



Review of the Proposed 2027 Nassau County Budget

**Office of Nassau County
Comptroller Elaine Phillips**

October 2026

OFFICE OF THE NASSAU COUNTY COMPTROLLER

Review of the Proposed 2027 Budget

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Hon. Elaine Phillips
Nassau County Comptroller



OFFICE OF THE NASSAU COUNTY COMPTROLLER

240 Old Country Road
Mineola, New York 11501
Tel: (516) 571-2386 Fax: (516) 571-5900
nccomptroller@nassaucountyny.gov

October 7, 2026

On behalf of the Office of the Nassau County Comptroller, I am proud to present our review of the County Executive's Proposed Operating Budget for 2027, as required by the Nassau County Charter.

Budgeting is a financial management tool, providing a framework for strategic planning, performance evaluation, and effective resource utilization. By establishing clear financial goals and guidelines, organizations can navigate their financial landscape more effectively and work towards sustainable growth. Other events can occur during the year, resulting in potential changes to the budget plan.

A government's budget informs taxpayers, voters, and the Legislature, and provides a process to ensure that expenditures and revenues are properly authorized by the government.

My expert team and I have reviewed the County Executive's Proposed 2027 Budget. We believe the proposed budget provides reasonable estimates for 2027 revenues and expenditures.

This report will focus on the major revenue sources and major categories of expenditures contained in the budget and will identify areas where there are potential variances to watch for.

Nassau County will go into 2027 in a strong fiscal position as evidenced by the past years' performances, responsible management of reserves and liabilities, as confirmed by the favorable evaluations of independent rating agencies and the New York State Comptroller's Office.

Sincerely,

A handwritten signature in black ink that reads "Elaine Phillips".

Elaine Phillips
Nassau County Comptroller

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EXECUTIVE SUMMARY

PURPOSE

The Nassau County Charter requires that the Nassau County Comptroller render an opinion as to the reasonableness of the estimates contained in such proposed budget relating to non-real property tax revenues. This report has been prepared pursuant to §402 (8) of the County Charter.

The proposed 2027 Nassau County Budget provides reasonable estimates for 2027 revenues and expenditures.

Highlights going into the 2027 budget year include:

1. No increase in the property tax levy for the 5th consecutive year.
2. Based on historic trends, we expect sales tax revenue to continue to increase.
3. In 2026, 590 County employees retired following the voluntary separation incentive program (VSIP) offered by the County. Savings will be achieved in 2027 through the lower salaries of retained and new employees, with additional savings possible if budgeted positions remain unfilled or there are delays in filling vacant positions. The Proposed Budget includes funding for approximately 600 full-time positions that are currently vacant with an estimated value of \$60 million.
4. In early 2027, the modern, integrated financial system, CGI Advantage (ADV), with best-in-class cybersecurity protection, will Go Live. Additional functionality will be activated through 2027 and 2028. Financial and accounting work throughout the County should become more manageable leading to improved and faster workflow and reporting.

DEBT RATINGS

Nassau County is in a strong financial position. Nassau's bond ratings are at their highest levels in more than 30 years, and the major bond rating agencies continue to acknowledge the County's excellent fiscal condition. In June 2026, Moody's reaffirmed the County's Aa2 rating and upgraded Nassau's outlook to positive. Both Fitch and S&P reaffirmed the County's ratings of AA with stable outlooks.

Nassau County General Obligation Bond Ratings						
	2024-June		2025-June		2026-June	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
Moody's Investors Services	Aa2	Stable	Aa2	Stable	Aa2	Positive
S&P Global Ratings	AA-	Positive	AA	Stable	AA	Stable
Fitch Ratings	AA	Stable	AA	Stable	AA	Stable

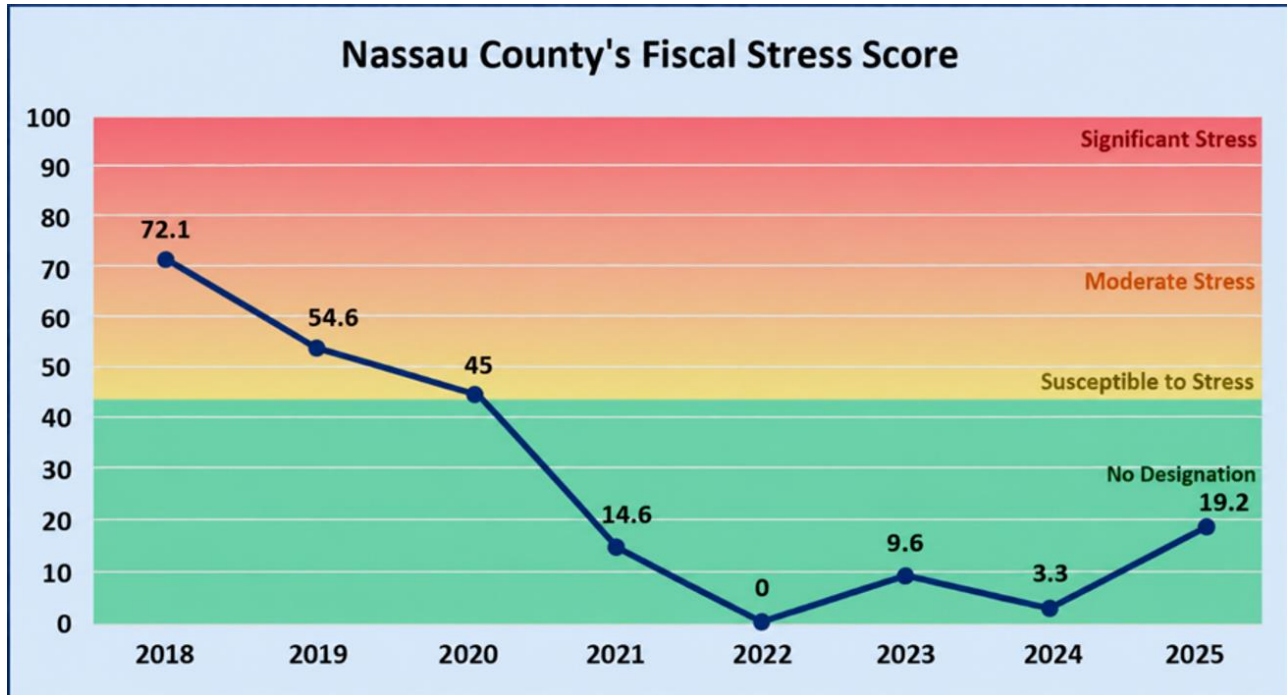
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The June 2026 rating agency reports noted the County’s conservative financial budgeting and strong expense management. Specifically, the rating agencies noted the stabilization of County reserves and liquidity, which align Nassau County with higher rated peers. The County also continues to manage and reduce its exposure to various liabilities.

NYS FISCAL STRESS SCORE

Since 2020, there has been “no designation” of fiscal stress from the Office of the New York State Comptroller. This score is additional, independent confirmation of the financial health of the County.



BUDGET REVIEW REPORT

This report reviews the County’s consistently important sources of revenue for County operations, with a particular focus on Sales Tax.

