Nassau County Interim Finance Authority

NIFA

REVIEW OF NASSAU COUNTY'S PROPOSED MULTI-YEAR FINANCIAL PLAN FISCAL 2026 - 2029

October 24, 2025

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I. OVERVIEW

On September 15, 2025, the Administration released its Proposed Multi-Year Financial Plan, Fiscal 2026-2029 (the "Proposed Plan"), the first year of which is the Proposed Budget for FY 2026 (the "Proposed Budget").

The NIFA act[1] requires NIFA to determine whether the Proposed Plan is complete and complies with the requirements of the NIFA act and to submit recommendations. NIFA staff has determined, as described in the analysis highlighted herein, that the Proposed Plan satisfies these requirements.[2]

Following NIFA staff's analysis of the Proposed Plan, we have concluded, however, that the County's fiscal outlook in the Major Funds[3] remains extremely concerning, with its near-term position propped up by a one-shot infusion of resources from reserves held outside of the Major Funds. The shrinking balances in the reserves are not sufficient to mitigate all near-term risks due to specific restrictions on their use. In addition to near-term economic uncertainties, there are also significant long-term liabilities. The County's growing reliance on reserves in moderately strong economic times demonstrates a lack of long-term fiscal discipline. Simply, the County will deplete its rainy-day funds before it starts to pour.

The County's lack of transparency is also a concern. The County is using $35.0 million in resources in its reserves to balance the Major Funds in FY 2026 and, as such, is inconsistent with the County's claim in the Proposed Plan that it "…is utilizing a small amount of its reserves to maintain balance in its budget and multi-year financial plan". In reality, the Proposed Plan appropriates most of the reserves ($606.1 million, all years). These appropriations would have to be used to cover potential shortfalls in the Major Funds, if necessary, because the Proposed Plan does not include a budgeted contingency reserve with a specifically appropriated sum available to cover projected risks in FY 2026 and the Out-Years (defined herein).[4] This may prove challenging over time, as most of these funds can only support limited expenditures for, among other purposes, tax certiorari refunds, judgments and settlements and retirement system costs, due to specific restrictions on their use.

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1 See Public Authorities Law § 3667(2)(b).

2 The Nassau Health Care Corporation ("NHCC") separately submitted a financial plan to the County on October 1, 2025 for inclusion in the Proposed Plan.

3 "Major Funds" are defined as the General Fund, the Police District Fund, the Police Headquarters Fund, the Fire Commission Fund, and the Debt Service Fund. The Major Funds are the only funds that are part of the NIFA control period calculation, and do not include certain major expenditures, such as the funding of sewer and storm water resources services and support payments to Nassau Community College.

4 The reserves are insufficient to cover the entirety of the County's known risks and long-term liabilities. The FY 2024 ACFR estimates three of the County's several long-term liabilities to be approximately $909.4 million for tax certiorari refunds, non-certiorari litigation, and workers' compensation claims and lists the County's $97.4 million ($77.2 million as of August 1, 2025) of contingent liability for County-guaranteed debt issued on behalf of NHCC.

Overall, we identify a range of significant risks to the Proposed Plan – a high scenario and low scenario. Both scenarios account for the County's use of reserves to pay for operating costs in each year. The scenarios for FY 2029 are nearly either nine times or seven times the one percent deficit threshold requiring a control period.[5] It is noteworthy that NIFA and the Administration's projections in FY 2027, FY 2028 and FY 2029 do not account for any additional labor costs likely to result from new collective bargaining agreements for union contracts expiring June 30, 2026. These additional labor costs will further widen the projected imbalance between recurring revenues and recurring expenditures.

($ in millions)	FY 2026	FY 2027	FY 2029	FY 2029
High Scenario	(123.7)	(204.8)	(256.3)	(338.8)
Low Scenario	(93.1)	(160.1)	(197.8)	(267.1)
Use of Reserves	35.0	35.0	27.0	35.0

In short, while the Proposed Budget contains risks that we believe are manageable due to the use of accumulated reserves dedicated for particular purposes, other risks discussed in this Report raise doubt whether the County can navigate the long-term headwinds if the economy significantly declines.

Status of the Current Control Period

Because of the financial risks discussed in this Report, we project that the County will be unable to avoid incurring a major operating funds deficit of one percent or more as defined by the NIFA act through FY 2029.[6] Our opinion might change in the unlikely event that the economy improves significantly, concerns about NHCC are addressed or resolved, or if there is a large and unanticipated infusion of recurring revenue or a significant realignment of expenditures.

* * *

Additional analysis of the Proposed Budget and Proposed Plan follows: Section II discusses FY 2026 and Section III discusses the Out-Years. To fully understand NIFA's opinions regarding the County's financial position, this Report should be read in tandem with NIFA's October 22, 2024 report on the Proposed Multi-Year Financial Plan, Fiscal 2025-2028, and NIFA's August 7, 2025 report on the Multi-Year Financial Plan Update, Fiscal 2025-2028, which can be found on the NIFA website at https://nifa.ny.gov/financial-plan-reports.

5 The one percent deficit threshold is $37.0 million in FY 2026 (1% of $3.70 billion) and $38.4 million in FY 2029 (1% of $3.84 billion).

6 The NIFA act defines a deficit for the control period calculation more restrictively than GAAP does for reporting purposes.

II. DISCUSSION OF FY 2026

Our analysis indicates risks of between $93.1 million and $123.7 million in the Major Funds in the Proposed Budget, which totals $3.7 billion excluding interdepartmental transfers. The major risks and opportunities are discussed briefly below. Even if all the identified risks for FY 2026 are mitigated, the Proposed Plan contains significant additional risks for FY 2027, FY 2028, and FY 2029 (the "Out-Years"), which we discuss in Section III.

Major Risks and Opportunities

Revenues

Sales Tax – Sales tax is the largest revenue source for the County and, at approximately $1.6 billion, comprises 44.5% of all revenues in the Major Funds. The Administration is assuming a County-wide sales tax revenue increase of 1.8% in FY 2026 from its 2025 mid-year projection, with a 2.5% increase in 2027, 2.25% increase in 2026 and 2.75% increase in 2027.

The Administration's sales tax revenue projections for 2026 contain only modest levels of risk; however, its assumptions for the Out-Years are much more questionable. This is concerning because the proportion of the budget supported by sales tax revenue has been growing each year, which could present a mounting challenge during a period of economic stagnation or contraction.

Mindful of the outsized impact of sales tax revenue on its finances, the County engaged Moody's Analytics to provide a revenue outlook that links Nassau County sales tax collections to measures underlying economic growth to better understand and anticipate future funding levels. In its report dated September 2025, Moody's Analytics projects sales tax revenue increases of 2.3% in 2026, 1.8% in 2027, and 1.4% in 2028, which we reflect in our projections for the Out-Years. The customized analysis clearly shows the Administration's assumptions to be more aggressive than the County consultant's recommendations.

Despite our analysis using a more optimistic growth rate (2.3%) than the Administration in 2026, which is forecast by Moody's Analytics, we still project a net risk of $17.2 million because we are skeptical that the County will achieve the 7.0% growth rate required for the remainder of FY 2025 built into the Administration's sales tax projections. Specifically, our analysis assumes sales tax revenue in the remaining checks of FY 2025 will be up only one percent compared to the same period in FY 2024, or 0.6% for the whole year.

Consistent with our view, if not more pessimistic, Moody's Analytics concludes that "Nassau County's economy will struggle through the second half of the year after an

already tough start. Sales tax collections will contract slightly this year, reflecting the strain of unsettled federal trade policy. Once-resilient labor and stock markets have come under stress and consumers have pulled back on spending as they grapple with heightened recession fears and rising prices." For example, while rising prices due to inflation can initially increase sales tax revenue (as consumers spend more on each purchase), this effect can be offset by a shift in consumer spending habits and lower demand.

