

A photograph of the Nassau County Courthouse, a grand neoclassical building with a portico supported by tall columns. An American flag flies on a tall pole in front of the building. The scene is partially framed by green trees and white flowers in the foreground.

NASSAU COUNTY 2007 FINANCIAL CONDITION REPORT



**OFFICE OF THE COMPTROLLER
HOWARD S. WEITZMAN**

<http://www.nassaucountyny.gov/agencies/comptroller/index.html>

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Message From The Comptroller

June 30, 2008

Dear Nassau County Taxpayer:

I am pleased to present this report on Nassau County's fiscal condition for 2007. This is the first time since 1973 that the County has issued an informal report on its financial status in addition to the County's official *Comprehensive Annual Financial Report*. This report presents a snapshot of Nassau County's fiscal health as of December 31, 2007 in an easy-to-read fashion and includes key economic and demographic statistics about living and working in Nassau County.

As Nassau County's fiscal watchdog, I have worked closely with County Executive Tom Suozzi and the Legislature to restore Nassau County's fiscal health after our near financial meltdown in 1999. Our hard work has paid off; the major bond ratings agencies have upgraded the County's ratings 13 times between February 2003 and June 2008.

As part of the fiscal turnaround, the County has not increased County property taxes in five years. The County has held expense increases to a compound annual growth rate of 3.39% between 2002 and 2007, less than the consumer inflation rate and one of the lowest rates of spending increases by any municipality in the metropolitan area. Nassau County ended 2007 with a \$23.8 million surplus, our sixth consecutive surplus since 2002. The County's total unrestricted surplus at the end of 2007 was \$89.9 million; however, Nassau County continues to face fiscal challenges. As I monitor the County's finances I will work to keep your taxes down and focus on efforts to close the gap between the County's recurring expenses and recurring revenues.

One issue I am monitoring is the \$3.4 billion cost of post-employment health benefits for County employees and retirees. This liability was reflected in our 2007 balance sheet for the first time as required by new accounting standards. While recognizing this obligation on our balance sheet will not impact our budget or taxes, \$3.4 billion is a daunting number. I have presented some ideas, which can be found on my website, about controlling the growth in the County's health benefit expenditures.

I give you my commitment that I will do my best to see that Nassau County's finances stay on solid financial ground by identifying and eliminating waste, fraud, and abuse while looking for new ways to reduce County spending. I will continue to work closely with County Executive Suozzi and the County Legislature on these efforts to ensure that you receive the most benefit for your tax dollars. I encourage you to contact this office with your thoughts and ideas and look forward to hearing from you.

Warm Regards,



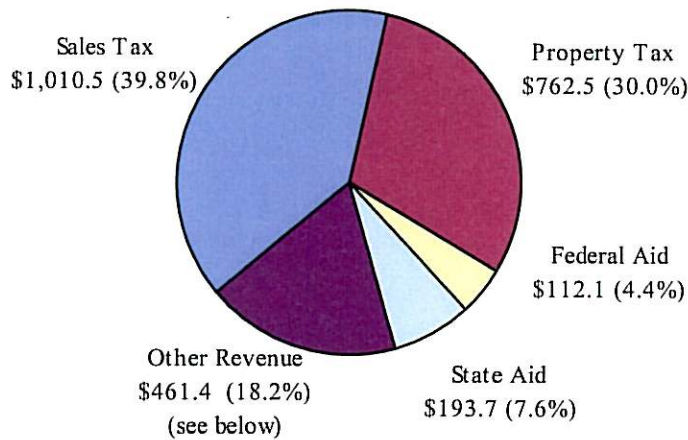
Howard S. Weitzman



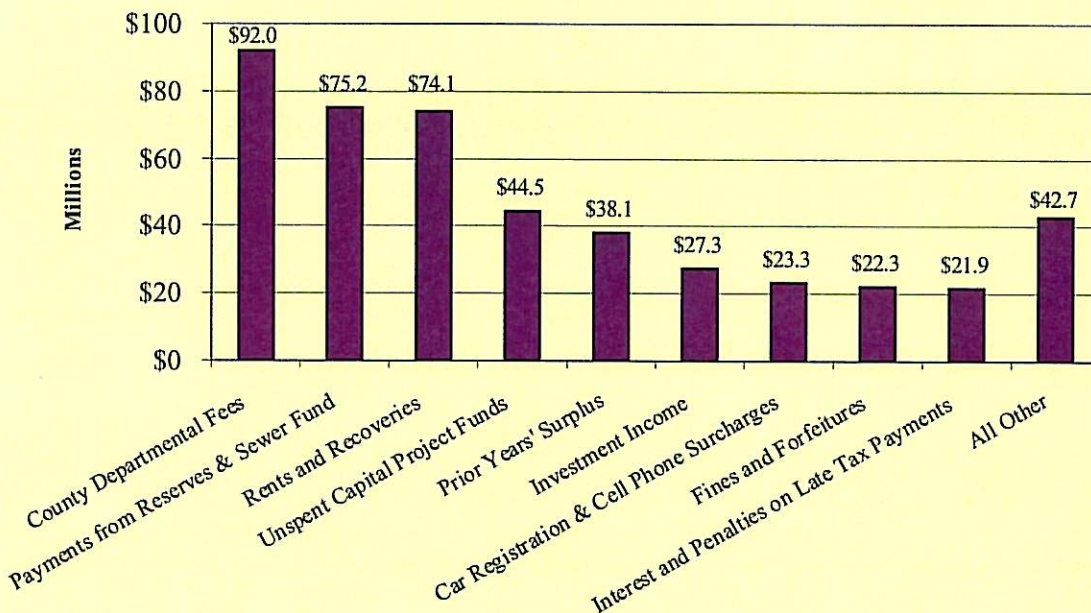
Nassau County's Revenue

- Nassau County received \$2.5 billion in revenue in 2007 for its five major operating funds – General Fund; Police District Fund; Police Headquarters Fund; Fire Prevention, Safety, Communication and Education Fund; and Debt Service Fund.
- State and federal aid combined are only 12% of the County's revenue. This aid primarily funds health and human services programs.