Similarly, the report reviews the County’s expenditures with particular focus on the largest categories of expenditures, including Payroll and Fringe Benefits, Social Services programs, Early Intervention/Pre-School programs, and Debt Service.

In this report we detail the potential variances (where proposed revenues may be higher or lower and/or expenditures will be greater or less than budgeted) contained within the proposed budget.

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This report reviews:

- The 5 Budgetary Funds:
 - Unconsolidated (Standalone) General Fund¹;
 - Police Headquarters Fund;
 - Debt Service Fund;
 - Fire Commission Fund; and
 - Police District Fund.

In order to comply with governmental accounting standards of reporting, the County's financial results are reported on a GAAP (Generally Accepted Accounting Principles) basis. For information about the differences between GAAP and the Budgetary Basis of accounting, see pages 19-20 and Appendix B of this report.

PROPOSED FISCAL YEAR 2027 BUDGET OPPORTUNITIES/RISKS

The 2027 Proposed Budget for the 5 budgetary funds projects revenues and expenditures of \$4.6 billion or \$4.2 billion excluding eliminating interfunds. The pie charts below illustrate the 2027 Proposed Budget by revenue and expenditure category.

2027 Proposed Budget: 5 Budgetary Funds Revenue Composition

Sales Tax is the major revenue source for Nassau County, accounting for \$1.7 billion or 41% of revenue, followed by Property Tax at \$755.3 million or 18%, State and Federal Aid at \$607.5 million or 14% and Departmental Revenues at \$228.4 million or 5%.

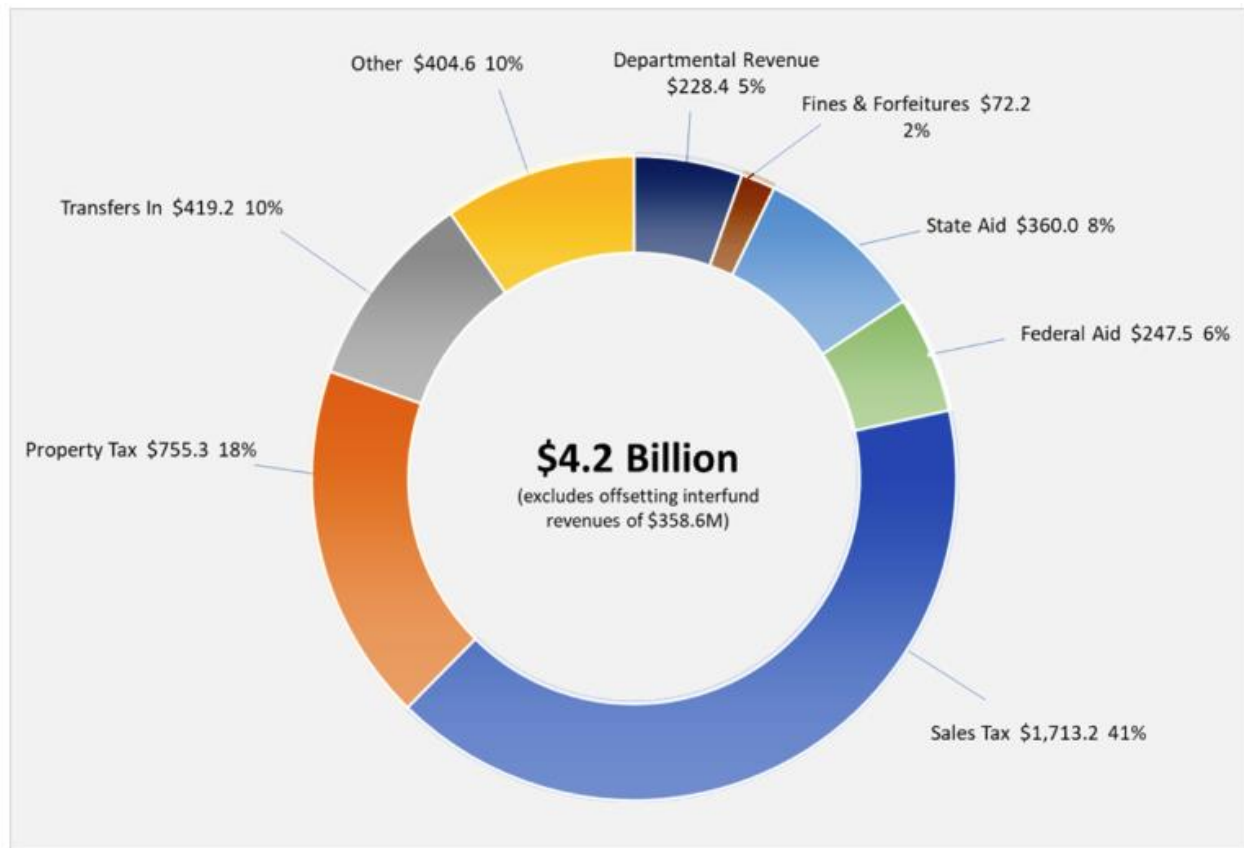
2027 Proposed Budget 5 Budgetary Funds Revenues

See next page.

¹ The standalone General Fund differs from the General Fund as reported in the County's financial statements.

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FY 2027 Proposed Five Budgetary Funds Revenues (\$ Millions)



Note: Other includes: Non-offsetting Interfund Revenues (\$93.7 million), PILOTs (\$50.5 million), Rents and Recoveries (\$50.4 million), Interest Penalties on Taxes (\$37.2 million), Special Taxes (\$33.8 million), Permits and Licenses (\$19.9 million), OTB Video Lottery Terminals (\$20.0 million), Revenue Offsets of Expense (\$21.2 million), Investment Income (\$49.5 million), Capital Resources (\$28.1 million) and various Other (\$0.3 million).