As shown in the accompanying table, year-to-date sales tax revenue is almost flat compared to the same period last year, rising by only 0.5%. However, available data shows modest growth in the third quarter. It is unclear if growth in the most recent period is indicative of trending strength or if it will slow in 2026 as inflation cools; consequently, our assumption of the Moody's Analytics forecast of 2.3% is not without risk. A sensitivity analysis shows that each percentage point of growth (contraction) that varies from our 2.3% assumption in FY 2026 will add (subtract) approximately $14.9 million in net revenue to (from) our projections in FY 2026.

Sales Tax Growth 2025 compared to 2024	
1st Quarter	(0.5%)
2nd Quarter	(0.1%)
3rd Quarter (partial)	2.2%
YTD	**0.5%**

Federal and State Aid – Our analysis of Federal aid indicates that the Administration's assumptions are slightly at risk primarily in the Department of Social Services. We also project an opportunity for State aid due to higher projected spending on Pre-School Special Education programs for which the County is reimbursed approximately 59.5% of the costs. The additional unbudgeted costs for these programs are reflected in our analysis of expenditure risks.

Departmental Revenues – The Proposed Budget includes $223.3 million in departmental revenues. We have identified the following risks in this category based on historical trends contained in the table below:

($ in millions)	FY 2022		FY 2023		FY 2024		FY 2025		FY 2026
Fee Descritpion	Adopted Budget	YE Results	Adopted Budget	YE Results	Adopted Budget	YE Results	Adopted Budget	YTD 9/30/2025	Proposed Budget
GIS Tax Map Verification Fee	50.0	38.4	45.0	21.7	25.0	20.1	29.0	14.1	**34.0**
Ambulance Fee Collection	0.2	0.1	0.4	0.0	0.3	0.0	0.3	0.0	**11.5**
Revenue from Income and Expense Law	5.0	0.0	5.0	0.0	5.0	0.0	5.0	0.0	**10.0**

- *GIS Tax Map Verification Fee*: The proposed budget for this fee is $34.0 million, representing a 17.2% increase compared to the FY 2025 adopted budget. There is a substantial risk to collecting this budgeted revenue based on current trends and historical data;

- *Ambulance Fee Collection*: In 2024, the vendor that collects ambulance fees for the County suffered a cyber attack, which impeded the collection of ambulance fees. The Administration has budgeted $11.5 million in FY 2026 to recoup the uncollected fees. Revenue from ambulance fees typically amounts to $20.0 million per year ($20.4 million in FY 2022; $19.5 million in FY 2023). During FY 2024, the County recorded approximately $13.0 million in collections; therefore, we

estimate the budgeted $11.5 million is higher than the estimated $7.0 million uncollected amount; and

- *Income and Expense Law*: We are placing at risk the entire $10.0 million for FY 2026, as this initiative was proposed several years ago, and included in prior budgets, but suspended due to ongoing litigation.

Fines and Forfeitures – The Proposed Budget includes $79.7 million in anticipated revenue from fines and forfeitures. We have concerns about the Proposed Budget amounts for the following fee categories, as the historical data contained in the table below does not support the Administration's assumptions:

($ in millions)	FY 2022		FY 2023		FY 2024		FY 2025		FY 2026
Fee Descritpion	Adopted Budget	YE Results	Adopted Budget	YE Results	Adopted Budget	YE Results	Adopted Budget	YTD 9/30/2025	Proposed Budget
Red Light Camera	26.0	23.9	24.7	26.0	24.7	26.4	25.7	20.7	**33.0**
Fines	16.0	7.2	14.5	12.0	13.9	6.9	13.9	5.3	**18.9**
Administrative Fee	10.4	4.8	9.7	6.3	9.4	6.0	9.4	4.8	**14.0**
Ticket Reconciliation Program	0.0	0.0	0.0	0.0	0.0	0.0	5.0	0.0	**5.0**

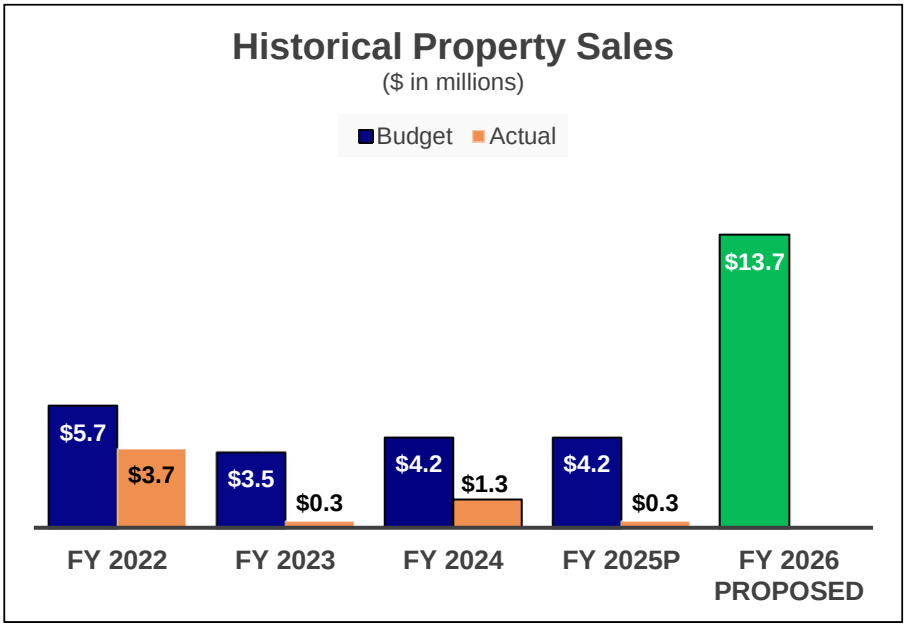
- *Red-Light Cameras*: The Administration includes $33.0 million for this fee, a 28.4% increase compared to the FY 2025 adopted budget. We are skeptical that such budget could be achieved from the same number of cameras since driver behavior modification tends to minimize the number of fines incurred over time;
- *Fines*: The proposed budget for fines related to tickets issued by the Police Department and collected by the Traffic and Parking Violations Agency is $18.9 million, a 36.0% increase compared to the FY 2025 adopted budget. Historical trends do not support such budget. The Administration has indicated that there is an increase in ticket writing; however, it has not provided data that supports such assumptions;
- *Administrative Fees:* The budgeted amount for administrative fees related to tickets issued by the Police Department is $14.0 million, an increase of 48.9% compared to the FY 2025 adopted budget. We remain skeptical about the possibility of achieving such budget since historical trends demonstrate otherwise; and
- *Ticket Reconciliation Program:* The Proposed Budget includes $5.0 million for this initiative, which requires County legislative approval, and which is designed to collect unpaid tickets and notices of liability. We are holding it at risk until implemented, and there is evidence of collections.

Investment Income – On September 17, 2025, the Federal Open Market Committee ("FOMC") lowered its key overnight borrowing rate by a quarter percentage point, or twenty-five basis points, amid signs that the labor market was weakening. As per the FOMC Summary of Economic Projections, it is expected that the Federal Reserve will announce another two rounds of cuts in interest rates in 2025 followed by one cut in 2026. Taking into consideration these reductions, our analysis indicates that the Proposed Budget has risk in investment income.

It must be noted that the County no longer publishes its cash position reports containing cash flow projections as mandated by the County Charter.