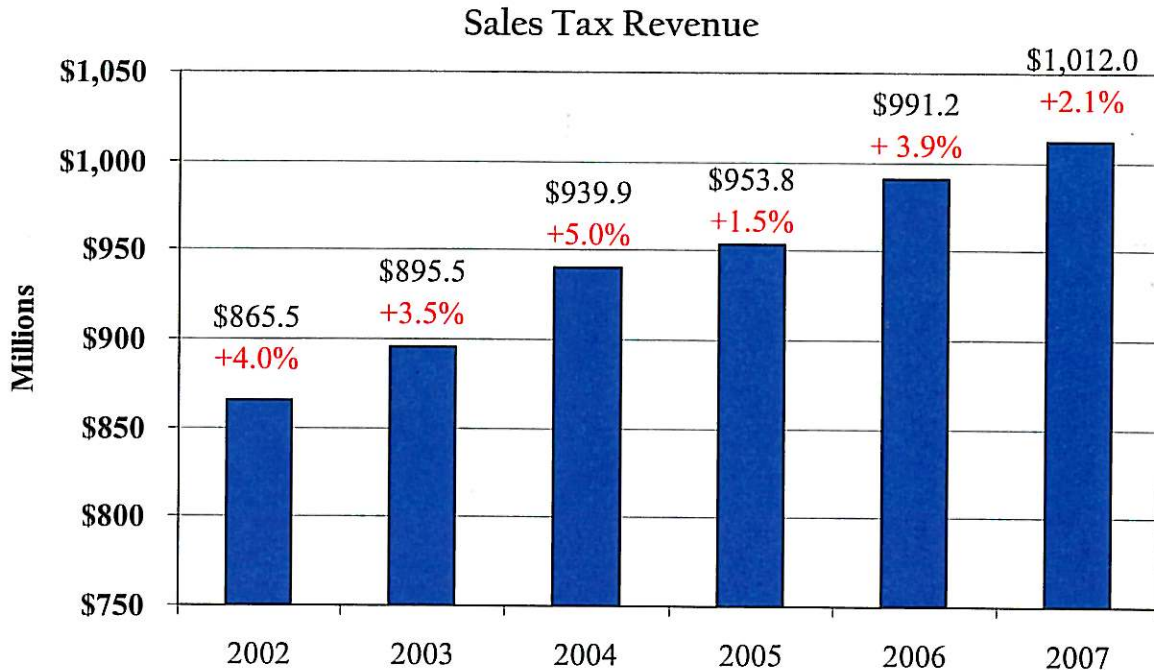
2007 Revenue by Source
(Millions)



Other Revenue

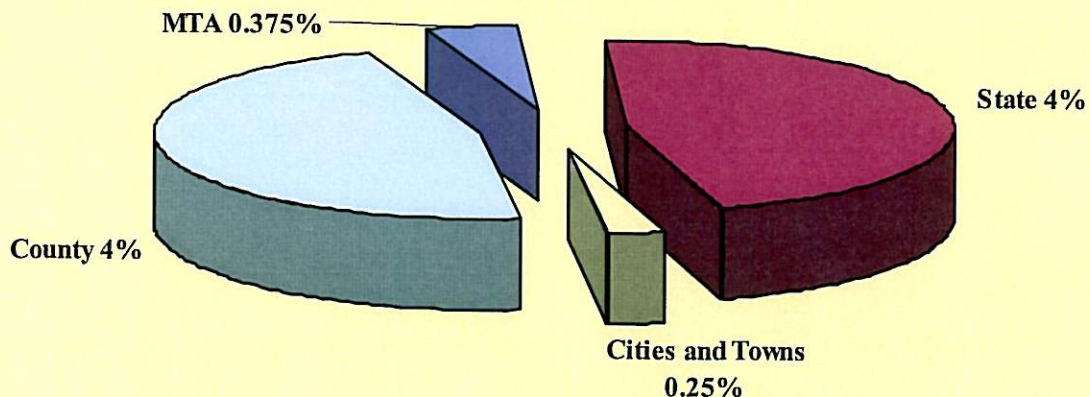


Nassau County's Sales Tax Revenue



- The sales tax revenue grew by 2.1% in 2007, to \$1.012 billion. Over the past six years sales tax revenue grew by 3.61% on average.
- The County budgeted a 2.5% increase for sales tax collections in 2008. For the first six months of 2008 the actual rate of increase was 2.1%. The widely-reported softening of the national economy could present a major challenge for all governments dependent on sales tax, including Nassau County.
- Nassau County retailers collect 8.625 % sales tax; the State gets 4%, the MTA gets .375%, the County gets 4.25% but must send .25% to the cities and towns within the County.