2027 Proposed Budget: 5 Budgetary Funds Obligations Composition

Major Obligations Categories

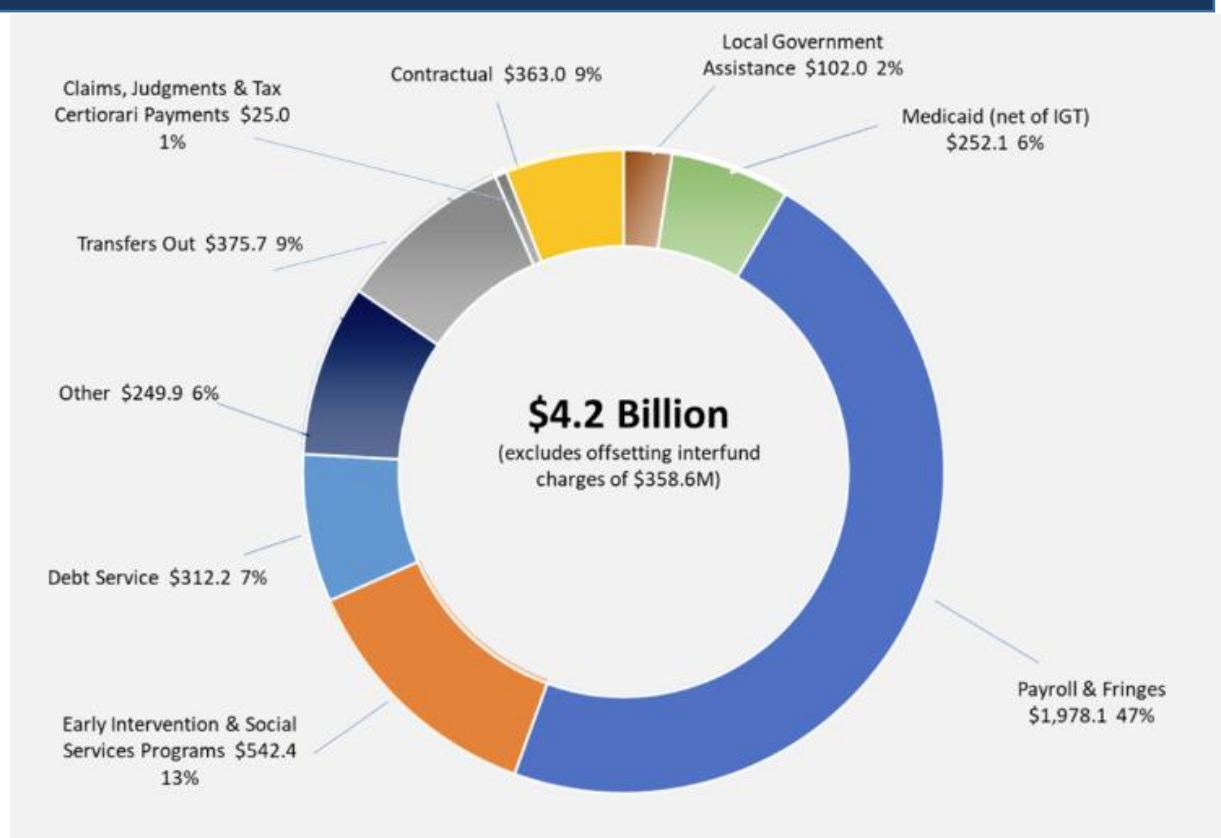
Payroll, fringe benefits, and workers compensation at 47% or \$1,978.1 million, is the County's largest expenditure, followed by Early Intervention and Social Service Programs at \$542.4 million or 13%, Contractual Services at 9% or \$363.0 million, total Debt Service at 7% or \$312.2 million, and Medicaid at \$252.1 million or 6%.

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2027 Proposed 5 Budgetary Funds Obligations

FY 2027 Proposed Five Budgetary Fund Obligations (\$'s Millions)



Note: Other includes Non-offsetting interfund charges (\$19.6 million), Mass Transportation (\$56.0 million), Utilities (\$45.4 million), General Expenditures (\$54.1 million), Rental Expenditures (\$15.1 million), FIT and Non-Resident Tuition (\$15.0 million), Legal Aid Society (\$11.7 million), Bar Association (\$18.6 million), Variable Direct Expenses (\$5.3 million), Equipment purchases (\$5.0 million), NIFA expenditures (\$2.5 million), and various other (\$6.9 million).

Below are some of the key assumptions for the projections in this report:

- The 2027 Proposed Budget includes an estimated \$60.0 million budgeted for the approximately 600 vacant positions in the County in the 5 budgetary funds. The projections in this report do not include a cost for these vacant positions as the methodology used by the Comptroller's Office is to project using current on-board headcount adjusted for additional police and correctional classes and related attrition.
- While this report projects that property tax refunds and judgments and settlements will have a surplus in 2027 due to budgeted appropriations in the Litigation Fund (LIT) reserve, the report assumes that all judgments and settlements, and all but \$2.0 million of property tax refunds, will be paid out of the Litigation Fund, although, as of the date of this report, there is not enough fund balance in the Litigation Fund's Police District reserve to fund the 2027 Proposed Budget's appropriations for the Police District.

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- The 2027 Proposed Budget includes transfers from the reserves to the 5 budgetary funds of \$43.5 million to pay for Police Headquarters workers' compensation, labor and termination costs (\$18.5 million), and health insurance costs in the General Fund (\$25.0 million). These budgeted transfers are included in the projections.

Sales Tax

Sales tax is the largest source of revenue for the County². *The Comptroller's projection is flat to the 2027 Proposed Budget.*

Sales Tax collections are distributed by the NYS Department of Taxation over the course of 26 checks throughout the year. Sales Tax revenues are recorded in the County's financial system and reported in its financial statements. Collections are a part of revenue, however, there are adjustments that are required to be made in accordance with State law as it pertains to Preempted Sales Tax in Lieu of Property Taxes (aka Part County Sales Tax). Appendix C: Sales Tax Terminology provides more detail on those adjustments. In the following table, sales taxes are reported as Countywide Sales Tax and Part County Sales Tax, which comprise total collections. Part County Sales Tax, or Preempted Sales Tax In Lieu of Property Taxes, and Deferred Part County Sales Tax are explained in the Appendix C of this report.

FY 2025	FY 2026	FY 2027		
Actual	Comptroller's Mid-Year Forecast	Proposed Budget	Comptroller's Forecast	Budget
\$1,614.7	\$1,655.6	\$1,713.2	\$1,713.2	\$0.0

Sales Tax is greatly affected by economic factors. Through the collection of the October 6, 2026 check, the County's sales tax revenues have been 4.9% higher than the same collections in 2025. The table below illustrates various opportunities and risks under different sales tax collection scenarios against the 2027 Proposed Budget.

² Includes Countywide sales tax, part county sales tax, and deferred part county sales tax.

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2027 Sales Tax Scenarios:

<i>in \$ millions</i>							
2027 Sales Tax Collections Scenarios*	2027 Proposed Budget + -2%	2027 Proposed Budget + -1.5%	2027 Proposed Budget + -1%	2027 Proposed Budget	2027 Proposed Budget + +1%	2027 Proposed Budget + +1.5%	2027 Proposed Budget + +2%
2027 Budget	\$ 1,713.2	\$ 1,713.2	\$ 1,713.2	\$ 1,713.2	\$ 1,713.2	\$ 1,713.2	\$ 1,713.2
Projected Total Sales Tax	\$ 1,678.9	\$ 1,687.5	\$ 1,696.0		\$ 1,729.0	\$ 1,736.9	\$ 1,744.9
Difference from Budget	\$ (34.3)	\$ (25.7)	\$ (17.2)		\$ 15.8	\$ 23.7	\$ 31.7
* Includes Countywide + Part County net of Part County Deferrals							
2027 proposed budget increase over 2026 adopted budget						\$ 68.9	4.2%
2027 proposed budget increase over 2026 Aug OMB forecast						\$ 48.4	2.9%
2026 Year-to-date Sales Tax collections through October 5, 2026 check are higher than 2025 by							4.9%

Sales Tax Trends

As illustrated by the following graph, the monthly trends in sales tax revenues have been fairly consistent over the years. Sales tax revenues have followed consistent cyclical patterns for the last four years – spiking in May and June, then declining, and ending each year on an upswing mainly due to the holiday season.

