

NASSAU COUNTY
NEW YORK



COMPREHENSIVE
ANNUAL FINANCIAL
REPORT
OF THE
COMPTROLLER

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016

GEORGE MARAGOS
COMPTROLLER

NASSAU COUNTY
NEW YORK



COMPREHENSIVE
ANNUAL FINANCIAL
REPORT
OF THE
COMPTROLLER

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016

GEORGE MARAGOS
COMPTROLLER

JAMES A. GARNER
CHIEF DEPUTY COMPTROLLER

LISA S. TSIKOURAS, CPA
DIRECTOR OF ACCOUNTING



George Maragos
NASSAU COUNTY COMPTROLLER

COUNTY OF NASSAU, NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016 TABLE OF CONTENTS

	Exhibit	Page
<u>INTRODUCTORY SECTION</u>		
Letter of Transmittal.....		1
Certificate of Achievement for Excellence in Financial Reporting		6
Principal Officials		7
County Departments and Offices		8
<u>FINANCIAL SECTION</u>		
Independent Auditors’ Report.....		10
Management’s Discussion and Analysis.....		13
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements:		
Statement of Net Position (Deficit) – December 31, 2016	X-1	28
Statement of Activities – for the year ended December 31, 2016.....	X-2	31
Fund Financial Statements:		
Governmental Funds – Balance Sheet - December 31, 2016.....	X-3	32
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position - December 31, 2016	X-4	33
Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances - for the year ended December 31, 2016	X-5	34
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, 2016.....	X-6	35
Statement of Revenues, Expenditures and Changes in Fund Balances - Total Budgetary Authority, Actual and Budgetary Basis:		
General Fund for the year ended December 31, 2016	X-7	36
Police District Fund for the year ended December 31, 2016.....	X-8	37
Sewer and Storm Water District Fund - for the year ended December 31, 2016.....	X-9	38
Statement of Fiduciary Assets and Liabilities – December 31, 2016.....	X-10	39
Statement of Net Position (Deficit) - All Discretely Presented Component Units – Proprietary - December 31, 2016	X-11	40
Statement of Activities – All Discretely Presented Component Units – Proprietary – for the year ended December 31, 2016.....	X-12	42

COUNTY OF NASSAU, NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016 TABLE OF CONTENTS

	Exhibit	Page
<u>FINANCIAL SECTION (CONTINUED)</u>		
BASIC FINANCIAL STATEMENTS (CONTINUED)		
Notes to Financial Statements	X-13	
1. Summary of Significant Accounting Policies.....		43
2. Deposits and Investments		70
3. Fair Value Measurement.....		71
4. Due from Other Governments		73
5. Tax Sale Certificates.....		73
6. Tax Real Estate Held for Sale.....		73
7. Interfund Receivables, Payables and Transfers		74
8. Deferred Outflows/Inflows of Resources		75
9. Capital Assets		77
10. Leases		81
11. Notes Payable and Long-Term Obligations.....		83
12. Refinancing of Long-Term Obligations		107
13. Pension Plans		107
14. Reconciliation of GAAP Fund Balances to Budgetary Basis.....		121
15. Fund Balances.....		122
16. Other Postemployment Benefits		122
17. Accumulated Vacation and Sick Leave Entitlements.....		127
18. Accrued Payroll		127
19. Tax Abatement Disclosure		128
20. Contingencies and Commitments		130
21. Nassau Health Care Corporation (“NHCC”).....		137
22. Prior Period Adjustment of Discretely Presented Component Units.....		137
23. Subsequent Events.....		137
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of Funding Progress.....	X-14	142
Schedule of Contributions NYSLRS Pension Plan.....	X-15	143
Schedule of Proportionate Share of the Net Pension Liability - NYSLRS Pension Plan.....	X-16	144
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES		
<u>NONMAJOR GOVERNMENTAL FUNDS</u>		
Combining Balance Sheet – December 31, 2016.....	A-1	146
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – for the year ended December 31, 2016.....	A-2	147
COMBINING STATEMENT OF NET POSITION AND ACTIVITIES		
<u>NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS – PROPRIETARY</u>		
Combining Statement of Net Position.....	A-3	150
Combining Statement of Activities.....	A-4	151

COUNTY OF NASSAU, NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016 TABLE OF CONTENTS

	Exhibit	Page
<u>FINANCIAL SECTION (CONTINUED)</u>		
OTHER SUPPLEMENTARY INFORMATION		
<u>MAJOR GOVERNMENTAL FUNDS</u>		
Comparative Schedule of Actual Revenues vs. Modified Budget - General Fund - for the year ended December 31, 2016.....	B-1	154
Comparative Schedule of Actual Expenditures vs. Total Budgetary Authority - General Fund - for the year ended December 31, 2016.....	B-2	159
Schedule of Revenues, Expenditures and Changes in Fund Balance - Total Budgetary Authority, Actual and Budgetary Basis:		
Police District Fund - for the year ended December 31, 2016	B-3	170
Sewer and Storm Water District Fund - for the year ended December 31, 2016	B-4	171
<u>NONMAJOR GOVERNMENTAL FUNDS</u>		
Schedule of Expenditures by County Departments and Offices Total Budgetary Authority and Actual – Grant Fund - for the year ended December 31, 2016	B-5	172
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Total Budgetary Authority, Actual and Budgetary Basis:		
Environmental Protection Fund - for the year ended December 31, 2016.....	B-6	173
Schedule of Expenditures by County Department and Offices Total Budgetary Authority and Actual – FEMA Fund - for the year ended December 31, 2016.....	B-7	174
Combining Balance Sheet – General Fund – December 31, 2016	B-8	176
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – General Fund – for the year ended December 31, 2016	B-9	178
<u>CAPITAL ASSETS</u>		
Capital Assets Used in the Operation of Governmental Funds by Function – December 31, 2016.....	C-1	180
Statement of Changes in Capital Assets by Function – December 31, 2016.....	C-2	181
<u>FIDUCIARY FUNDS</u>		
Statement of Changes in Fiduciary Assets and Liabilities – Fiduciary Funds - for the year ended December 31, 2016	D-1	182
Statement of Changes in Other Liabilities – Fiduciary Funds - for the year ended December 31, 2016	D-2	183
<u>CASH IN BANKS</u>		
Statement of Cash in Banks - All Funds of the Primary Government – December 31, 2016.....	E-1	184

COUNTY OF NASSAU, NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016 TABLE OF CONTENTS

	Exhibit	Page
<u>STATISTICAL SECTION</u>		
<u>FINANCIAL TRENDS</u>		
Net Position by Component	T-1	189
Changes in Net Position	T-2	190
Governmental Activities Tax Revenue by Source (Accrual Basis)	T-3	192
Fund Balances of Governmental Funds	T-4	193
Changes in Fund Balances of Governmental Funds.....	T-5	194
<u>REVENUE CAPACITY INFORMATION</u>		
Government Activities Tax Revenues by Source (Modified Accrual Basis).....	T-6	198
Sales Tax, Assessed Value and Estimated Actual Value of Taxable Property	T-7	199
Property Tax Levies, Rates, Direct and Overlapping Governments	T-8	200
Principal Sources of Own Source Revenue.....	T-9	202
Constitutional Tax Margin	T-10	204
Property Tax Levies and Collections	T-11	205
<u>DEBT CAPACITY INFORMATION</u>		
Ratios of Outstanding Debt by Type.....	T-12	208
Ratios of General Bonded Debt Outstanding	T-13	210
Taxable Full Value Calculation for 2016	T-14	211
Legal Debt Margin Information	T-15	212
Pledged-Revenue Coverage	T-16	213
<u>DEMOGRAPHIC AND ECONOMIC INFORMATION</u>		
Demographic and Economic Statistics.....	T-17	216
Principal Employment by Sector - Current year and nine years ago.....	T-18	217
Annual Average Employment by Industry	T-19	218
<u>OPERATING INFORMATION</u>		
County Government Employees by Function	T-20	222
Capital Asset Statistics by Function	T-21	224
Operating Indicators by Function.....	T-22	226

INTRODUCTORY SECTION

THIS PAGE INTENTIONALLY LEFT BLANK



Hon. George Maragos
Nassau County Comptroller



OFFICE OF THE COMPTROLLER

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

July 28, 2017

TO THE PEOPLE OF NASSAU COUNTY

I respectfully submit the Comprehensive Annual Financial Report (“the report”) for the year ended December 31, 2016, 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 \$27.1 million surplus in the primary operating funds (General Fund, Police Funds, Fire Commission Fund and Debt Service Fund) under Generally Accepted Accounting Principles (“GAAP”). The surplus is primarily due to \$105.8 million of borrowing approved by the Nassau County Legislature and the Nassau County Interim Finance Authority (“NIFA”), \$72.6 million in one-shot revenue items, \$22.8 million of one-shot expenditure items, offset by a \$44.4 million structural gap (recurring expenditures less recurring revenues) and \$18.6 million in discretionary transfers. The borrowing and other initiatives were necessary to overcome a shortfall in recurring revenue of \$73.3 million.

The financial fundamentals of the County have improved. The Structural Gap, which represents the difference between recurring revenues and recurring expenses in a fiscal year, and which has been used historically to measure the financial health of the County, ended at a negative \$44.4 million, an improvement over the prior year’s negative \$141.8 million, primarily due to reduced borrowings to pay for operating expenditures, a reduction in social service expenditures, the reduction of payroll and fringe benefits expenses and a reduction in the use of fund balance and reserves. The Structural Gap is the difference between recurring revenues and expenditures, and excludes non-recurring items, such as certain borrowings, and extraordinary items. Similarly, the NIFA presentation, which excludes certain other financing sources, such as borrowings to pay for operating expenditures, also improved to a negative \$83.1 million, an improvement over the prior year’s negative \$125.3 million.

The County's financial statements are issued in accordance with 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 differs from the budgetary results. 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, which accompany the statements.

The independent accounting firm of RSM US, LLP performed an audit of the County's financial statements as of, and for the year ended, December 31, 2016. Their audit opinion on the basic financial statements, and combining 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 issuance of Subpart F: *Audit Requirements*, contained in 2 CFR Part 200, of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). 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.

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 over 1.3 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, the Nassau County Bridge Authority, and the Nassau County Land Bank Corporation.

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 transactions that had a significant impact on the current period's financial statements

As discussed above, the County ended with a GAAP surplus of \$27.1 million in its primary operating funds. Under governmental financial reporting, which includes other funds required to be consolidated into the General Fund, such as the Litigation Fund, the Bond Indebtedness Reserve Fund, the Employee Accrued Benefits Liability Fund, the Open Space Fund, the Technology Fund and the Retirement Contribution Reserve Fund, the County ended with a GAAP surplus of \$68.1 million. The surplus in the General Fund was primarily the result of the use of borrowed funds to pay operating expenditures, premiums on bond issuances, the deferral of pension expenditures, and the one-shot receipt of tobacco settlement funds. The County also realized approximately \$5.6 million from County refinancing savings.

As part of the County's commitment to be compliant with NIFA's accounting treatment of borrowings in 2018, the Administration has removed the financing of judgments and settlements from its multi-year plan in 2018. In 2015, the County created a Litigation Fund to pay for future judgments and settlements. In 2016, the County transferred a total of \$55.3 million (budgetary basis) to the Litigation Fund (of which \$11.5 million was discretionary) from the General and Police District Funds to use for future judgments and settlements. The County also transferred \$3.6 million from the General Fund to the Bond Indebtedness Reserve Fund to pay for future bond indebtedness expenses, and \$13.1 million from the Police District Fund to the Employee Accrued Benefits Liability Fund to pay for future police district termination pay expenditures.

The County issued a total of \$533.1 million in serial bonds to fund operating expenditures and capital projects. The total new issued debt was offset by maturities, refinancing and debt defeasance. Of the total serial bonds, \$400.5 million is recourse only to the Nassau County Tobacco Settlement Corporation ("NCTSC"), one of the component units of the County. The total long-term debt of the County and its component units (including accreted interest) will remain flat at \$3.63 billion compared to 2015.

The County's liability to the New York State ("NYS") Retirement Systems, which is the result of the County's continuing election to defer a portion of its annual pension contribution expense, increased to an estimated \$232.6 million as of December 31, 2016.

The estimated outstanding property tax liability, excluding Superstorm Sandy assessment tax refunds, increased to \$340.0 million from \$316.4 million in 2015. In addition, there is an estimated \$367.3 million of estimated liability from litigation, of which approximately \$312.3 million relates to utilities litigation from certain non-certiorari tax cases dating, in some cases, to the 1990's. In 2016, the County settled a portion of this liability; however, the County is still making legal arguments and negotiating to further reduce this liability.

New Component Unit

A new component unit of the County was organized in 2016 via ordinance by the Nassau County Legislature. The Nassau County Land Bank Corporation ("NC Land Bank") was established pursuant to the New York State Land Bank Act. The mission of the component unit is to facilitate the decrease of vacant, abandoned and tax distressed properties within the County. While the NC Land Bank received a small grant of \$75.0 thousand from the New York State's Attorney General's Office in 2016, the activity within the component unit was immaterial for the fiscal year and thus, no activity for the entity is reflected in these financial statements.

Long-Term Financial Planning

In accordance with NIFA, the County's Control Board, the County is required to submit a multi-year plan ("MYP") which addresses the anticipated fiscal challenges. Included in Nassau County's multi-year financial plan are initiatives designed to preserve the County's fiscal integrity, increase the County's resilience to volatile economic conditions and lessen its reliance on borrowing to cover operating expenditures.

The County's fiscal challenges appear to have abated due to the significant reduction in the structural deficit, down to negative \$44.4 million from negative \$141.8 million in the prior year, a decrease of \$97.4 million from 2015.

In recognition of the County's current tax certiorari problem, the County, in 2016 established the Disputed Assessment Fund ("DAF"). The established DAF fund will assist in properly allocating the cost of commercial property tax refunds to commercial property owners and reduce annually the taxes or debt necessary to fund commercial property tax refunds.

Although the County's Long Term Debt has remained stable with only a less than 1% growth in six years, the County will need to contend with over \$902.8 million in unfunded long-term liabilities resulting from the deferment of a portion of the County's annual pension costs, deferring payments of tax certiorari liabilities and the estimated liability due to the recent court ruling. A further concern is the increasing cost of health insurance and pension contributions. The County has continuously elected to defer pension costs and amortize the maximum allowed. The practice of deferring expenses for present financial relief can become costly in the long-run and increase future obligations.

The multi-year plans to date have not fully addressed the current reality of increased expenditures and the need for an increase in recurring revenue, as it includes various revenue assumptions, which may not materialize. Consequently, the County will continue to face increasing fiscal challenges. We will continue to urge the Administration, the Legislature and NIFA to recognize and to address these anticipated factors, which can potentially cause significant further deterioration in the County's fiscal fundamentals.

Awards and Acknowledgements

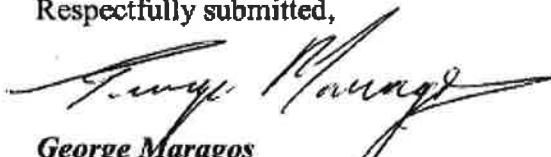
The Government Finance Officers Association of the United States and Canada ("GFOA") has awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the year ended December 31, 2015. This is the thirty-second (32nd) consecutive 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 GAAP 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 2016 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 2016 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.

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, 2015

Executive Director/CEO

COUNTY OF NASSAU, NEW YORK

**PRINCIPAL OFFICIALS
AS OF DECEMBER 31, 2016**

Executive

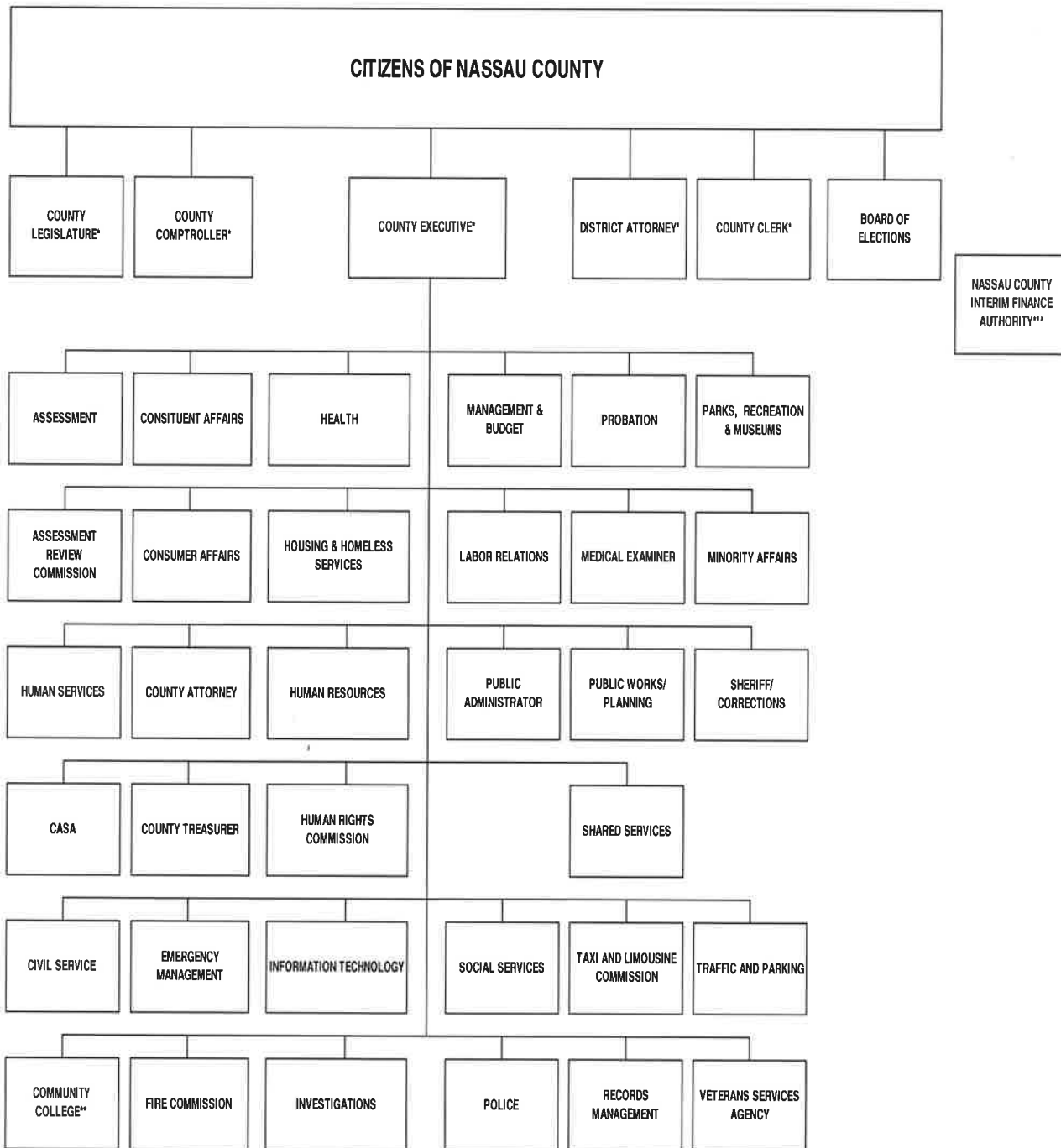
County Executive	Edward P. Mangano
County Comptroller	George Maragos
Chief Deputy County Executive	Rob Walker
Deputy County Executive for Finance	Eric C. Naughton
County Treasurer	Beaumont Jefferson
County Attorney	Carnell T. Foskey
Budget Director	Roseann D'Alleva
District Attorney	Madeline Singas
County 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 Siela A. Bynoe	2nd Legislative District
Legislator Carrie Solages	3rd Legislative District
Legislator Denise Ford	4th Legislative District
Legislator Laura Curran	5th Legislative District
Legislator C. William Gaylor, III	6th Legislative District
Legislator Vincent T. Muscarella	8th Legislative District
Legislator Ellen W. Birnbaum	10th Legislative District
Legislator Delia DeRiggi-Whitton	11th Legislative District
Legislator James D. Kennedy	12th Legislative District
Legislator Laura Schaefer	14th Legislative District
Legislator Dennis Dunne, Sr.	15th Legislative District
Legislator Arnold W. Drucker	16th Legislative District
Legislator Rose Marie Walker	17th Legislative District
Legislator Donald N. MacKenzie	18th Legislative District
Legislator Steven D. Rhoads	19th Legislative District

COUNTY OF NASSAU, NEW YORK

COUNTY DEPARTMENTS AND OFFICES as of December 31, 2016



* 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

FINANCIAL SECTION



RSM US LLP

Independent Auditor's 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, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Nassau Health Care Corporation, Nassau County Bridge Authority, Nassau Regional Off-Track Betting Corporation, Nassau County Industrial Development Agency, and Nassau County Local Economic Assistance Corporation which represent 72 percent, 72 percent, and 73 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. 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 those discretely presented component units, is based solely on the reports of the other auditors. 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 opinions.