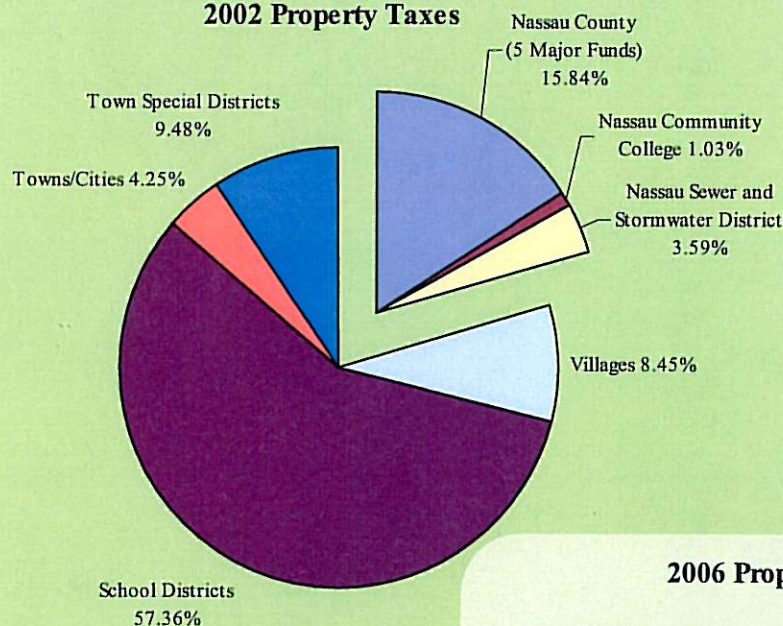
Where Does Your Sales Tax Go?



Nassau County's Property Taxes

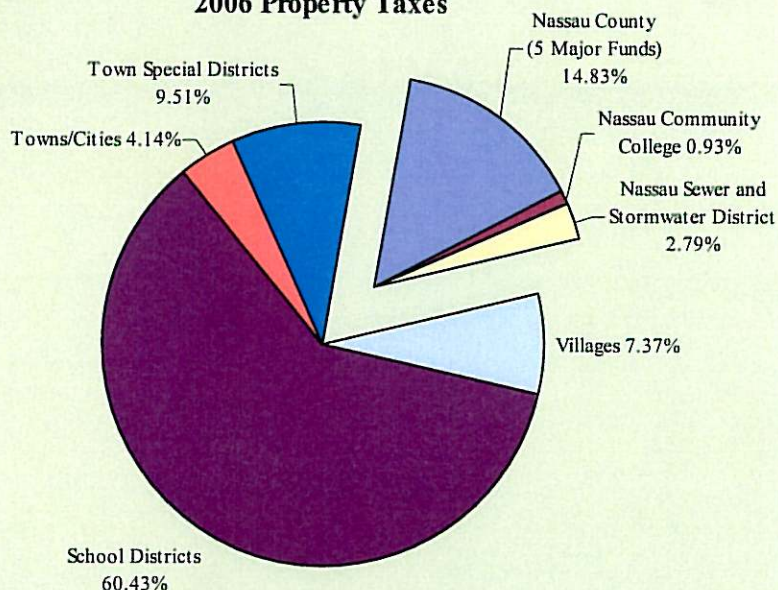
- Nassau County taxpayers pay property taxes to Nassau County, three towns, two cities, 64 villages, 56 school districts and over 200 special districts. Special districts provide services such as garbage, sewage, water, and fire protection.
- Nassau County schools, towns, cities, special districts and the County collected \$4.7 billion in property taxes in 2007 (half of the school tax was paid in 2006). Residential homeowners paid \$3.2 billion, owners of apartment buildings, co-ops and condominiums paid \$146 million, utilities paid \$278 million and commercial property owners paid \$1.1 billion. (Village tax information is excluded from these figures.) There are approximately 410,000 taxable parcels of property in Nassau County.