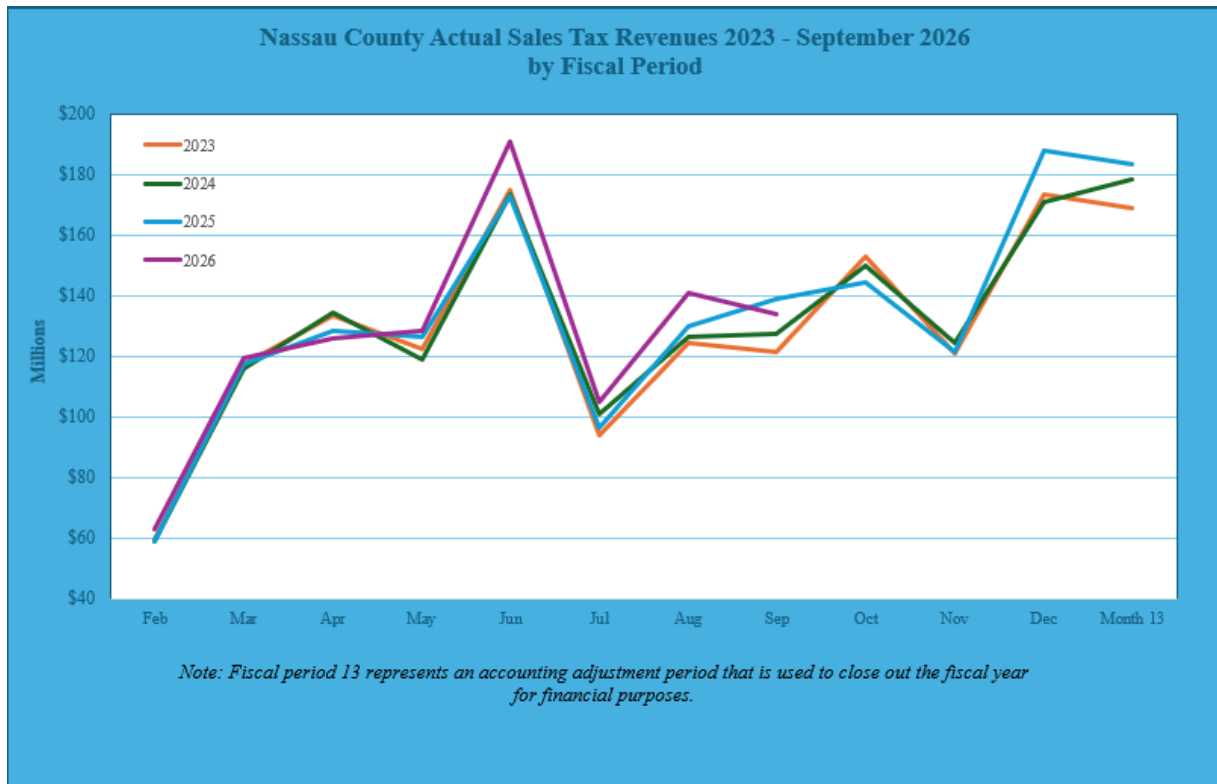
The charts on the next page illustrate how consistent sales tax revenue³ has been over the past 10 years. With the exception of the impact of shutdowns in reaction to COVID in 2020, sales tax collections have continued to increase.

³ Sales Tax revenue includes deferred part county revenue while sales tax collections represent the sales tax checks provided from New York State.

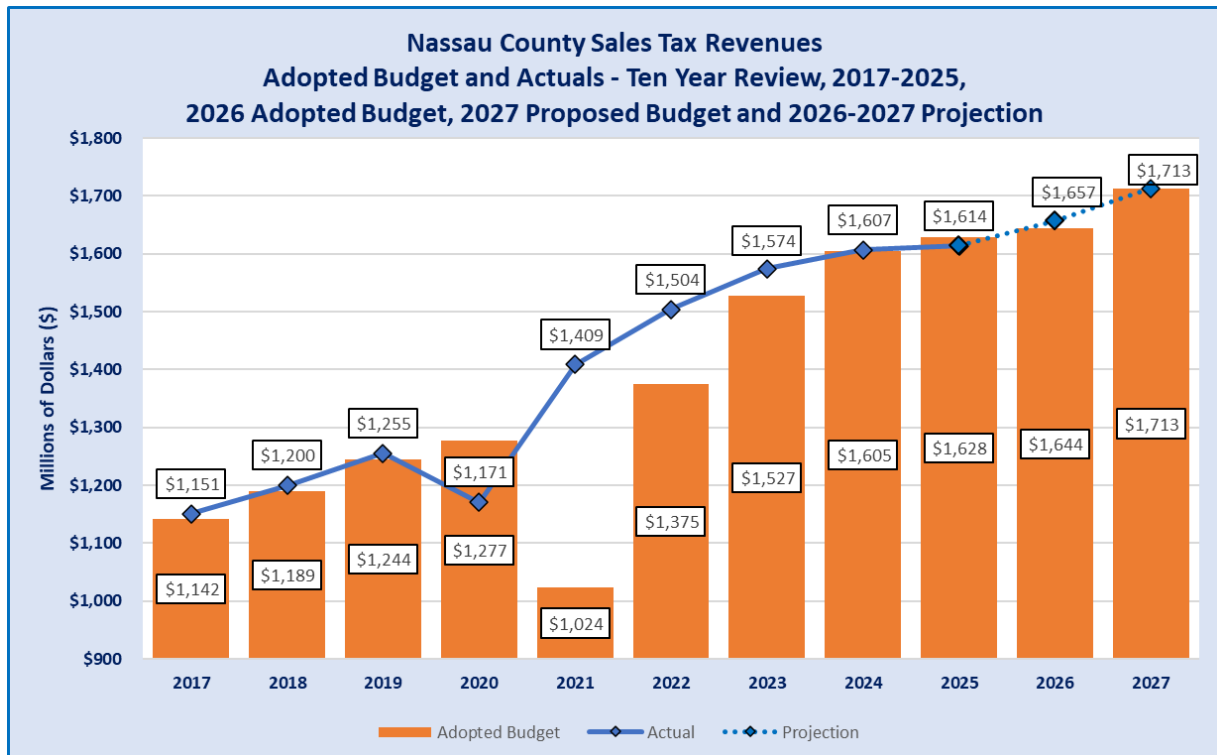
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Nassau County Actual Sales Tax Revenue by Month, 2023-2026



Nassau County Sales Revenue, Adopted Budget vs. Actuals & Projected, 2017-2027



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Payroll, Fringe Benefits and Workers' Compensation

Payroll, fringe benefits, and workers' compensation expenditures are projected to have a combined surplus of \$0.1 million when compared to the 2027 Proposed Budget.

The 2027 Proposed Budget includes a total of \$1,978.1 million related to payroll, fringe benefits and workers' compensation expenses combined. This includes a projected opportunity of \$4.7 million for salary-related expenses and a potential risk identified in fringe benefits of \$4.6 million.

