeseen budgetary gaps emerge.

Additional rating factors include our view of the following:

- The robust economic base encompasses the New York-Newark-Jersey City metropolitan statistical area (MSA). Real gross county product per capita and per capita income exceed national averages. Moreover, the tax base is substantial, totaling \$296 billion.
- The county's budget development process is conservative with sufficient monitoring, an improved culture of long-term planning, and basic reserve and debt management policies.
- The county reports consecutive years of positive financial performance and maintenance of very strong reserves and liquidity, providing flexibility to adapt to changing economic circumstances.
- Debt and liability costs are manageable when measured against operating revenue and moderate debt per capita. Additional long-term debt will increase debt service costs over several years, but these should remain in line with the rating. Pension and OPEB pressures are low.
- The operating framework stable and predictable with some revenue and expenditure limitations. For more information on our institutional framework assessment for New York local governments, see "[Institutional Framework Assessment: New York Local Governments](#)," Sept. 10, 2024.

## Environmental, social, and governance

The county's location on Long Island exposes its tax base to physical risks from extreme weather that could disrupt revenue collections in the event of a significant acute event, such as a hurricane, or instances of chronic flooding following substantial rainfall. We view these risks similarly for many Long Island communities and believe county and regional planning efforts and adaptation infrastructure projects mitigate the near-term credit risks. We incorporate countervailing governance structure aspects into our rating analysis; we think the statutory framework providing for the Nassau County Interim Finance Authority (NIFA) is positive, as NIFA has provided technical and budgetary support in times of fiscal stress, but the statutory inability of New York local governments to prefund their OPEB liabilities is a weakness for these issuers that continues to result in escalating costs as a share of the budget. We view the county's social risks as neutral within our credit rating analysis.

## Outlook

The stable outlook reflects our expectation that the county will maintain operating balance and strive to keep reserves at historically high levels. This reflects budgetary policies designed to maintain long-term structural balance, along with the county's commitment to maintaining strong reserves.

### Downside scenario

We could lower the rating if the recent positive results reverse course and management is unable to consistently maintain budgetary balance, resulting in a substantial deterioration of reserves.

### Upside scenario

We could raise the rating if the county meaningfully addresses its long-term liabilities and sustains its improved budgetary practices and financial performance while maintaining reserves at strong levels.

## Credit Opinion

### Economy

With its proximity to New York City and major employment centers in surrounding Suffolk and Westchester counties, as well as southern Connecticut, Nassau County serves as both a wealthy bedroom community and a diversified economic engine. This dual role is bolstered by extensive access to the New York City MSA through robust road and rail transportation networks, allowing the county to capture both residential wealth and regional employment opportunities. The county maintains a steady mix of employers, including anchor institutions such as Memorial Sloan Kettering Cancer Center and Cohen Children's Medical Center. A primary driver of future growth is the Nassau Coliseum site, which represents the region's largest economic development opportunity. The county remains focused on revitalizing the site to catalyze job creation and bolster long-term economic activity.

### Financial performance, reserves, and liquidity

Our financial analysis combines the county's general, NIFA, police district, and sewer district funds into a net operating fund to calculate performance and reserves. Major operating revenue includes sales (about 45%) and property (22%) taxes, based on fiscal year-end 2024 audited revenue.

The county has made significant progress in paying down outstanding liabilities, providing long-term budgetary savings. For example, the county no longer has any outstanding pension deferrals and has lowered its tax certiorari and general legal liabilities by an aggregate \$754 million, or 56%, since 2021. Management's focus on making structural budgetary adjustments to align recurring expenditures with current revenues has been an important initiative, positioning Nassau County to navigate economic uncertainty and potential policy changes with greater budgetary headroom and reserves.

For fiscal 2025, the county projects a \$52.3 million surplus before funding reserves for future expenditures. This surplus is primarily driven by lower-than-budgeted expenses in salaries and fringe benefits (\$61.7 million) and other personal services (\$23.5 million), the latter of which is

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largely due to a \$9.7 million reduction in contractual costs and \$7.9 million in general expenses. These savings helped offset unfavorable departmental revenues of \$11.8 million, driven by a cooler real estate market, as well as unfavorable costs in preschool (\$14.9 million) and daycare (\$5.0 million) following budget transfers.

The fiscal 2026 adopted budget is structurally balanced, totaling \$4.3 billion, and provides funding for 68 new full-time positions with an emphasis on public safety. Fiscal 2026 sales tax projections (prior to NIFA set-asides) are estimated at \$1.6 billion, in line with 2025 actual receipts.

