

NASSAU COUNTY NEW YORK



POPULAR ANNUAL FINANCIAL REPORT

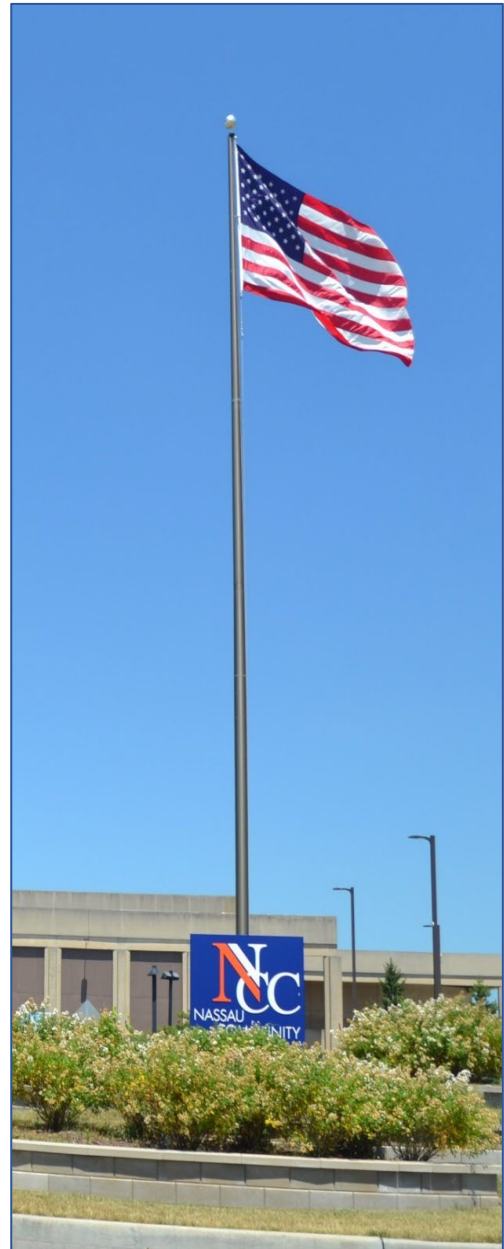
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

ELAINE PHILLIPS
Nassau County Comptroller



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Hon. Elaine Phillips
Nassau County Comptroller

June 30, 2022

A Message from the Nassau County Comptroller:

I am pleased to present the Nassau County Popular Annual Financial Report (PAFR) for the year ending December 31, 2021, the fourth PAFR from Nassau County and the first of my administration. The financial information presented in this PAFR is derived from the County's Annual Comprehensive Financial Report (ACFR) and is presented here in summarized form. This report is intended to provide a "user-friendly" review of the County's finances, operations and economic activities to be accountable to the taxpayers and residents constituents as to the financial condition of the County and how its resources are being used to serve the taxpayers and residents.

The ACFR outlines the County's financial position and operating activities for fiscal year 2021 in great detail. The ACFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP), audited by the County's independent audit firm, Mayer Hoffman McCann CPAs and received an unmodified ("clean") opinion. An unmodified opinion is given when the financial statements present fairly, in all material respects, the financial position of an entity. The PAFR is unaudited and presented on a GAAP basis.

For additional information, a copy of the ACFR may be obtained via the County's website at <https://www.nassaucountyny.gov/4517/Financial-Reports>.

I hope that you will find this report both useful and informative.

Sincerely,

A handwritten signature in cursive script that reads "Elaine Phillips".

