

NASSAU COUNTY  
NEW YORK



COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT  
OF THE  
COMPTROLLER

FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2013

GEORGE MARAGOS  
COMPTROLLER

NASSAU COUNTY  
NEW YORK



COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT  
OF THE  
COMPTROLLER

FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2013

GEORGE MARAGOS  
*COMPTROLLER*

STEVEN L. LABRIOLA  
*CHIEF DEPUTY COMPTROLLER*

JAMES A. GARNER  
*DEPUTY COMPTROLLER FOR  
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LISA S. TSIKOURAS, CPA  
*DIRECTOR OF ACCOUNTING*



George Maragos  
*NASSAU COUNTY COMPTROLLER*

# COUNTY OF NASSAU, NEW YORK

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## **INTRODUCTORY SECTION**



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**Hon. George Maragos**  
*Nassau County Comptroller*



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**Steven L. Labriola**  
*Chief Deputy Comptroller*

**James A. Garner**  
*Deputy Comptroller for  
Claims and  
Payroll/Health Benefits*

September 12, 2014

**TO THE PEOPLE OF NASSAU COUNTY**

I am pleased to submit the Comprehensive Annual Financial Report (“the report”) for the year ended December 31, 2013, as required by New York State County Law 577[1] (j)-(k). This letter of transmittal is designed to complement Management’s Discussion and Analysis (“MD&A”) and should be read in conjunction with it.

To the best of my knowledge, the data, as presented, is accurate in all material aspects and presents the financial and operational condition of the County fairly as measured by the financial activity of the governmental entity, its various funds and component units, and includes all necessary disclosures.

The County ended the year with a budgetary surplus of \$55.0 million in its County defined primary operating funds, which are used to manage the County’s daily operations. This surplus included \$10.5 million of appropriated prior year fund balance. This year-end surplus will increase the ending fund balance of these primary operating funds to \$126.5 million.

Additionally, the structural deficit related to these primary operating funds was reduced for the fourth consecutive year from \$251.6 million in 2009 year-end to \$99.1 million in 2013, a 61% improvement. The structural deficit is the difference between recurring revenues and expenses, excluding “one-shots” such as borrowing to pay for property tax refunds, and traditionally has been an important indicator of the County’s long-term fiscal health.

Continuing the broad fundamental fiscal improvements will present major challenges to the County going forward. New York State (“State”) mandates will continue to present increasing burdens to the County and all other counties within the State unless Albany takes action to control the ever-growing costs associated with Medicaid, pensions and unfunded mandates. Rising labor costs, overtime costs and other non-governmental expenditures are not expected to be matched by revenue gains. Growth in sales tax revenues is expected to slow if not decline from the boost in 2013 attributed to Super-Storm Sandy recovery spending. Additionally, the continued legal challenges to the wage freeze, the growing tax certiorari liability, and the ability to bond for such tax certiorari liabilities in the future are additional risks that may have an impact to the County’s operations going forward and must be addressed in the 2015 Multi-Year Plan. The primary operating fund balance, although replenished by the \$55.0 million budgetary surplus to approximately \$126.5 million, is only about 4.3% of prior year expenditures and slightly above the County’s established policy of 4%, which leaves the County vulnerable to unanticipated expenditures and adverse court judgments.

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While the liability for property tax refunds has decreased to approximately \$325.1 million at year-end 2013, this is still an area that requires the Administration's attention. The estimated new property tax liabilities added in 2013 were \$77.7 million, slightly down from the prior year, and highlights the improvements in the Assessment System introduced with the Four Year Cycling Assessment Formula.

Nassau County Interim Finance Authority ("NIFA"), under its New York State authority, declared on March 14, 2011, a "control period" placing the County under financial supervision, asserting that the County was likely to end 2011 in a deficit of at least one percent. NIFA froze the wages of County employees, scrutinized borrowings, and reviewed contracts over \$50,000 to ensure no unnecessary spending.

On May 3, 2014, NIFA adopted resolutions approving respective memorandums of agreement between the County and four employee unions ending the wage freeze with respect to such unions retroactively to April 1, 2014. The memorandums of agreement contain provisions to pay certain step increases and cost of living adjustments, among other things. It is estimated that the amendments represent a net cost increase of approximately \$120.0 million over the next four years, 2014 through 2017. A Memorandum of Agreement between the fifth union, the Correction Officers Benevolent Association, and Nassau County was ratified by the members on June 27, 2014. The Memorandum of Agreement was approved by the County Legislature on June 30, 2014 and approved by NIFA on September 10, 2014.

The County's financial statements are issued in accordance with generally accepted accounting principles ("GAAP") for governments in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB"). For financial reporting purposes, the GASB requires certain operating funds to be consolidated into the General Fund, therefore the presentation of ending budgetary fund balance as presented in this report, will differ slightly to the budgetary results disclosed above. Under GAAP, certain of the County's financial statements are reported on a government-wide basis while others are reported on a fund (governmental and fiduciary) basis. Government-wide financial statements provide information about the County, as a whole including its component units, while using the economic resources measurement focus and the accrual basis of accounting. Fund financial statements use the current financial resource measurement focus and the modified accrual basis of accounting. Detailed descriptions of each may be found in the Management's Discussion and Analysis section of this report and in Footnote 1, Significant Accounting Policies, that accompany the statements.

The independent accounting firm of Deloitte & Touche LLP performed an audit of the County's financial statements as of, and for the year ended, December 31, 2013. Their audit opinion on the basic financial statements, and combined and individual fund statements and schedules is located on pages 10 through 12 of this report.

County programs, which expend federal funds, must also undergo an annual "single audit" in conformance with the provisions of the Federal Single Audit Act and the United States Office of Management and Budget's Circular A-133: *Audits of States, Local Governments, and Non-Profit Organizations*. The single audit is presented as a separate report. Such report includes the independent auditors' report on internal controls over financial reporting and on compliance and other matters as an appendix.

The County is responsible for establishing and maintaining internal control structures, which should be designed to ensure that its assets are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformance with accounting principles generally accepted in the United States. Internal control structures are designed to provide reasonable, but not absolute, assurance that these objectives are met.

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The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and, (2) the valuation of costs and benefits requires estimates and judgment by County managers. As a recipient of federal grants, the County must also establish internal control structures in compliance with applicable laws and regulations related to those programs. The County's internal control structures are subject to periodic evaluation by the Comptroller's Office personnel, as well as by the independent auditors engaged to conduct the annual single audit, as required by law.

**Profile of the Government**

Nassau County funds a full range of municipal services, which include: public safety, health, highways, water and sewer, college education, sanitation, public improvements and parks, recreational facilities and cultural events, as well as planning and general administrative services. Incorporated in 1899, the County contains three towns, two cities, 64 incorporated villages, 56 school districts and approximately 200 special taxing districts that provide services in specific areas, such as garbage collection and water supply. With a population of approximately 1.4 million people, it occupies 287 square miles located approximately 15 miles east of Manhattan.

The various funds and component units included in this report are deemed to be controlled by, or financially accountable to, the County based on criteria set forth by the Governmental Accounting Standards Board Statement No. 61, as discussed in Note 1 to the Financial Statements. The County's component units are comprised of: NIFA, the Nassau County Tobacco Settlement Corporation, the Nassau County Sewer and Storm Water Finance Authority, the Nassau Community College, the Nassau Health Care Corporation, the Nassau Regional Off-Track Betting Corporation, the Nassau County Industrial Development Agency, the Nassau County Local Economic Assistance Corporation, and the Nassau County Bridge Authority.

The County establishes budgetary controls to ensure compliance with legal provisions contained in the annual appropriated budgets approved by the County Legislature. Activities of the General Fund, Debt Service Fund, and Special Revenue Funds, with the exception of the Grant Fund and the FEMA Fund, are provided for in annual appropriated budgets. Activities of the Grant Fund are appropriated for the life of each grant, as the individual grants are made available to the County; activities of the FEMA Fund were appropriated to cover Super-Storm Sandy expenditures incurred by the County. Project-length financial plans, as well as annual spending plans, are adopted for the Capital Projects Funds.

The level of budgetary control at which expenditures cannot exceed the appropriated amount is exercised by object appropriation level within a department control center. The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Appropriations, which have not been expended or encumbered, lapse at the end of the year. Encumbrances outstanding at year-end are recorded in order to reserve that portion of the applicable appropriation and may be expended in a subsequent budgetary period.

**Financial policies that had a significant impact on the current period's financial statements**

Super-Storm Sandy was a major event during 2012 causing considerable damage to the local economy, loss of sales tax revenues and unanticipated recovery costs, the effects of which continued into fiscal 2013. The County's sales tax revenues increased in 2013 as residents focused on rebuilding in the aftermath of the storm. Driven by higher than budgeted sales tax revenues and lower than budgeted expenses, the County ended fiscal 2013 with a budgetary surplus of \$55.0 million, of which, \$10.5 million represented appropriated prior year fund balance. The budgetary results for the primary funds include \$23.8 million in Police Department and Correctional Center overtime costs and \$3.0 million in costs representing the County's 10% portion of Super-Storm Sandy related expenditures. The 90% remaining balance of eligible County Super-Storm Sandy expenditures is expected to be reimbursed by FEMA.

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Under GAAP as required for governmental financial reporting, the County's results for the fiscal year were a surplus of \$48.8 million (General Fund and Police District Fund). The Mangano Administration was able to achieve these results by controlling expenses, refinancing debt, imposing a nonessential hiring and wage freeze, and litigating property tax grievances, while holding the line on property taxes.

The amount of long-term debt issued by the County during 2013 (including debt issued for Nassau Community College purposes) was \$375.3 million. These borrowing were used primarily for termination pay, tax certiorari payments and capital projects.

In fiscal 2013, the County generated a budgetary surplus of \$55.0 million in its primary operating funds. The primary components that added to the budgetary surplus were the result of higher sales tax revenues (\$18.5 million), lower debt service costs due to fewer borrowings and lower borrowing rates (\$26.7 million), lower Early Intervention and Pre-School Costs (\$32.8 million), and the recovery of prior year appropriations (\$10.7 million). Offsetting these were lower State Aid (\$30.0 million), a shortfall in departmental revenues (\$8.1 million), lower Federal Aid (\$31.3 million) and, Police and Corrections overtime costs that exceeded the budget (\$23.8 million). These overtime costs were partially offset by use of \$12.1 million in contingencies.

**Awards and Acknowledgements**

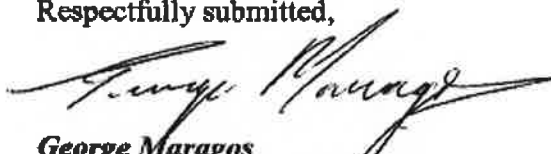
The Government Finance Officers Association of the United States and Canada ("GFOA") has awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the year ended December 31, 2012 (as restated). This is the twenty-ninth consecutive year in which the County's Comprehensive Annual Financial Report has been so honored. In order to be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that this current report continues to conform to the program requirements, and we plan to submit it to the GFOA to determine its eligibility for a Certificate of Achievement.

The County has also earned GFOA's Distinguished Budget Presentation Awards for its 2013 budget submission. In order to receive this award, a governmental unit must publish a budget document that meets criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The preparation of the 2013 Comprehensive Annual Financial Report could not have been accomplished without the invaluable assistance of the professional and dedicated staff of the offices of the County Comptroller, the County Executive, the County Treasurer, and Albrecht, Viggiano, Zureck & Company, P.C. I would like to express my appreciation to all those who assisted and contributed to its preparation. I would also like to thank our independent auditors Deloitte and Touche, LLP, for their guidance and advice.

Respectfully submitted,



**George Maragos**  
**Nassau County Comptroller**



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**County of Nassau  
New York**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

Executive Director/CEO

## COUNTY OF NASSAU, NEW YORK

### PRINCIPAL OFFICIALS DECEMBER 31, 2013

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#### Executive

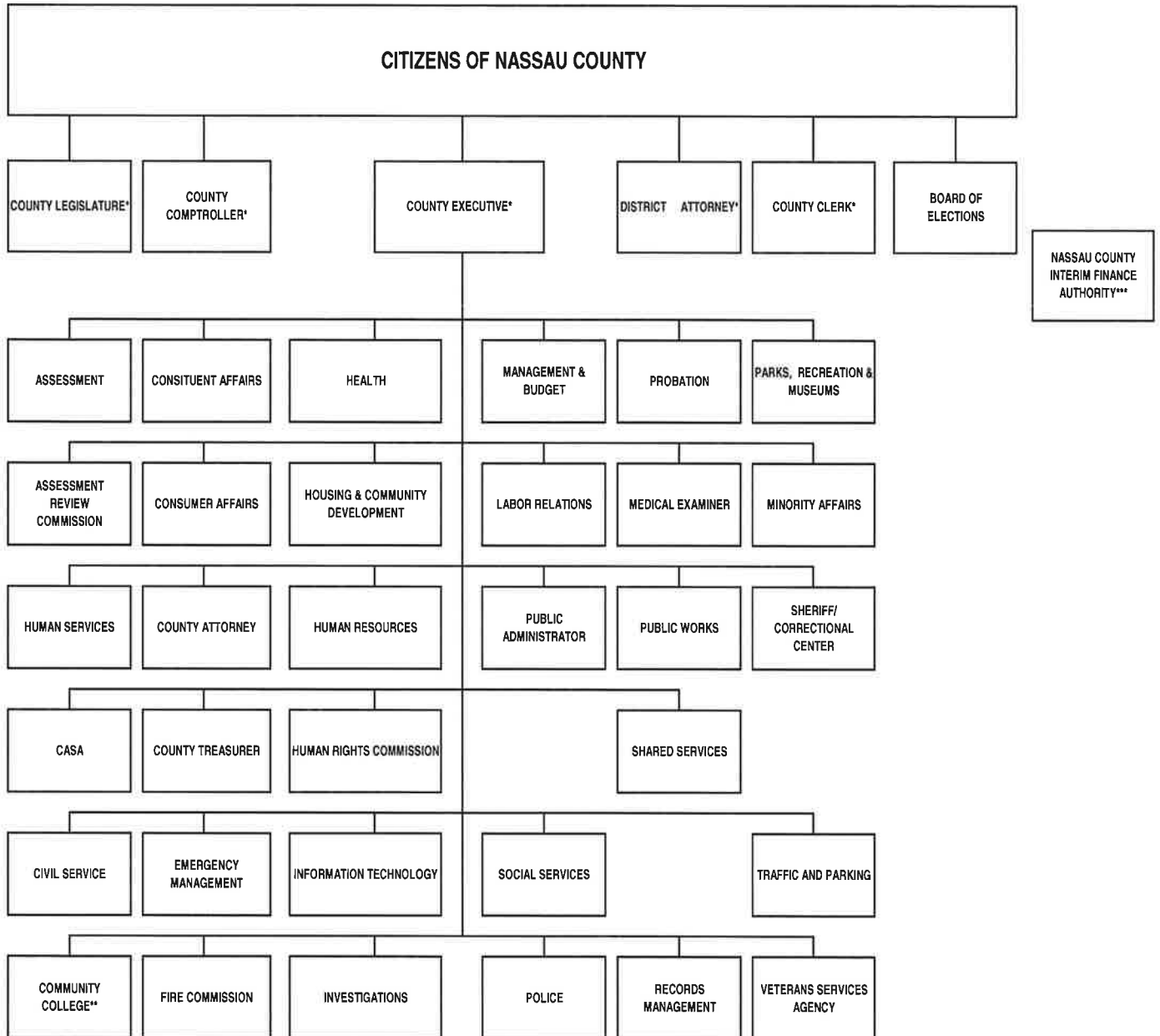
County Executive	Edward P. Mangano
County Comptroller	George Maragos
Chief Deputy County Executive	Rob Walker
Deputy County Executive for Finance	Timothy Sullivan
County Treasurer	Beaumont Jefferson
County Attorney	Carnell Foskey
Acting Budget Director	Roseann D'Alleva
District Attorney	Kathleen M. Rice
County Clerk	Maureen C. O'Connell
Acting County Assessor	James E. Davis

#### Legislative

Norma L. Gonsalves, Presiding Officer	13th Legislative District
Richard J. Nicoletto, Deputy Presiding Officer	9th Legislative District
Howard J. Kopel, Alternate Deputy Presiding Officer	7th Legislative District
Kevan M. Abrahams, Minority Leader	1st Legislative District
Legislator Robert Troiano	2nd Legislative District
Legislator Carrie Solages	3rd Legislative District
Legislator Denise Ford	4th Legislative District
Legislator Joseph K. Scannell	5th Legislative District
Legislator Francis X. Becker, Jr.	6th Legislative District
Legislator Vincent T. Muscarella	8th Legislative District
Legislator Judi Bosworth	10th Legislative District
Legislator Wayne H. Wink, Jr.	11th Legislative District
Legislator Michael Venditto	12th Legislative District
Legislator Joseph V. Belesi	14th Legislative District
Legislator Dennis Dunne, Sr.	15th Legislative District
Legislator Judith A. Jacobs	16th Legislative District
Legislator Rose Marie Walker	17th Legislative District
Legislator Delia DeRiggi-Whitton	18th Legislative District
Legislator David W. Denenberg	19th Legislative District

# COUNTY OF NASSAU, NEW YORK

## COUNTY DEPARTMENTS AND OFFICES as of December 31, 2013



\* Offices Elected by Voters of Nassau County

\*\* Discretely Presented Component Unit. See Note 1 of Notes to Financial Statements

\*\*\* Blended Component Unit. See Note 1 of Notes to Financial Statements.



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**FINANCIAL SECTION**



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## INDEPENDENT AUDITORS' REPORT

Honorable Edward P. Mangano, County Executive  
and Members of the County Legislature  
County of Nassau, New York

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Nassau, New York, (the "County"), as of and for the year ended December 31, 2013, (with the Nassau Community College for the year ended August 31, 2013), which collectively comprise the County's basic financial statements, as listed in the table of contents. We also have audited the financial statements of the County's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of December 31, 2013 and for the year then ended, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Nassau Regional Off-Track Betting Corporation, the Nassau County Industrial Development Agency, Nassau County Local Economic Assistance Corporation, the Nassau County Bridge Authority, and the Nassau Health Care Corporation, all discretely presented component units, which, as combined, represent 9.0 percent, 16.0 percent, and 5.7 percent, respectively, of the assets, revenues, and net position of the County and 66.4 percent, 73.1 percent, and 60.4 percent, respectively, of the assets, revenues, and net position of the Component Units, for the year ended December 31, 2013. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities is based solely on the reports of the other auditors. The report of the independent auditor contained an explanatory paragraph concerning the Nassau Regional Off-Track Betting Corporation's ability to continue as a going concern (See Note 1 within the *Discretely Presented Component Unit*, Section c). We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair

presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Nassau, New York, as of December 31, 2013, and the respective changes in financial position and, where applicable, thereof and the respective budgetary comparison for the applicable major funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of nonmajor governmental and fiduciary funds of the County of Nassau, New York, as of December 31, 2013, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

As described in Note 1, the County is under a control period as imposed by Nassau County Interim Finance Authority ("NIFA"). NIFA had determined that the County's proposed budget reflected a substantial likelihood that it would produce an operating funds deficit in excess of one percent of the aggregate result of operations of such funds, hence, triggering the control period.

As described in Notes 1 and 18, in 2013 the County adopted Governmental Accounting Standards Board ("GASB") Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Also, as described in Note 10, Nassau County Tobacco Settlement Corporation ("NCTSC") receives tobacco settlement revenue that is dependent on many factors and are subject to certain adjustments, which may be material.

The report of the independent auditor contained an explanatory paragraph concerning the Nassau Regional Off-Track Betting Corporation's ability to continue as a going concern (See Note 1 within the *Discretely Presented Component Unit*, Section C).

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedule of funding progress on pages 13 through 22, and page 122 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the

information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying financial information listed as Other Supplementary Information, in the foregoing table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This supplementary information is the responsibility of the County's management. The accompanying financial information listed as Other Supplementary Information, in the foregoing table of contents, has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Introductory Section and Statistical Section, in the foregoing table of contents, have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Deloitte & Touche LLP*

September 12, 2014

# COUNTY OF NASSAU, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2013

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

Nassau County's Comprehensive Annual Financial Report ("CAFR") is presented in conformity with generally accepted accounting principles ("GAAP") for governments in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB"). This section of the report, required under GASB 34, presents Management's Discussion and Analysis ("MD&A") of Nassau County's (the "County") financial activities and performance for the fiscal years ended December 31, 2013 and 2012 (restated). This section should be read in conjunction with the letter of transmittal and the County's financial statements.

### FINANCIAL HIGHLIGHTS

The County manages its daily operations on a Budgetary Basis by use of its primary operating funds, which the County has defined as the General Operating Fund, Debt Service Fund, Fire Prevention, Safety, Communication and Education Fund, Police Headquarters and Police District Funds. Budgetary results communicated to the County's residents are computed under this methodology. In 2011, GASB Statement No. 54 ("GASB 54") redefined the General Fund for financial reporting purposes, by consolidating certain primary operating funds, as well as some smaller governmental funds, into the General Fund. Thus, the General Fund as reported in these financial statements differs from the primary operating fund known as the General Operating Fund. To distinguish between the two, the "General Operating Fund" refers to the County's primary operating fund on a budgetary basis, while the "General Fund" refers to the General Fund under the GASB 54 definition, reported in these financial statements. Government-wide financial statements provide information about the County, as a whole, using the economic resources measurement focus and the accrual basis of accounting. Differences between the government-wide statements and the budgetary basis results include differing measurement focuses and basis of accounting between the statements. The Statement of Activities reflects the net costs of each major function of operations, which differs from the presentation of expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds, which reflects the County's budgetary presentation.

The County generated a budgetary surplus in 2013 of \$55.0 million in its primary operating funds. This budgetary surplus, which includes \$10.5 million of appropriated prior year fund balance, primarily resulted from sales tax receipts that exceeded budget estimates due to conservative projections and replacement of major goods such as vehicle and appliances, damaged by Super-Storm Sandy, lower debt service expenses than budgeted resulting from delaying long-term borrowings, lower non-overtime payroll and fringe benefits due to budgeted position vacancies and employee and retiree health insurance rates that were lower than projected in the budget, and lower early intervention / special education costs due to reduced service rates and lower volume of services. The County has also eliminated hundreds of full-time positions and held the line on hiring. The overall surplus is comprised of a surplus of \$51.1 million in the General Operating Fund, in addition to a \$5.4 million surplus in the Police Headquarters Fund, offset by deficits of \$1.2 million in the Police District Fund and \$300 thousand in the Fire Safety Fund. These surplus funds have been added to existing accumulated budgetary fund balance.

The County's net worth, on a government-wide basis in accordance with GAAP, increased by \$162.2 million during 2013 to a negative \$6.5 billion. This increase was primarily driven by reporting adjustments to reflect new accounting standards adopted in 2013 that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The tobacco securitization revenues, expensing bond issuance costs and losses on bond refunding were reclassified as a result of the adoption of this standard.

# COUNTY OF NASSAU, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2013

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### FINANCIAL HIGHLIGHTS (Continued)

These financial statements are presented in accordance with GAAP. In addition, certain financial statements present GAAP to budgetary basis conversion columns to show actual results on a budgetary basis. Fund balance in the County's operating funds as reported in the CAFR totaled \$129.5 million on a budgetary basis; \$102.0 million is in the General Fund and \$27.5 million in the Police District Fund.

### RESTATEMENT OF 2012 CAFR (issued May 2014)

Subsequent to the issuance of the County's 2012 financial statements in July 2013, management determined that the calculation of pension expense, as reported in the governmental funds for the years ended December 31, 2006 through December 31, 2012 and the corresponding entries to the governmental fund balance sheet accounts were misstated. This error was also reflected in the government-wide statements.

In addition, County management determined that there was an error in the calculation of the government-wide long-term liabilities for the amount owed to the New York State Retirement System ("Retirement Systems") and the corresponding accrual of pension expense for 2011 and 2012.

Corrections were made to the 2012 CAFR and it was reissued on May 30, 2014. Prior period adjustments were recorded as of December 31, 2011 and 2012, to record the prior years' effect of these errors on the County's opening fund balance and opening net position. The opening fund balance and opening net position reflected in the 2013 CAFR equals the restated ending 2012 balances.

*Exhibit 13 - Footnote 18 - Restatement and Prior Period Adjustments* of the 2012 CAFR as restated, provides details on the changes from the original 2012 CAFR issued in July 2013.

### ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2013

GASB Statement No. 34 requires the inclusion of two types of financial statements in the CAFR: *government-wide financial statements* and *fund financial statements*.

Government-wide financial statements provide information about the County, as a whole, using the *economic resources measurement focus* and the *accrual basis of accounting*. The economic resources measurement focus looks at the transactions and events that have increased or decreased the total economic resources of the government, as a whole, during the accounting period being reported. The accrual basis of accounting requires revenues to be recognized as soon as they are earned, regardless of the timing of related inflows of cash, and it requires expenses to be recognized as soon as liabilities are incurred, regardless of the timing of related outflows of cash. These statements present a long-term view of the County's finances.

There are two government-wide financial statements: the *statement of net position* and the *statement of activities*. The statement of net position reports everything the County owns (its assets) and owes (its liabilities) as of the end of the year. Net position is what remains after all liabilities have been recorded; they signify the net worth of the government. This statement is designed to display assets and liabilities in order of their basic liquidity and maturity while presenting the basic accounting relationship applicable to public sector entities: *assets + deferred outflow of resources – liabilities – deferred inflow of resources = net position*. This statement also presents all of the County's economic resources – that is, all of its assets and liabilities, both financial and capital. The statement of activities tracks the County's annual revenues and expenses, as well as any other transactions that increase or reduce the County's net position. It divides the County's activities into three elements: its governmental activities, its business-type activities (currently not applicable), and the activities of its component units.

# COUNTY OF NASSAU, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2013

### ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2013 (Continued)

#### *The Statement of Net Position*

The Statement of Net Position for the 2013 fiscal year shows that the County has a deficit balance of \$6.5 billion. Table 1 shows that the County's net worth increased by \$162.2 million during 2013 primarily due to increases in deferred outflows of resources, partially offset by increases in current and other liabilities and decreases in assets. The significant increase in deferred outflows reflects reporting adjustments to comply with new accounting standards adopted in 2013, which reclassified certain items that were previously reported as assets and liabilities, such as, tobacco securitization revenues and losses on bond refunding. The increase in current and other liabilities is due to the timing of short-term borrowings, and borrowing increases to address infrastructure damaged by Super-Storm Sandy. Changes in other liabilities included the County's election of the State Retirement Systems' option to amortize additional pension expense and a decrease in OPEB, the long-term liability for retirees' health insurance. The estimated OPEB liability decreased as a result of lower than expected NYSHIP premium increases and changes in the Health Cost Trend assumption.

**Table 1**  
**Condensed Statement of Net Position**  
**(dollars in millions)**

	<b>Total Primary Governmental Activities</b>		<b>Change</b>
	<b>2013</b>	<b>2012</b>	
Current and Other Assets	\$ 1,792.3	\$ 1,823.6	\$ (31.3)
Capital Assets	2,568.5	2,579.4	(10.9)
<b>Total Assets</b>	<b>4,360.8</b>	<b>4,403.0</b>	<b>(42.2)</b>
Total Deferred Outflows of Resources	422.7	84.0	338.7
Current and Other Liabilities	1,528.4	1,471.9	56.5
Long-Term Liabilities	9,737.2	9,698.3	38.9
<b>Total Liabilities</b>	<b>11,265.6</b>	<b>11,170.2</b>	<b>95.4</b>
Total Deferred Inflows of Resources	38.9	-	38.9
Net Position			
Net Investment in Capital Assets	1,620.3	1,675.7	(55.4)
Restricted	110.8	76.4	34.4
Unrestricted	(8,252.1)	(8,435.3)	183.2
<b>Total Net Position</b>	<b>\$ (6,521.0)</b>	<b>\$ (6,683.2)</b>	<b>\$ 162.2</b>

The County has \$1.6 billion invested in its capital assets, recorded at acquisition cost, net of accumulated depreciation and related debt. Capital assets are used by the County in the provision of services to the taxpayers; hence, this investment of County equity is allocated in the County's capital assets and is not immediately available to support future expenses.

The County's Statement of Net Position shows a deficit balance of \$6.5 billion in net position at December 31, 2013 and an unrestricted net deficit of \$8.3 billion. Unrestricted net position reflects all liabilities that are not related to the County's capital assets and are not expected to be repaid from restricted resources. Accordingly, the County will have to allocate future revenues towards the payment of these liabilities.



# COUNTY OF NASSAU, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2013

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### ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2013 (Continued)

#### *The Statement of Net Position (Continued)*

As of December 31, 2013, the County and its blended component units had a combined \$3.5 billion in outstanding serial bond debt. This is because the County has historically issued long-term debt to finance judgments, settlements, and the payment of real property tax refunds resulting from successful grievances of property tax assessments. As of December 31, 2013, the County had \$1.0 billion of outstanding debt related to tax certiorari settlements.

The County has been determined to be responsible under the County Administrative Code for paying, without chargeback, the real property tax refunds (other than those arising from correction of errors) of the three towns within the County, all but one of the 56 school districts, and approximately 200 special districts.

On June 20, 2014, the New York State Assembly and the New York State Senate passed legislation, which awaits the Governor's approval that will establish a disputed assessment fund for commercial property assessment disputes in Nassau County. The bill creates a manageable and fiscally sound process to satisfy the majority of tax certiorari refunds related to commercial properties and will end the need to borrow to pay for tax refunds. It provides for a two-step process for commercial property assessment disputes and requires that all payments towards the disputed assessment fund be administered in the same manner as Nassau County real property taxes. Any refund of real property taxes owed to a class four property owner as a result of a settlement or final decision will be paid from the disputed assessment fund. Any funds that remain thereafter shall be distributed pro rata to the County and the applicable school district, town and special districts. The disputed assessment fund maintains the costs of commercial property tax refunds on commercial property owners, protect homeowners by ending their subsidy of commercial property owners' refunds and ends borrowing by the County to pay property tax refunds.

#### *The Statement of Activities*

The Statement of Activities for the fiscal year that ended December 31, 2013 details the increase in the County's net worth from 2012 to 2013. Table 2 summarizes the changes in the County's net position. Several factors impacted the County's net worth. They include:

- General Administration expenses decreased by \$516.9 million primarily due to a decrease in the estimated OPEB liability, which had increased in 2012, and decreases in other long-term liabilities and certain transportation charges described below. Public Works expenses increased by \$82.4 million as a result of moving the budget and related expenses for Veolia Transportation bus services and charges for LIRR operating assistance and station maintenance from General Administration to Public Works. Sales Tax revenues increased \$69.2 million driven by an improving economy and the replacement purchase of major goods such as vehicles and appliances, damaged by Super-Storm Sandy. Interest on long term debt decreased \$34.7 million primarily due to the refinancing of NIFA debt during 2012.

# COUNTY OF NASSAU, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2013

### ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2013 (Continued)

#### *The Statement of Activities (Continued)*

**Table 2**  
**Condensed Statement of Activities**  
**(dollars in millions)**

	<u>2013</u>	<u>2012</u>	<u>Change</u>
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$ 300.9	\$ 276.0	\$ 24.9
Operating Grants	534.7	564.0	(29.3)
Capital Grants	13.6	42.7	(29.1)
General Revenues			
Property Taxes	928.0	943.6	(15.6)
Sales Taxes	1,135.2	1,066.0	69.2
Other Taxes	45.6	41.4	4.2
Tobacco Settlement Revenues	19.2	19.2	
Investment Income	1.8	15.1	(13.3)
Other General Revenues	32.8	29.1	3.7
<b>Total Revenues</b>	<u>3,011.8</u>	<u>2,997.1</u>	<u>14.7</u>
<b>Expenses</b>			
Legislative	11.0	10.7	0.3
Judicial	67.3	66.5	0.8
General Administration	241.8	758.7	(516.9)
Protection of Persons	806.1	811.7	(5.6)
Health	218.9	239.5	(20.6)
Public Works	425.2	342.8	82.4
Recreation and Parks	48.3	48.1	0.2
Social Services	567.3	562.8	4.5
Corrections	248.8	247.1	1.7
Education	11.4	5.7	5.7
Interest on Long Term Debt	172.7	207.4	(34.7)
<b>Total Expenses</b>	<u>2,818.8</u>	<u>3,301.0</u>	<u>(482.2)</u>
Increase (Decrease) in Net Position	<u>193.0</u>	<u>(303.9)</u>	<u>496.9</u>
Net Position Beginning	(6,683.2)	(6,379.3)	(303.9)
Cumulative Effect of Change in Accounting Principle	(30.8)		(30.8)
Net Position Beginning, as restated	<u>(6,714.0)</u>	<u>(6,379.3)</u>	<u>(334.7)</u>
Net Position Ending	<u>\$ (6,521.0)</u>	<u>\$ (6,683.2)</u>	<u>\$ 162.2</u>

# COUNTY OF NASSAU, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2013

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### ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2013

The remaining statements in the CAFR are *fund financial statements* (*governmental fund statements and fiduciary fund statements*) that focus on individual parts of the County government, reporting on the County's operations in more detail than the government-wide statements. Funds are accounting controls that the County uses to keep track of specific sources of funding and spending on particular programs. The fund financial statements employ the *current financial resources measurement focus* and are presented using the *modified-accrual basis of accounting*. The current financial resources measurement focus requires the fund financial statements to report near-term inflows and outflows of financial resources. To achieve this objective, the application of the accrual basis of accounting must be modified so that the fund financial statements report only those transactions and events that affect inflows and outflows of financial resources in the near future.

The County's *governmental fund statements* (*balance sheet and statement of revenues, expenditures, and changes in fund equity*) tell how the general governmental services were financed in the short-term, as well as what money remains for future spending. These statements present the government's current financial resources (which include its cash and cash equivalents and those assets that are expected to be converted into cash within the next year) and the current liabilities that these assets will be used to retire.

For budgetary purposes, the County's general operations are financed through four primary operating funds: the General Fund; the Fire Prevention, Safety, Communication, and Education Fund; the Police Headquarters Fund; and the Police District Fund. With the exception of the Police District Fund, the remaining primary operating funds have identical tax bases; accordingly, the resources in these funds are fungible. The County also has a debt service fund into which resources are transferred to pay current and future debt service obligations. The County's sewer and storm water operations are funded through a sewer and storm water resources district, which through State legislation, consolidated three sewage disposal district maintenance funds, as well as a sewage collection district maintenance fund for the twenty-seven sewer collection districts located throughout the County. The County also has a Technology Fund, an Open Space Fund, Environmental Bond Fund, as well as a series of other non-major operating, Grant, FEMA and Capital project funds.

For GAAP reporting purposes, the Fire Prevention, Safety, Communication, and Education Fund, the Police Headquarters Fund, the Debt Service Fund, the Technology Fund, Employee Benefit Fund, and the Open Space Fund have been combined with the General Fund.

#### ***General Fund Budget Variances***

On a reporting basis, the County ended the 2013 fiscal year with a General Fund budgetary surplus of \$56.4 million. The surplus is comprised of a number of variances from the budget as originally adopted.

The County cannot legally incur expenses for which no budget authority has been previously provided, either through its initial adoption or through subsequent modification. Consequently, there can be no expenses that are over the final modified budget. The variances discussed below are a comparison of GAAP Actual to the original budget.

For financial reporting purposes (modified accrual basis), the County ended the 2013 fiscal year with an operating surplus of \$51.3 million in the General Fund. The difference between the General Fund's budgetary surplus of \$56.4 million and the reporting surplus of \$51.3 million is primarily due to adjustments required to eliminate the effect of encumbrances that cross fiscal years and an adjustment to pension contributions to match the actual time period covered. As seen on Exhibit X-7, the adjustments for encumbrances create a number of significant expense budget variances, which reflect the timing of encumbrance and payment of encumbered funds.

# COUNTY OF NASSAU, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2013

### ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2013 (Continued)

#### General Fund Budget Variances (Continued)

- On a budgetary basis, including the NIFA Fund, Sales Tax was over the original budget. A portion of the actual receipts appears on blended component unit NIFA's financial statements, since they draw County Sales Tax to pay County related debt service. As such, Sales Tax was \$185.1 million under the \$1.1 billion original budget in the financial statements.
- In total, General Fund State and Federal Aid was \$61.3 million under the \$388.5 million original budget. The State Aid shortfall was primarily attributable to lower than projected Pre-School and Early Intervention program costs, and decreases in Safety Net caseloads, institutional and foster care, and subsidized adoptions. The Federal Aid shortfall was primarily due to lower than budgeted number of Department of Social Services (DSS) Temporary Assistance for Needy Families (TANF) caseloads, lower Institutional and Foster Care caseloads, and less than projected Federal inmate population at the County's Correctional Facility. Since these shortfalls were for reimbursement of expenses that did not take place, those expenses were also under budget.
- Health expenditures were \$71.2 million under the \$263.3 million original budget. This resulted from lower Pre-School and Early Intervention program costs due to lower than projected volume of services and a procedural change whereby provider payments are now net of third-party reimbursements, as opposed to third-party payments being refunded to the County.
- On a reporting basis, Social Services costs were \$21.5 million under the \$612.8 million original budget. This surplus primarily resulted from lower than projected caseloads under the TANF, Safety Net, Institutional and Foster Care, and Juvenile Delinquency programs.
- Other expenditures were \$24.3 million under the \$159.5 million original budget primarily due to budget variances for payment of judgments and settlements budgeted in the General Fund, which were recorded in the Capital Fund.

#### Fund Equity

Table 3  
Summary of Change in Fund Equity  
Nassau County Major Funds\*  
(dollars in millions)

	General Fund	Police District Fund	Sewer and Storm Water District Fund	Capital Fund	Total Nassau County Major Funds*
<b>Fund Equity, as of December 31, 2011</b>	\$ 25.9	\$ (21.5)	\$ 88.5	\$ 143.7	\$ 236.6
Add: 2012 Revenues	2,116.3	384.7	123.0	40.5	2,664.5
Less: 2012 Expenses	2,227.7	364.0	113.9	163.3	2,868.9
2012 Other financing sources, net	113.5	(0.1)	(15.1)	120.2	218.5
<b>Fund Equity, as of December 31, 2012</b>					
as restated	28.0	(0.9)	82.5	141.1	250.7
Add: 2013 Revenues	2,192.4	368.2	122.0	16.3	2,698.9
Less: 2013 Expenses	2,292.2	369.5	113.6	134.3	2,909.6
2013 Other financing sources, net	151.1	(1.2)	(28.4)	261.5	383.0
<b>Fund Equity, as of December 31, 2013</b>	\$ 79.3	\$ (3.4)	\$ 62.5	\$ 284.6	\$ 423.0

\* not including blended component units

# COUNTY OF NASSAU, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2013

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### ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2013 (Continued)

#### *Fund Equity (Continued)*

Table 3 shows accumulated fund balance in the County's major funds (excluding the blended component units) totaled \$423.0 million at the end of 2013. Of this fund balance, \$52.1 million is categorized as non-spendable, which is, primarily, the portion of the retirement bill prepaid for the beginning of the next year, \$8.2 million is restricted, primarily as it is earmarked for debt service and \$277.5 million is committed to capital projects. The remaining fund balance is available for future general operations of the County.

Total fund balance in the Police District Fund decreased \$2.5 million, from a negative \$913 thousand to a negative \$3.4 million.

#### CAPITAL INVESTMENTS

The County completed a number of capital projects during the 2013 fiscal year, including \$61.7 million in sewer district improvements (designated with an \* in Table 4 below) and upgrades, \$24.8 million in infrastructure related improvements, and \$23.1 million in public safety projects. The County made capital improvements during 2013 in the following areas:

**Table 4**  
**Capital Improvements**  
**January 1, 2013 to December 31, 2013**  
**(dollars in millions)**

<u>Project Category</u>	<u>Amount</u>
Building Consolidation Plan	\$ 1.3
Buildings	11.8
Environmental Bond Act	1.7
Equipment	7.2
Infrastructure	24.8
Parks	5.1
Property	0.4
Public Safety	23.1
Roads	18.9
Technology	12.0
Traffic	14.5
Transportation	5.1
Collection *	14.7
Disposal *	23.4
Storm Water *	23.6
	<u>\$ 187.6</u>

# COUNTY OF NASSAU, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2013

### DEBT

The County and its blended component units - Nassau County Interim Finance Authority ("NIFA"), Nassau County Tobacco Settlement Corporation ("NCTSC"), and the Nassau County Sewer and Storm Water Finance Authority ("NCSSWFA") - had approximately a combined \$3.5 billion in outstanding long-term debt as of December 31, 2013, representing a net increase of \$134.5 million under the combined long-term debt outstanding as of December 31, 2012. The County provides a direct-pay guarantee of \$247.5 million outstanding from the refunding and new money debt issued in October 2004 and refunded in April 2009 by the Nassau Health Care Corporation. The County also provides a contractual direct-pay obligation pursuant to the Support Agreement of \$10.2 million outstanding from the refunding and new money debt issued in June 2005 by the Nassau Regional Off-Track Betting Corporation ("OTB"), which is subject to appropriation. Since the two corporations are discretely-presented component units of the County, their debt is not itemized in Table 5 below.

Nassau Community College ("NCC"), also a discretely-presented component unit, reports the outstanding obligations issued by the County on its financial statements, and thus is also not itemized in Table 5 below. General Obligation Bonds issued by the County for various NCC capital projects total \$51.0 million as of December 31, 2013. The discretely presented component units' long-term debt obligations are presented in Footnote 10.

**Table 5**  
**Changes in Long-Term Debt Obligations**  
(dollars in thousands)

	Balance January 1, 2013	Additions	Reductions	Balance December 31, 2013
General Obligation County Bonds	\$ 1,301,304	\$ 362,307	\$ 57,137	\$ 1,606,474
Sewage Purpose Bonds	61,305		6,570	54,735
SRF Revenue Bonds	102,862	3,185	8,365	97,682
Total Serial Bonds - County	1,465,471	365,492	72,072	1,758,891
NIFA Sales Tax Secured Bonds	1,379,123		150,965	1,228,158
Sewer Financing Authority	146,795		7,955	138,840
Tobacco Settlement Asset-Backed Bonds	420,129			420,129
Total Serial Bonds	3,411,518	365,492	230,992	3,546,018
Accreted interest - Tobacco Settlement Asset	36,977	5,655		42,632
Total Serial Bonds and Accreted Interest	\$ 3,448,495	\$ 371,147	\$ 230,992	\$ 3,588,650

\* In 2013, accreted interest is presented on a separate line from bonds payable in the management discussion and analysis.

During 2013, the County issued a total of \$375.3 million of long-term debt, of which \$365.5 million was used to fund its capital program, certain judgments, and employee separation pay for unused accumulated time off and \$9.8 million to fund various NCC capital projects; those appear as obligations of NCC in its financial statements. The SRF is administered by the New York State Environmental Facilities Corporation, which provides interest-subsidized loans to local governments for eligible environmental projects (e.g., sewer and storm water improvement initiatives).

Offsetting new issuances was a decrease in the County's, NIFA's, NCC's, and NCSSWFA's long-term debt of \$232.0 million during 2013, of which \$1.0 million is attributed to obligations reported in NCC's financial statements.

# COUNTY OF NASSAU, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2013

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### DEBT (Continued)

The County issued short-term borrowings during 2013, Revenue Anticipation Notes ("RANS") and Tax Anticipation Notes ("TANS"), which were used to finance the cash flow of the County's operations. The County also issued \$185.5 million of Bond Anticipation Notes ("BANS"), 2013 Series A, used to fund Super-Storm Sandy-related sewer projects, and \$122.1 million 2013 Series B BANS in December 2013 to refund the first series, due in February 2014. RANS are issued in anticipation of receipt by the County of allocable sales tax receipts, while TANS are issued in anticipation of receipt by the County of real property taxes to be levied in the following year. The BANS were issued in advance of the issuance of long-term obligations for capital projects, to the extent not redeemed with FEMA or other grant money. Management has issued \$199.9 million of RANS in 2014, \$114.4 million of BANS and also anticipates issuing TANS during the year.

Detailed information on long-term debt activity is available in the Notes to the Financial Statements Exhibit X-13, Note 10.

### NASSAU COUNTY'S CREDIT RATING

The County's current debt ratings are as follows: Moody's Investors Service: A2 (stable outlook); Standard & Poor's: A+ (stable outlook); Fitch Ratings: A (negative outlook). In June 2013, Fitch changed the County's rating to A from A+ and retained the negative outlook. The County's short-term debt is rated SP-1+ by Standard and Poor's.

### CONCLUSION

The County's net worth, on a government-wide basis, improved by \$162.2 million during 2013, to a negative \$6.5 billion. This improvement was primarily driven by reporting adjustments to reflect new accounting standards related to tobacco securitization revenues and long-term debt. The negative balance in total net worth is principally driven by borrowing for property tax refunds, the liability for health insurance for retirees, and other liabilities for which there are no corresponding assets. Pursuant to new State legislation establishing a disputed assessment fund for commercial property assessment disputes, the significant liability for property tax refunds will decrease dramatically in future years.

During 2013, the County generated a budgetary surplus of \$55.0 million across its primary operating funds. This surplus resulted primarily from a number of budget variances, which included sales tax revenues that exceeded the budget, lower than budgeted debt service expenses, lower non-overtime payroll from position vacancies, employee and retiree health insurance rates that were lower than projected in the budget, lower early intervention / special education costs and the use of appropriated prior year fund balance. At the end of 2013, the fund balance in the County's primary operating funds was \$126.5 million on a budgetary basis.

The County faces difficult challenges, as do other municipalities around the country. Consistent with its first term, the Administration continues to be committed to pursuing recurring cost reduction and revenue maximization strategies, and not relying on taxpayers to bear any additional burden. During 2014, the County pursued State legislation which establishes a disputed assessment fund for commercial property assessment disputes (awaiting Governor's signature) and entered into a contract with a private operator to take over running the County's sewer system (approved by NIFA on September 10, 2014).

## **BASIC FINANCIAL STATEMENTS**



**EXHIBIT X-1****COUNTY OF NASSAU, NEW YORK****STATEMENT OF NET POSITION****DECEMBER 31, 2013 (Dollars in Thousands)**

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component</u> <u>Units</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents	\$ 994,947	\$ 85,520
Investments		2,624
Restricted Cash	122,149	32,485
Restricted Investments	46,078	
Sales Tax Receivable	118,543	
Interest Receivable	124	
Student Accounts and Loans Receivable		9,855
Less Allowance for Doubtful Accounts		(5,142)
Due from Other Governments	287,455	541
Less Allowance for Doubtful Accounts	(5,566)	
Due from Primary Government		6,631
Other Receivables		30,154
Accounts Receivable	63,225	264,848
Less Allowance for Doubtful Accounts		(192,472)
Real Property Taxes Receivable	69,443	
Less Allowance for Doubtful Accounts	(3,295)	
Due from Component Unit	9,473	
Inventories		7,296
Prepays	53,062	2,377
Other Assets - Current	555	1,327
<b>Total Current Assets</b>	<b>1,756,193</b>	<b>246,044</b>
<b>NON CURRENT ASSETS:</b>		
Restricted Cash		23,627
Restricted Investments	23,151	
Receivable - Service Concession Agreements	3,807	
Capital Assets Not Being Depreciated	668,015	46,764
Depreciable Capital Assets	3,677,780	895,722
Less Accumulated Depreciation	(1,777,250)	(550,799)
Deposits Held in Custody for Others		1,677
Tax Sale Certificates	4,430	
Tax Real Estate Held for Sale	4,637	
Other Assets		23,738
<b>Total Non Current Assets</b>	<b>2,604,570</b>	<b>440,729</b>
<b>Total Assets</b>	<b>4,360,763</b>	<b>686,773</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on bond refunding	61,592	20,183
Purchase of future tobacco revenue	308,181	
Accumulated decrease in fair value of hedging activities	52,971	
<b>Total Deferred Outflows of Resources</b>	<b>\$ 422,744</b>	<b>\$ 20,183</b>

(Continued)

**EXHIBIT X-1****COUNTY OF NASSAU, NEW YORK****STATEMENT OF NET POSITION****DECEMBER 31, 2013 (Dollars in Thousands)**

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component</u> <u>Units</u>
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Liabilities	\$ 258,718	\$ 166,010
Bond Anticipation Notes Payable	307,570	
Tax Anticipation Notes Payable	225,000	
Revenue Anticipation Notes Payable	208,150	
Grant Advances	56,346	
Collections in advance	1,250	
Property Tax Refund Payable	31,513	
Due to Primary Government		367
Due to Component Units	17,475	
Due to Other Governments		2,348
Accrued Interest Payable	21,852	1,065
Current Portion of Long Term Liabilities	400,185	13,063
Other Liabilities - Current	305	37,586
	<u>1,528,364</u>	<u>220,439</u>
NON CURRENT LIABILITIES:		
Notes Payable		1,450
Derivative Instruments - Interest Rate Swaps	52,971	24,880
Collections in advance	33,646	
Bonds Payable, Net of Deferred		
Bond Premium/Discount (Net of Amortization)	3,482,986	354,307
Accrued Vacation and Sick Pay	486,173	53,300
Due to Other Governments, net		3,150
Deferred Payroll	50,743	
Estimated Workers' Compensation Liability	222,366	
Estimated Tax Certiorari Payable	223,554	
Estimated Liability for Litigation and Malpractice	292,807	40,036
Capital Lease	4,981	
Deposits Held in Custody for Others		1,677
Insurance Reserve Liability		1,999
Due to New York State Retirement System	131,557	20,507
Postemployment Retirement Benefits Liability	4,722,147	641,549
Other Liabilities - Non Current	33,332	1,215
	<u>9,737,263</u>	<u>1,144,070</u>
Total Non Current Liabilities		<u>1,144,070</u>
Total Liabilities	<u>11,265,627</u>	<u>1,364,509</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred gain on refundings	28,137	
Part County Sales Tax	7,297	
Student Tuition and Fees		16,981
Fee Income		257
Service Concession Agreement	3,437	
	<u>38,871</u>	<u>17,238</u>
Total Deferred Inflows of Resources		<u>17,238</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,620,294	180,469
Restricted:		
Nassau Health Care Corporation		2,066
Nassau County Bridge Authority		10,333
Nassau Community College and Scholarships		2,505
Capital Projects	7,099	23,387
Debt Service	54,019	
Grants	48,618	
Open Space	1,087	
Student Loans		522
Unrestricted	(8,252,108)	(894,073)
Total Net Position	<u>\$ (6,520,991)</u>	<u>\$ (674,791)</u>

See accompanying notes to financial statements.

(Concluded)

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**EXHIBIT X-2****COUNTY OF NASSAU, NEW YORK****STATEMENT OF ACTIVITIES****FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants	Capital Grants	Primary Government	Component Units
					Governmental Activities	
Primary Government:						
Legislative	\$ 11,010	\$	\$	\$	\$ (11,010)	
Judicial	67,275	59,908	13,780		6,413	
General Administration	241,764	57,149	54,273		(130,342)	
Protection of Persons	806,103	47,199	35,674		(723,230)	
Health	218,889	21,391	123,188		(74,310)	
Public Works	425,228	51,436	110,354	13,641	(249,797)	
Recreation and Parks	48,321	19,463	549		(28,309)	
Social Services	567,342	20,833	184,140		(362,369)	
Corrections	248,781	4,369	12,695		(231,717)	
Education	11,375	19,149			7,774	
Debt Service Interest	172,754				(172,754)	
Total Primary Government	\$ 2,818,842	\$ 300,897	\$ 534,653	\$ 13,641	(1,969,651)	
Component Units	\$ 864,700	\$ 638,048	\$ 49,499	\$ 14,089		\$ (163,064)
General Revenues:						
Taxes:						
Property Taxes					\$ 928,034	
Sales Taxes					1,135,245	
Other Taxes					45,618	
State and local appropriations						121,408
Tobacco Settlement Revenue and Tobacco Receipts					19,210	
Investment Income					1,748	395
Other					32,810	20,261
Total General Revenues					2,162,665	142,064
Change in Net Position					193,014	(21,000)
Net Position - Beginning					(6,683,226)	(643,484)
Cumulative Effect of Change in Accounting Principle					(30,779)	(10,307)
Net Position - Beginning, as restated					(6,714,005)	(653,791)
Net Position - Ending					\$ (6,520,991)	\$ (674,791)

See accompanying notes to financial statements.

**EXHIBIT X-3****COUNTY OF NASSAU, NEW YORK****GOVERNMENTAL FUNDS  
BALANCE SHEET  
DECEMBER 31, 2013 (Dollars in Thousands)**

	General Fund	NIFA Fund	Police District Fund	Sewer and Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>							
Cash and Cash Equivalents	\$ 231,102	\$ 744	\$ 221	\$ 89,947	\$ 525,274	\$ 147,659	\$ 994,947
Restricted Cash					122,060	89	122,149
Restricted Investments						69,229	69,229
Sales Tax Receivable		118,543					118,543
Interest Receivable		5				119	124
Due from Other Governments	174,864	20	3,286	4,502	11,002	93,781	287,455
Less Allowance for Doubtful Accounts	(5,566)						(5,566)
Accounts Receivable	62,606		53	276	2	288	63,225
Real Property Taxes Receivable	69,443						69,443
Less Allowance for Doubtful Accounts	(3,295)						(3,295)
Tax Sale Certificates	4,430						4,430
Tax Real Estate Held for Sale	4,637						4,637
Interfund Receivables	324,373		412		98,187	17,132	440,104
Prepays	40,959		10,494	606		1,003	53,062
Due from Component Units	4,872						4,872
Other Assets	14	58			206	277	555
<b>TOTAL ASSETS</b>	<b>\$ 908,439</b>	<b>\$ 119,370</b>	<b>\$ 14,466</b>	<b>\$ 95,331</b>	<b>\$ 756,731</b>	<b>\$ 329,577</b>	<b>\$ 2,223,914</b>
<b>LIABILITIES:</b>							
Accounts Payable	\$ 70,429		\$ 337	\$ 7,577	\$ 30,186	\$ 20,111	\$ 128,640
Accrued Liabilities	97,894	71	5,181	2,954		52,942	159,042
Bond Anticipation Notes Payable					307,570		307,570
Tax Anticipation Notes Payable	225,000						225,000
Revenue Anticipation Notes Payable	208,150						208,150
Grant Advances	5,368				60	50,918	56,346
Collections in Advance	34,896						34,896
Property Tax Refund Payable	31,513						31,513
Interfund Payables	98,133	103,332	10,664	22,048	117,413	88,514	440,104
Due to Component Units					16,865	610	17,475
Other Liabilities	31,141		1,729	235		163	33,268
<b>Total Liabilities</b>	<b>802,524</b>	<b>103,403</b>	<b>17,911</b>	<b>32,814</b>	<b>472,094</b>	<b>213,258</b>	<b>1,642,004</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Property Taxes	19,329						19,329
Part County Sales Tax	7,297						7,297
<b>Total Deferred Inflows of Resources</b>	<b>26,626</b>						<b>26,626</b>
<b>FUND BALANCE:</b>							
Fund Balances (Deficit):							
Nonspendable	40,959	58	10,494	606		1,003	53,120
Spendable:							
Restricted	1,087	15,349			7,099	88,396	111,931
Committed					277,538	19,438	296,976
Assigned		560		61,911		7,482	69,953
Unassigned	37,243		(13,939)				23,304
<b>Total Fund Balance (Deficit)</b>	<b>79,289</b>	<b>15,967</b>	<b>(3,445)</b>	<b>62,517</b>	<b>284,637</b>	<b>116,319</b>	<b>555,284</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)</b>	<b>\$ 908,439</b>	<b>\$ 119,370</b>	<b>\$ 14,466</b>	<b>\$ 95,331</b>	<b>\$ 756,731</b>	<b>\$ 329,577</b>	<b>\$ 2,223,914</b>

The reconciliation of the fund balance of governmental funds to the net assets of governmental activities in the Statement of Net Position is presented in the accompanying statement.