Rents and Recoveries – The Proposed Budget includes $57.5 million in rents and recoveries. This category of revenue includes the sale of County property, rental income from tenants occupying County facilities and recoveries associated with the settlement of claims brought by the County. We have identified risks in the following areas:

- *Sale of County Property*: Included in the $57.5 million is a $13.7 million "one shot" that the Administration expects to realize from the sale of County property in FY 2026. We have been given little information about progress in this area and note that there have been years when anticipated transactions closed later than expected (or not at all) and budgeted revenues fell short, as illustrated in the chart below. Consequently, we consider the revenue anticipated from property sales to be at risk until specific parcels are identified, potential purchasers are located, contractual agreements are reached, and the legislative approvals are secured;



- *Las Vegas Sands ("LVS")*: The County Comptroller has determined that the $10.0 million annual payments received from LVS in FY 2024 through FY 2026 are treated as deferred revenue (under GAAP) and amortized over the term of the County's lease agreement. Consequently, although we have recognized the $10.0 million received in FY 2026 on a budgetary basis, our projections assume there will be a negative GAAP adjustment in FY 2026 reflecting the portion of deferred revenue, as the Comptroller has done in prior years. As per the lease agreement, we have also recognized $0.9 million of additional rent paid towards public safety; and
- *Other rents and recoveries*: Other rents and recoveries are budgeted at $7.0 million, of which we are holding a portion at risk based on current trends. These risks include: reimbursement for Workers' Compensation expenses paid by the County

to certain employees; cash recoveries from County claims for damaged properties; and, rents collected for use of County property.

Capital Resources for Debt – The Proposed Budget includes $22.7 million in capital resources for debt, which includes potentially unused cash in closed capital projects in the amount of $17.5 million. The $17.5 million of surplus resources from capital projects is uncertain, but even if achieved, would be bond proceeds and therefore cannot be recognized as revenue to pay an operating expense (debt service) under the NIFA control period calculation.

Expenditures

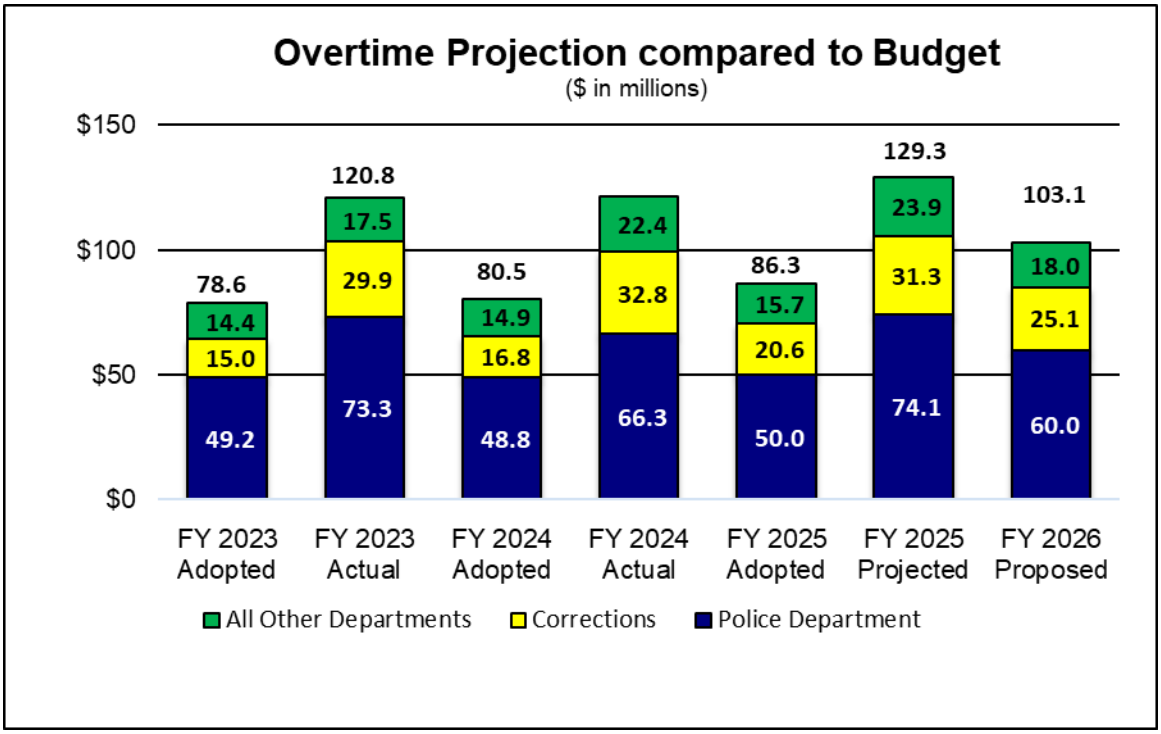
Salaries and Wages – The Administration projects that salaries and wages will total $1.1 billion in FY 2026. This amount includes funding for steps and COLAs for all positions, as per the County's labor agreements. The Administration also includes funding for 411 currently vacant positions, which includes scheduling two classes of Correction Officers and two classes of Police Officers.

The Proposed Budget includes approximately $20.0 million in savings to be realized from regular attrition and $27.0 million in savings from a voluntary separation incentive program to be fully implemented by January 31, 2026. Despite the 723 currently vacant positions (411 after accounting for 312 positions expected to be eliminated through normal attrition), the incentive will be offered to all County unions and ordinance employees. However, such program will require ratification from the unions and legislative approval. The Administration has indicated that there will be a backfill plan to maintain appropriate staffing levels but has not provided any supporting documentation to back up its assumptions. In addition to the mass loss of institutional knowledge, historical difficulty in filling entry-level positions may complicate the County's efforts staff departments at desired levels in a timely manner. Termination costs related to the incentive program will be paid out of the appropriated reserves. Our projections include a credit for vacancy savings under the assumption that the backfilling plan will take longer to be implemented, including staggering the new hires throughout the year.

The FY 2026 Proposed Budget for overtime is 19.5% higher than the amount appropriated in the FY 2025 adopted budget. The Administration has increased the amounts allotted to the Police Department and Correctional Center, among other departments. However, our analysis of historical data and current trending indicates that there is a likely risk of overspending. While it would likely exacerbate overtime spending, to the extent that there are hiring delays or that full-time vacancies remain unfilled, an opportunity for concomitant savings may offset the projected overtime variance.

- *Overtime*: The Police Department has the largest proposed overtime budget in FY 2026 at $60.0 million, as shown in the chart below, which is lower than our FY 2025 projection. The Administration contends that overtime costs should be mitigated by the two projected classes of Police Officers included in the Proposed Budget. Although the average overtime hourly rate will decline as senior officers retire with the separation incentive and are replaced by lower paid junior officers,

it is unclear by how much overtime usage may surge before the new hires can graduate from the academy and be integrated into the police force.



The Correctional Center has the second largest proposed overtime budget at $25.1 million in FY 2026, as shown in the chart above, which is slightly below our projection. Overtime spending at the Correctional Center has exceeded the adopted budget each year since FY 2016, even though the average census of inmates has declined.

- *Headcount/Vacancies*: The Proposed Budget contains 7,585 full-time positions, which is 68 positions higher than the FY 2025 adopted budget, and 411 positions higher than the County's September 4, 2025 on-board headcount of 7,174 after accounting for the unallocated attrition factor of 312 positions (valued at $10.0 million). We consider the practice of centralizing the attrition factor (312 positions) misleading since it results in an inaccurate picture of each department's authorization to hire. For example, as shown in the table below, County departments appear to have 723 vacancies; however, the Proposed Budget only contemplates filling 411 positions due to the centrally budgeted attrition factor of 312 positions.

Because the County already has 343 vacancies as of September 4, 2025 (compared to the FY 2025 adopted budget), our salary projections for FY 2026 assume these 411 positions will not be filled. Assuming the separation incentive is successful, we estimate that implementing the backfilling plan will take longer, including staggering the new hires throughout the year. Historically, budgeted but unfilled vacancies have contributed to the surpluses achieved by the County.

The five departments with the highest number of budgeted vacancies in FY 2026 are the Police Department, the Sheriff/Correctional Center, Social Services, the Department of Assessment and the Department of Public Works, as shown in the table below. It is unclear how additional vacancies resulting from the separation incentive program could impact the County's ability to deliver services.