Elaine Phillips
Nassau County Comptroller

Awards

Popular Annual Financial Report

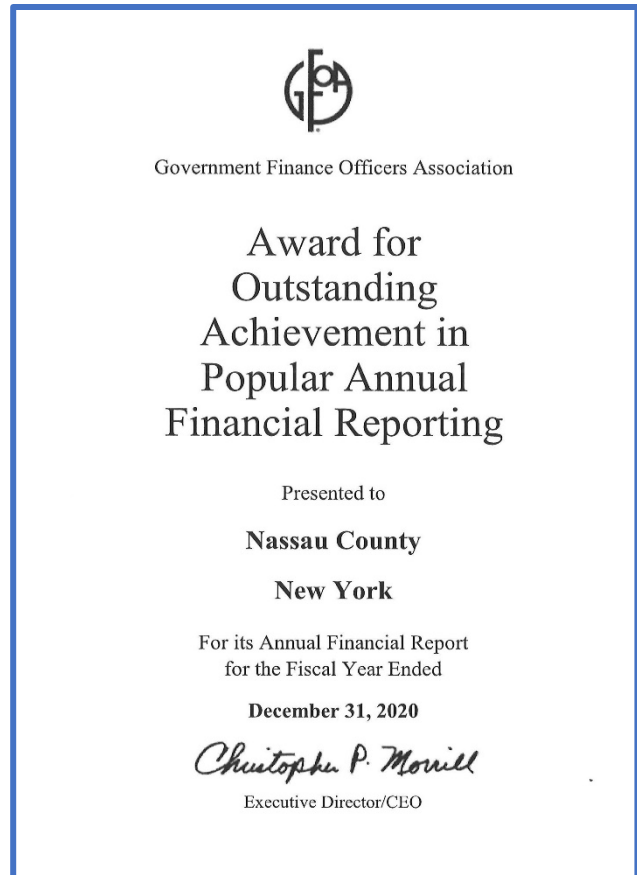
The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Nassau County for its Popular Annual Financial Report (PAFR) for the Fiscal Year ended December 31, 2020. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a PAFR, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting (Popular Award) is valid for a period of one year only. Nassau County has received a Popular Award for the last three consecutive years (fiscal years ended 2018-2020). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.

Other Awards

In addition to receiving the Award for Outstanding Achievement for its PAFR, Nassau County's ACFR for the Fiscal Year ended December 31, 2020, was awarded the Certificate of Achievement for Excellence in Financial Reporting by the GFOA for the 37th consecutive year. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. We believe our ACFR continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.



Additionally, the County has earned GFOA’s Distinguished Budget Presentation Awards for its 2021 budget submission. A governmental unit must publish a budget document that meets criteria as a policy document, an operations guide, a financial plan, and a communications device to receive this award.

For Fiscal Year 2020, Nassau County has been awarded a special Triple Crown medallion from the GFOA, which signifies the government has received all three GFOA awards (the Certificate of Achievement for Excellence in Financial Reporting Award, Distinguished Budget Presentation Award, and the Popular Annual Financial Reporting Award), which is a major achievement. This is the second time Nassau County has received this important award since inception of the Triple Crown program in 2019.

County Profile, Government and Local Economy

COUNTY PROFILE

Nassau County (County) was formed in 1899 by the division of Queens County, after the western portion of Queens had become a borough of New York City in 1898. The County is the site of some of New York State’s earliest colonial settlements, many of which date to the 1640s.

With a population of almost 1.4 million people, the County occupies 287 square miles. The County is bordered by New York City (Queens) to the west, Suffolk County to the east, the Long Island Sound to the North and the Atlantic Ocean to the south, with nearly 188 miles of scenic coastline.

The County contains three townships (Hempstead, North Hempstead and Oyster Bay), two cities (Glen Cove and Long Beach), 64 incorporated villages, 56

school districts and approximately 200 special taxing districts that provide fire protection, water supply, and other services. Mineola is the County Seat. Land uses within the County are predominantly single-family residential, commercial, and industrial.



GOVERNMENT STRUCTURE AND SERVICES

Since 1938, the County has operated under the County Charter. The County Executive and County Comptroller are elected by the voters of Nassau County, the County Executive as head of the executive branch of County government and the Comptroller as the independent overseer of the County's finances. The legislative power of the County is vested in the elected 19-member County Legislature.

Nassau County government funds a wide range of municipal services, which include, but are not limited to, public safety, education and social services, public works (including highways, parks, water and sewer) recreational facilities, general administration and planning, and health services.



Nassau County's Theodore Roosevelt Executive and Legislative Building in Mineola

ECONOMY

The County is considered an affluent suburban area. The median income is high and unemployment is low, as compared to New York State and the U.S. Moreover, the County continues to have a significantly smaller percentage of families below the poverty level than the State and the United States.¹

Category	County	State	U.S.
Median Household Income (2020)	\$120,036	\$71,117	\$ 64,994
Unemployment Rate (2021)	4.5%	6.9%	5.3%
Families Below Poverty Level (2020)	5.7%	12.7%	11.4%

¹ SOURCES: : U.S. Census, 2019 and 2020 American Community Survey, 1-Year Estimates of unemployment , Compiled by the County from: New York State Department of Labor, "Labor Force and Unemployment Data," <https://statistics.labor.ny.gov/lslaus.shtm>; U.S. Department of Labor, Bureau of Labor Statistics, "A-1. Employment status of the civilian noninstitutional population 16 years and over, 1987 to date," <https://www.bls.gov/web/empsit/cpseea01.htm>. These sources may revise the employment data later. The table above reflects the figures as of the date of original publication.