See accompanying notes to financial statements.

**EXHIBIT X-4**

**COUNTY OF NASSAU, NEW YORK**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2013 (Dollars in Thousands)**

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**Amounts reported for governmental activities in the Statement of Net Position are different because:**

Total fund balances - governmental funds	\$ 555,284
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation	2,568,545
Assets that are not available resources and, therefore, are not reported in the funds	378,181
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	52,975
Deferred inflows of resources not recorded in the governmental funds	(65,220)
Premiums, discounts and accredited interest on debt issued is recorded in the governmental funds as revenue and expenditures. In the Statement of Net Position these are recorded as a liability and amortized over the lives of the debt	(161,646)
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds:	
Bonds payable	(3,321,340)
Postemployment retirement benefits liability	(4,722,147)
Due to New York State Employees' Retirement System	(131,557)
Other long term liabilities	(1,280,993)
Current portion of long term liabilities	(400,185)
Accrued expenses and interest payable	<u>7,112</u>
Net position of governmental activities	<u>\$ (6,520,991)</u>

See accompanying notes to financial statements.

**EXHIBIT X-5**

**COUNTY OF NASSAU, NEW YORK**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

	General Fund	NIFA Fund	Police District Fund	Sewer and Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>							
Interest and Penalties on Taxes	\$ 32,810	\$	\$	\$	\$	\$	\$ 32,810
Licenses and Permits	11,955		5,288	906			18,149
Fines and Forfeits	60,150		1,289			1,583	63,022
Interest Income	689		14	79	1,115	249	2,146
Rents and Recoveries	17,035		84	2	3,973	63	21,157
Tobacco Receipts						19,210	19,210
Departmental Revenue	167,640		2,385	1,695		3,254	174,974
Interdepartmental Revenue	89,001		429			4,660	94,090
Interfund Revenue	38,298					234	38,532
Intergovernmental Charges	196			2,121	104		2,421
Federal Aid	124,812				6,700	142,312	273,824
State Aid	202,459	110			4,442	66,068	273,079
Sales Tax	855,029	199,066					1,054,095
Preempted Sales Tax in Lieu of Property Taxes	81,150						81,150
Property Taxes	448,828		358,715	117,275		11,276	936,094
Payments in Lieu of Taxes	10,791						10,791
Special Taxes	31,451					3,376	34,827
Other Revenues	20,119	531	17	2			20,669
<b>Total Revenues</b>	<b>2,192,413</b>	<b>199,707</b>	<b>368,221</b>	<b>122,080</b>	<b>16,334</b>	<b>252,285</b>	<b>3,151,040</b>
<b>EXPENDITURES:</b>							
Current:							
Legislative	10,685						10,685
Judicial	60,269					3,756	64,025
General Administration	200,709	1,833				47,297	249,839
Protection of Persons	423,105		369,493			12,632	805,230
Health	169,037					55,329	224,366
Public Works	211,424			93,718		42,828	347,970
Recreation and Parks	29,938					7,163	37,101
Social Services	567,330					13,889	581,219
Corrections	230,565					2,060	232,625
Education	15,051						15,051
Bonded Payments for Tax Certiorari and Other Judgments	101,080						101,080
Other	133,977						133,977
Capital Outlay:							
General					111,096		111,096
Sewage Districts					23,224		23,224
Debt Service:							
Principal	58,145			14,936		158,920	232,001
Interest	75,882			4,989		74,764	155,635
Financing Costs	5,030						5,030
<b>Total Expenditures</b>	<b>2,292,227</b>	<b>1,833</b>	<b>369,493</b>	<b>113,643</b>	<b>134,320</b>	<b>418,638</b>	<b>3,330,154</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(99,814)	197,874	(1,272)	8,437	(117,986)	(166,353)	(179,114)
<b>OTHER FINANCING SOURCES (USES):</b>							
Premium on Bonds	8,994				16,031		25,025
EFC Drawdowns					(695)		(695)
Transfers In	26,395		800	145		79	27,419
Transfers Out	(1,002)		(2,060)	(12,655)	(2,713)	(8,989)	(27,419)
Transfers In of Investment Income	1,086			29			1,115
Transfers Out of Investment Income					(1,115)		(1,115)
Transfers In from NIFA	174	1,232				200,641	202,047
Transfers Out to NIFA		(200,751)				(1,296)	(202,047)
Transfers In from SFA						159,703	159,703
Transfers Out to SFA				(16,423)		(143,280)	(159,703)
Transfers In from TSC						75	75
Transfers Out to TSC						(75)	(75)
Issuance of Bonds	115,479				250,013		365,492
EFC Funding - Capital				502			502
<b>Total Other Financing Sources (Uses)</b>	<b>151,126</b>	<b>(199,519)</b>	<b>(1,260)</b>	<b>(28,402)</b>	<b>261,521</b>	<b>206,858</b>	<b>390,324</b>
NET CHANGE IN FUND BALANCE (DEFICIT)	51,312	(1,645)	(2,532)	(19,965)	143,535	40,505	211,210
TOTAL FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	27,977	17,612	(913)	82,482	141,102	75,814	344,074
TOTAL FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 79,289	\$ 15,967	\$ (3,445)	\$ 62,517	\$ 284,637	\$ 116,319	\$ 555,284

See accompanying notes to financial statements.

**EXHIBIT X-6**

**COUNTY OF NASSAU, NEW YORK**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

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**Amounts reported for governmental activities in the Statement of Activities are different because:**

Net change in fund balance - total governmental funds \$ 211,210

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

Purchase of capital assets	\$ 108,302	
Depreciation expense	(118,695)	
Other	<u>(434)</u>	(10,827)

Deferred outflows of resources and other assets, not reported in the funds (16,892)

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, has any effect on the net position. Also, governmental funds report the effect of gains or losses on refundings, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The following amounts are net effect of these differences in the treatment of long-term debt and related items:

Effect of GASB 45 and GASB 48 (net)	177,964	
Proceeds from sales of bonds	(365,492)	
Principal payments of bonds and payments for refunded bonds	230,992	
Accrued interest payable and accounts payable	(2,812)	
Deferred inflows of resources	(9,086)	
Change in long-term liabilities	<u>(22,043)</u>	9,523

Change in net position - governmental activities \$ 193,014

See accompanying notes to financial statements.



**EXHIBIT X-7****COUNTY OF NASSAU, NEW YORK**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TOTAL BUDGETARY AUTHORITY AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 13)	Actual on a Budgetary Basis	Variance Positive (Negative)
<b>Revenues:</b>						
Interest and Penalties on Taxes	\$ 28,800	\$ 28,800	\$ 32,810	\$	\$ 32,810	\$ 4,010
Licenses and Permits	10,905	10,905	11,955		11,955	1,050
Fines and Forfeits	59,790	62,790	60,150		60,150	(2,640)
Interest Income	2,804	2,804	689		689	(2,115)
Rents and Recoveries	27,554	27,554	17,035	(1,250)	15,785	(11,769)
Departmental Revenue	174,310	173,171	167,640		167,640	(5,531)
Interdepartmental Revenue	94,809	94,809	89,001		89,001	(5,808)
Interfund Revenue	45,819	45,819	38,298		38,298	(7,521)
Intergovernmental Charges			196		196	196
Federal Aid	156,117	156,117	124,812		124,812	(31,305)
State Aid	232,411	237,632	202,459		202,459	(35,173)
Sales Tax	1,031,664	1,031,664	855,029		855,029	(176,635)
Preempted Sales Tax in Lieu of Property Taxes	89,582	89,582	81,150		81,150	(8,432)
Property Taxes	446,073	446,073	448,828		448,828	2,755
Payments in Lieu of Taxes	9,647	9,647	10,791		10,791	1,144
Special Taxes	31,169	31,169	31,451		31,451	282
Other Revenues	11,184	11,184	20,119	(310)	19,809	8,625
<b>Total Revenues</b>	<b>2,452,638</b>	<b>2,459,720</b>	<b>2,192,413</b>	<b>(1,560)</b>	<b>2,190,853</b>	<b>(268,867)</b>
<b>Expenditures:</b>						
Current:						
Legislative	12,391	12,312	10,685	829	11,514	798
Judicial	62,522	67,088	60,269	683	60,952	6,136
General Administration	260,031	252,617	200,709	11,046	211,755	40,862
Protection of Persons	409,012	416,910	423,105	(10,476)	412,629	4,281
Health	263,296	260,185	169,037	23,050	192,087	68,098
Public Works	221,665	229,390	211,424	6,983	218,407	10,983
Recreation and Parks	28,326	30,736	29,938	133	30,071	665
Social Services	612,759	618,730	567,330	23,938	591,268	27,462
Corrections	249,312	251,049	230,565	5,066	235,631	15,418
Education	8,818	15,051	15,051		15,051	
Bonded Payments for Tax Certiorari and Other Judgments			101,080	(101,080)		
Other	159,514	160,474	133,977	1,271	135,248	25,226
<b>Total Expenditures</b>	<b>2,287,646</b>	<b>2,314,542</b>	<b>2,153,170</b>	<b>(38,557)</b>	<b>2,114,613</b>	<b>199,929</b>
Debt Service:						
Principal	61,875	61,875	58,145		58,145	3,730
Interest	86,103	86,103	75,882		75,882	10,221
Financing Costs	5,030	5,030	5,030		5,030	
<b>Total Debt Service</b>	<b>153,008</b>	<b>153,008</b>	<b>139,057</b>		<b>139,057</b>	<b>13,951</b>
<b>Total Expenditures</b>	<b>2,440,654</b>	<b>2,467,550</b>	<b>2,292,227</b>	<b>(38,557)</b>	<b>2,253,670</b>	<b>213,880</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,984	(7,830)	(99,814)	36,997	(62,817)	(54,987)
<b>Other Financing Sources (Uses):</b>						
Premium on Bonds	4,240	4,240	8,994		8,994	4,754
Transfers In	49,552	68,915	26,395		26,395	(42,520)
Transfers In of Investment Income			1,086		1,086	1,086
Transfers Out	(210,605)	(210,605)	(1,002)	1,002		210,605
Transfer In from NIFA			174		174	174
Issuance of Bonds			115,479	(115,479)		
<b>Total Other Financing Sources (Uses)</b>	<b>(156,813)</b>	<b>(137,450)</b>	<b>151,126</b>	<b>(114,477)</b>	<b>36,649</b>	<b>174,099</b>
<b>Net Change in Fund Balance (Deficit)</b>	<b>(144,829)</b>	<b>(145,280)</b>	<b>51,312</b>	<b>(77,480)</b>	<b>(26,168)</b>	<b>119,112</b>
Fund Balance at Beginning of Year	144,829	145,280	27,977	100,215	128,192	(17,088)
Fund Balance at End of Year	\$	\$	\$ 79,289	\$ 22,735	\$ 102,024	\$ 102,024

See accompanying notes to financial statements.

**EXHIBIT X-8****COUNTY OF NASSAU, NEW YORK**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TOTAL BUDGETARY AUTHORITY AND ACTUAL**  
**POLICE DISTRICT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

	<b>Original Budget</b>	<b>Total Budgetary Authority</b>	<b>Actual</b>	<b>GAAP to Budgetary Basis Conversion (Note 13)</b>	<b>Actual on a Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>						
Licenses and Permits	\$ 2,829	\$ 2,829	\$ 5,288	\$	\$ 5,288	\$ 2,459
Fines and Forfeits	2,750	2,750	1,289		1,289	(1,461)
Interest Income	271	271	14		14	(257)
Rents and Recoveries			84		84	84
Departmental Revenue	3,883	3,883	2,385		2,385	(1,498)
Interdepartmental Revenue	552	552	429		429	(123)
Property Taxes	358,716	358,716	358,715		358,715	(1)
Other Revenue			17	(17)		
<b>Total Revenues</b>	<b>369,001</b>	<b>369,001</b>	<b>368,221</b>	<b>(17)</b>	<b>368,204</b>	<b>(797)</b>
<b>Expenditures:</b>						
Current:						
Protection of Persons	368,992	368,891	369,493	(1,606)	367,887	1,004
<b>Total Expenditures</b>	<b>368,992</b>	<b>368,891</b>	<b>369,493</b>	<b>(1,606)</b>	<b>367,887</b>	<b>1,004</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9	110	(1,272)	1,589	317	207
<b>Other Financing Sources (Uses):</b>						
Transfers In			800	(800)		
Transfer Out	(1,959)	(2,060)	(2,060)		(2,060)	
Capital Resources	1,171	1,171				(1,171)
<b>Total Other Financing Sources (Uses)</b>	<b>(788)</b>	<b>(889)</b>	<b>(1,260)</b>	<b>(800)</b>	<b>(2,060)</b>	<b>(1,171)</b>
<b>Net Change in Fund Balance (Deficit)</b>	<b>(779)</b>	<b>(779)</b>	<b>(2,532)</b>	<b>789</b>	<b>(1,743)</b>	<b>(964)</b>
<b>Fund Balance (Deficit) at Beginning of Year</b>	<b>779</b>	<b>779</b>	<b>(913)</b>	<b>30,125</b>	<b>29,212</b>	<b>28,433</b>
<b>Fund Balance (Deficit) at End of Year</b>	<b>\$</b>	<b>\$</b>	<b>\$ (3,445)</b>	<b>\$ 30,914</b>	<b>\$ 27,469</b>	<b>\$ 27,469</b>

See accompanying notes to financial statements.

**EXHIBIT X-9****COUNTY OF NASSAU, NEW YORK**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 TOTAL BUDGETARY AUTHORITY AND ACTUAL  
 SEWER & STORM WATER DISTRICT FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 13)	Actual on a Budgetary Basis	Variance Positive (Negative)
<b>Revenues:</b>						
Licenses and Permits	\$ 735	\$ 735	\$ 906	\$	\$ 906	\$ 171
Interest Income	170	170	79		79	(91)
Rents and Recoveries	71	71	2		2	(69)
Departmental Revenue	14,432	14,432	1,695		1,695	(12,737)
Intergovernmental Charges	2,251	2,251	2,121		2,121	(130)
Property Taxes			117,275		117,275	117,275
Other Revenues			2	(2)		
Total Revenues	17,659	17,659	122,080	(2)	122,078	104,419
<b>Expenditures:</b>						
Current:						
Public Works	147,673	147,673	93,718	18,123	111,841	35,832
Debt Service:						
Principal	14,434	14,936	14,936		14,936	
Interest	8,318	7,816	4,989		4,989	2,827
Total Expenditures	170,425	170,425	113,643	18,123	131,766	38,659
Excess (Deficiency) of Revenues Over (Under) Expenditures	(152,766)	(152,766)	8,437	(18,125)	(9,688)	143,078
<b>Other Financing Sources (Uses):</b>						
Transfers In			145	(145)		
Transfers Out	(14,094)	(14,094)	(12,655)		(12,655)	1,439
Transfers In of Investment Income	50	50	29		29	(21)
Transfer In from SFA	101,116	101,116	(16,423)	(1)	(16,424)	(117,540)
EFC Funding - Capital			502	21	523	523
Total Other Financing Sources (Uses)	87,072	87,072	(28,402)	(125)	(28,527)	(115,599)
Net Change in Fund Balance (Deficit)	(65,694)	(65,694)	(19,965)	(18,250)	(38,215)	27,479
Fund Balance at Beginning of Year	65,694	65,694	82,482	1,658	84,140	18,446
Fund Balance at End of Year	\$	\$	\$ 62,517	\$ (16,592)	\$ 45,925	\$ 45,925

See accompanying notes to financial statements.

**EXHIBIT X-10**

**COUNTY OF NASSAU, NEW YORK**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
DECEMBER 31, 2013 (Dollars in Thousands)**

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**Agency Fund**

**ASSETS:**

Cash	\$ 43,629
Due From Component Unit	<u>592</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 44,221</u></b>

**LIABILITIES:**

Accounts Payable	589
Other Liabilities	<u>43,632</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 44,221</u></b>

**Nassau County Tobacco Securitization Corporation Residual Trust**

**ASSETS:**

Cash	<u>\$ 17,923</u>
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**LIABILITIES:**

Other Liabilities	<u>\$ 17,923</u>
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See accompanying notes to financial statements.

**EXHIBIT X-11****COUNTY OF NASSAU, NEW YORK****STATEMENT OF NET POSITION****ALL DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY****DECEMBER 31, 2013****(WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2013)****(Dollars in Thousands)**

	<b>Nassau Community College*</b>	<b>Nassau Health Care Corporation</b>	<b>Nonmajor Discretely Presented Component Units*</b>	<b>Total Discretely Presented Component Units</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and Cash Equivalents	\$ 60,389	\$ 12,837	\$ 12,294	\$ 85,520
Investments	2,624			2,624
Restricted Cash and Cash Equivalents		31,993	492	32,485
Student Accounts and Loans Receivable	9,855			9,855
Less Allowance for Doubtful Accounts	(5,142)			(5,142)
Due from Primary Government	1,897	4,734		6,631
Due from Other Governments	541			541
Other Receivables	1,089	29,052	13	30,154
Accounts Receivable		264,353	495	264,848
Less Allowance for Doubtful Accounts		(192,472)		(192,472)
Inventories		7,287	9	7,296
Prepays	201	1,933	243	2,377
Other Assets - Current	46	868	413	1,327
<b>Total Current Assets</b>	<b>71,500</b>	<b>160,585</b>	<b>13,959</b>	<b>246,044</b>
<b>NON CURRENT ASSETS:</b>				
Restricted Cash and Cash Equivalents		14,087	9,540	23,627
Capital Assets Not Being Depreciated	3,804	33,180	9,780	46,764
Depreciable Capital Assets	285,902	522,844	86,976	895,722
Less Accumulated Depreciation	(132,442)	(367,384)	(50,973)	(550,799)
Deposits Held in Custody for Others	1,677			1,677
Other Assets - Non Current		23,738		23,738
<b>Total Non Current Assets</b>	<b>158,941</b>	<b>226,465</b>	<b>55,323</b>	<b>440,729</b>
<b>Total Assets</b>	<b>230,441</b>	<b>387,050</b>	<b>69,282</b>	<b>686,773</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on bond refunding	\$	\$ 20,183	\$	\$ 20,183

(Continued)

**EXHIBIT X-11****COUNTY OF NASSAU, NEW YORK****STATEMENT OF NET POSITION****ALL DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY****DECEMBER 31, 2013****(WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2013)****(Dollars in Thousands)**

	Nassau Community College*	Nassau Health Care Corporation	Nonmajor Discretely Presented Component Units*	Total Discretely Presented Component Units
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts Payable and Accrued Liabilities	\$ 6,818	\$ 147,541	\$ 11,651	\$ 166,010
Due To Primary Government			367	367
Due To Other Governments			2,348	2,348
Accrued Interest Payable		1,065		1,065
Current Portion of Long Term Liabilities	4,092	7,178	1,793	13,063
Other Liabilities - Current	7,326	29,725	535	37,586
Total Current Liabilities	18,236	185,509	16,694	220,439
<b>NON CURRENT LIABILITIES:</b>				
Notes Payable			1,450	1,450
Bonds Payable	91,150	242,966	18,602	352,718
Deferred Bond Premium (Net of Amortization)	1,589			1,589
Accrued Vacation and Sick Pay	52,631		669	53,300
Due to Other Governments, net			3,150	3,150
Estimated Liability for Litigation	550	39,486		40,036
Deposits Held in Custody for Others	1,677			1,677
Insurance Reserve Liability	1,999			1,999
Due to New York State Retirement System	800	19,707		20,507
Postemployment Retirement Benefits Liability	312,270	280,818	48,461	641,549
Derivative Instrument		24,880		24,880
Other Long-Term Liabilities		1,215		1,215
Total Non Current Liabilities	462,666	609,072	72,332	1,144,070
Total Liabilities	480,902	794,581	89,026	1,364,509
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Student Tuition and Fees	16,981			16,981
Fee Income			257	257
Total Deferred Inflows of Resources	16,981		257	17,238
<b>NET POSITION</b>				
Net Investment in Capital Assets	63,293	93,142	24,034	180,469
Restricted:				
Nassau Health Care Corporation		2,066		2,066
Nassau County Bridge Authority			10,333	10,333
Nassau Community College Scholarships	2,505			2,505
Capital Projects and Acquisitions	12,595		10,792	23,387
Student Loans	522			522
Unrestricted	(346,357)	(482,556)	(65,160)	(894,073)
Total Net Position	\$ (267,442)	\$ (387,348)	\$ (20,001)	\$ (674,791)

(Concluded)

See accompanying notes to financial statements.

\*Amounts presented differ from the audited financial statements of the discretely presented component unit to show the effects of the implementation of GASB 65.

**EXHIBIT X-12****COUNTY OF NASSAU, NEW YORK****STATEMENT OF ACTIVITIES****ALL DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY****FOR THE YEAR ENDED DECEMBER 31, 2013****(WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2013)****(Dollars in Thousands)**

	Nassau Community College*	Nassau Health Care Corporation	Nonmajor Discretely Presented Component Units*	Total Discretely Presented Component Units
<b>Expenses</b>	\$ 215,483	\$ 577,941	\$ 71,276	\$ 864,700
<b>Program Revenues:</b>				
Charges for Services	55,219	520,700	62,129	638,048
Operating Grants and Contributions	49,499			49,499
Capital Grants and Contributions	289	13,800		14,089
Total Program Revenues	105,007	534,500	62,129	701,636
Net Program Revenues (Expenses)	(110,476)	(43,441)	(9,147)	(163,064)
<b>General Revenues</b>				
State and local appropriations	121,408			121,408
Investment Income	204	163	28	395
Other	82	18,616	1,563	20,261
Net General Revenues	121,694	18,779	1,591	142,064
Change in Net Position	11,218	(24,662)	(7,556)	(21,000)
Net Position - Beginning of Year	(277,965)	(353,622)	(11,897)	(643,484)
Cumulative Effect in Accounting	(695)	(9,064)	(548)	(10,307)
Net Position - Beginning of Year, as restated	(278,660)	(362,686)	(12,445)	(653,791)
Net Position - End of Year	\$ (267,442)	\$ (387,348)	\$ (20,001)	\$ (674,791)

See accompanying notes to financial statements.

\*Amounts presented differ from the audited financial statements of the discretely presented component unit to show the effects of the implementation of GASB 65.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** - The County of Nassau (the "County"), incorporated in 1899, contains three towns, two cities and 64 incorporated villages. In conformance with the Governmental Accounting Standards Board ("GASB") Statement No. 61, *The Financial Reporting Entity*, these financial statements present the County (the primary government) which includes all funds, elected offices, departments and agencies of the County, as well as boards and commissions, since the County is financially accountable for these and its legally separate component units.

Component units are legally separate organizations for which the County is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading. 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 potential for the organization to 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.

The County appoints the voting majority of the governing boards of the following component units; Nassau County Industrial Development Agency (the "NCIDA"), Nassau County Local Economic Assistance Corporation (the "NCLEAC"), Nassau County Sewer and Storm Water Finance Authority (the "NCSSWFA"), Nassau County Tobacco Settlement Corporation (the "NCTSC") and the Nassau Regional Off-Track Betting Corporation (the "OTB"). The County has the ability to remove the appointed members of those organization's governing boards at will and as such has the ability to impose its will on the organizations.

The Nassau County Interim Finance Authority ("NIFA"), Nassau Community College, and Nassau Health Care Corporation (d/b/a NuHealth) ("NHCC") have the voting majority of their governing boards appointed by the Governor of the State of New York or local legislative appointments. These component units are considered part of the reporting entity of the County because of the fiscal dependence and the financial burden that is placed on the County.

The Nassau County Bridge Authority (the "Bridge Authority") is included as a discretely presented component unit due to the financial integration with the primary government, because it would be misleading to exclude.

The basic financial statements include both blended and discretely presented component units. The blended component units, although legally separate entities are, in substance, part of the County's operations and so data from these units are combined with data of the primary government. The following component units are blended with the governmental funds of the County: NIFA's general fund as a major special revenue fund and its debt service as a non-major debt service fund, both NCSSWFA's and NCTSC's general and debt service funds as non-major special revenue and debt service funds, respectively. The services of the blended component units are almost exclusively for the County and their management is linked with the County operations.



**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Reporting Entity (Continued)**

The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government. The services provided by the discretely presented component units are for the citizenry of the County. Combining statements for the discretely presented component units are presented in Exhibits X-11, X-12, A-3 and A-4. These component units include NCC and NHCC as major component units and OTB, NCIDA, NCLEAC and the Bridge Authority as non-major component units. The activities of these component units are accounted for in a manner similar to private business enterprises, in which the focus is on the periodic determination of revenues, expenses, and net income.

The County continuously assesses the need to include various organizations within the County whose status as a component unit may change due to financial dependence, legislative developments or level of influence the County may exercise over such entity.

***Discretely Presented Component Units*** - Financial data of the County's component units that are not part of the primary government is reported in the component unit's column in the government-wide financial statements, to emphasize that these component units are legally separate from the County. They include the following:

**Major Component Units**

- (a) ***The Nassau Community College*** (the "College") - provides educational services under New York State Education Law. It is reported as a component unit as the County appoints its governing body, the County approves its budget, issues debt for College purposes and provides approximately 25% of the College's 2013 budgeted revenues through a County-wide real property tax levy. Therefore, the College is discretely presented. The College has authority to enter into contracts under New York State Education Law and to sue and be sued. The College is presented in accordance with policies prescribed by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis for Public Colleges and Universities*, and in accordance with New York State Education Law. This component unit is presented as of, and for its fiscal year ended, August 31, 2013.

These financial statements present the College and its component units, the Nassau Community College Foundation, Inc. and the Faculty-Student Association of Nassau Community College, Inc. As defined in GASB Statement No. 61, component units are legally separate entities that are included in the College's reporting entity because of the significance of their operating or financial relationships with the College. The College has elected to include the financial statements of the component units, even though the amounts reported in the component units' financial statements are not significant to the reporting entity. Each component unit is reported separately to emphasize that they are legally separate from the primary government. Each of the College's discretely presented component units has a fiscal year end of August 31<sup>st</sup>, the same as that of the College.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Reporting Entity (Continued)****Discretely Presented Component Units (Continued)****Major Component Units (Continued)**

- (b) Nassau Health Care Corporation (d/b/a NuHealth) (“NHCC”) is a public benefit corporation created in 1997 by an act of the New York State Legislature for the purpose of acquiring and operating the health facilities of Nassau County, State of New York. Effective September 29, 1999 (the “Transfer Date”), a transaction was executed which transferred ownership of the County health facilities to the NHCC which included Nassau University Medical Center, A. Holly Patterson Extended Care Facility, Faculty Practice Plan, Nassau Health Care Foundation (“NHCF”), and the Health Centers. Concurrent with the transaction, \$259.7 million of Nassau Health Care Corporation Health System Revenue Bonds, Series 1999 were issued. During 2004, \$303.4 million of Nassau Health Care Corporation Bonds, Series 2004 were issued to refund the NHCC’s Revenue Bond Series 1999, fund certain capital projects and provide working capital. In 2009, a portion of the Series 2004 Bonds were redeemed with the issuance of the Series 2009 bonds. The bonds are insured and guaranteed by the County.

The NHCC is fiscally dependent on the County should certain NHCC debt service reserve funds fall below their requirements. The NHCC is considered to be a component unit of the County and is presented as a proprietary type component unit on the accrual basis of accounting. NHCC, Ltd., a wholly-owned subsidiary of the NHCC (the “Captive”) was incorporated as an exempted company on September 24, 1999 under laws of the Cayman Islands and operates under the terms of an unrestricted Cayman Islands Class B Insurer’s license. The license allows the Captive to conduct insurance business, other than domestic business, from the Cayman Islands. The NHCC accounts for its investment in the limited liability company using the equity method. Long Island Federally Qualified Health Center (“LIFQHC”) is an independent not-for-profit corporation formed on May 14, 2009 and established by NYSDOH on June 15, 2010, as a co-operator of the four treatment centers and a school-based clinic, previously operated solely by NHCC, in order to meet federal governance requirements and obtain designation from the Health Resources and Services Administration (“HRSA”) as a public entity federally qualified health center (“FQHC”) “Look-Alike” organization.

In September 2004, the NHCC and the County executed a stabilization agreement (the “Stabilization Agreement”) amending the original 1999 acquisition agreement. The Stabilization Agreement intended to resolve disputed charges, clarify language in existing agreements and identify the principles to govern more comprehensive successor arrangements. A successor agreement (the “Successor Agreement”) was executed in 2007 superseding the Stabilization Agreement. The Successor Agreement clarifies the services provided by the NHCC to the County and establishes the mechanism for payments to the NHCC by the County and provides the NHCC with capital funding and such agreement is in effect until 2029.

NHCC has a governing board consisting of fifteen voting directors and three non-voting directors. Eight of the voting directors are appointed by the Governor of the State of New York on the recommendation of various State and County elected officials. Seven of the voting directors, and two of the non-voting directors, are appointed directly by the County Executive or the County Legislature. The Chief Executive Officer of NHCC is the final non-voting director. The directors serve varying initial terms of two to four years and will serve five-year terms after the expiration of the initial terms. The County Executive selects one of the voting directors as Chairman of the Board.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Reporting Entity (Continued)****Discretely Presented Component Units (Continued)****Non-Major Component Units**

- (c) The Nassau Regional Off-Track Betting Corporation (the "OTB") was created by the New York State Legislature as a public benefit corporation. The County is its sole shareholder. It is reported as a component unit as the County Legislature appoints its governing body, which consists of a Board of Directors made up of three members. The County receives a small portion of winning wagers made at County racetracks and all net operating profits from OTB, however, the County has not received any net operating profit from OTB due to OTB's continued operating deficits. The OTB is shown as a proprietary type component unit, and is presented on the accrual basis of accounting. At the close of 2013, there were twenty-one operational facilities.

The County has a support agreement with OTB, which guarantees OTB's Series 2005 Revenue Bonds. Under the support agreement with the County, OTB is obligated to deposit required debt service payments due into a capital reserve fund. As consideration for entering into this support agreement and in recognition of the benefits anticipated to be derived, OTB makes an annual payment to the County. For 2013, this payment was \$620 thousand. During the current year, OTB has experienced continuing mandated expenses in personnel benefits and other costs and increases in the statutory distribution requirements of New York State laws as well as operational challenges at its Fast Track operations. These factors, coupled with the uncertain conditions in the general economy and the inability to gain complete and comprehensive relief of certain statutory payments to the racing industry, create an uncertainty as to the OTB's ability to continue as a going concern. In July 2013, New York State-legislation was passed which included a 5% market origin fee on out-of-state advanced deposit wagering by New York State residents. As a result of this legislation, OTB conservatively projects it will realize \$2 million in relief annually. OTB's consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

- (d) The Nassau County Industrial Development Agency (the "NCIDA") is a public benefit corporation established pursuant to the New York State General Municipal Law. The NCIDA's purpose is to arrange long-term low interest financing for private firms and companies with the intent of developing commerce and industry in the County. It is reported as a component unit as the County appoints its governing body and may remove the NCIDA Board at will. The County has at times provided support to the NCIDA in the form of employees and facilities. Support expenditures would be included in the County's General Fund under personal services. The NCIDA has sole authority for establishing administrative and fiscal policy in the pursuit of its objectives. The County is not liable for any obligations or deficits the NCIDA may incur, nor does it share in any surpluses. The NCIDA is shown as a proprietary type component unit and is presented on the accrual basis of accounting.
- (e) The Nassau County Local Economic Assistance Corporation (the "NCLEAC") was created as a local development corporation. On September 20, 2010, the County Legislature adopted a resolution authorizing the formation of NCLEAC pursuant to Section 1411 of the New York Not-for-Profit Corporation Law. The mission of NCLEAC is to operate exclusively for the public purpose and charitable purpose of benefiting and furthering the activities of the County by serving as a conduit financing entity issuing taxable and tax-exempt revenue debt and providing other assistance to support the growth, expansion, on-going operations and continued viability of the non-profit sector in the County.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Reporting Entity (Continued)****Discretely Presented Component Units (Continued)****Non-Major Component Units (Continued)**e) **The Nassau County Local Economic Assistance Corporation (Continued)**

The County appoints the governing board of NCLEAC, which results in the interdependency with the County. Accordingly, NCLEAC has been determined to be a proprietary type component unit of the County and is presented on the accrual basis of accounting. The County is not liable for any obligations or deficits NCLEAC may incur, nor does it share in any surpluses. NCLEAC entered into a sublicense and cooperation agreement with NCIDA to use office space and storage space, as well as provide administrative services for NCLEAC as it has officers but no employees. The officers and some of the directors of NCLEAC serve in similar positions for the NCIDA. NCLEAC is charged accordingly for the rental and services provided by NCIDA.

NCLEAC's primary source of operating revenue is from bond issuance and straight lease fees, which are computed as a percentage of the total project. Fees are recorded when earned, at the time of closing on the sale of bonds and straight lease arrangements.

f) **The Nassau County Bridge Authority** (the "Bridge Authority") is a Public Benefit Corporation created by the New York State Legislature pursuant to Chapter 893 of the Laws of 1945.

The Bridge Authority operates and maintains the Atlantic Beach Bridge across Reynolds Channel between the Villages of Lawrence and Atlantic Beach in Nassau County.

The Bridge Authority, pursuant to State law, is composed of a five member board which is appointed by the County Executive of Nassau County with approval of the Nassau County Legislature. Each board member serves a five year term without compensation. The board is presently comprised of a Chairman and four board members.

**Blended Component Units**(a) **Nassau County Interim Finance Authority** ("NIFA") is included as a blended component unit of the County's primary government pursuant to GASB Statement No. 61, because it is a financing instrumentality of the County. It acts as a temporary financial intermediary to the County and is authorized to act as an oversight authority to the County under certain circumstances. It reports using the governmental model and its funds are reported as part of the County's major funds and as part of the County's non-major funds (NIFA Debt Service Fund).

NIFA is a corporate governmental agency and instrumentality of the State of New York (the "State") constituting a public benefit corporation created by the Nassau County Interim Finance Authority Act, Chapter 84 of the Laws of 2000, as supplemented by Chapter 179 of the Laws of 2000 and as may be amended from time to time, including, but not limited to, Chapter 528 of the Laws of 2002, and Chapters 314 and 685 of the Laws of 2003 (the "Act"). The Act became effective June 23, 2000. Although legally separate and independent of Nassau County, NIFA is a component unit of the County for County financial reporting purposes and, accordingly, is included in the County's financial statements.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Reporting Entity (Continued)******Blended Component Units (Continued)*****(a) *Nassau County Interim Finance Authority (Continued)***

NIFA is governed by seven directors, each appointed by the Governor, including one each appointed upon the recommendation of the Majority Leader of the State Senate, the Speaker of the Assembly, and the State Comptroller. The Governor also designates the chairperson and vice chairperson from among the directors. At present, the vice chairperson has not been designated.

NIFA has power under the Act to monitor and oversee the finances of Nassau County, and upon declaration of a "Control Period" as defined in the Act, additional oversight authority. Although the Act currently provides that NIFA may no longer issue new bonds or notes, other than to retire or otherwise refund NIFA debt, NIFA was previously empowered to, and did issue, its bonds and notes for various County purposes, defined in the Act as "Financeable Costs." No bond of NIFA may mature later than January 31, 2036, or more than 30 years from its date of issuance.

On January 26, 2011, NIFA adopted a resolution which imposed a Control Period on the County pursuant to the Act. It had determined that the County's proposed budget for fiscal year 2011 reflected a substantial likelihood that it would produce an operating funds deficit in excess of one percent of the aggregate result of operations of such funds. During a control period NIFA is required to withhold transitional State aid and is empowered, among other things, to approve or disapprove proposed contracts and borrowings by the County and Covered Organizations (as defined in the Act); approve, disapprove or modify the County's Multi-Year Financial Plan; issue binding orders to the appropriate local officials; impose a wage freeze; and terminate the control period upon finding that no condition exists which would permit imposition of a control period.

Subsequent to the resolution imposing the Control Period, NIFA adopted a resolution on March 24, 2011, March 22, 2012 and again on March 14, 2013, declaring a fiscal crisis and ordered the suspension of all increases in salary or wages of employees of the County (the "wage freeze") which were to take effect after the date of the order pursuant to collective bargaining agreements, and other analogous contracts or interest arbitrations awards then in existence or thereafter entered into. All increased payments for holiday and vacation differentials, shift differentials, salary adjustments according to plan, and step-ups and increments were also suspended. The wage freeze extended through fiscal year 2013. On May 3, 2014, the wage freeze was lifted for four of the five unions, effective April 1, 2014. On September 10, 2014, the wage freeze was lifted for the fifth union effective June 1, 2014 (see Footnote 19 – Subsequent Events).

All Legislative actions with regard to the approval of contracts or resolutions to borrow funds require NIFA's final authorization.

Revenues of NIFA ("Revenues") consist of sales tax revenues, defined as net collections from sales and compensating use taxes, penalties and interest authorized by the State and imposed by the County on the sale and use of tangible personal property and services in the County ("Sales Tax Revenues"), and investment earnings on money and investments on deposit in various NIFA accounts. Sales tax revenues collected by the State Comptroller for transfer to NIFA are not subject to appropriation by the State or County. Revenues of NIFA that are not required to pay debt service, operating expenses, and other costs of NIFA are payable to the County.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Reporting Entity (Continued)*****Blended Component Units (Continued)***

- (b) The Nassau County Tobacco Settlement Corporation (“NCTSC”) is a special purpose local development corporation incorporated under the provisions of the Not-for-Profit Corporation Law of the State of New York and is an instrumentality of, but separate and apart from the County. Although legally separate and independent of the County, NCTSC is considered an affiliated organization under GASB Statement No. 61, due to the County’s financial accountability for NCTSC and is reported as a blended component unit of the County for County financial reporting purposes and, accordingly, is included in the County’s financial statements.

The NCTSC Board of Directors has three members, one of whom must meet certain requirements of independence: (i) one elected by a majority vote of the County Legislature, (ii) one, who must be the County Treasurer, *ex officio*, designated by the County Executive and (iii) one selected by (i) and (ii). For the year ending December 31, 2013, one position was vacant.

On November 23, 1999, NCTSC entered into a Purchase and Sale Agreement (“Agreement”) dated as of October 1, 1999 with the County pursuant to which NCTSC acquired from the County all of the County’s right title and interest under the Master Settlement Agreement (the “MSA”) and the Consent Decree and Final Judgment (the “Decree”). These rights include the County’s share of all Tobacco Settlement Revenues (“TSRs”) received after November 23, 1999 and in perpetuity to be received under the MSA and the Decree. The consideration paid by NCTSC to the County for such acquisition consisted of \$247.5 million in cash (of which \$77.5 million was paid into escrow for the benefit of the County) and the sole beneficial interest in NCTSC Residual Trust (“Residual Trust”), a Delaware business trust, to which NCTSC has conveyed a residual interest in all the TSRs, annually received in excess of those required to pay debt service on the Series A Bonds. NCTSC’s right to receive TSRs is its most significant asset and is expected to produce funding for its obligations to the extent of the receipt of TSRs.

On April 5, 2006, NCTSC, issued \$431.0 million of NCTSC Tobacco Settlement Asset-Backed bonds, Series 2006 pursuant to an *Amended and Restated Indenture* dated as of March 1, 2006. Proceeds were used for a number of purposes including, to refund all of NCTSC’s 1999 Bonds then currently outstanding and the creation of a Residual Trust Fund for the benefit of the County and Senior Liquidity Reserve to pay future debt service on the new bonds.

Approximately \$140 million of the Series 2006 Bonds and unpledged TSR’s were deposited into the Residual Trust, on behalf of the County as the beneficial owner of the Residual Certificate. Such proceeds are held to provide monies to the County in accordance with the tax certificates executed in connection with the Series 2006 Bonds.

The original 1999 purchase price paid by the NCTSC to the County under the Agreement consisted of: (i) the net proceeds of the sale of the 1999 Bonds and (ii) a 100% beneficial ownership interest in the Trust. The Agreement was amended and restated as of March 1, 2006. Under the amended Agreement, TSRs received from April 5, 2006 to March 31, 2008, were not pledged to the holders of the Series 2006 Bonds and, therefore, all TSRs received during that time were to be transferred to the Trust on behalf of the County. The County has and is expected to continue to appropriate such Series 2006 Bond proceeds to finance various capital projects or designated operating expenses of the County or the NHCC.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Reporting Entity (Continued)*****Blended Component Units (Continued)***

- (c) The Nassau County Sewer and Storm Water Finance Authority (“NCSSWFA”) is a public benefit corporation established in 2003 by the State of New York under the Nassau County Sewer and Storm Water Finance Authority Act (the “NCSSWFA Act”), codified as Title-10-D of Article 5 of the Public Authorities Law of the State. The NCSSWFA was established for the purpose of refinancing outstanding sewer and storm water resources debt issued by or on behalf of the County and financing future County sewer and storm water resources projects. The NCSSWFA may issue debt in an amount up to \$350.0 million for such purposes (exclusive of debt issued to refund or otherwise repay the NCSSWFA debt). The NCSSWFA Act, and other legal documents of the NCSSWFA, established various financial relationships between the County and the NCSSWFA.

NCSSWFA is governed by seven directors, each appointed by the County Executive with confirmation by the County Legislature. Each member serves a three-year term without compensation.

The NCSSWFA has acquired all of the sewer and storm water resources facilities, buildings, equipment and related assets, other than land (the “System”), of the County pursuant to a Financing and Acquisition Agreement dated as of March 1, 2004, by and between the NCSSWFA and the County.

The NCSSWFA pays for the assets acquired in installments by paying the debt service on outstanding bonds originally issued by or on behalf of the County (including bonds issued by NIFA on behalf of the County) to finance the assets acquired (“County Bonds”). In addition, as part of such purchase price, the NCSSWFA may, at the request of the County, refinance County Bonds. The County also agreed to transfer to the NCSSWFA and the NCSSWFA agreed to acquire from the County any additional System facilities, which became a part of the System (at the time the project is completed), including those facilities financed by obligations of the County or NIFA after the closing date; and, the NCSSWFA shall pay debt service on such new County Bonds in the same manner and time, as set forth above, for the payment of County Bonds. Annually, the obligation to pay for expenditures incurred by the County, for such projects, is transferred to the NCSSWFA. Additionally, the County agrees that, during the term of the Agreement, it will not sell, lease, mortgage, or otherwise give up or encumber the real property upon which the facilities are situated.

Most of the NCSSWFA’s revenues are derived through the imposition by the County of assessments for sewer and storm water resources services. The County has directed each city and town receiver of taxes to pay all such assessments directly to the trustee for the NCSSWFA’s bonds. The NCSSWFA retains sufficient funds to service all debt (including County Bonds), and pay its operating expenses. Excess funds are remitted to the Nassau County Sewer and Storm Water Resources District (the “Sewer District”). Although the System was transferred to the NCSSWFA, the Sewer District is responsible for the operations of the County’s sewer and storm water resources services, including repairs and maintenance on the System.

NCSSWFA did not issue any debt in 2013.

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Complete financial statements of the individual component units may be obtained from their respective administrative offices:

Nassau Community College  
One Education Drive  
Garden City, NY 11530

Nassau County Interim Finance Authority  
170 Old Country Road, Suite 205  
Mineola, NY 11501

Nassau Health Care Corporation  
2201 Hempstead Turnpike  
East Meadow, NY 11554

Nassau County Tobacco Settlement Corp.  
One West Street  
Mineola, NY 11501

Nassau Regional Off-Track Betting  
Corporation  
220 Fulton Avenue  
Hempstead, NY 11550

Nassau County Sewer and Storm Water  
Finance Authority  
One West Street  
Mineola, NY 11501

Nassau County Industrial Development  
Agency  
1550 Franklin Avenue  
Mineola, NY 11501

Nassau County Local Economic Assistance  
Corporation  
1550 Franklin Avenue  
Mineola, NY 11501

Nassau County Bridge Authority  
P.O. Box 341  
Lawrence, NY 11559



NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2013

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14, as amended by GASB Statement No. 39, (The Reporting Entity) and No. 34 (Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments)*. The objective of Statement No. 61 is to improve financial reporting for a governmental financial reporting entity. Statement No. 61 is effective for financial statements for periods beginning after June 15, 2012. As of December 31, 2013, the County reported the Nassau Health Care Corporation and Nassau Community College as major discretely presented component units and the Nassau County Industrial Development Agency, Nassau County Regional Off-Track Betting Corporation, Nassau County Local Economic Assistance Corporation and Nassau County Bridge Authority as nonmajor discretely presented component units. These major discretely presented component units are presented separately in Exhibits X-11 and X-12 with a single column to report the aggregate nonmajor discretely presented component units. As a result, combining statements were added to report the detail of the nonmajor discretely presented component units which are presented as Exhibits A-3 and A-4.

In April 2012, GASB issued Statement No. 65, *Items Previously reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. As of December 31, 2013, the County, inclusive of its blended component units, recognized deferred outflows of resources resulting from debt refunding, purchase of future tobacco revenues and accumulated decrease in fair value of hedging activities. The County, inclusive of its blended component units, also recognized deferred inflows of resources resulting from gains on debt refundings, part County sales tax, and service concession arrangements. In addition, the balance of unamortized bond issuance costs as of December 31, 2012 was fully amortized and affected the beginning net position for the year ended December 31, 2013. See Note 18 for more details.

Changes were implemented to reflect the effect of GASB Statement No. 65 – <i>Items Previously Reported as Assets              and Liabilities</i> . This statement requires that bond issuance costs to be shown as current-period outflows of resources (expenses)	\$ 30,779
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In April 2012, GASB issued Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. This pronouncement had no effect on the financial statements.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****A. BASIS OF PRESENTATION**

The accompanying basic financial statements of the County of Nassau (the "County") are presented in conformity with generally accepted accounting principles ("GAAP") for governments in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB").

The following is a summary of the significant accounting policies and reporting practices of the County:

**Government-wide Statements:** The government-wide financial statements, (i.e., the Statement of Net Position and the Statement of Activities), display information about the primary government and its component units. These statements include the financial activities of the overall government except for fiduciary activities. Eliminations of internal activity have been made in these statements. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. All of the activities of the County as primary government are governmental activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (i) charges for services such as rental revenue from operating leases on buildings, lots, etc., and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other revenues not properly included among program revenues are reported as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for the governmental and fiduciary fund categories are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The County uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, fiduciary, and proprietary. There are no proprietary funds at the County. Each category, in turn, is divided into separate "fund types."

The County reports the following major governmental funds:

**General Fund** - The General Fund is the principal operating fund of the County through which the County provides most County-wide services. Its principal sources of revenue are sales tax, the County-wide real property tax, other local taxes and charges, departmental revenues, and Federal and State aid.

**NIFA Fund** - The NIFA Fund accounts for sales tax revenues received by NIFA and for general operating expenses, as well as distributions to Nassau County. The County considers the NIFA fund to be a major fund due to the significance of the transactions with the General Fund.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****A. BASIS OF PRESENTATION (Continued)**

*Police District Fund* - This fund is used to provide police services to those areas of the County that do not maintain their own local police forces. Revenues are raised principally through a special real property tax levied only in those areas served by the County police.

*Sewer and Storm Water District Fund* - This special revenue fund consists of the sewage treatment and collection districts and is responsible for the operation and repair of the County sewage collection areas and maintaining and enhancing the region's water environment. Revenues are raised principally through a special property tax levied to areas served by the sewage treatment and collection districts. The County considers the Sewer and Storm Water District Fund to be a major fund due to the significance of the transactions.

*Capital Fund* - This fund is used to account for the cost of County general improvement capital construction projects. Some of the major project initiatives included in this fund are aimed at enhancements to County buildings, rehabilitation of County roadways, drainage improvements, redevelopment of park facilities and major capital equipment purchases. Funding for these projects is primarily provided by the issuance of long term debt but also may be supplemented by Federal and State aid grant awards. The Sewer and Storm Water District Construction Fund, the Sewage Disposal District Construction Funds and the Sewage Collection Districts Construction Fund have been consolidated into the Capital Fund.

Additionally, the County reports the following fund type:

*Fiduciary Fund* - The Fiduciary Fund is an agency fund used to account for resources received and held by the County as the agent for others. These resources include among other things, withholdings for payroll taxes and garnishments. Use of this fund facilitates the discharge of responsibilities placed upon the County by law or other authority. Individual accounts are maintained for all other escrow-type and fiduciary accounts required by law or other authority in administering such monies received by the County.

**New Accounting Standards Not Yet Effective**

In June 2012, GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25* was issued. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013. The County does not sponsor such a plan. It participates as a cost-sharing entity in two New York State multi-employer pension plans, therefore the adoption of this statement will have no effect on the County's financial statements.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****A. BASIS OF PRESENTATION (Continued)****New Accounting Standards Not Yet Effective (Continued)**

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is effective for fiscal years beginning after June 15, 2014. The County has not completed the process of evaluating the impact that will result from implementing this Statement and is therefore unable to determine the impact that adopting this statement will have on its financial position and results of operation when it is adopted.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Governmental Operations*. This Statement provides guidance for:

- Determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations.
- Using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations.
- Measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based upon their acquisition values in a government acquisition, and
- Reporting the disposal of government operations that have been transferred or sold.

The requirements of this Statement are effective for periods beginning after December 15, 2013, and should be applied on a prospective basis. The County has not completed the process of evaluating the impact that will result from implementing this Statement and is therefore unable to determine the impact that adopting this Statement will have on its financial position and results of operation when such statement is adopted.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****A. BASIS OF PRESENTATION (Continued)****New Accounting Standards Not Yet Effective (Continued)**

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement. Statement No. 70 also requires:

- A government guarantor to consider qualitative factors when determining if a payment on its guarantee is more likely than not to be required. Such factors may include whether the issuer of the guaranteed obligation is experiencing significant financial difficulty or initiating the process of entering into bankruptcy or financial reorganization;
- An issuer government that is required to repay a guarantor for guarantee payments made to continue to report a liability unless legally released. When a government is released, the government would recognize revenue as a result of being relieved of the obligation;
- A government guarantor or issuer to disclose information about the amounts and nature of nonexchange financial guarantees.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2013. The County has not completed the process of evaluating the impact that will result from implementing this Statement and is therefore unable to determine the impact that adopting this Statement will have on its financial position and results of operations when it is adopted.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* — an amendment of GASB Statement No. 68. The primary objective of this Statement is to address an issue regarding amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of the new Statement become effective for fiscal periods beginning after June 15, 2014. The County has not completed the process of evaluating the impact that will result from implementing this Statement and is therefore unable to determine the impact that adopting this Statement will have on its financial position and results of operation when it is adopted.

**B. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

The basis of accounting determines when transactions are reported on the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County either gives or receives value without directly receiving or giving equal value in exchange, include, for example sales and property taxes, grants, and donations. On an accrual basis, revenue from sales taxes is recognized when the underlying 'exchange' transaction takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****B. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)**

All discretely presented component units are accounted for on a flow of economic resources measurement focus.

Governmental funds are accounted for on the modified accrual basis of accounting. Governmental fund revenues are recognized in the accounting period in which they become susceptible to accrual (i.e., both measurable and available to finance expenditures of the fiscal period). Revenue items accrued are property taxes and sales taxes, provided the revenue is collected within 60 days of the fiscal year end; and reimbursable amounts from Federal and State supported programs, provided the revenue is collected within one year of year-end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, with the following exceptions that are in conformity with GAAP: general long-term obligation principal and interest are reported only when due, vacation and sick leave when paid, pension costs when due, and judgments and claims when settled. Discretely presented component units which are proprietary funds are accounted for on the accrual basis of accounting. Their revenues are recognized in the period earned and expenses are recognized in the period incurred. Proprietary funds' unbilled services receivable are recognized as revenue.

The fiduciary fund is accounted for on the cash basis of accounting for the purpose of asset and liability recognition.

Transfers among funds are recognized in the accounting period in which the interfund receivable and payable arise.

*Nassau Community College* - The College reports as a special purpose government engaged only in business type activities as defined in GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*).

*Nassau Health Care Corporation* - In its accounting and financial reporting, the NHCC follows the pronouncements of the GASB. In addition, the NHCC has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board ("FASB"), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

**C. BUDGETS AND BUDGETARY ACCOUNTING**

An appropriated budget is legally adopted for each fiscal year for the General Fund, and each of the Special Revenue Funds, with the exception of NIFA, NCSSWFA, NCTSC, and the Grant and FEMA Funds. NIFA funds consist of sales tax revenues collected by the State Comptroller and transferred to the fund and are not subject to appropriation by the State or County. NCTSC Funds consist of Tobacco Settlement Revenues received annually as a result of a Master Settlement Agreement between the Tobacco Settlement Corporation and Tobacco Manufacturing Companies. The Grant and FEMA Funds are appropriated for the life of specific grants, not for annual fiscal periods. Accordingly, the Grant and FEMA Funds are excluded from the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance presented for budgeted special revenue funds.

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2013

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

The budget amounts as shown include prior year encumbrances carried forward as well as current year authorizations. In the case of the Grant and FEMA Funds, an appropriated budget is legally adopted for the life of each grant as it is received. The County Legislature also authorizes and rescinds spending and financing authority in a Capital Budget. Each project authorized has continuing budget authority until the project is completed or rescinded. All appropriated budgets are adopted by ordinance of the County Legislature on the same modified accrual basis of accounting used to report revenues and expenditures except that appropriations are not provided for certain interfund indirect costs and encumbrances are treated as charges to appropriations when incurred. All supplemental appropriations amending appropriated budgets as originally adopted are also provided by ordinance of the County Legislature.

During the fiscal year ended December 31, 2013, supplemental appropriations for the General Fund and appropriation budgets for the Grant Fund was adopted and are included in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budgeted Funds as follows (dollars in thousands):

Supplemental Appropriations:	
General Fund	\$ 18,031
Grant Fund appropriated budgets	<u>177,454</u>
Total Supplemental Appropriations and Grant Fund Appropriated Budgets	<u>\$ 195,485</u>

Appropriations, which have not been expended or encumbered by the end of the fiscal period, lapse at that time, except for the Grant, FEMA and Capital Funds, whose budgets are legally adopted for the life of the grant, or until the capital project is completed.

The County followed these procedures in establishing the budgetary data reflected in the financial statements:

1. The proposed budget must be presented to the County Legislature and NIFA not later than September 15. (For the College, the proposed budget is submitted on or before the second Monday in July for the fiscal year commencing the following September 1). The proposed budgets include proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain public comments.
3. Budgets must be adopted by the County Legislature no later than October 30 of the prior year. (For the College, the budget is legally enacted on or before the third Monday in August).

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****C. BUDGETS AND BUDGETARY ACCOUNTING (Continued)**

4. The appropriated budget can be legally amended by the County Legislature subsequent to its initial adoption. Proposed amendments can be submitted by the County Executive to the Legislature at any time during the fiscal year. These proposed amendments are then voted on by the Legislature at the next available meeting. Amendments, which are legally approved by the Legislature, are immediately reflected in the operating appropriated budget.
5. Formal budgetary integration is employed as a management control device during the year for the governmental funds. The legal level of budgetary control is exercised at the object appropriation level within a fund's departmental control center. The County Legislature must approve all transfers and supplemental appropriations at this level.

**D. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances outstanding at year-end are reported within governmental funds as restricted, committed or assigned fund balance since they do not constitute expenditures or liabilities.