Opinions

In our opinion, based on our audit and the reports of 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, 2016, and the respective changes in financial position, and the respective budgetary comparison for General Fund, Police District Fund and Sewer and Storm Water District Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, 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. Our opinions are not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, schedule of contributions and schedule of proportionate share of the net pension liability on pages 13-25 and 142-144, respectively, 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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules, combining statement of net position and activities and other supplementary information as listed in the table of contents (collectively, the "supplementary information"), Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

RSM US LLP

New York, New York
July 28, 2017

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Nassau County's (the "County") Comprehensive Annual Financial Report ("CAFR") is presented in conformity with 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 Statement No. 34, presents Management's Discussion and Analysis ("MD&A") of the County's financial activities and performance for the fiscal years ended December 31, 2016 and 2015. 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 Fund, Police Headquarters Fund and Police District Fund. 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 herein 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 – Total Budgetary Authority and Actual, which reflects the County's budgetary presentation.

The County ended the 2016 fiscal year with a budgetary surplus of \$41.0 million in its primary operating funds¹, including \$3.2 million of appropriated prior year fund balance. This budgetary surplus is after several discretionary transfers including: \$13.1 million to fund future Police District termination pay to officers; \$5.5 million from the General Fund to the Litigation Fund for future claims and judgment costs; \$6.0 million from Police District to the Litigation Fund for future Police District claims and judgment costs; and \$3.6 million to the Bond Indebtedness Fund to reserve refunding savings for future debt service expenditures. Factors contributing to the budgetary surplus were: payment of most tax certiorari expenses and other settlements with bond proceeds, lower non-overtime payroll and fringe benefits due to budgeted position vacancies, and lower than anticipated police retirements. Other favorable variances include lower than anticipated social services caseloads, other than personal services ("OTPS") funding savings, increase in fines and forfeit revenues, favorable state and federal aid reimbursement and a higher than expected growth in sales tax receipts. These positive variances were offset by a shortfall in departmental revenues predominately due to a temporary restraining order imposed on the income and expense law, less than expected revenue from Nassau Regional Off-Track Betting Corporation ("OTB"), zero rents and recoveries related to Fashion Institute of Technology ("FIT") prior year recovery litigation, and a shortfall in property tax levy and PILOTS due to changes in the tax roll.

¹ For management purposes, the County's five primary operating funds are the General Operating Fund, the Debt Service Fund, the Fire Prevention Fund, Police Headquarters Fund, and Police District Fund.

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2016

FINANCIAL HIGHLIGHTS (Continued)

The overall budgetary surplus, including fund balance appropriated from the prior year, is primarily comprised of a surplus of \$39.5 million in the General Operating Fund, a \$1.5 million surplus in the Police District Fund. These surplus funds have been added to existing accumulated budgetary fund balance, which was reduced by \$3.2 million of prior year fund balance appropriated in the 2016 fiscal year. Thus, the ending fund balance in the primary operating funds was \$200.9 million as of 2016 fiscal year end, up from \$163.1 million as of the end of fiscal year 2015, a net change of \$37.8 million. Ending fund balance of \$200.9 million was primarily comprised of \$177.8 million in the General Operating Fund, and \$23.1 million in the Police District Fund.

The County's net position, on a government-wide basis in accordance with GAAP, increased by \$116.7 million during 2016, to a negative \$7.2 billion. The County accomplished the increase in net position despite continued investment increases in protection of persons and corrections expenses and by decreases in property taxes revenues. The County's net position was primarily driven by an increase in charges for services and operating grants as well as a significant decrease in general administration expenses. Other factors include an increase in sales tax, PILOT revenues, other taxes and tobacco settlement in addition to lower expenses for public works.

As noted, 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 funds² as reported in the CAFR totaled \$271.0 million on a budgetary basis; \$247.9 million of the total is reported in the General Fund, which includes \$43.6 million in the Litigation Fund, \$8.0 million in the Retirement Contribution Accrual Reserve Fund, \$13.1 million in the Employee Benefit Accrued Liability Reserve Fund, \$3.6 million in the Bond Indebtedness Reserve Fund, \$1.8 million in the Open Space Fund and \$23.1 million in the Police District Fund. The difference between the ending fund balance of \$271.0 million and the \$200.9 million disclosed above represents the ending fund balance of the operating funds included in the General Fund for reporting purposes. These funds are the Litigation Fund, the Retirement Contribution Reserve Fund, the Open Space Fund, the Employee Benefit Accrued Liability Reserve Fund, the Bond Indebtedness Reserve Fund, and the Technology Fund.

² Defined as the General Fund and the Police District Fund

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2016

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2016

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 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 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.

Information on separately issued component unit financial statements is shown in Note 1 to the financial statements.

The Statement of Net Position

The Statement of Net Position for the 2016 fiscal year reports a deficit balance of \$7.2 billion in net position. Table 1 illustrates that the County's net position increased by \$116.7 million during 2016. This was primarily due to increases in capital assets and deferred outflows of resources offset by increases in long-term liabilities. The County's long-term liability for Net Pension Liability increased by \$468.2 million as a result of the County's GASB 68 valuation, retirees' health insurance, OPEB, increased by \$145.1 million, and a net increase of \$11.6 million was added to the liability due to the New York State and Local Retirement system for pension expense deferral. The increase in Current and Other Assets was primarily due to an increase of \$43.1 million in Cash and Cash equivalents and \$28.4 million in Due from Other Governments offset by a decrease in receivables. Higher cash balances than the prior year in the General Fund and Police District Fund of \$62.9 million offset lower cash balances in the Sewer and Storm Water Fund of \$21.8 million. The increase in Due from Other Governments was primarily due to an increase in FEMA approved storm mitigation projects. Deferred Outflows of Resources increased by \$518.1 million while Deferred Inflows of Resources increased by \$73.9 million primarily due to the 2016 valuation of GASB 68.

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2016

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2016 (Continued)

The Statement of Net Position (Continued)

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

	Total Primary Governmental Activities		
	2016	2015	Change
Current and Other Assets	\$ 1,457.3	\$ 1,412.0	\$ 45.3
Capital Assets	3,124.7	2,899.4	225.3
Total Assets	4,582.0	4,311.4	270.6
Total Deferred Outflows of Resources	780.0	261.9	518.1
Current and Other Liabilities	1,424.7	1,422.7	2.0
Long-Term Liabilities	10,975.0	10,378.9	596.1
Total Liabilities	12,399.7	11,801.6	598.1
Total Deferred Inflows of Resources	200.1	126.2	73.9
Net Investment in Capital Assets	2,160.4	1,949.3	211.1
Restricted	168.1	132.9	35.2
Unrestricted	(9,566.3)	(9,436.7)	(129.6)
Total Net Position (Deficit)	\$ (7,237.8)	\$ (7,354.5)	\$ 116.7

The County has \$2.2 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 \$7.2 billion in net position at December 31, 2016 and an unrestricted net deficit of \$9.6 billion. Unrestricted net position reflects all liabilities that are not related to the County's 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.

As of December 31, 2016, the County and its blended component units had a combined \$3.6 billion in outstanding serial bond debt, excluding accreted interest payable related to the Nassau County Tobacco Settlement Corp ("NCTSC"). 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, 2016, the County had \$899.0 million of outstanding debt related to tax certiorari settlements. This debt balance related to tax settlements is \$40.0 million lower than year-end of 2015.

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.

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2016

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2016 (Continued)

The Statement of Net Position (Continued)

The New York State Assembly and the New York State Senate passed assessment legislation, which the Governor signed on November 21, 2014, that will aid the County in achieving structural balance. This legislation creates a Disputed Assessment Fund ("DAF") that will establish a manageable and fiscally-sound process to satisfy most commercial tax certiorari refunds and end the need to borrow to pay for tax certiorari refunds, which has been the practice of the County since the 1970s. 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 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 DAF. Any funds that remain thereafter shall be distributed pro rata to the County and the applicable school district, town and special districts. The structural benefits from the commercial tax certiorari reform legislation will begin to be realized in 2017. The County began collecting the DAF charge from commercial property owners in 2017.

The Statement of Activities

The Statement of Activities for the fiscal year that ended December 31, 2016 details the increase in the County's net worth from 2015 to 2016. 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 \$94.5 million primarily due to the decrease of \$69.7 million for the Liability for Litigation and Malpractice Claims due to the settlement of the utilities litigation dating back to the 1990s. These decreases were offset by an increase in the liability to the New York State Local Retirement System of \$11.6 million related to the deferral of pension expense.
- Charges for Services increased by \$72.3 million of which Departmental Revenue increased by \$46.0 million mostly due to higher fees for tax map verification of \$19.3 million and an increase in Fines and Forfeitures of \$15.0 million from higher red light camera fees.
- An increase in Sales Tax and Other Tax of \$21.2 million and \$33.8 million, respectively, mainly due to increased sales tax from auto sales, food establishments, and general merchandise stores. Other Taxes increased as a result of higher Payment in Lieu of Taxes ("PILOT") due to a transfer of Long Island Power Authority ("LIPA") parcels from property tax levy in order to adhere to a state statute to cap these parcels at 2% for levy purposes. Therefore, a decrease in revenue from Property Taxes of \$41.1 million was related to the same transfer of LIPA parcels.
- An increase in Operating Grant revenue of \$66.8 million was primarily due to increases in FEMA funds received for Super Storm Sandy repairs at County facilities.
- Protection of Persons expenses increased \$72.5 million primarily due to higher than anticipated personnel related costs in addition to the GASB 68 valuation for 2016.

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2016

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2016 (Continued)

The Statement of Activities (Continued)

Table 2
Condensed Statement of Activities
(dollars in millions)

	2016	2015	Change
Revenues			
Program Revenues			
Charges for Services	\$ 375.1	\$ 302.8	\$ 72.3
Operating Grants	554.4	487.6	66.8
Capital Grants	125.4	138.4	(13.0)
General Revenues			
Property Taxes	925.8	966.9	(41.1)
Sales Taxes	1,124.1	1,102.9	21.2
Other Taxes	80.8	47.0	33.8
Tobacco Settlement Revenues	55.5	18.6	36.9
Investment Income	35.0	20.6	14.4
Other General Revenues	57.6	56.4	1.2
Total Revenues	3,333.7	3,141.2	192.5
Expenses			
Legislative	11.1	11.1	0.0
Judicial	76.0	70.0	6.0
General Administration	640.3	734.8	(94.5)
Protection of Persons	852.0	779.5	72.5
Health	232.7	221.6	11.1
Public Works	338.2	357.1	(18.9)
Recreation and Parks	53.3	50.3	3.0
Social Services	551.0	538.9	12.1
Corrections	250.1	223.2	26.9
Education	24.7	9.2	15.5
Interest on Long Term Debt	187.6	184.6	3.0
Total Expenses	3,217.0	3,180.3	36.7
Increase (Decrease) in Net Position (Deficit)	116.7	(39.1)	155.8
Net Position (Deficit) Beginning	(7,354.5)	(7,315.4)	(39.1)
Net Position (Deficit) Ending	\$ (7,237.8)	\$ (7,354.5)	\$ 116.7

Certain reclassifications have been made to the prior year numbers to conform with the current year presentation.

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2016

ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2016

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 fiduciary funds employ the *economic resources measurement focus* and accrual basis of accounting. The governmental 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 balance*) 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 Operating Fund; the Fire Commission 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. The County also has a Debt Service Fund into which resources are transferred to pay current debt service obligations. The County's sewer and storm water operations are funded through the Sewer and Storm Water Resources District Fund, 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. In 2014, the County was required to diversify the Sewer and Storm Water fund into three separate assessments: sewage collections, disposal services and sewage disposal services. The County also has a Litigation Fund, Retirement Contribution Reserve Fund, Technology Fund, an Open Space Fund, an Environmental Bond Fund, Employee Accrued Benefit Liability Fund and a Bond Indebtedness Fund as well as a series of other non-major operating, Grant, FEMA and Capital Project Funds.

For GAAP reporting purposes, the Fire Commission Fund, the Police Headquarters Fund, the Debt Service Fund, the Litigation Fund, the Retirement Contribution Reserve Fund, the Technology Fund, the Employee Accrued Benefit Liability Fund, Open Space Fund and the Bond Indebtedness Fund have been combined with the General Fund.

General Fund Budget Variances

On a reporting basis, the County ended the 2016 fiscal year with a General Fund budgetary surplus of \$76.8 million, exclusive of the use of prior year appropriated fund balance, which was achieved by appropriating \$3.2 million of prior year fund balance. The County's surplus is comprised of a number of variances from the originally adopted budget.

The County cannot legally incur expenditures for which no appropriation has been previously provided, either at the time of initial budget adoption or through subsequent supplemental appropriation. Consequently, there can be no expenditures that are over the total appropriations. The variances discussed below are a comparison of budgetary actual to the adopted budget.

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2016

ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2016 (Continued)

General Fund Budget Variances (Continued)

For financial reporting purposes (modified accrual basis), the County ended the 2016 fiscal year with an operating surplus of \$64.3 million in the General Fund. The difference between the General Fund's budgetary surplus of \$76.8 million, exclusive of the use of prior year appropriated fund balance and the reporting surplus of \$64.3 million is primarily due to: adjustments required to eliminate the effect of encumbrances that cross fiscal years; an adjustment to pension contributions to match the actual time period covered; and the removal of the appropriation of prior year fund balance. 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.

- On a budgetary basis, including the NIFA Fund, Sales Tax exceeded the \$1.0 billion original budget by \$6.4 million. A portion of the actual receipts appears on blended component unit NIFA's financial statements, since it draws County Sales Tax to pay County related debt service. Sales Tax reported in the General Fund was \$162.9 million under budget offset by \$169.3 million reported in the NIFA Fund in the financial statements. The surplus is primarily due to growth that was higher than the projected amount in the 2016 budget because of an increase in auto sales, food establishments, and general merchandise stores that was partially offset by lower energy costs, resulted in higher sales tax receipts.
- Rents and recoveries was \$17.4 million under the original budget of \$39.3 million primarily related to a court ruling preventing the realization of revenue collection from prior year's tuition reimbursement from the three towns and two cities for college students attending New York State community colleges outside the County.
- General administration expenditures were \$67.0 million below the \$353.7 million original budget primarily due to some tax certiorari payments paid with bond proceeds.
- Social services costs were \$30.3 million under the \$582.1 million original budget due to a decline in caseloads and anticipated billing from New York of Children and Family service from emergency vendor payments caseloads.
- Public works expenditures were \$18.5 million under the \$214.4 million original budget due to lower expenditures in salaries, utilities, and leased property.
- Overall, there were lower than budgeted salary and fringe benefits due to workforce management and fewer police retirements than anticipated in the adopted budget.
- Debt service costs were lower than expected due to lower and delayed borrowings as well as the County refunding debt savings.
- Other favorable variances include reductions in the weekly Medicaid Local Share Cap, utility savings and decrease in Other Than Personal Services ("OTPS") spending in addition to management of fines and forfeit payments programs such as Red Light Camera, a higher amount of State Transportation Operating Assistance ("STOA") for operating the County's bus transportation system, and higher than expected interest penalties on tax revenues.

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2016

ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2016 (Continued)

Police District Fund Budget Variances

- Revenues were \$1.2 million over the original budget primarily due to higher volume of alarm fee permits and tow truck franchise fees. PILOT revenues increased due to an adjustment related to LIPA with a corresponding decrease in property taxes.
- Salaries were lower than the original budget by \$17.3 million, primarily due to lower termination payouts than anticipated in the adopted budget.
- Fringe benefits expenditures were lower than originally budgeted by \$3.0 million primarily due to health insurance savings from vacant positions that were not filled.

Sewer and Storm Water Fund Budget Variances

- Departmental revenues were lower than the original budget by \$12.9 million primarily due to not realizing the \$12.5 million budgeted sewer assessment fees that are subject to a temporary restraining order.
- Federal aid and PILOTs revenue exceeded budget by \$7.7 million and \$7.9 million, respectively. This excess is due to additional FEMA funds received for the improvements at the two sewer treatment facilities. PILOT revenues increased due to an adjustment related to LIPA with a corresponding decrease in property taxes.
- Total expenditures were lower than originally budgeted by approximately \$5.4 million primarily due to lower utility costs of \$3.0 million in gasoline and lower electrical expenditures. Interdepartmental charges decreased by \$3.7 million due to lower than anticipated expenditures between the General Fund and Sewer and Storm Water Resource District for personnel related expenditures.

Total Budgetary Authority to Actual on a Budgetary Basis Variances

The variances discussed below are a comparison of modified budgetary authority to actual on a budgetary basis.

General Fund

- The General Fund total revenue was under budget by approximately \$191.8 million. This variance is mainly comprised of a total sales tax variance of \$162.9 million which is offset by \$169.3 in the NIFA Fund (the budget included sales tax revenue that is retained by NIFA), Rents and Recoveries of \$17.4 million, and other revenues of \$12.9 million.
- Total expenditures were under budget by approximately \$152.8 million. This variance is mainly comprised of General Administration of \$55.7 million, \$16.5 million for Health, \$22.6 for Public Works and \$30.9 for Social Services.
- Debt service expenditures were under budget due to the County's refunding.

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2016

ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2016 (Continued)

Police District Fund

- Total Revenues exceed budget by approximately \$1.2 million. This difference is primarily due to licenses and permits, fines and forfeits and departmental revenue.
- Total Expenditures were under budget by roughly \$0.3 million. This difference is mainly due to general expenses.

Sewer and Storm Water District Fund

- Total revenues for the Sewer and Storm Water District Fund were \$114.4 million over budget when comparing budgetary to actual on a budgetary basis. This \$114.4 million is mainly due to the pass thru of tax collections from the Sewer Storm Water Financing Authority.
- Total Expenditures were under budget by \$5.4 million due to \$1.8 million in utility costs and \$2.6 million in interest on debt due to County refunding of long-term debt.

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*
Fund Equity, as of December 31, 2014	\$ 64.8	\$ (10.4)	\$ 53.0	\$ 247.2	\$ 354.6
Add: 2015 Revenues	2,218.3	377.5	138.5	129.3	2,863.6
Less: 2015 Expenditures	2,360.8	377.5	125.1	310.6	3,174.0
2015 Other financing sources, net	197.8	1.6	(20.0)	60.9	240.3
Fund Equity, as of December 31, 2015	120.1	(8.8)	46.4	126.8	284.5
Add: 2016 Revenues	2,323.3	400.6	144.0	157.5	3,025.4
Less: 2016 Expenditures	2,426.1	381.5	112.3	358.1	3,278.0
2016 Other financing sources, net	167.1	(15.3)	(35.9)	192.6	308.5
Fund Equity, as of December 31, 2016	\$ 184.4	\$ (5.0)	\$ 42.2	\$ 118.8	\$ 340.4

* not including blended component units

Table 3 shows accumulated fund balance in the County's major funds (excluding the blended component units) totaled \$340.4 million at the end of 2016. Of this fund balance: \$59.7 million is categorized as non-spendable, which is, primarily, the portion of the retirement bill prepaid for the beginning of the next year; \$49.5 million is restricted, primarily as it is earmarked for debt service, judgments and claims, and the preservation of open space in the County; and \$115.9 million is committed to capital projects and \$80.0 thousand is committed to technology. The remaining fund equity is available as a contingency to offset any future economic changes that may impact the County's operating budget.