Overview of Financial Statements

In accordance with GAAP, the ACFR presents the County's financial statements under two bases of presentation, Government Funds and Government-wide. The table below outlines the differences between the two sets of financial statements.²

Characteristics of Governmental Fund and Government-wide Financial Statements		
	Governmental Funds	Government-Wide
Scope	Basic services of government, typically financed with taxes and grants; makes up most of governmental activities	Provides readers with a broad, long-term, overview of the County's finances in a manner similar to a private-sector business. Includes all activities of the government (except fiduciary), including governmental activities (governmental funds), and component units that are operationally codependent upon the primary government. If the County had business-type activities (enterprise funds), those funds would be included in Government-Wide Statements.
Display Features	"Major" funds shown individually; smaller governmental funds aggregated into a single column	Information divided among primary government and discretely presented component units
Measurement Focus and Basis of Accounting	Current (short term) financial resources and modified accrual, which recognizes revenues as they become available and records expenditures when liabilities are incurred, similar to the budget	Economic resources (records assets and liabilities that exceed one year) and full accrual
Statements	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities

The County and its component units comprise the reporting entity. Component units are legally separate organizations for which the County is financially accountable or other organizations whose nature and significant relationships with the County are such that exclusions would cause the County's financial statements to be misleading.³ The presentation of component units is

² The chart above has been modified slightly to conform to Nassau County's funds but otherwise is based on page 17 of the following publication: Mead, Dean, An Analyst's Guide to Government Financial Statements. Second Edition. Norwalk, CT: Government Accounting Standards Board, 2012

³ Financial accountability can occur at the appointment of a voting majority of the component unit's board, and (i) either the County's ability to impose its will on the organization or (ii) there is a potential for the organization to

dependent on whether or not the component unit is blended or discretely presented. Blended component units are reported in the Governmental Fund Financial Statements as separate funds of the County and consolidated with the County as the Primary Government in the Government-wide financial statements. Discretely presented component units are not included in the Governmental Fund financial statements but are presented in the Government-wide financial statements separately from the Primary Government. Blended component units are included in the Governmental Fund and Government-wide financial statements depicted in the tables on page 9 and page 10, respectively.

The County's component units are:

- I. Blended Component Units
 - a. the Nassau Interim Finance Authority (NIFA)
 - b. the Nassau County Tobacco Settlement Corporation (NCTSC) and
 - c. the Nassau County Sewer and Storm Water Finance Authority (NCSSWFA)
- II. Discretely Presented Major Component Units
 - a. the Nassau Health Care Corporation (NHCC)
 - b. the Nassau Community College (NCC)
- III. Discretely Presented Non-Major Component Units
 - a. the Nassau Regional Off-Track Betting Corporation (OTB)
 - b. the Nassau County Industrial Development Agency (NCIDA)
 - c. the Nassau County Local Economic Assistance Corporation (NCLEAC)
 - d. the Nassau County Bridge Authority (the Bridge Authority) and
 - e. the Nassau Land Bank Corporation (NC Land Bank)



provide a financial benefit to or impose a financial burden on the County. Financial accountability can also occur when the component unit is fiscally dependent on the County.

2021 Financial Results

GOVERNMENTAL FUNDS

The County's 2021 fiscal year Governmental Funds show a total net change to GAAP fund balance of \$479.5 million, a significant increase of \$463.6 million from the prior year, 30 times the amount in 2020 or an increase of 2,916%.

Excerpts from Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances				
(\$ in millions)	2021	2020	\$ Change	% Change
Total Revenues	\$ 3,800.1	\$ 3,422.6	\$ 377.5	11%
Total Expenditures	3,577.8	3,409.5	168.3	5%
Excess of Revenues Over Expenditures	222.4	13.1	209.3	1598%
Total Other Financing Sources (Uses)	257.2	2.8	254.4	9086%
Net Change in Fund Balance	479.5	15.9	463.6	2916%
Fund Balance at Beginning of Year	634.1	618.2	15.9	3%
Fund Balance at End of Year	\$ 1,113.6	\$ 634.1	\$ 479.5	76%

For more detail, see Exhibit X-5 on page 50 of the ACFR. Due to rounding, some totals may not correspond with the sum of the separate figures.