**E. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits, as well as highly liquid investments, with original maturities of three months or less from the date acquired by the County or its component units, except for assets whose use has been restricted. In accordance with General Municipal Law of the State of New York, the County may invest in certificates of deposits, money market and time deposit accounts, repurchase agreements, obligations of the United States Government and obligations of the State of New York and its various municipal subdivisions.

Restricted cash represents amounts held for payment of future debt service.

As required by law, all cash deposits and cash equivalents are required to be fully collateralized or insured. Bank balances are covered by Federal Depository Insurance Corporation (FDIC) insurance or by collateral consisting of obligations of the United States Government held by the County's agent in the County's name, or agents of its component units in their names.

**F. INVESTMENTS**

The County carries investments at cost, which approximates market, and are fully collateralized in accordance with the New York State Local Finance Law. The County's investments consisted of U.S. Treasury Notes and other obligations of the U.S. government, which are explicitly guaranteed by the U.S. government and therefore not considered to have credit risk, and shares of an investment fund, held by NCTSC, which invests in short-term U.S. Treasury securities paying a fixed, variable or floating interest rate and in repurchase agreements backed by U.S. Treasury securities.

Restricted investments represent amounts for the payment of future debt service and amounts restricted by contractual agreements and regulations.



**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****G. CAPITAL ASSETS**

All capital assets, which are acquired or constructed for general governmental purposes, are reported as expenditures in the fund that finances the asset acquisition and are accounted for and reported in the government-wide financial statements, as capital assets, if they meet the County's capitalization criteria. These statements also contain the County's infrastructure elements that are required to be capitalized under GAAP. Infrastructure assets include public domain assets such as roads, bridges, streets, sidewalks, curbs and gutters, drainage systems, lighting systems, and the like. Real property acquired in 1984 and prior (except for infrastructure assets) is recorded at historical cost based on an appraisal performed in 1984. Real property acquired after 1984 as well as all infrastructure assets are recorded at historical cost. Capital leases are classified as capital assets in amounts equal to the lesser of the fair market value or the present value of net minimum lease payments at the inception of the lease.

Equipment with a unit cost of \$5,000 or more is included in the financial statements as general capital assets of the County. Electronic equipment valued at a unit cost of \$500 or more and all other equipment valued at \$1,000 or more is inventoried and recorded for internal control purposes. Donated capital assets, if material, are stated at their fair market value as of the date of the donation. Intangible assets are classified as capital assets if identifiable. Intangible assets are characterized as an asset that lacks physical substance, is nonfinancial in nature, and has an initial useful life extending beyond a single reporting period. All of the County's intangible capital assets have indefinite useful lives.

**H. DEPRECIATION**

Depreciation is defined by the AICPA as a method of accounting which aims to distribute the cost or value of tangible capital assets, less any salvage value, over the estimated useful life of the assets in a systematic and rational manner. GASB Statement No. 34 states that capital assets should be depreciated over their estimated useful lives, unless they are inexhaustible. Accumulated depreciation is reported for land improvements, buildings, equipment and infrastructure. (The County's land improvements consist of exhaustible capital assets such as swimming pools, parking lots, and playgrounds.) Land, which is an inexhaustible asset, and construction in progress are not depreciated. Land improvements, buildings, equipment, and infrastructure are depreciated, using straight-line method of depreciation, over their estimated useful lives of 20 years for land improvements, 40 years for buildings, 3 to 25 years for equipment and 15 to 40 years for infrastructure. Capital lease assets are amortized over the term of the lease or the life of the asset, whichever is less.

*Nassau County Sewer and Storm Water Finance Authority* - Capital assets are depreciated over their economic useful life, ranging from 5 to 40 years, depending on the type of asset, using straight-line method.

Depreciation is recorded by the proprietary type entities, as follows:

*Nassau Community College* - Depreciation on buildings, land improvements and infrastructure, and equipment is calculated using the straight line method over the assets' estimated useful lives, ranging from 5 to 50 years. Library books and audiovisual items are not depreciated.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****H. DEPRECIATION (Continued)**

*Nassau Health Care Corporation* - Depreciation is provided over the estimated useful life of each class of depreciable assets, ranging from 3 to 40 years, and is computed using the straight-line method. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring these assets.

*Nassau Regional Off-Track Betting Corporation* - Depreciation and amortization of property and equipment is recorded over the assets' estimated useful lives using the straight-line method 5 to 39 years and is charged to operations. Leasehold improvements are amortized over the shorter of their estimated useful lives, or the remaining term of the leases, exclusive of renewal options.

*Nassau County Industrial Development Agency* - Depreciation is calculated on the straight-line method over the estimated useful life of the assets, ranging from 3 to 7 years, depending on the type of asset.

*Nassau County Bridge Authority* - Capital assets are depreciated over their economic useful life, ranging from 4 to 39 years, using straight-line method over their applicable rates.

**I. INVENTORIES AND PREPAID EXPENSES**

Inventory on hand for the County is not significant and is recorded as an expenditure in the period purchased. The NHCC carries its inventories at the lower of cost or market, with cost being determined by the first-in, first-out method. The Bridge Authority carries its inventory at an average cost and is subsequently charged to expenditures when consumed.

Prepaid expenses represent amounts paid as of year-end, which will benefit future operations and are accounted for using the consumption method. The County's prepaid expenses consist of retirement benefits.

**J. DERIVATIVE INSTRUMENTS – INTEREST RATE SWAP/DEFERRED OUTFLOW OF RESOURCES**

In accordance with GASB Statement No. 53, NIFA's derivative instruments, consisting of interest rate swap agreements, qualify as hedging derivative instruments and have been recorded at fair value, using the zero coupon methodology, in the Statement of Net Position as derivative instruments – interest rate swaps. The recording of the fair value of hedging derivative instruments has not affected investment income or NIFA's net position, but has been reported as a deferral and is included in the deferred outflow of resources in NIFA's Statement of Net Position.

**K. FUND EQUITY CLASSIFICATIONS**

In accordance with GASB Statement No. 54, the classification of fund balance is based on the extent to which the County is obligated to abide by constraints on the specific purposes for which government funds may be spent. Previously, fund balance was reported in the governmental funds balance sheet in a manner to distinguish whether the resources were available for appropriation and further constrained as restricted. The fund balance classifications are as follows:

*Nonspendable* – includes fund balance amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The County's prepaid assets, primarily comprised of prepaid retirement expense that is required to be paid in the current year for the following year's expense, are deemed to be not in spendable form, and have therefore been categorized as Nonspendable.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****K. FUND EQUITY CLASSIFICATIONS (Continued)**

*Restricted* – includes fund balance amounts that are restricted to specific purposes. The restrictions must be imposed by external parties, such as creditors, grantors, or other governments, constitutional provisions, or enabling legislation.

*Committed* – includes fund balance amounts that are constrained for specific purposes pursuant to formal action of the government's highest level of authority. For the County, the highest level of authority is the County's Legislature. An ordinance committing the funds must be enacted prior to year-end in order to commit fund balance. The funds may not be used for any other purpose unless the constraint is changed by a similar action taken by Legislature prior to year-end.

*Assigned* - includes fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are considered neither restricted nor committed. The County Legislature may assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget. The County Legislature may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget. The County Legislature via approval of the annual budget, authorizes Department Heads who have been appointed by the County Executive and confirmed by the County Legislature, to assign amounts to be used for a specific purpose. Amounts in the assigned fund balance classification are intended to be used by the County for the specific purpose of that fund but do not meet the criteria to be classified as committed. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Funds, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned* – includes fund balance amounts that have no constraints as to their use. The County's general-purpose fund balance is reported as Unassigned.

When both restricted and unrestricted fund balance is available, the County normally uses unrestricted amounts to be spent first, unless there are legal requirements to the contrary. The County does not have a formal policy with respect to the order in which unrestricted resources will be used, therefore, in accordance with Statement No. 54, the County's unrestricted resources shall be used in the following order: committed, assigned and unassigned.

The County has a policy to set recommended levels of unreserved fund balance (now Assigned and Unassigned) of no less than four percent and no more than five percent of normal prior-year expenditures made from its internally defined General Fund and County-wide Special Revenue Funds. The policy stipulates that use of unreserved fund balance is restricted to: (i) non-recurring expenses that promote important policy objectives; or (ii) extraordinary operating and capital purposes that could not be anticipated and which otherwise cannot be financed with current revenues in the annual Operating Budget. At the year ended 2013, the fund balance level is 4.31% of 2012 normal, recurring expenditures. This is within the County's self-imposed policy.

The County's policy further mandates that it shall maintain combined level of financial resources in its unreserved and reserve funds (now Nonspendable, Restricted and Committed) of no less than five percent of normal prior-year expenditures.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****L. ACCUMULATED UNPAID VACATION, SICK PAY, AND OTHER EMPLOYEE BENEFITS**

County employees receive vacation time, sick leave, and other benefits pursuant to the labor contract or County ordinance covering their terms of employment. The cash value of these accumulated unpaid employee benefits and the related employer costs (e.g., Social Security) has been accrued and reported with other long-term liabilities in the government-wide Statement of Net Position. The compensated absences for the governmental funds are treated as long-term as they will not be liquidated with expendable available financial resources.

**M. GRANTS AND OTHER INTERGOVERNMENTAL REVENUES**

Federal and State grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other Federal and State reimbursement type grants are recorded as intergovernmental receivables and revenues when the related expenditures or expenses are incurred. The County sustained significant damage in 2012 as a result of Super-storm Sandy ("Storm"), with repair and recovery efforts continuing into 2013. The County's costs for emergency protective measures, debris removal and other recovery efforts since the Storm total approximately \$159.0 million as of the year ended December 31, 2013, of which \$46.6 million was recorded in 2013 and \$112.4 million in 2012, with repair efforts continuing. In 2012 and 2013, the County recorded a total of \$143.1 million (\$42.4 million in 2013) of anticipated aid from FEMA, which represents 90% of the costs. The County has reported the remaining 10%, totaling \$16.4 million, as expense to the operating funds of \$11.8 million and \$4.7 million in 2012 and 2013, respectively. Currently, the 10% match for 2013, representing \$4.7 million, is comprised of \$3.0 million, recorded in the operating funds of the County, and \$1.7 million recorded in the Sewer and Storm Water Fund. However, in July 2014, Governor Cuomo announced in a press release that New York State allocated CDBG-DR funds would be used to reimburse municipalities for its share of the 10%. This anticipated reimbursement is not reflected in the 2013 financial statements.

**N. REAL PROPERTY TAX**

County real property taxes are levied on or before the third Monday in December and recorded as a receivable on January 1, the first day of the succeeding fiscal year. They are collected in two semi-annual installments, payable on January 1 and July 1 by the town and city receivers of taxes together with the town and city tax levies, all of which become a lien on January 1. At year-end, adjustments are made for taxes that are estimated to be uncollectible, or collectible but not available soon enough in the next year to finance current period expenditures. The town receivers of taxes likewise collect real property taxes for all towns, school districts and special districts in the County, and return to the County after June 1 any uncollected taxes receivable. Pursuant to the Nassau County Administrative Code ("Administration Code"), the County assumes the burden of such uncollected taxes, and has the responsibility for their collection from the taxpayers. In October 2010, the Legislature repealed the provisions of this section of the Administrative Code to require that the jurisdiction that received the benefit of the taxes (or other levies or assessments) bear the cost of refunds, cancellations or credits of such taxes, levies or assessments.

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2013

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. REAL PROPERTY TAX (Continued)

The local law, which took effect immediately, was to be applied to assessment rolls that took effect April 2012 and thereafter, however, a number of school districts and other jurisdictions in the County that would have been affected by the local law, brought lawsuits against the County challenging the validity of the County’s repealing of the Administrative Code provision. In February 2014, the County lost its challenge to the lawsuit.

The New York State constitutional limit of real property taxation for counties is set at two percent of the average full valuation of real estate for the five years preceding the current year for general government services other than the payment of principal and interest on its long-term debt. The maximum taxing authority controlling the levy of County real property taxes for 2013 was \$4.7 billion. The constitutional tax margin was \$4.2 billion or approximately 89.2% of the maximum taxing authority in 2013 (see Exhibit T-10).

Property tax revenue is recognized in the year for which it is levied provided that it is payable and collected before the current fiscal year-end or within 60 days thereafter in order to be available to pay for liabilities of the current fiscal year. Property tax revenue not available is presented as deferred inflow of resources for the governmental fund financial statements. Additionally, the government-wide financial statements recognize property tax revenue, which is not available to the governmental fund type in the fiscal year for which the taxes are levied.

The New York State Legislature and the New York State Governor enacted legislation in 2011 that establishes a “property tax cap” on the amount that a local government’s property tax levy can increase each year. Chapter 97 of the Laws of 2011 (Part A-Property Tax Cap) establishes a tax levy limit (hereafter referred to as the “property tax cap”) that affects all local governments, most school districts in New York State, except New York City, and a host of other independent taxing entities such as library, fire and water districts. The law is effective for local fiscal years beginning in 2012 and for the 2012-13 school year. Under this law, the growth in the property tax levy, the total amount to be raised through property taxes charged on the municipality’s taxable assessed value of property, will be capped at 2 percent or the rate of inflation, whichever is less, with some exceptions. Local communities have the ability to override the cap.

The tax cap is a restriction on the year-to-year increase in the tax levy, while the constitutional tax limit is a restriction on the total amount of the levy in any single year. Therefore, the tax levy limit is a separate restriction imposed upon counties, cities and villages that is in addition to the threshold constraint of the constitutional tax limit. Counties, cities and villages must meet both requirements.

O. INTERFUND TRANSACTIONS

During the course of normal operations, the County has numerous transactions among funds, including transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. The General Fund provides administrative and other services to other funds. Amounts charged to the users for these services are based on the County’s cost allocation plan and are treated as revenues in the General Fund and as expenditures or operating expenses in the user funds.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****P. NOTES PAYABLE**

Tax anticipation notes and revenue anticipation notes are generally recorded as fund liabilities in the fund receiving the proceeds. Bond anticipation notes are classified as fund liabilities in the funds receiving the proceeds unless all legal steps have been taken to refinance the notes and the intent is supported by an ability to consummate refinancing the short-term note on a long-term basis at which time they are recorded as bonds payable in the government-wide Statement of Net Position.

**Q. LONG-TERM LIABILITIES**

For long-term liabilities, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. All long-term liabilities are reported in the government-wide Statement of Net Position. Long-term liabilities expected to be financed from discretely presented component unit operations are accounted for in those component unit financial statements.

**R. CLAIMS AND CONTINGENCIES**

The County is self-insured with respect to most risks including, but not limited to, property damage, personal injury, and workers' compensation. The County carries insurance on its police helicopters, selected leased facilities, a blanket fidelity bond on all County employees, and the following coverage on its summer recreation program: accident insurance, umbrella and general liability. In the fund financial statements, expenditures for judgments and claims and workers' compensation are recorded when paid or accruable. In the government-wide financial statements, the estimated liability for all judgments and claims is recorded as a liability.

**S. USE OF ESTIMATES**

Significant accounting estimates reflected in the County's financial statements include estimated tax certiorari liability, the allowance for doubtful accounts, allowance for property taxes, accrued liabilities, workers' compensation claims, accrued vacation and sick leave, deferred payroll, estimated malpractice liability, liability for litigation and claims, postemployment retirement benefits liability and depreciation. Actual results could differ from these estimates.

**2. DEPOSITS AND INVESTMENTS**

At December 31, 2013, the carrying amount of the County's deposits was approximately \$1,117.1 million, and the bank balance was \$1,165.4 million. At December 31, 2013, total cash and cash equivalents amounted to \$1,178.6 million in 2013, which consisted of cash in money market interest bearing bank accounts at rates averaging 0.30% annually. As of December 31, 2013, the County's bank balances were fully covered with FDIC and/or pledged collateral held by third party financial institutions acting as agent for the County, in the name of the County. The third party collateral consists of U.S. Treasuries, GNMA, and other obligations of the U.S. government.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**2. DEPOSITS AND INVESTMENTS (Continued)**

As of December 31, 2013, total investments amounted to \$69.2 million. The investments consisted of U.S. Treasury Notes and other obligations of the U.S. government, which are explicitly guaranteed by the U.S. government and therefore not considered to have credit risk, and shares of an investment fund, held by NCTSC, which invests in short-term U.S. Treasury securities paying a fixed, variable or floating interest rate and in repurchase agreements backed by U.S. Treasury securities.

Interest rate risk is the risk that the fair value of investments could be adversely affected by the change in interest rates. Duration limits are used to control the portfolios exposure to interest rate changes. Investments are limited to less than one year in duration.

Credit risk is the risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation. Credit risk arises whenever a borrower is expecting to use future cash flows to pay a current debt. Investors are compensated for assuming credit risk by way of interest payments from the borrower or issuer of a debt obligation. Credit risk may be eliminated or minimized by purchasing certain securities, such as obligations of the U.S. government or those explicitly guaranteed by the U.S. government.

As of December 31, 2013, the County did not have any investments subject to credit risk or interest rate risk.

The following table summarizes the County's cash (including Agency and Trust cash) and investment position at December 31, 2013; all investments mature in less than one year (dollars in thousands):

	<b>Cash and Cash Equivalents</b>	<b>Investments</b>	<b>Total</b>
Cash and Cash Equivalents	\$ 1,178,648	\$	\$ 1,178,648
Treasury notes and investments		69,229	69,229
<b>Totals</b>	<b>\$ 1,178,648</b>	<b>\$ 69,229</b>	<b>\$ 1,247,877</b>
Governmental Funds	\$ 1,117,096	\$ 69,229	\$ 1,186,325
Fiduciary Funds	61,552		61,552
<b>Totals</b>	<b>\$ 1,178,648</b>	<b>\$ 69,229</b>	<b>\$ 1,247,877</b>

The County maintains a consolidated disbursement account with a financial institution on behalf of the College. At August 31, 2013, the College had a cash balance of \$60.4 million, of which \$10.2 million was held by the County on behalf of the College, and the bank balance was \$38.0 million. The bank balance is covered by Federal Depository Insurance or by collateral consisting of obligations of the United States Government held by the County's agent in the County's name.

At August 31, 2013, the carrying amount (fair value) of the College's investments was \$2.6 million.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**3. DUE FROM OTHER GOVERNMENTS**

Due from Other Governments at December 31, 2013 represents aid, grants, and other amounts receivable from the State and Federal governments. The following summarizes such receivables (dollars in thousands):

Fund	Federal	State/Other*	Total
General	\$ 66,462	\$ 108,402	\$ 174,864
NIFA		20	20
Police District	3,286		3,286
Sewer and Storm Water		4,502	4,502
Capital Fund	10,150	852	11,002
Nonmajor Governmental	89,584	4,197	93,781
Totals	\$ 169,482	\$ 117,973	\$ 287,455

\* Included \$11,803 of sales tax receivable at December 31, 2013

**4. TAX REAL ESTATE**

The account "Tax Real Estate Held for Sale" includes real property, which the County has acquired through tax enforcement proceedings. The property is valued at the amount of the delinquent tax liens, which could not be sold and which the County was required to retain.

Real property designated as Tax Real Estate is accounted for as an asset of the General Fund inasmuch as it is not being considered for use by the County at this time, but rather is available for sale to private buyers. Since any taxes unpaid to other funds from this property were paid to those funds by the General Fund, no portion of this asset is allocable to those other funds.

Certain real property which was acquired by the County as Tax Real Estate and subsequently designated for public use is currently not available for sale and is included as part of the capital assets in the government-wide Statement of Net Position.

**5. TAX SALE CERTIFICATES**

Tax Sale Certificates includes the amount of delinquent real property tax liens, which could not be sold and which the County was required to retain. It also includes the value of tax sale certificates bought by the public, which the County subsequently reacquired upon default of the purchaser.



NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Receivables, Payables and Transfers

The individual fund Interfund Receivables and Interfund Payables as of December 31, 2013 are reconciled as follows (dollars in thousands):

December 31, 2013	General Fund	NIFA General Fund	Police Districts Fund	Sewer & Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>INTERFUND RECEIVABLE</b>							
General Fund	\$	\$	\$	\$	\$ 98,053	\$ 80	\$ 98,133
NIFA General	87,986					15,346	103,332
Police District	10,662				2		10,664
Sewer & Storm District	20,276				66	1,706	22,048
Capital Fund	117,413						117,413
Nonmajor Funds	88,036		412		66		88,514
<b>TOTAL RECEIVABLE</b>	<b>\$ 324,373</b>	<b>\$</b>	<b>\$ 412</b>	<b>\$</b>	<b>\$ 98,187</b>	<b>\$ 17,132</b>	<b>\$ 440,104</b>
<b>INTERFUND PAYABLE</b>							
General Fund	\$	\$ (87,986)	\$ (10,662)	\$ (20,276)	\$ (117,413)	\$ (88,036)	\$ (324,373)
Police District						(412)	(412)
Sewer & Storm District						(66)	(98,187)
Capital Fund	(98,053)		(2)	(66)			(17,132)
Nonmajor Funds	(80)	(15,346)		(1,706)			
<b>TOTAL PAYABLE</b>	<b>\$ (98,133)</b>	<b>\$ (103,332)</b>	<b>\$ (10,664)</b>	<b>\$ (22,048)</b>	<b>\$ (117,413)</b>	<b>\$ (88,514)</b>	<b>\$ (440,104)</b>

Transfers In:

December 31, 2013	General Fund	Police District	Sewer & Storm District	Nonmajor Funds	Total
<b>Transfers Out:</b>					
General Fund	\$	\$ 800	\$ 123	\$ 79	\$ 1,002
Police District	2,060				2,060
Sewer & Storm District	12,655				12,655
Capital Fund	2,691		22		2,713
Nonmajor Funds	8,989				8,989
<b>TOTAL</b>	<b>\$ 26,395</b>	<b>\$ 800</b>	<b>\$ 145</b>	<b>\$ 79</b>	<b>\$ 27,419</b>

The outstanding balances between funds result primarily from the time lag between the date the reimbursement is received and the date the interfund goods and services are provided.

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2013

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

B. Due from/Due to Primary Government and Component Units

The total amounts shown as Due to Primary Government and Due from/to Component Units (discretely presented) at December 31, 2013 do not offset each other as they include accounts of the College at the end of their fiscal year on August 31, 2013, and the NHCC, which has timing differences with the County. The following reconciles the December 31, 2013 amount by carrying forward the College transactions affecting these accounts from September 1, 2013 through December 31, 2013 and the NHCC for the timing differences.

<u>Dollars in Thousands</u>	<u>2013</u>
Due from Primary Government (Exhibit X-1), Component Units	\$ 6,631
Due to Primary Government (Exhibit X-1), Component Units	(367)
Net Due from Primary Government, Component Units	<u>\$ 6,264</u>
Nassau Community College Transactions from September 1, to December 31:	
Increase in due from Capital Fund	\$ 4,092
Decrease in due from Fiduciary Fund	(1,723)
Increase in due from General Fund	7,903
Increase in other due froms	<u>329</u>
Subtotals	<u>10,601</u>
Nassau Health Care Corporation	
Net Change in Encumbrances	<u>(9,455)</u>
Due from Component Units - Fiduciary per Balance Sheet: (Exhibit X-10)	592
Due From Component Units - Governmental per Balance Sheet (Exhibit X-1)	9,473
Due To Component Units - Governmental per Balance Sheet (Exhibit X-1)	<u>(17,475)</u>
Due to Component Units - Fiduciary and Governmental	<u>\$ (6,264)</u>

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**7. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the Statement of Net Position will, as necessary, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that is applicable to future reporting period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until that time. The County currently has three items that qualify for reporting in this category; deferred loss on bond refunding, deferral of cost from purchase of future tobacco revenue and the accumulated decrease in the fair value of hedging activities.

Deferred loss on refunding is the difference between the reacquisition (refunding) price and the net carrying amount of the old debt and it is recognized as a component of interest expense over the shorter of the life of the refunded or refunding debt.

Deferral of cost from purchase of future tobacco revenues is the consideration paid to the County which NCTSC acquired from the County, among other things, all of the County's right, title, and interest under the MSA and the Consent Decree, as such terms are defined in the Agreement, and which are referred to herein as TSRs. This cost is recorded as deferred outflows of resources and it is recognized in a systematic and rational manner over the duration of the purchase agreement.

NIFA's derivative instruments, consisting of interest rate swap agreements, which qualify as hedging derivative instruments, have been recorded at fair value, using the zero coupon methodology, in the statement of net position as derivative instruments – interest rate swaps. This method calculates the future net settlement payments required by the swap agreement, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swaps. The recording of the fair value of hedging derivative instruments has been reported as a deferral and is included in the deferred outflow of resources in the statement of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenues) until that time. The County has three items that qualify for reporting in this category; deferred gain on refundings, part County sales tax, and service concession agreements.

A deferred gain on refunding results from the difference in the carrying value of refunded debt and its acquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The part County sales tax is collected on hotel room occupancy and alcoholic beverages in Nassau County, outside of the city of Long Beach. The tax is used to offset General Fund property taxes in the three towns located in the County and the City of Glen Cove. Any part County sales tax in excess of budget is reclassified as a deferred inflow of resources because it is an advance of a subsequent year's property tax levy.

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2013

7. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

The difference between the consideration received and the liability derived from service concession arrangements is reported as a deferred inflow of resources because the revenue will be recognized over the term of the agreement.

8. CAPITAL ASSETS

The 2013 capital assets are reconciled to the 2013 amounts reported on Exhibit X-1 in the table below (dollars in thousands):

	Primary Government		Total per X-1
	County	NCSSWFA	
Capital assets not being depreciated	\$ 668,015		\$ 668,015
Depreciable capital assets	2,331,433	\$ 1,346,347	3,677,780
Accumulated depreciation	(1,383,662)	(393,588)	(1,777,250)
Capital assets - net	1,615,786	952,759	2,568,545
Outstanding related debt	(809,411)	(138,840)	(948,251)
Net investment in capital assets	\$ 806,375	\$ 813,919	\$ 1,620,294

The County and NCSSWFA evaluates capital assets for prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The County's and NCSSWFA's practice is to record an impairment loss in the period when it is determined that the carrying amount of the assets will not be recoverable. In 2013, no impairment losses were recognized related to the County or NCSSWFA.

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

8. CAPITAL ASSETS (Continued)

Activity for capital assets, reconciled to the 2013 amount reported in Exhibit X-1, is summarized below (dollars in thousands):

Primary Government	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 239,084	\$	\$ 108	\$ 238,976
Intangible - land dev rights	8,804			8,804
Construction in progress	362,225	87,698	29,688	420,235
Total capital assets, not being depreciated:	610,113	87,698	29,796	668,015
Capital assets, being depreciated:				
Land improvements	78,057	46		78,103
Buildings	1,097,237	8,361		1,105,598
Equipment	553,859	20,604	5,383	569,080
Infrastructure	1,903,718	21,281		1,924,999
Total capital assets, being depreciated	3,632,871	50,292	5,383	3,677,780
Total capital assets	4,242,984	137,990	35,179	4,345,795
Less accumulated depreciation:				
Land improvements	50,053	3,281		53,334
Buildings	399,059	26,127		425,186
Equipment	412,869	27,352	5,057	435,164
Infrastructure	801,631	61,935		863,566
Total accumulated depreciation	1,663,612	118,695	5,057	1,777,250
Total capital assets, being depreciated, net	1,969,259	(68,403)	326	1,900,530
Governmental activities capital assets, net	\$ 2,579,372	\$ 19,295	\$ 30,122	\$ 2,568,545

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

8. CAPITAL ASSETS (Continued)

Activity for capital assets for the primary government, excluding NCSSWFA, is summarized below (dollars in thousands):

<u>Primary Government</u>	<u>Balance January 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2013</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 239,084	\$	\$ 108	\$ 238,976
Intangible - land dev rights	8,804			8,804
Construction in progress	362,225	87,698	29,688	420,235
Total capital assets, not being depreciated	<u>610,113</u>	<u>87,698</u>	<u>29,796</u>	<u>668,015</u>
Capital assets, being depreciated:				
Land improvements	78,057	46		78,103
Buildings	791,123	8,361		799,484
Equipment	550,978	19,760	5,383	565,355
Infrastructure	867,668	20,823		888,491
Total capital assets, being depreciated	<u>2,287,826</u>	<u>48,990</u>	<u>5,383</u>	<u>2,331,433</u>
Total capital assets	<u>2,897,939</u>	<u>136,688</u>	<u>35,179</u>	<u>2,999,448</u>
Less accumulated depreciation:				
Land improvements	50,053	3,281		53,334
Buildings	324,463	17,805		342,268
Equipment	411,535	26,901	5,057	433,379
Infrastructure	530,344	24,337		554,681
Total accumulated depreciation	<u>1,316,395</u>	<u>72,324</u>	<u>5,057</u>	<u>1,383,662</u>
Total capital assets, being depreciated, net	<u>971,431</u>	<u>(23,334)</u>	<u>326</u>	<u>947,771</u>
Governmental activities capital assets, net	<u>\$ 1,581,544</u>	<u>\$ 64,364</u>	<u>\$ 30,122</u>	<u>\$ 1,615,786</u>

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

8. CAPITAL ASSETS (Continued)

The table below presents the reconciliation of the reduction of Construction in Progress to the additions to Capital Assets (dollars in thousands):

	Primary Government		
	County	NCSSWFA	Total
<b>Transfer from construction in progress</b>	\$ 29,688	\$	\$ 29,688
<b>Additions to capital assets:</b>			
Land improvements	\$ 46	\$	\$ 46
Buildings	8,361		8,361
Infrastructure	20,823	458	21,281
	\$ 29,230	\$ 458	\$ 29,688

Depreciation expense was charged to functions of the primary government for the fiscal year ended December 31, 2013 as follows (dollars in thousands):

Functions:	Land				Total
	Improvements	Buildings	Equipment	Infrastructure	
Legislative	\$	\$ 6	\$ 3	\$	\$ 9
Judicial	80	1,216	307		1,603
General administration	60	4,199	1,132		5,391
Protection of persons	5	1,909	5,715		7,629
Health		112	129		241
Public works	54	8,579	4,302	59,940	72,875
Recreation and parks	3,017	2,421	202	1,995	7,635
Social services	60	189	23		272
Corrections		4,578	416		4,994
Other expenditures/MSBA		660	9,581		10,241
Metropolitan transportation authority			5,542		5,542
Other	5	2,258			2,263
Total depreciation expense	\$ 3,281	\$ 26,127	\$ 27,352	\$ 61,935	\$ 118,695

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

8. CAPITAL ASSETS (Continued)

In 1999, the County entered into an agreement with the MTA to finance mass transportation projects of the Long Island Rail Road Company (LIRR) and the MTA. This project financed LIRR rolling stock. In accordance with the agreement, in 2001, the County was granted a leasehold interest, for the period during which the debt is outstanding, in the financing of \$140.0 million of rolling stock for use by the LIRR, which is included in the County's capital assets – equipment. The amount is being amortized over 20 years, which approximates the length of the debt maturity. This funding was provided through the County's issuance of bonds.

Sources of funding of the general capital assets at December 31, 2013 were as follows (dollars in thousands):

Long term serial bonds	\$ 2,543,856
Temporary financing and bond anticipation notes	58,942
Federal grants	52,479
New York State grants	100,675
General fund revenues	121,110
Special revenue fund revenues	54,831
Gifts	28,200
Acquisitions prior to December 31, 1985	33,898
Capitalized lease	5,457
Total funding sources	<u>\$ 2,999,448</u>

General capital assets of the County by function at December 31, 2013 were as follows (dollars in thousands):

Legislative	\$ 385
Judicial	82,485
General administration	340,873
Protection of persons	174,256
Health	8,492
Public Works	2,281,860
Recreation and parks	260,452
Social services	25,554
Corrections	194,095
Other expenditures/MSBA	223,552
Metropolitan transportation authority	140,040
Misc. unclassified	193,516
Construction in progress	420,235
Total	<u>4,345,795</u>
Less: accumulated depreciation	1,777,250
Total net capital assets	<u>\$ 2,568,545</u>

Total combined capital assets of the County (in thousands), including its blended component unit, NCSSWFA, as of December 31, 2013, is \$4.3 billion with accumulated depreciation of \$1.8 billion.



**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**8. CAPITAL ASSETS (Continued)**

Pursuant to the Sewer Consolidation Agreement between the County and the City of Glen Cove (the “City”), dated as of January 8, 2008 (the “Sewer Consolidation Agreement”), the City transferred and conveyed to the County, and the County acquired from the City all rights, title and interest of the City in and to the City’s sewer system, effective on the transfer date (March 1, 2008) as provided in the Sewer Consolidation Agreement. Pursuant to Section 4.5 of the Sewer Consolidation Agreement, the County is obligated to pay or reimburse the City for the remaining debt service on City bonds issued to finance the City’s sewer system. Each such payment is defined as a Purchase Payment under the Sewer Consolidation Agreement.

The total bonds issued by the City to finance its sewer system was \$5.1 million. As of December 31, 2013, the total principal outstanding related to the City’s bonds issued to finance the sewer system was \$2.6 million. The bonds have maturity dates ranging from July 2015 to June 2023 and annual interest rates from 3.28% to 4.30%. Total estimated debt service (including interest) as of December 31, 2013 through maturity is approximately \$3.0 million. For the year ended December 31, 2013, the County made payments of \$474,090 for such debt service. The County has not included this contractual expense in its long-term obligations as it will be paid from current resources as contractually obligated.

The annual requirements to amortize the City of Glen Cove’s bond issuances for the sewer fund, including interest as of December 31, 2013, are as follows (dollars in thousands):

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 372	\$ 100	\$ 472
2015	388	86	474
2016	404	70	474
2017	421	54	475
2018	274	40	314
2019 - 2023	740	50	790
	<u>\$ 2,599</u>	<u>\$ 400</u>	<u>\$ 2,999</u>

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2013

8. CAPITAL ASSETS (Continued)

NCSSWFA Capital Assets

The following is a summary of the NCSSWFA capital assets at cost, except as noted (dollars in thousands):

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
<b>Capital assets</b>				
Buildings	\$ 306,114	\$	\$	\$ 306,114
Equipment	2,881	844		3,725
Infrastructure	1,036,050	458		1,036,508
<b>Total capital asset</b>	<b>1,345,045</b>	<b>1,302</b>		<b>1,346,347</b>
<b>Less accumulated depreciation:</b>				
Buildings	74,596	8,322		82,918
Equipment	1,334	451		1,785
Infrastructure	271,287	37,598		308,885
<b>Total accumulated depreciation</b>	<b>347,217</b>	<b>46,371</b>		<b>393,588</b>
<b>Capital assets - net</b>	<b>\$ 997,828</b>	<b>\$ (45,069)</b>	<b>\$</b>	<b>\$ 952,759</b>

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

8. CAPITAL ASSETS (Continued)

Nassau Community College Capital Assets

The following is a summary of the College capital assets at cost, except as noted (dollars in thousands):

	Balance at August 31, 2012	Additions	Deletions	Balance at August 31, 2013
<b>Capital assets, not being depreciated:</b>				
Land	\$ 2,733	\$	\$	\$ 2,733
Library	1,056	15		1,071
Total capital assets, not being depreciated	3,789	15		3,804
<b>Capital assets, being depreciated:</b>				
Land improvements	9,983	3,257		13,240
Infrastructure	11,711	901		12,612
Buildings	204,486	2,478		206,964
Building improvements	40,080	2,655		42,735
Equipment	8,333	1,374	36	9,671
Total capital assets, being depreciated	274,593	10,665	36	285,222
Total capital assets	278,382	10,680	36	289,026
<b>Less accumulated depreciation:</b>				
Land improvements	1,335	523		1,858
Infrastructure	2,394	654		3,048
Buildings	93,260	3,904		97,164
Building improvements	20,870	1,817		22,687
Equipment	6,504	659	29	7,134
Total accumulated depreciation	124,363	7,557	29	131,891
Net capital assets being depreciated	150,230	3,108	7	153,331
Capital Assets, net	\$ 154,019	\$ 3,123	\$ 7	\$ 157,135

Capital assets of the Faculty-Student Association, the Component unit of the College as of August 31, 2013 consisted of the following (dollars in thousands):

	Balance August 31, 2013
Furniture and equipment	\$ 403
Vans	277
	680
Less accumulated depreciation	(551)
Total capital assets (net)	\$ 129

Total depreciable capital assets of the College and Faculty-Student Association, the component unit of the College as of August 31, 2013, was \$285.9 million with accumulated depreciation of \$132.4 million.

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

8. CAPITAL ASSETS (Continued)

*Nassau Health Care Corporation Capital Assets*

The following is a summary of the NHCC's capital assets at cost, except as noted (dollars in thousands):

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
<b>Capital assets, not being depreciated:</b>				
Land	\$ 12,498	\$	\$	\$ 12,498
Construction in progress	12,910	21,901	14,129	20,682
Total capital assets, not being depreciated	<u>25,408</u>	<u>21,901</u>	<u>14,129</u>	<u>33,180</u>
<b>Capital assets, being depreciated:</b>				
Land improvements	14,533		6	14,527
Buildings and improvements	224,504	10,757	8,530	226,731
Equipment	268,079	14,386	879	281,586
Total capital assets, being depreciated	<u>507,116</u>	<u>25,143</u>	<u>9,415</u>	<u>522,844</u>
Total capital assets	<u>532,524</u>	<u>47,044</u>	<u>23,544</u>	<u>556,024</u>
<b>Less accumulated depreciation:</b>	<u>354,461</u>	<u>20,189</u>	<u>7,266</u>	<u>367,384</u>
Net capital assets being depreciated	<u>152,655</u>	<u>4,954</u>	<u>2,149</u>	<u>155,460</u>
Capital Assets, net	<u>\$ 178,063</u>	<u>\$ 26,855</u>	<u>\$ 16,278</u>	<u>\$ 188,640</u>

The NHCC wrote off \$9,415 of partially depreciated assets in 2013. The loss on disposal of these assets was \$2,149 for the year ended December 31, 2013. Net interest capitalized for the year ended December 31, 2013 was approximately \$673.

9. LEASES

The County leases some property and equipment. Leased property having elements of ownership is recorded as a capital lease in the government-wide financial statements. The related obligations, in amounts equal to the present value of minimum lease payments payable during the remaining term of the leases, are also recorded in the government-wide financial statements. Other leased property, not having elements of ownership, are classified as operating leases. Both capital and operating lease payments are recorded as expenditures when payable. Total expenditures on such leases for the fiscal year ending December 31, 2013 were approximately \$8.6 million.

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

9. LEASES (Continued)

As of December 31, 2013, the County (excluding discretely presented component units) had future minimum lease payments under capital and operating leases with a remaining term in excess of one year as follows (dollars in thousands):

		<b>Capital Lease</b>	<b>Operating Leases</b>	<b>Total Capital &amp; Operating Leases</b>
Governmental Activities				
Years ending December 31,	2014	\$ 810	\$ 7,128	\$ 7,938
	2015	822	7,169	7,991
	2016	834	7,555	8,389
	2017	846	200	1,046
	2018	860		860
	2019 - 2023	4,506		4,506
	2024 - 2025	1,502		1,502
		<u>10,180</u>	<u>\$ 22,052</u>	<u>\$ 32,232</u>
	Future minimum payments	10,180	\$ 22,052	\$ 32,232
	Less: interest	<u>5,048</u>		
	Present value of future minimum lease payments	<u>\$ 5,132</u>		

The County recorded a building lease as a capital lease because when the lease term ends in 2025, the ownership of the building transfers to the County. The County also leases County-owned property to others and the leases are classified as operating leases. Total rental revenue on these leases for 2013 was \$2.6 million.

As of December 31, 2013, the following future minimum rentals are provided for by the leases (dollars in thousands):

		<b>Operating Leases (in Thousands)</b>
Years ending December 31,	2014	\$ 3,156
	2015	2,870
	2016	1,800
	2017	1,294
	2018	1,010
	2019 - 2023	2,819
	2024 - 2026	808
		<u>\$ 13,757</u>

These County leases are for land and buildings with the total cost and carrying amount of \$4.7 million for land, and the original cost of \$19.8 million, which has been fully depreciated for buildings at December 31, 2013.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS****County of Nassau Notes Payable and Long-Term Obligations**

In February 2013, the County issued Series A Bond Anticipation Notes ("BANS") of \$185.5 million with an interest rate of 2.0% which matured February 5, 2014. The BANS were issued to fund various costs related to the remediation and restoration of County facilities and infrastructure from Super-Storm Sandy related damage and to pay the costs related to the issuance of the BANS.

The County issued Series A General Obligation Bonds in February 2013 in the amount of \$152.4 million. The bonds bear interest at varying rates from 3.0% to 5%, with maturity dates ranging from April 2014 to April 2028. The bonds maturing on or after April 1, 2023 are subject to optional redemption on April 1, 2022 or any date thereafter. The bonds were issued to fund various public purposes, including capital projects, judgments and settlements, separation payments, and to pay the costs related to the issuance of the bonds.

In June 2013, the County issued Series A and Series B Revenue Anticipation Notes in the amount of \$153.2 million and \$55.0 million, respectively, to finance cash flow needs within the County. The Series A Notes bore interest at 2% and matured on March 31, 2014. The Series B Notes bore interest at 2% and matured on April 30, 2014.

The County issued Series B General Obligation Bonds in August 2013 in the amount of \$127.9 million. The bonds bear interest at rates ranging from 4% or 5%, with maturity dates ranging from April 2015 to April 2043. The bonds maturing on or after April 1, 2024 are subject to optional redemption on April 1, 2023 or any date thereafter.

The County issued Series C and Series D General Obligation Bonds in December 2013 in the amount of \$90.7 million and \$1.1 million, respectively. The Series C bonds bear interest at rates of 5%, with maturity dates varying from April 2015 to April 2043. The Series C bonds maturing on or after April 1, 2024 are subject to optional redemption on April 1, 2023 or any date thereafter. The Series D bonds bear federally taxable interest of 0.75% and mature on April 1, 2015. The Bonds were issued to fund various public purposes, including capital projects, judgments and settlements, tax certiorari payments, termination pay, workers' compensation settlements and to pay costs of issuance related to the Bonds.

In December 2013, the County issued Series B Bond Anticipation Notes ("BANS") in the amount of \$122.1 million with an interest rate of 2% which matured on July 1, 2014. The Notes were issued to renew, in part, the County's Series A BANS, which matured on February 5, 2014, issued to finance various costs related to the remediation and restoration of County facilities and infrastructure from Super-Storm Sandy related damage and to pay costs of issuance related to the Series B BANS.

In December 2013, the County issued Series A and Series B Tax Anticipation Notes ("TANS") in the amount of \$148.0 million and \$77.0 million, respectively, to provide monies to meet cash flow deficit expected to occur during the period that the TANS are outstanding and to pay costs of issuance related to the TANS. The TANS were issued in anticipation of the collection by the County of real property taxes levied for County purposes for the fiscal year commencing on January 1, 2014. The TANS bear interest at 2% and mature on September 15, 2014 and October 15, 2014, respectively.

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2013

10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

*County of Nassau Notes Payable and Long-Term Obligations (Continued)*

In August 2013, a note payable to the Environmental Facilities Corporation (“EFC”) of \$3.2 million for sewer and storm water projects was converted to a long-term obligation. This amount is reported in the government-wide Statement of Net Position.

*County of Nassau Notes Payable*

Governmental fund notes payable of the County, including the range of interest rates, issue dates, and maturity dates, are as follows (dollars in thousands):

	<u>Balance</u> <u>January 1, 2013</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance</u> <u>December 31, 2013</u>
General Fund:				
Tax anticipation notes - (2.0% issued 2013,* maturity dates in 2014)	\$ 257,725	\$ 225,000	\$ 257,725	\$ 225,000
Revenue anticipation notes - (2.0% issued in 2013,* maturity dates in 2014)	<u>218,445</u>	<u>208,150</u>	<u>218,445</u>	<u>208,150</u>
Total General Fund	<u>\$ 476,170</u>	<u>\$ 433,150</u>	<u>\$ 476,170</u>	<u>\$ 433,150</u>
County Capital Projects Fund:				
Bond anticipation notes - (1.5% issued 2013,* matured July 1, 2014)				
Sewer and storm water projects	<u>\$ 34,600</u>	<u>\$ 307,570</u>	<u>\$ 34,600</u>	<u>\$ 307,570</u>

\*Such interest rates were the same in 2012.

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

Long – Term Obligations

Long-term obligations of the County, NIFA, NCTSC and NCSSWFA are recorded in the government-wide Statement of Net Position. The amounts including the range of interest rates, issue dates, and maturity dates, are as follows (dollars in thousands):

	Balance January 1, 2013	Issued	Redeemed	Balance December 31, 2013	Due Within One Year
General Long-Term Obligations					
Debt:					
General Obligation County Bonds - (0.75% to 9.3%, issued in 1983 through 2013, maturity dates 2014 through 2043)	\$ 1,301,304	\$ 362,307	\$ 57,137	\$ 1,606,474	\$ 61,729
Sewage purpose bonds - (3.50% to 6.00%, issued in 1993 through 2009, maturity dates 2014 through 2039) - County	61,305		6,570	54,735	5,820
State Water Pollution Control Revolving Fund revenue bonds - (0.263% to 6.186%, issued in 2002 through 2013, maturity dates 2017 through 2043) - County	102,862	3,185	8,365	97,682	8,062
Total Serial Bonds - County	<u>1,465,471</u>	<u>365,492</u>	<u>72,072</u>	<u>1,758,891</u>	<u>75,611</u>
Sales Tax Secured Bonds -NIFA, various interest rates % and maturity dates	1,379,123		150,965	1,228,158	140,642
Nassau County Sewer and Storm Water Finance Authority System Revenue Bonds, Series 2004B & Series 2008A (various interest rates, 2014-2028)	146,795		7,955	138,840	8,425
Tobacco Settlement Asset-Backed Bonds, Series 2006 (various interest rates % and maturity dates)	420,129 *			420,129	
Total Serial Bonds - NIFA, NCSSWFA, NCTSC	<u>1,946,047</u>		<u>158,920</u>	<u>1,787,127</u>	<u>149,067</u>
Total Serial Bonds	<u>3,411,518</u>	<u>365,492</u>	<u>230,992</u>	<u>3,546,018</u>	<u>224,678</u>
Accreted interest - Tobacco Settlement Asset Backed Bonds	36,977 *	5,655		42,632	
Total Serial Bonds and Accreted Interest	<u>3,448,495</u>	<u>371,147</u>	<u>230,992</u>	<u>3,588,650</u>	<u>224,678</u>
Deferred Bond Premium/Discount (net of amortization)	104,231 **	25,025	(680)	129,936	10,922
Total Serial Bonds and accreted interest, net of deferred bond premium/discount	<u>\$ 3,552,726</u>	<u>\$ 396,172</u>	<u>\$ 230,312</u>	<u>\$ 3,718,586</u>	<u>\$ 235,600</u>
* In 2013, accreted interest is presented on a separate line from bonds payable for note disclosure purposes.					
** Beginning balances have been adjusted for the implementation of GASB 65.					
Other:					
Derivative instruments - interest rate swaps	\$ 83,976	\$	\$ 31,005	\$ 52,971	\$
Due to New York State Retirement System	89,915	67,968	10,359	147,524	15,967
Accrued Vacation and Sick Pay	521,858	32,305	33,433	520,730	34,557
Deferred Payroll	75,915	2,802	14,799	63,918	13,175
Estimated Liability for Workers' Compensation	284,279	11,616	44,987	250,908	28,542
Estimated Tax Certiorari Payable	297,192	77,683	81,321	293,554	70,000
Estimated Liability for Litigation & Malpractice Claims	305,000	19,161	29,161	295,000	2,193
Capital Lease Obligations	5,254		122	5,132	151
Postemployment Retirement Benefits Liability	4,900,111		177,964	4,722,147	
Total Other	<u>6,563,500</u>	<u>211,535</u>	<u>423,151</u>	<u>6,351,884</u>	<u>164,585</u>
Total General Long-Term Obligations	<u>\$ 10,116,226</u>	<u>\$ 607,707</u>	<u>\$ 653,463</u>	<u>\$ 10,070,470</u>	<u>\$ 400,185</u>



NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

Long – Term Obligations (Continued)

The proceeds from the issuance of long-term serial bonds by the County and its blended component units are used to fund various purposes including, capital asset purchases, tax certiorari and, other suits and damages claims, termination pay disbursements and non-capitalizable project expenditures. As of December 31, 2013, total serial bonds outstanding were \$3.6 billion of which \$2.8 billion were utilized to pay approximately: \$1.0 billion in tax certiorari claims; \$0.4 billion for bonded operating expenses; \$1.3 billion for non-capitalizable project expenditures and \$139.0 million for debt on capital assets of the NHCC and its affiliates that are no longer the County’s assets. The remaining outstanding debt of approximately \$0.8 billion is related to capitalizable assets.

Revenues from the Special Revenue Sewer Funds will be utilized to finance the debt service for the sewer and storm water purpose bonds and a portion of the State Water Pollution Control Revolving Fund revenue bonds. All other County debt service will be financed by the General Fund. For the governmental activities, claims and judgments are generally liquidated by the General Fund and compensated absences are liquidated principally by the General and Police Funds.

The annual requirements and sources to amortize the County’s General Obligation serial bonds payable as of December 31, 2013 are as follows (dollars in thousands):

Years Ending December 31,	Debt Service Requirements			Sources		
	Principal	Interest	Total	General County Budgets	Sewer District Budgets	Total
2014	\$ 75,611	\$ 81,781	\$ 157,392	\$ 135,960	\$ 21,432	\$ 157,392
2015	81,077	79,501	160,578	140,678	19,900	160,578
2016	77,015	76,058	153,073	136,375	16,698	153,073
2017	80,216	72,476	152,692	137,323	15,369	152,692
2018	81,740	75,005	156,745	141,687	15,058	156,745
2019 - 2023	441,971	283,854	725,825	657,914	67,911	725,825
2024 - 2028	369,857	185,387	555,244	522,900	32,344	555,244
2029 - 2033	264,602	108,594	373,196	354,671	18,525	373,196
2034 - 2038	183,332	47,084	230,416	223,504	6,912	230,416
2039 - 2044	103,470	11,693	115,163	113,419	1,744	115,163
Total	\$ 1,758,891	\$ 1,021,433	\$ 2,780,324	\$ 2,564,431	\$ 215,893	\$ 2,780,324

The County’s legal debt margin was approximately \$19.8 billion and total long-term obligation bonds authorized but unissued for general County and sewage district purposes were approximately \$1.4 billion at December 31, 2013. Authorized but unissued long-term obligation bonds for general County purposes include approximately \$192.8 million to finance property tax refunds. Under the current NIFA control period, all unissued County borrowings require NIFA approval. In connection with this authorization for borrowing to finance property tax refunds, the County legislature must also authorize the spending of these proceeds.

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

NIFA Long-Term Debt

A summary of changes in long-term debt for governmental activities is as follows (dollars in thousands):

	Balance January 1, 2013	Issued	Redeemed	Balance December 31, 2013	Due Within One Year	Non Current Portion
Bonds payable:						
Sales tax secured bonds payable	\$ 1,379,123	\$	\$ 150,965	\$ 1,228,158	\$ 140,642	\$ 1,087,516
Premiums	63,316		5,040	58,276	4,473	53,803
Total bonds payable	<u>1,442,439</u>		<u>156,005</u>	<u>1,286,434</u>	<u>145,115</u>	<u>1,141,319</u>
OPEB liability	1,199	491	25	1,665		1,665
Compensated absences	291			291		291
Total long term debt	<u>\$ 1,443,929</u>	<u>\$ 491</u>	<u>\$ 156,030</u>	<u>\$ 1,288,390</u>	<u>\$ 145,115</u>	<u>\$ 1,143,275</u>

Bonds of NIFA are issued pursuant to an Indenture, as supplemented and amended (the “Indenture”) between NIFA and the United States Trust Company of New York and its successor The Bank of New York Mellon (the “Trustee”), under which NIFA has pledged its right, title and interest in the revenues of NIFA to secure repayment of NIFA debt. The Act provides that NIFA’s pledge of its revenues represents a perfected first security interest on behalf of holders of its bonds. The lien of the indenture on the revenues for the security of NIFA bonds is prior to all other liens thereon. NIFA does not have any significant assets or sources of funds other than sales tax revenues and amounts on deposit pursuant to the indenture. NIFA does not have independent taxing power.

As of December 31, 2013, NIFA had outstanding sales tax secured bonds in the amount of \$1.2 billion, maturing through the year 2025, of which \$659.3 million are fixed rate and \$568.9 million are hedged variable rate. Other than a possible refunding of its debt if market conditions permit, NIFA has no plans or authority to issue additional bonds, except to cover the costs of issuance incurred in connection with the refunding of its bonds.

**Fixed Rate Bonds** — NIFA has outstanding fixed rate bonds at rates ranging between 0.688% and 5.0%. Interest on NIFA’s fixed rate bonds is payable on May 15 and November 15 of each year, and interest on the variable rate bonds is payable on the first business day of each month. Principal on all bonds is payable on November 15. A debt service account has been established under the indenture to provide for the payment of interest and principal of bonds outstanding under the indenture. The trustee makes monthly deposits to the debt service account in the amount of debt service accrued through the end of that month. For the fixed rate bonds, this is essentially one-sixth of the next interest payment and one-twelfth of the next principal payment. Because of this monthly deposit requirement, the amount accrued for debt service (“debt service set aside”) in NIFA’s financial statements in any year will not be the same as the debt service on the bonds paid to bondholders in that year.

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2013

10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

NIFA Long-Term Debt (Continued)

**Variable Rate Bonds** — Interest rates on the variable rate bonds are currently reset weekly by remarketing agents at the minimum rate necessary for the bonds to have a market value equal to the principal amount. Interest rates are set separately for each series of variable rate bonds. The variable rate bonds are in most circumstances subject to tender at the option of the bondholder. Payment of the purchase price of eligible Series 2008 A-E bonds are subject to optional or mandatory tender for purchase and if not remarketed by the remarketing agent, payment will be made under and pursuant to, and subject to the terms, conditions and provisions of liquidity facility agreements. The liquidity facility agreements currently in effect are slated to expire between April 30, 2014 and November 16, 2015 and are subject to extension or early termination. Bonds that are purchased by financial institutions under the liquidity facility and not remarketed, if any, must be paid over periods varying between three and five years. If this was to occur, annual NIFA debt service expense would increase substantially. A debt service account has been established under the indenture to provide for the payment of principal of bonds outstanding under the indenture. The Trustee makes monthly deposits to the debt service account for principal debt service requirements. Additionally, the Trustee makes monthly interest payments.

Aggregate debt service to maturity as of December 31, 2013, is as follows (dollars in thousands):

<u>Years Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest*</u>	<u>Total</u>
2014	\$ 140,642	\$ 43,542	\$ 184,184
2015	143,585	38,331	181,916
2016	139,426	33,895	173,321
2017	129,666	28,925	158,591
2018	118,505	24,861	143,366
2019 - 2023	484,054	63,380	547,434
2024 - 2025	72,280	3,802	76,082
	<u>\$ 1,228,158</u>	<u>\$ 236,736</u>	<u>\$ 1,464,894</u>

\*Interest on the Variable Rate Bonds is calculated at the fixed payer rates on the associated interest rate swaps.

*Prior year defeasance of debt.* In prior years, NIFA defeased sales-tax secured bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in NIFA's financial statements. At December 31, 2013, \$102.0 million of defeased bonds remains outstanding.

**DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS**

Derivative instruments, which consist of interest rate swap agreements, have been reported at fair value as of December 31, 2013. As the interest rate swap agreements qualify as a hedging derivative instrument, the fair value has been recorded as a deferred outflow of resources.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)*****NIFA Long-Term Debt (Continued)*****DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS (Continued)**

**Board-Adopted Guidelines** — On March 25, 2004, NIFA adopted guidelines (“Interest Rate Swap Policy”) with respect to the use of swap contracts to manage the interest rate exposure of its debt. The Interest Rate Swap Policy establishes specific requirements that must be satisfied for NIFA to enter into a swap contract.