2002 Property Taxes



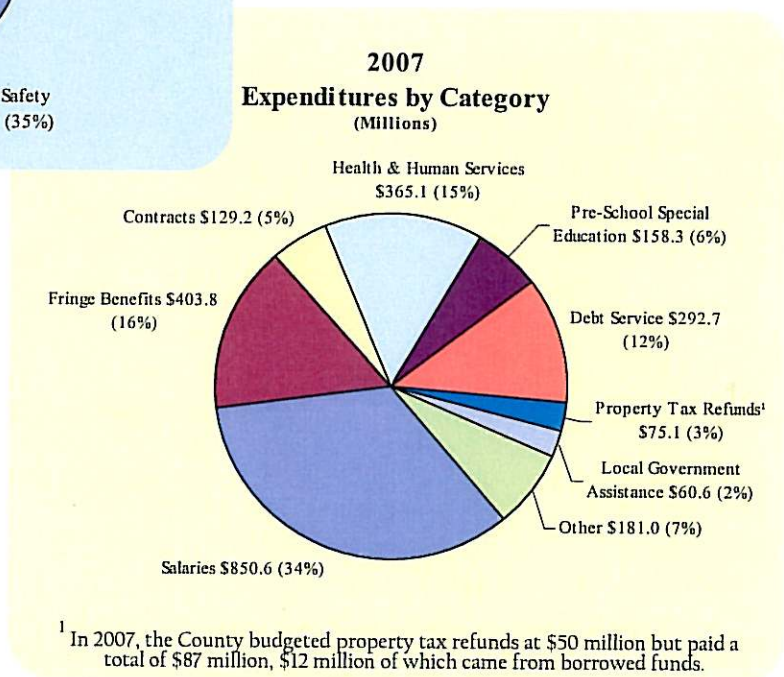
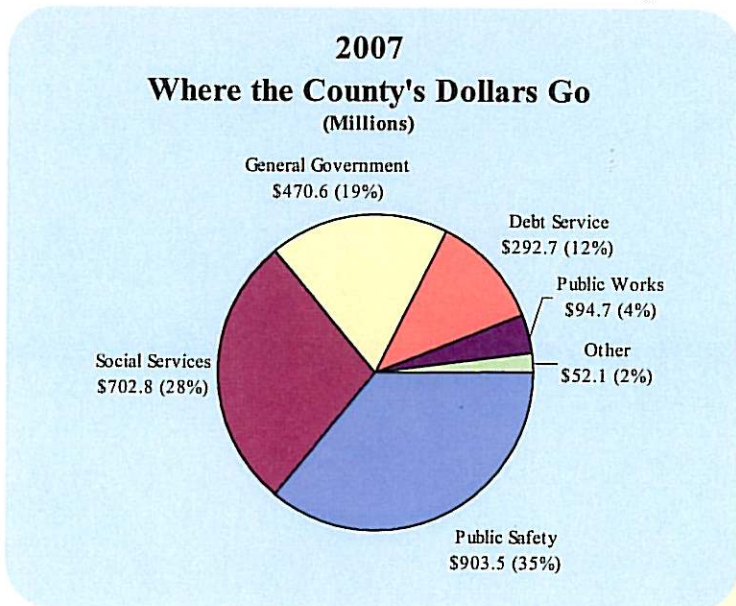
- As a result of the New York State law creating Nassau County's property class system, residential homeowners paid 68% of property taxes although homes made up 88% of the total taxable property in the County.

2006 Property Taxes



- In 2006, property taxes for the County's five funds and sewer district were 17.6% of the average homeowner's property tax bill; in 2002 they were 19.4%. The County portion has declined because, while other governments and school districts have increased property taxes, the County has not increased its property taxes since 2003.

Nassau County's Expenditures



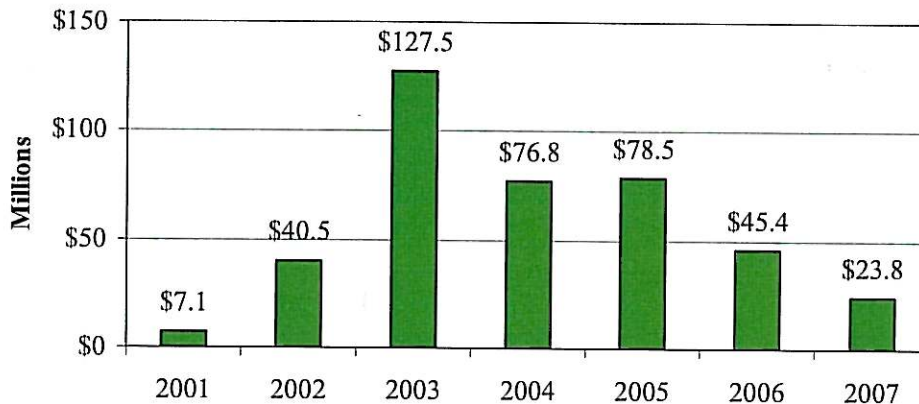
- Nassau County spent \$2.5 billion in 2007 in its five major operating funds.
- Salaries (34%) and fringe benefits (16%) together constitute half of County expenses. Fringe benefits include health insurance (\$204.8M), pensions (\$108.2M), FICA (\$55.6M) and workers compensation (\$19.7M).
- Nassau County is the only county in New York State that is required by state law to pay for all real property tax refunds on behalf of its schools, towns, and special districts. Prior to 2002, unpaid property tax refunds were estimated at between \$350 and \$700 million. The County's practice of borrowing over \$100 million each year to pay property tax refunds was a major reason for Nassau County's near fiscal collapse in 1999. As of the end of 2007, the County estimated its unpaid real property tax refunds had declined to \$101.8 million.

Year End Results

2001-2007

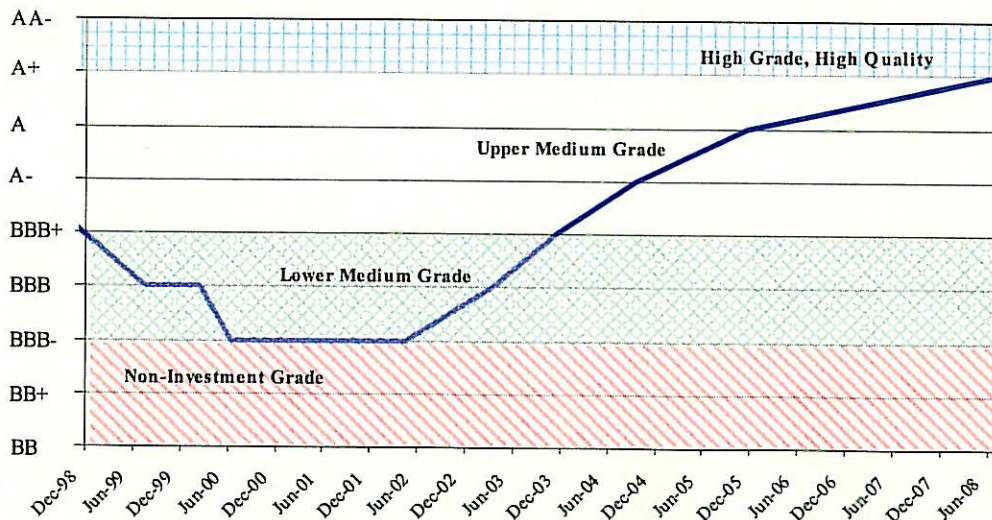
- The County has had a budget surplus every year since 2001.
- The County's surpluses from 2003 - 2006 have been set aside to establish reserves and to offset expenses in the following years' budgets.