	FY 2025	FY 2026	FY 2027		
	Actual	Comptroller's Forecast	Proposed Budget	Comptroller's Forecast	Budget (Risk) Opportunity
Payroll excluding OT & Termination Pay	\$886.0	\$918.7	\$989.5	\$933.6	\$55.9
Overtime	\$122.3	\$139.7	\$104.9	\$128.5	(\$23.6)
Termination Pay	\$41.0	\$122.1	\$29.7	\$57.3	(\$27.6)
Total Payroll	\$1,049.3	\$1,180.5	\$1,124.1	\$1,119.4	\$4.7
Fringe Benefits	\$706.9	\$781.3	\$813.6	\$818.2	(\$4.6)
Workers' Compensation	\$35.9	\$43.9	\$40.4	\$40.4	\$0.0
Total Payroll, Fringe Benefits and Workers' Compensation	\$1,792.1	\$2,005.7	\$1,978.1	\$1,978.0	\$0.1

The 2027 Proposed Budget assumes a full-time headcount of 7,621, an increase of 8.5% or 595 personnel from the current on-board full-time headcount of 7,026 as of September 17, 2026. The value of the 600 vacant budgeted full-time positions is estimated at \$60.0 million for the five budgetary funds.

Major Assumptions:

Step Increases and Cost of Living Adjustments: The County's six labor unions include the Civil Service Employees Association (CSEA), Nassau County Police Benevolent Association (PBA), Nassau County Superior Officers Association (SOA), Nassau County Detectives Association (DAI), Nassau County Sheriff's Correction Officers Benevolent Association (COBA) and the Nassau County Investigators Police Benevolent Association (IPBA). The Comptroller's Office forecast includes all scheduled step increases and cost of living adjustments (COLAs) consistent with the ratified labor contracts (DAI, SOA, PBA, COBA, CSEA and IPBA) and the 2027 budget as proposed. This includes a 2.5% COLA on January 1, 2027 for CSEA members based on the April 2025 amended Memorandum of Agreement (MOA) between the union and the County. The Administration has agreed to a one-year extension of the PBA, DAI, SOA and COBA collective bargaining agreements that expired on June 30, 2026. The extension provides a 4.5% COLA

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increase from July 1, 2026 through June 30, 2027 and, per the County Administration, will cost the County approximately \$53 million over the term of the agreement. The 2027 budget as proposed includes appropriations totaling \$28.0 million (\$23.0 million for both Police funds and \$5.0 for the General Fund) not including the related fringe benefit costs. The Comptroller's Office forecast includes this potential salary increase for the police unions in the fiscal 2027 forecast. This one year extension will require approval from both the County Legislature and NIFA.

PAYROLL EXPENSE (EXCLUDING OVERTIME AND TERMINATION)

The Comptroller's Office projects a surplus in payroll of \$55.9 million excluding termination pay and overtime costs. Potential savings identified in this category include:

- The Comptroller's Office forecast for 2027 includes a full-time headcount of 7,136 after the inclusion of additional Police and Correctional Officer classes, and net of attrition. the estimated value of the vacant positions when compared to the 2027 Proposed Budget headcount of 7,621 is \$60.0 million for the County's five budgetary funds. Additional savings can be achieved if budgeted positions remain vacant or there are delays in hiring in the year.
- Potential savings of \$12.3 million have been identified in Part time / Seasonal personnel in the General Fund, which includes budgetary increases not supported by current trends and anticipated increases in headcount.

Payroll Expenditures (\$ Millions)

	FY 2025	FY 2026	FY 2027		
Funds	Actual	Comptroller's Mid-Year Forecast	Proposed Budget	Comptroller's Forecast	Budget Opportunity/ (Risk)
5 Budgetary Funds	\$886.0	\$918.7	\$989.5	\$933.6	\$55.9
Total	\$886.0	\$918.7	\$989.5	\$933.6	\$55.9

FRINGE BENEFITS

The Comptroller's Office projects a risk of \$4.6 million in fringe benefits when compared to the 2027 Proposed Budget total of \$813.6 million for this expenditure category.

The Comptroller's Office is projecting a total of \$818.2 million for this category resulting in a budgetary shortfall of \$4.6 million when compared to the 2027 Proposed Budget of \$813.6 million. The primary areas of savings identified in fringe benefits are:

- \$8.7 million related to FICA expense due to budgeted but vacant positions (approximately 600 positions); and
- \$4.2 million pertaining to budgeted pension expense, with costs expected to be lower than

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the 2027 budgeted amounts based on the estimated bills from the New York State Retirement System for both New York State Local Employees' Retirement System (ERS) and the New York State Local Police and Fire Retirement System (PFRS). The County may also prepay the 2027 NYS retirement bill in December 2026 which would result in additional savings to the County of \$2.0 million.

An area of risk offsetting these potential savings is in health insurance costs for both active and retired employees. The 2027 Budget as proposed includes a 4.5% rate increase in health insurance for both active employees and retirees. The Comptroller's Office forecast assumes a health insurance rate of 8% for active employees and 7.5 % for retired employees based on current trends. The Comptroller's Office forecast has estimated a combined health insurance cost that could create a budgetary shortfall between \$10.0 million and \$11.0 million depending on how the actual insurance rates for 2027 compared to current estimated increases year-over-year.

Fringe Expenditures (\$ Millions)

	FY 2025	FY 2026	FY 2027		
Funds	Actual	Comptroller's Mid-Year Forecast	Proposed Budget	Comptroller's Forecast	Budget Opportunity/ (Risk)
5 Budgetary Funds	\$706.9	\$781.3	\$813.6	\$818.2	(\$4.6)
Total	\$706.9	\$781.3	\$813.6	\$818.2	(\$4.6)

TERMINATION PAY

The projections in this report estimate a potential risk in termination pay of \$27.6 million as the 2027 Proposed Budget does not sufficiently fund the County's anticipated termination expense for the fiscal year at a total of only \$29.7 million for the five budgetary funds combined.

The 2027 Proposed Budget will fund termination pay for up to approximately 120 sworn officers totaling \$19.4 million for the police funds, comprised of \$8.3 million in Police District and \$11.1 million in the Police Headquarters Fund. The 2027 Proposed Budget also includes \$15.0 million appropriated in the EBF Fund. The Comptroller's Office is also forecasting up to 120 sworn officers retiring in 2027 with an estimated cost potentially reaching \$44.0 million.

The Proposed Budget for 2027 appropriates \$15.0 million in 2027 from the EBF Fund for termination pay not related to the Police District Funds. The reserve balance in the EBF Fund may be used by the County Administration to offset actual overages related to termination pay. However, the monies in the EBF Fund are restricted for use by fund, that is, Police District termination pay may not utilize the portion restricted to non-Police district employees.

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Termination Pay (\$ Millions)

	FY 2025	FY 2026	FY 2027		
Funds	Actual	Comptroller's Mid-Year Forecast	Proposed Budget	Comptroller's Forecast	Budget Opportunity /(Risk)
5 Budgetary Funds	\$41.0	\$122.1	\$29.7	\$57.3	(\$27.6)
Total	\$41.0	\$122.1	\$29.7	\$57.3	(\$27.6)

OVERTIME EXPENDITURES

Based on current expenditure trends, overtime for the five budgetary funds is expected to be underfunded by potentially \$23.6 million when compared to the 2027 Proposed Budget.

The 2027 Proposed Budget includes funding for two additional classes to begin the Police Academy in 2027 of up to 50 recruits each. Our projections include these police classes as well, offsetting attrition within the year. Classes have also been included in the Comptroller's Office 2027 projections for the Correctional Center in line with the 2027 Proposed Budget, two classes of up to 30 correctional officers each.