**Objectives of Swaps** — To protect against the potential of rising interest rates, to achieve a lower net cost of borrowing, to reduce exposure to changing interest rates on a related bond issue or in some cases where Federal tax law prohibits an advance refunding, and to achieve debt service savings through a synthetic fixed rate. In an effort to hedge against rising interest rates, NIFA entered into nine separate pay-fixed, receive-variable interest rate Swap Agreements during FY 2004 (the “Swaps”).

**Background** — NIFA entered into the following six swap contracts with an effective date of April 8, 2004, in connection with the issuance of \$450.0 million in auction rate securities to provide for the refunding or restructuring of a portion of the County’s outstanding bonds, refunding of certain outstanding NIFA bonds, tax certiorari judgments and settlements to which the County is a party, other legal judgments and settlements, County capital projects and to pay costs of issuance. These auction rate securities were subsequently refunded on May 16, 2008 with variable rate demand bonds and the swap agreements transferred to the 2008 Bond Series A-E. The original notional amounts are as follows:

- \$72.5 million notional amount (2004 Series B - swap agreement) with Goldman Sachs Mitsui Marine Derivative Products, L.P. (“GSMMDP”)
- \$72.5 million notional amount (2004 Series C - swap agreement) with GSMMDP
- \$80.0 million notional amount (2004 Series D - swap agreement) with GSMMDP
- \$72.5 million notional amount (2004 Series E - swap agreement) with UBS AG
- \$72.5 million notional amount (2004 Series F - swap agreement) with UBS AG
- \$80.0 million notional amount (2004 Series G - swap agreement) with UBS AG

NIFA entered into the following three swap contracts with an effective date of December 9, 2004, in connection with the issuance of \$150 million in Auction Rate Securities to provide for the refunding of a portion of the County’s outstanding bonds, tax certiorari judgments and settlements to which the County is a party, other legal judgments, and settlements and to pay costs of issuance. These auction rate securities were subsequently refunded on May 16, 2008 with variable rate demand bonds and the swap agreements transferred to the 2008 Bond Series A-E.

- \$50.0 million notional amount (2004 Series I - swap agreement) with GSMMDP
- \$50.0 million notional amount (2004 Series J - swap agreement) with UBS AG
- \$50.0 million notional amount (2004 Series K - swap agreement) with Morgan Stanley Capital Services (“MSCS”)

**Fair Value** — Replacement interest rates on the swaps, as of December 31, 2013, are reflected in the chart entitled “Derivative instruments - Interest Rate Swap Valuation” (the “Chart”). As noted in the Chart, replacement rates were lower than market interest rates on the effective date of the swaps. Consequently, as of December 31, 2013, the swaps had negative fair values. In the event there is a positive fair value, NIFA would be exposed to the credit risk of the counterparties in the amount of the swaps’ fair value should the swap be terminated.

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

*NIFA Long-Term Debt (Continued)*

**DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS (Continued)**

The total value of each swap, including accrued interest, is provided in the chart. The total value of each swap listed represents the theoretical value/ (cost) to NIFA if it terminated the swap as of the date indicated, assuming that a termination event occurred on that date. Negative fair values may be offset by reductions in total interest payments required under the related variable interest rate bonds. The market value is calculated at the mid-market for each of the swaps. Fair values were estimated using the zero coupon methodology. This methodology calculates the future net settlement payments under the swap agreement, assuming the current forward rates implied by the yield curve correctly anticipate future spot rates. These payments are then discounted using rates derived from the same yield curve. As of December 31, 2013, the total mark-to-market valuation of NIFA’s swaps, including accrued interest, was negative \$53.0 million. In the event that both parties continue to perform their obligations under the swap, there is not a risk of termination and neither party is required to make a termination payment to the other. NIFA is not aware of any event that would lead to a termination event with respect to any of its swaps.

**Risks Associated with the Swap Agreements** — From NIFA’s perspective, the following risks are generally associated with swap agreements:

- *Credit/Counterparty Risk* — The counterparty becomes insolvent or is otherwise not able to perform its financial obligations. In the event of deterioration in the credit ratings of the counterparty or NIFA, the swap agreement may require that collateral be posted to secure the party’s obligations under the swap agreement.

Under the swap agreements, neither party has to collateralize its termination exposure unless its ratings, or that of the insurer, fall below certain triggers. For the Authority, there is no requirement to collateralize until the Authority is at an A3/A- level, and then only for the amount over \$50.0 million (threshold amount) of exposure. The threshold differs by counterparty and declines if the Authority falls into the BBB ratings category.

NIFA’s swap policy requires that counterparties have credit ratings from at least one nationally recognized statistical rating agency that is within the two highest investment grade categories, without distinction as to grade within the category. If after entering into an agreement the ratings of the counterparty or its guarantor or credit support party are downgraded below the described ratings by any one of the rating agencies, then the agreement is subject to termination unless the counterparty provides either a substitute guarantor or assigns the agreement, in either case, to a party meeting the rating criteria reasonably acceptable to NIFA or collateralizes its obligations in accordance with the criteria set forth in the transaction documents. The table shows the diversification, by percentage of notional amount, among the various counterparties that have entered into agreements with NIFA.

Counterparty	Dollars in Millions	Notional Percentage
GSMMDP	\$ 260	45.7%
UBS AG	259	45.5%
MSCS	50	8.8%
	\$ 569	100.0%

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)****NIFA Long-Term Debt (Continued)****DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS (Continued)****Risks Associated with the Swap Agreements (Continued)**

NIFA insured its performance in connection with the swaps originally associated with the Series 2004 B-G bonds with Ambac Assurance Corporation (“Ambac”), which is rated WR/NR/NR (Moody’s/S&P/Fitch), including NIFA termination payments. NIFA’s payments to the counterparties on the swaps originally associated with the Series 2004 I-K bonds are insured with CDC IXIS Financial Guaranty North America, Inc. (“CIFG NA”), which is rated WR/NR/NR (Moody’s/S&P/Fitch); however, termination payments from NIFA are not guaranteed except on NIFA’s swap with UBS AG, where it is guaranteed up to a maximum of \$2.0 million.

- *Basis Risk* — The variable interest rate paid by the counterparty under the swap and the variable interest rate paid by NIFA on the associated variable interest rate bonds are not the same. If the counterparty’s rate under the swap is lower than the bond interest rate, then the counterparty’s payment under the swap agreement does not fully reimburse NIFA for its interest payment on the associated bonds. Conversely, if the bond interest rate is lower than the counterparty’s rate on the swap, there is a net benefit to NIFA.

NIFA is exposed to basis risk on the swaps. NIFA is paying a fixed rate of interest to the counterparties and the counterparties are paying a variable rate to NIFA represented by a percentage of the One-Month LIBOR (“London Inter-Bank Offered Rate”), rate plus a fixed spread. The amount of the variable rate swap payments received from the counterparties does not normally equal the actual variable rate payable to the bondholders. Should the historical relationship between LIBOR and NIFA’s variable rate on its bonds move to converge, there is a cost to NIFA. Conversely, should the relationship between LIBOR and NIFA’s variable rate on its bonds move to diverge, there is a benefit to NIFA.

- *Interest Rate Risk* — The risk that changes in interest rates will adversely affect the fair value of the financial instrument or its cash flows.

NIFA is exposed to interest rate risk on its pay fixed, receive variable interest rate swap. As LIBOR decreases, NIFA’s net payment on the swaps increase.

- *Termination Risk* — The swap agreement will be terminated and if at the time of termination the fair value of the swap is negative, NIFA will be liable to the counterparty for an amount equal to the fair value.

The swaps use International Swaps and Derivative Association (“ISDA”) documentation and use standard provisions regarding termination events with one exception: if the termination amount is over \$5.0 million for NIFA, NIFA can pay such excess amount over six months, financing the delay at LIBOR, plus 1%. However, adverse termination for credit deterioration is unlikely due to the NIFA’s current credit rating. NIFA or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. In addition, NIFA may terminate the swaps at their fair market value at any time. NIFA would be exposed to variable rates if the counterparty to the swap defaults or if the swap is terminated. A termination of the swap agreement may also result in NIFA making or receiving a termination payment. NIFA is not aware of any event that would lead to a termination event with respect to any of its swaps.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)*****NIFA Long-Term Debt (Continued)*****DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS (Continued)****Risks Associated with the Swap Agreements (Continued)**

- *Rollover Risk* — The notional amount under the swap agreement terminates prior to the final maturity of the associated bonds, and NIFA may be exposed to then market rates and cease to get the benefit of the synthetic fixed rate for the duration of the bond issue.

NIFA is not exposed to rollover risk, because the notional amounts under the swaps do not terminate prior to the final maturity of the associated variable interest rate bonds.

- *Market-access risk* — NIFA is not exposed to market-access risk on its hedging derivative instruments.
- *Foreign currency risk* — NIFA is not exposed to foreign currency risk on its hedging derivative instruments.
- *Contingency* — Generally, the derivative instruments require NIFA to post collateral at varying thresholds by counterparty based on NIFA's credit rating in the form of cash, U.S. Treasury securities, or specified Agency securities. If NIFA were not to post collateral when required, the counterparty may terminate the hedging derivative instrument.

At December 31, 2013, the aggregate fair value of all hedging derivative instrument agreements whose terms contain such collateral provisions is \$53.0 million. Because NIFA's credit rating is Aa1/AAA, no collateral has been required or posted.

If NIFA's credit ratings declined to a certain threshold (as noted below), collateral posting requirements will be triggered as follows:

- A3/A-  
\$13.5 million in collateral to UBS AG.
- Baa1/BBB+  
\$23.5 million in collateral to UBS AG and \$6.0 million in collateral to MSCS.
- Baa2/BBB  
\$13.5 million in collateral to GSMMDP, \$23.5 million in collateral to UBS AG and \$6.0 million in collateral to MSCS.
- Baa3/BBB-  
\$23.5 million collateral to GSMMDP, \$23.5 million in collateral to UBS AG, and \$6.0 million in collateral to MSCS.

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

NIFA Long-Term Debt (Continued)

DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS (Continued)

As of December 31, 2013, NIFA's Derivative Instrument - Interest Rate Swap Valuation is as follows:

(Dollars in Thousands)

Swap Agreements	2004 Series B	2004 Series C	2004 Series D	2004 Series E	2004 Series F	2004 Series G	2004 Series I	2004 Series J	2004 Series K	Total
<b>Notional Amount</b>										
Original Amount	\$ 72,500	\$ 72,500	\$ 80,000	\$ 72,500	\$ 72,500	\$ 80,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 600,000
At December 31, 2013	\$ 72,500	\$ 72,500	\$ 64,550	\$ 72,500	\$ 72,500	\$ 64,350	\$ 50,000	\$ 50,000	\$ 50,000	\$ 568,900
Counterparty	GSMMDP	GSMMDP	GSMMDP	UBS	UBS	UBS	GSMMDP	UBS	MSCS	
Counterparty Rating (1)	Aa2/AAA/NA	Aa2/AAA/NA	Aa2/AAA/NA	A2/A/A	A2/A/A	A2/A/A	Aa2/AAA/NA	A2/A/A	Baa1/A-/A	
Effective Date	April 8, 2004	April 8, 2004	April 8, 2004	April 8, 2004	April 8, 2004	April 8, 2004	December 9, 2004	December 9, 2004	December 9, 2004	
Maturity Date	November 15, 2024	November 15, 2024	November 15, 2016	November 15, 2024	November 15, 2024	November 15, 2016	November 15, 2025	November 15, 2025	November 15, 2025	
NIFA Pays	3.146%	3.146%	3.002%	3.146%	3.146%	3.003%	3.432%	3.432%	3.432%	
Replacement Rate	1.439%	1.438%	0.594%	1.439%	1.438%	0.582%	1.855%	1.855%	1.855%	
NIFA Receives	60% of LIBOR plus 16 basis points weekly (Tuesday)	60% of LIBOR plus 16 basis points weekly (Friday)	60% of LIBOR plus 26 basis points weekly (4th Monday)	60% of LIBOR plus 16 basis points weekly (Tuesday)	60% of LIBOR plus 16 basis points weekly (Friday)	60% of LIBOR plus 26 basis points monthly (5th Thursday)	61.5% of LIBOR plus 20 basis points	61.5% of LIBOR plus 20 basis points	61.5% of LIBOR plus 20 basis points	
Change in Fair Value	\$ 3,913	\$ 3,913	\$ 2,085	\$ 3,913	\$ 3,913	\$ 2,096	\$ 3,724	\$ 3,724	\$ 3,724	\$ 31,005
Net Accrued	\$ (291)	\$ (289)	\$ (233)	\$ (291)	\$ (289)	\$ (235)	\$ (213)	\$ (213)	\$ (213)	\$ (2,267)
Net Present Value	(6,874)	(6,881)	(2,934)	(6,874)	(6,881)	(2,939)	(5,774)	(5,774)	(5,774)	(50,704)
Total Fair Value of Swap	\$ (7,166)	\$ (7,170)	\$ (3,167)	\$ (7,166)	\$ (7,170)	\$ (3,173)	\$ (5,986)	\$ (5,986)	\$ (5,986)	\$ (52,971)

(1) Moody's/S&P/Fitch



NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

*NIFA Long-Term Debt (Continued)*

**Swap Payments and Associated Debt** - Using rates as of December 31, 2013, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, is shown below. As rates change over time, variable-rate bond interest payments and net swap payments will change.

Swap payments and associated variable-rate debt is as follows (dollars in thousands):

Years Ending December 31,	Variable-Rate Bonds		Interest Rate Swaps		Total
	Principal	Interest	Net Payments		
2014	\$ 45,300	\$ 272	\$ 16,288	\$ 61,860	
2015	31,725	251	15,139	47,115	
2016	61,275	233	14,199	75,707	
2017	57,675	200	12,561	70,436	
2018	58,100	168	10,889	69,157	
2019 - 2023	275,375	334	24,707	300,416	
2024 - 2025	39,450	17	1,334	40,801	
Total	\$ 568,900	\$ 1,475	\$ 95,117	\$ 665,492	

*NCSSWFA Long-Term Debt*

The NCSSWFA issued Revenue Bonds, where the NCSSWFA pledges sewer assessment and other revenue to pay debt service.

The 2008 Series A revenue bonds (the “2008A Bonds”) mature at various dates through 2028 and bear interest at rates ranging from 3.75% to 5.375%. Berkshire Hathaway Assurance Corporation has provided a financial guarantee insurance policy totaling \$120.8 million. This policy guarantees the payment of principal and interest on 2008A Bonds maturing November 1, 2014 through November 1, 2028.

The 2004 Series B revenue bonds (the “2004B Bonds”) mature at various dates through 2024 and bear an interest rate of 5.0%. MBIA Insurance Corporation has provided a financial guarantee insurance policy, which guarantees the scheduled payment of principal and interest of the 2004B Bonds.

The County has assumed responsibility for calculating arbitrage rebate liability on bonds or notes issued by the NCSSWFA, however, any resulting payments would be made by the NCSSWFA.

During the year ended December 31, 2013, the County issued \$99.1 million of bonds for the purpose of capital improvements to the System, the total of which was effectively transferred to the NCSSWFA.

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

NCSSWFA Long-Term Debt (Continued)

2004B and 2008A Bonds

Aggregate debt service to maturity as of December 31, 2013 is as follows (dollars in thousands):

Years Ending December 31,	Principal	Interest	Total
2014	\$ 8,425	\$ 6,956	\$ 15,381
2015	8,545	6,607	15,152
2016	8,980	6,252	15,232
2017	9,210	5,841	15,051
2018	9,620	5,380	15,000
2019 - 2023	55,040	19,115	74,155
2024 - 2028	39,020	6,270	45,290
	<u>\$ 138,840</u>	<u>\$ 56,421</u>	<u>\$ 195,261</u>

Aggregate amounts due to the County for debt issued on behalf of NCSSWFA have debt service to maturity as of December 31, 2013 of the following (dollars in thousands):

Years Ending December 31,	Principal	Interest	Total	Payments to be made by NIFA	Cash Requirements of NCSSWFA
2014	\$ 20,587	\$ 16,603	\$ 37,190	\$ (4,856)	\$ 32,334
2015	19,642	15,863	35,505	(4,386)	31,119
2016	17,932	15,034	32,966	(5,067)	27,899
2017	17,311	14,214	31,525	(4,675)	26,850
2018	17,503	13,391	30,894	(4,675)	26,219
2019 - 2023	90,343	53,294	143,637	(17,519)	126,118
2024 - 2028	57,683	33,633	91,316	(2,110)	89,206
2029 - 2032	47,123	21,352	68,475		68,475
2034 - 2038	37,778	10,488	48,266		48,266
Thereafter	27,551	2,991	30,542		30,542
	<u>\$ 353,453</u>	<u>\$ 196,863</u>	<u>\$ 550,316</u>	<u>\$ (43,288)</u>	<u>\$ 507,028</u>

NCTSC Long-Term Debt

In 1999, the NCTSC issued \$294.5 million of the 1999 Bonds. On April 5, 2006, NCTSC issued \$431.0 million of Tobacco Settlement Asset-Backed Bonds, Series 2006 (“Series 2006 Bonds”) pursuant to an Amended and Restated Indenture dated as of March 1, 2006 (“Indenture”). The Series 2006 Bonds consist of the “Series 2006A-1 Taxable Senior Current Interest Bonds” of \$42.6 million the “Series 2006A-2 Senior Convertible Bonds” of \$37.9 million the “Series 2006A-3 Senior Current Interest Bonds” of \$291.5 million and the “Series 2006B-E Subordinate CABs” of \$58.9 million. Unless otherwise indicated, defined terms have the meanings ascribed to them in the Offering Circular for the Series 2006 Bonds dated March 31, 2006.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)*****NCTSC Long-Term Debt (Continued)***

NCTSC used the proceeds from the Series 2006 Bonds, along with other funds, to: (i) refund all of the 1999 Bonds then-currently outstanding in the aggregate principal amount of \$272.1 million; (ii) fund a Senior Liquidity Reserve for the Series 2006 Senior Bonds of \$24.0 million; (iii) pay the costs of issuance of the Series 2006 Bonds; (iv) fund certain projected requirements for the Operating Account; (v) fund interest on the Series 2006 Bonds through the December 1, 2007 payment; and (vi) pay certain amounts to the NCTSC Residual Trust as registered owner of the Residual Certificate. Pursuant to the Indenture, TSRs paid on or after April 1, 2008, are subject to the lien of the Indenture. Interest paid on these bonds in 2013 totaled \$19.3 million.

Any additional revenues received above the required debt service payments are required to fund sinking fund installments and/or Turbo Redemptions. Turbo redemptions occur when all excess revenues after the payment of operating expenses, interest and principal are used to retire term bonds early in order of maturity. NCTSC did not receive sufficient TSRs to make the required debt service payment of \$19.3 million against its Series 2006 Bonds during 2013. NCTSC withdrew \$181.0 thousand from the Senior Liquidity Reserve Account to pay a portion of the interest payment on the Bonds due December 1, 2013.

Payments with respect to the Series 2006 Bonds are dependent upon the receipt of TSRs. The Series 2006 Bonds are special obligations of the NCTSC payable solely from the pledged revenues, the Senior Liquidity Reserve Account, and the other funds and accounts under the Indenture. NCTSC has no other assets available for the payment of the Series 2006 Bonds.

Failure to pay when due any interest of Senior Bonds or any Serial Maturity of Turbo Term Bond Maturity for Senior Bonds, among other things will constitute an event of default.

The amount of TSRs actually collected is dependent on many factors, including future domestic cigarette consumption, the financial capability of the Participating Manufacturers (the "PMs"), litigation affecting the MSA and related legislation, enforcement of state legislation related to the MSA and the tobacco industry. Payments by the PMs under the MSA are subject to certain adjustments, which may be material.

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

NCTSC Long-Term Debt (Continued)

Bonds outstanding and amounts including accretion since issuance at December 31, 2013, are as follows (dollars in thousands):

Description	Original Date Issued	Original Amount	Interest Rate	Maturity Date	Amount Outstanding	Amount Outstanding Including Acc. Interest
2006A1	4/5/2006	\$ 42,645	6.83%	6/1/2021	\$ 31,740	\$ 31,740
2006A2	4/5/2006	37,906	5.25%	6/1/2026	37,906	44,640
2006A3(2035)	4/5/2006	97,005	5.00%	6/1/2035	97,005	97,005
2006A3(2046)	4/5/2006	194,535	5.13%	6/1/2046	194,535	194,535
2006B	4/5/2006	10,670	5.80%	6/1/2046	10,670	16,610
2006C	4/5/2006	9,867	6.00%	6/1/2046	9,867	15,593
2006D	4/5/2006	37,604	6.40%	6/1/2060	37,604	61,237
2006E	4/5/2006	802	7.35%	6/1/2060	802	1,401
					\$ 420,129	\$ 462,761
Unamortized Bond Discount						(6,758)
						\$ 456,003

The following table summarizes NCTSC's minimum future debt service requirements as of December 31, 2013 (dollars in thousands):

Years Ending December 31,	Principal	Interest	Total Debt Service
2014	\$	\$ 19,332	\$ 19,332
2015		19,332	19,332
2016		19,332	19,332
2017		19,332	19,332
2018		19,332	19,332
2019 - 2023	31,739	91,238	122,977
2024 - 2028	37,906	86,694	124,600
2029 - 2033		74,101	74,101
2034 - 2038	97,005	57,125	154,130
2039 - 2043		49,850	49,850
2044 - 2048	215,072	216,352	431,424
2049 - 2053			
2054 - 2058			
2059 - 2060	38,407	1,141,808	1,180,215
	\$ 420,129	\$ 1,813,828	\$ 2,233,957

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

Nassau Community College Long-Term Debt

Long-term liability activity for the year ended August 31, 2013 follows (dollars in thousands):

	Balance September 1, 2012	Issued	Redeemed	Balance August 31, 2013	Current Portion
General obligation bonds	\$ 42,214	\$ 9,181	\$ 1,005	\$ 50,390	\$ 953
Dormitory Authority-State of NY bonds (DASNY)	44,516		1,775	42,741	1,841
Endo note payable	866		25	841	28
Litigation liability	280	270		550	
Postemployment retirement benefits payable	325,745		13,475	312,270	
Insurance reserve liability	1,994	5		1,999	
Deposits held in custody for others	1,666	11		1,677	
Deferred bond premium	1,726		137	1,589	
Liability for future pension expense	1,067		267	800	
Accrued compensated absences	52,707	1,194		53,901	1,270
Total long-term liabilities	<u>\$ 472,781</u>	<u>\$ 10,661</u>	<u>\$ 16,684</u>	<u>\$ 466,758</u>	<u>\$ 4,092</u>

**Dormitory Authority - State of New York** - The College has entered into financing agreements with the Dormitory Authority - State of New York (“DASNY”) for the purpose of financing the State’s one-half share of various capital construction costs. The bonds are special obligations of DASNY, payable from amounts to be appropriated each year by the State pursuant to a provision of the State Education Law, and from moneys in the Debt Service Reserve Fund held by the trustee. The amounts to be appropriated annually are assigned under the agreement from the County to DASNY. DASNY has no taxing power. Accordingly, under the constitution of the State of New York, the availability of funds to make annual payments is subject to annual appropriations being made by the State Legislature. The State Education Law that allows the State to make these appropriations does not constitute a legally enforceable obligation of the State and the State is not legally required to appropriate such funds. The bonds are not a debt of the State and the State is not liable for them.

The aggregate amount due DASNY under the agreement in each bond year is equal to debt service on the bonds plus certain administrative and other expenses of DASNY. No revenues or assets of the College or the County have been pledged or will be available to pay the debt service on the bonds. The County has not pledged its full faith and credit to the payments of principal and interest on the bonds. DASNY will not have title to, a lien on, or a security interest in any of the projects being financed by the bonds or in other property of the County or College.

**County of Nassau** - The County has issued general obligation serial bonds for various College construction projects. The amount of serial bonds outstanding at August 31, 2013 is \$50.4 million and principal is scheduled to mature from 2014 to 2042. This debt is the obligation of the County. No revenues or assets of the College have been pledged or will be available to pay debt service on the bonds. The County has pledged its full faith and credit to the payment of principal and interest on the bonds.

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

*Nassau Community College Long-Term Debt (Continued)*

As of August 31, 2013, principal and interest payments relating to the DASNY and General Obligation bonds are as follows (dollars in thousands):

Principal Years Ending August 31,	DASNY	General Obligations	Endo Note	Total
2014	\$ 1,841	\$ 953	\$ 28	\$ 2,822
2015	2,575	966	30	3,571
2016	2,681	920	32	3,633
2017	2,412	992	35	3,439
2018	2,536	992	38	3,566
2019 - 2023	13,317	5,367	242	18,926
2024 - 2028	6,558	9,826	436	16,820
2029 - 2033	5,351	16,505		21,856
2034 - 2038	4,367	10,984		15,351
2039 - 2042	1,103	2,885		3,988
Total	<u>\$ 42,741</u>	<u>\$ 50,390</u>	<u>\$ 841</u>	<u>\$ 93,972</u>

Interest Years Ending August 31,	DASNY	General Obligations	Endo Note	Total
2014	\$ 2,180	\$ 2,802	\$ 66	\$ 5,048
2015	2,111	2,731	64	4,906
2016	1,997	2,690	62	4,749
2017	1,861	2,652	59	4,572
2018	1,740	2,723	56	4,519
2019 - 2023	6,621	12,313	227	19,161
2024 - 2028	4,094	10,771	111	14,976
2029 - 2033	2,347	6,709		9,056
2034 - 2038	1,047	1,893		2,940
2039 - 2042	70	318		388
Total	<u>\$ 24,068</u>	<u>\$ 45,602</u>	<u>\$ 645</u>	<u>\$ 70,315</u>

Interest on the DASNY and general obligation bonds range from 2.5% to 6.0% and from 3.0% to 5.0%, respectively. The current amortization expense for the deferred financing costs for these bonds is \$53.0 thousand.

During fiscal 2013, DASNY has changed to disbursement based bonding, as a result of this change bond, amortization schedules are not maintained by DASNY for each institution. DASNY bond amortization schedules as presented above are based on historical trend schedules provided by DASNY for fiscal year 2013 and assuming payments are made according to those amortization schedules, with no new issuances or bond refunding.

In February 2013, the County issued \$152.4 million General Improvement Bond Series A, of which \$9.1 million were earmarked for the various College construction projects.

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

Nassau Community College Long-Term Debt (Continued)

In April 2013, the County issued \$127.9 million General Improvement Bonds Series B, of which \$48 thousand were earmarked for the various College construction projects.

Nassau Health Care Corporation Long-Term Debt

A schedule of changes in the NHCC's long-term debt and noncurrent liabilities for 2013 is as follows (dollars in thousands):

	Balance January 1, 2013	Issued	Redeemed	Balance December 31, 2013	Due within one year
Long-term debt					
2004 Series B Bonds	\$ 4,997	\$	\$ 2,485	\$ 2,512	\$ 2,512
2009 Series A Bonds	25,995		1,877	24,118	2,010
2009 Series B-D Bonds	220,840			220,840	
Bond premium	65		47	18	
Total long-term debt	251,897		4,409	247,488	4,522
Other long-term liabilities					
Professional and other insurance liabilities - non-current	37,468	2,018		39,486	
Postemployment benefits other than pensions	247,539	33,279		280,818	
Derivative instruments	43,496		18,616	24,880	
Due to New York State Retirement System		22,363		22,363	2,656
Other long-term liabilities		1,215		1,215	
Total noncurrent liabilities	\$ 580,400	\$ 58,875	\$ 23,025	\$ 616,250	\$ 7,178

The NHCC's long-term debt at December 31, 2013 consisted of the following (dollars in thousands):

2004 Series B Bonds payable at varying dates through August 1, 2014 at tax-exempt fixed interest rates ranging from 3.0% to 5.0%	\$ 2,512
2009 Series A bonds payable at varying dates through August 1, 2022; variable rate demand bonds bearing interest at taxable variable rates with an average of approximately 5.24% in 2013	24,118
2009 Series B, C and D bonds payable at varying dates through August 1, 2029; variable rate demand bonds bearing interest at tax-exempt variable rates with an average of approximately 3.71% in 2013	220,840
	247,470
Net unamortized bond premium	18
Current portion	(4,522)
Total long term debt	\$ 242,966

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)*****Nassau Health Care Corporation Long-Term Debt (Continued)***

Concurrent with the September 29, 1999 acquisition of the NUMC entities by NHCC, \$259,735 of Nassau Health Care Corporation Health System Revenue Bonds, Series 1999 (the "Series 1999 Revenue Bonds"), were issued. Of the proceeds received from the issuance of the Series 1999 Revenue Bonds, \$82,000 was used to fund the Corporation's above-mentioned purchase. In October 2004, \$303.3 million of NHCC Bond Series 2004 A, B and C Bonds were issued to refund the NHCC's Series 1999 Revenue Bonds, finance capital projects and pay the costs of issuance, including the required premium of the Bond Insurer. The transaction resulted in the NHCC receiving approximately \$41.0 million of cash, of which \$26.0 million was available for working capital and \$15.0 million for new capital project financing.

In April 2009, Series 2009 A (taxable), B, C and D bonds were issued as variable rate demand bonds ("VRDBs") secured by letters of credit ("LOCs") to redeem the 2004 Series A and 2004 Series C outstanding bank term bonds. The LOCs were scheduled to expire in May 2012 and were extended with expiration dates for the various series of bonds ranging from February 2015 to April 2015. If the NHCC draws on the LOCs to purchase the Series 2009 bonds, the VRDBs will convert to bank term bonds and repayment will commence over various long-term periods as stipulated in each LOC no earlier than 270 days from the drawing date. Principal amounts related to the Series 2009 A bonds mature annually each August 1, beginning in fiscal 2013 through fiscal 2022. Principal amounts related to the Series 2009 B, C, and D bonds mature annually each August 1, beginning in fiscal 2015 through fiscal 2029. The interest rates under the VRDBs are determined on a periodic basis (weekly or quarterly depending on the series of bonds) through a remarketing process.

The County guarantees to the Trustee and the owners of Series 2009 Bonds the full and prompt payment of the principal and interest of the Series 2004 and Series 2009 Bonds. The County guaranty may be amended without consent of the bond owners.

In connection with the issuance of the Series 2004 and 2009 Bonds, the NHCC incurred a loss of approximately \$38.0 million and \$3.7 million, respectively. The loss (the difference between the reacquisition price and the net carrying amount of the old debt) is carried as a deferred outflow of resources in the accompanying statement of net position. The total deferred loss to be amortized has not been adjusted for the prepayment in 2008 of a portion of outstanding debt and the issuance of the Series 2009 Bonds; however, future amortization of the deferred loss was so adjusted. Amortization of the deferred loss is \$2.2 million for the year ended December 31, 2013.

Pursuant to the Stabilization Agreement and, subsequently, the Successor Agreement, the County deposits subsidies, payable to the NHCC monthly, in an escrow account reserved for payment of the Series 2009 Bonds.

In connection with the issuance of the Series 2004 Bonds, the NHCC entered into interest rate swap agreements with commercial banks to effectively convert interest payments on the variable interest rate Series C Bonds to a fixed interest rate based on a total initial notional amount of \$220.0 million that declines as debt is repaid. The fixed interest rate paid by the NHCC under the swap agreements is 3.46% and the variable rate received is based on LIBOR. Subsequent to the redemption of the Series 2004 C Bonds through the issuance of the Series 2009 Bonds, the swap agreements remain in place for the Series 2009 bonds and expire on August 1, 2029.



NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2013

10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

Nassau Health Care Corporation Long-Term Debt (Continued)

The swap agreements expose the NHCC to market risk, in the event of changes in interest rates, and credit risk, in the event of nonperformance by the counterparty. However, the NHCC believes that the risk of a material impact to its financial condition arising from such events is low. The County guarantees payments to the swap contract counterparties. The fair value of the derivative instruments is reported as a liability of approximately \$24.8 million at December 31, 2013. The change in fair value for the year ended December 31, 2013 totaled \$18.6 million (increase to net position) and is reported as an other operating item in the statement of revenues, expenses, and changes in net position.

Principal payments on long-term debt are due annually on August 1st. Interest payments are due semiannually on February 1 and August 1. Estimated interest is based on the original amortization schedules. Payments applicable to long-term debt for years subsequent to December 31, 2013 are as follows (dollars in thousands):

	<u>Principal</u>	<u>Estimated Interest</u>
2014	\$ 4,522	\$ 9,484
2015	13,005	9,261
2016	13,545	8,754
2017	14,115	8,226
2018	14,695	7,674
2019 - 2023	81,675	29,222
2024 - 2028	87,174	13,325
2029 - 2032	18,739	695
	<u>\$ 247,470</u>	<u>\$ 86,641</u>

In January 2013, the NHCC issued \$40.0 million of taxable 2013 Revenue Anticipation Notes that were due in December 2013 and secured by scheduled IGT payments and other New York state payments. The 2013 RANs were repaid in full in December 2013.

OTB Long-Term Debt

In June 2005, OTB issued \$21.8 million in Series 2005 Revenue Bonds. The sources of the funds included \$21.8 million in principal, \$33 thousand original issue discount, and OTB's equity contribution of \$0.1 million, to total \$21.9 million. The proceeds were used as follows: \$12.3 million to redeem prior notes that were used to finance the acquisition and rehabilitation of the Race Palace, \$0.5 million to pay issuance costs, \$6.8 million for various ongoing and future capital projects, and \$2.3 million to deposit to a debt service reserve fund. The Series 2005 Revenue Bonds are general obligations of OTB and are secured by a pledge directly by the County pursuant to a support agreement that is described in the following paragraph. Rates on this obligation range from 3.4% to 4.0%.

Under the support agreement with the County, OTB is obligated to deposit required debt service payments due into a capital reserve fund. This transfer of funds must occur no later than 15 days prior to the due date of such payment. In addition, as consideration for entering into this support agreement and in recognition of the benefits anticipated to be derived, OTB is currently required to pay the County \$620 thousand on each February 15th until the Series 2005 Revenue Bonds are paid in full. Currently the payment required is \$620 thousand.

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2013

10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

*OTB Long-Term Debt (Continued)*

Mortgages and bonds payable at December 31, 2013, consisted of the following (dollars in thousands):

Mortgage note – payable in 120 monthly installments of \$8.1 thousand including interest at 4.25% per annum with a balloon payment of \$1.1 million. A final payment is due on January 1, 2024. The mortgage is secured by the underlying real property with a net book value of \$2.0 million at December 31, 2013 and the cash accounts held by the financial institution.	\$ 1,481
Bond payable - due in 15 annual installments of \$1.455 million plus semi-annual interest payments ranging from 3.4% to 4.0%. A final payment is due on July 1, 2020. The bond is secured by the underlying real property with a net book value of \$9.8 million.	10,162
	<u>\$ 11,643</u>

Future minimum payments on the mortgage and bond payable including interest are as follows (dollars in thousands):

	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,486	\$ 458
2015	1,490	405
2016	1,491	349
2017	1,493	291
2018	1,490	231
2019 - 2024	4,193	435
	<u>\$ 11,643</u>	<u>\$ 2,169</u>

11. REFINANCING OF LONG-TERM OBLIGATIONS

Prior to December 31, 2013, the County defeased certain general obligation bonds and combined sewer district bonds by refinancing them and placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County’s financial statements. As of December 31, 2013, approximately \$8.0 million of outstanding bonds (including NIFA) are considered defeased.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**12. PENSION PLANS*****Plan Description***

The County and the College participate in the New York State and Local Employees' Retirement System ("ERS"), the New York State and Local Police and Fire Retirement System ("PFRS") and the Public Employees' Group Life Insurance plan, collectively known as NYSLRS. These are cost-sharing multiple-employer defined benefit retirement plans. The NYSLRS provides retirement benefits as well as death and disability benefits to members. Obligations of employers and employees to contribute and benefits to employees are governed by New York State Retirement and Social Security Law ("NYSRSSL"). As set forth in the NYSRSSL, the Comptroller of the State of New York ("State Comptroller") serves as sole trustee and administrative head of the NYSLRS. The State Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the NYSLRS and for the custody and control of its funds. The NYSLRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

***Funding Policy***

The NYSLRS are noncontributory for those ERS members who joined the New York State and Local Employees' Retirement System prior to July 27, 1976 and for those PFRS members in Tiers 1 through 4. ERS employees who joined the NYSLRS after that date must contribute 3% of their salary, however, NYS legislation passed in 2000, suspending the 3% contribution for those employees who have 10 or more years of credited service. In addition, members who meet certain eligibility requirements will receive one month's additional service credit for each completed year of service up to a maximum of two additional years of service credit. In December 2009, the Governor signed a bill requiring ERS and PFRS members hired January 2010 and later to contribute 3% of their salary for all their years of public service, increasing the numbers of years required to vest for retirement benefits from 5 to 10 years, and placing a limitation on the annual amount of overtime credited as retirement earnings. Employees who joined the system on or after April 1, 2012 are required to contribute between 3% and 6% depending upon their salary for their entire career. As of December 31, 2013, the County did not have any PFRS employees who were Tier 5 or Tier 6 members.

The Common Retirement Fund ("Fund") was established to hold all the assets and income of the NYSLRS in a single unified investment program. The overall methodology for ensuring that the Fund maintains adequate assets is determined by the NYSRSSL. The Fund's assets come from three main sources: employee or member contributions, investment income and participating employer contribution. The value of the Fund and the rate of return on the investments directly affect the employer's annual contribution rates. Each year, the State evaluates the Fund's assets and compares the value of those assets to the funds needed to pay current and future benefits. The difference between these two amounts is spread over the future working lifetimes of active members to actuarially determine the annual contribution rates. Under the authority of the NYSRSSL, the State Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the NYSLRS' fiscal year ending March 31. The College's employees who are ERS members are included in the County's records with the NYSRSSL. The State calculates the County's (including the College) required annual contribution payment using these contribution rates and the projected retirement earnings of the County's (and the College's) current employees. The College reimburses the County annually for its share of the pension costs attributed to its employees who are ERS members.

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

12. PENSION PLANS (Continued)

*Funding Policy (Continued)*

The County is required to contribute at an actuarially determined rate. The actual contributions were equal to 100% of the actuarially required amounts for the plan year ended March 31, using the maximum amortization allowed by law, and also included additional contributions to fund various early retirement incentives made available to County employees and prior service credits. The credits and miscellaneous adjustments represent modifications made by the NYSERS for prior years' contributions due to differences between estimated and actual salaries for the plan year. The required contributions for the current plan year ended March 31 and two preceding plan years, expense amortized and the amounts actually contributed to the cost-sharing multiple-employer defined benefit retirement plan for the County's ERS and PFRS members, and the College's ERS members, were as follows (in thousands of dollars):

Employees Retirement System							
	Annual Required Contribution	Credit & Miscellaneous Adjustments	Prepayment Discount	Amortization/ Deferral	2010 Incentive Installment	2010 Past Service Credit 553B	Total Payment
2013	\$ 97,217	\$ 3,122	\$ (875)	\$ (37,458)	4,201	69	\$ 66,276
2012	79,591	(2,998)	(726)	(23,977)	4,240	69	56,199
2011	62,977	(5,281)	(553)			69	57,212

Police and Fire Retirement System					
	Annual Required Contribution	Credit & Miscellaneous Adjustments	Prepayment Discount	Amortization/ Deferral	Total Payment
2013	\$ 87,337	\$ (2,819)	\$ (786)	\$ (15,404)	\$ 68,328
2012	75,838	4,944	(730)	(14,808)	65,244
2011	60,665	(4,318)	(540)		55,807

Pursuant to Chapter 57 of the Laws of 2010, the New York State Legislature authorized local governments to elect to amortize a portion of their retirement bill for 10 years in accordance with the following stipulations.

- For State fiscal year 2010-11, the amount in excess of the graded rate of 9.5 percent of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to one percent depending on the gap between the increase or decrease in the NYSLRS's average rate and the previous graded rate.
- For subsequent State fiscal years in which the NYSLRS's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2013

12. PENSION PLANS (Continued)

*Funding Policy (Continued)*

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the NYSLRS’s fiscal years when the County opted to participate in the program. Because the County’s fiscal year differs from the NYSLRS’s fiscal year, the County’s liability for the unpaid amounts and the annual expense for the amortization of that liability will differ in the County’s financial statements to the amounts reported in the previously presented tables. The total unpaid pension amortization liability reported in the Primary Government’s Statement of Net Position at the end of the fiscal year was \$138.8 million, of which \$3.8 million was attributable to College ERS members. Amortization contributions will be paid in ten equal installments, one per year, but may be prepaid at any time. The County has elected, for now, to amortize over the ten-year period. The interest rate will be established annually for each year’s amortization and paid out of current resources in that year. Future principal and interest payments to maturity for the amortization installments for the County (including the College) are as follows:

2012 Chapter 57, Laws of 2010

ERS and PFRS

(in thousands of dollars)

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2014	\$ 3,483	\$ 1,240	\$ 4,723
2015	3,613	1,110	4,723
2016	3,748	975	4,723
2017	3,889	834	4,723
2018	4,035	688	4,723
2019-2022	14,305	1,180	15,485
Totals	<u>\$ 33,073</u>	<u>\$ 6,027</u>	<u>\$ 39,100</u>

2013 Chapter 57, Laws of 2010

ERS and PFRS

(in thousands of dollars)

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2014	\$ 5,131	\$ 1,619	\$ 6,750
2015	5,285	1,465	6,750
2016	5,444	1,306	6,750
2017	5,607	1,143	6,750
2018	5,775	975	6,750
2019-2023	26,736	2,171	28,907
Totals	<u>\$ 53,978</u>	<u>\$ 8,679</u>	<u>\$ 62,657</u>

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2013

12. PENSION PLANS (Continued)

*Funding Policy (Continued)*

2014 Chapter 57, Laws of 2010

ERS and PFRS

(in thousands of dollars)

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2014	\$ 3,645	\$ 1,552	\$ 5,197
2015	3,754	1,443	5,197
2016	3,867	1,330	5,197
2017	3,983	1,214	5,197
2018	4,102	1,095	5,197
2019-2023	22,432	3,550	25,982
2024-2028	9,944	449	10,393
Totals	<u>\$ 51,727</u>	<u>\$ 10,633</u>	<u>\$ 62,360</u>

Chapter 105 of the Laws of 2010 of the State of New York authorized the County to make available a retirement benefit incentive program with an estimated total cost of \$18.4 million, approximately \$16.5 million attributed to County members and \$1.9 million for College members. The cost of the program is billed over five years at an interest rate of 7.5% and paid by the funds incurring the costs beginning in 2012. Remaining future principal and interest payments to maturity, to be paid out of future resources, are as follows (in thousands of dollars):

2010 Chapter 105, Laws of 2010

Early Retirement Incentive -  
 includes College

(in thousands of dollars)

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2014	\$ 3,611	\$ 628	\$ 4,239
2015	3,881	358	4,239
2016	887	66	953
Totals	<u>\$ 8,379</u>	<u>\$ 1,052</u>	<u>\$ 9,431</u>

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

12. PENSION PLANS (Continued)

***Funding Policy (Continued)***

In addition to the amortizations above, the County is amortizing 2010 prior service credits for ERS members of \$0.5 million over ten years, beginning in 2011 at an interest rate of 8%. The total unpaid liability reported in the Primary Government's Statement of Net Position at the end of the fiscal year was \$0.4 million, and \$69.0 thousand (including interest) was charged to the Primary Government's governmental funds in the current fiscal year. Future principal and interest payments to maturity for the remaining installments to be paid out of current resources are as follows:

Prior Service Credits 553B

(in thousands of dollars)

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2014	\$ 39	\$ 30	\$ 69
2015	43	26	69
2016	46	23	69
2017	50	19	69
2018	54	15	69
2019-2020	135	19	154
<b>Totals</b>	<b>\$ 367</b>	<b>\$ 132</b>	<b>\$ 499</b>

13. RECONCILIATION OF GAAP FUND BALANCES TO BUDGETARY BASIS

The following reconciles fund balances at December 31, 2013 as prepared on a GAAP basis to the budgetary basis of reporting (dollars in thousands):

	General	Police District Fund	Sewer & Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds
Fund Balances at December 31, 2013, Prepared in accordance with GAAP	\$ 79,289	\$ (3,445)	\$ 62,517	\$ 284,637	\$ 116,319
Add:					
Funding for Tax Certiorari and Other Judgments	101,080				
Funding for Termination Pay	12,969	800	123		
Pension Benefits - Modified Accrual Basis Only	68,446	31,483	1,817		
Sale of Mitchel Field Leases	34,896				
Less:					
Encumbrances	(80,607)	(569)	(18,409)		
Payments for Tax Certiorari and Other Judgments	(101,080)				
Payments for Termination Pay	(12,969)	(800)	(123)		
Unbudgeted FEMA Fund					(549)
Unbudgeted Grant Fund					(49,055)
Unbudgeted NCTSC					(218)
Unbudgeted Capital Project Fund				(284,637)	
Unbudgeted NCTSC Debt Service Fund					(23,151)
Unbudgeted SFA					(8,389)
Unbudgeted NIFA Debt Service Fund					(15,519)
Fund Balances at December 31, 2013, Prepared on the Budgetary Basis of Reporting	<b>\$ 102,024</b>	<b>\$ 27,469</b>	<b>\$ 45,925</b>	<b>\$</b>	<b>\$ 19,438</b>

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

14. FUND BALANCES

Fund Balance classifications for the governmental funds at December 31, 2013 were (dollars in thousands):

FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars to Thousands)

	General	NIFA General Fund	Police District Fund	Sewer & Storm Water Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>							
Prepays and other	\$ 40,959	\$ 58	\$ 10,494	\$ 606		\$ 1,003	\$ 53,120
<b>Spendable:</b>							
<b>Restricted for:</b>							
Capital projects					7,099		7,099
Debt service		15,349				39,778	55,127
Open space	1,087						1,087
Legislative							
Judicial						478	478
General Administration						23,576	23,576
Protection of Persons						2,334	2,334
Health						20,486	20,486
Public Works						429	429
Recreation and Parks						685	685
Sewage							
Social Services						343	343
Corrections						287	287
<b>Total Restricted</b>	<b>1,087</b>	<b>15,349</b>			<b>7,099</b>	<b>88,396</b>	<b>111,931</b>
<b>Committed to:</b>							
Capital projects					277,538		277,538
Environmental Protection						19,438	19,438
<b>Total Committed</b>					<b>277,538</b>	<b>19,438</b>	<b>296,976</b>
<b>Assigned to:</b>							
General Administration		560				7,482	8,042
Public Works				61,911			61,911
<b>Total Assigned</b>		<b>560</b>		<b>61,911</b>		<b>7,482</b>	<b>69,953</b>
<b>Unassigned</b>	<b>37,243</b>		<b>(13,939)</b>				<b>23,304</b>
<b>Total Fund Balance</b>	<b>\$ 79,289</b>	<b>\$ 15,967</b>	<b>\$ (3,445)</b>	<b>\$ 62,517</b>	<b>\$ 284,637</b>	<b>\$ 116,319</b>	<b>\$ 555,284</b>

15. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The County provides health care benefits in accordance with New York State Health Insurance Rules and Regulations administered by the New York State Department of Civil Service (the "NYSHIP" plan). The County's several union contracts and ordinances require the County to provide all eligible enrollees with either the NYSHIP plan or other equivalent health insurance. Substantially all of the County's retirees and employees are enrolled in the NYSHIP Plan. NYSHIP is a defined benefit agent multiple-employer healthcare plan. Under the provisions of the NYSHIP Plan, premiums are adjusted on a prospective basis for any losses experienced by the NYSHIP Plan. The County has the option to terminate its participation in the NYSHIP Plan at any time without liability for its respective share of any previously incurred loss.



**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**15. OTHER POSTEMPLOYMENT BENEFITS (Continued)****Funding Policy**

Eligibility for health benefits upon retirement are governed by Ordinance bargaining unit, age, and years of service. Non-union employees hired after August 2008 are required to have 10 years of governmental service, 5 of which must be with the County to be eligible for post retirement health insurance benefits. CSEA employees hired after August 2003 are required to have 10 years of County employment. All other employees are eligible after 5 years of service. The County contributes 100% of the health insurance costs for the Government Employees Health Insurance program for all police officers and County employees who retired after December 31, 1975, with the exception of Ordinance employees hired after January 1, 2002 who are required to contribute either 5% or 10% of the cost depending on coverage. For employees who retired prior to December 31, 1975, the County's contribution is reduced in accordance with the union agreement applicable to their respective retirement dates. Nassau County is not required by law to provide funding other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. The County recognizes the expenditure of providing current and postretirement health care benefits in the year to which the insurance premiums apply. The total cost of providing health care benefits was \$281.3 million in 2013, of which approximately \$147.8 million was for retirees and approximately \$133.5 million was for active employees and other eligible individuals. Starting in 2013, the Medicare Reform Act of 2003 no longer provides a subsidy to employers who continued prescription drug coverage for its Medicare eligible retirees but instead is reflected in the premium rates.

**Annual OPEB Cost and Net OPEB Obligation**

The County provides group health care benefits for retirees (and for eligible dependents and survivors of retirees). The following are the retiree contributions for non-union (Ordinance #543) employees:

- Hired prior to January 1, 2002 or earning less than \$30,000 in the year of retirement: none
- Hired on or after January 1, 2002 and earning more than \$30,000 per year in the year of retirement: 5% of premium for single coverage and 10% of the premium for family coverage
- Union employees (CSEA Local 830): none
- Public safety employees: none
- Employees who retired prior to 1976 pay contributions (varies as a percentage of the premium)

An actuarially determined valuation of these benefits was performed by an outside consultant to estimate the impact of changes in GASB accounting rules applicable to the retiree medical benefits for retired employees and their eligible dependents.

The County elected to record the entire amount of the Unfunded Actuarial Accrued Liability ("UAAL"), totaling approximately \$3.5 billion in the fiscal year ended December 31, 2007, and not to fund the UAAL in excess of the pay-as-you-go amounts necessary to provide current benefits to retirees and eligible beneficiaries/dependents. The UAAL, including accrued interest relating to postemployment benefits is approximately \$4.6 billion as of December 31, 2013 which included both the County and an allocation of the Nassau Health Care Corporation's cost as of December 31, 2013. The County is not required by law or contractual agreement to provide funding for postemployment retirement benefits other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. During the fiscal year ended December 31, 2013, the County paid \$147.8 million on behalf of the Plan, exclusive of component units.

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The County's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC") of the employer, an amount that was actuarially determined by using the Projected Unit Credit Method (one of the actuarial cost methods that meet the requirements of GASB Statement No. 45). The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The County uses a level dollar amount and an amortization period of one year on an open basis.

The following table shows the elements of the County's annual OPEB cost for the year, the amount actually paid, and changes in the County's net OPEB obligation to the plan for the year ended December 31, 2013 (dollars in thousands):

Calculation of ARC and Annual OPEB Cost

	Primary Government			Major Discretely Presented Components	
	Nassau County	Nassau County Interim Finance Authority	Total	*Nassau Community College	**Nassau Health Care Corporation
Amortization of UAAL	\$ 4,649,542	\$ 1,553	\$ 4,651,095	\$ 301,240	\$ 13,610
Service Cost at the Beginning of year	129,152	106	129,258	14,024	24,924
Interest	89,601	31	89,632	5,911	819
Annual Required Contribution	4,868,295	1,690	4,869,985	321,175	39,353
Interest on net OPEB Obligations	183,709	45	183,754	12,215	10,520
Adjustment to ARC	(5,082,621)	(1,244)	(5,083,865)	(337,960)	(9,533)
Total Annual OPEB cost	(30,617)	491	(30,126)	(4,570)	40,340
Actual Contributions	147,813	25	147,838	8,905	7,061
Increase in net OPEB obligation	(178,430)	466	(177,964)	(13,475)	33,279
Net OPEB Obligation 2012	4,898,912	1,199	4,900,111	325,745	247,539
Net OPEB Obligation 2013	\$ 4,720,482	\$ 1,665	\$ 4,722,147	\$ 312,270	\$ 280,818

\* Nassau Community College data as of fiscal year ended August 31, 2013

\*\* Nassau Health Care Corporation uses a 30 year basis for amortization

As of December 31, 2013, the County's actuarial accrued liability was approximately \$4.6 billion and the 2013 payroll cost (i.e. covered payroll) was \$843.0 million or 551.5% of the unfunded liability amount. The County's annual OPEB cost, exclusive of blended component units, the actual annual OPEB amount contributed to the plan, and the net OPEB obligation for the fiscal years ended December 31, 2013, 2012 and 2011, were as follows (dollars in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual		Net OPEB Obligation
		Actual Annual OPEB Cost Paid	OPEB Cost Contributed	
12/31/13	\$ (30,617)	\$ 147,813	-482.8%	\$ 4,720,482
12/31/12	\$ 339,825	\$ 148,587	43.7%	\$ 4,898,912
12/31/11	\$ 996,281	\$ 143,690	14.4%	\$ 4,707,674

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2013

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions

The OPEB-specific actuarial assumptions used in the January 1, 2013, OPEB actuarial valuation (which is required at least biennially) are as follows:

Valuation date:	January 1, 2013
Actuarial cost method:	Projected Unit Credit Method
Discount rate:	3.75% per annum

**Healthcare Inflation Rate** - Medicare Part B reimbursements and dental premiums were assumed to have a separate annual trend of 5.0%. Vision benefit costs are limited by contract and no trend was applied. For medical benefits, actual 2013 and 2014 Empire premiums were used. Trend increases for medical benefits start in 2014 at a 5.0% level.

**Health Care Cost Trend Rate (“HCCTR”)** - The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 12.2 utilizing the baseline assumptions included in the model. Further adjustments are made for aging, percentage of costs associated with administrative expenses, trend on administrative costs, potential excise taxes due to healthcare reform, and other healthcare reform provisions. Short-term trends reflect current conditions and are graded into the long-term trend that takes into account a variety of factors such as medical cost increases, changes in utilization of healthcare services, and technological advances. The trend assumption utilized in this valuation has changed from the assumption used in the previous valuation. The estimated impact of the excise tax due to Healthcare Reform (“Cadillac Tax”) has been incorporated in the valuation through an adjustment to the trend assumption.

Covered medical expenses are assumed to increase by the following percentages:

HCCTR Assumptions:

Fiscal Year	Prior to Medicare Eligibility	After Medicare Eligibility
2014*	N/A	N/A
2015	5.0%	5.0%
2016	5.0	5.0
2017	6.0	6.0
2018	6.0	6.0
2019	6.2	6.1
2020	6.2	6.0
2025	7.1	5.9
2030	6.7	5.8
2035	6.5	6.1
2040	5.9	6.3
2045	5.7	5.9
2095	4.4	4.5

\*Trend not applicable as actual 2014 premiums were valued.

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2013

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15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (Continued)

Health insurance benefits are provided by the New York State Health Insurance Plan. This also includes a reimbursement of Medicare Part B premium. Benefits vest at five to ten years of service and are subject to continuous participation in NYSHIP.

The premium rate is used for all non-Medicare eligible retirees and dependents with basic medical coverage.

Monthly premium rates for the projected January 1, 2013 valuation are shown in the following table:

Pre-65 Non Medicare		
Single	\$	767.98
Family		1,686.56
Post-65 Medicare		
Single		399.33
Family – 1 Medprime		1,317.93
Family – 2 Medprime		949.28
Medicare (Part B) – per person		104.90

No retiree was assumed to have income in excess of the threshold, which would result in increasing Part B premium above 25% of Medicare Part B Costs.