Budgetary Surpluses



- As Nassau County recovered its fiscal health, the bond rating agencies have upgraded the County's debt 13 times since February 2003. Currently, Nassau County has an A+ rating from Fitch Ratings, an A2 from Moody's Investors Service, and an A+ from Standard & Poor's. These are Nassau County's highest debt ratings in the last 10 years. The upgrades reflect the rating agencies' increased confidence in the financial condition of the County. The higher our bond rating, the lower the interest rate the County will pay when borrowing money, which translates into lower taxes.

Nassau County Bond Ratings - Standard & Poor's

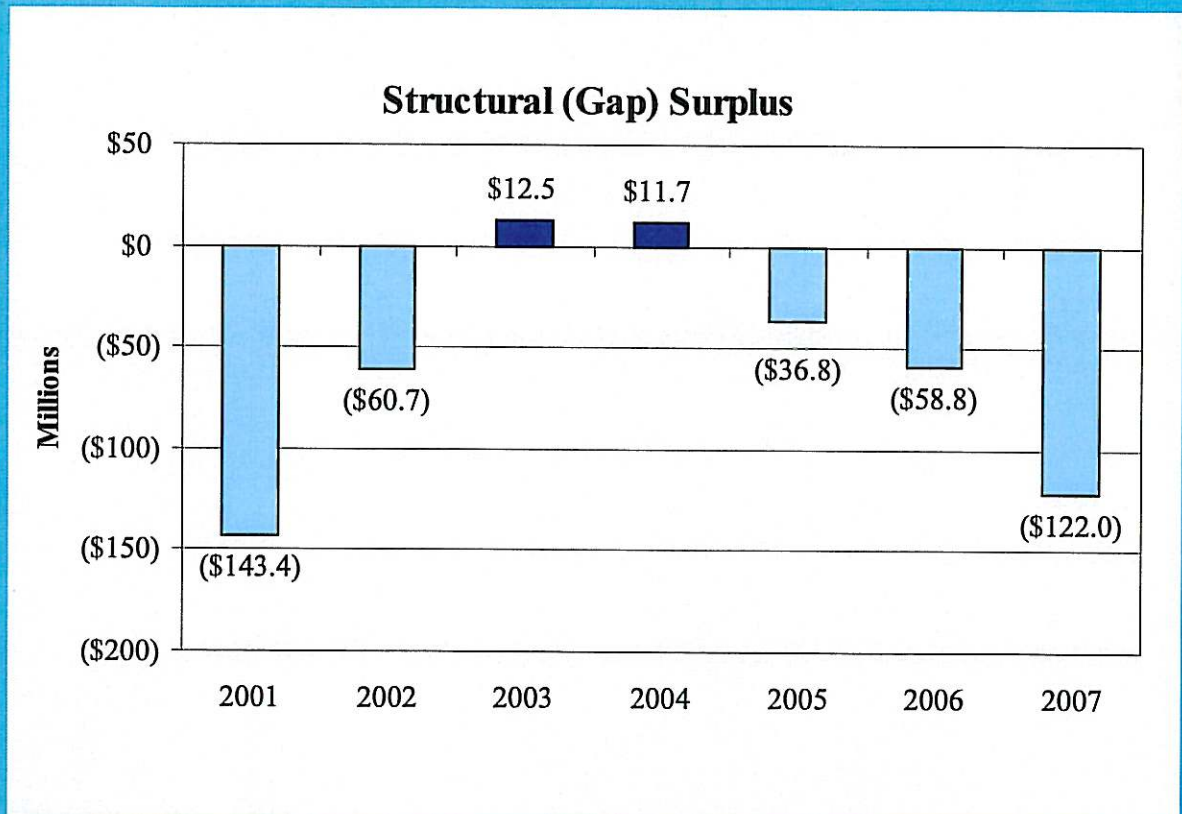


Note: BondsOnline.com ratings descriptions are used in this chart.