The 2027 Proposed Budget increased the total budget for overtime by \$1.8 million for all funds, which represents an increase of 1.8% over the overtime approved in the 2026 Adopted Budget. Current 2026 trends are forecasting anticipated shortages in overtime potentially up to \$36.7 million. While the County Administration feels that a reduction in overtime is achievable in 2027 due to the new classes of police and correctional officers, a 1.8% increase in the overtime budget over 2026 will not be sufficient for total overtime expenses based on current trends.

Overtime expense budgeted for 2027 for the five budgetary funds combined totals \$104.9 million. The Comptroller's Office forecasts overtime expenses for 2027 at \$128.5 million. Notwithstanding the initiatives mentioned above, the projections still anticipate a combined shortfall of approximately \$14.0 million in overtime expenditures for the two police funds, of which \$4.0 million is projected for the Police District Fund, \$10.0 million in the Police Headquarters Fund and up to \$8.9 million for the Correctional Center.

Overtime (\$ Millions)

	FY 2025	FY 2026	FY 2027		
Funds	Actual	Comptroller's Mid-Year Forecast	Proposed Budget	Comptroller's Forecast	Budget Opportunity/ (Risk)
5 Budgetary Funds	\$122.3	\$139.7	\$104.9	\$128.5	(\$23.6)
Total	\$122.3	\$139.7	\$104.9	\$128.5	(\$23.6)

Appropriations have been included in the reserve funds for salary and fringe expenses to assist with managing any budgetary shortfalls.

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LONG-TERM BORROWING

Through September 2026, the County has issued \$117.8 million in general obligation bonds to fund various public purposes, including capital projects. In September 2026, the County defeased \$19.8 million of its outstanding general improvement bonds, therefore reducing the amount of debt service projected in 2027.

The County anticipates bonding an additional \$337.8 million by the end of the year to pay for capital projects as well as various sewer system improvements. Projects for sewer-related improvements may be funded through borrowing by either the County, NYS Environmental Facilities Corporation (EFC) or the Nassau County Sewer and Storm Water Finance Authority (SFA). The table below details projected new long-term debt issued by the County (including borrowings for Nassau Community College, and Sewer and Storm Water Capital Projects).

At 2025 fiscal year-end, the total of the County's general obligation bonds and its component units' long-term serial bonds outstanding was approximately \$3.8 billion, including serial bonds and accreted interest of the Nassau County Tobacco Settlement Corporation (NCTS), which are secured only by the Tobacco Settlement Revenues (TSRs) and the bondholders have no recourse to the County. NCTS defaulted on its June 1, 2026 payment to bondholders due to insufficient funds received from the TSRs and it is not known at this time when debt service payments may resume. Therefore, the Total Long-Term Borrowings table shown below does not project a reduction in the outstanding debt of NCTS.

Total Projected Long-Term Borrowings (\$ millions)				
	As of Dec 31, 2025 Actual	Projected Additions	Projected Reductions	As of December 31, 2026 Estimated
County & SSW (a)(b)	\$ 2,337.4	\$337.8	\$98.2	\$ 2,577.0
NIFA	905.1		77.6	827.5
Sewer and Storm Water Finance Authority (SFA)	42.1		9.1	33.0
Tobacco Settlement Corp (c)	525.9	11.7		537.6
Total	\$ 3,810.5	\$349.5	\$184.9	\$3,975.1

(a) Beginning in 2014, the County implemented a change in accounting principle to include the NCC debt as part of the County

(b) Includes \$126.3 million of bonds projected to be issued in 2026 to be used for Sewer and Storm Water projects.

(c) December 31, 2025 includes accumulated accreted interest of \$144.9 million.

** The table above does not project any debt service payments for NCTSC in 2026.*

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The 2026 actual borrowings, along with projected borrowings for the remainder of the year and projected reductions from maturing debt, will increase the total long-term bonds outstanding by approximately \$164.6 million.

Potential Opportunities

There are several areas identified within the 2027 Proposed Budget for the 5 budgetary funds that may have opportunities:

- **State Aid:** \$23.2 million projected opportunity in the 2027 Proposed Budget. Much of this opportunity (\$18.2 million) is related to State Aid reimbursement for preschool special education services which are projected to increase. The County's State Aid reimbursement for pre-school and related services is 59.5% of eligible expenditures. There is also an opportunity of \$3.6 million due to higher than budgeted State Operating Assistance reimbursement (STOA); an opportunity of \$4.0 million for day care costs reimbursement; and an opportunity of \$3.8 million for Safety Net Assistance Program (SNAP) as additional costs (recipient grants and emergency vendor payments) for this assistance program are projected in 2027. These opportunities are offset by net risks of \$6.6 million across several different departments (i.e. Department of Health, Human Services and Social Services), the net risk is based on historical trends.
- **Property Tax Refund:** An opportunity of \$14.0 million is projected in the 5 budgetary funds related to property tax refunds. \$1.0 million of the \$15.0 million budgeted is expected to be paid by the General Fund relating to the excess of Disputed Assessment fee refunds. However, it is expected that property tax refunds will be paid from the Litigation Fund reserve, which currently holds approximately \$102.8 million, net of pending accruals, reserved for tax certiorari. The 2027 Proposed Budget appropriated \$70.0 million of the reserve for property tax refunds.
- **Judgements and Settlements:** An opportunity of \$9.0 million is projected in the 5 budgetary funds related to judgments and settlements. It is expected that all payments will be made from the Litigation Fund reserve, which held \$44.7 million and \$6.2 million for non-Police District and Police District litigation, respectively as of September 2026. The 2027 Proposed Budget appropriated \$25.0 million and \$30.0 million of the reserve funds for non-Police District and Police District litigation, respectively.

Potential Risks

There are several areas identified within the 2027 Proposed Budget for the 5 budgetary funds that may have risks:

- Departmental Revenues: projected risk of \$16.4 million comprised as follows:
 - projected lower GIS Tax Map fees (\$7.0 million) based on the recent increase in the Federal Fund rate, the current actual revenue run rate and historical trends;
 - projected lower Ambulance Fees (\$4.4 million), based on expected collection efforts by a new vendor;
 - Revenue from the Income and Expense Law (\$5.0 million). An appeal was granted to the County for lawsuits filed challenging the implementation of penalties for failure to file an Income and Expense Statement;
 - Mortgage and Deed Recording Fees are estimated to be flat to the proposed budget.
- Fines and Forfeitures: there is a projected risk of \$12.5 million primarily related to fines and administrative fees budgeted in the Traffic and Parking Violation Department of \$10.8 million and red light camera fines of \$1.1 million, with the remaining potential risk of \$0.6 million noted across several departments; the risks are based on historical and year-to-date trends.
- Investment Income: \$20.8 million risk projected in the 5 budgetary funds related to Investment Income. It should be noted that there is a projected opportunity of \$16.1 million of Investment Income in the reserve funds.
- Early Intervention/Pre-School Programs: \$15.1 million net risk is projected when compared to the 2027 Proposed Budget for Early Intervention/Special Education program expenses due to the exponential growth of the Pre-School Education program and based also on historical trends. The risk in Pre-School Education (3-5 Years) is offset by an opportunity in the Special Education Itinerant Teacher (SEIT) program, which provides specialized individual or group instructions and or indirect services to preschool students with IEP's (Individualized Education Programs) and the Early Intervention Program categories.
- Social Services Programs: A net potential risk of \$19.1 million is projected in various Social Services programs, which are mandated programs that receive partial Federal and/or State Aid reimbursements:
 - \$8.0 million risk projected in Emergency Vendor Payments Safety Net and costs due to Temporary Assistance for Needy Families (TANF) primarily due to an increase in homelessness and mandated regulations to assist individuals and families seeking shelter assistance. Due to the projected increase in expenditures, there is a projected opportunity in State Aid reimbursement.