Departments	FY 2025 Adopted Budget	FY 2026 Proposed	Budget to Budget % Increase /(Decrease)	On Board as of 9/4/2025	Vacancies (compared to FY 2025 Adopted)	FY 2026 Budgeted Vacancies
Police Department	3,406	3,458	1.53%	3,246	160	212
NC Sheriff/Correctional Center	943	943	0.00%	842	101	101
Social Services	578	596	3.11%	490	88	106
Assessment Department	160	160	0.00%	108	52	52
Public Works Department	415	419	0.96%	377	38	42
Health Department	288	283	-1.74%	263	25	20
Parks, Recreation and Museums	150	150	0.00%	127	23	23
Fire Commission	122	128	4.92%	99	23	29
Board of Elections	160	160	0.00%	139	21	21
County Comptroller	102	102	0.00%	82	20	20
Information Technology	121	122	0.83%	113	8	9
District Attorney	450	449	-0.22%	443	7	6
Probation	217	222	2.30%	214	3	8
All Other Departments	717	705	-1.67%	631	86	74
Total headcount before attrition factor	**7,829**	**7,897**	**0.87%**	**7,174**	**655**	**723**
Attrition factor budgeted centrally	(312)	(312)			(312)	(312)
Total budgeted headcount	**7,517**	**7,585**	**0.90%**	**7,174**	**343**	**411**

Fringe Benefits – Our analysis indicates an opportunity in fringe benefits, driven primarily by projected savings associated with the County's portion of Social Security contributions, offset slightly by costs related to health insurance benefits.

- *Social Security contributions*: We project that the Proposed Budget overestimates the County's required Social Security contributions.

- *Health Insurance*: Our analysis shows that health insurance costs for both active employees and retirees is underestimated. The State Department of Civil Service has not finalized the rates to be charged by the New York State Health Insurance Program ("NYSHIP") for 2026. These costs will be closely monitored throughout the year and adjusted accordingly as the year progresses. Incremental savings (costs) will be realized (incurred) if the rate increase is lower (higher) than assumed, as detailed in Appendix B.

Early Intervention/Pre-School Special Education – The Early Intervention program provides services to children under the age of three with developmental delays and disabilities. Pre-School Special Education serves children between the ages of three and five providing educational and supportive services. Both programs are administered by the County's Department of Health.

The Proposed Budget for Early Intervention and Pre-School Special Education is 13.4% higher than the FY 2025 adopted budget. However, based on historical data (included in the chart below) and caseloads, we estimate that there is a potential risk for the costs of these programs to exceed the Proposed Budget. The corresponding reimbursement in State Aid would partially offset the risk, as discussed earlier in "Federal and State Aid."

($ in millions)	FY 2022		FY 2023		FY 2024		FY 2025		FY 2026
Expenditures	Adopted Budget	YE Results	Adopted Budget	YE Results	Adopted Budget	YE Results	Adopted Budget	YTD 9/30/2025	Proposed Budget
Early Intervention/Pre-School Education	144.8	163.1	150.0	187.0	162.8	206.5	185.0	172.0	**209.8**

Social Services Programs – We have identified risks in the Proposed Budget in certain Social Services programs based on historical data included in the chart below and as further described herein.

($ in millions)	FY 2022		FY 2023		FY 2024		FY 2025		FY 2026
Program	Adopted Budget	YE Results	Adopted Budget	YE Results	Adopted Budget	YE Results	Adopted Budget	YTD 9/30/2025	Proposed Budget
Recipient Grants	50.9	43.6	47.4	59.2	55.1	84.3	82.8	64.2	**91.0**
Purchased Services	70.5	76.5	71.6	100.4	98.5	122.9	128.0	112.8	**135.3**
Emergency Vendor Payments	61.1	60.2	62.2	62.7	62.8	63.8	67.8	53.3	**67.2**

- *Recipient Grants*: Recipient grants payments are made directly to the clients of the Department of Social Services ("DSS") for the following programs: Temporary Assistance for Needy Families ("TANF"), Safety Net Assistance ("SNA"), Adoption Subsidy, Foster Care, and the Home Energy Assistance Program.

  The Proposed Budget is $91.0 million, which is 9.9% higher than the FY 2025 adopted budget. However, we estimate that there is a potential risk associated with funding for this program, as the Administration is currently assuming that it will cost approximately $95.8 million in FY 2025. The number of TANF caseloads has decreased in FY 2025, while SNA caseloads increased, which ultimately drives the cost increase for this program. Unlike TANF, SNA costs are funded equally by the State and counties with no Federal participation. As stated by the Administration in the Proposed Budget, "[d]ue to Federal and State mandates on these programs, the County's ability to reduce expenses is limited and subject to economic forces beyond its control."

- *Purchased Services*: These are payments made to independent agencies that provide services for programs such as Day Care, Preventive Services, Child Protective Services, and Adult Protective Services. Other services included in this program are: Domestic Violence, Adoption, Independent Living and Homemaking Services.

  The Proposed Budget for such costs has increased to $135.3 million, which is 5.7% higher than the FY 2025 adopted budget. Similar to Recipient Grants, we consider these programs to be underfunded. The County's Updated Multi-Year Financial Plan, Fiscal 2025-2028 (June 2025) estimates that this program will cost approximately $152.0 million due to increased Day Care cases.

- *Emergency Vendor Payments:* These are payments are made to cover services such as Shelter Care, Institutional Services, and Utility and Maintenance Payments to eligible DSS clients.

The Proposed Budget for such costs has decreased to $67.2 million, approximately 0.9% lower than the FY 2025 adopted budget. Based on historical data, we estimate that there is a nominal risk for this category.

Other Expenditures – We project a minimal risk for Other Expenditures. The variance is comprised of a risk in Court Remands in the Department of Human Services ("DHS"). The Criminal Court, and occasionally Family Court, will remand an individual to State psychiatric facilities. The State Office of Mental Health bills DHS at 100% of the net cost. Most court orders are for a minimum of 90 days and there are cases that are for a maximum of one year. The risk in DHS is offset by an opportunity in Workers' Compensation expenses.

Other Concerns

Nassau Health Care Corporation – A description of recent legislative amendments reforming the governance and administration of the Nassau Health Care Corporation ("NHCC") and strengthening NIFA's oversight over NHCC is included in NIFA's August 7, 2025 report on the Multi-Year Financial Plan Update, Fiscal 2025-2028. The new board deserves credit for its efforts to fill the management void created by the abrupt, mass resignation of the executive team on the eve of the governance changes. Notwithstanding these constructive legislative changes and board actions, the financial health of NHCC and its potential impact on the County, including but not limited to Correctional Center health care services, continues to be a major source of concern for NIFA.

The report of the independent certified public accountants for NHCC's FY 2024 audited financial statements continues to state that substantial doubt exists about NHCC's ability to continue as a going concern. The financial statements state that NHCC has experienced recurring operating losses, negative cash flows from operations, a working capital deficit and has a total negative net position of approximately $1.4 billion at December 31, 2024. It is also dependent on the continuation of federal, State and local subsidies, certain of which have or are scheduled to end or be reduced. Further, NHCC's collective bargaining agreement with the Civil Service Employees Association ("CSEA") expired at the end of 2022. Consequently, any future agreement will likely result in increased labor costs.

The prior NHCC leadership adopted a budget for FY 2025 that anticipated an operating surplus of $499,000 premised on a recklessly implausible assumption, contrary to the relevant laws, that the State would fund the non-federal share of the FY 2025 Medicaid disproportionate share hospital ("DSH") payment program. NHCC assumed that the DSH program would total $128.0 million, of which the State would be responsible for $64.0 million. The NHCC budget's inclusion of the State's purported obligation to fund $64.0 million was absurd on its face since this funding is legally a county responsibility (as required by State law). Contrary to its FY 2025 budget, NHCC has been contributing the County's share through a contractual arrangement included in the Successor Agreement between the parties. Further, we have been informed by the State that the FY 2025 DSH revenue for NHCC is expected to total only $84.0 million, of which the federal share would

amount to $42.0 million (*i.e.*, net to NHCC, assuming the arrangement between the County and NHCC continues for the non-federal share), prior to any offsetting reconciliations of prior-year activities. NHCC has received $12.5 million of the federal share of DSH funds so far in FY 2025, net of prior-year reconciliations.