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2016

ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2016 (Continued)

Total fund equity in the General Fund improved \$64.3 million, from \$120.1 million to \$184.4 million. This increase is primarily due to higher fines and forfeitures, rents and recoveries, departmental revenues, and sales tax revenue in addition to decrease in social service, tax certiorari, and debt service expenditures.

Total fund equity in the Police District Fund improved \$3.8 million, from a negative \$8.8 million to a negative \$5.0 million. The decrease is a result of lower than anticipated personnel related expenses.

Total fund equity in the Capital Fund decreased \$8.0 million, from \$126.8 million to \$118.8 million. This decrease is mainly due to higher expenditures for capital outlay including sewage districts.

CAPITAL INVESTMENTS

During the 2016 fiscal year, the County incurred the following expenditures related to its capital projects: \$170.3 million in sewer district improvements (designated with an * in Table 4 below) and upgrades, \$33.0 million in roads, \$31.9 million in buildings, \$26.1 million in infrastructure-related improvements and \$55.3 million in public safety projects. The County made capital improvements during 2016 in the following areas:

Table 4
Capital Improvements
January 1, 2016 to December 31, 2016
(dollars in millions)

<u>Project Category</u>	<u>Amount</u>
Building Consolidation Plan	\$ 1.1
Buildings	30.8
Environmental Bond Act	1.8
Equipment	9.2
Infrastructure	26.1
Parks	25.9
Public Safety	55.3
Roads	33.0
Technology	8.0
Traffic	6.9
Transportation	4.5
Collection *	14.4
Disposal *	154.4
Storm Water *	1.5
	<u>\$ 372.9</u>

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2016

DEBT

As of December 31, 2016, the par value of County's serial bond debt was \$2.2 billion and \$1.3 billion for the blended component units, NIFA, NCSSWFA and NCTSC. The combined \$3.6 billion in outstanding long-term debt (excluding accreted interest) as of December 31, 2016 stayed relatively flat compared to the combined long-term debt outstanding as of December 31, 2015. Of the \$3.6 billion debt outstanding, \$3.2 billion is recourse debt to the County and the balance of \$400.5 million is recourse only to NCTSC. The County provides a direct-pay guarantee of \$216.4 million outstanding from the refunding and new money debt issued in October 2004 and refunded in April 2009 by NHCC. The County also provides a contractual direct-pay obligation pursuant to the Support Agreement of \$5.8 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 entities are discretely presented component units of the County, their debt is not itemized in Table 5 below.

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

	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016
General Obligation County Bonds	\$ 1,960,591	\$ 533,145	\$ 364,625	\$ 2,129,111
Sewage Purpose Bonds	43,895		2,305	41,590
SRF Revenue Bonds	81,596		8,057	73,539
Total Serial Bonds - County	2,086,082	533,145	374,987	2,244,240
NIFA Sales Tax Secured Bonds	921,606		137,956	783,650
Sewer Financing Authority	154,260		10,205	144,055
Tobacco Settlement Asset Backed Bonds	417,803		17,266	400,537
Total Serial Bonds - Blended Component Units	1,493,669		165,427	1,328,242
Total Serial Bonds	3,579,751	533,145	540,414	3,572,482
Accreted interest - Tobacco Settlement Asset Backed Bonds	55,040	6,804		61,844
Total Serial Bonds and Accreted Interest	<u>\$ 3,634,791</u>	<u>\$ 539,949</u>	<u>\$ 540,414</u>	<u>\$ 3,634,326</u>

During 2016, the County issued a total of \$533.1 million of long-term debt, of which \$272.8 million was refunded debt. Of the remaining \$260.3 million in long-term debt issued in 2016, \$247.0 million was used to fund its capital program, property tax refunds, and employee separation pay for unused accumulated time off and \$13.3 million to fund termination pay expenditures paid by the College and various College capital projects. The State Revolving Fund ("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).

In 2016, the County issued \$272.8 million of refunding bonds to refund \$285.3 million of debt.

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2016

DEBT (Continued)

Also, offsetting new issuances were maturities of the County's, NIFA's, NCTSC's and NCSSWFA's long-term debt of \$540.4 million during 2016, which included \$285.3 million of the County's refinanced debt.

The County issued short-term debt during 2016, Revenue Anticipation Notes ("RANS") and Tax Anticipation Notes ("TANS"), which were used to finance the cash flow of the County's operations. Taxable 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 for the following year. The County also issued \$25.3 million of BANS 2016 Series A (Federally Taxable), \$5.2 million of BANS 2016 Series B used to refund, in part, the \$26.6 million of 2015 Series B BANs due in June 2016 which were to finance various costs related to the remediation and restoration of County facilities and infrastructure from Super-Storm Sandy related damage, \$35.1 million of BANS 2016 Series C (Federally Taxable), and \$98.9 million of BANS 2016 Series D (Federally Taxable). The 2016 Series B 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. The 2016 Series A and C BANS were issued to finance various sewer system improvements. The 2016 Series D BANS were issued to refinance in part, the 2015 Series C BANS (Federally Taxable), dated June 2, 2015, 2016 Series A BANS (Federally Taxable), dated February 9, 2016, and 2016 Series C BANS (Federally Taxable), dated June 14, 2016, each maturing December 15, 2016, which were issued to refinance notes that originally financed various sewer system improvements. In 2016, the County issued \$164.5 million of BANS, \$119.6 million of RANs and \$257.8 million of TANs.

Detailed information on long-term debt activity is available in the Notes to the Financial Statements Exhibit X-13, Note 11.

The County has established a Disputed Assessment Fund that will end the need for future borrowing for commercial property tax refunds, through a self-funding liability. The fund was established to satisfy commercial cases and result in a more equitable allocation of taxes between residential and commercial property owners. It is anticipated that the County's outstanding long term debt will decrease in future years. In 2017, the County began collecting the DAF charge from commercial property owners.

NASSAU COUNTY'S CREDIT RATING

The County's debt ratings at December 31, 2016 were as follows: Moody's Investors Service: A2 (stable outlook); Standard & Poor's: A+ (negative outlook); Fitch Ratings: A (stable outlook). In May 2017, Standard & Poor's revised its outlook from negative to stable. The County's short-term debt is rated SP-1+ by Standard and Poor's and F1 by Fitch Ratings.

CONCLUSION

The County's net position, on a government-wide basis, increased by \$116.7 million during 2016 to a negative \$7.2 billion. This increase was primarily driven by lower general administration and public works expenses as well as growth in sales tax. The County accomplished the increase in net worth despite continued investment increases in protection of persons and corrections expenses and by decreases in property taxes revenues. During 2016, the County ended the fiscal year with a budgetary surplus of \$41.0 million across its primary operating funds. This surplus resulted primarily from a number of budget variances, lower than budgeted debt service expenses, lower payroll from position vacancies, employee and retiree health insurance rates that were lower than projected in the budget, sales tax revenue higher than estimated, lower early intervention / special education costs and the use of appropriated prior year fund balance. At the end of 2016, the fund balance in the County's primary operating funds was \$200.9 million on a budgetary basis.

THIS PAGE IS INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

EXHIBIT X-1**COUNTY OF NASSAU, NEW YORK****STATEMENT OF NET POSITION (DEFICIT)
DECEMBER 31, 2016 (Dollars in Thousands)**

	<u>Primary Government Governmental Activities</u>	<u>Component Units</u>
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 831,248	\$ 78,495
Investments	3,602	2,398
Restricted Cash and Cash Equivalents	18	36,248
Restricted Investments	40,753	5,893
Sales Tax Receivable	125,073	
Interest Receivable	64	
Student Accounts and Loans Receivable		9,561
Less Allowance for Doubtful Accounts		(5,854)
Due from Primary Government		12,882
Due from Other Governments	209,883	1,216
Less Allowance for Doubtful Accounts	(5,566)	
Other Receivables		107,935
Accounts Receivable	52,893	322,506
Less Allowance for Doubtful Accounts		(286,961)
Real Property Taxes Receivable	69,460	
Less Allowance for Doubtful Accounts	(6,500)	
Due from Component Unit	37,328	
Inventories		7,655
Prepays	60,654	2,254
Other Assets	513	417
Total Current Assets	<u>1,419,423</u>	<u>294,645</u>
NON CURRENT ASSETS:		
Restricted Cash and Cash Equivalents		52,828
Restricted Investments	24,058	
Receivable - Service Concession Agreements	4,838	
Capital Assets Not Being Depreciated	1,175,387	44,784
Depreciable Capital Assets	3,955,965	973,924
Less Accumulated Depreciation	(2,006,605)	(644,641)
Deposits Held in Custody for Others		3
Tax Sale Certificates	4,416	
Tax Real Estate Held for Sale	4,551	
Other Assets		27,949
Total Non Current Assets	<u>3,162,610</u>	<u>454,847</u>
Total Assets	<u>4,582,033</u>	<u>749,492</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	85,553	32,681
Accumulated decrease in fair value of hedging activities	33,144	6,269
Deferred charges on pensions	661,299	144,738
Total Deferred Outflows of Resources	<u>\$ 779,996</u>	<u>\$ 183,688</u>

(Continued)

EXHIBIT X-1**COUNTY OF NASSAU, NEW YORK****STATEMENT OF NET POSITION (DEFICIT)
DECEMBER 31, 2016 (Dollars in Thousands)**

	<u>Primary Government Governmental Activities</u>	<u>Component Units</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Liabilities	\$ 309,453	\$ 114,076
Payable to Investment Broker - investment purchase	13,138	
Bond Anticipation Notes Payable	104,065	
Retainage Payable	18,677	
Tax Anticipation Notes Payable	257,820	
Revenue Anticipation Notes Payable		42,000
Unearned Revenue	128,679	16,935
Property Tax Refund Payable	37,685	
Due to Primary Government		1,456
Due to Component Units	32,113	
Due to Other Governments	5,490	3,333
Accrued Interest Payable	37,180	970
Current Portion of Long Term Liabilities	478,045	53,246
Other Liabilities - Current	2,295	10,663
Total Current Liabilities	1,424,640	242,679
NON CURRENT LIABILITIES:		
Accounts Payable and Accrued Liabilities		8,866
Due to Primary Government		12,981
Notes Payable		2,585
Derivative Instruments - Interest Rate Swaps	33,144	25,101
Bonds Payable, Net of Deferred Bond Premium/Discount (Net of Amortization)	3,648,312	215,847
Liability to Third-Party Payors, net		27,021
Accrued Liabilities - Term Pay		898
Accrued Vacation and Sick Pay	502,574	111,256
Due to Other Governments, net		1,460
Accrued Payroll	55,023	
Estimated Workers' Compensation Liability	199,657	
Estimated Tax Certiorari Payable	227,861	
Estimated Liability for Litigation and Malpractice	334,529	61,176
Capital Lease Obligations	4,309	
Deposits Held in Custody for Others		3
Insurance Reserve Liability		2,012
Due to New York State Retirement System	208,874	
Net Pension Liability	551,733	182,572
Postemployment Retirement Benefits Liability	5,177,968	788,658
Other Liabilities - Non Current	31,036	
Total Non Current Liabilities	10,975,020	1,440,436
Total Liabilities	12,399,660	1,683,115
DEFERRED INFLOWS OF RESOURCES		
Deferred Gain on Refundings	24,744	
Property Taxes - Part County Sales Tax Offset	6,446	
Mitchel Field - Sale of of Future Rental Revenue	31,146	
Pensions	74,112	18,719
Service Concession Agreements	63,692	
Total Deferred Inflows of Resources	200,140	18,719
NET POSITION (DEFICIT)		
Net Investment in Capital Assets	2,160,368	293,241
Restricted:		
Nassau Health Care Corporation - Health Services		1,338
Nassau Community College - Scholarships and Other		2,815
Capital Projects	2,912	26,170
Debt Service	94,178	
Grants	37,032	
FEMA	93	
Judgments and Settlements	32,148	
Open Space	1,751	
Student Loans		521
Unrestricted	(9,566,253)	(1,092,739)
Total Net Position (Deficit)	\$ (7,237,771)	\$ (768,654)

See accompanying notes to financial statements.

(Concluded)

THIS PAGE IS INTENTIONALLY LEFT BLANK

EXHIBIT X-2**COUNTY OF NASSAU, NEW YORK****STATEMENT OF ACTIVITIES****FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

<u>Functions/Programs</u>					<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Program Revenues</u>			<u>Primary Government Governmental Activities</u>	<u>Component Units</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>		
Primary Government:						
Legislative	\$ 11,071	\$	\$	\$	\$ (11,071)	
Judicial	75,957	72,814	4,946		1,803	
General Administration	640,338	77,911	70,215		(492,212)	
Protection of Persons	851,983	76,316	17,008		(758,659)	
Health	232,742	12,423	128,910		(91,409)	
Public Works	338,243	72,722	124,834	125,408	(15,279)	
Recreation and Parks	53,339	25,457	156		(27,726)	
Social Services	550,994	20,807	196,568		(333,619)	
Corrections	250,128	3,852	11,802		(234,474)	
Education	24,650	12,757			(11,893)	
Interest on Long -Term Debt	187,527				(187,527)	
Total Primary Government	\$ 3,216,972	\$ 375,059	\$ 554,439	\$ 125,408	(2,162,066)	
Component Units	\$ 913,021	\$ 668,393	\$ 47,756	\$ 13,000		\$ (183,872)
General Revenues:						
Taxes:						
Property Taxes				\$ 925,790		
Sales Taxes				1,124,085		
Other Taxes				80,809		
Federal, State and Local Appropriations					\$ 129,805	
Tobacco Settlement Revenue and Tobacco Receipts				55,551		
Investment Income				34,987		294
Other				57,575		18,780
Total General Revenues				2,278,797		148,879
Change in Net Position (Deficit)					116,731	(34,993)
Net Position (Deficit) - Beginning (as restated, See Note 22)					(7,354,502)	(733,661)
Net Position (Deficit) - Ending					\$ (7,237,771)	\$ (768,654)

See accompanying notes to financial statements.

EXHIBIT X-3**COUNTY OF NASSAU, NEW YORK****GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2016 (Dollars in Thousands)**

	General Fund	NIFA Fund	Police District Fund	Sewer and Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:							
Cash and Cash Equivalents	\$ 264,923	\$ 519	\$ 13,526	\$ 37,563	\$ 405,182	\$ 109,535	\$ 831,248
Investments						3,602	3,602
Restricted Cash and Cash Equivalents						18	18
Restricted Investments						64,811	64,811
Sales Tax Receivable	7,257	117,816					125,073
Interest Receivable						64	64
Due from Other Governments	108,866	771	3,286	4,452	43,376	49,132	209,883
Less Allowance for Doubtful Accounts	(5,566)						(5,566)
Accounts Receivable	45,099		61	7,410		323	52,893
Real Property Taxes Receivable	69,460						69,460
Less Allowance for Doubtful Accounts	(6,500)						(6,500)
Tax Sale Certificates	4,416						4,416
Tax Real Estate Held for Sale	4,551						4,551
Interfund Receivables	239,991	3	1,484	24,193	36,244	28,262	330,177
Due from Component Units	27,940						27,940
Prepays	47,516	61	11,796	408		873	60,654
Other Assets	21				206	286	513
TOTAL ASSETS	\$ 807,974	\$ 119,170	\$ 30,153	\$ 74,026	\$ 485,008	\$ 256,906	\$ 1,773,237
LIABILITIES:							
Accounts Payable	\$ 80,082	\$	\$ 462	\$ 6,902	\$ 37,328	\$ 9,918	\$ 134,692
Accrued Liabilities	88,026	51	8,124	1,555	54,758	16,083	168,597
Payable to Investment Broker - investment purchase						13,138	13,138
Bond Anticipation Notes Payable					104,065		104,065
Tax Anticipation Notes Payable	257,820						257,820
Unearned Revenue	9,319				59,273	60,087	128,679
Property Tax Refund Payable	37,685						37,685
Interfund Payables	38,702	117,936	24,580	23,158	98,418	27,383	330,177
Due to Component Units	19,765				12,348		32,113
Due to Other Governments	5,490						5,490
Other Liabilities	30,736		2,033	191		186	33,146
Total Liabilities	567,625	117,987	35,199	31,806	366,190	126,795	1,245,602
DEFERRED INFLOWS OF RESOURCES:							
Unavailable Revenue - Property Taxes	18,338						18,338
Property Taxes - Part County Sales Tax Offset	6,446						6,446
Mitchel Field - Sale of Future Rental Revenue	31,146						31,146
Total Deferred Inflows of Resources	55,930						55,930
FUND BALANCE (DEFICIT):							
Fund Balances (Deficit):							
Nonspendable	47,516	61	11,796	408		873	60,654
Spendable:							
Restricted	46,567				2,912	117,777	167,256
Committed	80				115,906	11,090	127,076
Assigned	26,602	1,122		41,812		371	69,907
Unassigned	63,654		(16,842)				46,812
Total Fund Balance (Deficit)	184,419	1,183	(5,046)	42,220	118,818	130,111	471,705
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	\$ 807,974	\$ 119,170	\$ 30,153	\$ 74,026	\$ 485,008	\$ 256,906	\$ 1,773,237

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, 2016 (Dollars in Thousands)**

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

Total fund balances - governmental funds	\$ 471,705
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation	3,124,747
Assets that are not available resources and, therefore, are not reported in the funds:	
Due from component unit	9,388
Receivable - Service Concession Agreements	4,838
Deferred outflows of resources not reported in governmental funds:	
Deferred loss on refunding	85,553
Deferred charges on pensions	661,299
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	18,338
Deferred inflows of resources not recorded in the governmental funds:	
Deferred gain on refunding	(24,744)
Pensions	(74,112)
Service concession agreements	(63,692)
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	(319,600)
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds:	
Accrued expenses and interest payable	(62,021)
Current portion of long-term liabilities	(478,045)
Bonds payable	(3,328,712)
Due to New York State Employees' Retirement System	(208,874)
Net pension liability	(551,733)
Postemployment retirement benefits liability	(5,177,968)
Other long-term liabilities	<u>(1,324,138)</u>
Net position (deficit) of governmental activities	<u>\$ (7,237,771)</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, 2016 (Dollars in Thousands)**

	General Fund	NIFA Fund	Police District Fund	Sewer and Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:							
Interest and Penalties on Taxes	\$ 33,814	\$	\$	\$	\$	\$	\$ 33,814
Licenses and Permits	13,012		4,394	1,731			19,137
Fines and Forfeits	76,148		1,410			1,640	79,198
Interest Income	686	212	4	108	812	499	2,321
Rents and Recoveries	23,093		182	10,244	1,004	73	34,596
Tobacco Settlement Revenue and Tobacco Receipts	17,985					37,566	55,551
Departmental Revenue	213,734		2,712	1,368	5	3,616	221,435
Interdepartmental Revenue	85,232		480				85,712
Interfund Revenue	14,112					235	14,347
Federal Aid	140,442			7,650	148,677	106,786	403,555
State Aid	214,845	3			6,979	48,447	270,274
Sales Tax	868,879	169,277					1,038,156
Preempted Sales Tax in Lieu of Property Taxes	85,929						85,929
Property Taxes	439,099		374,663	115,012			928,774
Payments in Lieu of Taxes	23,749		16,758	7,852			48,359
Special Taxes	31,154					1,296	32,450
Other Revenues	41,401	1,089					42,490
Total Revenues	2,323,314	170,581	400,603	143,965	157,477	200,158	3,396,098
EXPENDITURES:							
Current:							
Legislative	10,805						10,805
Judicial	69,961					3,663	73,624
General Administration	275,099	1,618				51,753	328,470
Protection of Persons	463,290		381,529			9,271	854,090
Health	181,195					53,755	234,950
Public Works	191,064			98,197		8,822	298,083
Recreation and Parks	38,853					2,270	41,123
Social Services	543,937					16,896	560,833
Corrections	238,422					1,496	239,918
Education	11,709						11,709
Bonded Payments for Tax Certiorari	59,221						59,221
Aid to Towns and Cities	67,747						67,747
Other	86,868						86,868
Capital Outlay:							
General					189,608		189,608
Sewage Districts					162,760		162,760
Education					5,776		5,776
Debt Service:							
Principal	79,280			10,362		165,427	255,069
Interest	104,170			3,706		60,962	168,838
Bond Issuance Costs	4,481						4,481
Total Expenditures	2,426,102	1,618	381,529	112,265	358,144	374,315	3,653,973
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(102,788)	168,963	19,074	31,700	(200,667)	(174,157)	(257,875)
OTHER FINANCING SOURCES (USES):							
Transfers In	52,727		6,039	419		1,726	60,911
Transfers Out	(7,211)		(21,330)	(18,686)	(5,292)	(8,392)	(60,911)
Transfers In of Investment Income	1,408			100			1,508
Transfers Out of Investment Income		(697)			(811)		(1,508)
Transfers In from NIFA	771	476				181,917	183,164
Transfers Out to NIFA		(182,688)				(476)	(183,164)
Transfers In from SFA						140,628	140,628
Transfers Out to SFA				(17,692)		(122,936)	(140,628)
Transfers In from TSC						125	125
Transfers Out to TSC						(125)	(125)
Issuance of Bonds	68,934				191,401		260,335
Refunding Bonds Issued	272,810						272,810
Premium on Bonds	96,828				7,347		104,175
Payment to Refunded Bonds Escrow Agent	(319,163)						(319,163)
Total Other Financing Sources (Uses)	167,104	(182,909)	(15,291)	(35,859)	192,645	192,467	318,157
NET CHANGE IN FUND BALANCE (DEFICIT)	64,316	(13,946)	3,783	(4,159)	(8,022)	18,310	60,282
TOTAL FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	120,103	15,129	(8,829)	46,379	126,840	111,801	411,423
TOTAL FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 184,419	\$ 1,183	\$ (5,046)	\$ 42,220	\$ 118,818	\$ 130,111	\$ 471,705

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, 2016 (Dollars in Thousands)**

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

Net change in fund balance - total governmental funds \$ 60,282

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 capital outlays exceeded depreciation in the current period:

Purchase of capital assets	\$ 353,142	
Depreciation expense	(125,287)	
Other	<u>(2,555)</u>	225,300

Net change in deferred outflows of resources and other assets not reported in the funds.