### Management

While historical political gridlock involving the county legislature, collective-bargaining units, underlying municipalities, and NIFA once tempered our view of management, we see a marked improvement in stakeholder relations. The county's ability to settle several outstanding labor contracts and its proactive engagement with NIFA to close budget gaps and restructure debt suggest a more collaborative and stable governance environment.

Since its establishment by the state legislature in 2000, NIFA has provided critical oversight that, in our view, continues to bolster Nassau County's credit profile. NIFA maintains oversight of the county's multiyear financial and four-year capital plans, ensuring disciplined budgeting and long-term planning. Additional county policies guide performance. Although the county maintains a comprehensive debt management policy, it views several indicators as targets rather than hard caps. The county also has an investment policy, with holdings included in the annual comprehensive financial report. It maintains a fund balance target of between 4% and 5% of prior-year expenditures on a budgetary basis in the general fund and countywide special revenue funds.

### Debt and liabilities

The county's long-term debt outstanding (including GO bonds, sewer and stormwater bonds, and bonds issued through the state's environmental facilities corporation), as well as NIFA debt, subscription-based IT arrangements, and other capital leases, totaled approximately \$3.7 billion. The county regularly evaluates its capital plan, and we anticipate annual borrowing consistent with prior years. Key initiatives include continued investment in resiliency projects, such as the Bay Park Conveyance, and the completion of the Family & Matrimonial Court Building. Additionally, efforts remain focused on infrastructure maintenance, including bridge investments, road resurfacing, traffic safety improvements, and sewer and stormwater enhancements. The county's exposure to additional litigation, tax certiorari, judgments, and claims, along with its NHCC debt guarantee, creates some speculative contingent liability risk. However, with the litigation reserve created from the surplus and the county's continued elimination and payment of tax certiorari claims, we believe this risk is subsiding.

The county participates in well-funded pension plans; however, its large and growing OPEB obligation of \$7.0 billion as of Dec. 31, 2024, could constrain upward rating movement if these costs continue to escalate as a share of the budget. The county is unable to prefund the obligation due to state statutes, which, given growing debt and liability costs, could create future budgetary pressures.

### Nassau County, New York--credit summary

**Nassau County, New York--credit summary**

Individual credit profile (ICP)	2.04
Economy	1.5
Financial performance	2
Reserves and liquidity	1
Management	1.95
Debt and liabilities	3.75

**Nassau County, New York--key credit metrics**

	Most recent	2024	2023	2022
<b>Economy</b>				
Real GCP per capita % of U.S.	--	105	108	112
County PCPI % of U.S.	--	149	150	149
Market value (\$000s)	340,332,137	296,900,032	280,046,480	226,654,332
Market value per capita (\$)	242,905	211,906	201,293	163,427
Top 10 taxpayers % of taxable value	--	10.7	10.6	11.0
County unemployment rate (%)	--	3.2	3.1	2.9
Local median household EBI % of U.S.	--	159	160	160
Local per capita EBI % of U.S.	--	137	139	146
Local population	--	1,401,093	1,391,237	1,386,881
<b>Financial performance</b>				
Operating fund revenues (\$000s)	--	3,768,080	3,718,397	3,537,142
Operating fund expenditures (\$000s)	--	3,682,321	3,697,766	3,248,670
Net transfers and other adjustments (\$000s)	--	184,197	(94,877)	(54,409)
Operating result (\$000s)	--	269,956	(74,246)	234,063
Operating result % of revenues	--	7.2	(2.0)	6.6
Operating result three-year average %	--	3.9	7.0	9.1
<b>Reserves and liquidity</b>				
Available reserves % of operating revenues	--	18.0	14.9	17.7
Available reserves (\$000s)	--	676,613	552,237	626,793
<b>Debt and liabilities</b>				
Debt service cost % of revenues	--	8.2	11.8	2.8
Net direct debt per capita (\$)	2,683	2,378	2,379	2,454
Net direct debt (\$000s)	3,758,512	3,331,335	3,309,760	3,403,915
Direct debt 10-year amortization (%)	52	54	55	--
Pension and OPEB cost % of revenues	--	10.0	10.0	9.0
NPLs per capita (\$)	--	449	594	36
Combined NPLs (\$000s)	--	629,749	826,683	49,644

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

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### Ratings List

#### New Issue Ratings

US\$280.000 mil GO gen imp bnds ser 2026A due 04/01/2056

Long Term Rating AA/Stable

#### Ratings Affirmed

##### Local Government

Nassau Cnty, NY Unlimited Tax General Obligation AA/Stable

Nassau County Swr & Storm Wtr Fin Auth, NY Limited Tax General Obligation Special Assessments AA/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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