**Mortality** - Mortality rates are those recommended by the actuary:

**Preretirement**

RP2000 Employee Mortality Table for Males and Females. Rates are projected for mortality improvement on a generational basis using Scale AA.

**Postretirement**

RP2000 Healthy Annuitant Mortality Table for Males and Females. Rates are projected for mortality improvement on a generational basis using Scale AA.

**Postretirement Disabled Lives**

RP2000 Disabled Annuitant Mortality table for Males and Females. No provision was made for future mortality improvements for disabled lives.

It should be noted that actuarial valuations have inherent limitations, reflect a long-term perspective, and involve estimates of the value of the reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and of the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal and contractual funding limitations on the pattern of costs sharing between the employer and plan members in the future. Actuarial methods and assumptions used also include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2013

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (Continued)

The schedule of funding progress presents the results of OPEB valuations as of January 1, 2013, 2012 and 2011 for the fiscal year ending December 31, 2013. The schedule provides trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits (dollars in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)* (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
1/1/13	\$ 0	\$ 4,649,542	\$ 4,649,542	0.0%	\$ 843,034	551.5%
1/1/12	0	4,803,521	4,803,521	0.0%	906,847	529.7%
1/1/11	0	4,618,696	4,618,696	0.0%	880,434	524.6%

\* Based on the Projected Unit Credit Actuarial Cost Method.

16. CONTINGENCIES AND COMMITMENTS

A. Claims and Litigation

The County, its officers and employees are defendants in litigation. Such litigation includes, but is not limited to, actions commenced and claims asserted against the County arising out of alleged torts, alleged breaches of contracts (which include union and employee disputes), condemnation proceedings, medical malpractice actions and other alleged violations of law. The County self-insures for everything except for: property insurance on its police helicopters and selected leased facilities; a blanket fidelity bond covering all County employees; and the following coverage for the summer recreation program: accident insurance, umbrella liability and general liability. Settlements have not exceeded insurance coverage in any of the last three years. Essentially all other risks are assumed directly by the County. All malpractice occurrences prior to September 29, 1999 are the responsibility of the County of which there are no active cases. Subsequent malpractice occurrences arising from events in connection with NHCC are the responsibility of NHCC.

The County annually appropriates sums for the payment of judgments and settlements of claims and litigation, which appropriations may be financed, in whole or in part, pursuant to the Local Finance Law by the issuance of County debt. The County intends to defend itself vigorously against all claims and in all litigation. Estimated liabilities of approximately \$295.0 million for claims and litigation (excluding tax certiorari claims) have been recorded as a liability in the government-wide financial Statement of Net Position as of December 31, 2013. Approximately \$250.9 million has been recorded as a liability in the government-wide financial Statement of Net Position, at December 31, 2013, related to workers' compensation claims, as estimated by the County's third party administrator. The workers' compensation amount is a liability separate from all other non-workers' compensation claims and litigation. The liability for certain other asserted and unasserted malpractice claims cannot be estimated as of December 31, 2013.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**16. CONTINGENCIES AND COMMITMENTS (Continued)****B. Tax Certioraris**

In fiscal 2013, there were approximately 130,863 taxpayers' claims (residential and commercial) filed against the Board of Assessors, for the incorrect determination of assessed valuation (certiorari proceedings) for the 2013 (May 1, 2014) assessment roll. The total amount of bonds issued by the County and NIFA and still outstanding for property tax refunds was approximately \$1.0 billion at December 31, 2013. This amount has been included with serial bonds reported in the government-wide financial Statement of Net Position. An amount estimated for future settlements and judgments of \$293.6 million has also been recorded as a long-term liability in the government-wide financial Statement of Net Position at December 31, 2013, of which approximately \$70.0 million have been recorded as current liabilities in the government-wide Statement of Net Position. Additional accrued liabilities for tax certioraris of \$31.5 million have been recorded as current liabilities in the governmental fund statements and the Statement of Net Position.

For the year-ended December 31, 2013, tax certiorari expenditures recorded in the governmental funds were \$81.3 million, comprised of, a \$9.6 million reduction of the prior year's expense accrual, \$15.9 million financed with operating funds, in addition to \$75.0 million paid with borrowed funds.

In an order dated December 27, 2012, Nassau Supreme Court Justice Adams directed that the County shall satisfy certain property tax refund judgments in 2013 (*i.e.*, not in 2012), and prohibited such petitioners from commencing any collection proceedings prior to January 15, 2013. The total tax certiorari judgments affected by the order were estimated in 2012 to be approximately \$88.0 million and resulted in the deferral of this tax certiorari expense to 2013. In 2013, the actual amount was determined to be \$76.0 million. Of these judgments, \$70.1 million have been paid in 2013 and the remainder (\$5.9 million) was accrued as a short-term liability in the governmental funds as of December 31, 2013.

**C. Contingencies under Grant Programs**

The County participates in a number of Federal and State grant programs some of which are funded under the American Recovery and Reinvestment Act ("ARRA"). These programs are subject to financial and compliance audits by the grantors or their representatives.

Provisions for certain expected disallowances, where considered necessary, have been made as of December 31, 2013. In the County's opinion, any additional disallowances resulting from these audits will not be material.

**D. Certain Third - Party Reimbursement Matters**

Net patient service revenue of NHCC's health facilities included amounts estimated to be reimbursable by third-party payer programs. Such amounts are subject to revision based on changes in a variety of factors as set forth in the applicable regulations. It is the opinion of NHCC's management that adjustments, if any, would not have a material effect on the County's financial position.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**16. CONTINGENCIES AND COMMITMENTS (Continued)****E. Insurance**

The County carries property insurance on its police helicopters, a blanket fidelity bond covering all County employees and the following coverage for the summer recreation program: accident insurance, umbrella liability and general liability. Essentially all other risks are assumed directly by the County.

***Nassau Health Care Corporation Insurance***

For the policy years ended (or ending) September 29, 2007 to 2014, the Captive issued hospital professional and employee benefits liability policies on a claims-made basis and a commercial general liability policy on an occurrence basis. The Captive's liability on the hospital professional and employee benefits liability policy is \$7.0 million per person (\$10.0 million for policy years prior to 2008) with no aggregate limit and employee benefits liability limits of \$1.0 million per claim up to an aggregate of \$1.0 million. An excess buffer limit of \$3.0 million per person/\$3.0 million in the aggregate was introduced above the \$7.0 million per person primary limit on the hospital professional policy for the September 29, 2012 renewal. The liability on commercial general policies is \$1.0 million per occurrence, except for fire damages, where the limit is \$50,000 for any one fire, and medical payment, where the limit is \$5,000 for any one person. The commercial general liability policy is subject to an aggregate limit of \$3.0 million.

The Captive is subject to minimum capital requirements as established by the Cayman Islands Monetary Authority (the "Monetary Authority"). The NHCC has committed to fund any shortfalls of capital relative to the minimum statutory requirements and to provide any necessary financial support to the Captive as may be deemed necessary. The Captive's ability to operate is dependent upon such support. In March 2014, the NHCC funded approximately \$1.2 million to meet the Captive's minimum capital requirements at December 31, 2013.

In 2006, the Captive loaned the NHCC \$10.0 million. The loan is re-payable on demand and has been renewed until December 31, 2014. The loan bears interest at a rate of 5% per annum, payable semiannually. Additionally, in January 2012, the Captive loaned the NHCC an additional \$10.0 million. The loan is repayable on demand and matures on December 31, 2014. The loan bears interest at a rate of 4% per annum and is payable semiannually. At December 31, 2013, the full loan amount of \$20.0 million under both loans remains outstanding; such balance is eliminated in the NHCC's statement of net position.

The Captive has entered into a note agreement with the NHCC in the amount of \$5.5 million (the "Note"). The Note is unfunded. The Note is unsecured, non-interest bearing and has no specific terms of repayment. The Captive may cancel the Note at any time. In order to support the ability for the Captive to continue operations, the Captive may call the Note to provide cash flow as loss reserves develop. The ability of the Captive to receive payment under the Note is dependent on the NHCC's financial strength. The Monetary Authority has indicated that it recognizes the Note as funds available to meet the Captive's minimum statutory requirements for net worth in the Cayman Islands. At December 31, 2013, the Captive was in compliance with its minimum capital requirement due to the funding provided by the NHCC in March 2014.

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2013

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16. CONTINGENCIES AND COMMITMENTS (Continued)

E. Insurance (Continued)

*Nassau Health Care Corporation Insurance (Continued)*

The Captive's activity in the loss reserves and loss adjustment expenses is summarized as follows for the year ended December 31, 2013 (in thousands):

Balance at beginning of year	\$ 41,968
Incurred related to:	
Current year	9,184
Prior years	<u>3,970</u>
Total incurred	13,154
Paid relating to:	
Current year	186
Prior years	<u>8,287</u>
Total paid	<u>8,473</u>
Balance at end of year	<u>\$ 46,649</u>

Losses and loss adjustment expenses for incurred claims for prior years represent changes in estimates of the ultimate settlement of such losses. In 2013, the Captive experienced unfavorable loss development in which the actual settlements were worse than expected for claims that occurred previously.

Insurance reserves and the related insurance losses and loss adjustment expenses, recorded through the Captive, have been discounted based on an assumed interest rate of 4.0% at December 31, 2013.

In addition to the insurance coverage purchased from the Captive, the NHCC purchases umbrella and other coverage from commercial insurers. For the year ended December 31, 2013, insurance expense totaled \$11.8 million.

An actuarially determined tail liability for estimated exposure from claims incurred but not reported under the Captive's claims-made coverage of approximately \$2.0 million based on a discount rate of 4.0% at December 31, 2013, is included in the professional and other insurance liabilities in the NHCC's statement of net position.

F. Accumulated Vacation and Sick Leave Entitlements

County employees are entitled to accumulate unused vacation leave and sick leave up to certain contractual amounts. At current salary levels, the County's liability for the payment of these accumulations is approximately \$520.4 million exclusive of blended components units at December 31, 2013. At August 31, 2013, the College's vacation leave and sick leave liability was \$53.9 million.



NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2013

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16. CONTINGENCIES AND COMMITMENTS (Continued)

G. Deferred Payroll

In 2009, the County entered into agreements with the Civil Service Employees' Association ("CSEA"), the Police Benevolent Association, ("PBA"), Superior Officers Association, ("SOA"), Detective Association, Inc. ("DAI"), and the Sheriff's Corrections Officers Benevolent Association ("COBA") and certain Ordinance employees, to defer 10 days' pay, which shall be paid to the employee on separation of service at the salary rate then in effect. The County also entered into bargaining agreements with CSEA, PBA, SOA, DAI, and COBA that include deferrals of wages and longevity that cover various periods of time during 2007 through 2011. In 2011, these deferred wages began to be paid to the employee and additional payments are scheduled to be paid through 2015 depending on the bargaining unit, or at termination at the rate earned. The amount deferred at December 31, 2013 was approximately \$63.9 million. The non-current component of this deferral is reported as a long-term liability in the government-wide Statement of Net Position, as certain contractual arrangements to provide for the payment of these commitments at specific dates in future fiscal periods.

The College entered into a similar agreement in 1992 originally to be paid to eligible employees on September 1, 2002, but continues to be deferred in accordance with their current contractual agreement. The amount deferred at the College's fiscal year close of August 31, 2013 was approximately \$0.8 million and is also reported in the government-wide Statement of Net Position. In addition, termination pay for accumulated leave in excess of \$5,000 for CSEA and Ordinance members shall be paid by the County in three equal installments of accumulated days on the three consecutive Januarys following termination. The amount deferred at December 31, 2013 was approximately \$12.0 million, and is also reported in the government-wide Statement of Net Position.

H. Capital Commitments

At December 31, 2013, there were capital project contract commitments of \$263.1 million, some of which may require future funding sources.

I. Material Encumbrances

Material encumbrances (greater than \$5 million) as of the year ended December 31, 2013 were as follows (dollars in thousands):

<u>General Fund</u>		
Pre-School/Special Education contracts with the Health Department	\$	10,803
 <u>Capital Fund</u>		
Construction:		
Buildings		5,909
Disposal		73,308
Protection of Persons		7,390
Roads		5,755
 <u>FEMA Fund</u>		
Contractual		6,879

There were no material encumbrances as of December 31, 2013 in the non-major funds.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**16. CONTINGENCIES AND COMMITMENTS (Continued)****J. Service Concession Arrangements**

The County has determined that there are two service concession arrangements which are reported as of December 31, 2013; (1) Carlton on the Park LTD and (2) Christopher Morley Tennis, LLC. The County has recorded receivables of \$3.8 million, current liabilities of \$70 thousand, non-current liabilities of \$300 thousand and deferred inflows of \$3.4 million in the Statement of Net Position. See details below.

**Carlton on the Park LTD**

The County's agreement with Carlton on the Park, LTD ("the Carlton") grants the Carlton the use of an existing Eisenhower Parks structure, which houses a restaurant and catering facility. The original agreement dates back to 1990 and the current agreement runs from January 1, 2013 through December 31, 2019 with an option to extend the term for an additional two (2) year period upon the reasonable agreement of the Licensee and the County. There were no up-front payments. The Carlton pays a minimum license fee of \$371.0 thousand per year, in monthly installments, with annual increases based on the Consumer Price Index ("CPI"). The Licensee also pays a percentage of its gross revenues, calculated at 18.5% of gross receipts (13% for tax exempt entities), and an annual utility fee of \$70.0 thousand, with increases based on the CPI. The Licensee is responsible for the greater of the minimum license fee payment or the percentage of gross receipts amount. The Carlton is responsible for all improvements and maintenance of the premises. The revenue received by the County is used to fund general fund expenditures. The County has no financial contractual obligations respecting this agreement. The agreement calls for a bond or security deposit of up to \$250,000 at the County's discretion. The County currently has a \$250,000 bond on file which expires on December 31, 2014 and is renewable annually. The County reports a receivable of \$2.0 million and also reports a utility liability of \$370.0 thousand and a deferred inflow of resources in the amount of \$1.6 million as of December 31, 2013, pursuant to the service concession arrangement.

**Christopher Morley Tennis LLC**

The County entered into an agreement with Christopher Morley Tennis, LLC ("Morley Tennis") which was approved by the County Legislature's Rules Committee in 2009. The intent of the County was to provide a place for the public to play tennis year round at reasonable rates. The agreement has a term of twenty years with an additional five-year option upon the agreement of Morley Tennis and County. There were no up-front payments. Morley Tennis erected a new facility. Pursuant to the agreement, Morley Tennis currently pays an annual flat fee of \$111.0 thousand, which increases yearly pursuant to the agreement. A percentage of the gross receipts is paid to the County, beginning at 1% and rising over the term of the agreement to 4.6% in year twenty. Morley Tennis is required to pay for all utilities, capital improvements and maintenance of the premises. The County has no financial contractual obligations respecting this agreement. The facility was completed and occupancy taken by Morley Tennis in November 2013. Pursuant to the agreement, ownership of the facility becomes the County's, at the County's option, at the end of the agreement. Morley Tennis has provided a \$150 thousand performance bond which is in the process of being renewed to cover the faithful performance for the life of the agreement. The County reports a receivable with a carrying amount of \$1.8 million and a corresponding deferred inflow of resources of \$1.8 million as of December 31, 2013, pursuant to the service concession arrangement.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**17. NASSAU HEALTH CARE CORPORATION (“NHCC”)**

Effective September 29, 1999, the NHCC acquired the “Health Facilities” of the County. The purchase, pursuant to the terms of an acquisition agreement between the NHCC and the County (the “Acquisition Agreement”), resulted in the transfer of all real property owned by the County on which the Nassau University Medical Center and A. Holly Patterson Extended Care are situated, as defined. Additionally, as defined in the Acquisition Agreement, the County assumed the net accounts receivable and the majority of liability balances, as defined, of the Health Facilities, which existed on September 28, 1999, as well as commitments to making annual historic mission payments, funding certain capital projects and other costs associated with NHCC.

At December 31, 2013, the NHCC had total net position deficiency of \$387.3 million. The deficiency arose from operating losses and postemployment benefits other than pension liability. NHCC is continuously striving to improve its net position by returning to profitability before other operating items, by continuing to progress with collecting on patient accounts, and through cash flows provided by government subsidies and funding of capital projects. NHCC has undertaken a number of initiatives to return to positive cash flows. Such actions include continued revenue cycle enhancements, renegotiation of all commercial managed care contracts, changes to medical management practices, improved supply chain, inventory management and, further cost reductions from the major modernization program undertaken over the past several years. The modernization program included significant investments in real estate consolidation, facility improvements, clinical equipment and information technology, and enhancements to the community health centers, which are co-operated as Federally Qualified Health Centers. The Successor Agreement, which commenced in November 2007 and is in effect to 2029, clarifies the services provided by NHCC to the County and establishes the mechanism for payments to the Corporation. The Successor Agreement also provided NHCC with capital funding.

**18. EFFECT OF NEW ACCOUNTING STANDARD ON CURRENT-PERIOD FINANCIAL STATEMENTS**

During the year ended December 31, 2013, the County implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. One of the provisions of this Statement is to recognize debt issuance costs as an outflow of resources/expense in the period incurred, as these costs no longer meet the definition of an asset or deferred outflows of resources, as defined in Statement No. 65 or Concepts Statement No. 4.

The implementation of this Statement required the County to retroactively recognize costs of debt issuance as outflows of resources and restate its net position as of January 1, 2013. As a result the County’s January 1, 2013 net position was reduced by \$30.8 million from a deficit balance of \$6.68 billion to \$6.71 billion. The difference represents the County’s retroactive recognition for unamortized bond issuance costs that were amortized under the prior standard but expensed in the period incurred under the new standard.

**19. SUBSEQUENT EVENTS****Debt Issuance**

In June 2014, the County issued Series A Bond Anticipation Notes (“BANS”) of \$114.4 million with an interest rate of 2.0% due February 2, 2015. The BANS were issued to fund various costs related to the remediation and restoration of County facilities and infrastructure from Super Storm Sandy related damage and to pay the costs related to the issuance of the BANS.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**19. SUBSEQUENT EVENTS (Continued)****Debt Issuance (Continued)**

In June 2014, the County issued Series A and Series B Revenue Anticipation Notes in the amount of \$130.0 million and \$69.9 million, respectively, to finance cash flow needs within the County. The Series A Notes bear interest at 2% and mature on March 16, 2015. The Series B Notes bear interest at 2% and mature on April 15, 2015.

**Property Tax Refunds**

The County pays refunds of property taxes levied or imposed by the County Legislature, which, in addition to County taxes, includes those of the towns, special districts and all but one of the school districts in the County. Based on a provision of the County Administrative Code, the County does not charge the cost of such refunds to the towns, special districts and school districts, as would otherwise be required by the New York State Real Property Tax Law ("RPTL"). Local legislation repealed that Code provision beginning with assessment rolls finalized in April 2012 and thereafter. A number of school districts and other jurisdictions in the County brought lawsuits against the County in Nassau Supreme Court challenging the validity of the County's enactment of the local legislation repealing the Code provision. In January 2012, the Supreme Court upheld the validity of the local law and plaintiffs appealed that decision. On February 27, 2013, the Appellate Division, Second Department reversed the decision of the lower court, held that the County did not have the authority to enact such local legislation and granted summary judgment to the plaintiffs declaring that the local legislation violated the New York State Constitution and the New York State Municipal Home Rule Law. On February 18, 2014 the Court of Appeals affirmed the Appellate Division's decision.

On June 20, 2014, the New York State Assembly and the New York State Senate passed legislation (A10097) entitled "An act to amend the Nassau county administrative code, in relation to the levy and extension of real property taxes on class four real property". The legislation, which awaits the Governor's signature, establishes a disputed assessment fund for commercial property assessment disputes in Nassau County. The bill creates a new section 6-41.0 in the Nassau County Administrative Code to provide for a two-step process for commercial property assessment disputes and requires that all payments towards the disputed assessment fund be administered in the same manner as Nassau County real property taxes. Any refund of real property taxes owed to a class four property owner as a result of a settlement or final decision from a court of competent jurisdiction on an RPTL Article 7 Title 1 proceeding or reduction granted by the Nassau County Assessment Review Commission will be paid from the disputed assessment fund. Any funds that remain thereafter shall be distributed pro rata to the County and the applicable school district, town and special districts. The disputed assessment fund aims to maintain the costs of commercial property tax refunds on commercial property owners, protect homeowners by ending their subsidy of commercial property owners' refunds and end borrowing by the County to pay property tax refunds.

**Restatement of 2012 CAFR**

Subsequent to the issuance of the County's 2012 financial statements in July 2013, management determined that the calculation of pension expense, as reported in the governmental funds for the years ended December 31, 2006 through December 31, 2012 and the corresponding entries to the governmental fund balance sheet accounts were misstated. This error was also reflected in the government-wide statements.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**19. SUBSEQUENT EVENTS (Continued)****Restatement of 2012 CAFR (Continued)**

In addition, County management determined that there was an error in the calculation of the government-wide long-term liabilities for the amount owed to the New York State Retirement System ("Retirement Systems") and the corresponding accrual of pension expense for 2011 and 2012.

Corrections were made to the 2012 CAFR and it was reissued on May 30, 2014. As a part of the December 31, 2012 restatement, prior period adjustments were recorded to adjust the 2012 opening fund balance. Opening fund balance for the governmental funds was reduced by \$82.3 million and net position in the government-wide statements was reduced by \$124.4 million. The opening fund balance and opening net position reflected in the 2013 CAFR equals the restated ending 2012 balances.

**Utilities Litigations on RPTL Article 18 and non-benefitted properties**

New York Telephone Company (now known as Verizon), New York Water Service Corporation (now known as American Water), Long Island Water Corporation (now known as American Water) and KeySpan (collectively, the "Utilities") have each filed actions and proceedings challenging the determination of their taxes in 1997, 1998, 1999, and 2000 in the non-County-wide special districts such as police, fire, water and library districts. The Utilities allege that the County erroneously placed all parcels in classes pursuant to the New York State Real Property Tax Law (the "RPTL") in calculating their assessed values for the payment of special district taxes. The Supreme Court, Nassau County declared that the assessments violated the RPTL and constitutional requirements of equal protection. The court directed that discovery be conducted and a trial held to determine the amount of tax refunds, if any, to be awarded to the Utilities. The Appellate Division, Second Department, in 2002 determined that the County violated the RPTL, but granted the County summary judgment dismissing the complaints on the grounds that no refunds should be awarded because of the fiscal impact on the special districts. In 2004 the Court of Appeals remitted the case to the Supreme Court for a trial on both the amount of the refunds due and whether those damages would have such an adverse impact on the County that no refunds should be ordered. The County moved for partial summary judgment on the methodology for calculating the refunds and the trial court decided the motion against the County. The County moved to dismiss all claims and the trial court ruled against the County. In the KeySpan litigation, the Supreme Court denied the County's motion to dismiss the complaint and ordered discovery to proceed in the matter and the related Utilities cases. Discovery in Key Span and the other Utilities cases has been stayed pending the County's appeal of this ruling. The Appellate Division granted the County's application to consolidate arguments concerning the application of the so-called County guaranty in these matters and those described in succeeding paragraph. The Appellate Division rendered a decision in March 2014 finding that the application of the County guaranty does not relieve the County of the obligation to pay tax refunds in these matters.

All parties (utilities, towns, special districts and County) filed motions to re-argue and each party has sought clarification of the Appellate Division's decision, specifically as to when the guaranty requires the County to pay and whether such payment would disrupt the County's operations. In addition, the Town of North Hempstead filed a motion to re-argue with the Appellate Division to amend its order. Motions to re-argue of the County and other parties remain pending. The County intends to continue to defend itself vigorously in these actions and proceedings. It is not possible to predict the outcome of these actions and proceedings or their ultimate impact on the County's financial condition. The County cannot state with certainty the amount of a refund if the court were to order one, but has estimated, depending on the methodology of calculation, that such refund could be as high as \$200 million.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**19. SUBSEQUENT EVENTS (Continued)*****Utilities Litigations on RPTL Article 18 and non-benefitted properties (continued)***

Several third-party actions have been filed against the County seeking indemnification for judgments and/or claims currently pending against the Towns of Hempstead, North Hempstead and Oyster Bay as well as garbage districts within these towns. In the underlying actions the courts have determined that special ad valorem levies may not be imposed upon mass properties of the utilities (Verizon, American Water and others) for garbage and refuse collection services because such properties do not benefit from these services and ordered the towns and garbage districts to refund the payment of the levies. The towns and garbage districts seek to have the County indemnify these judgments on the basis that the County is allegedly a guarantor for any claim for an illegal assessment for non-benefitted properties. The County has submitted several motions to dismiss the third-party actions on the basis that the liability or refund for such special ad valorem taxes is the obligation of the towns and special districts. In those cases where the County's motion to dismiss was denied the County has filed motions to re-argue and/or filed notices of appeal. The Appellate Division granted the County's application to consolidate arguments concerning the application of the so-called County guaranty in these matters and those described in preceding paragraph. The Appellate Division rendered a decision in March 2014 finding that the application of the County guaranty does not relieve the County of the obligation to pay tax refunds in these matters. All parties (utilities, towns, special districts and County) filed motions to re-argue and each party has sought clarification of the Appellate Division's decision, specifically as to when the guaranty requires the County to pay and whether such payment would disrupt the County's operations. The County and the Town of North Hempstead are also seeking leave to appeal this decision to the Court of Appeals. Other parties may file applications for leave to the Court of Appeals as well. On June 11, 2014, the Appellate Division denied the motions to re-argue of the County and the Town of Oyster Bay in the matters of *Keyspan Gas East v. Town of Oyster Bay v. Nassau County and Verizon v. Town of Oyster Bay v. Nassau County*. The County has motions to re-argue pending for cases involving the Town of Hempstead (Verizon) and the Town of North Hempstead (Keyspan). The County intends to continue to defend itself vigorously in these actions. It is not possible to predict the outcome of these actions and proceedings or their ultimate impact on the County's financial condition. As third-party claims in these non-benefitted garbage district cases continue to be filed against the County it is difficult to predict the total outstanding liability should a court determine the County is ultimately responsible to reimburse the towns and special districts; however, at present the estimated refunds amount could be as high as \$95.0 million.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**19. SUBSEQUENT EVENTS (Continued)****NIFA Wage Freeze Litigation**

On February 14, 2013, the U.S. District Court for the Eastern District of New York issued an opinion in Carver, et al. v. Nassau County Interim Finance Authority, et al. granting the plaintiffs' (law enforcement unions) motion for summary judgment seeking to nullify NIFA's imposition of a wage freeze in 2011. Although the matter was brought by plaintiffs in federal court, the court resolved the motion on exclusively New York State law grounds, i.e., an interpretation of the N.Y. Public Authorities Law Section 3669. The decision was stayed pending an appeal to the United States Court of Appeals for the Second Circuit. On September 20, 2013, the U.S. Court of Appeals for the Second Circuit vacated the decision of the U.S. District Court and remanded the matter for further proceedings, specifically, directing the U.S. District Court to dismiss the State law claim and retain jurisdiction only over the federal constitutional claim. On October 2, 2013, plaintiffs notified the U.S. District Court that they intended to file a State court action regarding the authority of NIFA to impose the wage freeze under State law. On October 3, 2013, the U.S. District Court stayed the federal action "pending completion of the state court proceeding without prejudice to re-opening, upon letter application, at the conclusion of the state court proceedings." In October 2013, the plaintiffs in this and related cases filed the anticipated State court actions. On March 12, 2014 State Supreme Court Justice Arthur M. Diamond ruled in this and related lawsuits that NIFA "did not exceed its authority to impose wage freezes in 2011, 2012 and 2013." The unions have filed appeals of this decision. The County and five of its unions (PBA, CSEA, SOA, DAI and COBA) respectively have agreed (among other things) to settle in part this and certain related cases, and such unions respectively have released the County and NIFA from liability for the parts of the lawsuit which were settled. It is not possible to predict the ultimate outcome of this and related cases or their ultimate impact on the County's financial condition; however, the County estimates that, in the event of a final adverse decision, the amount of its retroactive liability for this and related cases would be approximately \$101.0 million, including ancillary costs such as payroll taxes and pension contributions, among others.

**NIFA Wage Freeze**

On March 10, 2014, NIFA adopted a resolution similar to those adopted on March 24, 2011, March 22, 2012 and March 14, 2013, imposing successive wage freezes of one year each on County employees. The wage freezes suspend all increases in salary or wages of employees of the County, which were to take effect after the date of the order pursuant to collective bargaining agreements, and other analogous contracts or interest arbitrations awards then in existence or thereafter entered into. All increased payments for holiday and vacation differentials, shift differentials, salary adjustments according to plan, and step-ups and increments are also suspended. On May 3, 2014 NIFA adopted resolutions approving respective memorandums of agreement between the County and four employee unions (not including COBA) ending the wage freeze with respect to such unions. The memorandum of agreement for COBA was approved by NIFA on September 10, 2014. The memorandums of agreement contain provisions to pay certain step increases and cost of living adjustments, among other things.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**19. SUBSEQUENT EVENTS (Continued)****Looks Great Services Inc., Litigation**

In July 2013, the County was served with a summons and complaint by Looks Great Services, Inc. (“Looks Great”) for alleged breach of contract surrounding the services it provided to the County for tree and debris removal related to Super-Storm Sandy damage and tortious interference with contracts. Looks Great sought \$13.8 million from the County. For fiscal year 2012, the County accrued expenses and reserved for, as a liability, an amount equal to the estimated cost of services incurred in 2012 and obligated in its FEMA fund an amount equal to the expected cost of services under its contract with Looks Great. In 2014, the County resolved the contractual claims and paid the principal amounts owed pursuant to the contract which was approximately \$13.0 million. Looks Great claims it is entitled to interest in addition to the principal amount paid, which the County disputes. The amount of interest that Looks Great is seeking is approximately \$500,000. The County believes that the dispute over interest will be resolved in the County’s favor. Therefore, it is expected that no additional liability will arise as a result of this litigation.

**Restivo et al**

In *Restivo v. County of Nassau, et al. and Kogut v. County of Nassau, et al. and Halstead v. County of Nassau, et al.*, plaintiffs are suing in their own behalf for compensatory and punitive damages arising out of their 1985 arrests and 1986 convictions in the rape and murder of Theresa Fusco. In 2003, the Nassau County District Attorney’s Office joined plaintiffs’ (then defendants’) counsel in a motion to vacate the judgment of conviction against them because DNA technology disclosed that John Kogut, John Restivo and Dennis Halstead were not the sources of the DNA found in the victim’s body. Based upon Mr. Kogut’s prior confession, he was re-tried in 2005. After a bench trial, the County Court Judge acquitted Mr. Kogut. Shortly thereafter (in 2005), the indictment against Mr. Restivo and Mr. Halstead was dismissed. In 2006, plaintiffs commenced the present federal civil rights actions. On November 29, 2012, the jury found the County and the other defendants not liable in these actions. On July 22, 2013, Judge Joanna Seybert denied Mr. Kogut’s motion to set aside the jury verdict and granted in part Mr. Halstead’s and Mr. Restivo’s motions to set aside the verdict due to the possibility the jury did not understand the court’s charge with respect to their claim of malicious prosecution, which the Judge nonetheless deemed “legally correct”. The County moved for reconsideration of the decision granting Mr. Halstead and Mr. Restivo a new trial, or, in the alternative, for permission to appeal the decision. On October 30, 2013, Judge Seybert denied the County’s motion and a re-trial began on March 17, 2014 and concluded on April 11, 2014. The jury found only one defendant liable for violations of the defendants’ civil rights. A subsequent trial for damages was held and on April 17, 2014 the jury set damages at \$36.0 million. The County is appealing the verdict from the re-trial as well the original underlying determination to grant the re-trial after the County and the other defendants were found not liable in November 2012. The County will continue to defend itself vigorously in these proceedings. It is not possible to predict the outcome of these actions and proceedings or their ultimate impact on the County’s financial condition.



**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

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**19. SUBSEQUENT EVENTS (Continued)****Sewer System Operating Agreement with United Water**

On July 18, 2014, the County Legislature approved an Agreement for the Operation and Maintenance of the Nassau County Sewer System by and between United Water Long Island Inc. (“United Water”) and The County of Nassau, New York (the “Agreement”). The Agreement provides for the operation and maintenance of the County’s sewer system by United Water, with an initial term of twenty years, which may be renewed for an additional term as permitted by applicable law by mutual agreement of the parties. The first year fee for these services is \$57.4 million plus an estimated cost for natural gas and diesel fuel of \$7.6 million, which the County will provide. The total first year cost, therefore, is estimated to be \$64.9 million (rounded). The Agreement includes an inflationary adjustment to the service fee in each of the subsequent years, which is tied to the consumer price index and the employment cost index. This represents savings of \$24.3 million, or a 27% reduction, in operating costs (offset by the cost of retained County employees) compared to the \$89.2 million cost of such services in the 2014 budget for the County’s sewer and storm water resources district. The agreement was approved by NIFA on September 10, 2014.

**New York State Reimbursement of County’s 10% FEMA Match**

On July 23, 2014, Governor Andrew M. Cuomo announced funding to cover local government costs to repair and rebuild infrastructure damaged by Super-Storm Sandy including debris removal and emergency protective measures, from the state allocated Community Development Block Grant – Disaster Relief (“CDBG-DR”). The FEMA Public Assistance (PA) program covers immediate post-storm response needs like debris removal and emergency protective measures, and provides funds for the repair and rebuilding of publically owned infrastructure that was damaged including roads, school bridges, parks, hospitals, police stations, fire houses, water and waste water treatment facilities and other public facilities. As part of FEMA’s public assistance program, FEMA pays for 90% of a project cost while the local governments and public entities are required to cover the remaining 10% of the costs incurred as a result of federally declared disasters.

Through the Governor’s action, this allocation of CDBG-DR funds will be applied towards the County’s 10% obligation. The County’s 10% share of these expenditures, has been recorded in the 2012 and 2013 financial statements. The amount reported was \$11.8 million and \$4.7 million, respectively. Funds received from New York State will be recognized as revenue in the fiscal year they are received.

**REQUIRED SUPPLEMENTARY INFORMATION**

**EXHIBIT X-14**

**COUNTY OF NASSAU, NEW YORK**

**SCHEDULE OF FUNDING PROGRESS - NASSAU COUNTY PORTION  
POSTEMPLOYMENT RETIREMENT HEALTHCARE BENEFIT PLAN  
DECEMBER 31, 2013 (Dollars in Thousands)**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>Accrued Percentage of Covered Payroll (b-a)/c</b>
1/1/13 *	\$ 0	\$ 4,649,542	\$ 4,649,542	0.0%	\$ 843,034	551.5%
1/1/12	0	4,803,521	4,803,521	0.0%	906,847	529.7%
1/1/11	0	4,618,696	4,618,696	0.0%	880,434	524.6%

\* The last full actuarial valuation was performed in 2013.

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

**EXHIBIT A-1****COUNTY OF NASSAU, NEW YORK****COMBINING BALANCE SHEET****NONMAJOR GOVERNMENTAL FUNDS****DECEMBER 31, 2013 (Dollars in Thousands)**

	Nonmajor Special Revenue Funds				Nonmajor Debt Service Funds			Total Nonmajor Governmental Funds
	Environmental Protection Fund	Tobacco Settlement Corp	Sewer Financing Authority	Grant Fund	FEMA Fund	Tobacco Settlement Corp	NIFA	
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 28,426	\$ 201	\$ 8,389	\$ 89,745	\$ 20,898	\$	\$	\$ 147,659
Restricted Cash							89	89
Restricted Investments						23,151	46,078	69,229
Interest Receivable							119	119
Due From Other Governments				26,577	67,204			93,781
Accounts Receivable				288				288
Interfund Receivables				79	1,707		15,346	17,132
Prepays		17		986				1,003
Other Assets				277				277
<b>TOTAL ASSETS</b>	<b>\$ 28,426</b>	<b>\$ 218</b>	<b>\$ 8,389</b>	<b>\$ 117,952</b>	<b>\$ 89,809</b>	<b>\$ 23,151</b>	<b>\$ 61,632</b>	<b>\$ 329,577</b>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>Liabilities:</b>								
Accounts Payable	\$	\$	\$	\$ 7,610	\$ 12,501	\$	\$	\$ 20,111
Accrued Liabilities				6,083	768		46,091	52,942
Grant Advances				50,766	152			50,918
Interfund Payables	8,988			3,665	75,839		22	88,514
Due to Component Unit				610				610
Other Liabilities				163				163
<b>Total Liabilities</b>	<b>8,988</b>			<b>68,897</b>	<b>89,260</b>		<b>46,113</b>	<b>213,258</b>
<b>Fund Balance:</b>								
Nonspendable		17		986				1,003
Spendable								
Restricted			1,108	48,069	549	23,151	15,519	88,396
Committed	19,438							19,438
Assigned		201	7,281					7,482
<b>Total Fund Balance</b>	<b>19,438</b>	<b>218</b>	<b>8,389</b>	<b>49,055</b>	<b>549</b>	<b>23,151</b>	<b>15,519</b>	<b>116,319</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 28,426</b>	<b>\$ 218</b>	<b>\$ 8,389</b>	<b>\$ 117,952</b>	<b>\$ 89,809</b>	<b>\$ 23,151</b>	<b>\$ 61,632</b>	<b>\$ 329,577</b>

**EXHIBIT A-2****COUNTY OF NASSAU, NEW YORK****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

	Nonmajor Special Revenue Funds				Nonmajor Debt Service Funds			Total Nonmajor Governmental Funds	
	Environmental Protection Fund	Tobacco Settlement Corp	Sewer Financing Authority	Grant Fund	FEMA Fund	Tobacco Settlement Corp	Sewer Financing Authority		NIFA
<b>Revenues:</b>									
Fines and Forfeits	\$	\$	\$	1,583	\$	\$	\$	\$	1,583
Interest Income			7	82		3		157	249
Rents and Recoveries				63					63
Tobacco Receipts						19,210			19,210
Departmental Revenue				3,254					3,254
Interdepartmental Revenue					4,660				4,660
Interfund Revenue				234					234
Federal Aid			1,108	98,828	42,376				142,312
State Aid				66,068					66,068
Property Taxes	11,276								11,276
Special Taxes				3,376					3,376
<b>Total Revenues</b>	<b>11,276</b>		<b>1,115</b>	<b>173,488</b>	<b>47,036</b>	<b>19,213</b>		<b>157</b>	<b>252,285</b>
<b>Expenditures:</b>									
Current:									
Judicial				3,756					3,756
General Administration		123	70	46,453	550		101		47,297
Protection of Persons				12,308	324				12,632
Health				52,526	2,803				55,329
Public Works				598	42,230				42,828
Recreation and Parks				6,553	610				7,163
Social Services				13,869	20				13,889
Corrections				2,047	13				2,060
<b>Total Current</b>		<b>123</b>	<b>70</b>	<b>138,110</b>	<b>46,550</b>		<b>101</b>		<b>184,954</b>
Debt Service:									
Principal							7,955	150,965	158,920
Interest						19,331	7,310	48,123	74,764
<b>Total Debt Service</b>						<b>19,331</b>	<b>15,265</b>	<b>199,088</b>	<b>233,684</b>
<b>Total Expenditures</b>		<b>123</b>	<b>70</b>	<b>138,110</b>	<b>46,550</b>	<b>19,331</b>	<b>15,366</b>	<b>199,088</b>	<b>418,638</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,276	(123)	1,045	35,378	486	(118)	(15,366)	(198,931)	(166,353)
<b>Other Financing Sources (Uses):</b>									
Transfers In				79					79
Transfers Out	(8,989)								(8,989)
Transfers In from NIFA								200,641	200,641
Transfers Out to NIFA								(1,296)	(1,296)
Transfers In from SFA			117,275				42,428		159,703
Transfers Out to SFA			(116,218)				(27,062)		(143,280)
Transfers In from TSC		75							75
Transfers Out to TSC						(75)			(75)
<b>Total Other Financing Sources (Uses)</b>	<b>(8,989)</b>	<b>75</b>	<b>1,057</b>	<b>79</b>		<b>(75)</b>	<b>15,366</b>	<b>199,345</b>	<b>206,858</b>
<b>Net Change in Fund Balance</b>	<b>2,287</b>	<b>(48)</b>	<b>2,102</b>	<b>35,457</b>	<b>486</b>	<b>(193)</b>		<b>414</b>	<b>40,505</b>
<b>Fund Balance Beginning of Year</b>	<b>17,151</b>	<b>266</b>	<b>6,287</b>	<b>13,598</b>	<b>63</b>	<b>23,344</b>		<b>15,105</b>	<b>75,814</b>
<b>Fund Balance End of Year</b>	<b>\$ 19,438</b>	<b>\$ 218</b>	<b>\$ 8,389</b>	<b>\$ 49,055</b>	<b>\$ 549</b>	<b>\$ 23,151</b>		<b>\$ 15,519</b>	<b>\$ 116,319</b>

**EXHIBIT A-3****COUNTY OF NASSAU, NEW YORK****COMBINING STATEMENT OF NET POSITION****NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY****DECEMBER 31, 2013****(Dollars in Thousands)**

	Nassau County Bridge Authority*	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Nassau County Local Economic Assistance Corporation	Total Nonmajor Discretely Presented Component Units
<b>ASSETS</b>					
CURRENT ASSETS:					
Cash and Cash Equivalents	\$ 8,834	\$ 1,160	\$ 1,823	\$ 477	\$ 12,294
Restricted Cash and Cash Equivalents		492			492
Other Receivables	13				13
Accounts Receivable		445	50		495
Inventories	9				9
Prepays	200		41	2	243
Other Assets - Current		413			413
Total Current Assets	9,056	2,510	1,914	479	13,959
NON CURRENT ASSETS:					
Restricted Cash and Cash Equivalents	7,583	1,957			9,540
Capital Assets Not Being Depreciated	9,212	568			9,780
Depreciable Capital Assets	42,897	43,982	97		86,976
Less Accumulated Depreciation	(22,687)	(28,200)	(86)		(50,973)
Total Non Current Assets	37,005	18,307	11		55,323
Total Assets	46,061	20,817	1,925	479	69,282
<b>LIABILITIES</b>					
CURRENT LIABILITIES:					
Accounts Payable and Accrued Liabilities	3,140	8,233	268	10	11,651
Due To Primary Government		367			367
Due to Other Governments		2,348			2,348
Current Portion of Long Term Liabilities	267	1,486	40		1,793
Other Liabilities - Current		535			535
Total Current Liabilities	3,407	12,969	308	10	16,694
NON CURRENT LIABILITIES:					
Notes Payable		1,450			1,450
Bonds Payable	9,895	8,707			18,602
Due to Other Governments, net		3,150			3,150
Accrued Vacation and Sick Pay	528		141		669
Postemployment Retirement Benefits Liability	2,324	45,845	292		48,461
Total Non Current Liabilities	12,747	59,152	433		72,332
Total Liabilities	16,154	72,121	741	10	89,026
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Fee Income	257				257
<b>NET POSITION</b>					
Net Investment in Capital Assets	19,317	4,707	10		24,034
Restricted:					
Nassau County Bridge Authority	10,333				10,333
Capital Projects and Acquisitions		10,792			10,792
Unrestricted		(66,803)	1,174	469	(65,160)
Total Net Position	\$ 29,650	\$ (51,304)	\$ 1,184	\$ 469	\$ (20,001)

\*Amounts presented differ from the audited financial statements of the discretely presented component unit to show the effects of the implementation of GASB 65.

**EXHIBIT A-4****COUNTY OF NASSAU, NEW YORK**
**COMBINING STATEMENT OF ACTIVITIES  
 NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY  
 FOR THE YEAR ENDED DECEMBER 31, 2013  
 (Dollars in Thousands)**

	Nassau County Bridge Authority*	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Nassau County Local Economic Assistance Corporation	Total Nonmajor Discretely Presented Component Units
<b>Expenses</b>	\$ 7,152	61,513	\$ 2,430	\$ 181	\$ 71,276
<b>Program Revenues:</b>					
Charges for Services	6,212	53,167	2,580	170	62,129
Total Program Revenues	6,212	53,167	2,580	170	62,129
Net Program Revenues (Expenses)	(940)	(8,346)	150	(11)	(9,147)
<b>General Revenues</b>					
Investment Income	24		3	1	28
Other	47	1,516			1,563
Net General Revenues	71	1,516	3	1	1,591
Change in Net Position	(869)	(6,830)	153	(10)	(7,556)
Net Position - Beginning of Year	30,801	(44,208)	1,031	479	(11,897)
Cumulative Effect in Accounting	(282)	(266)			(548)
Net Position - Beginning of Year, as restated	30,519	(44,474)	1,031	479	(12,445)
Net Position - End of Year	\$ 29,650	\$ (51,304)	\$ 1,184	\$ 469	\$ (20,001)

\*Amounts presented differ from the audited financial statements of the discretely presented component unit to show the effects of the implementation of GASB 65.



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**OTHER SUPPLEMENTARY INFORMATION**

**EXHIBIT B-1****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL REVENUES VS. MODIFIED BUDGET  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<b>INTEREST AND PENALTIES ON TAXES</b>	\$ 28,800	\$ 28,800	\$ 32,810	\$	\$ 32,810	\$ 4,010
<b>LICENSES AND PERMITS</b>						
Pistol Permit	900	900	876		876	(24)
Day Camp Permits	10	10	10		10	
Food Establishments	3,360	3,360	3,432		3,432	72
Hazardous Materials Registration Fees	1,198	1,198	1,604		1,604	406
Home Improvements	2,100	2,100	3,026		3,026	926
Manufacturing Frozen Desserts	23	23	15		15	(8)
Realty Subdivision Filing	127	127	39		39	(88)
Road Openings	700	700	455		455	(245)
Swimming Pools and Bathing Beaches	260	260	243		243	(17)
Temporary Residence Inspection Permit	98	98	101		101	3
Weights & Measures	1,065	1,065	1,091		1,091	26
Cross Connections	84	84	53		53	(31)
Water Supply Plan Review	151	151	140		140	(11)
Tattoo Parlor / Piercing	20	20	21		21	1
Predemolition Inspection	114	114	174		174	60
Day Camp Inspections	139	139	141		141	2
Taxi and Limo Registration Fees	366	366	306		306	(60)
Lifeguard Certification	90	90	14		14	(76)
ATM Registration Fees	100	100	109		109	9
Maps - Sewers			3		3	3
Hauling Permits			17		17	17
Traffic Signal Permit			85		85	85
Total Licenses and Permits	10,905	10,905	11,955		11,955	1,050
<b>FINES AND FORFEITS</b>	59,790	62,790	60,150		60,150	(2,640)
<b>INTEREST INCOME</b>	2,804	2,804	689		689	(2,115)
<b>RENTS AND RECOVERIES</b>						
Rental of Mitchell Field	2,392	2,392	3,604	(1,250)	2,354	(38)
Coliseum Concessions	765	765	100		100	(665)
Coliseum Rental	283	283	284		284	1
Coliseum Utilities	2,330	2,330	2,089		2,089	(241)
Coliseum Parking Revenue			414		414	414
Coliseum Advertising Revenue			175		175	175
Marriott Lighthouse Heating and Chilling			392		392	392
Landmark Property Rental	650	650				(650)
Cash Recoveries	839	839				(839)
Audit Recoveries	250	250	920		920	670
Police Vehicle Recovery	300	300	306		306	6
NHCC Reimbursement	138	138	45		45	(93)
Vendor Recoveries	470	470				(470)
Revenue Recovery Account			83		83	83
Settlement Reimbursement	500	500	498		498	(2)
Recovery of Damage to County Property	400	400	163		163	(237)
Recovery of Prior Year Appropriations	10,011	10,011	(721)		(721)	(10,732)
Recovery of Workers' Compensation	850	850	1,795		1,795	945
Rental of County Property	1,136	1,136	1,794		1,794	658
Rental of Voting Machines	120	120	124		124	4
Sale of County Property	6,100	6,100	3,062		3,062	(3,038)
Proceeds from Online Auction			284		284	284
Recoveries from Enterprise Funds	20	20	1		1	(19)
Other Recoveries			1,623		1,623	1,623
Total Rents and Recoveries	27,554	27,554	17,035	(1,250)	15,785	(11,769)

(Continued)

**EXHIBIT B-1****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL REVENUES VS. MODIFIED BUDGET  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<b>DEPARTMENTAL REVENUE</b>						
Assessment	\$ 3,115	3,115	\$ 50	\$	\$ 50	\$ (3,065)
Board of Elections	35	35	63		63	28
CASA	15	15	19		19	4
Civil Service	602	602	712		712	110
Correctional Center	8,250	8,250	2,526		2,526	(5,724)
County Attorney	95	95	105		105	10
County Clerk	30,049	30,049	39,188		39,188	9,139
County Comptroller	16	16	15		15	(1)
District Attorney	12	12	47		47	35
Fire Commission	7,580	7,580	7,441		7,441	(139)
Health						
Administration	3	3	4		4	1
Children's Early Intervention	9,302	9,302	4,873		4,873	(4,429)
Pre School Education	1,219	1,219	2,965		2,965	1,746
Laboratory Research			12		12	12
Personal Health	2	2			0	(2)
Information Technology	14	14	42		42	28
Medical Examiner	20	20	28		28	8
Miscellaneous	620	620	620		620	
Parks and Recreation						
Administration	35	35	31		31	(4)
Recreation Services	10,574	10,574	9,795		9,795	(779)
Museums	520	520	370		370	(150)
Golf Operations	9,155	9,155	7,840		7,840	(1,315)
Police Ambulance Fees	24,400	24,400	24,248		24,248	(152)
Police Fees	683	683	391		391	(292)
Probation	1,784	1,784	1,812		1,812	28
Public Administrator	400	400	543		543	143
Public Utility Authority			7		7	7
Public Works - Administration	742	742	696		696	(46)
Public Works - Highway and Engineering	47,764	46,625	46,558		46,558	(67)
Purchasing	529	529	15		15	(514)
Real Estate			2		2	2
Social Services						
Administration	160	160	219		219	59
Aid to Dependent Children	4,345	4,345	3,481		3,481	(864)
Burials	13	13	10		10	(3)
Children in Foster Homes	280	280	245		245	(35)
Home Energy Assistance Program	100	100	158		158	58
Children in Institutions	175	175	160		160	(15)
Education of Handicapped Children	5,527	5,527	6,977		6,977	1,450
Home Relief	3,050	3,050	2,731		2,731	(319)
Juvenile Delinquents	100	100				(100)
Medicaid MMIS	2,050	2,050	1,686		1,686	(364)
Title XX	200	200	137		137	(63)
Treasurer	775	775	816		816	41
Traffic and Parking Violations			2		2	2
Total Departmental Revenue	174,310	173,171	167,640		167,640	(5,531)
<b>INTERDEPARTMENTAL REVENUES</b>						
Office of Budget and Management	54,579	54,579	52,097		52,097	(2,482)
Constituent Affairs	1,303	1,303	370		370	(933)
Correctional Center	250	250	79		79	(171)
County Attorney	681	681	1,014		1,014	333

(Continued)

**EXHIBIT B-1****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL REVENUES VS. MODIFIED BUDGET  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<b>INTERDEPARTMENTAL REVENUES (Continued)</b>						
District Attorney	\$ 372	372	\$ 369	\$	\$ 369	\$ (3)
Human Services	379	379	341		341	(38)
Information Technology	4,655	4,655	6,775		6,775	2,120
Police Department	12,059	12,059	9,861		9,861	(2,198)
Public Works - Administration	9,734	9,734	10,465		10,465	731
Public Works - Roads and Bridge Maintenance	7,871	7,871	7,920		7,920	49
Public Works - Groundwater Remediation	253	253				(253)
Real Estate			156		156	156
Revenue from Capital Fund	2,100	2,100	(692)		(692)	(2,792)
Parks			67		67	67
Social Services	227	227	179		179	(48)
Veterans Service Agency	346	346				(346)
Total Interdepartmental Revenues	94,809	94,809	89,001		89,001	(5,808)
<b>INTERFUND REVENUES</b>						
Revenues from Indirect Cost Chargebacks	778	778	1,459		1,459	681
Revenues from Grant Closouts			175		175	175
Interfund Revenue	24,092	24,092	20,118		20,118	(3,974)
Interfund Revenue from Capital Match			802		802	802
NHCC Reimbursement on Guaranteed Debt	18,546	18,546	13,724		13,724	(4,822)
OTB Reimbursement	1,907	1,907	1,880		1,880	(27)
Stop DWI Grant Revenue	496	496	140		140	(356)
Total Interfund Revenue	45,819	45,819	38,298		38,298	(7,521)
<b>INTERGOVERNMENTAL REVENUES</b>						
			196		196	196
<b>FEDERAL AID</b>						
Correctional Center	11,639	11,639	5,958		5,958	(5,681)
County Attorney	300	300	256		256	(44)
Debt Service	5,163	5,163	4,952		4,952	(211)
District Attorney	30	30	32		32	2
Emergency Management	649	649	487		487	(162)
Housing and Minority Affairs	498	498	843		843	345
Mental Health						
Administration	5,526	5,526	5,437		5,437	(89)
Miscellaneous General Fund Aid	118	118	50		50	(68)
Planning			4		4	4
Police Department	1,665	1,665	992		992	(673)
Probation	16	16	202		202	186
Public Works	7,875	7,875	6,655		6,655	(1,220)
Social Services						
Administration	11,664	11,664	11,938		11,938	274
Aid to Dependent Children	30,605	30,605	26,617		26,617	(3,988)
Children in Foster Homes	1,491	1,491	985		985	(506)
Children in Institutions	9,450	9,450	5,840		5,840	(3,610)
Division of Services	10,017	10,017	10,431		10,431	414
Home Energy Assistance Program	990	990	308		308	(682)
Juvenile Delinquents	3,150	3,150	1,312		1,312	(1,838)
Medicaid MMIS	400	400	(6,762)		(6,762)	(7,162)
Public Financial Assistance	20,421	20,421	15,990		15,990	(4,431)
Subsidized Adoptions	2,650	2,650	2,810		2,810	160
Title XX	31,800	31,800	29,475		29,475	(2,325)
Total Federal Aid	156,117	156,117	124,812		124,812	(31,305)

(Continued)