Deferred outflows of resources	496,260	
Other assets	<u>654</u>	496,914

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. (2,984)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Postemployment retirement benefits liability	(145,102)	
Change in accrued interest payable and accrued expenses	(7,785)	
Deferred inflows of resources	(69,663)	
Change in other long-term liabilities	<u>(481,318)</u>	(703,868)

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:

Proceeds from sales of bonds	(260,335)	
Principal payments of bonds	255,069	
Refunding Bonds Issued	(272,810)	
Payment to Refunded Bonds	<u>319,163</u>	<u>41,087</u>

Change in net position - governmental activities \$ 116,731

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, ACTUAL, AND BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 14)	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Interest and Penalties on Taxes	\$ 31,900	\$ 31,900	\$ 33,814	\$	\$ 33,814	\$ 1,914
Licenses and Permits	13,489	13,489	13,012		13,012	(477)
Fines and Forfeits	64,524	64,524	76,148		76,148	11,624
Interest Income	964	964	686		686	(278)
Rents and Recoveries	39,260	39,260	23,093	(1,250)	21,843	(17,417)
Tobacco Settlement Revenue and Tobacco Receipts	17,966	17,966	17,985		17,985	19
Departmental Revenue	227,940	228,150	213,734		213,734	(14,416)
Interdepartmental Revenue	88,804	88,804	85,232		85,232	(3,572)
Intercity Revenue	18,509	18,509	14,112		14,112	(4,397)
Federal Aid	135,007	135,095	140,442		140,442	5,347
State Aid	211,850	211,898	214,845		214,845	2,947
Sales Tax	1,031,779	1,031,779	868,879		868,879	(162,900)
Preempted Sales Tax in Lieu of Property Taxes	81,809	81,809	85,929		85,929	4,120
Property Taxes	413,146	413,146	439,099		439,099	25,953
Payments in Lieu of Taxes	50,777	50,777	23,749		23,749	(27,028)
Special Taxes	31,554	31,554	31,154		31,154	(400)
Other Revenues	54,113	54,113	41,401	(140)	41,261	(12,852)
Total Revenues	2,513,391	2,513,737	2,323,314	(1,390)	2,321,924	(191,813)
Expenditures:						
Current:						
Legislative	13,090	12,995	10,805	1,292	12,097	898
Judicial	74,697	75,776	69,961	392	70,353	5,423
General Administration	353,677	342,355	275,099	11,560	286,659	55,696
Protection of Persons	460,767	463,548	463,290	(1,039)	462,251	1,297
Health	207,611	207,679	181,195	9,994	191,189	16,490
Public Works	214,449	218,529	191,064	4,902	195,966	22,563
Recreation and Parks	41,715	41,409	38,853	855	39,708	1,701
Social Services	582,100	582,692	543,937	7,855	551,792	30,900
Corrections	250,033	248,710	238,422	3,696	242,118	6,592
Education	10,806	11,709	11,709		11,709	
Bonded Payments for Tax Certiorari			59,221	(59,221)		
Aid to Towns and Cities	66,997	67,747	67,747		67,747	
Other	80,517	98,591	86,868	524	87,392	11,199
Total Expenditures	2,356,459	2,371,740	2,238,171	(19,190)	2,218,981	152,759
Debt Service:						
Principal	78,420	79,280	79,280		79,280	
Interest	110,343	109,483	104,170		104,170	5,313
Financing Costs	4,484	4,484	4,481		4,481	3
Total Debt Service	193,247	193,247	187,931		187,931	5,316
Total Expenditures	2,549,706	2,564,987	2,426,102	(19,190)	2,406,912	158,075
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,315)	(51,250)	(102,788)	17,800	(84,988)	(33,738)
Other Financing Sources (Uses):						
Transfers In	90,342	102,086	52,727		52,727	(49,359)
Transfers Out	(170,933)	(170,926)	(7,211)	6,225	(986)	169,940
Transfers In of Investment Income			1,408		1,408	1,408
Transfer In from NIFA			771		771	771
Issuance of Bonds			68,934	(68,934)		
Refunding Bonds Issued			272,810	(272,810)		
Premium on Bonds	4,484	4,484	96,828	(46,354)	50,474	45,990
Payment to Refunded Bonds Escrow Agent			(319,163)	319,163		
Total Other Financing Sources (Uses)	(76,107)	(64,356)	167,104	(62,710)	104,394	168,750
Net Change in Fund Balance (Deficit)	(112,422)	(115,606)	64,316	(44,910)	19,406	135,012
Fund Balance at Beginning of Year	112,422	115,606	120,103	108,399	228,502	112,896
Fund Balance at End of Year	\$	\$	\$ 184,419	\$ 63,489	\$ 247,908	\$ 247,908

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, ACTUAL, AND BUDGETARY BASIS
POLICE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 14)	Actual on a Budgetary Basis	Variance Positive Negative
Revenues:						
Licenses and Permits	\$ 4,129	\$ 4,129	\$ 4,394	\$	\$ 4,394	\$ 265
Fines and Forfeits	1,000	1,000	1,410		1,410	410
Interest Income	15	15	4		4	(11)
Rents and Recoveries			182		182	182
Departmental Revenue	2,400	2,400	2,712		2,712	312
Interdepartmental Revenue	402	402	480		480	78
Property Taxes	391,419	391,419	374,663		374,663	(16,756)
Payments in Lieu of Taxes			16,758		16,758	16,758
Total Revenues	399,365	399,365	400,603		400,603	1,238
Expenditures:						
Current:						
Protection of Persons	398,819	379,735	381,529	(2,055)	379,474	261
Total Expenditures	398,819	379,735	381,529	(2,055)	379,474	261
Excess (Deficiency) of Revenues Over (Under) Expenditures	546	19,630	19,074	2,055	21,129	1,499
Other Financing Sources (Uses):						
Transfers In			6,039	(6,039)		
Transfer Out	(2,250)	(21,334)	(21,330)		(21,330)	4
Total Other Financing Sources (Uses)	(2,250)	(21,334)	(15,291)	(6,039)	(21,330)	4
Net Change in Fund Balance (Deficit)	(1,704)	(1,704)	3,783	(3,984)	(201)	1,503
Fund Balance (Deficit) at Beginning of Year	1,704	1,704	(8,829)	32,155	23,326	21,622
Fund Balance (Deficit) at End of Year	\$	\$	\$ (5,046)	\$ 28,171	\$ 23,125	\$ 23,125

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, ACTUAL, AND BUDGETARY BASIS
 SEWER & STORM WATER DISTRICT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 14)	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Licenses and Permits	\$ 1,150	\$ 1,150	\$ 1,731	\$	\$ 1,731	\$ 581
Interest Income			108		108	108
Rents and Recoveries	10,725	10,725	10,244		10,244	(481)
Departmental Revenue	14,277	14,277	1,368		1,368	(12,909)
Intergovernmental Charges	1,500	1,500				(1,500)
Interfund Revenue	1,654	1,654				(1,654)
Federal Aid			7,650		7,650	7,650
Property Taxes			115,012		115,012	115,012
Payments in Lieu of Taxes			7,852		7,852	7,852
Other Revenues	300	300				(300)
Total Revenues	29,606	29,606	143,965		143,965	114,359
Expenditures:						
Current:						
Public Works	103,834	103,834	98,197	2,847	101,044	2,790
Debt Service:						
Principal	10,364	10,364	10,362		10,362	2
Interest	6,333	6,333	3,706		3,706	2,627
Total Expenditures	120,531	120,531	112,265	2,847	115,112	5,419
Excess (Deficiency) of Revenues Over (Under) Expenditures	(90,925)	(90,925)	31,700	(2,847)	28,853	119,778
Other Financing Sources (Uses):						
Transfers In			419	(186)	233	233
Transfers Out	(18,552)	(18,552)	(18,686)		(18,686)	(134)
Transfers In of Investment Income	32	32	100		100	68
Transfer In/(Out) from SFA	104,110	104,110	(17,692)	2	(17,690)	(121,800)
Total Other Financing Sources (Uses)	85,590	85,590	(35,859)	(184)	(36,043)	(121,633)
Net Change in Fund Balance (Deficit)	(5,335)	(5,335)	(4,159)	(3,031)	(7,190)	(1,855)
Fund Balance at Beginning of Year	5,335	5,335	46,379	1,399	47,778	42,443
Fund Balance at End of Year	\$	\$	\$ 42,220	\$ (1,632)	\$ 40,588	\$ 40,588

See accompanying notes to financial statements.

EXHIBIT X-10

COUNTY OF NASSAU, NEW YORK

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

FIDUCIARY FUNDS

DECEMBER 31, 2016 (Dollars in Thousands)

Agency Fund

ASSETS:

Cash	\$ 95,293
TOTAL ASSETS	<u>\$ 95,293</u>

LIABILITIES:

Accounts Payable	\$ 53,207
Due To Component Unit	2,189
Other Liabilities	<u>39,897</u>
TOTAL LIABILITIES	<u>\$ 95,293</u>

See accompanying notes to financial statements.

EXHIBIT X-11**COUNTY OF NASSAU, NEW YORK****STATEMENT OF NET POSITION (DEFICIT)****ALL DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY****DECEMBER 31, 2016****(WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2016)****(Dollars in Thousands)**

	Nassau Community College	Nassau Health Care Corporation	Nonmajor Discretely Presented Component Units	Total Discretely Presented Component Units
ASSETS				
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 55,045	\$ 3,985	\$ 19,465	\$ 78,495
Investments	2,398			2,398
Restricted Investments		5,893		5,893
Restricted Cash and Cash Equivalents		35,755	493	36,248
Student Accounts and Loans Receivable	9,561			9,561
Less Allowance for Doubtful Accounts	(5,854)			(5,854)
Due from Primary Government		12,882		12,882
Due from Other Governments	1,216			1,216
Other Receivables	680	107,252	3	107,935
Accounts Receivable		321,836	670	322,506
Less Allowance for Doubtful Accounts		(286,961)		(286,961)
Inventories		7,642	13	7,655
Prepays	308	1,736	210	2,254
Other Assets			417	417
Total Current Assets	63,354	210,020	21,271	294,645
NON CURRENT ASSETS:				
Restricted Cash and Cash Equivalents		46,975	5,853	52,828
Capital Assets Not Being Depreciated	3,809	38,345	2,630	44,784
Depreciable Capital Assets	319,533	561,438	92,953	973,924
Less Accumulated Depreciation	(156,624)	(430,354)	(57,663)	(644,641)
Deposits Held in Custody for Others	3			3
Other Assets		27,949		27,949
Total Non Current Assets	166,721	244,353	43,773	454,847
Total Assets	230,075	454,373	65,044	749,492
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on bond refunding		32,681		32,681
Accumulated decrease in fair value of hedging activities		6,269		6,269
Deferred charges on pensions	35,601	102,094	7,043	144,738
Total Deferred Outflows of Resources	\$ 35,601	\$ 141,044	\$ 7,043	\$ 183,688

(Continued)

EXHIBIT X-11**COUNTY OF NASSAU, NEW YORK**

STATEMENT OF NET POSITION (DEFICIT)
ALL DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY
DECEMBER 31, 2016
(WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2016)
(Dollars in Thousands)

	Nassau Community College	Nassau Health Care Corporation	Nonmajor Discretely Presented Component Units	Total Discretely Presented Component Units
<u>LIABILITIES</u>				
CURRENT LIABILITIES:				
Accounts Payable and Accrued Liabilities	\$ 5,891	\$ 97,660	\$ 10,525	\$ 114,076
Revenue Anticipation Note		42,000		42,000
Unearned Revenue	16,495		440	16,935
Due To Primary Government	1,205		251	1,456
Due To Other Governments			3,333	3,333
Accrued Interest Payable		970		970
Current Portion of Long Term Liabilities	859	50,534	1,853	53,246
Other Liabilities - Current	6,562	3,555	546	10,663
Total Current Liabilities	31,012	194,719	16,948	242,679
NON CURRENT LIABILITIES:				
Accounts Payable and Accrued Liabilities			8,866	8,866
Due to Primary Government	12,981			12,981
Notes Payable	716		1,869	2,585
Derivative Instrument - Interest Rate Swaps		25,101		25,101
Bonds Payable, net		202,285	13,562	215,847
Liability to Third-Party Payors, net		27,021		27,021
Accrued Liabilities - Termination Pay	898			898
Accrued Vacation and Sick Pay	52,332	58,177	747	111,256
Due to Other Governments, net			1,460	1,460
Estimated Liability for Litigation	150	61,026		61,176
Deposits Held in Custody for Others	3			3
Insurance Reserve Liability	2,012			2,012
Due to New York State Retirement System				
Net Pension Liability	22,282	154,577	5,713	182,572
Postemployment Retirement Benefits Liability	357,950	380,516	50,192	788,658
Total Non Current Liabilities	449,324	908,703	82,409	1,440,436
Total Liabilities	480,336	1,103,422	99,357	1,683,115
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pensions	3,095	14,869	755	18,719
Total Deferred Inflows of Resources	3,095	14,869	755	18,719
<u>NET POSITION (DEFICIT)</u>				
Net Investment in Capital Assets	165,966	106,965	20,310	293,241
Restricted:				
Nassau Health Care Corporation		1,338		1,338
Nassau Community College Scholarships	2,815			2,815
Capital Projects and Acquisitions			26,170	26,170
Student Loans	521			521
Unrestricted	(387,057)	(631,177)	(74,505)	(1,092,739)
Total Net Position (Deficit)	\$ (217,755)	\$ (522,874)	\$ (28,025)	\$ (768,654)

See accompanying notes to financial statements.

(Concluded)

EXHIBIT X-12**COUNTY OF NASSAU, NEW YORK****STATEMENT OF ACTIVITIES****ALL DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY****FOR THE YEAR ENDED DECEMBER 31, 2016****(WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2016)****(Dollars in Thousands)**

	Nassau Community College	Nassau Health Care Corporation	Nonmajor Discretely Presented Component Units	Total Discretely Presented Component Units
<u>Expenses</u>	\$ 240,307	\$ 610,941	\$ 61,773	\$ 913,021
<u>Program Revenues:</u>				
Charges for Services	53,094	566,867	48,432	668,393
Operating Grants and Contributions	47,756			47,756
Capital Grants and Contributions		13,000		13,000
Total Program Revenues	100,850	579,867	48,432	729,149
Net Program Revenues (Expenses)	(139,457)	(31,074)	(13,341)	(183,872)
<u>General Revenues</u>				
Federal, State and Local Appropriations	129,805			129,805
Investment Income	87	162	45	294
Other	5,454		13,326	18,780
Total General Revenues	135,346	162	13,371	148,879
Change in Net Position (Deficit)	(4,111)	(30,912)	30	(34,993)
Net Position (Deficit) - Beginning of Year (as Restated, See Note 22)	(213,644)	(491,962)	(28,055)	(733,661)
Net Position (Deficit) - End of Year	\$ (217,755)	\$ (522,874)	\$ (28,025)	\$ (768,654)

See accompanying notes to financial statements.

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 *Codification Section 2100*, 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 ("NCC"), 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, as 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

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 units' 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 ("NCC") - provides educational services under New York State Education Law. It is reported as a component unit as the County appoints half of its governing body of ten members, the County approves its budget, issues debt for NCC purposes and provides approximately 24% of NCC's 2016 budgeted revenues through a County-wide real property tax levy. Therefore, NCC is discretely presented. NCC has authority to enter into contracts under New York State Education Law and to sue and be sued. NCC 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, 2016.

These financial statements present NCC and its component units, the Nassau Community College Foundation, Inc., the Faculty-Student Association of Nassau Community College, Inc., and the Alumni Association of Nassau Community College. Component units are legally separate entities that are included in NCC's reporting entity because of the significance of their operating or financial relationships with NCC. The Nassau Community College Foundation, Inc. and the Faculty-Student Association of Nassau Community College, Inc. have fiscal year ends of August 31st, the same as that of NCC. The Alumni Association of Nassau Community College has a legal year end of December 31st.

- (b) Nassau Health Care Corporation (d/b/a NuHealth) ("NHCC") is a public benefit corporation created pursuant to Public Authorities Law 3401, et seq. by NYS in 1997 for the purposes 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Major Component Units (Continued)

(b) Nassau Health Care Corporation (Continued)

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. LIFQHC is not considered a component unit of NHCC and accordingly, is not included in the accompanying financial statements.

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.

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 2016, there were twenty-two operational facilities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Non-Major Component Units (Continued)

(c) The Nassau Regional Off-Track Betting Corporation (Continued)

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 2016, this payment was \$620.0 thousand.

(d) The Nassau County Industrial Development Agency (the "NCIDA") is a public benefit corporation established on August 6, 1976 by Code Section 922, which became Chapter 674 of the Laws of 1975. NCIDA's purpose is to serve as a core resource for new and existing private firms and companies within the County to support the growth, expansion, and ongoing operations of such organizations that allow the community to thrive by issuing taxable and tax-free revenue bonds that provide financial assistance using only non-taxpayer dollars. 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. 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 appoints the governing board of NCLEAC, which results in the interdependency with the County. 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.

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)

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 with approval of the 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, 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 (NIFA Fund) 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Blended Component Units (Continued)

(a) Nassau County Interim Finance Authority (Continued)

NIFA has power under the Act to monitor and oversee the finances of the 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 a major 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 10, 2014, similar to those adopted on March 24, 2011, March 22, 2012 and 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. On May 3, 2014, the wage freeze was lifted for four of the five unions, effective April 1, 2014. On September 9, 2014, the wage freeze was lifted for the fifth union effective June 1, 2014. The five unions ratified new labor agreements at the time their respective wage freeze were lifted.