Based on current trends, we are concerned NHCC could incur a deficit of more than $100.0 million in FY 2025, which stands in stark contrast to the mythical projections and rosy statements recently proffered by NHCC's former senior executives and Chairman. Most worrisome is that NHCC has reported a cash balance of approximately $36.9 million as of October 6, 2025, which is down from the $76.1 million balance reported at year-end 2024. Although cashflow fluctuates on any given day due to, among many factors, the timing of revenue collections, payroll runs, and payments to its vendors, NHCC's daily operating expense burn rate is approximately $1.9 million. Stated directly, NHCC's cash balance is perilously low.

The downward trend is particularly noteworthy because, among other payables, NHCC's outstanding liability owed to NYSHIP for coverage of its employees and retirees totals approximately $457.0 million (at the end of September 2025) and continues to grow by approximately $7.0 million each month as NHCC conserves desperately needed cash. The liability would have been $60.0 million higher if not for a grant from the New York State Department of Health applied against the outstanding balance in FY 2023. In addition, as of this report, NHCC still owed approximately $19.2 million to the New York State & Local Retirement System for employer contribution balances it owed on February 1, 2025, but which are being amortized under a backloaded payment agreement reached with the Office of the State Comptroller.

The circumstances are troubling for the obvious reason that the County has a direct pay guarantee on NHCC's outstanding debt, which totals $68.5 million in principal, or approximately $77.2 million including interest. Our projections do not reflect the potential risk that the County will be required to fund this liability over the next four years.

Budgeted Contingency Reserves – The Administration's decision to not maintain budgeted reserves for contingencies in the Proposed Plan is concerning. Despite the existence of off-budget reserves, with so much uncertainty in the County's long-term fiscal outlook, we advise the County to take the necessary steps to fund contingency reserves throughout the Proposed Plan. Reasonable contingency reserves are expected by bond rating agencies and are part of any well-constructed budget because of the probability that certain assumptions will break unfavorably in any year. Even a modest contingency reserve could buffer the otherwise disruptive impact on operations caused by unforeseen increases in expenditures or unanticipated shortfalls in revenues.

Reserve Funds – The County has $729.6 million held in several reserves earmarked for specific purposes as of September 22, 2025. These reserves are available to fund certain future County obligations, without negatively impacting the control period calculation. The Proposed Budget includes appropriations of $488.1 million as shown in the table below.

FY 2026 APPROPRIATED RESERVES

($ in millions)

Litigation Fund	
Non-Cert Judgements	80.0
Workers Compensation - GEN [1]	4.0
Workers Compensation - PDD [2]*	2.0
Longevity & Fringe Benefits - GEN	10.0
Longevity & Fringe Benefits - PDD	10.0
Tax Certiorari - GEN	70.0
Tax Certiorari - PDD	15.0
Total Litigation Fund	**191.0**
Bonded Indebtedness Reserve Fund	
Debt Service	80.0
Total Bonded Indebtedness Reserve Fund	**80.0**
Retirement Contribution Reserve Fund	
State Retirement System - GEN	75.0
Total Retirement Contribution Reserve Fund	**75.0**
Technology Fund	
General Expenses and Equipment	0.1
Total Technology Fund	**0.1**
Capital Reserve Fund	
Motor Vehicles	2.0
Total Capital Reserve Fund	**2.0**
Employee Benefit Accrued Liability Reserve Fund	
Terminal Leave - GEN	17.0
Transfer to PDH[3] to fund Terminal Leave *	18.0
Transfer to PDD to fund Terminal Leave *	7.0
Terminal Leave - PDD	13.0
Total Employee Benefit Accrued Liability Reserve Fund	**55.0**
Operating Reserve Fund	
Salaries & Fringe Benefits	15.0
Health Insurance transfer to GEN *	8.0
Fringe Benefits	52.0
Insurance on Buildings	10.0
Total Employee Benefit Accrued Liability Reserve Fund	**85.0**

[1]GEN - General Fund

[2]PDD - Police District Fund

[3]PDH - Police Headquarters Fund

* Transfers to Operating Funds

As a rule, the County should not use its reserve funds to pay routine expenses, but rather as a backstop to fund extraordinary or unexpected expenditures. It is unclear to the extent the County intends to spend all of the $488.1 million appropriated in the reserves in FY 2026, as it claims to be budgeting only a small amount from the reserves ($35.0 million). Certain appropriations, such as for tax certiorari expenses[7], exceed historical and anticipated spending amounts. The County should address this lack of transparency by clarifying when it expects to use the various appropriations in the reserves. In addition, the County should continue funding reserves that would help mitigate extraordinary liabilities.

A description of the reserve funds is included in Appendix C.

Opioid Litigation Settlement Fund – The County has received funding as a consequence of the settlements of certain legal action(s) initiated against manufacturers, distributors and pharmacies that were involved in the marketing, selling and/or distribution of opioids in the County. As of September 30, 2025, there was $83.9 million in the Opioid Litigation Settlement Fund. As directed by the County Legislature, these funds are earmarked for the treatment and prevention of opioid addiction and family support. The Proposed Plan includes $15.5 million in appropriations in each year to enhance opioid treatment and prevention programs.

[7] When combined with General Fund and Disputed Assessment Fund appropriations.

III. THE OUT-YEARS: FY 2027 – FY 2029

This section discusses the Out-Years (FY 2027 – FY 2029) of the Proposed Plan.

The County's Out-Year Projections

The Administration projects Out-Year surpluses of approximately $1.7 million in FY 2027, $3.6 million in FY 2028, and $2.6 million in FY 2029. Our analysis demonstrates that the Administration's projections are too optimistic.

As shown in the table below, NIFA is projecting a range of risks in FY 2027, FY 2028, and FY 2029 that far exceed the one percent deficit threshold that would require imposition of a control period, even after including the County's planned use of reserves to pay operating costs in each of those years.

PROJECTED OUT-YEAR RISKS

($ in millions)	FY 2027	FY 2028	FY 2029
County Estimate of Surplus	**1.7**	**3.6**	**2.6**
NIFA Estimate of Risks (high scenario)	**(204.8)**	**(256.3)**	**(338.8)**
NIFA Estimate of Risks (low scenario)	**(160.1)**	**(197.8)**	**(267.1)**

Further, the projections in FY 2027, FY 2028 and FY 2029 do not explicitly account for the additional labor costs likely to result from the next round of collective bargaining with unions whose contracts expire on June 30, 2026, as the Administration has acknowledged.[8] The successor agreements for these unions are unlikely to be cost-neutral based on the existing pattern established by the County in the CSEA labor agreement, which expires December 31, 2030.

We acknowledge that the County has $33.6 million available in the Operating Reserves Fund for labor and can use these resources to pay for a small portion of unbudgeted or extraordinary labor costs, of which it has included $15.0 million in the Proposed Budget.

8 County contracts with the Detectives Association, Inc., the Superior Officers Association, the Police Benevolent Association, Inc., the Sheriff's Correction Officers Benevolent Association, Inc., and the District Attorney Investigators Police Benevolent Association expire June 30, 2026. The County's contract with the Civil Service Employees Association, Inc. expires December 31, 2030.