GOVERNMENT-WIDE

The following Condensed Statement of Activities for the fiscal year ended December 31, 2021, details the improvement in the County's net position of over \$268.6 million from -\$8.2 billion in 2020 to -\$8.0 billion in 2021.

Government-wide/ Primary Government Condensed Statement of Activities				
(\$ in millions)	2021	2020	\$ Change	% Change
Program Revenues				
Charges for Services	\$396.6	\$346.1	\$50.5	15%
Operating Grants	560.1	555.0	5.1	1%
Capital Grants	109.6	176.0	(66.4)	-38%
General Revenues				
Property Taxes	969.3	989.2	(19.9)	-2%
Sales Taxes	1,407.3	1,164.2	243.1	21%
Other Taxes	94.5	88.9	5.6	6%
Tobacco Settlement Revenues	20.9	19.3	1.6	8%
Opioid Litigation Settlement Rev	55.9	-	55.9	
Investment Income	28.2	30.0	(1.8)	-6%
Other General Revenues	77.9	62.5	15.4	25%
Total Revenues	3,720.3	3,431.2	289.1	8%
Legislative	13.7	15.2	(1.5)	-10%
Judicial	88.8	97.7	(8.9)	-9%
General Administration	694.5	784.5	(90.0)	-11%
Protection of Persons	1001	1,137.8	(136.8)	-12%
Health	229	231.1	(2.1)	-1%
Public Works	380.6	384.1	(3.5)	-1%
Recreation and Parks	52.7	54.9	(2.2)	-4%
Social Services	501.4	547.2	(45.8)	-8%
Corrections	298.3	342.2	(43.9)	-13%
Education	27.8	27.5	0.3	1%
Interest on Long Term Debt	163.9	182.2	(18.3)	-10%
Total Expenses	3,451.7	3,804.4	(352.7)	-9%
Increase (Decrease) in Net Position (Deficit)	268.6	(373.2)	641.8	-172%
Net Position (Deficit) Beginning	(8,242.3)	(7,869.1)	(373.2)	5%
Net Position (Deficit) Ending	(\$7,973.7)	(\$8,242.3)	\$268.6	-3%

For more detail, see Exhibit X-2 on page 47 of the ACFR. Due to rounding, some totals may not correspond with the sum of the separate figures.

Negative net positions are generally because governments have long-term liabilities that are funded on a pay-as-you-go basis, appropriating resources each year as payments come due, rather than accumulating assets in advance, in accordance with governmental accountings. The table below reconciles the Governmental Funds' ending fund balance to the Government-wide Statement of Net Position.

Other Post-Employment Benefits (OPEB) is the primary obligation contributing to the negative position at fiscal year-end 2021. The actuarially computed liability, representing an estimate of future benefits due, but unfunded, was \$6,508.9 million as of fiscal year-end 2021. OPEB relates to benefits that are due to employees who are entitled to health benefits upon retirement. New York State does not permit the establishment of reserves for this benefit. It is a "pay as you go" obligation, meaning that every year the County will pay for the cost of health care premiums as the costs are incurred. County debt is the second most significant obligation contributing to the net deficit with \$3,754.7 million of debt and related deferred bond premiums, discounts and accreted interest outstanding. Debt repayment is scheduled many years into the future and the County is obligated to pay the debt as it comes due.