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

Revenues of NIFA 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, investment earnings on money and investments on deposit in various NIFA accounts and state assistance received to partially fund the control period expenditures. 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.

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, and is an instrumentality of, but separate and apart from Nassau County (the “County”), New York, incorporated under the provisions of the New York State Not-For-Profit Corporation Law. Although legally separate from and independent of the County, the Corporation is considered an affiliated organization. Accordingly, the Corporation is being reported as a blended component unit for financial reporting purposes in the County’s financial statements.

The Board of Directors of NCTSC has three members, one of whom must meet certain requirements of independence: (i) one appointed 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, 2016, 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, among other things, all of the County’s right, title, and interest under the Master Settlement Agreement (“MSA”) and the Consent Decree, as such terms are defined in the Agreement, and which are referred to herein as TSRs. 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. The NCTSC funded such consideration from the proceeds of its Tobacco Settlement Asset-Backed Bonds, Series A, which are referred to herein as the 1999 Bonds. NCTSC’s right to receive TSRs is its primary revenue source.

On April 5, 2006, NCTSC, issued \$431.0 million of NCTSC Tobacco Settlement Asset-Backed bonds, Series 2006 (“Series 2006 Bonds”) 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 to fund a Senior Liquidity Reserve for Series 2006 Senior Board.

Approximately \$140.0 million of the proceeds 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. TSRs received after all long-term debt has been satisfied and operating costs have been covered will be transferred to the Residual Trust.

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 board members, each appointed by the County Executive with confirmation by the County Legislature. Each member serves a three-year term without compensation.

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

The NCSSWFA paid 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 (“County Bonds”) to finance the assets acquired. 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 paid debt service on such new County Bonds in the same manner and time, 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 agreed that, during the term of the 2004 Agreement, it will not sell, lease, mortgage, or otherwise give up or encumber the real property upon which the facilities are situated.

The 2004 Agreement was replaced and superseded by the 2014 Agreement (defined below).

Pursuant to a financing agreement dated October 1, 2014, by and between the NCSSWFA and the County (the “2014 Agreement”), the NCSSWFA released the System to the County, effective as of the closing date of the 2014 Authority refunding bonds. As the 2014 Agreement no longer requires the Authority to pay the County Bonds, the responsibility for making the payments on the County Bonds returned to the County at that time.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Blended Component Units (Continued)

(c) The Nassau County Sewer and Storm Water Finance Authority (Continued)

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 remit all such assessments directly to the trustee for the NCSSWFA's bonds. The NCSSWFA receives funds to service all NCSSWFA debt and pay its operating expenses. Remaining funds are remitted to the Nassau County Sewer and Storm Water District (the "Sewer District"). The Sewer District is responsible for paying debt service on County Bonds (as of the 2014 Agreement) and the operational costs of the System.

(d) Nassau County Land Bank

Nassau County Ordinance 87-2015 passed by the Nassau County Legislature in 2015, authorized the County to create and initiate the incorporation of the not-for-profit Nassau County Land Bank Corporation ("NC Land Bank") pursuant to the New York State Land Bank Act (Article 16 of the Not-for-Profit Corporation Law).

The NC Land Bank's mission is to direct its funding and efforts to decrease the number of vacant, abandoned and tax distressed properties within the County, having the effect of restoring such properties to productive use and revitalizing, improving, and creating value in the communities in which they are located.

The NC Land Bank is managed by a Board of Directors consisting of seven members appointed in the manner pursuant to the Certificate of Incorporation and Ordinance No. 87-2015. Five members are appointed by the County Executive, four of whom are recommended by the Majority and Minority leaders, the other two members are the County Attorney and the Director of Housing and Community Development, or their designees.

Although the NC Land Bank was established in 2015, there was no fiscal activity in the calendar year. The NC Land Bank was organized on June 20, 2016 and meets the criteria of being categorized as a component unit of the County because it is a separate legal entity ("Corporation"), County management appoints a voting majority of the board members. The NC Land Bank was established solely to provide services to the County and the County is able to impose its will on the Corporation through its voting majority members.

Bonds or any other obligation of the NC Land Bank are not considered debt of the County or of the State of New York.

In fiscal year 2016, the NC Land Bank's financial activity was immaterial and consequently, no financial activity for this component unit was reported in the County's 2016 financial statements. The County anticipates including the NC Land Bank as a blended component unit in the ensuing year's financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (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
1305 Franklin Avenue, Suite 302
Garden City, NY 11530

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
139 Liberty Avenue
Mineola, NY 11501

Nassau County Sewer and Storm Water
Finance Authority
One West Street, 1st Floor
Mineola, NY 11501

Nassau County Industrial Development
Agency
1550 Franklin Avenue, Suite 235
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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* (“GASB 72”). This statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement became effective for fiscal periods beginning after June 15, 2015. The County’s financial statements reflect the required application of this pronouncement and the applicable disclosures.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (“GASB 73”), to complete the suite of pension standards. It establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2015 - except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The adoption of this Statement had no effect on the County’s financial statements.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (“GASB 76”). The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of GAAP. The hierarchy consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement is effective for financial statements for periods beginning after June 15, 2015. The adoption of this Statement had no effect on the County’s financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements (Continued)

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures* (“GASB 77”). The objective of this Statement is to provide additional disclosures in financial statements prepared by state and local governments in conformity with generally accepted accounting principles, and provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. The requirements of this Statement are effective for reporting periods beginning after December 31, 2015. The adoption of this Statement had no effect on the County’s financial transactions, however, it required additional note disclosure (See Note 19).

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* (“GASB 78”). The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement 68, *Accounting and Financial Reporting for Pensions*. It amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 31, 2015. The adoption of this Statement had no effect on the County’s financial statements.

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants* (“GASB 79”). This Statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. It also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. The adoption of this Statement had no effect on the County’s financial statements.

A. BASIS OF PRESENTATION

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION (Continued)

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 fund balance and the changes in fund balance. 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 in the primary government. 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. In accordance with GASB No. 54, the County's budgetary major and non-major funds were consolidated into the General Fund. The budgetary major funds included in the General Fund are the Debt Service Fund, the Police Headquarter Fund, and the Fire Commission Fund and the budgetary non-major funds included in the General Fund are the Technology Fund, the Open Space Fund, the Litigation Fund, the Retirement Contribution Reserve Fund, the Employee Benefits Accrued Liability Reserve Fund, as of 2016, the Bond Indebtedness Fund.

NIFA Fund - The NIFA Fund accounts for sales tax revenues received by NIFA and for general operating expenditures, as well as transfers to Nassau County. The County reports the NIFA fund as a major fund because management believes it is important for users for public interest purposes.

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 reports the Sewer and Storm Water District Fund as a major fund because management believes it is important for users for public interest purposes.

Capital Fund - This fund is used to account for the expenditures for 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 - This 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 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). The primary objective of this Statement is to improve accounting and financial reporting for postemployment benefits other than pensions. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. It establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. This Statement also identifies the methods and assumptions that are required to be used to project benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The requirement of this Statement is effective for financial statements for periods beginning after June 15, 2017. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION (Continued)

New Accounting Standards Not Yet Effective (Continued)

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units- an Amendment of GASB Statement No. 14* (“GASB 80”). The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. 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 March 2016, GASB issued Statement No. 81, *Irrevocable Split- Interest Agreement* (“GASB 81”). The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. It establishes accounting and financial reporting standards for irrevocable split-interest agreements created through trusts or other legally enforceable agreements with characteristics that are equivalent to irrevocable split-interest agreements, in which a donor irrevocably transfers its resources to an intermediary. The intermediary administers these resources for the unconditional benefit of a government and at least one other beneficiary. The requirements of this statement are effective for reporting periods beginning after December 15, 2016. 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 March 2016, GASB issued Statement No. 82 *Pension Issues – An amendment of GASB Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (“GASB 82”). This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION (Continued)

New Accounting Standards Not Yet Effective (Continued)

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations* (“GASB 83”). This Statement establishes uniform accounting and financial reporting for certain asset retirement obligations (“AROs”), a legally enforceable liability associated with the retirement of a tangible capital asset. This standard presents guidance for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The recognition occurs when the liability is both incurred and reasonably estimable. This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred and that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement. This Statement also requires disclosure of information about the nature of a government’s AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. 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 2017, GASB issued Statement No. 84, *Fiduciary Activities* (“GASB 84”). The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes, how those activities should be reported, and when liabilities to beneficiaries should be recognized. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. 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 March 2017, GASB issued Statement No. 85, *Omnibus 2017* (“GASB 85”). The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. 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 May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues* (“GASB 86”) the objective of which is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. **BASIS OF PRESENTATION** (Continued)

New Accounting Standards Not Yet Effective (Continued)

In June 2017, GASB issued Statement No. 87, *Leases* (“GASB 87”). The objective of this Statement is to improve accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principles that leases are financing of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right – to – use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. 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.

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

The basis of accounting determines when transactions are reported in the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized 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. Tobacco Settlement Revenues (“TSRs”) are recognized as they are collected due to the unpredictability of the revenues and the difficulty with which to estimate the amounts earned.

All discretely presented component units, which are proprietary funds, are reported using the economic resources measurement focus and 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are measurable when the amount of the revenue is subject to reasonable estimation. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues exclusive of revenue from Federal and State supported programs, to be available if they are collected within 60 days of the end of the current fiscal period. Revenue from Federal and State supported programs, are considered available if collected within one year of year-end. All other revenue items that are not measurable are recognized when cash is received by the government. Expenditures are recognized in the accounting period in which the 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, judgments and claims when settled, other postemployment benefits when due, pension expenses when due and depreciation is not recognized as an expenditure.

The fiduciary fund is accounted for on the accrual 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 entity 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 as appropriate for special purpose entities engaging in other business-type activities.

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. NCSSWFA funds are not subject to appropriation as they consist of property taxes (sewer assessments) collected by the city and town receiver of taxes and the County has directed them to remit all such assessments to NCSSWFA’s Trustee in accordance with the 2014 Agreement. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

The budget amounts as reported 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, 2016, supplemental appropriations for the General Fund and appropriation budgets for the Grant and FEMA Funds were adopted and are included in the Statement of Revenues, Expenditures and Changes in Fund Balances, Total Budgetary Authority, Actual and Budgetary Basis - General Fund and the Schedule of Expenditures by County Departments and Offices, Total Budgetary Authority, Actual for the Grant and FEMA Funds, respectively, as follows (dollars in thousands):

Supplemental Appropriations:	
General Fund	\$ 28,266
Grant Fund appropriated budgets	<u>175,661</u>
Total Supplemental Appropriations and Grant Fund Appropriated Budgets	<u>\$ 203,927</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 NCC, 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 NCC, the budget is legally enacted on or before the third Monday in August).
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.

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

C. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

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 and cash equivalents 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 and investments represent amounts held for payment of future debt service and amounts with use restricted by contractual agreements and regulations.

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

NIFA investments, except for highly liquid market investments with maturities of three months or less at the time of purchase, are reported at fair value. Investment income, including changes in fair value of investments, is reported in operations.

Restricted investments represent amounts held by NIFA's Bond Trustee for the payment of future debt service payments, bond indentures, and amounts restricted by contractual agreements and regulations.

NCSSWFA investments, except for highly liquid market investments with maturities of three months or less at the time of purchase, are reported at fair value, which includes accrued interest receivable. Fair value is determined using quoted market values at December 31, 2016.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. INVENTORIES

Inventory on hand for the County is not significant and is recorded as an expenditure in the period purchased.

NHCC inventories, which are prepaid supplies, are carried at the lower of cost or market. Cost is determined by the first-in, first-out valuation method.

H. 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 acquisition 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.

It is NHCC's policy to capitalize assets in excess of \$100 that have useful lives of more than one year and NCC's policy to capitalize all assets that have useful lives of more than one year

I. 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.

Depreciation is recorded by the major discretely presented component units, as follows:

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

I. **DEPRECIATION (Continued)**

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 are not depreciated.

Nassau Health Care Corporation - Depreciation is computed 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.

J. **PREPAID EXPENSES**

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 primarily consist of retirement benefits.

K. **ALLOWANCE FOR DOUBTFUL ACCOUNTS**

The County reviews real property taxes receivables by performing an analysis of historical collectability of its property taxes to determine a reasonable collectability percentage which is then applied to the current year balance to arrive at the allowance for doubtful property taxes. All other receivables (accounts receivable, loans receivable, and due from other governments) are reviewed, including communicating with the various County departments to determine if factors have changed that would warrant changes to the receivable or the allowance. The College calculates an estimate of uncollectable student account balances according to the methodology developed based on the history of collections. All student account balances are written off if not collected after three years. Balances that are outstanding for more than two years are reserved in accordance with the College's policy. NHCC's allowance for doubtful patient accounts is based upon its management's assessment of historical and expected net collections, business and economic conditions, trends in Medicare and Medicaid health care coverage and other collection indicators.

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

NIFA and NHCC'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 and NHCC's net position, but has been reported as a deferral and is included in the deferred outflow of resources in NIFA and NHCC's Statement of Net Position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. NET POSITION AND FUND EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a) Net investment in capital assets – Consists of capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.” A deficit will require future funding.

When both restricted and unrestricted resources are available for use, the County normally uses restricted resources first, and then unrestricted resources as needed, 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 are to be used, therefore, in accordance with Statement No. 54, the County’s unrestricted resources will be used in the following order: committed, assigned, and unassigned.

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. 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 expenditure that is paid in the current year for the following year’s expenditure, are deemed to be not in spendable form, and have therefore been categorized as nonspendable.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. NET POSITION AND FUND EQUITY CLASSIFICATIONS (Continued)

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 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 Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned - includes the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

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.

N. 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 are treated as long-term as they will not be liquidated with expendable available financial resources. The amount that is expected to be liquidated with expendable available resources is reported as expenditures and a liability in the fund that give rise to the liability.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. 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 2016. The County's costs for emergency protective measures, debris removal and other recovery efforts since the Storm total approximately \$230.5 million as of the year ended December 31, 2016, (including \$15.1 million transferred out to the operating funds to offset the local match recorded in prior years), and \$222.5 million in prior years, with repair efforts continuing. Through 2016, the County recorded a total of \$192.8 million (\$6.2 million in 2016) of anticipated aid from FEMA, which represents 90% of the costs. \$0.8 million was transferred into the FEMA fund from the operating funds to cover prior year expenditures disallowed by FEMA in 2016. The County has reported the remaining 10%, totaling \$21.8 million, as expenditures to the operating funds; \$0.9 million in 2016, and \$20.9 million recorded between 2012-2015. Currently, the 10% match for 2016 of \$0.9 million is comprised of \$0.3 million, recorded in the operating funds of the County, and \$0.6 million recorded in the Sewer and Storm Water Fund.

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 publicly 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.

P. 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. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. 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. As a result, the County could not begin to charge the cost of property tax refunds to the towns, special districts, and school districts that appear on the County's tax rolls, as would otherwise be required by Article 7 of the New York State Real Property Tax Law ("RPTL"), and continued to assume the burden of property tax refunds for those municipalities.

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 2016 was \$4.3 billion. The constitutional tax margin was \$3.81 billion or approximately 88.22% of the maximum taxing authority in 2016 (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. 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. 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.

Q. 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 interfund 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 in the user funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. INTERFUND TRANSACTIONS (Continued)

In addition, numerous interfund transfers are recorded to ensure proper accounting under GAAP. For example, expenditures, such as property tax refunds and termination pay, which are paid for using the proceeds from borrowings, are transferred from the County's Capital Fund to the County's General and Police District Funds to properly reflect the nature of the transaction. Interfund revenues are offset by an equal amount of interfund expenditures. The County reports the revenues and expenditures rather than netting the two in order to properly reflect the transactions by departments, primarily in the general and administrative line, for users of the financial statements.

R. PAYABLE TO INVESTMENT BROKER – INVESTMENT PURCHASE

Investments are recorded as assets based on the trade date (order date) of the purchase and results in a payable to investment broker until such time as funds for the purchase have been transferred to the broker on the settlement date and delivery of the investments have been received. As of December 31, 2016, there is an outstanding liability in the NIFA debt service fund for the purchase of U.S. government and agency investments which settled early in January 2017.

S. 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.

T. LONG-TERM OBLIGATIONS

In the fund statements, long-term obligations are not reported as liabilities. The debt proceeds are reported as other financing sources and payments of principal and interest reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures. 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. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of applicable bond premium or discount. Long-term liabilities expected to be financed from discretely presented component unit operations are accounted for in the respective component unit financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. CLAIMS

The County is self-insured with respect to most risks including, but not limited to general liability (property damage and person 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 due. In the government-wide financial statements, the estimated liability for all judgments and claims is recorded as a liability. This liability includes an estimate for incurred but not reported ("IBNR") claims, which are claims for events that have occurred but have not yet been reported to the governmental entity as of the date of the financial statements.

V. 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, workers' compensation claims, accrued vacation and sick leave, deferred payroll, estimated malpractice liability, liability for litigation and claims, postemployment retirement benefits liability, net pension liability and depreciation. Actual results could differ from these estimates.

2. DEPOSITS AND INVESTMENTS

At December 31, 2016, the County's total cash and cash equivalents, which consisted of cash in money market interest bearing bank accounts at rates averaging 0.19%, for the governmental funds and the fiduciary funds annually, were \$831.3 million and \$95.3 million, respectively. As of December 31, 2016, the County's bank balances totaling \$974.5 million (including fiduciary funds of \$130.8 million) 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.

As of December 31, 2016, total investments amounted to \$68.4 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.

2. DEPOSITS AND INVESTMENTS (Continued)

State law and NIFA policies limit investments to those authorized by the State statutes. NIFA has a written investment policy which is designed to protect deposits and investment principal by limiting permitted investments. Concentration risk disclosure is required for NIFA for positions of 5 percent or more in securities of a single issuer. NIFA has substantially all of its investments in U.S. Government guaranteed securities and U.S. Government agency securities. All investments held by NIFA's trustee bank solely as agent of NIFA. All investments mature in less than six months.

The following table summarizes the County's unrestricted and restricted cash and cash equivalents (including fiduciary funds and blended components) and investment position at December 31, 2016 (dollars in thousands):

	Cash and Cash Equivalents	Investments	Total
Cash and Cash Equivalents	\$ 926,559	\$	\$ 926,559
Treasury notes and investments		68,413	68,413
Totals	\$ 926,559	\$ 68,413	\$ 994,972
Governmental Funds	\$ 831,266	\$ 68,413	\$ 899,679
Fiduciary Funds	95,293		95,293
Totals	\$ 926,559	\$ 68,413	\$ 994,972

The County maintains a consolidated disbursement account with a financial institution on behalf of the College. At August 31, 2016, the College had a cash balance of \$55.1 million, of which \$21.4 million was held by the County on behalf of the College, and the bank balance was \$27.0 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, 2016, the carrying amount (fair value) of the College's investments was \$2.4 million.

3. FAIR VALUE MEASUREMENT

NIFA and NCSSWA categories its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation of inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique provided by third party custodians. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. (See Note 11 for description of fair value hierarchy related to NIFA's hedging derivative instruments (Interest Rate Swap Agreements)).