Major Risks in the Out-Years

Revenues

- **Departmental Revenues** – Departmental revenues are overestimated, including from the GIS Tax Map Verification fee and from the Income and Expense Law;

- **Fines and Forfeitures** – Revenues from fines and forfeitures are at risk. The risk is composed of revenues related to fines from tickets issued by the Police Department, its red-light camera program, and proposed initiatives that have not commenced, such as its proposed ticket reconciliation program;

- **Investment Income** – Investment income is overestimated, mainly due to the recent and planned cuts in interest rates. As per the FOMC Summary of Economic Projections, it is expected that the Federal Reserve will announce interest rate cuts of another 50 basis points before the end of 2025 and 25 basis points in 2026;

- **Rents and Recoveries** – There is uncertain revenue from the annual sale of County property and recoveries ($17.7 million in FY 2027, $13.7 million in FY 2028 and $9.7 million in FY 2029). Our analysis excludes budgeted amounts from prior-year recoveries since these proceeds do not constitute revenue under GAAP;

- **Capital Resources for Debt** – We exclude proceeds from cash recoveries from capital project closeouts since these resources would be used to pay debt service (an operating expense) and therefore excluded under the control period calculation; and

- **Permits and Licenses** – The Administration includes an initiative for Overweight Vehicle Registration valued at $5.0 million in each of the Out-Years. This initiative would require legislative approval and the Administration has not provided any documentation to support its assumptions.

Expenditures

- **Salaries and Wages/Fringe Benefits** – Our analysis projects that salaries and wages and fringe benefits are underestimated in FY 2027, FY 2028 and FY 2029, and fringe benefits overestimated in FY 2026; and

- **Early Intervention and Pre-School Special Education programs** – There are underestimated costs related to the Early Intervention and Pre-School Special Education programs. NIFA's projections calculate higher costs which go in hand with the increased trend in caseloads. The current State reimbursement rates related to costs associated with these programs are 49.0% and 59.5%, respectively.

Other Concerns

Sales Tax Revenue – The Administration is being optimistic in its projection of sales tax revenue and is using projected sales tax growth rates in FY 2026, FY 2027,

FY2028 and FY 2029 (1.8%, 2.5%, 2.25% and 2.75%, respectively) that are above the growth rates forecast by Moody's Analytics, but below the County's most recent ten-year average of 4.0%. Further, we are doubtful that the County will meet its projection for 7.0% growth through the remainder of FY 2025, which is necessary to achieve its revenue assumptions for the Out-Years, even if the County's growth rate assumptions prove accurate. Also, the current uncertain economic conditions concern us because the pronounced average growth in sales tax revenue experienced in FY 2021 and FY 2022 (15.0%) has markedly slowed in the past two and one-half years (in FY 2023 through today) to only 1.2%. If the local economy enters a recession, such revenue could even contract from current levels before resuming growth in the future.

Pension Contributions – The Proposed Plan reflects the Administration's assumption that the County's contribution rates to both the Employees' Retirement System ("ERS"), the Police and Fire Retirement System ("PFRS") are expected to increase as per an announcement made by the State Comptroller. The report indicates that average contribution will increase from 16.5% to 17.6% of the payroll for the ERS plan and from 33.7% to 36.5% of payroll for the PRFS plan. However, the Administration assumes costs will decline slightly from FY 2027 to FY 2028 and increase again in FY 2029.

We acknowledge that the County has $88.3 million available in its Retirement Contribution Reserve Fund and has appropriated $75.0 million of resources in FY 2026, leaving $13.3 million that can be used to pay for a portion of its retirement system obligation in future years.

Social Services Costs – Changes in public assistance caseload and expenditures can be difficult to predict. Demand for public assistance is closely related to the economic climate because recipient grant demand usually increases when there is an economic downturn. The problem is that there is typically a lag time between 12 and 36 months before changes in demand – in either direction – become apparent.

While predicting a turning point in the near-term direction of public assistance caseload may seem speculative, it is reasonable to assume that the County will incur increased social services costs during the period of the Proposed Plan should there be a prolonged downturn in the economy. Therefore, the County must closely monitor public assistance caseloads and costs and continually revise its forecasting model.

There is no clarity on the impact of the federal One Big Beautiful Bill Act on benefits, specifically the Supplemental Nutrition Assistance Program ("SNAP") benefits. On October 3, 2025, it was announced that states, including New York, would no longer be able to waive work requirements. It is estimated that this new requirement would decrease the number of eligible persons who could receive the SNAP benefit. We have requested an analysis of the impact of the federal changes, but the Administration has not provided such assessment.

Judgments and Settlements – The Administration is funding its expenditures for annual non-certiorari judgments and settlements with only $15.0 million in operating revenue in each of FY 2027, FY 2028 and FY 2029. Our analysis indicates this to be

insufficient based on average historical liability. Although the County has $117.6 million in its Litigation Fund as of September 22, 2025 to supplement these allocations, it has appropriated $80.0 million of that amount for use in FY 2026 and $5.0 million in each of the Out-Years.

The County must plan for potentially large non-certiorari judgments or settlements, including Workers' Compensation claims, but has made no definitive provision to increase its reserves in the future even though the County is a defendant in several major lawsuits. The County Comptroller has reported that as of December 31, 2024, the County has estimated liabilities of $375.7 million for non-certiorari claims and litigation and $316.3 million for Workers' Compensation claims.

It is very likely that resolution of these potential liabilities will result in actual costs far exceeding budgeted amounts and current reserves. The County should consider increasing its reserves to avoid finding itself in a position of seeking to bond these costs, which is an action NIFA has rejected in the past.

Property Tax Certiorari – Although improved from past years, significant property tax certiorari liability continues to impair the County's balance sheet. The total tax certiorari liability was reported by the Comptroller to be $247.2 million as of December 31, 2024. This included $150.4 million of non-current liabilities, including $6.9 million in estimated non-current liabilities payable from the Disputed Assessment Fund ("DAF"), and $96.9 million in current liabilities, including $4.4 million in estimated current liabilities payable from DAF.

The Administration previously stated that it intended to reduce its property tax certiorari liabilities – using a combination of operating revenue and resources held in its DAF and Litigation Fund – to $160.0 million by the end of FY 2025.[9] It is unclear if the County can reach its target due to the persistent volume of claims, considering that it has included only $15.0 million in each year of the Out-Years for tax certiorari refunds. Although the County has $129.4 million in its Litigation Fund to supplement these allocations, it has appropriated $70.0 million of that amount for use in the Proposed Budget, leaving less flexibility for the Out-Years.

The County has not resolved the underlying problem brought about by the County using an assessment roll that is susceptible to large numbers of successful grievances. We remain concerned that the Administration's decision to continue its freeze of the assessment roll will result in an inequitable shift in the property tax burden to those properties whose owners do not challenge their assessments and a tax certiorari refund liability that will grow in future years from increasingly less accurate assessments.

Budgeted Contingency Reserves – The Proposed Plan does not contain budgeted contingency reserves which had been previously funded at $30.0 million in FY 2024 and FY 2026, and $5.0 million in FY 2027. Despite the existence of off-budget reserves, with so much uncertainty in the County's long-term fiscal outlook, we advise the County to take

9 The Administration's tax certiorari plan was presented in the 2022-2025 Multi-Year Plan Update.

the necessary steps to fund contingency reserves throughout the Proposed Plan. Reasonable contingency reserves are expected by bond rating agencies and are part of any well-constructed budget because of the probability that certain assumptions will break unfavorably in any year. Even a modest contingency reserve could buffer the otherwise disruptive impact on operations caused by unforeseen increases in expenditures or unanticipated shortfalls in revenues.

Reserve Funds – Although it states in the Proposed Plan that it "maintains healthy fund balances", the County is well aware that GAAP does not treat fund balance as revenue. Consequently, fund balance cannot be used to match expenditures or offset shortfalls in the operating budget.

The Proposed Plan includes appropriations of $606.1 million of the County's reserve funds out of the current $729.6 million balance (all funds). It is not clear to us that the County expects to expend all such appropriations; but if it does, it will leave the reserves mostly depleted. We recommend that the County use its reserve funds to pay extraordinary or emergency costs rather than to fund routine operating expenses.