Structural Balance

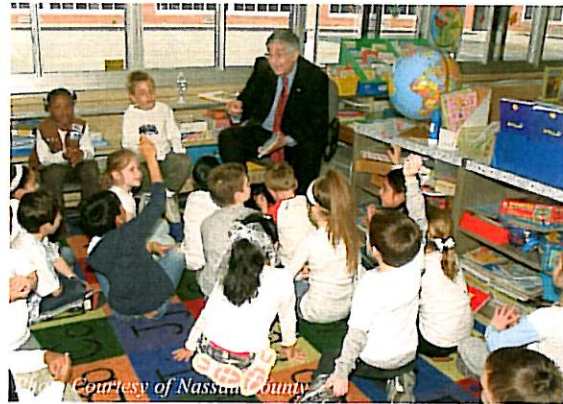
MATCHING ONGOING EXPENDITURES WITH RECURRING REVENUES

- Like most governments, the County's recurring expenses are greater than its recurring revenues. This is called a structural gap. While an important financial indicator, a structural gap is not the same as a budget deficit. Since 2002 the County's budget has been balanced each year, as required by law, and the County has ended every year with a budget surplus.
- The County strives for structural balance: when expenses that recur every year (for example salaries) are no higher than the recurring revenues the County expects to receive every year (for example sales tax and property tax). Achieving structural balance is a continuing challenge for the County. Structural gaps can be narrowed by reducing recurring expenses or by increasing recurring revenues. When the County balances its budget by using nonrecurring revenues, such as drawing down reserves, it does not reduce the structural gap.

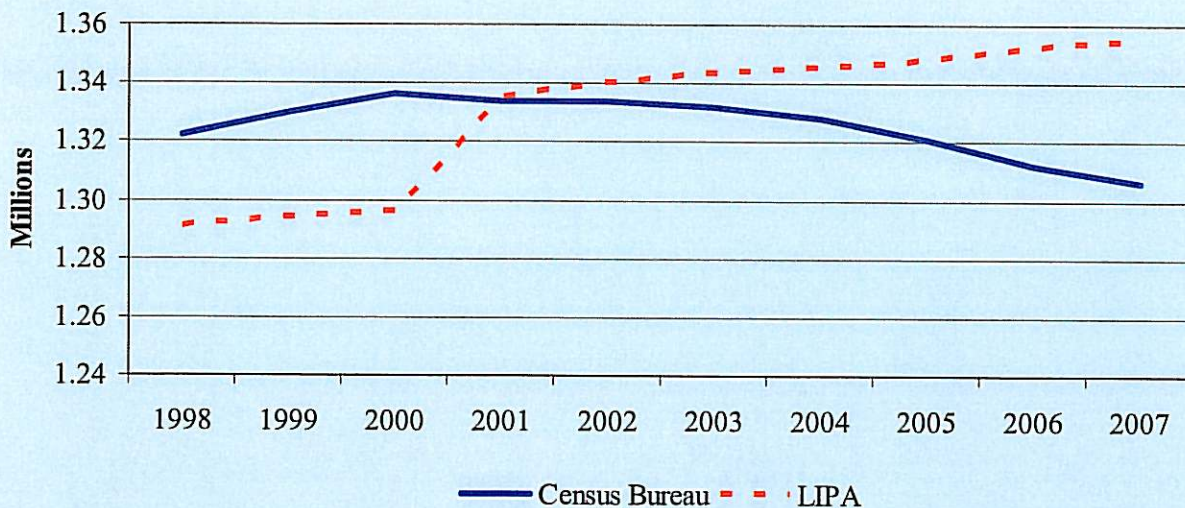


Nassau County's Population

- The U. S. Census Bureau's 2007 estimated census ranks Nassau County the 27th most populous county and second in New York State (excluding New York City), giving it a greater population than 9 states.
- Since 2000, Nassau County's population has dropped approximately 2.1% — from 1.335 million to 1.306 million in 2007 – according to the Census Bureau. Nassau County remains densely populated and, with nearly 4,700 people per square mile, has twice as many people per square mile as Westchester County and almost three times as many people per square mile as Suffolk County.
- Based on Census Bureau data, residents over 75 years of age are the fastest growing segment of the County's population, increasing by 125% from 42,100 in 1970 to 94,880 in 2000.
- A population survey by the Long Island Power Authority (LIPA) estimates a higher population count than the Census Bureau, putting Nassau County's population at 1.355 million residents in 2007. Nassau County has used LIPA's estimates to challenge the Census Bureau's numbers.