3. FAIR VALUE MEASUREMENT (Continued)

The following is a summary of the fair value hierarchy of the fair value of the County's (which include NIFA and NCSSWFA) investments as of December 31, 2016:

		(Dollars in thousands)			
		Fair Value Measurements Using:			
<u>Investment by Fair Value Level</u>	Credit Quality Rating	Total	Quoted Prices in Active Market for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Debt Securities					
U.S. Government securities	N/A	\$ 20,242	\$	\$ 20,242	\$
U.S. Government mortgage backed securities	AA+ (1)	24,113		24,113	
Total investment by fair value level		<u>\$ 44,355</u>	<u>\$ -</u>	<u>\$ 44,355</u>	<u>\$ -</u>
Hedging Derivative Instruments (See Note 11)					
Interest-rate exchange swap agreements	N/A	\$ (33,144)	\$	\$ (33,144)	\$
Total derivative instruments by fair value	N/A	<u>\$ (33,144)</u>	<u>\$ -</u>	<u>\$ (33,144)</u>	<u>\$ -</u>

(1) Standard and Poor

The following is a summary of the total investments held by the County as of December 31, 2016:

Investments	\$ 3,602
Restricted Investments - Current	<u>40,753</u>
	<u>\$ 44,355</u>

At December 31, 2016, the County's discretely presented component units' financial instruments are measured at fair value were categorized between Levels 1, 2, and 3 as follows:

		(Dollars in thousands)			
		Fair Value Measurements Using:			
<u>2016</u>	Total	Quoted Prices in Active Market for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	
Equity securities	\$ 40	\$ 40	\$ -	\$ -	
Mutual Funds	572	572			
Mutual Funds - U.S. Securities	1,547		1,547		
Certificates of Deposit	2,812		2,812		
U.S Treasury Bills	1,995		1,995		
Municipal Bonds	1,325	194	1,131		
	<u>\$ 8,291</u>	<u>\$ 806</u>	<u>\$ 7,485</u>	<u>\$ -</u>	

3. FAIR VALUE MEASUREMENT (Continued)

The following is a summary of the total investments held by the County's discretely presented component units as of December 31, 2016:

Investments	\$ 2,398
Restricted Investments	<u>5,893</u>
	<u>\$ 8,291</u>

4. DUE FROM OTHER GOVERNMENTS

Due from Other Governments at December 31, 2016 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 Fund	\$ 46,725	\$ 69,398	\$ 116,123
NIFA Fund		118,587	118,587
Police District Fund	3,286		3,286
Sewer and Storm Water District Fund		4,452	4,452
Capital Fund	41,554	1,822	43,376
Nonmajor Funds	40,189	8,943	49,132
Totals	<u>\$ 131,754</u>	<u>\$ 203,202</u>	<u>\$ 334,956</u>

* Sales tax receivable of \$125,073 (both General and NIFA funds) due from NYS, is reported separately in the financial statements as sales tax receivable.

5. TAX SALE CERTIFICATES

Tax Sale Certificates includes the amount of delinquent real property taxes, 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, and subsequently reacquired by the County upon default of the purchaser.

Each year, the County evaluates the collectability of the real property tax receivables to determine whether the allowance for real property taxes receivable is adequate. The determination is based on the trend in collectability, as evidenced by the actual collections over the prior three years. Any adjustment to the allowance is recorded in the County's financial statements.

6. TAX REAL ESTATE HELD FOR SALE

The account Tax Real Estate Held for Sale includes real property, which the County has acquired primarily 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.

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Receivables, Payables and Transfers

The individual fund Interfund Receivables and Interfund Payables as of December 31, 2016 are reconciled as follows (dollars in thousands):

December 31, 2016	General Fund	NIFA Fund	Police District Fund	Sewer & Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
INTERFUND RECEIVABLE							
General Fund	\$	\$	\$ 1,252	\$	\$ 36,204	\$ 1,246	\$ 38,702
NIFA Fund	91,661					26,275	117,936
Police District Fund	24,540				40		24,580
Sewer & Storm District Fund	22,417					741	23,158
Capital Fund	74,225			24,193			98,418
Nonmajor Funds	27,148	3	232				27,383
TOTAL RECEIVABLE	\$ 239,991	\$ 3	\$ 1,484	\$ 24,193	\$ 36,244	\$ 28,262	\$ 330,177
INTERFUND PAYABLE							
General Fund	\$	\$ (91,661)	\$ (24,540)	\$ (22,417)	\$ (74,225)	\$ (27,148)	\$ (239,991)
NIFA Fund						(3)	(3)
Police District Fund	(1,252)					(232)	(1,484)
Sewer & Storm District Fund					(24,193)		(24,193)
Capital Fund	(36,204)		(40)				(36,244)
Nonmajor Funds	(1,246)	(26,275)		(741)			(28,262)
TOTAL PAYABLE	\$ (38,702)	\$ (117,936)	\$ (24,580)	\$ (23,158)	\$ (98,418)	\$ (27,383)	\$ (330,177)
Transfers In:							
Sewer & Storm Water District Fund							
December 31, 2016	General Fund	Police District	District Fund	Nonmajor Funds	Total		
Transfers Out:							
General Fund	\$	\$ 6,039	\$ 186	\$ 986	\$ 7,211		
Police District Fund	21,330				21,330		
Sewer & Storm District Fund	17,946			740	18,686		
Capital Fund	5,059		233		5,292		
Nonmajor Funds	8,392				8,392		
TOTAL	\$ 52,727	\$ 6,039	\$ 419	\$ 1,726	\$ 60,911		

Interfund Receivables and Payables generally result when one fund receives cash or pays expenditures on behalf of another or as a result of recording interfund revenues and expenditures. 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. An interfund receivable and payable would be the result of a transfer between funds in the County's audit period (month 13), where the interfund transfers are recorded in the County's fiscal period but because the cash cannot move in "month 13", one fund would have an interfund receivable as of year-end while the other fund would report an interfund payable. Until the interfund receivable and payable are settled with cash moving between the two funds by the Treasurer, the balance sheet asset and liability will remain.

See Note 1(Q) for additional description of interfund transactions.

7. 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, 2016 do not offset each other as they include accounts of the College at the end of their fiscal year on August 31, 2016, and the NHCC, which has timing differences with the County. The following reconciles the December 31, 2016 amount by carrying forward the College transactions affecting these accounts from September 1, 2016 through December 31, 2016 and the NHCC for the timing differences.

<u>Dollars in Thousands</u>	<u>2016</u>
Due from Primary Government (Exhibit X-1), Component Units	\$ 12,882
Due to Primary Government (Exhibit X-1), Component Units	<u>(14,437)</u>
Net Due to Primary Government, Component Units	<u>\$ (1,555)</u>
Nassau Community College Transactions from September 1, to December 31:	
Increase in due from Capital Fund	\$ 13,200
Increase in due from Fiduciary Fund	2,285
Decrease in due from General Fund	<u>(5,881)</u>
Subtotals	<u>9,604</u>
Nassau Health Care Corporation	
Net Change in Encumbrances	<u>(11,075)</u>
Due to Component Units - Fiduciary per Balance Sheet: (Exhibit X-10)	(2,189)
Due From Component Units - Governmental per Balance Sheet (Exhibit X-1)	37,328
Due To Component Units - Governmental per Balance Sheet (Exhibit X-1)	<u>(32,113)</u>
Due to Component Units - Fiduciary and Governmental	<u>\$ 1,555</u>

8. 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, the accumulated decrease in the fair value of hedging activities and deferred charges on pensions.

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.

NIFA's and NHCC's derivative instruments, which consist of interest rate swap agreements have been reported at fair value as of December 31, 2016. As the interest rate swap agreements qualify as hedging derivative instruments, the fair value has been recorded as a deferred outflow of resources.

8. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

The deferred outflows stemming from the defined benefit pension plan, consists of changes in the components of the County's net proportional share of the pension plan's net pension liability, that is, the County's proportionate share of the changes in the pension plan's total pension liability and in the pension plan's fiduciary net position. It also includes contributions paid subsequent to the pension plan's measurement date.

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 six items that qualify for reporting in this category; deferred gain on refundings, property taxes, property taxes - part County sales tax offset, Mitchell Field – sale of future rental revenue, pensions 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.

Unavailable property taxes are reported in the governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government – wide statements availability is not a factor in recognizing revenue, so the inflow of resources (property tax revenue) is recognized. The property taxes - part County sales tax offset is a tax 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.

Mitchel Field – sale of future rental revenue is the County's sale of 30 years of future rental revenue streams from eighteen long-term ground leases of County-owned property in the Mitchel Field area of Uniondale.

The deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. The effect on the net pension asset of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expenses in a systematic and rational manner over a closed period of five years. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

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. See Note 20H for further discussion of the County's service concession arrangements.

COUNTY OF NASSAU, NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

EXHIBIT X-13

9. CAPITAL ASSETS

The 2016 capital assets are reconciled to the 2016 amounts reported on Exhibit X-1 in the table below (dollars in thousands):

	Governmental Activities
Capital assets not being depreciated	\$ 1,175,387
Depreciable capital assets	3,955,965
Accumulated depreciation	<u>(2,006,605)</u>
Capital assets - net	3,124,747
Outstanding related debt	<u>(964,379)</u>
Net investment in capital assets	<u>\$ 2,160,368</u>

The County 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 practice is to record an impairment loss in the period when its service utility has declined significantly and unexpectedly. In 2016, no impairment losses were recognized related to the County.

Activity for capital assets, reconciled to the 2016 amount reported in Exhibit X-1, is summarized below (dollars in thousands):

Primary Government	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 239,795	\$	\$ 130	\$ 239,665
Intangible - land development rights	8,804			8,804
Construction in progress	705,716	314,772	93,570	926,918
Total capital assets, not being depreciated:	<u>954,315</u>	<u>314,772</u>	<u>93,700</u>	<u>1,175,387</u>
Capital assets, being depreciated:				
Land improvements	79,121	3,226		82,347
Buildings	1,198,118	17,970		1,216,088
Equipment	512,051	36,701	34,172	514,580
Infrastructure	2,068,907	74,043		2,142,950
Total capital assets, being depreciated	<u>3,858,197</u>	<u>131,940</u>	<u>34,172</u>	<u>3,955,965</u>
Total capital assets	<u>4,812,512</u>	<u>446,712</u>	<u>127,872</u>	<u>5,131,352</u>
Less accumulated depreciation:				
Land improvements	59,771	3,261		63,032
Buildings	484,921	29,541		514,462
Equipment	373,432	23,863	31,747	365,548
Infrastructure	994,941	68,622		1,063,563
Total accumulated depreciation	<u>1,913,065</u>	<u>125,287</u>	<u>31,747</u>	<u>2,006,605</u>
Total capital assets, being depreciated, net	<u>1,945,132</u>	<u>6,653</u>	<u>2,425</u>	<u>1,949,360</u>
Governmental activities capital assets, net	<u>\$ 2,899,447</u>	<u>\$ 321,425</u>	<u>\$ 96,125</u>	<u>\$ 3,124,747</u>

9. 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):

	<u>County</u>
Transfer from construction in progress	<u>\$ 93,570</u>
Additions to capital assets:	
Land improvements	\$ 3,226
Buildings	16,301
Infrastructure	<u>74,043</u>
	<u>\$ 93,570</u>

Depreciation expense was charged to functions of the primary government for the fiscal year ended December 31, 2016 as follows (dollars in thousands):

Functions:	<u>Land</u>				<u>Total</u>
	<u>Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	
Legislative	\$	\$ 6	\$ 12	\$	\$ 18
Judicial	80	1,147	502		1,729
General administration	65	7,323	12,145		19,533
Protection of persons		1,954	5,988	2,655	10,597
Health		106	121		227
Public works	98	8,559	4,335	63,746	76,738
Recreation and parks	2,958	5,682	341	2,221	11,202
Social services	60	185	34		279
Corrections		4,579	385		4,964
Total depreciation expense	<u>\$ 3,261</u>	<u>\$ 29,541</u>	<u>\$ 23,863</u>	<u>\$ 68,622</u>	<u>\$ 125,287</u>

Total capital assets of the County, as of December 31, 2016, is \$5.1 billion with accumulated depreciation of \$2.0 billion.

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, 2016, the total principal outstanding related to the City's bonds issued to finance the sewer system was \$1.4 million. The bonds have maturity dates ranging from July 2017 to June 2023 and annual interest rates between 3.28% and 4.30%. Total estimated debt service (including interest) as of December 31, 2016, through maturity is approximately \$1.6 million. For the year ended December 31, 2016, the County made payments of \$474,619 for such debt service. The County has not included this contractual obligation in its long-term obligations as it will be paid from current resources as contractually obligated.

9. CAPITAL ASSETS (Continued)

The annual requirements to amortize the City of Glen Cove's bond issuances for the sewer fund, including interest as of December 31, 2016, are as follows (dollars in thousands):

Years Ending December 31,	Principal	Interest	Total
2017	\$ 421	\$ 54	\$ 475
2018	274	40	314
2019	287	27	314
2020	298	16	314
2021	118	4	122
2022 - 2023	37	3	40
	<u>\$ 1,435</u>	<u>\$ 144</u>	<u>\$ 1,579</u>

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 September 1, 2015	Additions	Deletions	Balance at August 31, 2016
Capital assets, not being depreciated:				
Land	\$ 2,733	\$	\$	\$ 2,733
Library*	1,097		21	1,076
Total capital assets, not being depreciated	<u>3,830</u>		<u>21</u>	<u>3,809</u>
Capital assets, being depreciated:				
Land improvements	14,477	461		14,938
Infrastructure	15,677	2,766		18,443
Buildings	208,950	3,318		212,268
Building improvements	50,036	11,398		61,434
Equipment	11,074	894	224	11,744
Total capital assets, being depreciated	<u>300,214</u>	<u>18,837</u>	<u>224</u>	<u>318,827</u>
Total capital assets	<u>304,044</u>	<u>18,837</u>	<u>245</u>	<u>322,636</u>
Less accumulated depreciation:				
Land improvements	3,186	702		3,888
Infrastructure	4,593	925		5,518
Buildings	105,055	3,998		109,053
Building improvements	26,442	2,252		28,694
Equipment	8,251	838	211	8,878
Total accumulated depreciation	<u>147,527</u>	<u>8,715</u>	<u>211</u>	<u>156,031</u>
Net capital assets being depreciated	<u>152,687</u>	<u>10,122</u>	<u>13</u>	<u>162,796</u>
Total capital assets, net	<u>\$ 156,517</u>	<u>\$ 10,122</u>	<u>\$ 34</u>	<u>\$ 166,605</u>

*Library items include books and audiovisual items, all of which are assigned a nominal value of \$5 per item. Periodicals and microfilms are excluded.

9. CAPITAL ASSETS (Continued)

Nassau Community College Capital Assets (Continued)

Capital assets of the Faculty-Student Association, the Component unit of the College as of August 31, 2016 consisted of the following (dollars in thousands):

	Balance August 31, 2016
Furniture and equipment	\$ 445
Vans	260
	705
Less accumulated depreciation	(593)
Total capital assets (net)	<u>\$ 112</u>

Total depreciable capital assets of the College and Faculty-Student Association, the component unit of the College as of August 31, 2016, was \$319.5 million with accumulated depreciation of \$156.6 million.

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, 2016 (as Restated)	Additions	Transfers	Balance December 31, 2016
Capital assets, not being depreciated:				
Land	\$ 12,498	\$	\$	\$ 12,498
Construction in progress	22,795	6,307	(3,255)	25,847
Total capital assets, not being depreciate	<u>35,293</u>	<u>6,307</u>	<u>(3,255)</u>	<u>38,345</u>
Capital assets, being depreciated:				
Land improvements	17,130			17,130
Buildings and improvements	238,387	34		238,421
Fixed equipment	110,998	69		111,067
Movable equipment	188,485	3,080	3,255	194,820
Total capital assets, being depreciated	<u>555,000</u>	<u>3,183</u>	<u>3,255</u>	<u>561,438</u>
Total capital assets	<u>590,293</u>	<u>9,490</u>		<u>599,783</u>
Less accumulated depreciation for:				
Land improvements	12,897	348		13,245
Buildings and improvements	141,452	7,897		149,349
Fixed equipment	105,427	733		106,160
Movable equipment	149,423	12,177		161,600
Total accumulated depreciation	<u>409,199</u>	<u>21,155</u>		<u>430,354</u>
Net capital assets being depreciated	<u>145,801</u>	<u>(17,972)</u>	<u>3,255</u>	<u>131,084</u>
Total capital assets, net	<u>\$ 181,094</u>	<u>\$ (11,665)</u>	<u>\$</u>	<u>\$ 169,429</u>

Net interest capitalized for the year ended December 31, 2016 was \$1,014.

10. 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 in governmental funds. Total expenditures on such leases for the year ending December 31, 2016 were approximately \$6.7 million.

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 original cost of the building was \$5.5 million and accumulated depreciation at December 31, 2016 is \$2.3 million.

As of December 31, 2016, 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):

	<u>Years ending December 31,</u>	<u>Capital Lease</u>	<u>Operating Leases</u>	<u>Total Capital & Operating Leases</u>
Governmental Activities				
	2017	\$ 847	\$ 7,547	\$ 8,394
	2018	860	7,433	8,293
	2019	873	7,433	8,306
	2020	887	7,433	8,320
	2021	901	6,264	7,165
	2022 - 2025	3,348	488	3,836
		<u>7,716</u>	<u>\$ 36,598</u>	<u>\$ 44,314</u>
	Less: interest	<u>3,141</u>		
	Present value of future minimum lease payments	<u>\$ 4,575</u>		

10. LEASES (Continued)

The County also leases County-owned property to others and the leases are classified as operating leases. Total rental revenue on these leases for 2016 was \$5.2 million.

As of December 31, 2016, the following future minimum rentals are provided for by the leases (dollars in thousands):

Years ending December 31,	Operating Leases (in Thousands)
2017	\$ 7,844
2018	7,381
2019	5,941
2020	5,229
2021	5,217
2022 - 2026	27,004
2027 - 2031	27,372
2032 - 2036	29,698
2037 - 2041	31,594
2042 - 2046	32,446
2047 - 2051	28,882
	<u>\$ 208,608</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, 2016.

In 2015, the County entered into a lease agreement with Nassau Events Center, LLC which accounts for the increase in future operating lease revenues. The lease is for the renovation and operation of Nassau County Veterans Memorial Coliseum and terminates in 2051.

In 2009, the College entered into an operating lease with the AG Metropolitan Endo, LLC, property owner, for the rent of one entire building known as 500 Endo Boulevard, Garden City, New York 11530. Rental expenditures reported for the year ended August 31, 2016 under this operating lease were \$935 thousand representing the straight-line amortization of the lease payments over the life of the lease. The following future minimum lease payments are as follows:

Years ending August 31,	Operating Leases (in Thousands)
2017	\$ 871
2018	871
2019	892
2020	999
2021	999
2022 - 2026	5,273
2027 - 2029	3,194
	<u>\$ 13,099</u>

11. NOTES PAYABLE AND LONG-TERM OBLIGATIONS

County of Nassau Notes Payable and Long-Term Obligations

In January 2016, the County issued Series A Refunding Bonds and Series B General Obligation Bonds in the amount of \$272.8 million and \$120.1 million, respectively. The Series A Refunding Bonds bear interest at varying rates from 2.5% to 5.0% with maturity dates ranging from January 2017 to January 2039. The bonds maturing on or after January 1, 2027 are subject to optional redemption on January 1, 2026 (the "Par Call Date") or any date thereafter. The bonds were issued to refund all or a portion of certain outstanding bonds of the County, and to pay costs of issuance related to the Series A bonds. The Series B Bonds bear an interest rate of 5.0% with maturity dates ranging from October 2017 to October 2030. The bonds maturing on or after October 1, 2027 are subject to optional redemption on October 1, 2026 or any date thereafter. The bonds were issued to fund various public purposes, including capital projects and employee separation payments, and to pay costs of issuance related to the Series B Bonds.

The County issued Series A Bond Anticipation Notes ("BANS") in the amount of \$25.3 million with an interest rate of 1.2% which matured on December 15, 2016. The Series A BANS were issued to finance various sewer system improvements and to pay costs of issuance related to the BANS.

In June 2016, the County issued Series C General Obligation Bonds in the amount of \$140.2 million. The bonds bear an interest rate of 5.0% with maturity dates ranging from April 2018 to April 2043. The bonds maturing on or after April 1, 2027 are subject to optional redemption on April 1, 2026 or any date thereafter. The bonds were issued to fund various public purposes, including capital projects and property tax refunds, to refinance notes that originally financed various costs related to the remediation and restoration of County facilities and infrastructure from Superstorm Sandy related damage, and to pay costs of issuance.