Covered Organizations – The NIFA act requires the County to include covered organizations in the Proposed Plan. Our analyses of NHCC and Nassau Community College ("NCC"), each a covered organization under the NIFA act, are set forth below.

- *Nassau Health Care Corporation*: NHCC projects operating losses of $155.3 million in FY 2026, $168.1 million in FY 2027, $175.2 million in FY 2028, and $183.1 million in FY 2029. The new management team deserves credit for being transparent in enumerating the depth of the fiscal cliff confronting NHCC; however, drastic changes are needed in its recurring revenues and management of its expenditures to maintain the viability of its operations. Unfortunately, there is no discussion of gap-closing measures NHCC plans to implement to ensure recurring financial balance. NHCC should craft a detailed gap-closing plan containing comprehensive descriptions of the requisite tasks and milestones.

  Our analysis indicates that NHCC's revenue targets, which show fluctuating annual amounts of between $561.3 million and $568.3 million are reasonable based on current trends. Our analysis also shows that NHCC's expenditure assumptions (increasing from $716.6 million in FY 2026 to $751.4 million in FY 2029), which do not account for any costs that are likely to result from future collective bargaining with the CSEA, will lead to annual deficits. These projected variances underscore the significant structural imbalance of NHCC's finances. We note that NHCC has indicated that it expects to update these projections in approximately December 2025 after additional analysis by the new management team.

- *Nassau Community College*: Although NCC is a covered organization under the NIFA act, it should be noted that the County's financial support is primarily limited to supporting a portion of NCC's operating expenses (through the levy of a property tax) and to sharing NCC's capital costs with the State.

The Proposed Plan for NCC contains projected GAAP deficits of $5.4 million in FY 2026, $8.8 million in FY 2027, $11.5 million in FY 2028, and $15.2 million in FY 2029. NCC plans to mask the deficits in FY 2026 and FY 2027 by appropriating its remaining fund balance to bridge the difference between projections of operating revenues and expenditures, as reflected in the chart below.[10] NCC's projections for FY 2028 and FY 2029 show increasing deficits, which occur after its fund balance is completely depleted in FY 2028.

($ in millions)	FY 2024 Year End Results	FY 2025 Projection	FY 2026 Adopted	FY 2027	FY 2028	FY 2029
Beginning Fund Balance	28,879	17,643	14,965	9,575	817	(10,696)
Appropriation to Balance Budget	(11,236)	(2,678)	(5,390)	(8,758)	(11,513)	(15,220)
Enidng Fund Balance	**17,643**	**14,965**	**9,575**	**817**	**(10,696)**	**(25,916)**

NCC's Board of Trustees adopted a policy that "set unreserved, unrestricted fund balance at a minimum level of 4% of the prior year's operating budget." This policy is less than the 5 – 15% recommended by Government/Municipal/SUNY guidelines. Only FY 2026 follows such policy. NCC will need drastic changes in its recurring revenues and management of its expenditures to maintain the viability of its operations.

The three major revenue sources that support NCC's budget are: tuition and fees, which is projected to grow at a constant 3% year to year; State aid and property taxes, which remain flat throughout the Out-Years. Tuition is expected to increase by $190.

Salaries and benefits constitute approximately 86% of total expenditures and are projected to grow by 3% annually. Other than Personal Services costs, which include Equipment, General Expenses, Contractual Services, and Utilities, are also projected to grow by 3% annually. Debt service-related costs remain substantially unchanged in the Proposed Plan.

Unfortunately, the Proposed Plan does not describe any gap-closing measures NCC plans to implement to ensure recurring financial balance. It lists the following gap-closing initiatives without quantifying any numerical value: 1) Tuition Increases; 2) Public-Private-Partnerships; 3) Leasing Property; 4) Rental Income; 5) Internal Efficiencies; 6) Cost Containment; and 7) State Support. The County should insist that NCC craft a detailed gap-closing plan containing comprehensive descriptions of the requisite tasks and milestones.

Potential Gap-Closing Plan Initiatives

The Administration contends, "[t]he County's Fiscal 2026-2029 Multi-Year Financial Plan is structurally balanced with no gaps; therefore, no discussion of a gap-closing plan is required." We disagree with the Administration's conclusion regarding

10 As recognized by the County Comptroller's Office and the County Office of Legislative Budget Review, fund balance is not a revenue source under GAAP.

structural balance, considering the County's inclusion of amounts in reserves as funding sources in the Out-Years.

In any event, the Administration has identified several initiatives to improve the County's finances by generating additional revenue or reducing expenditures in the Out-Years. These initiatives, which have been mentioned for several years, but not been presented as part of a formal gap-closing plan, are discussed below.

State Aid Mandated Cap – The County pays third-party vendors to provide Pre-School Special Education for certain children aged five or younger and receives a 59.5% reimbursement from the State for costs incurred. The Administration wants the State to increase the reimbursement rate to offset these increasing expenses, which are not within the County's control. We are unaware of any support in the State Legislature for changes to the reimbursement rate.

Building Consolidation – The Administration, without any specifics or supporting documentation, expects to reduce expenses through centralization and reduction of office space, thereby generating additional savings in utilities and maintenance costs. We are holding this initiative at risk until a detailed plan is developed that lays out specific properties the County is vacating.

Efficiency Program – The Administration expects to realize savings from permanently consolidating and realigning its workforce levels. It is unclear how the County's proposed voluntary separation incentive program factors into this initiative. We continue to question this initiative since there is a lack of specificity.

Economic Development – The Administration has stated that there are opportunities for economic development of downtown areas; however, it has not identified any specific projects or explained how this would generate new revenue.

Coliseum Property – Beginning in FY 2027, LVS is to pay $5.0 million annual rent payments to the County which inflate each year by two percent beginning in FY 2028 (the fifth year of the lease). The County will also receive approximately $0.9 million additional rent annually (which also inflate each year of the lease by two percent) towards public safety, although these payments are not included in the Out-Years of the Proposed Plan.

The County has not identified any additional revenues flowing from the lease following LVS's withdrawal of its application for a casino license at the Coliseum site.

IV. CONCLUSION

The County's fiscal outlook continues to show signs of stress in the near and long term.

During FY 2026, the County relies substantially on one-shot uses of various reserves to provide relief in the Major Funds, as it has done in recent years. Although the purpose of reserves should be to smooth the impact of unanticipated revenue shortfalls and expenditure overruns, their now-routine use at the beginning of the year demonstrates the absence of lasting improvement in the County's fiscal strength and risk management.

The weak fiscal outlook in the Out-Years results from many factors, notably: overestimated sales tax revenue, fees from fines, departmental revenue, and underestimated expenditures for salaries and fringe benefits, Early Intervention/Pre-School Special Education and social services programs. The County has also failed to account for the expected rise in its labor costs after the next round of collective bargaining is completed. These projected variances are partially masked by the continued planned use of reserves to pay operating costs (which are restricted in their permitted uses). We project growing risks in FY 2027, FY 2028 and FY 2029, which could reach nearly either seven or nine times the one percent threshold requiring a control period, and for which the County has not supplied us with its proposed solutions.

Our concerns regarding the County's structurally imbalanced finances are magnified by the County's long-term liabilities for tax certiorari refunds, non-certiorari litigation and workers' compensation claims, which likely will become significant expenditures in the Out-Years. Further, we continue to monitor the precarious finances of the Nassau Health Care Corporation which could add to the County's financial exposure.

We will help the County to continue its fiscal recovery and will continue to update our evaluation of its sustainability. The County can help in that process by responding to our prior unanswered requests for information and by improving the transparency of its decision-making.