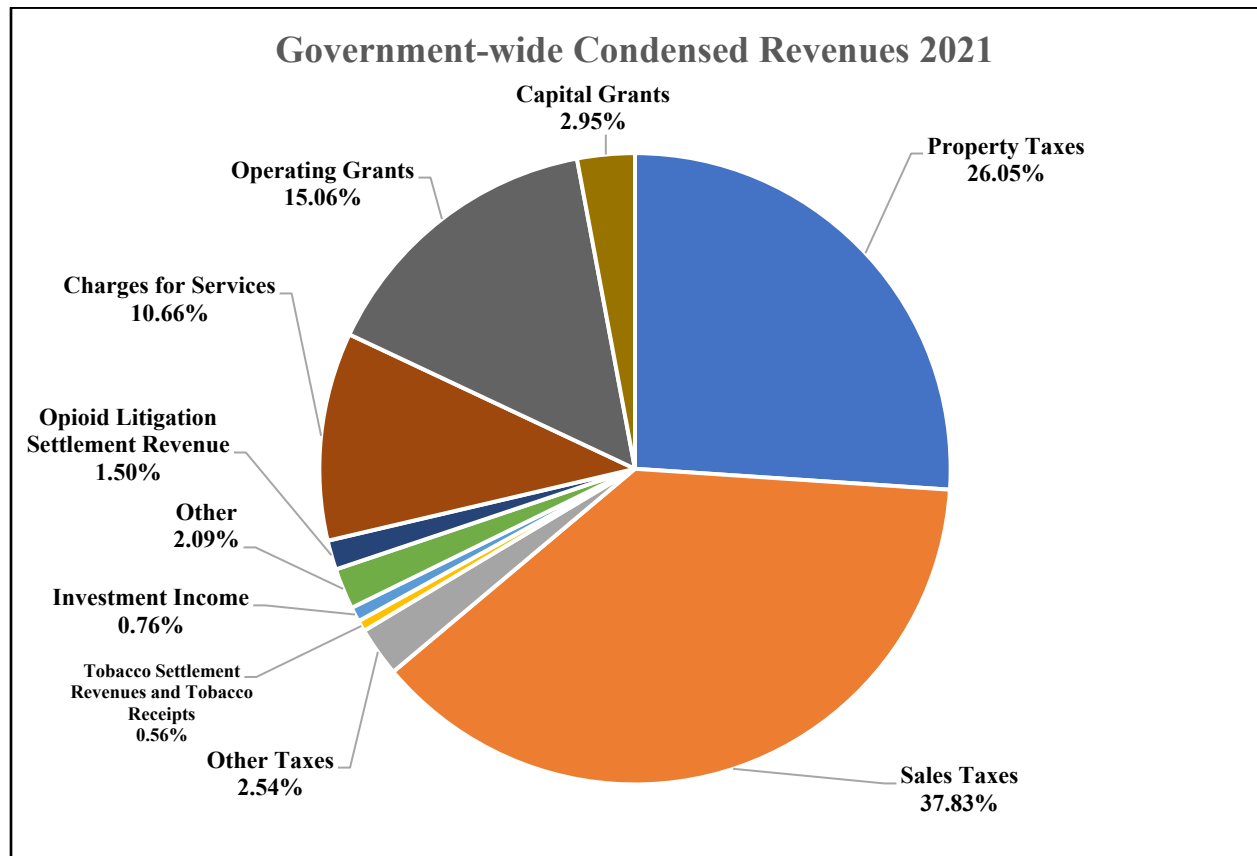
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position			
(\$ in millions)	2021	2020	\$ Change
Ending Fund Balance -governmental funds	\$ 1,113.6	\$ 634.1	\$ 479.5
Capital Assets net of accumulated depreciation	3,863.9	3,603.4	260.5
Assets that are not available resources	60.2	56.2	4.0
Deferred outflows of resources			
Deferred loss on refunding	37.2	59.1	(21.9)
Pensions	745.3	585.9	159.4
Other postemployment benefits	901.0	1,082.6	(181.6)
Deferred inflows of resources			
Deferred Gain on Refunding	(10.8)	(13.4)	2.6
Pensions	(923.2)	(21.5)	(901.7)
Service concession agreements	(56.6)	(58.4)	1.8
Other Post-employment Benefits	(515.7)	(739.7)	224.0
Premiums, Discounts and Accreted Interest on Debt	(508.2)	(387.7)	(120.5)
Long-Term Liabilities not due and payable in current period			-
Debt related	(3,506.8)	(3,528.7)	21.9
Pension related	(280.8)	(1,080.1)	799.3
Other Post-Employment Benefits	(6,580.9)	(6,311.3)	(269.6)
Other long-term liabilities	(2,312.0)	(2,122.9)	(189.1)
Net Position (Deficit)	\$(7,973.7)	\$(8,242.3)	\$ 268.6

For more detail, see Exhibit X-4 on page 49 of the ACFR. Due to rounding, some totals may not correspond with the sum of the separate figures.

SOURCES OF REVENUES AND USES OF EXPENSES

If you wonder how your taxes are spent, the following pie charts illustrate the sources of revenues and the uses of expenses by function, as reported in the Government-wide Condensed Statement of Activities table on page 10.