The County issued Series B and Series C BANS in June 2016 in the amount of \$5.2 million and \$35.1 million, respectively. The Series B BANS bear interest of 3.0% and mature on June 14, 2017. The Series C BANS bore interest of 1.1% and matured on December 15, 2016. The Series B BANS were issued to refinance in part, the County's BANS, 2015 Series B, dated January 29, 2015 and maturing June 15, 2016, issued to refinance notes that originally financed various costs related to the remediation and restoration of County facilities and infrastructure from Superstorm Sandy related damage, and to pay costs of issuance. The 2016 Series C BANS were issued to finance various sewer system improvements.

In June 2016, the County issued Series A Revenue Anticipation Notes in the amount of \$119.6 million to finance cash flow needs within the County. The Series A Notes bore interest at 2% and matured on December 7, 2016.

In December 2016, the County issued Series A, B and C Tax Anticipation Notes ("TANS") in the amounts of \$50.0 million, \$168.4 million and \$39.4 million, respectively. The TANS were issued 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, 2017. The Series A TANS bear interest at 2.0% and mature on March 31, 2017. The Series B TANS bear interest at 3.0% and mature on September 15, 2017. The Series C TANS bear interest at 3.0% and mature on December 8, 2017.

The County issued Series D BANS in December 2016 in the amount of \$98.9 million. The Series D BANS bear interest of 1.4% and mature on December 15, 2017. The Series D BANS were issued to refinance in part, the County's BANS, 2015 Series C (Federally Taxable), dated June 2, 2015, 2016 Series A (Federally Taxable), dated February 9, 2016, and 2016 Series C (Federally Taxable), dated June 14, 2016, each matured on December 15, 2016, issued to refinance notes that originally financed various sewer system improvements, and to pay costs of issuance.

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

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

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):

	Balance January 1, 2016	Issued	Redeemed	Balance December 31, 2016
General Fund:				
Tax anticipation notes - (2.0% - 3.0% issued 2016, maturity date in 2017)	\$ 198,470	\$ 257,820	\$ 198,470	\$ 257,820
Revenue anticipation notes - (2.0% issued in 2016, maturity date in 2016)	178,480	119,595	298,075	-0-
Total General Fund	\$ 376,950	\$ 377,415	\$ 496,545	\$ 257,820
Capital Fund:				
Bond anticipation notes - (1.1% - 3.0% issued 2016, maturity dates in 2016 and 2017)				
Total Capital Fund	\$ 67,435	\$ 164,495	\$ 127,865	\$ 104,065

11. 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 debt of NCTSC is paid by NCTSC tobacco settlement revenue. The amounts including the range of interest rates, issue dates, and maturity dates, are as follows (dollars in thousands):

	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016	Due Within One Year
General Long-Term Obligations					
Debt:					
General Obligation County Bonds - (2.0% to 7.4%, issued in 1993 through 2016, maturity dates 2017 through 2043)	\$ 1,960,591	\$ 533,145	\$ 364,625	\$ 2,129,111	\$ 94,230
Sewage purpose bonds - (3.50% to 6.00%, issued in 1993 through 2009, maturity dates 2017 through 2039) - County	43,895		2,305	41,590	1,435
State Water Pollution Control Revolving Fund revenue bonds - (0.263% to 6.186%, issued in 2002 through 2015, maturity dates 2017 through 2043) - County	81,596		8,057	73,539	8,094
Total Serial Bonds - County	<u>2,086,082</u>	<u>533,145</u>	<u>374,987</u>	<u>2,244,240</u>	<u>103,759</u>
Sales Tax Secured Bonds -NIFA, (various interest rates, issued in 2004 through 2015, maturity dates 2017 through 2025)	921,606		137,956	783,650	129,666
Nassau County Sewer and Storm Water Finance Authority System Revenue Bonds, Series 2014A & Series 2014B (2.0% to 5.0%, issued in 2014, maturity dates 2016 through 2034)	154,260		10,205	144,055	10,345
Tobacco Settlement Asset-Backed Bonds, Series 2006 (5.0% to 7.35%, issued in 2006, maturity dates 2021 through 2060)	417,803		17,266	400,537	-0-
Total Serial Bonds - NIFA, NCSSWFA, NCTSC	<u>1,493,669</u>		<u>165,427</u>	<u>1,328,242</u>	<u>140,011</u>
Total Serial Bonds	<u>3,579,751</u>	<u>533,145</u>	<u>540,414</u>	<u>3,572,482</u>	<u>243,770</u>
Accreted interest - Tobacco Settlement Asset Backed Bonds	55,040	6,804		61,844	
Total Serial Bonds and Accreted Interest	<u>3,634,791</u>	<u>539,949</u>	<u>540,414</u>	<u>3,634,326</u>	<u>243,770</u>
Deferred Bond Premium/Discount (net of amortization)	205,167	104,175	40,757	268,585	10,829
Total Serial Bonds and accreted interest, net of deferred bond premium/discount	<u>\$ 3,839,958</u>	<u>\$ 644,124</u>	<u>\$ 581,171</u>	<u>\$ 3,902,911</u>	<u>\$ 254,599</u>
Other:					
Derivative instruments - interest rate swaps	\$ 45,172	\$	\$ 12,028	\$ 33,144	\$
Accrued Vacation and Sick Pay	526,022	62,885	40,064	548,843	46,269
Accrued Payroll	86,629	12,913	35,228	64,314	9,291
Estimated Liability for Workers' Compensation	235,214	32,120	31,589	235,745	36,088
Estimated Tax Certiorari Payable	302,587	91,633	91,359	302,861	75,000
Estimated Liability for Litigation & Malpractice Claims	437,000		69,700	367,300	32,771
Capital Lease Obligations	4,797		222	4,575	266
Due to New York State Retirement System	221,069	33,142	21,576	232,635	23,761
Net Pension Liability	83,531	705,924	237,722	551,733	
Postemployment Retirement Benefits Liability	5,032,866	310,007	164,905	5,177,968	
Total Other	<u>6,974,887</u>	<u>1,248,624</u>	<u>704,393</u>	<u>7,519,118</u>	<u>223,446</u>
Total General Long-Term Obligations	<u>\$ 10,814,845</u>	<u>\$ 1,892,748</u>	<u>\$ 1,285,564</u>	<u>\$ 11,422,029</u>	<u>\$ 478,045</u>

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

Long – Term Obligations (Continued)

In 2016, 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 claims, termination pay disbursements, non-capitalizable project expenditures and refunded debt. As of December 31, 2016, total serial bonds outstanding were \$3.6 billion of which \$2.9 billion were utilized to pay approximately: \$0.9 billion in tax certiorari claims; \$0.4 billion for bonded operating expenses; \$63.2 million for debt on capital assets of NCC; \$133.1 million for non-capitalizable project expenditures and \$7.4 million for debt on capital assets of the NHCC and its affiliates that are no longer the County’s assets, and \$1.4 billion related to capitalizable assets. The remaining outstanding debt of approximately \$0.7 billion is related to State Water Pollution Control Revolving Fund, Sewage Purpose, NCSSWFA, and NCTSC bonds.

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. County general obligation bonds issued for environmental protection are financed by the Environmental Protection Fund. 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. Compensated absences and other postemployment benefits are liquidated principally by the General and Police Funds. Deferred payroll, due to employees’ retirement system, and net pension liability are liquidated based on the assigned location of the employee in each fund.

The annual requirements and sources to amortize the County’s General Obligation serial bonds payable as of December 31, 2016 are as follows (dollars in thousands):

Years Ending December 31,	Debt Service Requirements			Sources (Unaudited)		
	Principal	Interest	Total	General County Budgets	Sewer District Budgets	Total
2017	\$ 103,759	\$ 110,882	\$ 214,641	\$ 199,278	\$ 15,363	\$ 214,641
2018	108,868	110,186	219,054	204,002	15,052	219,054
2019	114,111	98,617	212,728	197,793	14,935	212,728
2020	119,860	92,925	212,785	197,970	14,815	212,785
2021	124,698	86,877	211,575	198,217	13,358	211,575
2022 - 2026	612,734	344,623	957,357	910,224	47,133	957,357
2027 - 2031	510,821	200,915	711,736	690,362	21,374	711,736
2032 - 2036	328,754	93,032	421,786	410,121	11,665	421,786
2037 - 2041	167,165	31,138	198,303	194,540	3,763	198,303
2042 - 2043	53,470	2,259	55,729	55,451	278	55,729
Total	\$ 2,244,240	\$ 1,171,454	\$ 3,415,694	\$ 3,257,958	\$ 157,736	\$ 3,415,694

The County’s legal debt margin was approximately \$17.2 billion and total long-term obligation bonds authorized but unissued for general County and sewage district purposes were approximately \$1.3 billion at December 31, 2016. As of December 31, 2016, all authorization for long-term obligation bonds for general County purposes to finance property tax refunds was issued. 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.

11. 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, 2016	Additions	Reductions	Balance December 31, 2016	Due Within One Year
Bonds payable:					
Sales tax secured bonds payable	\$ 921,606		\$ 137,956	\$ 783,650	\$ 129,666
Premiums	57,715		6,115	51,600	
Total bonds payable	979,321		144,071	835,250	129,666
Postemployment retirement benefits liability	2,116	129		2,245	
Net pension liability	57	341	119	279	
Compensated absences	333		132	201	
Total long term debt	\$ 981,827	\$ 470	\$ 144,322	\$ 837,975	\$ 129,666

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, 2016, NIFA had outstanding sales tax secured bonds in the amount of \$783.7 million, maturing through the year 2025, of which \$353.1 million are fixed rate and \$430.6 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.

Liabilities for compensated absences and net pension liability will be liquidated through the general fund.

Fixed Rate Bonds — NIFA has outstanding fixed rate bonds at rates ranging between 1.454% 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.

11. 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 remaining liquidity facility agreements currently in effect are slated to expire between May 7, 2019 and November 15, 2021 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.

The County has assumed responsibility for calculating arbitrage rebated liability on bonds or notes issued by NIFA; however, any resulting payments would be made by NIFA. At December 31, 2016, there is no arbitrage rebate liability.

The aggregate debt service to retire bonds outstanding at December 31, 2016, in the table below, reflects stated maturities of principal and interest for all bonds. As noted above, NIFA is party to liquidity facility agreements/stand by purchase agreements in connection with the variable rate bonds.

With the exception of the liquidity facility agreements that expire in May 2019, the other three agreements expire concurrently with the maturity of the underlying bond series. If the remaining liquidity facility agreement set to expire in 2019 expired, and the related bonds were unable to be remarketed, and these agreements are not renewed or replaced, principal due would increase by \$125.0 million in 2019.

Aggregate debt service to maturity, pursuant to the stated terms of the bond indenture agreements and assuming the variable rate bonds are remarketed and liquidity facility agreements are maintained over the term of the variable rate bond indentures, as of December 31, 2016, is as follows (dollars in thousands):

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest*</u>	<u>Total</u>
2017	\$ 129,666	\$ 27,995	\$ 157,661
2018	118,505	23,931	142,436
2019	123,500	19,891	143,391
2020	117,556	15,640	133,196
2021	90,085	11,415	101,500
2022 - 2025	204,338	16,401	220,739
	<u>\$ 783,650</u>	<u>\$ 115,273</u>	<u>\$ 898,923</u>

*Interest on the variable rate bonds is calculated at the fixed payer rates on the associated interest rate swaps, actual results may vary.

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

NIFA Long-Term Debt (Continued)

Prior Year Defeasance of Debt

In prior years, NIFA defeased certain bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payment 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, 2016, \$103.3 million of defeased bonds remains outstanding.

DERIVATIVE INSTRUMENTS – INTEREST RATE EXCHANGE SWAP AGREEMENTS

Derivative instruments, which consist of interest rate swap agreements (“Swaps”), have been reported at fair value as of December 31, 2016. As the interest rate swap agreements qualify as a hedging derivative instrument, the fair value has been recorded as a deferred outflow of resources.

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 — The objectives of the Swaps are 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 in 2004.

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

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

NIFA Long-Term Debt (Continued)

DERIVATIVE INSTRUMENTS - INTEREST RATE EXCHANGE SWAP AGREEMENTS (Continued)

The Series D and G bonds (the Series referred to above as originally issued), were paid off during the year ended December 31, 2016 and therefore, the related swap contracts expired concurrently.

NIFA entered into the following three swap contracts with an effective date of December 9, 2004, in connection with the issuance of \$150.0 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")

Terms – The initial notional amount totaled \$600.0 million, the principal associated with the 2004 Series B-K revenue bonds. The outstanding notional amount as of December 31, 2016 is \$430.6 million. Under the terms of the swaps, NIFA will pay fixed rates and receive a floating rate as follows:

2004 Revenue Bonds	Pay Fixed Rate	Receives Floating Rate
Series B,C,E,F	3.1460%	60% of USD-LIBOR + 0.16%
Series I, K, J	3.4320%	61.5% of USD-LIBOR + 0.2%

Fair Value — Fair value is described as an exit price that assumes a transaction takes place in an orderly transaction between market participants (buyers and sellers that are in the most advantageous market) at the measurement date. The fair values of the interest rate derivative transactions were estimated based on an independent pricing service. The valuations provided were derived from proprietary models based upon well-recognized principles and estimates about relevant future market conditions. The expected transaction cash flows are calculated using the zero-coupon discounting method which takes into consideration the prevailing benchmark interest rate environment, the specified terms and conditions of a given transaction, and assumes that the current forward rates implied by the benchmark yield curve are the markets best estimates of future spot interest rates. The income approach is then used to obtain the fair value of the transactions, where future amounts (the expected transaction cash flows) are converted to a single current (discounted) amount, using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows and time value of money. Where applicable under the income approach (which takes into consideration the risk of nonperformance) an option pricing model technique is applied such as the Black-Scholes-Merton model, the Black-Derman-Toy Model, one of the short-rate models, or other market standard models consistent with applicable practices in the market for interest rate option products. The option models would consider probabilities, volatilities, time, settlement prices, and other variables pertinent to the transactions. As the prevailing market, replacement rates were lower than the contractual fixed interest rates from the effective date of the swaps, the swaps had negative fair values and have been reported on the statement of net position as derivative instruments – interest rate swaps liability.

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

NIFA Long-Term Debt (Continued)

**DERIVATIVE INSTRUMENTS - INTEREST RATE EXCHANGE SWAP AGREEMENTS
(Continued)**

Replacement interest rates on the swaps, as of December 31, 2016, 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, 2016, the remaining 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.

The fair value of each swap, including accrued interest, is provided in the Chart. The fair 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.

NIFA has determined the interest rate swaps (derivative instrument) to be a Level 2 measurement under the fair value hierarchy disclosure standards. As of December 31, 2016, the fair value of NIFA's swaps, including accrued interest was (\$33.1 million).

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 NIFA, there is no requirement to collateralize until NIFA 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 NIFA falls into the BBB ratings category.

To minimize the credit and counterparty credit risk exposure, 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 counterparties have the ratings set forth on page 94.

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

NIFA Long-Term Debt (Continued)

DERIVATIVE INSTRUMENTS - INTEREST RATE EXCHANGE SWAP AGREEMENTS
 (Continued)

Risks Associated with the Swap Agreements (Continued)

The table below shows the diversification, by percentage of notional amount outstanding at December 31, 2016, among the various counterparties that have entered into agreements with NIFA.

Counterparty	Dollars in Millions	Notional Percentage
GSMMDP	\$ 190	44.19%
UBS AG	190	44.19%
MSCS	50	11.63%
	\$ 430	100.0%

NIFA insured its performance in connection with the swaps originally associated with the remaining outstanding Series 2004 B,C,E and F 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 London Inter-Bank Offered Rate (“LIBOR”), 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.

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

NIFA Long-Term Debt (Continued)

**DERIVATIVE INSTRUMENTS - INTEREST RATE EXCHANGE SWAP AGREEMENTS
(Continued)**

Risks Associated with the Swap Agreements (Continued)

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.

- *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, 2016, the aggregate fair value of all hedging derivative instrument agreements whose terms contain such collateral provisions is \$33.1 million. Because NIFA’s credit rating is Aa1/AAA, no collateral has been required or posted.

Upon NIFA’s credit ratings declining to a certain threshold (as noted below), collateral posting requirements will be triggered as follows:

- A3/A-: \$9.3 million in collateral to UBS AG.
- Baa1/BBB+: \$14.1 million in collateral to UBS AG and \$5.2 million in collateral to MSCS.
- Baa2/BBB: \$4.1 million in collateral to GSMMDP, \$14.1 million in collateral to UBS AG and \$5.2 million in collateral to MSCS.
- Baa3/BBB-: \$14.1 million collateral to GSMMDP, \$14.1 million in collateral to UBS AG, and \$5.2 million in collateral to MSCS.

COUNTY OF NASSAU, NEW YORK

EXHIBIT X-13

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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

NIFA Long-Term Debt (Continued)

DERIVATIVE INSTRUMENTS - INTEREST RATE EXCHANGE SWAP AGREEMENTS (Continued)

As of December 31, 2016, NIFA's Derivative Instrument - Interest Rate Swap Valuation is as follows:

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
Notional Amount										
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, 2016	\$ 70,150	\$ 70,150	\$ -	\$ 70,150	\$ 70,150	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 430,600
Counterparty	GSMMDP	GSMMDP	GSMMDP	UBS	UBS	UBS	GSMMDP	UBS	MSCS	
Counterparty Rating (1)	Aa2/Aa+NA	Aa2/Aa+NA	Aa2/Aa+NA	A2/A+	A2/A+	A2/A+	Aa2/Aa+NA	Baa2/A+/A	A2/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	1.551%	1.154%	0.605%	1.155%	1.154%	0.618%	1.396%	1.396%	1.396%	
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 monthly (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 (Wednesday)	61.5% of LIBOR plus 20 basis points (Wednesday)	61.5% of LIBOR plus 20 basis points (Wednesday)	
Change in Fair Value	\$ 1,679	\$ 1,682	\$ 650	\$ 1,679	\$ 1,682	\$ 651	\$ 1,335	\$ 1,335	\$ 1,335	\$ 12,028
Net Accrued	\$ (272)	\$ (276)	\$ -	\$ (272)	\$ (276)	\$ -	\$ (201)	\$ (201)	\$ (201)	\$ (1,699)
Net Present Value	(4,151)	(4,154)	-	(4,151)	(4,154)	-	(4,945)	(4,945)	(4,945)	(31,445)
Total Fair Value of Swap	\$ (4,423)	\$ (4,430)	\$ -	\$ (4,423)	\$ (4,430)	\$ -	\$ (5,146)	\$ (5,146)	\$ (5,146)	\$ (33,144)

(1) Moody's S&P/Fitch

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

NIFA Long-Term Debt (Continued)

DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS (Continued)

Swap Payments and Associated Debt - Using rates as of December 31, 2016, 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.

Variable Rate Debt and Swap Payments (dollars in thousands):

Years Ending December 31,	Variable-Rate Bonds		Interest Rate Swaps, Net	Total Payments
	Principal	Interest		
2017	\$ 57,675	\$ 101	\$ 11,011	\$ 68,787
2018	58,100	84	9,550	67,734
2019	90,875	65	7,946	98,886
2020	75,325	42	5,657	81,024
2021	51,050	28	3,806	54,884
2022 - 2025	97,575	40	5,457	103,072
Total	\$ 430,600	\$ 360	\$ 43,427	\$ 474,387

NCSSWFA Long-Term Debt

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

	Balance			Balance December 31, 2016	Due within One Year
	January 1, 2016	Additions	Reductions		
Revenue bonds payable:					
Series 2014A	\$ 152,825	\$	\$ 8,770	\$ 144,055	\$ 10,345
Series 2014B	1,435		1,435		
Subtotal	154,260		10,205	144,055	10,345
Premiums	26,268		1,988	24,280	
Total bonds payable	\$ 180,528	\$	\$ 12,193	\$ 168,335	\$ 10,345

Based on the 2014 Agreement, the County is required to levy assessments and/or impose charges each year of no less than 200% of that fiscal year's debt service payment requirements over the life of the debt. The 2014 General Revenue Bond Resolution, dated October 1, 2014, requires that the NCSSWFA pledge those revenues to the debt service payments.