V. APPENDICES

Appendix A
Proposed Multi-Year Financial Plan, Fiscal 2026-2029

MAJOR FUNDS				
EXPENDITURES				
Object	**2026 Proposed**	**2027 Proposed**	**2028 Proposed**	**2029 Proposed**
AA - SALARIES, WAGES & FEES	1,086,922,111	1,110,448,027	1,137,850,462	1,167,365,355
AB - FRINGE BENEFITS	789,274,652	818,851,489	833,639,727	867,476,830
AC - WORKERS COMPENSATION	39,920,550	39,920,550	39,920,550	39,920,550
BB - EQUIPMENT	6,208,758	5,000,000	5,000,000	5,000,000
DD - GENERAL EXPENSES	51,579,002	51,491,549	51,443,687	51,389,184
DE - CONTRACTUAL SERVICES	350,594,864	347,958,017	352,230,220	355,273,358
DF - UTILITY COSTS	43,799,316	42,705,098	42,880,145	43,426,665
DG - VAR DIRECT EXPENSES	5,300,000	5,300,000	5,300,000	5,300,000
FF - INTEREST	99,176,313	105,885,363	110,816,788	117,081,838
GA - LOCAL GOVT ASST PROGRAM	98,136,313	100,558,471	102,792,912	105,585,342
GG - PRINCIPAL	87,495,000	100,310,000	70,865,000	70,005,000
HH - INTERFUND CHARGES	19,993,750	19,642,750	19,248,250	18,866,250
MM - MASS TRANSPORTATION	54,771,930	55,745,937	56,743,321	57,764,641
NA - NCIFA EXPENDITURES	2,835,000	2,480,000	3,150,000	2,825,000
OO - OTHER EXPENSE	207,168,128	212,727,081	228,422,569	224,657,800
PP - EARLY INTERVENTION/SPECIAL EDUCATION	209,800,000	199,050,000	193,300,000	193,300,000
SS - RECIPIENT GRANTS	91,000,000	83,000,000	81,000,000	81,000,000
TT - PURCHASED SERVICES	135,322,685	126,325,011	121,325,011	116,325,011
WW - EMERGENCY VENDOR PAYMENTS	67,171,000	65,171,000	65,171,000	65,171,000
XX - MEDICAID	252,423,616	252,423,616	252,423,616	252,423,616
Total Expenditures	**3,698,892,988**	**3,744,993,959**	**3,773,523,257**	**3,840,157,439**
REVENUES				
	2026 Proposed	**2027 Proposed**	**2028 Proposed**	**2029 Proposed**
BA - INT PENALTY ON TAX	36,037,500	36,037,500	36,037,500	36,037,500
BC - PERMITS & LICENSES	18,393,635	23,793,635	23,393,635	23,793,635
BD - FINES & FORFEITS	79,741,623	79,741,623	81,741,623	84,741,623
BE - INVEST INCOME	52,330,000	52,330,000	52,330,000	52,330,000
BF - RENTS & RECOVERIES	57,528,697	55,601,516	51,601,516	47,601,516
BG - REVENUE OFFSET TO EXPENSE	21,414,577	20,595,577	20,595,577	20,595,577
BH - DEPT REVENUES	223,272,366	229,426,514	241,123,345	250,833,112
BO - PAYMENT IN LIEU OF TAXES	49,642,997	51,736,204	51,477,398	52,385,888
BQ - CAPITAL RESOURCES FROM DEBT	22,700,000	22,700,000	22,700,000	22,700,000
BS - OTB PROFITS	20,000,000	20,000,000	20,000,000	20,000,000
BW - INTERFUND CHARGES REVENUE	84,550,170	90,070,545	87,098,084	88,807,912
BZ - OTH NON TAX SOURCE REVENUES	302,853	308,911	315,089	321,391
FA - FEDERAL AID REIMBURSEMENT OF EXPENSES	222,483,733	216,130,207	211,919,765	207,715,115
SA - STATE AID REIMBURSEMENT OF EXPENSES	341,963,503	335,608,114	334,002,332	336,514,211
TA - SALES TAX COUNTYWIDE	1,514,673,289	1,552,540,121	1,587,472,274	1,631,127,761
TB - PART COUNTY SALES TAX	129,611,658	135,703,889	138,757,227	142,573,051
TL - PROPERTY TAX	755,263,137	755,263,137	755,263,137	755,263,137
TO - OTB 5% TAX	1,003,250	1,003,250	1,003,250	1,003,250
TX - SPECIAL TAXES	32,980,000	33,120,000	33,263,500	33,410,588
Total Revenues	**3,663,892,988**	**3,711,710,743**	**3,750,095,252**	**3,807,755,266**
Interfund Transfers from Reserves	35,000,000	35,000,000	27,000,000	35,000,000
Total Revenues including Interfund Transfers	**3,698,892,988**	**3,746,710,743**	**3,777,095,252**	**3,842,755,266**
Projected Surplus	**0**	**1,716,784**	**3,571,995**	**2,597,827**

Appendix B
Multi-Year Plan Baseline Inflators

Category	2027, 2028, 2029	Inflator Explanation
Expenditures		
Employee Benefits:		
Non-Police Pension	20.2%, 18.5%, 17.8%	Assumptions based on available bills and recent historical increases
Police Pension	36.3%, 32.7%, 29.9%	Assumptions based on available bills and recent historical increases
Health Insurance - Active	4.0%, 4.0%, 4.0%	Assumptions based on recent historical increases
Health Insurance - Retirees	5.0%, 5.0%, 4.0%	Assumptions based on recent historical increases
Other Than Personal Services	0.0%, 0.0%, 0.0%	
Utilities:	-2.50%, 0.41%, 1.27%	EIA (US DOE) 2023 Annual Energy Outlook Price Projection for Commercial Customers (Reference Case) and 10 year avg growth in the CPI - All Urban Consumers (New York-Northern New Jersey-Long Island, NY-NJ-CT-PA)
Average Debt Service	5.00%, 5.00%, 5.00%	
Medicaid	Flat, Flat, Flat	Based on Weekly Medicaid Cap prior to Relief
Social Services Entitlements	Variable	Reflects most current caseload information
Special Education Program	Variable	Reflects most current caseload information
Revenues:		
Investment Income	0.0%, 0.0%, 0.0%	Assumptions based on recent historical increases
State Aid	Variable	Variable based upon reimbursement formula
Federal Aid	Variable	Variable based upon reimbursement formula
Sales Tax	2.5%, 2.25%, 2.75%	

Appendix C

Description of Reserve Funds

The **Litigation Fund** was established in 2015 in accordance with the transitional borrowing plan approved by NIFA to ensure that the County no longer borrowed for judgments and settlements. Since its inception the County has allocated year-end surpluses to dedicated purposes within the Litigation Fund, such as: Workers' Compensation claims; longevity payments owed to satisfy labor settlements; judgments and settlements (non-certs related) specific to the Police District Fund; and tax certiorari refunds.

The **Operating Reserves Fund** was established in 2023 with the sole purpose to cover extraordinary expenses under the following categories (segregated specifically): (1) healthcare – to cover unbudgeted or extraordinary expenditures related to healthcare insurance for existing and retired employees; (2) labor – to provide for payment of unbudgeted or extraordinary personnel costs, and expenditures related to negotiated labor agreements, awards or settlements; and (3) insurance – to provide for the retention of risk to strengthen the County's risk management strategy through high deductible, excess loss property and casualty, public entity liability and other polices.

The **Employee Benefit Accrued Liability Reserve Fund** was created in 2004 with the sole purpose to fund future termination payouts for unused vacation and sick leave accruals and other similar payments.

The **Bonded Indebtedness Reserve Fund** was established in 2005. Its purpose is to set aside resources for future partial payments of debt service.

The **Retirement Contribution Reserve Fund** was formed in 2004. It was created to allocate resources to cover portions of future retirement systems payments. The funds currently held in this Fund may be used to offset pension payments related to the Employees' Retirement System, but not the Police and Fire Retirement System.

The **Capital Reserve Fund** was established in 2024, pursuant to Section 6-c of the General Municipal Law, to accumulate funds to finance the cost of the acquisitions of vehicles with a period of probable usefulness of less than five years.