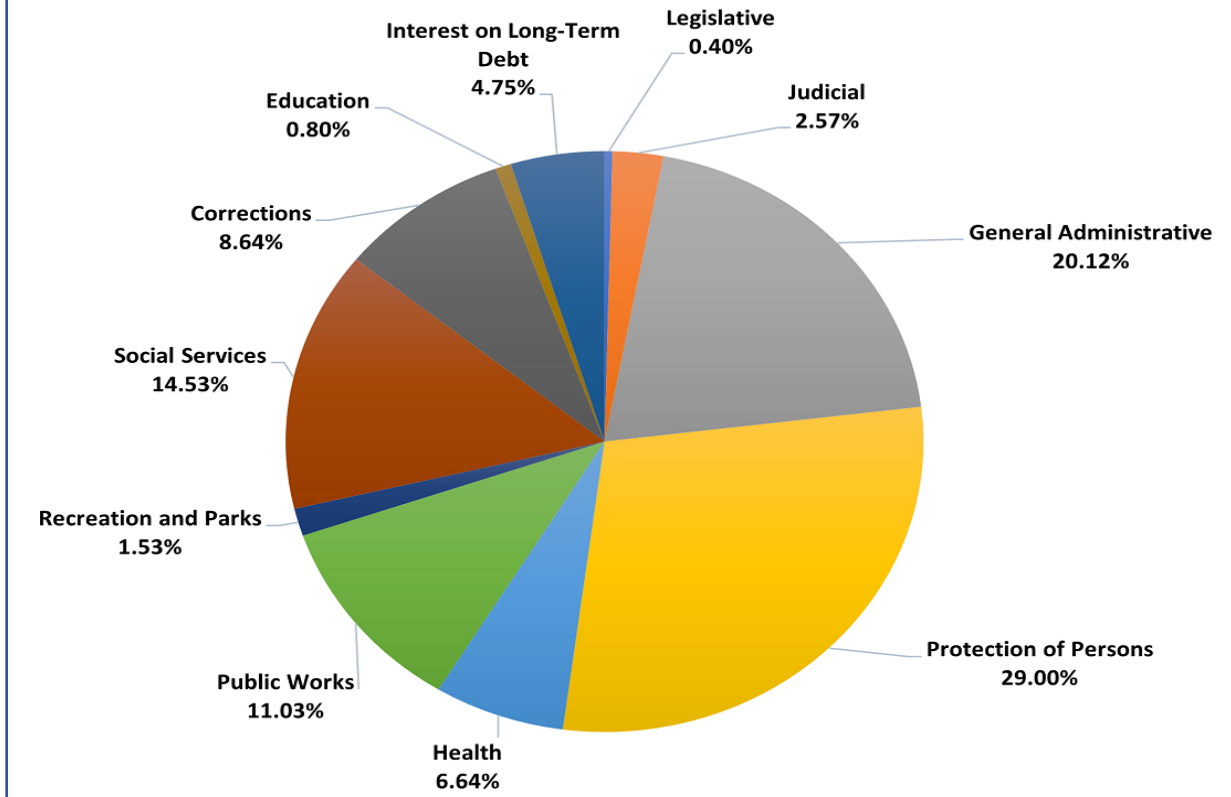
The major components of revenues for the County were Sales Tax (37.83%) and Property Taxes (26.05%), followed by Operating Grants and Charges for Services, as shown in the chart below.



For more detail, see the section on “Statement of Activities” in the Management Discussion and Analysis beginning on page 30 of the ACFR.

The two major expense functions were Protection of Persons (29%) and General Administrative (20%). Protection of Persons include expenses for the Police Headquarters, Fire Commission, and Medical Examiner. General Administrative include expenses for County management, including the elected officials of the County.

Government-wide Condensed Expenses by Function 2021



For more detail, see the section on “Statement of Activities” in the Management Discussion and Analysis beginning on page 30 of the ACFR.

CAPITAL ASSETS

During 2021 the County increased its investment in capital assets (land, buildings, infrastructure, and equipment) by \$260.5 million.

Changes in Capital Assets				
(\$ in millions)	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>%Change</u>
Total Capital Assets	\$ 6,577.3	\$ 6,177.6	\$ 399.7	6%
Less Accumulated depreciation and amortization	2,713.4	2,574.2	139.2	5%
Governmental activities capital assets, net	\$ 3,863.9	\$ 3,603.4	\$ 260.5	7%

For more detail, see Exhibit 14, Note 10 of the ACFR. Due to rounding, some totals may not correspond with the sum of the separate figures.