**EXHIBIT B-1****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL REVENUES VS. MODIFIED BUDGET  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual Revenues</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>STATE AID</b>						
Consumer Affairs	\$ 45	45	\$ 15	\$	\$ 15	\$ (30)
Correctional Center	262	262	(1)		(1)	(263)
County Attorney	75	75				(75)
Court Facility Aid	1,527	1,527	1,378		1,378	(149)
District Attorney	57	57	70		70	13
Fire Prevention, Safety, Communication and Education	190	190	139		139	(51)
Health						
Administration	756	756	574		574	(182)
Children's Early Intervention	17,410	17,410	14,149		14,149	(3,261)
Pre School Education	72,000	72,000	50,421		50,421	(21,579)
Environmental Health	1,674	1,674	1,528		1,528	(146)
Laboratory Research	479	479	446		446	(33)
Personal Health	2,300	2,300	1,269		1,269	(1,031)
Housing and Intergovernmental Affairs	125	125	56		56	(69)
Human Services						
Administration	10,679	10,679	8,895		8,895	(1,784)
Information Technology			(6)		(6)	(6)
Miscellaneous General Fund Aid	2,405	2,405	978		978	(1,427)
Police Department	589	589	641		641	52
Probation	4,798	4,848	4,779		4,779	(69)
Public Works						
Administration	125	125	100		100	(25)
Highway and Bridge Maintenance	56,431	61,602	62,402		62,402	800
Roads and Bridge Maintenance			151		151	151
Real Estate			(373)		(373)	(373)
Social Services						
Administration	6,322	6,322	3,647		3,647	(2,675)
Aid to Dependent Children			5,495		5,495	5,495
Burials	5	5	4		4	(1)
Children in Foster Homes	809	809	306		306	(503)
Children in Institutions	3,854	3,854	1,813		1,813	(2,041)
Division of Services	8,395	8,395	10,408		10,408	2,013
Education of Handicapped Children	2,764	2,764	3,789		3,789	1,025
Home Relief	10,965	10,965	9,740		9,740	(1,225)
Juvenile Delinquents	1,402	1,402	680		680	(722)
Juvenile Detention Center	2,000	2,000	2,545		2,545	545
Medicaid MMIS	1,000	1,000	(515)		(515)	(1,515)
Public Financial Assistance	14,417	14,417	5,919		5,919	(8,498)
Subsidized Adoptions	1,818	1,818	1,804		1,804	(14)
Title XX	6,700	6,700	9,153		9,153	2,453
Veterans Service Agency	33	33	60		60	27
Total State Aid	232,411	237,632	202,459		202,459	(35,173)
<b>SALES TAX *</b>	1,031,664	1,031,664	855,029		855,029	(176,635)
<b>PREEMPTED SALES TAX IN LIEU OF PROPERTY TAXES</b>						
Towns and City of Glen Cove	89,582	89,582	81,150		81,150	(8,432)
Total Preempted Sales Tax in Lieu of Property Taxes	89,582	89,582	81,150		81,150	(8,432)

(Continued)

**EXHIBIT B-1****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL REVENUES VS. MODIFIED BUDGET  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<b>PROPERTY TAXES</b>	\$ 446,073	\$ 446,073	\$ 448,828	\$	\$ 448,828	\$ 2,755
<b>PAYMENTS IN LIEU OF TAXES</b>	9,647	9,647	10,791		10,791	1,144
<b>SPECIAL TAXES</b>						
Admission Tax - Belmont Park	60	60	193		193	133
Emergency Phone Tax	7,448	7,448	7,381		7,381	(67)
Entertainment Tax	2,500	2,500	2,116		2,116	(384)
Motor Vehicle Tax	16,454	16,454	16,812		16,812	358
Off-Track Betting Surtax	3,232	3,232	3,339		3,339	107
Hotel-Motel Room Tax	1,475	1,475	1,610		1,610	135
Total Special Taxes	31,169	31,169	31,451		31,451	282
						(Continued)
<b>OTHER REVENUES</b>						
Miscellaneous	11,184	11,184	20,119	(310)	19,809	8,625
Total Other Revenues	11,184	11,184	20,119	(310)	19,809	8,625
Total Revenues	2,452,638	2,459,720	2,192,413	(1,560)	2,190,853	(268,867)
<b>OTHER FINANCING SOURCES</b>						
Bond Premium	4,240	4,240	8,994		8,994	4,754
Transfers In	49,552	68,915	26,395		26,395	(42,520)
Transfer in from NIFA			174		174	174
Transfers in of Investment Income			1,086		1,086	1,086
Proceeds from Borrowing			115,479	(115,479)		
Total Other Financing Sources	53,792	73,155	152,128	(115,479)	36,649	(36,506)
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 2,506,430	\$ 2,532,875	\$ 2,344,541	\$ (117,039)	\$ 2,227,502	\$ (305,373)

\* Paid to County \$64,323; paid to NIFA \$1,070,922

** Total revenues and other financing sources, estimates per the 2013 County budget as adopted	\$ 2,843,067
Less: Intrafund Budget Eliminations	(326,637)
Less: Appropriated fund balance	(10,000)
Original Budget per above	2,506,430
Less: Appropriated fund balance	(451)
Add: Intrafund Modified Budget Eliminations	8,865
Add: Supplemental appropriations	18,031
Budget estimates, total revenues and other financing sources	\$ 2,532,875

(Concluded)

**EXHIBIT B-2****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES  
VS. TOTAL BUDGETARY AUTHORITY  
GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

<b>FUNCTIONS</b>	<b>Original Budget</b>	<b>Total Budgetary Authority</b>	<b>Actual Expenditures</b>	<b>GAAP to Budgetary Basis Conversion</b>	<b>Actual on a Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b>CURRENT:</b>						
<b>LEGISLATIVE</b>						
Legislature						
Legislators						
Salaries	\$ 4,710	\$ 4,370	\$ 4,250	\$	\$ 4,250	\$ 120
Fringe Benefits	2,000	2,005	2,010	(13)	1,997	8
Equipment	13	13	1		1	12
General Expenses	24	24	9	3	12	12
Contractual Services	316	256	65		65	191
Legislative Central Staff						
Salaries	577	617	577		577	40
Fringe Benefits	311	272	273	(2)	271	1
Equipment	25	25	24		24	1
General Expenses	1,681	2,081	2,012	28	2,040	41
Contractual Services	1,530	1,490	542	815	1,357	133
Legislative Budget Review						
Salaries	850	850	623		623	227
Fringe Benefits	339	294	295	(2)	293	1
Equipment	3	3				3
General Expenses	7	7	4		4	3
Contractual Services	5	5				5
<b>Total Legislative</b>	<b>12,391</b>	<b>12,312</b>	<b>10,685</b>	<b>829</b>	<b>11,514</b>	<b>798</b>
<b>JUDICIAL</b>						
Court Administration						
Fringe Benefits	1,795	1,795	1,477	(1)	1,476	319
District Attorney						
Salaries	27,931	29,331	29,246	(428)	28,818	513
Fringe Benefits	12,263	12,513	12,548	(82)	12,466	47
Equipment	76	76	73	2	75	1
General Expenses	1,035	1,035	964	52	1,016	19
Contractual Services	1,386	1,386	925	230	1,155	231
<b>District Attorney Total</b>	<b>42,691</b>	<b>44,341</b>	<b>43,756</b>	<b>(226)</b>	<b>43,530</b>	<b>811</b>
Public Administrator						
Salaries	502	502	496	(11)	485	17
Fringe Benefits	304	289	292	(4)	288	1
General Expenses	9	9	2		2	7
Contractual Services	15	15	7		7	8
<b>Public Administrator Total</b>	<b>830</b>	<b>815</b>	<b>797</b>	<b>(15)</b>	<b>782</b>	<b>33</b>
Traffic and Parking Violations						
Salaries	2,951	2,951	2,696	(16)	2,680	271
Fringe Benefits	1,531	1,462	1,466	(9)	1,457	5
Equipment	10	10	2		2	8
General Expenses	282	282	174	31	205	77
Contractual Services	12,432	15,432	9,901	919	10,820	4,612
<b>Traffic and Parking Violations Total</b>	<b>17,206</b>	<b>20,137</b>	<b>14,239</b>	<b>925</b>	<b>15,164</b>	<b>4,973</b>
<b>Total Judicial</b>	<b>62,522</b>	<b>67,088</b>	<b>60,269</b>	<b>683</b>	<b>60,952</b>	<b>6,136</b>
<b>GENERAL ADMINISTRATION</b>						
Assessment						
Salaries	9,419	9,144	9,091	(29)	9,062	82

(Continued)



**EXHIBIT B-2****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES****VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<b>GENERAL ADMINISTRATION (Continued)</b>						
Fringe Benefits	\$ 6,003	\$ 5,607	\$ 5,623	\$ (37)	\$ 5,586	\$ 21
Equipment	5	5				5
General Expenses	357	632	502	99	601	31
Contractual Services	52	52		13	13	39
Assessment Total	<u>15,836</u>	<u>15,440</u>	<u>15,216</u>	<u>46</u>	<u>15,262</u>	<u>178</u>
Board of Assessment Review						
Salaries	2,133	2,133	2,096		2,096	37
Fringe Benefits	1,150	1,044	1,047	(7)	1,040	4
General Expenses	35	35	25	3	28	7
Contractual Services	1,119	1,119	84	1,005	1,089	30
Board of Assessment Review Total	<u>4,437</u>	<u>4,331</u>	<u>3,252</u>	<u>1,001</u>	<u>4,253</u>	<u>78</u>
Board of Elections						
Administration						
Salaries	3,431	3,431	3,309		3,309	122
Fringe Benefits	1,362	1,361	1,365	(9)	1,356	5
Equipment	40	40	36		36	4
General Expenses	92	92	44	1	45	47
General Elections						
Salaries	9,881	10,331	8,951		8,951	1,380
Fringe Benefits	3,267	3,682	3,693	(25)	3,668	14
Equipment	78	78	53	15	68	10
General Expenses	1,727	1,727	1,337	70	1,407	320
Contractual Services	437	437	116	127	243	194
Primary Elections						
Salaries	1,408	958	944		944	14
Fringe Benefits	639	388	390	(3)	387	1
General Expenses	571	571	558	4	562	9
Contractual Services	184	184	64	97	161	23
Board of Elections Total	<u>23,117</u>	<u>23,280</u>	<u>20,860</u>	<u>277</u>	<u>21,137</u>	<u>2,143</u>
Civil Service						
Salaries	4,480	4,480	4,111	(48)	4,063	417
Fringe Benefits	2,147	2,092	2,098	(14)	2,084	8
General Expenses	382	382	227	16	243	139
Contractual Services	46	46	(72)	31	(41)	87
Interdepartmental Charges	10	10				10
Civil Service Total	<u>7,065</u>	<u>7,010</u>	<u>6,364</u>	<u>(15)</u>	<u>6,349</u>	<u>661</u>
County Attorney						
Salaries	8,720	8,475	8,437	(6)	8,431	44
Fringe Benefits	4,258	4,090	4,102	(27)	4,075	15
Equipment	16	16	1	15	16	
General Expenses	441	686	672	11	683	3
Contractual Services	8,023	8,089	3,961	3,324	7,285	804
Worker's Compensation Expense						
Fringe Benefits	9,552	7,266	6,923	(427)	6,496	770
County Attorney Total	<u>31,010</u>	<u>28,622</u>	<u>24,096</u>	<u>2,890</u>	<u>26,986</u>	<u>1,636</u>
County Clerk						
Salaries	5,236	5,236	4,798	(36)	4,762	474
Fringe Benefits	3,631	3,356	3,366	(23)	3,343	13
Equipment	97	97	44	8	52	45
General Expenses	356	356	297	6	303	53
Contractual Services	577	577	304	246	550	27
County Clerk Total	<u>9,897</u>	<u>9,622</u>	<u>8,809</u>	<u>201</u>	<u>9,010</u>	<u>612</u>
County Comptroller						
Salaries	6,304	6,304	5,730	(163)	5,567	737
Fringe Benefits	3,402	3,362	3,372	(23)	3,349	13

(Continued)

**EXHIBIT B-2****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES****VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

<b>FUNCTIONS</b>	<b>Original Budget</b>	<b>Total Budgetary Authority</b>	<b>Actual Expenditures</b>	<b>GAAP to Budgetary Basis Conversion</b>	<b>Actual on a Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b>GENERAL ADMINISTRATION (Continued)</b>						
Equipment	\$ 10	\$ 10	\$ 4	\$	\$ 4	\$ 6
General Expenses	130	130	91	5	96	34
Contractual Services	879	879	517	335	852	27
County Comptroller Total	10,725	10,685	9,714	154	9,868	817
County Executive						
Salaries	1,733	1,733	1,698		1,698	35
Fringe Benefits	1,093	1,028	1,031	(7)	1,024	4
General Expenses	87	87	69	5	74	13
Contractual Services	326	326	225	6	231	95
County Executive Total	3,239	3,174	3,023	4	3,027	147
County Treasurer						
Salaries	2,258	2,258	1,992		1,992	266
Fringe Benefits	1,442	1,322	1,326	(9)	1,317	5
Equipment	8	8				8
General Expenses	330	330	273		273	57
Contractual Services	221	221	133	39	172	49
Other Suits and Damages	18,000	20,000	6,188	133	6,321	13,679
County Treasurer Total	22,259	24,139	9,912	163	10,075	14,064
Office of Constituent Affairs						
Salaries	736	751	714		714	37
Fringe Benefits	388	381	381	(2)	379	2
Office of Constituent Affairs Printing & Graphics						
Salaries	1,553	1,579	1,548		1,548	31
Fringe Benefits	848	826	828	(5)	823	3
Equipment	1	1				1
General Expenses	1,453	1,525	1,449	58	1,507	18
Contractual Services	3	3		3	3	
Office of Constituent Affairs Total	4,982	5,066	4,920	54	4,974	92
Office of Emergency Management						
Salaries	772	772	574		574	198
Fringe Benefits	200	203	203	(1)	202	1
General Expenses	16	16	2	1	3	13
Contractual Services	32	32				32
Office of Emergency Management Total	1,020	1,023	779		779	244
Information Technology						
Administration						
Salaries	6,915	6,720	6,363	(74)	6,289	431
Fringe Benefits	3,852	3,192	3,202	(22)	3,180	12
General Expenses	352	352	176	72	248	104
Contractual Services	10,904	11,099	7,936	2,513	10,449	650
Utilities	3,952	3,952	3,792	122	3,914	38
Information Technology Total	25,975	25,315	21,469	2,611	24,080	1,235
Housing and Intergovernmental Affairs:						
Salaries	720	913	913		913	
Fringe Benefits	699	897	900	(6)	894	3
General Expenses	3	3				3
Contractual Services	590	590	590		590	
Interdepartmental Charges	165	165	165		165	
Housing and Intergovernmental Affairs Total	2,177	2,568	2,568	(6)	2,562	6
Labor Relations						
Salaries	279	290	280		280	10
Fringe Benefits	129	123	124	(1)	123	

(Continued)

**EXHIBIT B-2****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES****VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

<b>FUNCTIONS</b>	<b>Original Budget</b>	<b>Total Budgetary Authority</b>	<b>Actual Expenditures</b>	<b>GAAP to Budgetary Basis Conversion</b>	<b>Actual on a Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b>GENERAL ADMINISTRATION (Continued)</b>						
General Expenses	\$ 6	\$ 6	\$ 1	\$	\$ 1	\$ 5
Contractual Services	531	520	94	20	114	406
Labor Relations Total	945	939	499	19	518	421
Management and Budgets						
Salaries	2,482	5,051	4,786		4,786	265
Fringe Benefits	1,084	999	760	(38)	722	277
Equipment	8	8				8
General Expenses	104	104	70	1	71	33
Contractual Services	3,777	3,777	1,535	709	2,244	1,533
Contingency Reserve	10,000					
Management and Budgets Total	17,455	9,939	7,151	672	7,823	2,116
Personnel						
Salaries	591	615	592		592	23
Fringe Benefits	314	275	276	(2)	274	1
General Expenses	39	26	7		7	19
Contractual Services	112	100		89	89	11
Personnel Total	1,056	1,016	875	87	962	54
Purchasing						
Salaries	911	911	958	(49)	909	2
Fringe Benefits	853	754	756	(5)	751	3
General Expenses	18	18	10	1	11	7
Contractual Services	2	2	1		1	1
Purchasing Total	1,784	1,685	1,725	(53)	1,672	13
Office of Real Estate Services						
Salaries	215	215	124		124	91
General Expenses	90	90	84	2	86	4
Contractual Services	12,729	12,729	176	63	239	12,490
Insurance on Buildings	1,390	1,390	403	212	615	775
Repairs		2,392	2,391		2,391	1
Rent	16,379	16,379	12,540	1,609	14,149	2,230
Mass Transportation						
Pt. Lookout/Lido Beach Bus Route	150	150	75	75	150	
Metropolitan Suburban Bus Authority	2,252	2,252	1,608	323	1,931	321
LIRR Station Maintenance	29,077	28,395	28,395		28,395	
MTA-LIRR Operating Assistance	11,583	11,583	11,583		11,583	
Intermodal Center	65	65				65
Physically Challenged Transportation	711	711	508	101	609	102
Office of Real Estate Services Total	74,641	76,351	57,887	2,385	60,272	16,079
Public Utility Authority						
General Expenses	397	397	8	390	398	(1)
Public Utility Authority Total	397	397	8	390	398	(1)
Office of Records Management						
Salaries	864	864	734		734	130
Fringe Benefits	648	649	651	(4)	647	2
Equipment	9	9	5		5	4
General Expenses	268	268	125	33	158	110
Contractual Services	225	225	67	137	204	21
Office of Records Management Total	2,014	2,015	1,582	166	1,748	267
Total General Administration	260,031	252,617	200,709	11,046	211,755	40,862

(Continued)

**EXHIBIT B-2****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES****VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

<b>FUNCTIONS</b>	<b>Original Budget</b>	<b>Total Budgetary Authority</b>	<b>Actual Expenditures</b>	<b>GAAP to Budgetary Basis Conversion</b>	<b>Actual on a Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b>PROTECTION OF PERSONS</b>						
Commission on Human Rights						
Salaries	\$ 536	\$ 536	\$ 513	\$	\$ 513	\$ 23
Fringe Benefits	1,271	423	424	(3)	421	2
General Expenses	5	5	3		3	2
Contractual Services	21	21	4	6	10	11
Commission on Human Rights Total	1,833	985	944	3	947	38
Commissioner of Accounts						
Fringe Benefits	112	106	107	(1)	106	
Contractual Services	15	15				15
Commissioner of Accounts Total	127	121	107	(1)	106	15
Consumer Affairs						
Salaries	1,711	1,711	1,621	(16)	1,605	106
Fringe Benefits	1,235	1,137	1,140	(7)	1,133	4
Equipment	2	2	2	(1)	1	1
General Expenses	15	15	12	1	13	2
Consumer Affairs Total	2,963	2,865	2,775	(23)	2,752	113
Fire Commission						
Salaries	9,935	10,354	10,381	(27)	10,354	
Fringe Benefits	4,812	5,068	5,110	(43)	5,067	1
Equipment	29	13	13		13	
General Expenses	252	202	135	67	202	
Contractual Services	5,581	4,642	4,582	37	4,619	23
Interdepartmental Charges	2,313	1,881	1,880		1,880	1
Fire Commission Total	22,922	22,160	22,101	34	22,135	25
Police Headquarters						
Salaries	204,803	216,746	225,621	(8,875)	216,746	
Fringe Benefits	119,250	117,250	120,030	(3,080)	116,950	300
Worker's Compensation	2,969	3,869	3,568		3,568	301
Equipment	287	387	185	71	256	131
General Expenses	4,082	4,286	3,421	258	3,679	607
Contractual Services	13,067	13,208	10,428	1,101	11,529	1,679
Utilities	2,637	2,637	2,615	3	2,618	19
Other Suits	2,200	100	39		39	61
Interdepartmental Charges	22,216	22,216	21,809		21,809	407
Police Headquarters Total	371,511	380,699	387,716	(10,522)	377,194	3,505
Medical Examiner						
Salaries	6,631	6,631	6,116	(3)	6,113	518
Fringe Benefits	2,203	2,627	2,640	(23)	2,617	10
Equipment	58	66	21		21	45
General Expenses	663	655	632	12	644	11
Contractual Services	101	101	53	47	100	1
Medical Examiner Total	9,656	10,080	9,462	33	9,495	585
Total Protection of Persons	409,012	416,910	423,105	(10,476)	412,629	4,281
<b>HEALTH</b>						
Health Department Administration						
Salaries	1,701	1,601	1,513	(16)	1,497	104

(Continued)

**EXHIBIT B-2****COUNTY OF NASSAU, NEW YORK**
**COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES  
 VS. TOTAL BUDGETARY AUTHORITY  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<b>HEALTH (Continued)</b>						
Fringe Benefits	\$ 1,056	\$ 1,060	\$ 1,063	\$ (7)	\$ 1,056	\$ 4
Equipment	11	11	8		8	3
General Expenses	324	324	87	122	209	115
Interdepartmental Charges	5,500	5,509	5,509		5,509	
Environmental Health						
Salaries	6,416	6,446	6,347	(69)	6,278	168
Fringe Benefits	4,681	4,444	4,457	(30)	4,427	17
Equipment	26	26	18	1	19	7
General Expenses	118	118	65	13	78	40
Contractual Services	232	232	56	72	128	104
Interdepartmental Charges	265	265	143		143	122
Laboratory Research						
Salaries	899	916	890	(10)	880	36
Fringe Benefits	666	623	625	(4)	621	2
Equipment	15	15	14		14	1
General Expenses	588	588	496	29	525	63
Contractual Services	(3)	(3)		(13)	(13)	10
Interdepartmental Charges	216	258	257		257	1
Public Health						
Salaries	1,018	1,051	864	(9)	855	196
Fringe Benefits	572	605	607	(4)	603	2
Equipment	19	19	14		14	5
General Expenses	145	145	39	6	45	100
Contractual Services	225	225	41	14	55	170
Various Direct Expenses	5,000	5,000	5,000		5,000	
Interdepartmental Charges	170	235	235		235	
Early Intervention						
Salaries	3,357	3,377	3,308	(36)	3,272	105
Fringe Benefits	2,407	2,316	2,323	(16)	2,307	9
General Expenses	469	469	269	1	270	199
Contractual Services	34	34	26		26	8
Early Intervention Charges	51,273	49,773	31,561		31,561	18,212
Preschool Education						
Salaries	308	308	308	(3)	305	3
Fringe Benefits	222	216	216	(1)	215	1
General Expenses	2	2	2		2	
Contractual Services	263	263	153	107	260	3
Early Intervention Charges	160,155	160,155	93,973	20,231	114,204	45,951
Health Department Total	<u>248,350</u>	<u>246,626</u>	<u>160,487</u>	<u>20,378</u>	<u>180,865</u>	<u>65,761</u>
Mental Health, Chemical Dependency and Disabled Services						
Administration						
Salaries	3,224	3,224	2,658	(161)	2,497	727
Fringe Benefits	2,058		32	(32)		
General Expenses	599	949	790		790	159
Contractual Services		321	11	14	25	296
Interdepartmental Charges	1,959	1,959	1,769		1,769	190
Contractual Services	7,124	7,124	3,290	2,874	6,164	960
Direct Services						
General Expenses	5	5				5
Contractual Services	(23)	(23)		(23)	(23)	
and Disabled Services	<u>14,946</u>	<u>13,559</u>	<u>8,550</u>	<u>2,672</u>	<u>11,222</u>	<u>2,337</u>
Total Health	<u>263,296</u>	<u>260,185</u>	<u>169,037</u>	<u>23,050</u>	<u>192,087</u>	<u>68,098</u>

(Continued)

**EXHIBIT B-2****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES****VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

<b>FUNCTIONS</b>	<b>Original Budget</b>	<b>Total Budgetary Authority</b>	<b>Actual Expenditures</b>	<b>GAAP to Budgetary Basis Conversion</b>	<b>Actual on a Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b><u>PUBLIC WORKS</u></b>						
Administration						
Salaries	\$ 2,177	\$ 2,177	\$ 2,066	\$ (29)	\$ 2,037	\$ 140
Fringe Benefits	2,357	1,577	1,582	(10)	1,572	5
Worker's Compensation	1,984	1,984	1,871		1,871	113
General Expenses	273	491	436	5	441	50
Contractual Services	572	572	11	536	547	25
Highway and Engineering						
Salaries	5,743	7,168	6,832	(91)	6,741	427
Fringe Benefits	4,957	4,919	4,933	(33)	4,900	19
Equipment	18	18				18
General Expenses	32	32	26		26	6
Contractual Services	116,225	121,771	114,774	3,773	118,547	3,224
Utility Costs	2,453	2,453	1,645	9	1,654	799
Interdepartmental Charges	616	616				616
Highway and Bridge Maintenance						
Salaries	17,796	18,121	18,312	(243)	18,069	52
Fringe Benefits	12,612	13,198	13,237	(89)	13,148	50
Equipment	71	71	43	10	53	18
General Expenses	1,995	3,037	2,473	431	2,904	133
Contractual Services	4,026	4,216	2,579	1,418	3,997	219
Utility Costs	29,106	28,514	25,486	256	25,742	2,772
Interdepartmental Charges	9,389	9,389	8,137		8,137	1,252
Groundwater Remediation						
Salaries	2,042	2,042	1,973	(26)	1,947	95
Fringe Benefits	1,618	1,421	1,424	(9)	1,415	6
Equipment	4	4	3		3	1
General Expenses	3,902	3,902	2,550	977	3,527	375
Contractual Services	192	192	87	98	185	7
Interdepartmental Charges	1,505	1,505	944		944	561
Total Public Works	221,665	229,390	211,424	6,983	218,407	10,983
<b><u>RECREATION AND PARKS</u></b>						
Administration						
Salaries	1,673	1,673	1,688	(15)	1,673	
Fringe Benefits	903	759	761	(5)	756	3
Equipment	10	10	9	1	10	
General Expenses	363	363	348	14	362	1
Contractual Services	1,621	1,621	1,378	32	1,410	211
Technical Service						
Salaries	3,328	4,458	4,457		4,457	1
Fringe Benefits	1,747	2,023	2,028	(13)	2,015	8
Equipment	240	240	232	7	239	1
General Expenses	818	818	519	118	637	181
Contractual Services	1,801	1,801	1,567	151	1,718	83
Recreation Service						
Salaries	5,511	5,998	6,048	(53)	5,995	3
Fringe Benefits	2,605	2,721	2,729	(19)	2,710	11
Equipment	110	110	72	13	85	25
General Expenses	137	137	131	3	134	3
Contractual Services	344	344	226	50	276	68

(Continued)

**EXHIBIT B-2****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES  
VS. TOTAL BUDGETARY AUTHORITY  
GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

<b>FUNCTIONS</b>	<b>Original Budget</b>	<b>Total Budgetary Authority</b>	<b>Actual Expenditures</b>	<b>GAAP to Budgetary Basis Conversion</b>	<b>Actual on a Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b>RECREATION AND PARKS (Continued)</b>						
Museum						
Salaries	\$ 607	\$ 707	\$ 712	\$ (6)	\$ 706	\$ 1
Fringe Benefits	359	320	321	(2)	319	1
Equipment	8	8	8	8	8	
General Expenses	54	54	47	1	48	6
Contractual Services	(305)	(305)	1	(307)	(306)	1
Golf Operations						
Salaries	3,471	3,891	3,924	(34)	3,890	1
Fringe Benefits	1,702	1,766	1,771	(11)	1,760	6
Equipment	120	120	118	1	119	1
General Expenses	591	591	462	87	549	42
Contractual Services	508	508	389	112	501	7
Total Recreation and Parks	28,326	30,736	29,938	133	30,071	665
<b>SOCIAL SERVICES</b>						
Bar Association - Public Defender	7,730	7,730	6,647	27	6,674	1,056
CASA						
Salaries	230	270	261		261	9
Fringe Benefits	165	147	147	(1)	146	1
General Expenses	1	1				1
Contractual Services	13	13	10		10	3
CASA Total	409	431	418	(1)	417	14
Human Services						
Salaries	3,060	3,060	2,610		2,610	450
Fringe Benefits	2,801	5,614	5,593		5,593	21
Equipment	1	1				1
General Expenses	214	214	116	9	125	89
Contractual Services	26,070	27,769	16,797	5,004	21,801	5,968
Interdepartmental Charges	1,879	1,879	1,768		1,768	111
Human Services Total	34,025	38,537	26,884	5,013	31,897	6,640
Legal Aid Society	6,054	6,054	6,054		6,054	
Minority Affairs						
Salaries	411	451	442		442	9
Fringe Benefits	264	240	241	(2)	239	1
General Expenses	19	19	14	2	16	3
Contractual Services	31	31	23	5	28	3
Minority Affairs Total	725	741	720	5	725	16
Social Services Department						
Administration						
Salaries	4,438	4,438	4,287	(21)	4,266	172
Fringe Benefits	2,788	2,587	2,594	(17)	2,577	10
Equipment	12	122	13	106	119	3
General Expenses	361	361	334	9	343	18
Contractual Services	1,590	1,590	985	375	1,360	230
Interdepartmental Charges	17,269	18,034	18,034		18,034	
Public Financial Assistance						
Salaries	20,804	20,804	19,129	(93)	19,036	1,768
Fringe Benefits	12,753	11,545	11,579	(77)	11,502	43
Equipment	14	34	8	24	32	2
General Expenses	406	386	317	28	345	41
Contractual Services	11,875	11,875	7,692	3,217	10,909	966

(Continued)

**EXHIBIT B-2****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES****VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

<b>FUNCTIONS</b>	<b>Original Budget</b>	<b>Total Budgetary Authority</b>	<b>Actual Expenditures</b>	<b>GAAP to Budgetary Basis Conversion</b>	<b>Actual on a Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b><u>SOCIAL SERVICES (continued)</u></b>						
Division of Services						
Salaries	\$ 18,887	\$ 18,887	\$ 18,775	\$ (91)	\$ 18,684	\$ 203
Fringe Benefits	11,927	11,331	11,363	(75)	11,288	43
General Expenses	217	217	162	18	180	37
Contractual Services	124	124	73	29	102	22
Juvenile Detention Center						
Fringe Benefits		86	86		86	
Equipment			1	(1)		
General Expenses	43	43		3	3	40
Contractual Services	370	370		44	44	326
General Expenses	1	1				1
Handicapped Children Education						
Emergency Vendor Payments	17,563	19,063	16,957	(28)	16,929	2,134
Aid to Dependent Children						
Recipient Grants	26,750	23,750	22,925		22,925	825
Emergency Vendor Payments	8,235	6,735	4,831	49	4,880	1,855
Home Relief						
Recipient Grants	32,000	32,000	31,324		31,324	676
Emergency Vendor Payments	9,500	8,500	6,892		6,892	1,608
Children in Institutions						
Emergency Vendor Payments	20,007	20,007	12,674	5,636	18,310	1,697
Children in Foster Homes						
Recipient Grants	1,575	1,575	1,177		1,177	398
Purchased Services	1	1				1
Emergency Vendor Payments	650	650	513		513	137
Juvenile Delinquents						
Emergency Vendor Payments	14,287	13,787	2,824	8,624	11,448	2,339
Training Schools						
Emergency Vendor Payments	5,225	5,225	5,225		5,225	
Children in Institutions - Title 4E						
Emergency Vendor Payments	660	660	538	47	585	75
Children in Foster Homes - Title 4E						
Recipient Grants	550	550	286		286	264
Emergency Vendor Payments	255	255	139		139	116
Subsidized Adoptions						
Recipient Grants	5,300	5,300	4,847		4,847	453
Burials						
Emergency Vendor Payments	275	275	219		219	56
Medicaid						
Medicaid	253,089	254,851	254,851		254,851	
Home Energy Assistance						
Recipient Grants	990	990	98		98	892
Title-XX						
Purchased Services	61,723	66,920	64,035	1,090	65,125	1,795
Social Services Department Total	<u>562,514</u>	<u>563,929</u>	<u>525,787</u>	<u>18,896</u>	<u>544,683</u>	<u>19,246</u>
Veterans Service Agency						
Salaries	336	336	328		328	8
Fringe Benefits	262	268	269	(2)	267	1
General Expenses	9	9	6		6	3
Contractual Services	1	1				1
Interdepartmental Charges	694	694	217		217	477
Veterans Service Agency Total	<u>1,302</u>	<u>1,308</u>	<u>820</u>	<u>(2)</u>	<u>818</u>	<u>490</u>

(Continued)



**EXHIBIT B-2****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES****VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

<b>FUNCTIONS</b>	<b>Original Budget</b>	<b>Total Budgetary Authority</b>	<b>Actual Expenditures</b>	<b>GAAP to Budgetary Basis Conversion</b>	<b>Actual on a Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b><u>SOCIAL SERVICES (continued)</u></b>						
Total Social Services	\$ 612,759	\$ 618,730	\$ 567,330	\$ 23,938	\$ 591,268	\$ 27,462
<b><u>CORRECTIONS</u></b>						
Correctional Center						
Salaries	111,535	109,766	107,661	(1,784)	105,877	3,889
Fringe Benefits	52,783	53,517	53,668	(351)	53,317	200
Worker's Compensation	5,151	6,451	6,159		6,159	292
Equipment	74	17	9	(1)	8	9
General Expenses	3,209	3,185	2,750	223	2,973	212
Contractual Services	36,933	36,933	20,158	7,208	27,366	9,567
Utility Costs	653	653	616	1	617	36
Correctional Center Total	210,338	210,522	191,021	5,296	196,317	14,205
Sheriff						
Salaries	5,887	6,437	6,513	(108)	6,405	32
Fringe Benefits	3,462	3,769	3,778	(24)	3,754	15
General Expenses	30	30	15		15	15
Sheriff Total	9,379	10,236	10,306	(132)	10,174	62
Correctional Center and Sheriff Total	219,717	220,758	201,327	5,164	206,491	14,267
Probation						
Administration						
Salaries	16,581	16,616	16,235	(290)	15,945	671
Fringe Benefits	10,521	10,332	10,360	(66)	10,294	38
Equipment	42	42	27	9	36	6
General Expenses	325	325	209	55	264	61
Contractual Services	1,017	1,017	449	193	642	375
Utility Costs	1	1		1	1	
Interfund Charges	1,108	1,958	1,958		1,958	
Probation Total	29,595	30,291	29,238	(98)	29,140	1,151
Total Corrections	249,312	251,049	230,565	5,066	235,631	15,418
<b><u>EDUCATION</u></b>						
Payment to Long Beach Schools	106	106	106		106	
State School Tuition	8,712	14,945	14,945		14,945	
Total Education	8,818	15,051	15,051		15,051	
<b><u>BONDED PAYMENTS FOR TAX CERTIORARI AND OTHER JUDGMENTS</u></b>						
			101,080	(101,080)		
<b><u>OTHER EXPENDITURES</u></b>						
Nassau Health Care Corporation	13,000	13,000	13,000		13,000	
Aid to Towns and Cities	66,945	68,317	68,277		68,277	40
FEMA Match		21	2,943		2,943	(2,922)
Interdepartmental Charges	25,772	25,772	20,066		20,066	5,706
Lido-Point Lookout Fire District	6	6	6		6	
HIPPA Payments	25	25				25

(Continued)

**EXHIBIT B-2****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES****VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<b><u>OTHER EXPENDITURES (Continued)</u></b>						
Miscellaneous Expense	\$ 31,393	\$ 30,960	\$ 27,219	\$ 1,271	\$ 28,490	\$ 2,470
NYS Association of Counties	61	61	60		60	1
NIFA Expenditures	1,776	1,776				1,776
Suits and Damages	20,536	20,536	2,406		2,406	18,130
Total Other Expenditures	<u>159,514</u>	<u>160,474</u>	<u>133,977</u>	<u>1,271</u>	<u>135,248</u>	<u>25,226</u>
Debt Service:						
Principal	61,875	61,875	58,145		58,145	3,730
Interest	86,103	86,103	75,882		75,882	10,221
Financing Costs	5,030	5,030	5,030		5,030	
Total Debt Service	<u>153,008</u>	<u>153,008</u>	<u>139,057</u>		<u>139,057</u>	<u>13,951</u>
Total Expenditures	<u>2,440,654</u>	<u>2,467,550</u>	<u>2,292,227</u>	<u>(38,557)</u>	<u>2,253,670</u>	<u>213,880</u>
<b><u>TRANSFERS OUT</u></b>						
Debt Service Fund			1,002	(1,002)		
Other	210,605	210,605				210,605
Total Transfers Out	<u>210,605</u>	<u>210,605</u>	<u>1,002</u>	<u>(1,002)</u>		<u>210,605</u>
TOTAL EXPENDITURES AND TRANSFERS OUT	<u>\$ 2,651,259</u>	<u>\$ 2,678,155</u>	<u>\$ 2,293,229</u>	<u>\$ (39,559)</u>	<u>\$ 2,253,670</u>	<u>\$ 424,485</u>
*Appropriations per the 2013 budget as adopted						\$ 2,843,067
Intrafund Budget Elimination						(326,637)
Outstanding encumbrances, January 1, 2013						<u>134,829</u>
Original Budget per above						2,651,259
Add: Supplemental appropriations						18,031
Add: Intrafund Modified Budget eliminations						<u>8,865</u>
Total Budgetary Authority						<u>\$ 2,678,155</u>

(Concluded)

**EXHIBIT B-3****COUNTY OF NASSAU, NEW YORK**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**TOTAL BUDGETARY AUTHORITY AND ACTUAL**  
**POLICE DISTRICT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>						
Licenses and Permits	\$ 2,829	\$ 2,829	\$ 5,288	\$	\$ 5,288	\$ 2,459
Fines and Forfeits	2,750	2,750	1,289		1,289	(1,461)
Interest Income	271	271	14		14	(257)
Rents and Recoveries			84		84	84
Departmental Revenue	3,883	3,883	2,385		2,385	(1,498)
Interdepartmental Revenue	552	552	429		429	(123)
Property Taxes	358,716	358,716	358,715		358,715	(1)
Other Revenue			17	(17)		
Total Revenues	<u>369,001</u>	<u>369,001</u>	<u>368,221</u>	<u>(17)</u>	<u>368,204</u>	<u>(797)</u>
<b>Expenditures:</b>						
Protection of Persons:						
Salaries	211,025	218,667	219,467	(800)	218,667	
Fringe Benefits	116,616	112,125	113,398	(1,375)	112,023	102
Worker's Compensation	5,881	6,841	6,504		6,504	337
Equipment	238	208	115	55	170	38
General Expenses	5,540	5,540	4,842	319	5,161	379
Contractual Services	969	769	532	142	674	95
Utility Costs	1,431	1,392	1,305	53	1,358	34
Interdepartmental Charges	22,678	22,684	22,684		22,684	
FEMA Match		11	11		11	
Other	4,614	654	635		635	19
Total Expenditures	<u>368,992</u>	<u>368,891</u>	<u>369,493</u>	<u>(1,606)</u>	<u>367,887</u>	<u>1,004</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9</u>	<u>110</u>	<u>(1,272)</u>	<u>1,589</u>	<u>317</u>	<u>207</u>
<b>Other Financing Sources (Uses):</b>						
Transfers In			800	(800)		
Transfers Out	(1,959)	(2,060)	(2,060)		(2,060)	
Capital Resources	1,171	1,171				(1,171)
Total Other Financing Sources (Uses)	<u>(788)</u>	<u>(889)</u>	<u>(1,260)</u>	<u>(800)</u>	<u>(2,060)</u>	<u>(1,171)</u>
Net Change in Fund Equity (Deficit)	<u>(779)</u>	<u>(779)</u>	<u>(2,532)</u>	<u>789</u>	<u>(1,743)</u>	<u>(964)</u>
Fund Balance (Deficit) Beginning of Year	<u>779</u>	<u>779</u>	<u>(913)</u>	<u>30,125</u>	<u>29,212</u>	<u>28,433</u>
Fund Balance (Deficit) End of Year	<u>\$</u>	<u>\$</u>	<u>\$ (3,445)</u>	<u>\$ 30,914</u>	<u>\$ 27,469</u>	<u>\$ 27,469</u>

**EXHIBIT B-4****COUNTY OF NASSAU, NEW YORK**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**TOTAL BUDGETARY AUTHORITY AND ACTUAL**  
**SEWER & STORM WATER DISTRICT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>						
Licenses and Permits	\$ 735	\$ 735	\$ 906	\$	\$ 906	\$ 171
Interest Income	170	170	79		79	(91)
Rents and Recoveries	71	71	2		2	(69)
Departmental Revenue	14,432	14,432	1,695		1,695	(12,737)
Intergovernmental Charges	2,251	2,251	2,121		2,121	(130)
Property Taxes			117,275		117,275	117,275
Other Revenues			2	(2)		
<b>Total Revenues</b>	<b>17,659</b>	<b>17,659</b>	<b>122,080</b>	<b>(2)</b>	<b>122,078</b>	<b>104,419</b>
<b>Expenditures:</b>						
Public Works:						
Salaries	19,129	19,129	18,325	(123)	18,202	927
Fringe Benefits	11,478	11,478	11,411	(161)	11,250	228
Equipment	342	342	104	62	166	176
General Expenses	19,238	18,764	12,212	5,548	17,760	1,004
Contractual Services	37,807	39,765	24,786	10,753	35,539	4,226
Utility Costs	14,061	14,168	9,450	2,044	11,494	2,674
Interdepartmental Charges	19,021	15,724	15,724		15,724	
FEMA Match		1,706	1,706		1,706	
Other	26,597	26,597				26,597
Debt Service:						
Principal	14,434	14,936	14,936		14,936	
Interest	8,318	7,816	4,989		4,989	2,827
<b>Total Expenditures</b>	<b>170,425</b>	<b>170,425</b>	<b>113,643</b>	<b>18,123</b>	<b>131,766</b>	<b>38,659</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(152,766)	(152,766)	8,437	(18,125)	(9,688)	143,078
<b>Other Financing Sources (Uses):</b>						
Transfer In			145	(145)		
Transfer Out	(14,094)	(14,094)	(12,655)		(12,655)	1,439
Transfer In of Investment Income	50	50	29		29	(21)
Transfers In/(Out) to SFA	101,116	101,116	(16,423)	(1)	(16,424)	(117,540)
EFC Funding - Capital			502	21	523	523
<b>Total Other Financing Sources (Uses)</b>	<b>87,072</b>	<b>87,072</b>	<b>(28,402)</b>	<b>(125)</b>	<b>(28,527)</b>	<b>(115,599)</b>
Net Change in Fund Balances	(65,694)	(65,694)	(19,965)	(18,250)	(38,215)	27,479
Fund Balance Beginning of Year	65,694	65,694	82,482	1,658	84,140	18,446
Fund Balance End of Year	\$	\$	\$ 62,517	\$ (16,592)	\$ 45,925	\$ 45,925

**EXHIBIT B-5****COUNTY OF NASSAU, NEW YORK**

**STATEMENT OF EXPENDITURES BY COUNTY DEPARTMENTS AND OFFICES  
TOTAL BUDGETARY AUTHORITY AND ACTUAL  
GRANT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)  
(INCLUDING LIFETIME ACTIVITY THROUGH DECEMBER 31, 2013)**

<b>County Departments, Offices and Boards</b>	<b>Budgetary Authority as of December 31, 2013</b>	<b>Expenditures through December 31, 2012</b>	<b>Available Budgetary Authority for 2013</b>	<b>2013 Expenditures</b>	<b>Remaining Budgetary Authority December 31, 2013</b>
Affirmative Action	\$ 1,240	\$ 1,140	\$ 100	\$	\$ 100
Assessment	13,000	11,363	1,637		1,637
Behavioral Health	331,017	195,939	135,078	37,760	97,318
Budget and Management	1,312		1,312	41	1,271
CASA	735	466	269		269
Consumer Affairs	250	237	13		13
Correctional Center	13,133	11,379	1,754	921	833
County Attorney	295	295			
County Clerk	321	244	77		77
County Comptroller	805	446	359		359
Criminal Justice Coordinating Council	59,828	54,807	5,021	806	4,215
Cultural Development	441	437	4		4
District Attorney	42,702	22,840	19,862	2,950	16,912
Drug and Alcohol	693,474	527,186	166,288		166,288
Board of Election	1,378	789	589	5	584
Emergency Management	25,534	13,857	11,677	3,785	7,892
Fire Commission	3,726	2,331	1,395	584	811
General Services	415	315	100		100
Health	275,750	214,169	61,581	14,766	46,815
Housing and Inter- governmental Affairs	749,648	657,737	91,911	23,159	68,752
Human Rights	1,897	1,702	195		195
Human Services	144		144		144
Information Technology	198	198			
Labor	50	46	4		4
Medical Center	5,119	188	4,931		4,931
Medical Examiner	10,145	7,302	2,843	980	1,863
Mental Health	213,875	169,654	44,221		44,221
Miscellaneous	91,127	72,570	18,557		18,557
Planning	29,317	21,903	7,414	147	7,267
Police	119,305	86,866	32,439	8,645	23,794
Probation	41,754	34,511	7,243	1,126	6,117
Public Works	17,413	13,415	3,998	451	3,547
Real Estate Services	137,565		137,565	19,463	118,102
Records Management	114	113	1		1
Recreation and Parks	35,437	22,688	12,749	6,553	6,196
Senior Citizen Affairs	63,161	60,291	2,870		2,870
Sheriff	66	55	11		11
Social Services	98,266	62,333	35,933	13,682	22,251
Traffic Safety Board	62,734	58,585	4,149	2,099	2,050
Veterans Services	458	424	34		34
Women's Services	194	148	46		46
Youth Board	39,081	31,381	7,700	187	7,513
<b>Total</b>	<b>\$ 3,182,424</b>	<b>\$ 2,360,350</b>	<b>\$ 822,074</b>	<b>\$ 138,110</b>	<b>\$ 683,964</b>

**EXHIBIT B-6**

**COUNTY OF NASSAU, NEW YORK**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TOTAL BUDGETARY AUTHORITY AND ACTUAL  
ENVIRONMENTAL PROTECTION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b><u>Revenues:</u></b>						
Property Taxes	\$ 11,250	\$ 11,250	\$ 11,276	\$	\$ 11,276	\$ 26
Total Revenues	11,250	11,250	11,276		11,276	26
<b><u>Other Financing Uses:</u></b>						
Transfer Out	(11,250)	(11,250)	(8,989)		(8,989)	2,261
Total Other Financing Uses	(11,250)	(11,250)	(8,989)		(8,989)	2,261
Net Change in Fund Balance			2,287		2,287	2,287
Fund Balance Beginning of Year			17,151		17,151	17,151
Fund Balance End of Year	\$	\$	\$ 19,438	\$	\$ 19,438	\$ 19,438

**EXHIBIT B-7****COUNTY OF NASSAU, NEW YORK**

**STATEMENT OF EXPENDITURES BY COUNTY DEPARTMENTS AND OFFICES  
TOTAL BUDGETARY AUTHORITY AND ACTUAL  
FEMA FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)  
(INCLUDING LIFETIME ACTIVITY THROUGH DECEMBER 31, 2013)**

<b>County Departments, Offices and Boards</b>	<b>Budgetary Authority as of December 31, 2013</b>	<b>Expenditures through December 31, 2012</b>	<b>Available Budgetary Authority for 2013</b>	<b>2013 Expenditures</b>	<b>Remaining Budgetary Authority December 31, 2013</b>
Budget and Management	\$ 18	\$	\$ 18	\$ 18	\$
Correctional Center	489	107	382	2	380
County Attorney	24		24	24	
County Comptroller	135		135	135	
Office of Constituent Affairs	79	34	45	16	29
County Executive	41		41	41	
District Attorney	556	100	456		456
Board of Election	519	228	291	(45)	336
Emergency Management	1,645	1,062	583	251	332
Fire Commission	1,018	561	457	11	446
Health	1,576	777	799	47	752
Human Services	145	18	127		127
Information Technology	632	205	427	75	352
Labor Relations	2		2	2	
Legislature	2	1	1		1
Medical Examiner	8	3	5		5
Personnel	27		27	27	
Police	11,768	10,557	1,211	114	1,097
Police Headquarters	10,932	9,738	1,194	199	995
Probation	427	377	50	11	39
Public Works	165,168	83,087	82,081	42,230	39,851
Shared Services	16	6	10	6	4
Recreation and Parks	3,645	1,779	1,866	610	1,256
Social Services	83	28	55	20	35
STEP Program	14,766	3,775	10,991	2,756	8,235
<b>Total</b>	<b>\$ 213,721</b>	<b>\$ 112,443</b>	<b>\$ 101,278</b>	<b>\$ 46,550</b>	<b>\$ 54,728</b>

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**EXHIBIT C-1****COUNTY OF NASSAU, NEW YORK****CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS BY FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

	<u>Land*</u>	<u>Intangibles*</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
Legislative	\$	\$	\$	\$ 254	\$ 131	\$	\$ 385
Judicial	2,593		1,933	73,629	4,330		82,485
General Administration	122,603	8,804	1,197	170,034	38,235		340,873
Protection of Persons	5,254		190	78,061	90,751		174,256
Health	475			4,672	3,345		8,492
Public Works	13,492		1,522	317,816	69,055	1,879,975	2,281,860
Recreation and Parks	35,653		68,705	97,170	13,900	45,024	260,452
Social Services	545		3,840	19,967	1,202		25,554
Corrections				183,147	10,948		194,095
Other Expenditures/MSBA				26,409	197,143		223,552
Metropolitan Transportation Authority					140,040		140,040
Other	58,361		716	134,439			193,516
Total	238,976	8,804	78,103	1,105,598	569,080	1,924,999	3,925,560
Less: Accumulated Depreciation			53,334	425,186	435,164	863,566	1,777,250
	<u>\$ 238,976</u>	<u>\$ 8,804</u>	<u>\$ 24,769</u>	<u>\$ 680,412</u>	<u>\$ 133,916</u>	<u>\$ 1,061,433</u>	<u>2,148,310</u>
Construction in Progress							420,235
Total Net Capital Assets							<u>\$ 2,568,545 *</u>

\* Land and Intangible Capital Assets are not depreciated.

**EXHIBIT C-2****COUNTY OF NASSAU, NEW YORK****STATEMENT OF CHANGES IN CAPITAL ASSETS BY FUNCTION****DECEMBER 31, 2013 (Dollars in Thousands)**

	<b>Capital Assets January 1, 2013</b>	<b>Additions*</b>	<b>Deletions*</b>	<b>Capital Assets December 31, 2013</b>
Legislative	\$ 361	\$ 24	\$	\$ 385
Judicial	81,889	610	14	82,485
General Administration	333,957	6,929	13	340,873
Protection of Persons	168,277	10,103	4,124	174,256
Health	8,413	215	136	8,492
Public Works	2,253,896	28,271	307	2,281,860
Recreation and Parks	257,087	3,444	79	260,452
Social Services	25,554			25,554
Corrections	193,766	357	28	194,095
Other Expenditures/MSBA	223,894	339	681	223,552
Metropolitan Transportation Authority	140,040			140,040
Other	193,625		109	193,516
Construction in Progress	362,225	87,698	29,688	420,235
Total	4,242,984	137,990	35,179	4,345,795
Less: Accumulated Depreciation	1,663,612	118,695	5,057	1,777,250
Total Changes in Net Capital Assets	<u>\$ 2,579,372</u>	<u>\$ 19,295</u>	<u>\$ 30,122</u>	<u>\$ 2,568,545</u>

\* Additions include buildings, equipment, infrastructure and intangible assets for both the County and the Nassau County Sewer and Storm Water Finance Authority and the transfer of construction in progress. Deletions include buildings, equipment and infrastructure for the County and the transfer of construction in progress to the Nassau County Sewer and Storm Water Finance Authority.

**EXHIBIT D-1****COUNTY OF NASSAU, NEW YORK****STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES****FIDUCIARY FUNDS****DECEMBER 31, 2013 (Dollars in Thousands)**

	<u>Balance January 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2013</u>
<b>Agency Fund</b>				
<b><u>ASSETS:</u></b>				
Cash	\$ 49,840	\$ 1,166,369	\$ 1,172,580	\$ 43,629
Due From Component Unit	(2,190)	104,723	101,941	592
<b>TOTAL ASSETS</b>	<b>\$ 47,650</b>	<b>\$ 1,271,092</b>	<b>\$ 1,274,521</b>	<b>\$ 44,221</b>
<b><u>LIABILITIES:</u></b>				
Accounts Payable	\$ 1,195	\$ 463,138	\$ 463,744	\$ 589
Other Liabilities	46,455	1,178,367	1,181,190	43,632
<b>TOTAL LIABILITIES</b>	<b>\$ 47,650</b>	<b>\$ 1,641,505</b>	<b>\$ 1,644,934</b>	<b>\$ 44,221</b>
 <b>Nassau County Tobacco Securitization Corporation Residual Trust</b>				
<b><u>ASSETS:</u></b>				
Cash	\$ 17,891	\$ 32	\$	\$ 17,923
<b><u>LIABILITIES:</u></b>				
Other Liabilities	\$ 17,891	\$ 32	\$	\$ 17,923

**EXHIBIT D-2****COUNTY OF NASSAU, NEW YORK****STATEMENT OF CHANGES IN OTHER LIABILITIES****FIDUCIARY FUNDS****FOR THE YEAR ENDED DECEMBER 31, 2013 (Dollars in Thousands)**

	<b>Balance January 1, 2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2013</b>
<b>Agency Fund</b>				
Cash Bail	\$ 10,321	\$ 8,945	\$ 10,499	\$ 8,767
Coliseum Deferred Revenue	4,684			4,684
Contractors' Cash Bond Escrow	1,157	73	275	955
Declining Balance Account - Staples		1,348	1,348	
Dental Insurance	23		23	
Estate Suspense Account	461	1,264	1,373	352
Federal Withholding Taxes	92	153,054	153,023	123
Flex Benefit Plan		3,512	3,512	
Grainger Declining Balance Account		1,357	1,357	
Health Insurance		310,273	310,273	
Highway Deposits	1,068	656	514	1,210
Medical Assistance Pay In	1,888	1,074	1,925	1,037
Mortgage Taxes	7,064	45,449	45,584	6,929
Nassau County Bridge Authority	188			188
New York City Withholding Taxes	42	1,231	1,266	7
New York State Withholding Taxes	1,773	57,050	58,288	535
Optical Insurance	47	1,591	1,606	32
Payments in Lieu of Taxes	10,131	38,168	40,692	7,607
Payroll Deductions - others	37		37	
Payroll Deferred Compensation		60,754	60,754	
Real Estate Escrow	50	488	327	211
Retirement System	275	153,045	151,729	1,591
Social Service Trust		3,839	3,839	
TIAA/CREF Payroll Deductions	2,546	7,421	6,890	3,077
Traffic Violations Clearing Account	2,340	28,920	28,087	3,173
Triad Worker's Compensation Account	667	26,493	25,691	1,469
Trust Fund Deposits	1,379	70,640	71,219	800
Trust Fund Deposits - short term		1,222	1,222	
Unemployment Insurance		795	795	
All Other Liabilities	222	199,705	199,042	885
<b>Total Other Liabilities</b>	<b>\$ 46,455</b>	<b>\$ 1,178,367</b>	<b>\$ 1,181,190</b>	<b>\$ 43,632</b>

**EXHIBIT E-1**

**COUNTY OF NASSAU, NEW YORK**

**STATEMENT OF CASH IN BANKS\*  
ALL FUNDS OF THE PRIMARY GOVERNMENT  
DECEMBER 31, 2013 (Dollars in Thousands)**

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**CASH BALANCES BY FUND:**

General Fund	\$ 231,102
NIFA General Fund	744
Police District	221
Sewer & Storm Water	89,947
Capital	647,334
Nonmajor Governmental Funds	147,748
Agency Fund	61,552
	<hr/>
Total Cash Balances By Funds	<u>\$ 1,178,648</u> **

**CASH BALANCES BY BANK:**

The Bank of New York	\$ 9,423
Bank of America	60,970
JP Morgan Chase	356,817
Citibank	5,899
Wells Fargo Bank	281,823
TD Bank	17,923
Capital One Bank	248,453
Signature Bank	175,276
City National Bank of New Jersey	327
HSBC	20,823
Petty Cash	914
	<hr/>
Total Cash Balances By Bank	<u>\$ 1,178,648</u>

\*See Exhibit X-13 Note 2, Deposits and Investments

\*\*The Cash Balance reported on this Statement will equal the sum of the Cash and Cash Equivalents plus Restricted Cash appearing on the Statement of Net Position (Exhibit X-1) for the Primary Government and the Cash Balance, as of the fiscal year end, reported in the Statement of Changes in Fiduciary Assets and Liabilities (Exhibit D-1).