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- \$13.2 million risk projected for Purchased Services, attributed to Title XX and Day Care Services due to the projected growth in the demand for these services, which is as a result of changes in the eligibility requirements by State that increased enrollment. Due to the projected increase in these types of expenditures, there is an opportunity projected in Federal and State Aid reimbursements.
- \$2.1 million opportunity projected for Recipient Services primarily as a result of an anticipated increase in Safety Net costs due to the increase in homelessness, offset by a decrease in the cost of Temporary Assistance for Needy Families (TANF).
- Federal Aid: The Comptroller's Office projects a risk of \$6.2 million for Federal Aid revenue in the 2027 Proposed Budget. The risk of \$2.7 million is due to lower than budgeted amounts to be drawn down from the CRRSAA (Coronavirus Response and Relief Supplemental Appropriations Act) and ARPA funds for the NICE bus; \$4.5 million risk is projected for Temporary Assistance to Needy Families (TANF) as there is projected decrease in recipient service costs. These costs are partially reimbursed by Federal Aid.
- Contractual Expenditures: The Comptroller's Office projects a potential risk of \$3.2 million in contractual expenditures. The primary components are a \$4.3 million risk projected for the NICE bus contract based on future payment increase, and \$0.4 million risk in Contractual Services for the Correctional Center's health care contract for inmates. These potential risks are offset by a \$0.5 million opportunity related to the projection of lower revenue in Red-Light Camera fines, which reduces contractual payments to the vendor who manages the program. An additional opportunity of \$0.5 million is projected for the System & Programming expenditures and \$0.6 million projected savings in Agencies Program based on 2% increment over 2026 Adopted Budget.

2027 Projected GAAP Adjustments

GAAP adjustments can significantly fluctuate each fiscal year primarily due to the effects of encumbrances. The value of unspent encumbrances as of year-end and expenditures paid after year-end but incurred during the fiscal year are difficult to predict. Thus, these adjustments are estimates based on the actual GAAP adjustments for FY25. See Appendix B on page 22 for further details regarding encumbrances and their effect on GAAP results.

GAAP adjustments related to GASB 87, *Leases*, GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB 96, *Subscription-Based Information Technology Arrangements*, were also estimated using the actuals recorded in FY25 and will change in FY26 based upon amortization tables as well as any new or modified agreements identified in the fiscal year.

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2027 Estimated GAAP Adjustments (\$'s in millions)	5 Budgetary Funds
Period of availability adjustments	(8.0)
Use of Fund Balance	
Sale of Mitchel Field Leases	1.3
NCC adjustment for termination pay	
Effect of encumbrances adjustment	1.5
Pension expenditure adjustment	(7.1)
Other GAAP adjustments	(15.6)
Total Projected GAAP adjustments	\$ (27.9)

** GAAP adjustments can significantly fluctuate until finalized in the year-end financial statements primarily due to the effects of encumbrances; the value of unspent encumbrances as of year-end and the expenditures paid after year-end but incurred during the fiscal year are difficult to predict. Thus these adjustments are estimates at this point in time based on the actual GAAP adjustments for FY25, actual FY26 amounts, or FY27, such as for the pension costs. GAAP adjustments related to GASB 87, Leases, GASB 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, and GASB 96, Subscription-Based Information Technology Arrangements, were included in the amounts recorded in FY25 and will change in FY27.*

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APPENDIX A: COUNTY OPERATING FUNDS

Budgetary Funds

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

Three Primary Operating Funds

The County’s financial statements, the Annual Comprehensive Financial Report (ACFR), are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and encompasses all Governmental Accounting Standards Board Statements (GASBs) that impact the County. The ACFR reports on the County’s operations and major funds⁴ differently than the Administration in order to comply with GAAP.

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

GASB Statement No. 54 clarified the definitions of a general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type, which caused the County to redefine the County’s General Fund to include funds that no longer met the Statement’s definition of a special revenue fund. Special Revenue Funds are used to account for and report the “proceeds of specific revenue sources” that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund and have a recurring and steady revenue stream. The consolidated General Fund is more comprehensive than the pre-2011 General Fund.⁵

⁴ As defined and reported in accordance with GASB Statement No. 34, *Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments*, issued June 1999.

⁵ The NIFA Control Period Calculation uses the pre-2011 unconsolidated General Fund.

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

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

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

The reserve funds that are consolidated into the General Fund for reporting purposes are as follows:

- Litigation Fund⁶;
- Employee Benefit Accrued Liability Reserve Fund⁷;
- Retirement Contribution Reserve Fund;
- Bond Indebtedness Reserve Fund;
- Operating Reserve Fund; and
- Excess Sales Tax Reserve Fund (which has been depleted).

Also consolidated into the General Fund are the following operating funds:

- Police Headquarters Fund;
- Fire Prevention Fund;
- Debt Service Fund;
- Open Space Fund;
- Technology Fund; and
- Opioid Litigation Settlement Fund.

⁶ The General Fund and the Police District Fund each report a portion of this fund it their results.

⁷ Ibid.

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

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

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

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

APPENDIX C: SALES TAX TERMINOLOGY

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

NIFA Set-Aside

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

Part County Sales Tax

- New York State Tax Law §1262(d), provides cities and towns a share of certain sales taxes related to hotel occupancy, restaurants, and other retail establishments.
- Nassau County contains two cities and three towns. The City of Glen Cove receives its share of sales taxes as a credit to its property tax levies, while the City of Long Beach receives a direct distribution of these sales taxes from New York State. All three towns (Hempstead, North Hempstead and Oyster Bay) receive the revenues via a credit to their property tax levies.
- The portion of sales tax revenues that the three towns and the City of Glen Cove are entitled to, are budgeted and recorded separately from other sales taxes and are referred to as "Part County" sales tax. This segregation ensures that the property tax bills for the three towns and the City of Glen Cove properly reflect an equal reduction in what otherwise would have been County property taxes owed.
- As Part County sales taxes offset the payment of County property taxes by the three towns and the City of Glen Cove, actual collections can only be recognized up to the amount budgeted each year.
- Variances of actual sales tax received as compared to what is included in the annual adopted budget must be either credited or collected in a subsequent year. Because of the timing of when the operating budget is adopted and when the County's books are closed, any variance to budget for Part County Sales Tax is delayed for two years. This is called a "Prior Year Deferral."
- If the actual amount of sales tax collected is *greater* than budgeted, the County effectively collected too much in property taxes from the City and towns. The County must credit this difference through the Prior Year Deferral.