Census Bureau vs. LIPA



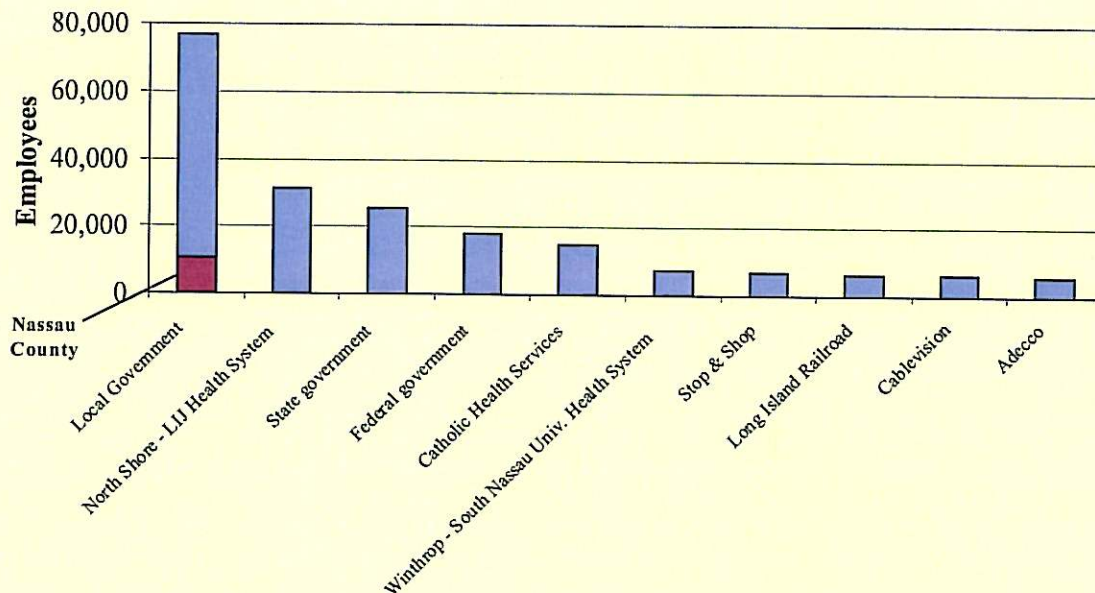
Employment in Nassau County

- Nassau County's working population totaled over 620,000 in 2006, according to 2006 U.S. Census data.
- The education and health services sectors have experienced the largest increase in the number of jobs in the last decade.
- Nassau County's largest single employer is the Great Neck-based North Shore-Long Island Jewish Health System with over 31,000 employees.
- Nassau County's unemployment rate in 2004 was 4.5%. It declined to 3.6% in 2007, the lowest rate since 2001. Nassau County's unemployment rate is consistently lower than that of Suffolk County, New York City, New York State, and the United States as a whole.
- The "Local Government" category in the chart below shows employment by schools, libraries, cities, towns, villages, special districts and the County. The darkened portion represents Nassau County's 10,659 employees.



- *Small business employment:* According to the U.S. Census Bureau, in 2006 nearly two-thirds of Nassau County businesses had fewer than five employees; nearly 80% had fewer than 10 employees. In Nassau County, there are almost 48,000 businesses with fewer than 100 employees. The small business sector has approximately 230,000 employees. This diversity of employers adds to the strength of our economy; no one private sector business dominates the Nassau County workplace.

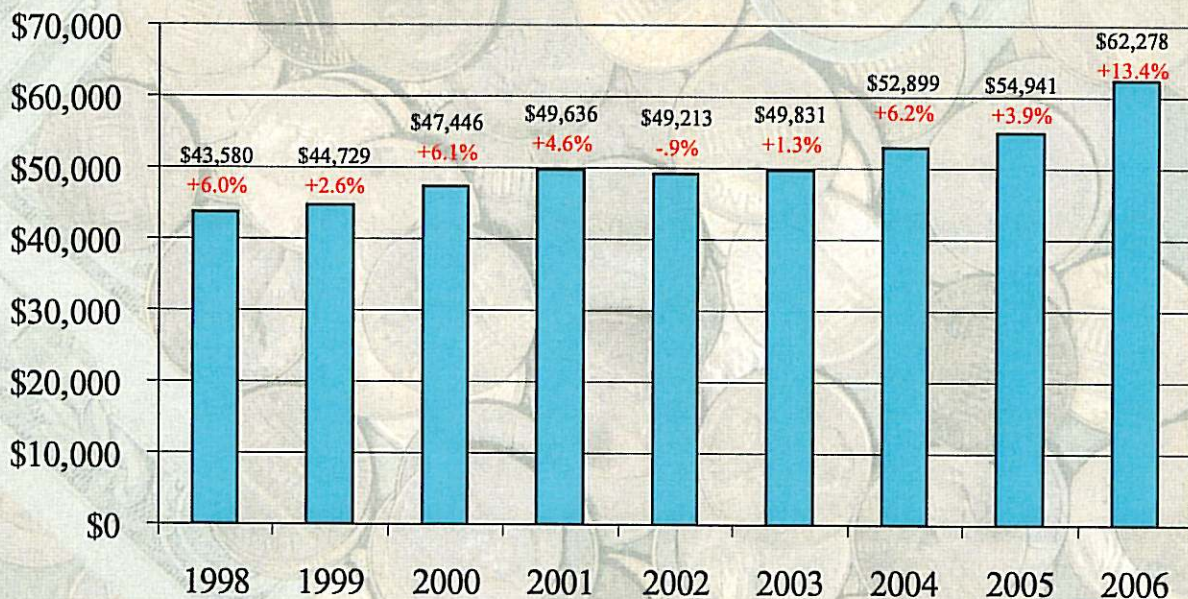
Top Nassau County Employers in 2007



Personal Income

- According to the U.S. Bureau of Economic Analysis, in 2006 the per capita income in Nassau County was \$62,278 while in Suffolk County it was \$46,830 and in Westchester County it was \$70,519. The 2006 per capita income for New York State was \$44,027 and for the United States it was \$36,714.
- Total personal income for Nassau County residents in 2006 was \$84.2 billion, a 49% increase from 1998.
- Between 2002 and 2006, household income in Nassau increased by 21.5 percent, greater than Suffolk County (9.1 percent), New York State (14.4 percent), and the United States (12.5 percent).
- In 2005, 4% of Nassau County families were below the poverty level, compared to 11.1% of families in New York State and 10.2% of families nationally.
- In 2006, nearly 38% of Nassau County households spent over 35% of their income on housing costs; 20% spent 50% or more.