LONG-TERM DEBT OBLIGATIONS

Overall, County secured debt increased by only \$4.3 million in 2021. Due to the refinancing by NIFA in 2021, \$856.8 million of debt was transferred from County General Obligation debt to the NIFA Sales Tax secured debt. Outstanding long-term total serial bond debt (excluding accreted interest and deferred premiums and discounts) as of December 31, 2021 was \$3,234.7 million.

The State Revolving Fund (SRF) Bonds are issued by the New York State Environmental Facilities Corporation which provide funds for loans to Nassau County and other local governments for capital projects related to clean water and drinking water.

Changes in Long-Term Debt Obligations				
(\$ in millions)	2021	2020	\$ Change	% Change
General Obligation County Bonds	\$ 1,545.9	\$ 2,290.8	\$ (744.9)	-33%
SRF Revenue Bonds	64.9	70.8	(5.9)	-8%
Total Serial Bonds - County	1,610.8	2,361.6	(750.8)	-32%
NIFA Sales Tax Secured Bonds	1,148.2	369.7	778.5	211%
Sewer Financing Authority	87.4	99.7	(12.3)	-12%
Tobacco Settlement Asset Backed Bonds	388.4	399.2	(10.8)	-3%
Total Serial Bonds - Blended Component Units	1,623.9	868.7	755.2	87%
Total Serial Bonds	3,234.7	3,230.4	4.3	<0
Accreted interest - Tobacco Settlement Asset Backed Bonds	102.9	93.7	9.2	10%
Total Serial Bonds and Accreted Interest	\$ 3,337.7	\$ 3,324.0	\$ 13.7	<0

For more detail, see Table 5 on page 41 in the section on “Debt” in the Management Discussion and Analysis of the ACFR. Due to rounding, some totals may not correspond with the sum of the separate figures.

Of the \$3,234.7 million of Total Serial Bonds outstanding, \$2,846.3 million is recourse debt to the County and the balance of \$388.4 million is recourse only to NCTSC, secured by the payment from the Tobacco Settlement Revenue.

Additionally, the County provides a direct-pay guarantee of NHCC’s outstanding debt, which was \$131.6 million as of December 31, 2021. NHCC is a discretely presented component unit of the County, therefore its debt is not included in the table above.

Budget

The County cannot legally incur expenditures for which no appropriation has been previously provided, either at the time of initial budget adoption or through subsequent supplemental appropriation. Consequently, there can be no expenditures that are over the total appropriations. The variances in the table below are a comparison of the General Fund's Actual Results adjusted to a budgetary basis, versus Total Budgetary Authority.

General Fund - Comparative Schedule of Actual Revenues Budgetary Basis VS. Total Budgetary Authority					
(\$ in Millions)	Original Budget	Total Budgetary Authority	Actual on a Budgetary Basis	Variance	
Total Revenues	\$ 2,455	\$ 2,841	\$ 2,836	\$ (5)	under budget
Total Expenditures	2,773	2,762	2,462	301	under budget
Net Other Financing Sources/(Uses)	167	145	97	(48)	under budget
Net Change in Fund Balance	\$ (151)	\$ 224	\$ 471	\$ 247	over budget

For more detail, see Exhibits X-7, B-1 and B-2 of the ACFR. Due to rounding, some totals may not correspond with the sum of the separate figures.

Rating Agency – Debt Ratings

Each of the three rating agencies upgraded their ratings and/or outlook of Nassau County from December 31, 2021 to the ratings shown below as of May 2022.

The County's Long-Term Debt Ratings				
	Dec-21		May-22	
	Rating	Outlook	Rating	Outlook
Moody's Investors Services	A2	Positive	A1	Positive
S&P Global Ratings	A+	Stable	AA-	Stable
Fitch Ratings	A	Negative	A	Stable

See Management's Discussion and Analysis in the ACFR for more information regarding debt ratings.

Acknowledgements

Significant efforts were made by the Accounting Division in the Office of the Comptroller and throughout the County to prepare the County's Fiscal Year 2021 Annual Comprehensive Financial Report, from which much of the content of this report was adopted.

Comments or Suggestions

This financial report is designed to provide a general overview of the Nassau County, NY government's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, requests for additional financial information, see the website for the Office of the Nassau County Comptroller at <https://www.nassaucountyny.gov/1590/County-Comptroller> and/or for comments or suggestions on how we can improve the PAFR, please contact the Comptroller's office at NCComptroller@nassaucountyny.gov or 516-571-2386.