## STATISTICAL SECTION

This Section of the County of Nassau's Comprehensive Annual Financial Report presents additional information, schedules, and historical content as a context to assist financial users to provide a greater understanding of the information in the financial statements, note disclosures, and required supplementary information, and to assist in the assessment of the County's overall financial condition. It is intended to provide readers of this report with a broader and more complete understanding of the County and its financial affairs than is possible from the financial statements and schedules included in the Financial section. In some cases, statistical information comes from towns, cities, villages, school districts, and special districts which are not part of the County reporting entity. Many schedules cover several fiscal years for comparison purposes, and present certain data from outside the County's accounting records.

### Contents

#### Financial Trends Information

*These schedules contain trend information to help the reader understand how the County's financial performance and position has changed over time.*

#### Revenue Capacity Information

*These schedules contain information to assist readers in understanding the factors affecting the County's local revenue sources, namely property and sales taxes.*

#### Debt Capacity Information

*These schedules contain information to assist readers in assessing the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.*

#### Economic and Demographic Information

*These schedules provide demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.*

#### Operating Information

*These schedules provide contextual information about the County's operations and resources to assist readers in understanding how the information in the County's financial report relates to the services it provides and the activities it performs.*

Note: Certain information prior to 2011 is presented pre-implementation of GASB 54.

Sources: The information in these schedules is derived from the Comprehensive Annual Financial Report for the applicable year, unless otherwise noted.

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## **FINANCIAL TRENDS INFORMATION**



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**EXHIBIT T-1****COUNTY OF NASSAU, NEW YORK**
**NET POSITION BY COMPONENT  
 LAST TEN FISCAL YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)  
 (Dollars in Thousands)**

Fiscal Year	Net Investment in Capital Assets	Restricted				Capital Projects	Unrestricted	Total Primary Government Net Position
		Statutory	Grants	Debt Service				
2013	\$ 1,620,294	\$ 1,087	\$ 48,618	\$ 54,019	\$ 7,099	\$ (8,252,108)	\$ (6,520,991)	
2012	1,675,710	933	12,969	55,365	7,091	(8,435,294)	(6,683,226)	
2011	1,681,865	2,269	21,512	59,397	7,082	(8,151,403)	(6,379,278)	
2010	1,534,318				226,915	(7,068,439)	(5,307,206)	
2009	1,503,411				143,133	(6,656,450)	(5,009,906)	
2008	1,356,866				56,742	(6,132,850)	(4,719,242)	
2007	1,602,186					(6,029,636)	(4,427,450)	
2006	1,556,170				32,719	(3,053,438)	(1,464,549)	
2005	1,429,730				113,534	(2,973,679)	(1,430,415)	
2004	1,554,662				136,826	(3,120,945)	(1,429,457)	

**EXHIBIT T-2****COUNTY OF NASSAU, NEW YORK**
**CHANGES IN NET POSITION  
 LAST TEN FISCAL YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)  
 (Dollars in Thousands)**

	Fiscal Year				
	2013	2012	2011	2010	2009
<b>Expenses</b>					
Primary Government:					
Legislative	\$ 11,010	\$ 10,722	\$ 10,554	\$ 10,213	\$ 10,108
Judicial	67,275	66,479	64,004	65,765	51,142
General Government	241,764	758,742	1,494,399	739,650	752,102
Postemployment Retirement Benefits					
Protection of Persons	806,103	811,733	763,528	771,480	725,762
Health	218,889	239,524	255,959	243,078	268,204
Public Works	425,228	342,764	251,139	238,683	218,257
Recreation and Parks	48,321	48,082	39,768	34,035	33,369
Social Services	567,342	562,832	576,297	564,636	539,817
Corrections	248,781	247,123	271,170	231,627	253,576
Education	11,375	5,692	9,826	12,086	11,457
Debt Service Interest	172,754	207,353	186,056	171,156	164,498
Total Primary Government Expenses	<u>2,818,842</u>	<u>3,301,046</u>	<u>3,922,700</u>	<u>3,082,409</u>	<u>3,028,292</u>
<b>Program Revenues</b>					
Primary Government:					
Charges for services:					
Legislative				193	274
Judicial	59,908	44,374	49,008	33,961	19,705
General Government	57,149	93,752	74,097	61,742	45,522
Protection of Persons	47,199	46,824	42,060	36,495	37,462
Health	21,391	31,646	23,475	22,196	22,245
Public Works	51,436	9,910	6,119	6,060	9,146
Recreation and Parks	19,463	19,852	19,875	19,426	19,665
Social Services	20,833	17,370	19,046	18,497	17,903
Corrections	4,369	8,633	9,014	4,784	5,300
Education	19,149	3,656			1,011
Operating Grants	534,653	563,964	463,523	485,243	463,438
Capital Grants	13,641	42,715	159,156	42,576	63,479
Total Primary Government Program Revenues	<u>849,191</u>	<u>882,696</u>	<u>865,373</u>	<u>731,173</u>	<u>705,150</u>
Net (Expenses)/Revenues	<u>(1,969,651)</u>	<u>(2,418,350)</u>	<u>(3,057,327)</u>	<u>(2,351,236)</u>	<u>(2,323,142)</u>
<b>General Revenues</b>					
Primary Government:					
Taxes:					
Property Taxes	928,034	943,624	922,894	931,585	919,653
Sales Taxes	1,135,245	1,066,012	1,023,128	997,175	949,710
Other Taxes	45,618	41,352	40,601	40,900	41,149
Tobacco Settlement Revenue and Tobacco Receipts	19,210	19,222	18,849	19,881	82,210
Investment Income	1,748	15,058	20,711	13,654	13,757
Other	32,810	29,134	28,165	26,521	25,999
Total Primary Government General Revenues	<u>2,162,665</u>	<u>2,114,402</u>	<u>2,054,348</u>	<u>2,029,716</u>	<u>2,032,478</u>
<b>Change in Net Position</b>	193,014	(303,948)	(1,002,979)	(321,520)	(290,664)
Implementation of GASB 48					
Net Position - Beginning, as restated*	<u>(6,714,005)</u>	<u>(6,379,278)</u>	<u>(5,376,299)</u>	<u>(4,985,686)</u>	<u>(4,719,242)</u>
Net Position - Ending	<u>\$ (6,520,991)</u>	<u>\$ (6,683,226)</u>	<u>\$ (6,379,278)</u>	<u>\$ (5,307,206)</u>	<u>\$ (5,009,906)</u>

(Continued)

\* As restated for the cumulative effect of GASB Statement No. 65 - *Items Previously Reported as Assets and Liabilities.*

**EXHIBIT T-2****COUNTY OF NASSAU, NEW YORK**
**CHANGES IN NET POSITION  
 LAST TEN FISCAL YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)  
 (Dollars in Thousands)**

	Fiscal Year				
	2008	2007	2006	2005	2004
<b>Expenses</b>					
Primary Government:					
Legislative	\$ 10,126	\$ 9,789	\$ 8,754	\$ 8,321	\$ 6,866
Judicial	52,998	49,995	45,018	42,533	45,584
General Government	759,162	529,185	587,841	493,012	560,382
Postemployment Retirement Benefits		3,354,770			
Protection of Persons	718,984	672,293	633,154	638,393	620,384
Health	259,517	254,856	248,782	239,111	233,916
Public Works	224,577	221,678	226,599	228,119	222,859
Recreation and Parks	43,125	48,833	45,687	41,541	37,704
Social Services	519,326	501,254	490,302	535,021	627,511
Corrections	212,124	225,968	225,334	218,053	193,434
Education	10,741	10,216	10,545	13,621	14,975
Debt Service Interest	159,632	157,439	160,847	150,564	122,391
Total Primary Government Expenses	<u>2,970,312</u>	<u>6,036,276</u>	<u>2,682,863</u>	<u>2,608,289</u>	<u>2,686,006</u>
<b>Program Revenues</b>					
Primary Government:					
Charges for services:					
Legislative	233	122	18	1	23
Judicial	17,953	18,329	20,062	18,065	13,047
General Government	43,712	70,641	71,494	55,543	55,609
Protection of Persons	33,285	35,544	36,127	31,406	29,379
Health	22,208	22,798	19,807	28,209	17,021
Public Works	7,612	5,366	5,245	5,975	2,764
Recreation and Parks	19,775	17,902	17,458	16,623	16,335
Social Services	19,227	14,558	20,364	55,782	138,304
Corrections	7,420	5,483	4,822	5,389	2,579
Education	2,579	3,668			7,186
Operating Grants	412,965	397,531	382,954	381,293	448,624
Capital Grants	15,106	37,031	32,484	27,269	56,369
Total Primary Government Program Revenues	<u>602,075</u>	<u>628,973</u>	<u>610,835</u>	<u>625,555</u>	<u>787,240</u>
Net (Expenses)/Revenues	<u>(2,368,237)</u>	<u>(5,407,303)</u>	<u>(2,072,028)</u>	<u>(1,982,734)</u>	<u>(1,898,766)</u>
<b>General Revenues</b>					
Primary Government:					
Taxes:					
Property Taxes	889,519	886,691	883,637	884,859	881,934
Sales Taxes	998,733	1,010,566	989,243	952,675	933,863
Other Taxes	38,991	45,037	39,452	40,870	36,027
Tobacco Settlement Revenue and Tobacco Receipts	74,078	59,153	53,661	45,301	45,656
Investment Income	48,701	45,284	49,369	36,622	18,066
Other	26,423	21,865	22,532	21,449	22,723
Total Primary Government General Revenues	<u>2,076,445</u>	<u>2,068,596</u>	<u>2,037,894</u>	<u>1,981,776</u>	<u>1,938,269</u>
<b>Change in Net Position</b>	(291,792)	(3,338,707)	(34,134)	(958)	39,503
Implementation of GASB 48		375,806			
Net Position - Beginning	(4,427,450)	(1,464,549)	(1,430,415)	(1,429,457)	(1,468,960)
Net Position - Ending	<u>\$ (4,719,242)</u>	<u>\$ (4,427,450)</u>	<u>\$ (1,464,549)</u>	<u>\$ (1,430,415)</u>	<u>\$ (1,429,457)</u>

(Concluded)

**EXHIBIT T-3****COUNTY OF NASSAU, NEW YORK****GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(Dollars in Thousands)**

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Sales Tax</b>	<b>Preempted Sales Tax in Lieu of Property Taxes</b>	<b>Payments in Lieu of Taxes</b>	<b>Special Taxes</b>	<b>Total</b>
2013	\$ 928,034	\$ 1,054,095	\$ 81,150	\$ 10,791	\$ 34,827	\$ 2,108,897
2012	943,624	992,706	73,305	8,583	32,768	2,050,986
2011	922,894	952,885	70,243	7,369	33,232	1,986,623
2010	931,585	939,610	57,565	6,881	34,019	1,969,660
2009	919,653	887,530	62,180	6,158	34,991	1,910,512
2008	889,519	936,304	62,429	4,154	34,837	1,927,243
2007	886,691	948,937	61,629	7,356	37,681	1,942,294
2006	883,637	929,817	59,426	4,551	34,901	1,912,332
2005	884,859	895,107	57,568	4,298	36,572	1,878,404
2004	881,934	883,892	49,971	3,632	32,395	1,851,824

**EXHIBIT T-4****COUNTY OF NASSAU, NEW YORK**
**FUND BALANCES OF GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
 (Dollars in Thousands)**

	Fiscal Year									
	2013	2012	2011 <sup>1</sup>	2010	2009	2008	2007	2006	2005	2004
General Fund (Includes NIFA)										
Nonspendable	\$ 41,017	\$ 37,275	\$ 33,860							
Spendable:										
Restricted	16,436	17,849	19,638							
Assigned	560									
Unassigned	37,243	(9,535)	(9,182)							
Reserved for Encumbrances				\$ 86,227	\$ 68,459	\$ 72,597	\$ 73,592	\$ 56,324	\$ 65,052	\$ 67,123
Unreserved, Designated for Ensuing Year's Budget						10,000	10,000	13,075	13,367	
Unreserved				93,498	52,784	47,928	56,271	73,342	75,771	86,084
<b>Total General Fund</b>	<b>95,256</b>	<b>45,589</b>	<b>44,316</b>	<b>179,725</b>	<b>121,243</b>	<b>130,525</b>	<b>139,863</b>	<b>142,741</b>	<b>154,190</b>	<b>153,207</b>
All Other Governmental Funds										
Nonspendable	12,103	11,304	11,176							
Spendable:										
Restricted	95,495	58,509	70,622							
Committed	296,976	151,162	151,051							
Assigned	69,393	81,930	88,072							
Unassigned	(13,939)	(4,420)	(13,759)							
Reserved for Retirement of										
Temporary Financing				8,588	8,835	4,679	7,326	25,961	7,816	64,106
Reserved for Encumbrances				342,310	339,976	339,524	241,394	266,165	245,489	170,363
Reserved for Police Terminations										
Restricted - Senior Liquidity Reserve				24,009	24,009	24,009	24,009	24,009		
Unreserved and Designated for										
Ensuing Year's Budget				35,538	52,785	59,496	53,203		52,087	10,000
Unreserved:										
Special Revenue Fund				56,481	71,477	65,174	114,954	123,199	(10,376)	4,870
Capital Fund				(11,774)	(75,019)	(155,310) *				
Nonmajor Special Revenue Funds				(10,353)	(11,348)	(31,613)	(41,132)	(29,733)	72,140	77,362
Nonmajor Capital Projects Funds				(32,730)	(48,728)	(23,728)	(219,450)	(149,672)	33,923	132,855
Nonmajor Debt Service Funds				16,295	18,054	21,477	(26,424)	2,054	3,994	51,017
<b>Total All Other Governmental Funds</b>	<b>460,028</b>	<b>298,485</b>	<b>307,162</b>	<b>428,364</b>	<b>380,041</b>	<b>303,708</b>	<b>153,880</b>	<b>261,983</b>	<b>405,073</b>	<b>510,573</b>
<b>Total Governmental Funds</b>	<b>\$ 555,284</b>	<b>\$ 344,074</b>	<b>\$ 351,478</b>	<b>\$ 608,089</b>	<b>\$ 501,284</b>	<b>\$ 434,233</b>	<b>\$ 293,743</b>	<b>\$ 404,724</b>	<b>\$ 559,263</b>	<b>\$ 663,780</b>

\* Beginning in 2008, the Capital Fund became a Major Fund

General Note: Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. There was no effect on the total governmental funds fund balance.

<sup>1</sup> Beginning in 2011, components of fund balance were reclassified in accordance with Governmental Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

**EXHIBIT T-5**

**COUNTY OF NASSAU, NEW YORK**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(Dollars in Thousands)**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues</b>										
Major Governmental Funds <sup>1</sup>										
Interest and Penalties on Taxes	\$ 32,810	\$ 27,988	\$ 28,165	\$ 26,521	\$ 25,998	\$ 26,423	\$ 21,865	\$ 22,532	\$ 21,369	\$ 22,682
Licenses and Permits	18,149	14,338	13,429	10,119	11,529	10,176	10,580	10,525	9,455	6,050
Fines and Forfeits	61,439	44,059	52,542	37,251	24,075	22,019	22,266	23,001	21,237	14,477
Interest Income	1,897	1,808	2,864	3,031	3,374	14,539	29,597	22,733	12,883	6,474
Rents and Recoveries	21,094	31,020	31,440	21,036	23,737	30,921	25,338	43,696	30,796	32,229
Tobacco Settlement Revenue					15,166	23,000	23,600	23,000	23,017	23,682
Tobacco Proceeds							14,500	10,273		
Departmental Revenue	171,720	167,173	119,601	97,692	98,998	90,673	94,902	87,795	126,731	206,459
Interdepartmental Revenue	89,430	85,515	135,732	156,320	164,334	138,074	133,402	135,478	129,788	102,187
Interfund Revenue	38,298	40,223								
Intergovernmental Charges	2,421	2,360								
Federal Aid	131,512	189,495	200,864	228,019	176,743	116,253	123,872	115,193	114,519	126,208
State Aid	207,011	222,753	191,768	177,426	212,556	209,058	201,682	187,799	199,715	209,019
Sales Tax	1,054,095	992,706	952,885	939,610	887,530	936,304	948,937	929,817	895,107	883,892
Preempted Sales Tax in Lieu of Property Taxes	81,150	75,305	70,243	57,565	62,180	62,429	61,629	59,426	57,568	49,971
Property Taxes	924,818	932,682	915,785	807,167	804,766	882,144	882,563	884,512	884,859	743,002
Payments in Lieu of Taxes	10,791	8,583	7,369	6,881	6,158	4,154	7,356	4,551	4,298	3,632
Special Taxes	31,451	29,602	30,485	31,378	32,623	31,726	33,654	34,901	36,572	32,395
Other Revenue	20,669	10,693	20,158	31,727	13,551	13,294	49,606	25,081	24,830	11,098
<b>Total Major Governmental Funds</b>	<b>2,898,755</b>	<b>2,874,303</b>	<b>2,773,330</b>	<b>2,631,743</b>	<b>2,563,318</b>	<b>2,611,187</b>	<b>2,685,349</b>	<b>2,620,313</b>	<b>2,592,744</b>	<b>2,473,457</b>
Nonmajor Governmental Funds										
Unrealized Gain on Investments									80	41
Fines and Forfeits	1,583	2,762	1,784	1,798	1,718	2,122	1,330	2,559	1,478	
Interest Income	249	412	95	365	2,001	5,105	8,500	17,532	17,305	6,754
Rents and Recoveries	63	716	752	281	761	272	343	169	185	241
Departmental Revenue	3,254	3,239	2,998	3,146	2,782	2,815	2,586	2,470	2,219	4,116
Interdepartmental Revenue	4,660	11,789	27	102	296	352	349	710	725	2,580
Interfund Revenue	234	235								
Federal Aid	142,312	171,673	75,777	73,858	65,738	51,831	47,955	54,461	50,982	49,629
State Aid	66,068	18,622	29,211	39,383	35,927	48,433	43,955	55,639	31,671	66,300
State Aid from NIFA									7,500	7,500
Tobacco Proceeds					43,155	29,415				
Tobacco Receipts	19,210	19,222	18,849	19,881	23,889	21,663	21,053	20,388	22,284	21,974
Property Taxes	11,276	11,252	11,254	125,038	114,887	7,375	4,128			138,932
Special Taxes	3,376	3,166	2,747	2,641	2,368	3,111	4,027			
Other Revenues		17	90	4,242	72	1,629	890	2,447	4,236	7,622
<b>Total Nonmajor Governmental Funds</b>	<b>252,285</b>	<b>243,105</b>	<b>143,584</b>	<b>270,735</b>	<b>293,594</b>	<b>174,123</b>	<b>135,116</b>	<b>156,375</b>	<b>138,665</b>	<b>305,689</b>
<b>Total Revenues</b>	<b>3,151,040</b>	<b>3,117,408</b>	<b>2,916,914</b>	<b>2,902,478</b>	<b>2,856,912</b>	<b>2,785,310</b>	<b>2,820,465</b>	<b>2,776,688</b>	<b>2,731,409</b>	<b>2,779,146</b>
<b>Expenditures</b>										
Major Governmental Funds										
Current:										
Legislative	10,685	10,434	10,308	10,207	10,100	10,118	9,781	8,747	8,325	7,629
Judicial	60,269	60,021	58,090	62,677	47,778	49,998	46,304	41,733	39,791	44,715
General Administration	202,542	306,533	230,251	218,252	227,498	218,324	229,056	228,451	232,038	209,952
Protection of Persons	792,598	789,271	772,530	787,104	731,109	729,558	713,778	672,021	674,719	653,567
Health	169,037	193,133	211,840	204,416	222,934	214,808	216,106	215,413	197,873	190,873
Public Works	305,142	190,872	204,370	184,260	195,203	181,108	185,981	182,580	196,478	87,453
Recreation and Parks	29,938	25,779	27,895	23,282	24,533	34,244	40,863	55,919	50,704	46,440
Social Services	567,330	565,557	585,210	585,470	541,844	518,409	516,968	505,817	537,107	625,213
Corrections	230,565	227,718	252,080	225,207	247,009	205,186	218,509	212,820	211,928	193,390
Education	15,051	4,749	10,362	10,483	9,945	8,656	7,325	6,998	6,740	5,801
Payments for Tax Certiorari	101,080	34,377	68,142	106,483	120,180	115,717	87,251	74,870	260,207	198,663
Other	133,977	142,463	125,795	127,608	116,649	123,649	116,683	125,336	120,946	156,254
Capital Outlay:										
General	111,096	123,371	103,275	118,353	162,473	149,533	124,129			
Sewage Districts	23,224	39,932	30,629							
Debt Service:										
Principal	73,081	74,208	87,699	98,606	104,015	110,066	126,407	146,324	168,495	171,434
Interest	80,871	77,779	69,934	53,304	38,940	34,885	35,947	41,375	48,425	60,269
Financing Costs	5,030	4,673	3,125	7,069	12,091	4,765	994	249	841	612
<b>Total Major Governmental Funds</b>	<b>2,911,516</b>	<b>2,870,870</b>	<b>2,851,535</b>	<b>2,822,781</b>	<b>2,812,301</b>	<b>2,709,024</b>	<b>2,676,082</b>	<b>2,523,353</b>	<b>2,754,617</b>	<b>2,652,265</b>
Nonmajor Governmental Funds										
Current:										
Legislative		1								
Judicial	3,756	3,222	2,630	3,816	3,287	3,053	2,968	1,725	1,853	749
General Administration	47,297	29,846	33,332	37,116	32,809	33,015	27,125	28,360	29,238	32,797
Protection of Persons	12,632	31,448	11,806	11,009	14,999	8,935	7,951	8,497	8,195	5,657
Health	55,329	51,023	48,880	50,760	49,871	48,377	47,484	42,580	45,706	45,179
Public Works	42,828	84,111	7		5	165	208	223		78,453
Recreation and Parks	7,163	7,432	3,803	4,467	1,938	1,784	784	458	636	422
Social Services	13,889	11,941	8,672	8,481	7,131	6,424	5,802	5,258	6,063	5,509
Corrections	2,060	2,164	1,676	1,487	1,669	2,001	2,799	2,596	3,328	1,684
Education										
Other					43,155	29,415				
Capital Outlay:										
General County								125,298	103,055	70,381
Sewage Districts				26,008	30,962	37,801	18,456	8,949	5,369	5,840
Debt Service:										
Principal	158,920	152,380	127,105	112,113	99,891	96,893	83,200	94,015	57,906	55,118
Interest	74,764	108,093	100,718	92,514	111,041	119,144	113,487	118,643	94,744	91,294
Financing Costs		7,126			254	1,954		14,389	4,290	10,165
<b>Total Nonmajor Governmental Funds</b>	<b>418,638</b>	<b>488,787</b>	<b>338,629</b>	<b>347,771</b>	<b>397,012</b>	<b>378,961</b>	<b>310,264</b>	<b>450,991</b>	<b>360,383</b>	<b>403,248</b>
<b>Total Expenditures</b>	<b>3,330,154</b>	<b>3,359,657</b>	<b>3,190,164</b>	<b>3,170,552</b>	<b>3,209,313</b>	<b>3,087,985</b>	<b>2,986,346</b>	<b>2,974,344</b>	<b>3,115,000</b>	<b>3,055,513</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(179,114)</b>	<b>(242,249)</b>	<b>(273,250)</b>	<b>(268,074)</b>	<b>(352,401)</b>	<b>(302,675)</b>	<b>(165,881)</b>	<b>(197,656)</b>	<b>(383,591)</b>	<b>(276,367)</b>

(Continued)

**EXHIBIT T-5**

**COUNTY OF NASSAU, NEW YORK**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(Dollars in Thousands)**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Other Financing Sources (Uses)</b>										
Premium on Bonds	\$ 25,025	\$ 47,095	\$ 9,323	\$ 28,748	\$ 51,339	\$ 8,800	\$ 1,055	\$	\$ 17,252	\$ 33,915
EFC Subsidy	(695)			1,141			356	912	550	
Funding of Residual Trust							(21,073)	(140,265)		
Transfer from NIFA for Escrow Agent										(9,076)
Deposited with Escrow Agent for Defeasance					(389,335)	(789,735)		(248,564)	(130,798)	(322,806)
Transfers In	27,419	41,763	40,604	604,630	641,377	487,053	448,731	640,408	546,434	331,873
Transfers In of Investment Income	1,115	1,092	1,063	549	2,144	4,144	6,684	4,938	4,481	2,551
Transfers Out	(27,419)	(41,763)	(40,604)	(604,630)	(641,377)	(487,053)	(448,731)	(640,408)	(546,434)	(331,873)
Transfers Out of Investment Income	(1,115)	(1,092)	(1,063)	(549)	(2,144)	(4,144)	(6,684)	(4,938)	(4,481)	(2,551)
Transfers In from NIFA	202,047	214,004	201,429	170,044	183,911	189,852	208,350	77,841	224,418	494,878
Transfers Out to NIFA	(202,047)	(214,004)	(201,429)	(170,044)	(183,911)	(189,852)	(208,350)	(77,841)	(477,350)	(693,541)
Transfers In from SFA	159,703	164,903	167,254	49,755	148,986	268,028	330,440	426,510	112,571	238,557
Transfers Out to SFA	(159,703)	(164,903)	(167,254)	(49,755)	(148,986)	(268,028)	(330,440)	(426,510)	(112,571)	(238,557)
Transfers In from TSC	75	150								
Transfer Out to TSC	(75)	(150)								
Issuance of Notes						50,757				
Issuance of Bonds	365,492	192,147	76,409	344,990	808,205	1,173,343	74,562	431,034	392,070	1,023,955
Refunding Bonds Issued		317,713								
Payment to Bond Escrow Agent		(314,390)								(397,200)
Debt Service - Current Refunding NIFA		(8,060)								
Redemption of Notes					(50,757)					
Transfers from NIFA - Tax Certiorari and Other									252,932	198,663
Judgment Borrowings										
Other Sources	502	340								
<b>Total Financing Sources</b>	<b>390,324</b>	<b>234,845</b>	<b>85,732</b>	<b>374,879</b>	<b>419,452</b>	<b>443,165</b>	<b>54,900</b>	<b>43,117</b>	<b>279,074</b>	<b>328,788</b>
<b>Net Change in Fund Balance</b>	<b>211,210</b>	<b>(7,404)</b>	<b>(187,518)</b>	<b>106,805</b>	<b>67,051</b>	<b>140,490</b>	<b>(110,981)</b>	<b>(154,539)</b>	<b>(104,517)</b>	<b>52,421</b>
<b>Total Fund Balances at Beginning of Year</b>	<b>344,074</b>	<b>351,478</b>	<b>538,996</b>	<b>501,284</b>	<b>434,233</b>	<b>293,743</b>	<b>404,724</b>	<b>559,263</b>	<b>663,780</b>	<b>611,359</b>
<b>Total Fund Balances at End of Year</b>	<b>\$ 555,284</b>	<b>\$ 344,074</b>	<b>\$ 351,478</b>	<b>\$ 608,089</b>	<b>\$ 501,284</b>	<b>\$ 434,233</b>	<b>\$ 293,743</b>	<b>\$ 404,724</b>	<b>\$ 559,263</b>	<b>\$ 663,780</b>
Debt Service as a Percentage of Noncapital Expenditures	12.03%	12.87%	13.38%	13.18%	13.00%	13.91%	14.48%	14.12%	12.32%	12.83%

<sup>1</sup> Beginning in 2007, Capital Projects is a Major Fund

(Concluded)



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**REVENUE CAPACITY INFORMATION**

**EXHIBIT T-6****COUNTY OF NASSAU, NEW YORK****GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE****LAST TEN FISCAL YEARS****(MODIFIED ACCRUAL BASIS OF ACCOUNTING)****(Dollars in Thousands)**

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<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Sales Tax</b>	<b>Preempted Sales Tax in Lieu of Property Taxes</b>	<b>Payments in Lieu of Taxes</b>	<b>Special Taxes</b>	<b>Total</b>
2013	\$ 936,094	\$ 1,054,095	\$ 81,150	\$ 10,791	\$ 34,827	\$ 2,116,957
2012	943,934	992,706	73,305	8,583	32,768	2,051,296
2011	927,039	952,885	70,243	7,369	33,232	1,990,768
2010	932,205	939,610	57,565	6,881	34,019	1,970,280
2009	919,653	887,530	62,180	6,158	34,991	1,910,512
2008	889,519	936,304	62,429	4,154	34,837	1,927,243
2007	886,691	948,937	61,629	7,356	37,681	1,942,294
2006	884,512	929,817	59,426	4,551	34,901	1,913,207
2005	884,859	895,107	57,568	4,298	36,572	1,878,404
2004	881,934	883,892	49,971	3,632	32,395	1,851,824

**EXHIBIT T-7**

**COUNTY OF NASSAU, NEW YORK**

**SALES TAX, ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
(Dollars in Thousands)**

Fiscal Year Ended December 31	Sales Tax Revenue <sup>1</sup>	Sales Tax Rate	Class 1 Assessed Value	Class 2 Assessed Value	Class 3 Assessed Value	Class 4 Assessed Value	Total Taxable Assessed Value	Levied Property Taxes	Total Direct Property Tax Rate per \$100 Assessed Value	Estimated Actual Taxable Full Valuation	Assessed Value as a Percentage of Actual Taxable Full Valuation
2013	\$ 1,135,245	4.25%	\$ 408,904 ****	\$ 32,688 ****	\$ 40,378 ****	\$ 181,166 ****	663,136 ***	\$ 936,094	141.16	\$ 205,075,616	0.32%
2012	1,066,011	4.25%	443,291 ****	34,894 ****	41,287 ****	196,533 ****	716,005 ***	943,934	131.83	217,753,867	0.33%
2011	1,023,128	4.25%	467,353 ****	37,798 ****	39,629 ****	226,538 ****	771,318 ***	927,039	120.19	218,338,458	0.35%
2010	997,175	4.25%	543,233 ****	35,924 ****	38,155 ****	220,140 ****	837,452 ***	932,205	111.31	252,854,423	0.33%
2009	949,710	4.25%	542,881 ****	34,202 ****	34,660 ****	207,054 ****	818,797 ***	919,653	112.32	257,054,119	0.32%
2008	998,733	4.25%	523,214 ****	31,036 ****	30,820 ****	193,634 ****	778,704 ***	889,519	114.23	261,031,961	0.30%
2007	1,010,566	4.25%	493,266 ****	28,852 ****	28,680 ****	177,797 ****	728,595 ***	886,691	121.70	244,238,974	0.30%
2006	989,243	4.25%	833,629	27,593	24,576	177,379	1,063,177 **	884,512	83.20	212,313,816	0.50%
2005	952,675	4.25%	1,353,982	26,684	24,748	176,878	1,582,292 *	884,859	55.92	193,592,238	0.82%
2004	933,863	4.25%	1,380,126	28,135	24,590	180,954	1,613,805 *	881,934	54.65	179,807,935	0.90%

\* In 2004 and 2005, a new Department of Assessment methodology was developed and approved by the State in deriving total taxable assessed valuation by utilizing one percent of market value applicable to each of the four property classes.

\*\* In 2006, a new Department of Assessment methodology was developed and approved by the State in deriving total taxable assessed valuation by utilizing one half of one percent of market value for Class 1 properties and utilizing one percent of market value for the other property classes.

\*\*\* Beginning in 2007, a new Department of Assessment methodology was developed and approved by the State in deriving total taxable assessed valuation by utilizing one quarter of one percent of market value for Class 1 properties and utilizing one percent of market value for the other property classes.

\*\*\*\*Additional Source: Nassau County Adopted Budget

<sup>1</sup> This includes preempted sales tax in lieu of property taxes

**EXHIBIT T-8**

**COUNTY OF NASSAU, NEW YORK**

**PROPERTY TAX LEVIES AND TAX RATES,  
DIRECT AND OVERLAPPING GOVERNMENTS  
FOR THE FISCAL PERIODS ENDED IN 2003 THROUGH 2012  
(Dollars in Thousands)**

	(Tax Rates per \$100 of Assessed Valuation)									
	2012		2011		2010		2009		2008	
	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range
<b>County of Nassau *</b>										
General County Government (Net)	\$ 120,039	11.36/ 39.25	\$ 174,507	11.36/ 39.25	\$ 162,839	12.69/ 30.75	\$ 156,498	13.73/ 31.19	\$ 145,858	14.53/ 30.78
Police District	369,985	46.83/ 124.88	364,489	46.83/ 124.88	343,354	46.16/ 123.51	345,036	49.18/ 138.64	332,326	49.52/ 146.55
Police Headquarters	299,057	20.62/ 38.72	245,666	20.62/ 38.72	279,980	24.83/ 37.70	289,074	27.92/ 40.19	279,632	29.96/ 40.14
Fire Prevention	15,251	1.32/ 2.48	15,654	1.32/ 2.48	15,401	1.38/ 2.09	15,466	1.51/ 2.17	15,555	1.68/ 2.25
Community College	52,207	4.34/ 8.15	52,207	4.34/ 8.15	52,207	4.59/ 6.97	52,207	4.92/ 7.18	50,247	5.33/ 7.19
<b>Sewage Disposal Districts</b>										
Sewer & Storm Water District Fund	117,271	1.37/ 54.89	119,032	1.37/ 54.89	116,032	1.40/ 98.62	110,032	1.40/ 47.93	103,932	1.03/ 41.09
<b>Sewage Collection Districts</b>										
<b>Parks &amp; Recreation</b>										
Environmental Bond	11,250	.95/ 1.79	11,250	.95/ 1.79	9,000	.81/ 1.23	4,850	.49/ 0.70	7,375	.81/ 1.09
<b>Total County of Nassau</b>	<b>985,060</b>		<b>982,805</b>		<b>978,813</b>		<b>973,163</b>		<b>934,925</b>	
	16.42%		16.81%		17.01%		17.17%		17.43%	
<b>Town and City Governments</b>										
	288,795	.78/ 44.83	268,602	.78/ 44.83	250,961	.61/ 42.69	247,128	.55/ 41.40	231,735	.54/ 38.12
	4.82%		4.59%		4.36%		4.36%		4.32%	
<b>Incorporated Village Governments</b>										
	428,901	.003/ 232.85	420,196	.003/ 232.85	406,839	.003/ 213.97	423,741	.10/ 214.35	383,097	.10/ 214.90
	7.15 %		7.19 %		7.07 %		7.48 %		7.14 %	
<b>School Districts</b>										
	3,746,069	1.65/ 880.89	3,619,714	1.65/ 880.89	3,575,807	1.30/ 809.20	3,480,489	1.20/ 893.76	3,309,803	1.18/ 980.37
	62.46%		61.90%		62.13%		61.41%		61.70%	
<b>Special Districts</b>										
Fire	108,892	3.47/ 137.49	106,817	3.47/ 137.49	104,341	3.10/ 650.83	109,452	3.78/ 600.86	101,065	3.93/ 450.52
Fire Protection	19,113	1.76/ 132.45	18,989	1.76/ 132.45	18,183	1.68/ 131.58	18,291	1.68/ 128.10	17,524	2.38/ 131.56
Garbage, Refuse and Sanitary	209,324	.86/ 138.60	222,634	.86/ 138.60	225,586	.66/ 141.84	222,555	.58/ 156.28	207,014	.59/ 176.34
Lighting	17,497	1.34/ 8.70	17,052	1.34/ 8.70	16,642	1.30/ 8.64	17,125	1.30/ 10.02	15,972	1.30/ 10.10
Park	86,288	1.83/ 237.36	87,307	1.83/ 237.36	78,464	1.65/ 213.28	78,164	1.74/ 222.96	68,345	.75/ 85.75
Parking and Improvement	50,048	.11/ 203.23	47,406	.11/ 203.23	46,497	.08/ 310.03	45,862	.09/ 273.43	44,294	.08/ 231.66
Sewage - Special	15,649	.00/ 150.60	14,812	.00/ 150.60	14,553	.00/ 149.46	13,602	.00/ 189.64	14,809	.00/ 218.93
Water	41,837	.05/ 160.71	41,110	.05/ 160.71	38,548	.05/ 78.54	38,095	.05/ 82.41	35,546	.00/ 88.52
<b>Total Special Districts</b>	<b>548,648</b>		<b>556,127</b>		<b>542,814</b>		<b>543,146</b>		<b>504,569</b>	
	9.15%		9.51%		9.43%		9.58%		9.41%	
<b>Totals</b>	<b>\$ 5,997,473</b>		<b>\$ 5,847,444</b>		<b>\$ 5,755,234</b>		<b>\$ 5,667,667</b>		<b>\$ 5,364,129</b>	
	100%		100%		100%		100%		100%	

(Continued)

\* Per Approved Legislative Tax Ordinances.

Note: Nassau County has elected to keep this schedule since it has been requested for both internal and external agency purposes. Fiscal Year 2012 is the most recent data available

Sources: Various County, Towns, Schools, and Special Districts

**EXHIBIT T-8**

**COUNTY OF NASSAU, NEW YORK**

**PROPERTY TAX LEVIES AND TAX RATES,  
DIRECT AND OVERLAPPING GOVERNMENTS  
FOR THE FISCAL PERIODS ENDED IN 2003 THROUGH 2012  
(Dollars in Thousands)**

	2007		2006		2005		2004		2003	
	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range
<u>County of Nassau *</u>										
General County Government (Net)	\$ 123,962	14.08/28.70	\$ 80,016	6.09/24.63	\$ 112,770	4.89/33.05	\$ 136,984	5.96/34.02	\$ 126,463	.49/5.47
Police District	331,640	52.41/160.16	333,627	31.05/190.84	309,307	17.69/175.22	301,297	16.93/174.58	299,979	9.20/9.68
Police Headquarters	287,070	34.38/43.10	258,050	21.87/43.55	252,898	12.87/47.74	239,071	11.72/42.84	252,173	2.52/7.74
Fire Prevention	15,699	1.90/2.38	15,850	1.35/2.02	15,444	.79/2.93	17,782	.88/3.20	17,012	.17/0.52
Community College	48,361	5.73/7.19	46,546	3.91/7.78	44,799	2.26/8.38	43,117	2.10/7.66	41,499	.41/1.30
Sewage Disposal Districts									102,422	2.92/4.19
Sewer & Storm Water District Fund	118,932	1.03/140.70	138,932	.71/211.49	138,932	.42/205.18	138,932	.42/210.77		
Sewage Collection Districts									40,217	.22/11.10
Parks & Recreation			51,168	4.60/9.15	48,294	2.60/9.64	43,577	2.26/8.28	43,085	.43/1.32
Environmental Bond	4,128	.52/0.65								
<b>Total County of Nassau</b>	<b>929,792</b>	<b>17.96%</b>	<b>924,189</b>	<b>18.55%</b>	<b>922,444</b>	<b>19.40%</b>	<b>920,760</b>	<b>20.61%</b>	<b>922,850</b>	<b>21.82%</b>
<u>Town and City Governments</u>	220,779	.53/36.56	206,090	0.47/42.22	208,654	.01/39.20	183,267	.69/38.02	175,251	.13/12.20
	4.27%		4.14%		4.39%		4.10%		4.14%	
<u>Incorporated Village Governments</u>	367,733	.14/203.37	367,408	.11/116.09	344,668	.12/68.50	330,851	.14/63.50	311,028	.15/42.09
	7.11 %		7.37 %		7.25 %		7.41 %		7.35 %	
<u>School Districts</u>	3,167,626	1.18/1005.38	3,010,688	1.31/1106.35	2,833,955	21.62/1109.50	2,618,054	1.71/697.32	2,431,227	1.69/118.09
	61.20%		60.43%		59.59%		58.60%		57.49%	
<u>Special Districts</u>										
Fire	96,001	4.37/421.75	97,873	2.96/505.37	88,558	1.99/164.42	84,143	1.93/152.86	78,685	.92/7.05
Fire Protection	16,882	2.88/145.37	15,853	1.16/132.98	15,292	.50/137.46	14,239	.48/144.88	13,595	.41/7.72
Garbage, Refuse and Sanitary	201,869	.51/179.01	191,776	.29/192.98	174,235	.17/220.28	169,131	.17/162.54	160,868	.12/8.41
Lighting	15,358	1.26/11.54	14,525	.92/12.72	14,194	.52/12.46	12,643	.50/11.20	12,027	.31/0.56
Park	67,036	.89/78.40	64,291	.49/83.64	60,837	.25/85.97	54,730	.43/85.75	51,548	.22/7.11
Parking and Improvement	43,807	.11/268.51	42,116	.06/299.60	49,159	.04/311.80	38,582	.02/307.14	33,876	.01/12.59
Sewage - Special	13,776	.00/319.84	12,866	.00/224.17	12,015	.00/220.28	11,501	.00/208.83	11,258	.00/12.17
Water	34,975	.00/154.17	34,295	.00/143.57	31,739	.00/95.96	29,405	.00/90.35	27,094	.05/4.62
<b>Total Special Districts</b>	<b>489,704</b>	<b>9.46%</b>	<b>473,595</b>	<b>9.51%</b>	<b>446,029</b>	<b>9.37%</b>	<b>414,374</b>	<b>9.28%</b>	<b>388,951</b>	<b>9.20%</b>
<b>Totals</b>	<b>\$ 5,175,634</b>	<b>100%</b>	<b>\$ 4,981,970</b>	<b>100%</b>	<b>\$ 4,755,750</b>	<b>100%</b>	<b>\$ 4,467,306</b>	<b>100%</b>	<b>\$ 4,229,307</b>	<b>100%</b>

(Concluded)

**EXHIBIT T-9****COUNTY OF NASSAU, NEW YORK****PRINCIPAL SOURCES OF OWN SOURCE REVENUE**

Principal Property Taxpayers  
Current and Nine Years Ago  
(Dollars in Thousands)

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Long Island Power Authority	\$ 17,875	1	2.70%	\$ 15,217	1	0.94%
KEYSPAN	16,596	2	2.50%	5,215	3	0.32%
Verizon	5,832	3	0.88%	5,266	2	0.33%
Retail Property Trust	3,822	4	0.58%	3,613	4	0.22%
CLK-HP	2,036	5	0.31%			
E Q K Green Acres LP	1,845	6	0.28%	1,656	7	0.10%
People of the State of New York(formerly Greater NY Assoc & NYRA)	1,312	7	0.20%	1,405	9	0.09%
Rexcorp Plaza Spe LLC (formerly Galaxy LI Assoc LLC)	1,273	8	0.19%	1,768	6	0.11%
Reckson Association	1,165	9	0.18%	2,336	5	0.14%
1 Park Lake Success LLC	1,141	10	0.17%			
Long Island Water Corp.				1,312	10	0.08%
Northrop Grumman Corp.				1,607	8	0.10%
Totals	\$ 52,897		7.99%	\$ 39,395		2.43%

\* Beginning in 2007, a new Department of Assessment methodology was developed and approved by the State in deriving total taxable assessed valuation by utilizing one quarter of one percent of market value for Class I properties and utilizing one percent of market value for class II, III and IV property classes.

Source: Department of Assessment

Taxable Sales by Industry  
2012 and nine years prior  
For Years Ending in February  
(Dollars in Thousands)

Industry	2012*			2003		
	Tax Base	Rank	Percentage of Total Tax Base	Tax Base	Rank	Percentage of Total Tax Base
Retail Trade	\$ 11,309,682	1	54.974%	\$ 9,834,057	1	55.339%
Accommodation and Food Services	2,321,099	2	11.282%	1,734,789	2	9.762%
Information	1,100,440	3	5.349%	1,206,962	4	6.792%
Wholesale Trade	964,891	4	4.690%	1,293,508	3	7.279%
Manufacturing	844,210	5	4.104%	312,133	10	1.756%
Other Services	814,853	6	3.961%	486,636	8	2.738%
Administrative/Support Services	762,719	7	3.707%	528,490	7	2.974%
Ag., Mining, Trans., Fire, Educ., Govt.	705,958	8	3.432%	784,050	5	4.412%
Utilities (excluding residential energy)	566,998	9	2.756%	598,311	6	3.367%
Professional, Scientific, and Technical	394,428	10	1.917%	240,370	12	1.353%
Construction	364,646	11	1.772%	292,461	11	1.646%
Arts, Entertainment, and Recreation	343,041	12	1.667%	337,575	9	1.900%
Health Care	52,362	13	0.255%	25,982	14	0.146%
Unclassified by Industry	27,324	14	0.133%	95,338	13	0.536%
Totals	\$ 20,572,651		100.00%	\$ 17,770,662		100.00%

\* 2012 is Most Recent Available Data

Source: New York State Department of Taxation and Finance

**EXHIBIT T-10**

**COUNTY OF NASSAU, NEW YORK**

**CONSTITUTIONAL TAX MARGIN INFORMATION**

**December 31, 2013**

**(Dollars in Thousands)**

The Constitutional tax limit is the maximum amount of real property tax that may be levied in any fiscal year. The Constitutional tax margin represents the difference between the tax levy and the tax limit.

The Constitutional limit of real property taxation is 2% of the average full valuation of real estate for the last five years.

Average Full Valuation of Real Estate  
for the Last Five Years:\*

2013 Full Valuation	\$	205,075,616
2012 Full Valuation		217,753,867
2011 Full Valuation		218,338,458
2010 Full Valuation		252,854,423
2009 Full Valuation		257,054,119
		<u>1,151,076,483</u>
Average Full Valuation		<u>230,215,297</u>

Constitutional Tax Margin:

Constitutional Limit of Real Property Taxation, 2% of Average Full Valuation		4,604,306
<u>Add: Exclusions for Debt Service</u>		<u>129,669</u>

Maximum Taxing Authority \$ 4,733,975

2013 Tax Levies:

General County Government	\$	207,110
<u>Less: Sales Tax Allocation Credit and Other Adjustments</u>		<u>90,002</u>
General County Government - net		117,108
Police District		313,707
Fire Prevention, Safety, Communication and Education		15,258
Community College		52,207
Environmental Bond Fund		11,250

Total 2013 Tax Levies which are subject to the Maximum Taxing Authority 509,530

Percentage of Taxing Authority Exhausted 10.76%

Constitutional Tax Margin \$ 4,224,445

Constitutional Tax Margin as a Percentage of Maximum Taxing Authority 89.24%

\* Full valuation is determined by dividing the total taxable assessed valuation by the average State equalization rate.



**EXHIBIT T-11****COUNTY OF NASSAU, NEW YORK****PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS****(Dollars in Thousands)**

<b>Fiscal Year Beginning January 1</b>	<b>Total Ad Valorem or General Property Tax Levy</b>	<b>Amount Collected at End of Fiscal Year December 31</b>	<b>Percentage Collected at End of Fiscal Year December 31</b>	<b>Amount Collected in Subsequent Years</b>	<b>Amount Collected to Date as of December 31, 2013</b>	<b>Percentage Collected to Date at December 31</b>
2013	\$ 1,781,105	\$ 1,758,687	98.7413%	\$	\$ 1,758,687	98.7413%
2012	1,764,591	1,740,789	98.6511%	23,231	1,764,020	99.9676%
2011	1,753,993	1,729,756	98.6182%	24,179	1,753,935	99.9967%
2010	1,719,446	1,696,405	98.6600%	22,844	1,719,249	99.9885%
2009	1,710,828	1,684,918	98.4855%	25,254	1,710,172	99.9617%
2008	1,620,669	1,601,364	98.8088%	19,136	1,620,500	99.9896%
2007	1,592,436	1,574,231	98.8568%	17,780	1,592,011	99.9733%
2006	1,557,392	1,538,101	98.7613%	18,993	1,557,094	99.9809%
2005	1,531,582	1,514,518	98.8859%	16,994	1,531,512	99.9954%
2004	1,478,831	1,465,377	99.0902%	13,399	1,478,776	99.9963%

## **DEBT CAPACITY INFORMATION**

**EXHIBIT T-12****COUNTY OF NASSAU, NEW YORK****RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS****(Dollars in Thousands, Except Per Capita Amount)**

<b>Fiscal Year</b>	<b>General Obligation Bonds (e)</b>	<b>Sewage Purpose Bonds</b>	<b>State Water Pollution Control Revolving Fund Revenue Bonds</b>	<b>Nassau County Sewer and Storm Water Finance Authority Notes Payable</b>	<b>Sales Tax Secured Bonds, NIFA</b>	<b>Nassau County Sewer and Storm Water Finance Authority System Revenue Bonds</b>	<b>Tobacco Settlement Asset- Backed Bonds, Series A</b>
2013	\$ 1,683,174	\$ 54,735	\$ 97,682	\$	\$ 1,286,434	\$ 140,558	\$ 456,003
2012	1,347,397	61,305	102,862		1,442,439	148,656	457,106
2011	1,165,745	68,760	112,085		1,528,440	154,595	451,788
2010	1,157,574	77,755	121,169		1,648,185	161,955	446,382
2009	887,734	90,735	130,085		1,752,600	169,250	442,108
2008	539,492	79,065	138,810		1,875,075	175,795	442,389
2007	363,300	83,392	147,379	69,135	1,958,525	72,225	440,740
2006	382,036	105,176	155,814	44,435	2,038,500	75,450	434,765
2005	493,237	128,308	164,159	11,885	2,086,960	78,575	272,125
2004	750,955	148,324	170,584		1,748,425	81,550	275,295

(Continued)

- (a) In 2004 and 2005, a new Department of Assessment methodology was developed and approved by the State in deriving total taxable assessed valuation by utilizing one percent of market value applicable to each of the four property classes.
- (b) For 2006, a new Department of Assessment methodology was developed and approved by the State in deriving total taxable assessed valuation by utilizing one half of one percent of market value applicable to Class I properties and utilizing one percent of market value for Class II, III, and IV property classes.
- (c) Beginning in 2007, a new Department of Assessment methodology was developed and approved by the State in deriving total taxable assessed valuation by utilizing one quarter of one percent of market value applicable to Class I properties and utilizing one percent of market value for Class II, III, and IV property classes.
- (d) For years prior to 2011, debt amounts do not include premiums and discounts.
- (e) Adjustments have been made to the prior year balances to include the general obligation bonds of the primary government, exclusive of amounts for the discretely presented component units.

**EXHIBIT T-12****COUNTY OF NASSAU, NEW YORK****RATIOS OF OUTSTANDING DEBT BY TYPE****LAST TEN FISCAL YEARS****(Dollars in Thousands, Except Per Capita Amount)**

<b>Fiscal Year</b>	<b>Total Serial Bonds - NIFA, NCSSWFA, NCTSC</b>	<b>Capital Leases</b>	<b>Total Outstanding Debt</b>	<b>Taxable Assessed Valuation</b>	<b>Percentage of Debt to Taxable Assessed Valuation</b>	<b>Debt Per Capita</b>	<b>Percentage of Debt to Total Personal Income</b>	<b>Percentage of Debt to Estimated Total Full Valuation</b>
2013	\$ 1,882,995	\$ 5,132	\$ 3,723,718	\$ 663,136 (c)	561.53%	2,754	N/A	1.82%
2012	2,048,201	5,254	3,565,019	716,005 (c)	497.90%	2,643	3.73%	1.64%
2011	2,134,823	5,351	3,486,764 (d)	771,315 (c)	452.05%	2,606	3.84%	1.60%
2010	2,256,522	5,426	3,618,446 (d)	837,452 (c)	432.08%	2,655	4.05%	1.43%
2009	2,363,958	5,482	3,477,994 (d)	818,797 (c)	424.77%	2,557	3.99%	1.35%
2008	2,493,259	5,522	3,256,148 (d)	778,704 (c)	418.15%	2,400	3.48%	1.25%
2007	2,471,490	5,550	3,140,246 (d)	728,595 (c)	431.00%	2,318	3.51%	1.29%
2006	2,548,715	5,567	3,241,743 (d)	1,063,177 (b)	304.91%	2,398	3.93%	1.53%
2005	2,437,660	5,574	3,240,823 (d)	1,582,292 (a)	204.82%	2,404	4.24%	1.67%
2004	2,105,270	5,573	3,180,706 (d)	1,613,805 (a)	197.09%	2,365	4.49%	1.77%

(Concluded)

**EXHIBIT T-13**

**COUNTY OF NASSAU, NEW YORK**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

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<b>Fiscal Year</b>	<b>Net General Obligation Bonds (Expressed in Thousands) (a)</b>	<b>Percentage of Estimated Actual Full Valuation of Property</b>	<b>Per Capita</b>
2013	\$ 2,938,740	1.43%	2,174
2012	2,757,815	1.27%	2,044
2011	2,694,185 (b)	1.23%	2,014
2010	2,805,759 (b)	1.11%	2,059
2009	2,640,334 (b)	1.03%	1,941
2008	2,414,567 (b)	0.93%	1,779
2007	2,321,825 (b)	0.95%	1,714
2006	2,420,536 (b)	1.14%	1,790
2005	2,580,197 (b)	1.33%	1,914
2004	2,499,380 (b)	1.39%	1,858

(a) This amount includes General Obligation Bonds of Nassau County and Sales Tax Secured Bonds of NIFA.

(b) Information to calculate net bonded debt amount was unavailable prior to 2012.

**EXHIBIT T-14**

**COUNTY OF NASSAU, NEW YORK**

**COUNTY, TOWNS AND CITIES**

**TAXABLE FULL VALUE CALCULATION FOR 2013\***

**(Dollars in Thousands)**

	<b>Taxable Assessed Valuation, Real Property</b>	<b>Taxable Assessed Valuation, Special Franchises</b>	<b>Total Taxable Assessed Valuation</b>	<b>State Equali- zation Rate</b>	<b>Estimated Actual Taxable Full Valuation</b>
Town of Hempstead	\$ 289,345	\$ 13,351	\$ 302,696	0.33 %	\$ 91,726,060
Town of North Hempstead	162,363	5,104	167,467	0.32 %	52,333,438
Town of Oyster Bay	157,992	5,487	163,479	0.31 %	52,735,161
City of Long Beach	16,468	n/a	16,468	0.38 %	4,333,684
City of Glen Cove	12,441	585	13,026	0.33 %	3,947,273
	<u>\$ 638,609</u>	<u>\$ 24,527</u>	<u>\$ 663,136</u>		<u>\$ 205,075,616</u>

\* Last completed assessed valuation fixed in 2012 on which the 2013 taxes are levied.

Beginning in 2007, a new Department of Assessment methodology was developed and approved by New York State in deriving total taxable assessed valuation by utilizing one quarter of one percent of market value for Class 1 properties and utilizing one percent of market value for the other property classes.

**EXHIBIT T-15**

**COUNTY OF NASSAU, NEW YORK**

**LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(Dollars in Thousands)**

	2013	2012	2011	2010	2009	Fiscal Year 2008	2007	2006	2005	2004
Debt Limit (10% of Average Full Valuation)*	\$ 23,021,530	\$ 24,140,657	\$ 24,670,359	\$ 24,549,866	\$ 23,368,973	\$ 21,824,049	\$ 19,822,275	\$ 17,740,092	\$ 16,010,875	\$ 14,440,870
Total Net Debt Applicable to Limit	3,225,022	3,111,737	3,215,298	3,246,603	3,211,256	3,115,417	3,140,619	3,161,557	3,326,385	3,085,302
Legal Debt Margin	\$ 19,796,508	\$ 21,028,920	\$ 21,455,061	\$ 21,303,263	\$ 20,157,717	\$ 18,708,632	\$ 16,681,656	\$ 14,578,535	\$ 12,684,490	\$ 11,355,568
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14.01%	12.89%	13.03%	13.22%	13.74%	14.28%	15.84%	17.82%	20.78%	21.37%

**Legal Debt Margin Calculation for Fiscal Year 2013**

Average Full Valuation	<u>\$ 230,215,297</u>
Debt Limit (10% of Average Full Valuation)	<u>23,021,530</u>
Debt Applicable to Limit:**	
General Government (Including College)***	\$ 1,656,979
NIFA Serial Bonds	1,228,158
Sewer District	54,735
Environmental Facilities Corporation	97,682
Notes Payable	740,720
Real Property Liabilities	8,859
Guarantees	257,640
Contract Liabilities	<u>259,830</u>
Total Debt Applicable to Limit	<u>4,304,603</u>
Less: Legal Exclusions	
Cash and Investments - Capital Funds	646,431
Tax and Revenue Anticipation Notes Payable	<u>433,150</u>
Less: Total Exclusions	<u>1,079,581</u>
Total Net Debt Applicable to Limit	<u>3,225,022</u>
Legal Debt Margin	<u>\$ 19,796,508</u>

**Calculation of 2013 Constitutional limit of total indebtedness**

(The Constitutional limit of total indebtedness is 10% of the average full valuation of real estate for the latest five years.)