Nassau County Per Capita Income



Your County: Things to Do; Places to Visit

RECREATION

Nassau County has more than 70 parks, preserves, historic properties, athletic facilities and golf courses on over 6,000 acres. Eisenhower Park, which includes the Harry Chapin Outdoor Theater, (seen below) is larger than Manhattan's Central Park.

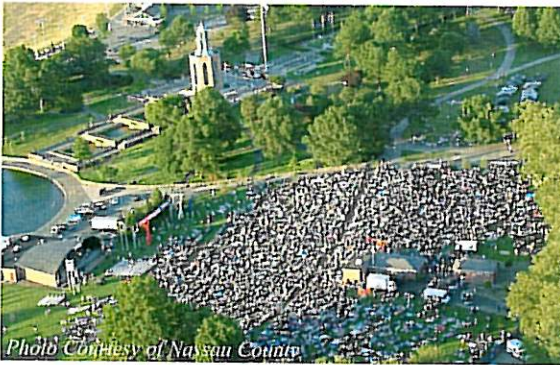


Photo Courtesy of Nassau County

WATERFRONTS

With the Long Island Sound to the north and the Atlantic Ocean to the south, Nassau County has hundreds of miles of waterfront beaches, parks, campgrounds and marinas for residents to enjoy. Nickerson Beach Park on the Atlantic Ocean has a campground with 74 sites for recreational vehicles. Other County parks on the water include Bay Park (East Rockaway), Cedar Creek Park (Seaford), Cow Meadow (Freeport), Inwood Park, Wantagh Park and Hempstead Harbor Park (Port Washington), managed by the Town of North Hempstead; most include boat launches.



Photo Courtesy of Nassau County

CULTURE

Nassau County residents can pride themselves on the County's museums. Notable museums include the Nassau County Museum of Art, located in Roslyn Harbor (seen above); the County's *Museum Row*, home to the Long Island Children's Museum, the Firefighter's Museum and Education Center, the Museum for Science and Technology and the Cradle of Aviation; the African American Museum in the Village of Hempstead; and the Holocaust Memorial & Tolerance Center in Glen Cove.

THEODORE ROOSEVELT COURTHOUSE RENOVATION PROJECT

The County restored "the old courthouse" (seen below), to reflect its original architectural beauty. Now renamed the Theodore Roosevelt Executive and Legislative Building for our former governor who dedicated the original building in 1900, it houses the legislative and executive branches of County government.



Photo Courtesy of Nassau County

Off to work in Nassau County

How long does it take Nassau County residents to get to work?

Less than 10 Minutes	10.8%
10 - 14 Minutes	12.0%
15 - 19 Minutes	12.7%
20 - 24 Minutes	12.5%
25 - 29 Minutes	4.1%
30 - 34 Minutes	12.9%
35 - 44 Minutes	5.7%
45 - 59 Minutes	8.5%
60 or more Minutes	20.8%



Mean travel time to work (in minutes), if you live in...

Queens	41.8
Kings	41.4
Bronx	40.6
Nassau	33.0
Westchester	31.0
Manhattan	30.1
Suffolk	29.4



Courtesy LIRR

How do we get to work?

Drive alone	68.2%
Public Transportation	16.7%
Carpool	7.4%
Work at home	3.2%
Walk	3.1%
Taxi/motorcycle/other	1.0%
Bicycle	0.4%

Who works in the County where they live?

Manhattan	84.5%
Suffolk	75.8%
Westchester	64.6%
Nassau	58.4%
Kings	51.6%
Bronx	44.6%
Queens	42.1%

Sources

American Community Survey, 2006

LIPA Long Island Population Survey, 2007

Long Island Index, 2008

Nassau County Assessment Review Commission – Annual Report 2008-09

Nassau County Comprehensive Annual Financial Report, 2007

Nassau County Comptroller Budget Report, 2007 & 2008

Nassau County Department of Assessment

Nassau County Department of Parks, Recreation & Museums

Nassau County Fiscal 2007 Proposed Budget

Nassau County Office of Management and Budget

Nassau County Summary of Fiscal 2008 Proposed Budget

New York State Comptroller Long Island Economic Trends Report, 2006 & 2007

New York State Department of Labor

Office of the Nassau County Comptroller

Office of the Nassau County Executive

U.S. Department of Agriculture

U.S. Commerce Department – Bureau of the Census

U.S. Commerce Department – Bureau of Economic Analysis

U.S. Department of Labor – Bureau of Labor Statistics

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Nassau County Executive
Thomas R. Suozzi

Nassau County Comptroller
Howard S. Weitzman

NASSAU COUNTY LEGISLATURE
Presiding Officer Diane Yatauro
District 18

Minority Leader Peter J. Schmitt
District 12

- | | |
|---------------------|-------------|
| Kevan Abrahams | District 1 |
| Roger Corbin | District 2 |
| John Ciotti | District 3 |
| Denise Ford | District 4 |
| Joseph Scannell | District 5 |
| Francis Becker, Jr. | District 6 |
| Jeffrey Toback | District 7 |
| Vincent Muscarella | District 8 |
| Richard Nicoletto | District 9 |
| Judi Bosworth | District 10 |
| Wayne Wink, Jr. | District 11 |
| Norma Gonsalves | District 13 |
| Dave Mejias | District 14 |
| Dennis Dunne, Sr. | District 15 |
| Judith A. Jacobs | District 16 |
| Edward Mangano | District 17 |
| Dave Denenberg | District 19 |



Photo Courtesy of Nassau County