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- If the actual amount of sales tax collected is *less* than budgeted, the County effectively collected too little in property taxes from the City and towns. The County must collect this difference from the City and Towns.
- The amount of the Prior Year Deferral varies each year based on the year-end results of sales tax collections.
- For 2025, because Part County sales tax received was lower than budgeted, the City of Glen Cove and the three towns received excess credit on their property tax levies. This amount of \$4.4 million will need to be included in the calculation of the County's 2027 tax levies and recovered by the County at that time.

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APPENDIX D: SUMMARY OF BUDGET FORECAST

2027 Proposed Budget Report			
(\$'s millions)			
2027 Proposed Budget Opportunities/(Risks) 5 Budgetary Funds	2027 Adopted Budget	CO Projected	Variance
Revenues			
Sales Tax	\$1,713.2	\$1,713.2	\$0.0
Use of Fund Balance	0.0	0.0	0.0
Interest Penalty on Tax	37.2	37.2	0.0
Permits and Licenses	20.0	20.0	
Departmental Revenue			(\$16.4)
Assessment GIS	30.0	23.0	(7.0)
County Clerk - Mortgage and Deed Recording Fees	28.9	28.9	0.0
Ambulance Fees	32.4	28.0	(4.4)
Other Departmental Revenue	137.1	132.1	(5.0)
Fines & Forfeitures			(12.5)
Red Light Camera	33.0	31.9	(1.1)
TPVA Fines & Admin Fees	29.0	18.2	(10.8)
PD Public Safety Fees	4.1	4.1	0.0
Ticket Reconciliation Program	0.0	0.0	0.0
Other Fines and Forfeitures	6.1	5.5	(0.6)
Investment Income	49.5	28.7	(20.8)
Rents and Recoveries			0.0
R0704 - disencumbrances and recoveries	18.5	18.5	0.0
Sale of County Property	10.0	10.0	0.0
Other Rents and Recoveries	21.9	21.9	0.0
Federal Aid	247.5	241.3	(6.2)
State Aid	360.1	383.3	23.2
Capital Resources for Debt	28.1	28.1	0.0
Property Taxes	755.2	755.2	0.0
Payment in Lieu of Taxes	50.5	50.5	0.0
OTB Profits	20.0	20.0	0.0
Transfers In	419.2	43.5	(375.7)
Interfunds (non-eliminating)	93.7	93.7	0.0
Other (includes Special Taxes, OTB 5% BG)	55.2	55.4	0.2
Total Revenue	\$4,200.4	\$3,792.2	(\$408.2)
Obligations			
Payroll (excluding Termination Pay and Overtime below)	\$989.5	\$933.6	\$55.9
Termination Pay - total	29.7	57.3	(27.6)
Fringe	813.6	818.2	(4.6)
Overtime - total	104.9	128.5	(23.6)
Workers' Compensation	40.4	40.4	0.0
Social Services	574.5	593.6	(19.1)
Early Intervention	220.0	235.1	(15.1)
Debt service	312.2	312.2	0.0
DD - General Expenses	54.0	54.0	0.0
Contractual Expense	363.0	366.2	(3.2)
Utilities	45.3	45.3	0.0
Judgments & Settlements	10.0	1.0	9.0
Property Tax Refunds	15.0	1.0	14.0
Local Government Assistance	102.0	102.0	0.0
Transfers out	375.7	0.0	375.7
Interfunds (non-eliminating)	19.6	19.6	0.0
Other	131.0	130.7	0.3
Total Obligations	\$4,200.4	\$3,838.7	\$361.7

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APPENDIX E: COUNTY RESERVE FUNDS

Funds/Reserves for Liabilities - Millions of Dollars						
Fund	2022	2023	2024	2025	2026 YTD June	2026 YTD Sept.
Bond Indebtedness Reserve Fund (a) (c)	\$125.0	\$63.0	\$80.6	\$64.7	\$65.6	\$66.2
Retirement Contribution Reserve Fund (a) (c)	\$70.3	\$72.9	\$86.0	\$89.2	\$90.3	\$90.9
Capital Reserve Fund (c)	\$0.0	\$0.0	\$10.0	\$10.3	\$10.3	\$10.3
Operating Reserve Fund						
Labor Reserve	\$0.0	\$33.9	\$33.5	\$33.5	\$33.5	\$33.5
Insurance Reserve	\$0.0	\$10.0	\$10.0	\$10.0	\$10.0	\$10.0
Health Insurance Reserve	\$0.0	\$50.1	\$93.4	\$93.4	\$95.3	\$96.5
Total Operating Reserve Fund (a)	\$0.0	\$94.0	\$136.9	\$136.9	\$138.8	\$140.0
Employee Benefit Accrued Liability Reserve Fund:						
Legislative Reserve	\$0.8	\$1.0	\$1.0	\$0.8	\$0.8	\$0.8
PDD Reserve	\$13.3	\$23.9	\$31.1	\$21.9	\$22.9	\$23.5
General Fund Reserve	\$0.0	\$20.0	\$54.0	\$66.5	\$66.5	\$66.1
Total Employee Benefit Accrued Liability Reserve Fund (b) (c)	\$14.1	\$44.9	\$86.1	\$89.2	\$90.2	\$90.4
Litigation Fund:						
Tax Certiorari Reserve	\$147.2	\$77.9	\$120.3	\$103.1	\$118.9	\$117.3
Workers' Compensation Reserve	\$14.0	\$14.0	\$13.7	\$10.1	\$10.1	\$8.1
Health Insurance Reserve	\$25.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Labor Reserve	\$20.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Insurance Reserve	\$10.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Litigation Reserve:						
GEN	\$130.4	\$86.5	\$138.9	\$87.4	\$53.6	\$44.6
PDD	\$27.8	\$28.8	\$21.6	\$17.8	\$13.8	\$6.2
Total Litigation Reserve	\$158.2	\$115.3	\$160.5	\$105.2	\$67.4	\$50.8
Longevity Reserve:						
GEN	\$37.6	\$34.7	\$32.6	\$27.3	\$21.2	\$21.2
PDD	\$29.4	\$27.5	\$23.9	\$20.4	\$18.4	\$18.4
Total Longevity Reserve	\$67.0	\$62.2	\$56.5	\$47.7	\$39.6	\$39.6
JUUL Settlement	\$0.0	\$0.0	\$0.0	\$1.6	\$1.6	\$2.1
Total Litigation Fund (b)	\$441.4	\$269.4	\$351.0	\$267.7	\$237.6	\$217.9
Total All Reserve Funds	\$650.8	\$544.2	\$750.6	\$658.0	\$632.8	\$615.7
Opioid Litigations Settlement Fund (a) (d)	\$77.3	\$85.6	\$88.6	\$79.9	\$72.1	\$78.7

(a) This fund is consolidated into the General Fund for reporting purposes.

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

(c) This fund has been established in accordance with NYS General Municipal Law, which dictates how the fund may be used.

(d) This fund has been established to record Opioid Litigation Settlement monies, some of which are restricted to use by the settlement.

Source: Nassau Integrated Financial System (NIFS)
2026 YTD through Wednesday, September 30, 2026