**Average Full Valuation of Real Estate for the Fiscal Years Ended in 2009 Through 2013.**

2013 Full Valuation	\$ 205,075,616
2012 Full Valuation	217,753,867
2011 Full Valuation	218,338,458
2010 Full Valuation	252,854,423
2009 Full Valuation	<u>257,054,119</u>
Total Five Year Valuation	<u>\$ 1,151,076,483</u>

**Five Year**

Average Full Valuation	<u>\$ 230,215,297</u>
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**Constitutional Debt Margin:**

Constitutional Limit of Total Indebtedness, 10% Average Full Valuation	<u>\$ 23,021,530</u>
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\* Full valuation is determined by dividing the total taxable assessed valuation by the average State equalization rate.

\*\* The Tobacco Settlement and the Sewer and Storm Water Finance Authority Serial Bonds Payable are not included in the calculation of the Constitutional Debt Margin.

\*\*\* The Community College Serial Bonds Payable as of December 31, 2013 are unaudited. The last audit conducted on behalf of the Community College was for the fiscal year ended August 31, 2013.

**EXHIBIT T-16**

**COUNTY OF NASSAU, NEW YORK**

**PLEGGED-REVENUE COVERAGE**

**LAST TEN FISCAL YEARS**

**(Dollars in Thousands, Except for Coverage)**

<u>Fiscal Year</u>	<u>Sales Tax Paid to NIFA</u>	<u>NIFA Sales Tax Secured Bonds</u>		<u>Coverage</u>
		<u>Debt Service</u>		
		<u>Principal</u>	<u>Interest</u>	
2013	\$ 1,070,922	\$ 150,965	\$ 48,123	5.38
2012	1,007,149	144,580	81,083	4.46
2011	967,026	119,745	73,394	5.01
2010	950,852	104,415	64,489	5.63
2009	896,601	87,525	84,376	5.22
2008	944,104	88,915	96,501	5.09
2007	952,509	79,975	90,949	5.57
2006	932,573	48,460	94,397	6.53
2005	897,405	51,761	74,577	7.10
2004	884,384	26,260	58,323	10.46



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**DEMOGRAPHIC AND ECONOMIC INFORMATION**

**EXHIBIT T-17**

**COUNTY OF NASSAU, NEW YORK**

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

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<b>Year</b>	<b>Population (In Thousands) (a) (b)</b>	<b>Total Personal Income (In Thousands)</b>	<b>Per Capita Personal Income (c)</b>	<b>Unemployment Rate (d)</b>
2013	1,352	\$ N/A	\$ N/A	5.9%
2012	1,349	95,456,589	70,761	7.1%
2011	1,338	90,684,288	67,776	6.7%
2010	1,363	89,433,245	65,615	7.1%
2009	1,360	87,208,640	64,124	6.9%
2008	1,357	93,521,726	68,918	4.7%
2007	1,355	89,340,570	65,934	3.6%
2006	1,352	82,531,488	61,044	3.7%
2005	1,348	76,349,372	56,639	4.1%
2004	1,345	70,771,210	52,618	4.5%

**Sources:**

(a) Census Bureau Estimates being used starting in 2012 since LIPA no longer gathers data

(b) Annual LIPA Long Island Population Survey Estimates

(c) United States Bureau of Economic Analysis

(d) NYS Department of Labor

NA - Not Available

**EXHIBIT T-18****COUNTY OF NASSAU, NEW YORK****PRINCIPAL EMPLOYMENT BY SECTOR  
CURRENT YEAR AND NINE YEARS AGO**

Employment Sector	2013			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Health Care and Social Assistance	113,706	1	19.36%	89,675	1	15.06%
Retail Trade	78,649	2	13.39%	83,147	2	13.97%
Government*	64,412	3	10.97%	82,514	3	13.86%
Accommodation and Food Services	47,629	4	8.11%	39,728	5	6.67%
Professional and Technical Services	36,376	5	6.19%	34,878	6	5.86%
Finance and Insurance	31,200	6	5.31%	41,338	4	6.94%
Administrative and Waste Services	30,062	7	5.12%	30,793	8	5.17%
Construction	28,341	8	4.82%	27,056	10	4.54%
Other Services	27,850	9	4.74%	25,781	11	4.33%
Wholesale Trade	27,546	10	4.69%	30,993	7	5.21%
Manufacturing	18,654	11	3.18%	28,385	9	4.77%
Educational Services	17,774	12	3.03%	18,285	12	3.07%
Transportation and Warehousing	14,636	13	2.49%	14,102	13	2.37%
Arts, Entertainment, and Recreation	13,792	14	2.35%	11,509	15	1.93%
Information	13,368	15	2.28%	14,010	14	2.35%
Real Estate and Rental and Leasing	9,872	16	1.68%	10,437	16	1.75%
Total	<u>573,867</u>		<u>97.71%</u>	<u>582,631</u>		<u>97.85%</u>

\* 2013 Government consists of 57,032 Local Govt, 5,192 Federal, and 2,185 State Employees  
2004 Government consists of 70,605 Local Govt, 8,137 Federal, and 3,772 State Employees

Data Source: Quarterly Census of Employment and Wages, developed through a cooperative program between the State of New York and the U. S. Bureau of Labor Statistics.

**EXHIBIT T-19**

**COUNTY OF NASSAU, NEW YORK**

**ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY  
LAST TEN FISCAL YEARS**

Industry Title	Fiscal Year									
	2013(P)	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Total, All Industries</b>	<b>586,420</b>	<b>580,868</b>	<b>586,117</b>	<b>582,551</b>	<b>581,614</b>	<b>600,942</b>	<b>603,860</b>	<b>599,623</b>	<b>594,557</b>	<b>595,369</b>
<b>Total, All Private</b>	<b>522,008</b>	<b>514,920</b>	<b>504,188</b>	<b>499,299</b>	<b>498,048</b>	<b>517,164</b>	<b>521,514</b>	<b>516,498</b>	<b>511,980</b>	<b>512,855</b>
<b>Agriculture, Forestry, Fishing &amp; Hunting</b>	<b>185</b>	<b>229</b>	<b>207</b>	<b>209</b>	<b>217</b>	<b>256</b>	<b>243</b>	<b>247</b>	<b>211</b>	<b>206</b>
Crop Production	30	65	65	67	74	74	76	81	41	36
Animal Production	64	63	60	59	54	52	52	49	50	57
Fishing, Hunting and Trapping	7	9	8	6	8	11	11	11	16	18
Agriculture & Forestry Support Activity	84	92	74	77	81	119	104	106	104	95
<b>Mining</b>	<b>3</b>	<b>4</b>	<b>8</b>	<b>6</b>	<b>7</b>	<b>3</b>	<b>4</b>			
Mining	3	4	8	6	7	3	4			
<b>Utilities</b>	<b>2,491</b>	<b>2,485</b>	<b>2,546</b>	<b>2,631</b>	<b>2,654</b>	<b>2,692</b>	<b>2,688</b>	<b>2,815</b>	<b>2,862</b>	<b>2,898</b>
Utilities	2,491	2,485	2,546	2,631	2,654	2,692	2,688	2,815	2,862	2,898
<b>Construction</b>	<b>28,341</b>	<b>25,730</b>	<b>24,614</b>	<b>25,309</b>	<b>27,650</b>	<b>30,844</b>	<b>30,134</b>	<b>28,970</b>	<b>27,121</b>	<b>27,056</b>
Construction of Buildings	7,056	6,220	6,218	6,865	7,512	8,438	7,816	7,470	6,480	6,432
Heavy and Civil Engineering Construction	1,963	1,879	1,699	1,729	1,830	1,807	1,707	1,807	1,851	2,100
Specialty Trade Contractors	19,322	17,631	16,697	16,715	18,308	20,729	20,511	19,781	18,790	18,524
<b>Manufacturing</b>	<b>18,654</b>	<b>19,003</b>	<b>19,002</b>	<b>19,497</b>	<b>21,001</b>	<b>23,417</b>	<b>24,649</b>	<b>26,139</b>	<b>27,438</b>	<b>28,385</b>
Food Manufacturing	2,772	2,775	2,627	2,560	2,539	2,543	2,425	2,064	2,107	2,111
Beverage & Tobacco Product Manufacturing	116	90	65	51	28	41	43	57	68	64
Textile Mills	70	80	96	109	116	120	114	123	131	331
Textile Product Mills	189	190	182	190	254	280	294	309	315	356
Apparel Manufacturing	250	293	326	313	338	375	350	381	464	529
Leather and Allied Product Manufacturing		44	43	34	34			133	134	123
Wood Product Manufacturing	251	205	233	254	294	337	371	337	293	277
Paper Manufacturing	195	210	210	215	302	404	446	468	445	465
Printing and Related Support Activities	1,184	1,166	1,228	1,456	1,870	2,102	2,245	2,430	2,515	2,459
Petroleum & Coal Products Manufacturing	15	29	30	30	32	31	32	27	-	19
Chemical Manufacturing	1,168	1,256	891	922	1,091	1,239	1,341	1,341	1,672	2,148
Plastics & Rubber Products Manufacturing	927	804	831	954	1,028	996	1,155	1,350	1,310	1,182
Nonmetallic Mineral Product Mfg	394	394	262	291	306	319	322	329	298	245
Primary Metal Manufacturing	119	92	92	99	100	164	175	172	211	218
Fabricated Metal Product Manufacturing	2,082	2,162	2,205	2,326	2,349	2,518	2,720	2,749	2,746	2,879
Machinery Manufacturing	2,338	2,489	2,843	2,778	2,954	3,334	3,316	3,349	3,610	3,787
Computer and Electronic Product Mfg	2,208	2,289	2,279	2,257	2,231	2,626	3,174	3,925	4,254	4,460
Electrical Equipment and Appliances	366	360	357	361	440	593	478	496	503	401
Transportation Equipment Manufacturing	1,950	2,118	2,233	2,201	2,372	2,407	2,475	2,817	2,916	2,808
Furniture and Related Product Mfg	814	722	692	738	812	958	1,024	1,066	1,016	926
Miscellaneous Manufacturing	1,261	1,249	1,278	1,358	1,511	2,030	2,149	2,216	2,430	2,597
<b>Wholesale Trade</b>	<b>27,546</b>	<b>26,937</b>	<b>26,874</b>	<b>26,707</b>	<b>26,965</b>	<b>29,102</b>	<b>29,797</b>	<b>29,869</b>	<b>28,929</b>	<b>30,993</b>
Merchant Wholesalers, Durable Goods	13,832	13,194	13,387	13,649	13,832	15,025	15,470	15,508	15,333	17,028
Merchant Wholesalers, Nondurable Goods	10,720	10,754	10,578	10,252	10,256	10,987	10,856	10,882	10,249	10,686
Electronic Markets and Agents/Brokers	2,994	2,989	2,909	2,806	2,877	3,090	3,471	3,479	3,471	3,279
<b>Retail Trade</b>	<b>78,649</b>	<b>77,149</b>	<b>76,742</b>	<b>75,890</b>	<b>75,801</b>	<b>81,075</b>	<b>81,504</b>	<b>81,232</b>	<b>82,528</b>	<b>83,147</b>
Motor Vehicle and Parts Dealers	6,821	6,635	6,354	6,121	6,060	6,887	7,322	7,603	7,604	7,985
Furniture and Home Furnishings Stores	3,067	3,419	3,280	3,226	3,412	4,175	4,004	3,871	4,321	4,329
Electronics and Appliance Stores	3,162	3,301	3,474	3,295	3,148	3,372	2,988	3,327	3,267	3,189
Building Material & Garden Supply Stores	5,610	4,708	4,718	4,716	4,725	5,218	5,427	5,514	5,355	5,080
Food and Beverage Stores	17,090	17,057	16,676	16,181	16,071	15,899	15,990	16,332	17,112	15,815
Health and Personal Care Stores	6,907	6,851	6,638	7,021	7,069	7,358	7,167	7,162	6,878	6,951
Gasoline Stations	1,457	1,570	1,560	1,493	1,488	1,473	1,526	1,636	1,717	1,759
Clothing and Clothing Accessories Stores	9,928	10,085	9,974	10,836	10,701	13,635	13,642	12,838	13,040	13,030
Sporting Goods/Hobby/Book/Music Stores	3,346	3,299	3,294	3,393	3,283	3,522	3,565	3,565	3,746	3,556
General Merchandise Stores	14,249	13,321	14,009	12,746	12,745	11,986	12,031	11,658	11,357	12,343
Miscellaneous Store Retailers	3,706	4,064	3,673	3,704	3,976	4,286	4,542	4,396	4,568	4,568
Nonstore Retailers	3,306	2,839	3,092	3,158	3,123	3,264	3,309	3,330	3,645	4,542
<b>Transportation and Warehousing</b>	<b>14,636</b>	<b>14,526</b>	<b>14,763</b>	<b>14,839</b>	<b>14,856</b>	<b>15,146</b>	<b>15,405</b>	<b>14,166</b>	<b>14,302</b>	<b>14,102</b>
Air Transportation	458	488	504	496	415	432	450	428	386	404
Water Transportation	507	622	642	693	604	662	648	597	776	852
Truck Transportation	2,209	2,115	1,944	1,907	1,867	2,161	2,268	2,306	2,369	2,325
Transit and Ground Passenger Transport	4,829	4,755	4,502	4,670	4,736	4,827	4,612	3,606	3,689	3,667
Pipeline Transportation		3								
Scenic and Sightseeing Transportation	82	95	48	33	58	64	69	78	42	46
Support Activities for Transportation	3,370	3,309	3,247	2,974	2,995	3,366	3,366	3,326	3,467	3,172
Postal Service Contractors	49									
Couriers and Messengers	2,487	2,488	3,307	3,414	3,526	2,769	3,000	2,952	2,889	2,868
Warehousing and Storage	694	602	569	652	655	865	992	873	684	768
<b>Information</b>	<b>13,368</b>	<b>13,558</b>	<b>13,663</b>	<b>14,164</b>	<b>13,908</b>	<b>14,319</b>	<b>14,641</b>	<b>14,894</b>	<b>14,201</b>	<b>14,010</b>
Publishing Industries	2,083	2,249	2,327	2,442	2,262	2,522	2,990	2,990	2,600	2,526
Motion Picture & Sound Recording Ind	1,570	1,886	1,784	1,824	1,664	1,689	1,769	1,829	1,782	1,693
Broadcasting (except Internet)	4,500	4,775	4,595	4,769	4,821	4,654	4,613	4,500	4,243	4,154
Internet Publishing and Broadcasting	384	2,879	3,203	3,296	3,242	3,539	3,812	113	86	73
Telecommunications	2,968	1,104	1,067	1,104	1,275	1,328	1,148	3,737	3,730	3,653
ISPs, Search Portals, & Data Processing	1,112	665	687	729	644	587	536	1,268	1,309	1,501
Other Information Services	751							457	451	410
<b>Finance and Insurance</b>	<b>31,200</b>	<b>31,094</b>	<b>30,451</b>	<b>30,103</b>	<b>31,383</b>	<b>33,603</b>	<b>65,803</b>	<b>33,959</b>	<b>39,827</b>	<b>41,338</b>
Credit Intermediation & Related Activity	10,771	10,792	10,377	9,711	10,077	11,495	13,292	14,671	16,984	17,668
Financial Investment & Related Activity	3,487	3,667	3,910	4,086	4,141	4,359	4,359	4,127	3,882	4,160
Insurance Carriers & Related Activities	16,886	16,092	15,628	15,771	16,624	17,260	47,638	14,674	18,510	19,066
Funds, Trusts & Other Financial Vehicles	86	543	536	535	541	489	514	487	451	444

(Continued)

**EXHIBIT T-19**

**COUNTY OF NASSAU, NEW YORK**

**ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY  
LAST TEN FISCAL YEARS**

Industry Title	Fiscal Year									
	2013(P)	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Real Estate and Rental and Leasing</b>	9,872	9,953	9,627	9,489	9,748	10,224	10,425	10,603	10,560	10,437
Rental and Leasing Services	8,338	8,465	8,317	8,171	8,387	8,640	8,790	8,784	8,493	8,340
Lessors, Nonfinancial Intangible Assets	1,408	1,352	1,191	1,211	1,255	1,470	1,524	1,703	1,904	2,020
	126	136	119	107	106	114	111	116	163	77
<b>Professional and Technical Services</b>	36,376	35,128	34,173	34,098	34,757	36,513	37,426	36,312	35,738	34,878
Professional and Technical Services	36,376	35,128	34,173	34,098	34,757	36,513	37,426	36,312	35,738	34,878
<b>Management of Companies and Enterprises</b>	6,458	6,976	6,501	6,776	6,891	7,059	6,938	7,552	7,090	6,414
Management of Companies and Enterprises	6,458	6,976	6,501	6,776	6,891	7,059	6,938	7,552	7,090	6,414
<b>Administrative and Waste Services</b>	30,062	29,897	28,819	27,421	29,300	31,691	32,510	32,243	31,731	30,793
Administrative and Support Services	28,693	28,604	27,538	26,109	28,240	30,650	31,502	31,042	30,458	29,549
Waste Management and Remediation Service	1,369	1,293	1,281	1,312	1,060	1,041	1,008	1,201	1,273	1,244
<b>Educational Services</b>	17,774	18,722	19,678	19,651	19,437	19,411	19,107	19,216	18,869	18,285
Educational Services	17,774	18,722	19,678	19,651	19,437	19,411	19,107	19,216	18,869	18,285
<b>Health Care and Social Assistance</b>	113,706	113,640	114,455	111,494	104,276	101,880	99,628	95,303	91,054	89,675
Ambulatory Health Care Services	43,786	43,192	42,156	41,984	40,866	39,830	38,866	38,139	39,122	39,438
Hospitals	37,573	37,888	38,761	36,727	31,716	30,394	29,314	26,906	22,291	22,596
Nursing and Residential Care Facilities	13,465	14,450	14,706	14,854	14,746	14,962	15,395	14,867	14,619	13,177
Social Assistance	18,882	18,110	18,832	17,929	16,948	16,694	16,053	15,391	15,022	14,464
<b>Arts, Entertainment, and Recreation</b>	13,792	13,462	11,199	11,357	11,616	12,077	11,846	11,801	11,390	11,509
Performing Arts and Spectator Sports	4,122	4,233	3,910	4,057	3,959	4,239	4,075	4,159	3,985	4,082
Museums, Parks and Historical Sites	344	331	317	309	426	425	369	324	322	321
Amusement, Gambling & Recreation Ind	9,326	8,898	6,972	6,991	7,231	7,413	7,402	7,318	7,083	7,106
<b>Accommodation and Food Services</b>	47,629	45,677	41,661	40,231	38,591	38,946	39,635	38,341	38,616	39,728
Accommodation	2,716	2,693	2,340	2,341	2,176	2,272	2,400	2,204	2,508	2,473
Food Services and Drinking Places	44,913	42,984	39,321	37,890	36,415	36,674	37,235	36,137	36,108	37,255
<b>Other Services</b>	27,850	27,535	27,460	27,169	26,761	27,061	26,633	25,865	26,161	25,781
Repair and Maintenance	6,371	6,400	6,581	6,610	6,229	6,287	6,295	6,124	6,228	5,854
Personal and Laundry Services	11,253	10,998	10,812	10,566	10,408	10,317	10,092	9,888	9,873	10,132
Membership Organizations & Associations	8,432	8,200	8,224	8,197	8,334	8,590	8,136	7,803	7,903	7,635
Private Households	1,794	1,937	1,843	1,796	1,790	1,867	2,110	2,050	2,157	2,160
<b>Total, All Government</b>	64,412	65,948	81,229	83,252	83,566	83,778	82,396	83,125	82,577	82,514
Federal Government	5,192	5,224	5,468	6,174	6,122	6,256	6,352	7,862	7,971	8,137
State Government	2,188	3,550	3,644	3,770	3,825	3,802	3,777	3,772	3,794	3,772
Local Government	57,032	57,174	72,117	73,308	73,619	73,720	72,267	71,491	70,812	70,605
<b>Unclassified</b>	<b>3,416</b>	<b>3,215</b>	<b>2,445</b>	<b>2,211</b>	<b>2,177</b>	<b>1,845</b>	<b>2,628</b>	<b>3,971</b>	<b>3,352</b>	<b>3,218</b>

(P) Data for 2013 is Preliminary 3rd Quarter Data and subject to revision.

(Concluded)

Data Source: Quarterly Census of Employment and Wages, developed through a cooperative program between the State of New York and the U. S. Bureau of Labor Statistics.

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## **OPERATING INFORMATION**



**EXHIBIT T-20**

**COUNTY OF NASSAU, NEW YORK**

**COUNTY GOVERNMENT EMPLOYEES BY FUNCTION\*\*  
LAST TEN FISCAL YEARS**

Function	Fiscal Year														
	2013			2012			2011			2010			2009		
	F/T	P/T	SEAS	F/T	P/T	SEAS	F/T	P/T	SEAS	F/T	P/T	SEAS	F/T	P/T	SEAS
Legislative															
Legislature	86	1	31	88	2	35	84	3	22	86	3	30	87	2	36
Judicial															
District Attorney	379	4		373	2		375	3		371	3		378	1	
Public Administrator	6			6			7			7			7		
Traffic Violations Bureau	43	28		43	28		46	33		45	31		43	35	
General Administration															
Assessment	154			157			168			212	1		224	1	
Assessment Review Commission	29	1		29			30	3		43	3		46	6	
Board of Elections	160	51	37	148	58	38	146	81	40	130	76	38	119	85	34
Civil Service	53	36	1	54	36	1	56	35	1	55	36	1	58	35	1
County Attorney	102	2		106	2		112	2		123	2		154	1	
County Clerk / Records Management	96	36	2	96	39	6	111	44	16	114	48	1	108	52	2
County Comptroller	72	4		74	2		72	3		76	3		80	2	
County Executive	18	1	1	20	1	1	20	1		20	2	2	30		
County Treasurer	30	2		29	1		32	1		35	1		40	1	
Office of Constituent Affairs	37	3		38	5		42	3		41	4		46	5	
Office of Emergency Management	8	1		10			7			8			5		
Information Technology	76	1		80	1		78			116	5		133	6	1
Housing and Intergovernmental Affairs	68			68	1		82	1		110	1	2	102		4
Labor Relations	4			4			4			5			3		
Office of Management and Budget	22	4		22	4	1	27	3	1	27	3	1	31	3	1
Personnel / Human Resources	9	2		9	1		9	1	1	9	1	1	15	1	
Planning							20	11		22	11		26	11	
Purchasing Department	10	1		11			16			16			20		
Real Estate Services							8			7			9		1
Protection of Persons															
Police															
Uniformed Personnel / Officers	2,336	416		2,386	406		2,526	426		2,586	427		2,715	442	
Administrative / Support	627	38	4	627	38		655	40	1	630	44	1	576	43	1
Fire Commission															
Fire Commissioners / Inspectors	84	3		77	27		79	3		80	3		89	2	
Administrative / Support	7	32		18	3		18	27		9	27		12	26	
Probation Department															
Uniformed Personnel / Officers	163	5		169	5		193	7		190	7		195	8	
Administrative / Support	33	9		32	11		20	2		19	4		24	4	
Parks Department - Security															
Human Rights Commission	8			8	1		8	2		9	2		8	2	1
Dept of Investigations													1		
Medical Examiner	69	10		67	6		58	9		47	9		49	8	
Traffic Safety Board															
Consumer Affairs	26			27	1		31	1		32	1		36	2	1
Health															
Behavioral Health***							88	2		103	4		111	4	
Drug and Alcohol															
Mental Health															
Health Department	241	20	9	243	20	9	284	22	7	282	26	10	302	27	11
Social Services															
CASA	4			5			5			4			7	1	
Criminal Justice Coordinating Council	1	1		1	2		2			2			2		
Human Services*****	111	10		113	8										
Minority Affairs	6	2		5	2		6	2		6	2		6		
Senior Citizens Affairs*****							27	5		30	6		33	6	
Social Services	784	65	5	790	72	5	868	86		862	99		889	102	
Office for the Physically Challenged*****							5			4			3		
Veterans Services	7			5			3			7			8		
Youth Board*****							4			4			5		
Public Works															
Maintenance / Engineering	704	25	25	680	27	12	727	36	14	749	55	24	869	46	20
Recreation and Parks															
Parks Department	161	145	534	164	154	472	177	201	512	149	184	247	153	175	246
Corrections															
Corrections / Sheriff															
Uniformed Personnel / Officers	957			1011			1,069			1,078			1,130		
Administrative / Support	118	9		122	10		128	10		116	11		119	13	
Total	7,909	968	649	8,015	976	580	8,533	1,109	615	8,676	1,145	358	9,106	1,158	360

\*\* Full-Time, Part-Time and Seasonal Employee numbers are shown at 12/31 of each year.

F/T = Full Time, P/T = Part Time, SEAS = Seasonal

\*\*\* Starting in 2007 Drug and Alcohol and Mental Health were combined into Behavioral Health

\*\*\*\* Starting in 2012 Traffic Safety Board, Planning and Real Estate Services became part of Public Works

\*\*\*\*\* Starting in 2012 Behavioral Health, Office for the Physically Challenged, Youth Board, and Senior Citizens Affairs were combined into Human Services

(Continued)

**EXHIBIT T-20**

**COUNTY OF NASSAU, NEW YORK**

**COUNTY GOVERNMENT EMPLOYEES BY FUNCTION\*\*  
LAST TEN FISCAL YEARS**

Function	Fiscal Year														
	2008			2007			2006			2005			2004		
	F/T	P/T	SEAS	F/T	P/T	SEAS	F/T	P/T	SEAS	F/T	P/T	SEAS	F/T	P/T	SEAS
Legislative															
Legislature	89	1	21	88	1	59	87	1	17	87	1	35	83	1	24
Judicial															
District Attorney	384	1		387	1		368			357			340		
Public Administrator	7			7			7			7			7		
Traffic Violations Bureau	38	33		37	30		36	30		37	24		34	17	
General Administration															
Assessment	244	2		252	3		258	4		222	4		172	4	
Assessment Review Commission	46	6		45	6		45	7		43	7		30	8	
Board of Elections	114	70	36	108	58	8	106	40	8	107	38	20	106	38	20
Civil Service	63	36	1	62	36		62	32		60	32		62	27	
County Attorney	161	1		157	1		153	1		159	4		158	4	
County Clerk / Records Management	112	52	3	105	54	5	108	49		110	49		96	46	
County Comptroller	92	3		95	3		89	3		89	2		84	2	1
County Executive	34	2		36	2		48	3		42	4		39	3	2
County Treasurer	41	1		41			45			44			45		
Office of Constituent Affairs	50	4		52	4		56	7		56	8	1	56	1	10
Office of Emergency Management	6			7			5			5			5		
Information Technology	139	6	1	99	1		100	4	1	95	2	3	93	6	20
Housing and Intergovernmental Affairs	83			75	1		71	1		68		1	62		
Labor Relations	7			6			5			6			4		
Office of Management and Budget	39	3		41	3	1	33	1		40	1		42	3	9
Personnel / Human Resources	17	1	1	15	1	1	12	1	2	12	2		11	1	3
Planning	27	10		27	11		27	10		25	10		22	10	
Purchasing Department	23			22			23			21			23		
Real Estate Services	9	1		8	1		10			12	5		13	4	
Protection of Persons															
Police															
Uniformed Personnel / Officers	2,868	446		2,818	469		2,764	458		2,849	477		2,655	485	
Administrative / Support	654	30	1	675	26	1	685	15	1	669	19		651	18	1
Fire Commission															
Fire Commissioners / Inspectors	93			91			93			97			99		
Administrative / Support	16	24		13	26		17	24		15	27		15	26	
Probation Department															
Uniformed Personnel / Officers	213	8		208	9		232	2		214	9		209	9	
Administrative / Support	26	5		29	3		36	1		37	3		41	4	
Parks Department - Security															
Human Rights Commission	9	2	1	10	2	1	10	1	2	10	1		10	1	
Dept of Investigations	1			2			5			4			4		
Medical Examiner	52	5		55	6		52	6		52	6		47	6	
Traffic Safety Board				2			2			2			3		
Consumer Affairs	38	3		43	3		41	3		39	3		34	3	
Health															
Behavioral Health***	119	4		124	5										
Drug and Alcohol							100	2		114	2		124	2	
Mental Health							21	1		28			31		
Health Department	330	22	9	314	26	11	333	27	5	326	23	8	335	28	22
Social Services															
CASA	8	1		8	1		7	2		6	2		6	5	
Criminal Justice Coordinating Council	1	1		1	1		1	1		1			2		
Human Services*****															
Minority Affairs	8			9			10	1		10			6		
Senior Citizens Affairs*****	36	8		38	8		35	7		37	8		34	3	
Social Services	904	101		912	130		919	127		899	158		899	182	
Office for the Physically Challenged*****	7	1		7	1		7			7			6		
Veterans Services	8			9			9			9			8		
Youth Board*****	6			7			5			7			7		
Public Works															
Maintenance / Engineering	773	32	39	790	31	66	806	30	26	806	40	4	847	43	1
Recreation and Parks															
Parks Department	258	174	357	265	214	299	277	222	225	258	240	193	221	205	402
Corrections															
Corrections / Sheriff															
Uniformed Personnel / Officers	1,124			1,089			1,120			1,099			1,077		
Administrative / Support	125	14		132	14		133	9		127	8		119	8	
Total	9,502	1,114	470	9,423	1,192	452	9,474	1,133	287	9,426	1,219	265	9,077	1,204	515

(Concluded)

**EXHIBIT T-21**

**COUNTY OF NASSAU, NEW YORK**

**CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Public Safety</b>										
Police:										
Precincts	6	6 (7)	9	9	9	9	9	9	9	9
Community Centers	3	3 (7)								
Patrol Units	205	205	205	205	205	205	205	205	205	205
<b>Highways, Streets, Bridges</b>										
Streets (lane miles)	1,856	1,963	1,963	1,963	1,963	1,963	1,969	1,969	1,969	1,969
Streetslights	581	581	581	581	581	581	581	581	581 (2)	581 (2)
Miscellaneous Street Light Devices	22	22	22	22	22	22	22	22	22 (2)	22 (2)
Miscellaneous Traffic Control Devices	284	279	278	280	275	275	260	260	260 (2)	260 (2)
Traffic Signals	1,576	1,564	1,561	1,557	1,554	1,548	1,542	1,540	1,540 (2)	1,540 (2)
Bridges (Vehicle)	80 (4)	80 (4)	80 (4)	80 (4)	80 (4)	80 (4)	81 (3)	84 (1)	84 (1)	84 (1)
Bridges (Pedestrian)	26	26	26	26	26	27	27	27	27	27
<b>Culture and Recreation</b>										
Parks Acreage	5,187	5,187	5,187	5,187	5,187	5,187	5,810	6,116	6,116	6,116
Parks	68	68	68	68	68	68	70	80	80	80
Swimming Pools	5	5	5	5	5	5	5	7	7	7
Tennis Courts	75	70	70	70	70	70	70	72	72	72
<b>Sewer and Drainage</b>										
Bay Park Service Area Sanitary Sewers (miles)	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Cedar Creek Service Area Sanitary Sewers (miles)	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550
Glen Cove Service Area Sanitary Sewers (miles)	69	69	69 (5)							
Cedarhurst Service Area Sanitary Sewers (miles)	23	23 (6)								
Lawrence Service Area Sanitary Sewers (miles)	21	21 (6)								
Bay Park Plant Design Flow (MGD)	70	70	70	70	70	70	70	70	70	70
Cedar Creek Plant Design Flow (MGD)	72	72	72	72	72	72	72	72	72	72
Glen Cove Plant Design Flow (MGD)	6	6	5.5 (5)							
Cedarhurst Plant Design Flow (MGD)	1	1 (6)								
Lawrence Plant Design Flow (MGD)	2	2 (6)								
Storm Sewers (lane miles)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Storm Water Basins	559	559	560	560	560	560	559	559	559	559
Storm Water Pump Stations	6	6	6	6	6	6	6	6	6	6
Drainage Stream Corridors (miles)	60	60	60	60	60	60	60	60	60	60

MGD - Millions of Gallons per Day

- (1) 41 Bridges solely owned by County and 43 co-owned with other Municipalities
- (2) Estimated based on 2006 and relative stability of data.
- (3) 40 Bridges solely owned by County and 41 co-owned with other Municipalities
- (4) 39 Bridges solely owned by County and 41 co-owned with other Municipalities
- (5) Nassau assumed responsibility of Glen Cove Sewer System in 2011
- (6) Nassau assumed responsibility of Cedarhurst and Lawrence Sewer System in 2012
- (7) There was a reduction of Precincts due to Precinct consolidation that took place in 2012. The closed Precincts remain open as Community Centers and offer Police assistance to the public.

Sources: Various Nassau County Departments

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**EXHIBIT T-22**

**COUNTY OF NASSAU, NEW YORK**

**OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Judicial</b>										
District Attorney										
Felony Conviction Rate <sup>(1)</sup>	91.2%	93.5%	89.6%	90.1%	90.2%	90.0%	91.2%	91.7%	91.1%	91.5%
Total Number of Cases Handled	34,550	35,430	34,687	32,463	32,824	34,460	36,399	38,397	36,264	35,118
Number of Indicted Cases	890	986	994	963	1,003	1,032	900	688	494	508
<b>General Administration</b>										
<b>Assessment</b>										
Number of Building Permits Issued	34,724	26,059	21,101	21,527	21,352	20,704	29,915	24,008	28,896	26,790
Number of Building Inspections Performed	20,723	26,327	26,254	26,641	36,022	23,641	22,373	47,169	40,099	36,657
Number of Basic STAR Exemptions	272,178 <sup>(2)</sup>	267,096 <sup>(2)</sup>	275,824 <sup>(2)</sup>	275,888 <sup>(2)</sup>	276,063 <sup>(2)</sup>	264,653 <sup>(2)</sup>	251,746 <sup>(2)</sup>	265,098 <sup>(2)</sup>	260,679 <sup>(2)</sup>	259,987 <sup>(2)</sup>
Number of Enhanced STAR Exemptions	37,972 <sup>(2)</sup>	36,199 <sup>(2)</sup>	35,578 <sup>(2)</sup>	35,282 <sup>(2)</sup>	35,567 <sup>(2)</sup>	49,865 <sup>(2)</sup>	49,238 <sup>(2)</sup>	50,276 <sup>(2)</sup>	51,385 <sup>(2)</sup>	52,014 <sup>(2)</sup>
Number of Veterans Exemptions	47,340 <sup>(2)</sup>	52,125 <sup>(2)</sup>	55,007 <sup>(2)</sup>	56,224 <sup>(2)</sup>	55,007 <sup>(2)</sup>	47,286 <sup>(2)</sup>	59,526 <sup>(2)</sup>	58,758 <sup>(2)</sup>	60,994 <sup>(2)</sup>	64,618 <sup>(2)</sup>
Number of Solar Energy Exemptions	14 <sup>(2)</sup>	19 <sup>(2)</sup>	24 <sup>(2)</sup>	29 <sup>(2)</sup>	29 <sup>(2)</sup>	37 <sup>(2)</sup>	37 <sup>(2)</sup>	37 <sup>(2)</sup>	37 <sup>(2)</sup>	38 <sup>(2)</sup>
<b>Assessment Review Commission</b>										
Number of Residential Appeal Applications Reviewed	129,946 <sup>(3)</sup>	111,133 <sup>(3)</sup>	111,019 <sup>(3)</sup>	107,547 <sup>(3)</sup>	107,287 <sup>(3)</sup>	110,379 <sup>(3)</sup>	114,808 <sup>(3)</sup>	122,027 <sup>(3)</sup>	128,220 <sup>(3)</sup>	106,678 <sup>(3)</sup>
Number of Commercial Appeal Applications Reviewed	20,449 <sup>(3)</sup>	19,868 <sup>(3)</sup>	18,940 <sup>(3)</sup>	19,076 <sup>(3)</sup>	19,077 <sup>(3)</sup>	18,391 <sup>(3)</sup>	18,181 <sup>(3)</sup>	18,370 <sup>(3)</sup>	18,219 <sup>(3)</sup>	18,336 <sup>(3)</sup>
<b>Shared Services - Formerly Purchasing Department</b>										
Number of Purchase Orders Processed	6,819	7,357	9,015 <sup>(10)</sup>	10,687	10,954	10,232	11,983	11,581	12,401	13,299
<b>County Comptroller</b>										
Number of Claims Processed	71,661	68,910	83,935 <sup>(10)</sup>	85,137	86,705	91,117	93,033	97,500	101,919	110,072
<b>County Treasurer</b>										
Investment Portfolio Return	0.30%	0.35%	0.45%	0.63%	0.97%	2.77%	5.28%	5.15%	3.41%	1.69%
Total number of Tax Liens Sold <sup>(4)</sup>	4,108	4,680	4,155	4,335	4,513	5,330	4,520	3,748	3,498	3,426
<b>County Clerk</b>										
Land Records Recorded	147,164	152,954	129,098	127,954	129,984	123,471	191,121	211,790	273,496	306,324
Court Records Recorded	279,755	273,933	281,733	363,728	347,316	322,025	346,879	309,755	281,772	368,037
Miscellaneous Records Recorded	98,836	99,083	108,381	102,059	97,168	89,702	105,455	100,597	94,665	89,723
Certified Copies Issued	41,510	30,322	28,770	28,953	30,702	30,598	21,529	28,522	27,091	34,341
<b>Board of Elections</b>										
Voting Precincts	1,196	1,165	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160
Polling Places	389	389	389	389	389	389	388	388	388	388
Voters	945,611	937,121	913,215	903,102	898,064	906,064	866,978	853,651	888,631	886,352
Poll Workers	5,634	5,684	5,618	5,618	4,749	6,210	5,394	4,560	4,534	4,783
<b>Civil Service</b>										
Number of Position Classification Reviews	2,832	2,455	2,659	3,298	2,911	3,513	3,601	3,222	3,227	3,187
Number of Performance Tests Conducted	3,332	301	585	3,015	1,675	2,008	2,270	753	903	2,245
Number of Psychological Tests Conducted	727	77	189	439	390	747	822	896	369	505
<b>Planning Department</b>										
Number of New Zoning Applications Received	2,186	2,178	2,585	2,314	2,852	2,938	2,924	2,989	2,623	2,759
Number of Subdivision Waiver Applications Approved	63	32	38	43	45	72	102	129	108	95
Number of Bus Shelters	344	319	322	342	340	340	340	340	340	341
Number of Maintenance Checks Performed	188	188	493	185	173	203	210	280	277	264
<b>Protection of Persons</b>										
<b>Police</b>										
Physical Arrests	22,076	16,548	15,858	15,866	17,298	16,778	16,436	16,860	15,339	15,595
Parking Violations	78,866	70,383	76,151	92,043	99,857	108,975	113,203	118,855	115,013	100,218
Moving Violations	154,956	149,456	157,403	201,688	206,769	200,886	203,180	202,009	183,873	158,533
<b>Fire Commission</b>										
Emergency Light Tests	2,445	2,586	2,601	2,485	2,448	2,413	2,405	2,009	1,577	1,413
General Fire Marshal Inspections	5,072	6,206	6,513	6,304	6,722	4,473	4,823	3,931	2,835	1,508
Plans Reviewed <sup>(14)</sup>	3,212	2,689	2,701	2,649	2,923	3,035	2,891	2,943	3,043	3,167
Fire & Ambulance Calls Dispatched	64,616	77,996	70,924	73,489	67,658	64,357	63,106	62,396	62,798	61,031
<b>Medical Examiner</b>										
Number of Cases Reported to ME Office	5,676	5,504	5,431	5,124	5,214	6,302	4,966	4,825	5,036	4,995
Number of Cases Accepted and Certified by ME Office	1,303	1,261	1,223	1,275	1,326	1,352	1,289	1,353	1,370	NA
Number of Autopsies Performed	772	778	702	772	779	830	830	859	853	795
Number of Cremation Investigations (Date reported)	2,052	1,950	1,791	1,642	1,663	1,560	1,458	1,410	1,406	1,373
Number of ME Scenes Visited	646	571	632	631	585	638	753	737	647	NA
Toxicology Analysis Total Avg Days	60	71	56	65	63	47	22.7	27	29	32
Total Number of DNA Cases Received	599	579	611	593	583	617	654	482	412	484
Total Number of Items Received from DNA cases	1,450									42
Average Number of Days to complete Forensic DNA Cases	69	115	108	118	153 <sup>(15)</sup>	65	63	60	86	
Total Number of Latent Print Cases Received	814									
Total Number of Latent Print Items Received	1,687									
Average Number of Days to complete Latent Print Cases	112									
<b>Probation Department</b>										
Supervision Caseload (Criminal & Family)	7,022	7,417	8,040	8,643	8,796	8,453	8,418	8,245	7,975	7,800
Adult Intake: Number of Cases Assigned				116	4,657	3,928	3,562	3,778	4,515	5,707
Juvenile Intake: Number of Cases Assigned	420	567	645	753	782 <sup>(11)</sup>	969 <sup>(10)</sup>	1,874	1,948	1,963	2,376
Pre-trial Cases Interviewed	2,622	2,777	2,827	2,377	2,232	2,616	2,573	3,464	3,090	NA
Pre-trial Supervision Caseload (Criminal & Family)	1,144	799	875	895	1,217	1,235	813	627	519	NA
Investigations Assigned (Criminal & Family)	3,713	3,979	4,395	5,395	6,387	6,532	6,274	6,274	6,323	6,062

(Continued)

**EXHIBIT T-22**

**COUNTY OF NASSAU, NEW YORK**

**OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Protection of Persons (Continued)</b>										
Consumers Affairs										
Number of Weights and Measures Inspections	4,353	4,479	4,425	4,101	4,402	4,512	4,439	NA	NA	NA
Number of Weights and Measures Devices Inspected	16,803	16,891	16,881	16,650	16,228	16,135	16,185	16,898	16,003	13,340
Total Number of Stores Participating in Item Price Exemption	216	210	189	190	185	190	158	160	170	151
Number of Home Improvement License Applications Issued	6,016	4,462	5,462	4,216	5,605	4,038	5,846	4,169	5,645	3,852
Total Number of Violations Issued	1,490	1,424	1,576	1,579	2,144	1,667	1,566	1,445	1,590	1,652
<b>Health</b>										
Behavioral Health (Drug & Alcohol)										
Caseload Referred by DSS Screening				4,293 <sup>(17)</sup>	7,673	6,687	6,778	6,262	6,996	5,432
Assessments, Consultations, Support Services				2,288 <sup>(17)</sup>	4,307	4,459	3,136	3,693	3,775	2,886
Referrals to Treatment				1,286 <sup>(17)</sup>	2,397	2,648	2,539	2,510	2,199	2,125
TIPS Treatment Placement Number of Unique Clients Served				158 <sup>(18)</sup>	582 <sup>(12)</sup>	154 <sup>(12)</sup>	976	1,194	1,232	1,050
EAP Number of Training and Management Consultation Attendees	1,105	2,312	4,140	2,552	1,372	1,376	930	519	788	679
Methadone Maintenance Treatment Clinic Number of Clients Served	744	747	714	747	735	689	725	717	711	694
Behavioral Health (Mental Health)										
Average Monthly Assisted Outpatient Treatment (AOT) Caseload	175	157	151	149	140	132	111	108	131	130
Average Monthly AOT Cases Under Court Order	146	133	124	117	108	104	84	76	87	89
Average Monthly AOT Voluntary Cases	10	12	11	16	19	15	12	23	31	21
Average Monthly AOT Cases under Investigation	19	12	16	17	13	14	14	9	14	19
Significant AOT Event Episodes	572	478	434	403	307	186	309	338	397	373
Family Court Number of Individuals Remanded	22	32	44	50	71	110	91	109	149	146
Family Court Number of Diversions	25	29	36	36	24	50	42	63	66	79
Number of Forensic Evaluations	152	122	127	179	242	358	255	319	251	210
Number of Individuals Seen	152	116	113	163	227	308	223	283	285	230
Health Department										
Total Number of Communicable Diseases Reports Received	20,191	19,406	25,281	25,518	27,786	22,743	21,403	20,983	24,062	22,095
Total Number of Communicable Diseases Reports Confirmed	4,275	3,042	3,667	1,488	8,453	4,162	3,480	3,811	3,443	6,004
Number of Immediate Response Investigations	36	30	28	71	54	89	21	52	50	15 <sup>(65)</sup>
Number of 72 Hour Response Investigations	1,113	1,221	1,161	1,074	3,394	1,337	1,025	1,390	1,421	871 <sup>(65)</sup>
Number of 1 Week Response Investigations	3,123	1,791	2,471	1,416	5,037	2,704	2,103	2,369	1,971	2,076 <sup>(65)</sup>
Monthly Environmental Nuisances All Cases	N/A	N/A	N/A	N/A	3,168	3,674	3,730	3,880	4,872	5,127
Community Sanitation Inspections	2,872	2,002	2,354	2,925	2,915	3,395	3,098	3,100	3,261	2,859
Food Protection Inspections	12,314	15,934	18,410	13,462	17,059	14,734	16,426	14,811	15,667	14,254
<b>Social Services</b>										
Senior Citizens Affairs										
Number of Congregate Meals Served at Centers	202,358	201,409	207,469	219,986	211,888	237,855	247,179	251,675	264,520	250,901
Number of Seniors Served Meals	6,604	4,651	4,690	4,902	4,600	5,634	6,426	6,596	6,769	8,555
Number of Home Meals Served	404,506	412,226	451,941	469,418	387,019	500,203	535,882	506,508	410,734	404,113
Total Number of Funded Senior Center Trips	140,205	148,932	158,255	165,509	152,967	185,953	187,725	208,508	235,678	201,918
Number of Senior Passengers Transported	1,605	1,736	1,719	1,860	1,557	1,722	2,066	1,964	1,872	1,659
Social Services <sup>(65)</sup>										
Medicaid Total Medical Assistance Cases Only	117,179	102,687	93,777	86,436	75,552	63,908	67,970	75,959	74,346	70,391
Medicaid Applications Pending	2,070	4,257	2,526	2,442	4,233	7,538	4,893	3,393	4,416	3,727
Percentage of Applications Processed over 30 Days	6%	28%	16%	18%	33%	54%	49%	37%	41%	33%
Child Protective Investigative Unit Caseload / Per Caseworker	16	18	17	22	16	19	17	16	18	20
Child Protection Total Caseload / Per Caseworker	14	15	15	19	17	18	15	14	17	19
Child Protective Services Primary Open Investigations	1,142	1,046	1,086	1,253	1,076	1,189	854	826	810	895
Child Protective Services Primary Open Investigations / Per Caseworker	14	15	14	16	14	15	14	13	14	13
Active Public Assistance Cases	6,989	7,608	8,302	8,538	6,932	5,695	4,865	4,754	5,031	4,704
Number of Public Assistance Applications Pending Over 30 Days	72	243	419	840	1,556	1,001	825	621	633	565
HEAP Individuals (Clients, HEAP-Only)	5,034	6,378	7,265	7,658	7,081	5,885	4,948	5,822	5,399	5,814
Social Service Applications Disposed	8,062	7,920	7,530	8,581	7,684	6,408	4,793	4,060	5,037	5,293
Emergency Shelter Individuals (Clients, Homeless)	564	628	574	805	515	509	380	433	479	458
Food Stamp Individuals (Clients, Total)	67,317	68,409	66,039	59,510	45,338	34,143	28,288	27,027	26,877	27,169
Services Cases	5,559	5,855	5,803	5,654	5,111	4,762	4,675	4,885	4,670	5,024
Number of Summer Lunches Served <sup>(31)</sup>	62,094	67,000	61,000	71,488	79,000	71,127				
Office for Physically Challenged										
Number of Parking Permits Issued	27,328	14,891	17,103	14,945	17,087	11,201	13,806	15,511	18,053	19,411
Number of Inquiries Responded To	19,424	19,500	18,250	17,250	18,500	11,201	18,000	17,550	18,970	13,550
Number of Institutional Outreach Contacts	5,882	2,498	2,145	1,400	1,200	1,885 <sup>(31)</sup>	285	280	295	275
Veterans Services										
Number of Clients Helped	17,126	19,104	10,025	15,079	10,844	12,476	14,383	11,506	12,726	12,395
Number of Services Provided	81,161	98,988	22,519	31,908	27,100	28,784	29,971	19,365	24,856	25,995
Number of Claims Opened	839	724	1,537	2,206	1,904	1,474	1,502	773	761	436
Veterans Population <sup>(65)</sup>	70,000	85,000	79,000	90,000	90,000	79,146	85,794	87,721	91,269	94,953

(Continued)

**EXHIBIT T-22**

**COUNTY OF NASSAU, NEW YORK**

**OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Social Services (continued)</b>										
Youth Board										
Number of Contacts for Contract Management and Assessment	320	320	446	562	851	783	860	1,379	1,350	1,385
Number of Youths Participating within Three Community Service Learning Programs	0 <sup>(21)</sup>	20	47	66	68	70	54	30	30	70
Number of Grant Applications Written by Department	0		18	18	10	12	4	7	7	5
Number of Youths Serviced Through Various Programs	33,651 <sup>(22)</sup>	17,441	23,284	22,000	25,078	24,390	25,000	22,000	22,000	22,000
Number of Referrals to Other Departments and Other Organizations	NA <sup>(22)</sup>	270	341	400	415	425	430	422	400	400
Number of Professional Development Trainings	0	7	15	22	12	21	16	15	15	10
Number of Staff Members Attending Training	3	545	946	880	625	1,365	1,159	1,000	1,000	800
Number of Summer Lunches Served <sup>(1)</sup>							67,000	72,000	61,362	78,635
<b>Public Works</b>										
Maintenance / Engineering										
Lane Miles Resurfaced	52	130	85	85.5	83	127.26	120.95	111.11	122.19	98.60
Street Sweeping (lane miles)	10,000	11,395	13,499	8,886	7,313	11,611	25,628	34,172	36,809	NA
Bridge Maintenance (man hours/year)		448	1594	119	52	145	35	97	62	58
Average Number of Potholes Filled (per month)	2,171	212	138	1,674	1,607	1,188	1,685	2,653	2,134	3,327
Snow Plowing (man hours/year)	903.0	254.5	2,244	1,576	3,270	5,903	2,750	2,277	4,592	2,396
Average Flow - Bay Sewage Treatment Plant (MGD)	47.9	49.8	51	49	49	60.1	60.3	59.4	58.1	57.1
Average Flow - Cedar Creek Water Pollution Control Plant (MGD)	52.0	52.8	55.9	59.3	55.4	55.3	55.4	57.3	61.2	53.8
Average Flow - Glen Cove Wastewater Treatment Plant (MGD)	2.9	3.1								
Average Flow - Cedarhurst Water Pollution Control Plant (MGD)	0.7	0.8								
Average Flow - Lawrence Sewage Treatment Plant (MGD)	1.2	1.1								
<b>Recreation and Parks</b>										
Parks Department										
Athletic Field Use Permits Issued	NA	NA	NA	NA	NA	440	653	442	450	440
Field/Court Reservations	9,514	9,994	9,008	9,476	8,057	8,258	8,943	8,734	NA	NA
Museum Admissions	NA	NA	647,054	821,416	921,983	941,608	899,065	909,928	342,365	681,542
Pool Admissions	426,518	393,273	412,584	427,148	374,728	418,842	446,800	447,050	NA	NA
Golf Admissions	298,719	269,940	257,723	277,035	295,463	273,540	271,641	254,632	245,077	259,709
<b>Corrections</b>										
Corrections / Sheriff										
Number of Inmates Transported to Court	25,757	28,737	31,999	33,573	34,121	34,306	34,278	22,409	21,045	23,570
Average Monthly Number of Inmates	1,294	1,502	1,577	1,637	1,576	1,607	1,717	1,633	1,581	1,646
Number of Summonses Issued	2,432	2,438	2,671	2,827	7,000	5,674	5,939	8,645	10,008	10,234
Number of Court Orders Enforced	25,692	27,081	31,343	20,217	27,841	27,894	26,969	26,015	29,013	27,990

NA - data not available

MGD - Millions of Gallons per Day

(Concluded)

(1) Source : Dept of Criminal Justice Services (DCJS)

(2) Exemptions processed in 2004 are for Tax Year 2005/2006, Exemptions processed in 2005 are for Tax Year 2006/2007, Exemptions processed in 2006 are for Tax Year 2007/2008, Exemptions processed in 2007 are for Tax Year 2008/2009, Exemptions processed in 2008 are for Tax Year 2009/2010, Exemptions Processed in 2009 are for Tax Year 2010/2011, Exemptions processed in 2010 are for Tax Year 2011/2012, Exemptions processed in 2011 are for Tax Year 2012/2013, Exemptions processed in 2012 are for Tax Year 2013/2014, and Exemptions processed in 2013 are for Tax Year 2014/2015.

(3) Appeals for correction of assessments are filed yearly between January 1 and March 1 with the Assessment Review Commission. The appeals filed in 2013 were for the 2014/15 tax year; ARC reviews the applications and reduces the assessment roll where appropriate. The review process is completed on or around March 10th of the following year. The number of appeals represents the number of parcels appealed, multiple filings on a parcel is not included.

(4) Includes liens sold to Nassau County by Default

(5) Program Start - 7/03

(6) Statistics started to be collected in May 2004

(7) In 2008, Staff Members were increased to 4 that are doing Institutional Outreach.

(8) Data Sources: NYS WST-002, NYS WINR-1240, OCI Summary Report, CCRS/Connections, NCDSS Homeless Report

(9) Based on 2000 census - does not include Gulf War Veterans

(10) As of Jan 31, 2008, DSS took over all PINS (Persons in Need of Supervision) diversion cases at the Intake level.

(11) As of January 1, 2010, Adult Intake Family Offenses will be handled by Family Court Personnel.

(12) TIPS Unit lost 3 Staff Personnel during 2008, TIPS had only 1 Staff Person in 2009

(13) Summer Lunch Program transferred to Department of Social Services in 2008

(14) Includes Sprinkler Systems, Fire Alarm Systems, Automatic Extinguishing Systems, Hood & Duct Systems, Flammable Liquid Storage Tank Installations, Site Plans, Flammable Finish Spray Booths, etc.

(15) Methodology of Tracking Case Turnaround was changed in 2009 along with an increase in DNA analysis requests as a result of increased amounts of evidence collected at crime scenes are reasons for the increase in the average number of days to complete DNA Cases

(16) As of January 1, 2010, Adult Intake Family Offenses will be handled by Family Court Personnel.

(17) Data from January through July 2010. Unit was transferred to Department of Social Services

(18) TIPS date for January through March 2010. Program Closed.

(19) As of August 31, 2010, Nassau Community College is processing their own Purchase orders and Claims.

(20) Nassau Assumed Operations of Glen Cove Sewer System during 2011

(21) Nassau Assumed Operations of Cedarhurst and Lawrence Plants during 2012

(21) Community Service Projects cut in 2012

(22) Total Served through Countywide funding and funding to Localities.

(23) Referrals not Tracked in 2013

Sources: Various County of Nassau Departments, Office of Management and Budget

For more information about County Departments and Services please visit our website - [www.nassaucountyny.gov](http://www.nassaucountyny.gov)