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

NCSSWFA Long-Term Debt (Continued)

Aggregate debt service to maturity as of December 31, 2016, excluding premiums is as follows (dollars in thousands):

Years Ending December 31,	Principal	Interest	Total
2017	\$ 10,345	\$ 7,203	\$ 17,548
2018	10,815	6,686	17,501
2019	11,370	6,145	17,515
2020	11,795	5,576	17,371
2021	12,365	4,987	17,352
2022 - 2026	54,310	15,791	70,101
2027 - 2031	25,800	4,554	30,354
2032 - 2034	7,255	738	7,993
	\$ 144,055	\$ 51,680	\$ 195,735

Prior Year Defeasance of Debt – In 2014, NCSSWFA defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payment 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. At December 31, 2016, there were \$98.9 million in outstanding bonds considered defeased.

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 consisted 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.

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 received on or after April 1, 2008, are subject to the lien of the Indenture. Interest and principal paid on these bonds in 2016 totaled \$18.6 million and \$17.3 million, respectively.

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

NCTSC Long-Term Debt (Continued)

Any additional revenues received above the required debt service payments are required to fund sinking fund installments and/or Turbo Redemptions.

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 as provided in 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 received 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.

A summary of changes in long-term liabilities for the year ended December 31, 2016 is as follows (dollars in thousands):

	Balance			Balance		Due within
	January 1, 2016	Additions	Reductions	December 31, 2016	One Year	
Bonds Payable	\$ 417,803	\$	\$ 17,266	\$ 400,537	\$	
Plus: Accreted interest	55,040	6,804		61,844		
Less: Bond discount	(6,194)	282		(5,912)		
Total bonds payable	\$ 466,649	\$ 7,086	\$ 17,266	\$ 456,469	\$ -0-	

Bonds outstanding and amounts including accretion since issuance at December 31, 2016, 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	\$ 12,148	\$ 12,148
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	19,717
2006C	4/5/2006	9,867	6.00%	6/1/2046	9,867	18,619
2006D	4/5/2006	37,604	6.40%	6/1/2060	37,604	73,977
2006E	4/5/2006	802	7.35%	6/1/2060	802	1,740
					\$ 400,537	\$ 462,381
				Unamortized Bond Discount		(5,912)
					\$	\$ 456,469

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

NCTSC Long-Term Debt (Continued)

The following table summarizes NCTSC's minimum future debt service requirements as of December 31, 2016 (dollars in thousands):

Years Ending December 31,	Principal	Interest	Total
2017	\$	\$ 17,993	\$ 17,993
2018		17,993	17,993
2019		17,993	17,993
2020		17,993	17,993
2021	12,148	17,579	29,727
2022 - 2026	37,906	91,381	129,287
2027 - 2031		74,101	74,101
2032 - 2036	97,005	66,825	163,830
2037 - 2041		49,850	49,850
2042 - 2046	215,072	236,292	451,364
2047 - 2051			
2052 - 2056			
2057 - 2060	38,406	1,141,809	1,180,215
	<u>\$ 400,537</u>	<u>\$ 1,749,809</u>	<u>\$ 2,150,346</u>

Nassau Community College Long-Term Debt

Long-term liability activity for the year ended August 31, 2016 follows (dollars in thousands):

	Balance September 1, 2015	Additions	Reductions	Balance August 31, 2016	Due within One Year
Due to County - ERS deferral	\$ 8,197	\$ 1,891	\$ 816	\$ 9,272	\$ 1,016
Due to County long term note	2,099	6,820		8,919	190
Accrued vacation and sick pay	54,396	52	2,064	52,384	52
Accrued liabilities - termination pay	6,195	772	5,297	1,670	772
Estimated liability for litigation	150			150	
Insurance reserve liability	2,004	8		2,012	
Liability for future pension expense	267		267		
Endo note payable	783		32	751	35
Net pension liability (asset)	(10,646)	32,928		22,282	
Postemployment retirement benefits payable	341,531	26,631	10,212	357,950	
Total long-term notes and liabilities	<u>\$ 404,976</u>	<u>\$ 69,102</u>	<u>\$ 18,688</u>	<u>\$ 455,390</u>	<u>\$ 2,065</u>

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

Nassau Community College Long-Term Debt (Continued)

As of August 31, 2016, principal and interest payments for the Endo note payable are as follows (dollars in thousands):

	Years Ending August 31	Principal	Interest	Total
	2017	\$ 35	\$ 59	\$ 94
	2018	38	56	94
	2019	41	53	94
	2020	44	49	93
	2021	48	46	94
	2022 - 2026	308	161	469
	2027 - 2028	237	29	266
Total		\$ 751	\$ 453	\$ 1,204

As of August 31, 2016, principal and interest payments for the Due to County – long-term note are as follows (dollars in thousands):

	Years Ending August 31	Principal	Interest	Total
	2017	\$ 190	\$ 490	\$ 680
	2018	2,370	377	2,747
	2019	2,490	256	2,746
	2020	2,590	69	2,659
	2021	230	58	288
	2022 - 2026	1,049	108	1,157
Total		\$ 8,919	\$ 1,358	\$ 10,277

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 monies 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.

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.

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

Nassau Community College Long-Term Debt (Continued)

County of Nassau - The County has issued general obligation serial bonds for various College construction projects. 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.

The College recognized approximately \$8.3 million in both State and local appropriations for contributions of capital assets in fiscal year 2016.

During fiscal year 2016, the County issued general obligation bonds of which a portion of the proceeds was used for College termination pay. The College has included a liability in the amount of \$6.8 million related to these bonds in the Due to Primary Government balance in the Statement of Net Position.

Nassau Health Care Corporation Long-Term Debt

A schedule of changes in the NHCC's long-term debt and noncurrent liabilities for 2016 is as follows (dollars in thousands):

	Balance January 1, 2016 (as Restated)	Additions	Reductions	Balance December 31, 2016	Due within one year
Interest rate swap agreements	\$ 30,178	\$	\$ 5,077	\$ 25,101	\$
Bonds payable, net	229,945		13,545	216,400	14,115
Third party liabilities	37,715	3,630		41,345	7,504
Accrued vacation and sick pay	61,460	33,785	30,603	64,642	6,465
Insurance reserve liability	66,668	24,176	11,558	79,286	18,260
Accrued pension benefits/net pension liability	67,154	91,613		158,767	4,190
Postemployment retirement benefits liability	348,053	42,616	10,153	380,516	
Total noncurrent liabilities	<u>\$ 841,173</u>	<u>\$ 195,820</u>	<u>\$ 70,936</u>	<u>\$ 966,057</u>	<u>\$ 50,534</u>

The NHCC's long-term debt at December 31, 2016 consisted of the following (dollars in thousands):

2009 Series A (taxable) Bonds payable at varying dates through August 1, 2022; variable rate demand bonds bearing interest at taxable variable rates with an effective average of approximately 0.53% at December 31, 2016	\$ 17,660
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 effective average of approximately 0.41% at December 31, 2016	198,740
	216,400
Current portion	(14,115)
Total long term debt	<u>\$ 202,285</u>

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

Nassau Health Care Corporation Long-Term Debt (Continued)

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 bonds. The bonds are subject to purchase on demand of the holder at a price equal to principal plus accrued interest on seven days’ notice and delivery to the NHCC’s remarketing agent. The remarketing agent is authorized to use its best efforts to sell the repurchased bonds at a price equal to 100% of the principal amounts by adjusting the interest rate. Under irrevocable letters of credit issued by JP Morgan Chase Bank, N.A., Wells Fargo Bank, N.A and TD Bank, N.A. the trustee or the remarketing agent is entitled to draw an amount sufficient to pay the purchase price of bonds delivered to it. If the remarketing agent is unable to resell any Series 2009B or Series 2009 C bonds that are “put” after 180 days (Wells Fargo and TD Bank LOCs) or 9 months for Series 2009A (JP Morgan LOC) or 13 months for Series 2009D (JP Morgan LOC) of the “put” date, the NHCC has reimbursement agreements with the letter of credit providers to convert the bonds to an installment loan payable over a certain period bearing an adjustable interest rate. Significant terms of the LOCs and reimbursement agreements are below.

Provider	Expiration Date	Principal Amount Covered Under Facility	Base Interest Rate	Interest Rate of LOC Draws	Maximum Loan Period (Years)	Loan Interest Rate	Annual Fee
Wells Fargo - Series C	July 6, 2018	\$ 65,820	Greater of Providers bank prime rate plus 2% or Federal Fund Rate plus 3% or 8%	Days 1-30 = Base Rate Days 31-180 = Base Rate plus 1%	3.5	Base rate plus 2%	90 basis points
TD Bank - Series B	June 30, 2018	\$ 75,525	Greater of WSJ Prime Rate or Federal Funds Rate plus 2%	Days 1-45 = Base Rate Days 46-90 = Base Rate plus 1% Days 91-135 = Base Rate plus 1.25% Days 136-180 = Base Rate plus 1.5% However, rate may never be below 6%	5.5	Greater of base rate plus 2% or 6%	70 basis points
J.P. Morgan - Series D	May 15, 2017	\$ 57,395	Greater of Prime Rate or 1-month LIBOR plus 2.5% or 7.5%	Days 1-60 = Base Rate plus 1% Days 61-thereafter = Base Rate plus 2%	4	Same terms as interest rate on LOC draws	108 basis points
J.P. Morgan - Series A	May 15, 2017	\$ 17,660	Greater of Prime Rate plus 2% or Federal Funds Rate plus 3% or 7.5%	Days 1-30 = Base Rate Days 31-90 = Base Rate plus 1% Days 91-thereafter = Base Rate plus 2%	3.25	Same terms as interest rate on LOC draws	108 basis points

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

Nassau Health Care Corporation Long-Term Debt (Continued)

If the reimbursement agreement were to be exercised because the entire issue of demand bonds was “put” and not remarketed before 180 days with respect to the Series B & C bonds, or 9 or 13 months with respect to the Series A & D bonds, respectfully, the NHCC would be required to pay the following estimated annual amounts (principal and interest) assuming the interest rates that would be in effect at December 31, 2016.

	Wells Fargo Series 2009 C	TD Bank Series 2009 B	JP Morgan Series 2009 A&D	Total
2017	\$ 1,340	\$ 1,067	\$ 1,480	\$ 3,887
2018	21,742	17,506	15,152	54,400
2019	21,651	16,693	27,930	66,274
2020	19,884	15,880	25,786	61,550
2021	9,279	15,067	14,174	38,520
2022-2023	17,692	17,692	17,692	17,692
	<u>\$ 73,896</u>	<u>\$ 83,905</u>	<u>\$ 84,522</u>	<u>\$ 242,323</u>

The NHCC is required to pay providers an annual commitment fee for the letter of credit as stated above per annum of the outstanding facility amount. Total letter of credit fees paid in 2016 approximated \$2.1 million.

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 2009 Bonds for the entire term of these bond series. The County has not been called upon to make payments under the guaranty. The County guaranty may be amended without consent of the bond owners.

In connection with the issuance of the 2009 Bonds, the NHCC incurred a loss of approximately \$31.5 million. The loss on refunding (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. Amortization of the deferred loss is \$2.0 million for the year ended December 31, 2016.

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.

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

Nassau Health Care Corporation Long-Term Debt (Continued)

Principal payments on long-term debt are due annually on August 1st. Interest payments are due monthly, on the first business day of each month. Estimated future interest payments are calculated using the assumed synthetic fixed rate of interest 3.457% for Series 2009B, C and D and 4.61% for Series 2009A contemplated as part of the interest swap agreements. Payments applicable to long-term debt for years subsequent to December 31, 2016 are as follows (dollars in thousands):

	<u>Principal</u>	<u>Estimated Interest</u>	<u>Total</u>
2017	\$ 14,115	\$ 7,685	\$ 21,800
2018	14,695	7,168	21,863
2019	15,290	6,630	21,920
2020	15,910	6,069	21,979
2021	16,565	5,484	22,049
2022 - 2026	67,515	15,844	83,359
2027 - 2029	72,310	6,325	78,635
	<u>\$ 216,400</u>	<u>\$ 55,205</u>	<u>\$ 271,605</u>

In January 2016, the NHCC issued \$40.0 million of taxable 2016 Revenue Anticipation Notes that were due in January 2017 and secured by scheduled IGT payments and other New York State payments. The 2016 RANs were repaid in full in January 2017.

Interest Rate Swap Agreements

The NHCC uses derivative financial instruments to attempt to manage the cash flow impact of interest rate changes on its cash flows and net position and to mitigate its exposure to certain market risks associated with operations and does not use derivative instruments for trading or speculative purposes.

The NHCC derivative contract was evaluated pursuant to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* ("GASB 53") to determine whether it met the definition of a derivative instrument, and if so, whether it effectively hedges the expected cash flows associated with interest rate exposures.

The NHCC applies hedge accounting for derivative instruments that are deemed effective hedges and under GASB 53 are referred to as hedging derivative instruments. Under hedge accounting, changes in the fair value of a hedging derivative instrument are reported as a deferred inflow or deferred outflow on the statement of net position until the contract is settled or terminated.

GASB 72 addresses the accounting and financial reporting issues related to fair value measurements. GASB 72 defines fair value as the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between swap counterparties at measurement date, which includes the nonperformance risk (the mark-to-market value excludes the risk of nonperformance). NHCC adopted GASB 72 beginning fiscal year ended 2016.

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

Nassau Health Care Corporation Long-Term Debt (Continued)

Interest Rate Swap Agreements (Continued)

In April 2009, the NHCC undertook a current refunding of the 2004 Series C bonds. As part of the refunding, the three interest rate swap agreements (“Swaps”) were re-assigned to the new underlying 2009 Series B, C and D bonds with essential identical terms except for a change in interest rate mode from auction rate to weekly variable rate demand bonds. The three Swaps associated with the 2004 Series C bonds was determined to be an effective hedging relationship and, as such, the changes in fair value of the swap through the refunding date totaling \$30.0 million were include in the deferred loss on refunding calculation and amortized over the life of the new bonds. The new association of the three swaps and the 2009 Series B, C and D bonds are considered an effective hedging relationship at December 31, 2016.

All settlement payments or receipts for hedging derivative instruments are recorded as a component of interest expense in the period settled and amounted to approximately \$6.1 million for the year ended December 31, 2016.

The NHCC’s hedging derivative instruments at December 31, 2016 are as follows:

Swap ID	Fair Value December 31, 2016	Net Change In Fair Value	Fair Value December 31, 2015	Type of Hedge	Financial Statement Classification for Changes in Fair Value
1	\$ (8,379)	\$ 1,695	\$ (10,074)	Cash Flow	Deferred Outflow
2	(8,361)	1,691	(10,052)	Cash Flow	Deferred Outflow
3	(8,361)	1,691	(10,052)	Cash Flow	Deferred Outflow
	<u>\$ (25,101)</u>	<u>\$ 5,077</u>	<u>\$ (30,178)</u>		

The terms of the NHCC’s financial derivative instrument that was outstanding at December 31, 2016 are summarized in the table below:

Counterparty	Effective Date	Termination Date	NHCC Pays	NHCC Receives	Outstanding Swap Notional (000s)
JP Morgan Chase	October 14, 2004	August 1, 2029	3.4570%	62.6% of 1-Month LIBOR + .23%	\$ 66,593
Merrill Lynch	October 14, 2004	August 1, 2029	3.4570%	62.6% of 1-Month LIBOR + .23%	\$ 66,408
UBS AG	October 14, 2004	August 1, 2029	3.4570%	62.6% of 1-Month LIBOR + .23%	\$ 66,408

The amount of outstanding debt covered by the three interest rate swap agreements total \$198.7 million and mature on August 1, 2029.

Fair Values – The fair value of the swap is estimated using the zero-coupon method and also reflects the effect of nonperformance risk. This method calculates the future net settlement payments required by the agreements, assuming the current forward rates implied by the yield curve correctly anticipate future spot rate interest rates. These payments are then discounted using the spot rate implied by the current relevant yield curve that incorporates the risk of nonperformance of the NHCC, as applicable, on the date of each future net settlement on the agreements.

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

Nassau Health Care Corporation Long-Term Debt (Continued)

Interest Rate Swap Agreements (Continued)

Credit Risk – This is the risk that a counterparty will not fulfill its obligations. As of December 31, 2016, the NHCC has zero credit risk because the mark-to-market of the swaps are all negative. Since changes in interest rates affect the fair value of the swap agreement, it is possible that the swap agreement with a negative fair value becomes positive which would expose the NHCC to credit risk. Should the fair value of the swap become positive, to minimize its exposure to loss related to credit risk, the NHCC has collateral posting provisions included in the Credit Support Annex to the ISDA Agreements. The terms require that the Counterparties post collateral for an amount by which the swap fair value exceeds collateral credit threshold levels which range from \$50.0 million (A1 Moody’s and A+ S&P) to \$0 (Baa1 Moody’s BBB+ S&P or lower).

The unsecured long term debt credit ratings for the Counterparties at December 31, 2016 were as follows:

<u>Counterparty</u>	<u>Moody's</u>	<u>Standard and Poors</u>	<u>Fitch</u>
JP Morgan Chase	Aa3	A+	AA-
Merrill Lynch (Bank of America)	Baa1	BBB+	A
UBS AG	A1	A	A

Basis Risk - The NHCC is exposed to basis risk on its pay-fixed interest rate swap because the variable-rate payment received by the NHCC (a percent of LIBOR) on these hedging derivative instruments are based on indexes other than the actual interest rates the NHCC pays on its hedged variable rate debt. Should the relationship between LIBOR and the actual variable rate interest payments on the bonds converge, the expected cost savings may not materialize. The terms of the related hedging fixed rate swap transactions are summarized in the table on the preceding page.

Termination Risk – The NHCC uses the International Swap Dealers Association Master Agreement (“Master Agreement”), which includes standard termination events, such as failure to pay and bankruptcy. The NHCC or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The NHCC may also terminate the swaps at its option. Further, a termination event occurs if the Counterparties credit ratings fall below Baa1 by Moody’s and BBB+ by Standard and Poor’s or the Counterparties have their ratings withdrawn or suspended. A Swap termination is also triggered if: 1) the swap insurer is rate below A3 by Moody’s or below A- by Standard and Poor’s and the County is rated below A3 by Moody’s or below A- by Standard and Poor’s or 2) the County is rated below Baa2 by Moody’s or below BBB by Standard and Poor’s. If the Swap is terminated, the variable-rate mortgage note would no longer carry a synthetic fixed interest rate and the NHCC’s interest payment will be based solely upon the rate required by the related debt as issued. When a termination event occurs, a mark-to-market (or fair market value) calculation is performed to determine whether the NHCC is owed money or must pay money to close out a swap position. A negative fair value means the NHCC would incur a loss and need to make a termination payment to settle the swap position. A positive fair value means the NHCC would realize a gain and receive a termination payment to settle the swap position.

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

OTB Long-Term Debt

In June 2005, OTB issued 2005 Revenue Bonds. The proceeds were used to redeem prior notes, finance the acquisition and rehabilitation of the Race Palace, pay issuance costs, provide funds that were deposited into an acquisition fund for future capital purchases, and provide funds for 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 required to pay the County \$620,000 on each February 15th until the Series 2005 Revenue Bonds are paid in full.

Mortgages and bonds payable at December 31, 2016, consisted of the following (dollars in thousands):

Mortgage note – payable in 120 monthly installments of \$12.2 thousand including interest at 5.25% per annum. The mortgage is secured by the underlying real property with a net book value of \$135.7 thousand at December 31, 2015. During the year ended December 31, 2016, the underlying real property was sold. The mortgage is secured by the cash held by the financial institution.	\$ 583
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 \$2.2 million at December 31, 2016 and the cash accounts held by the financial institution.	1,379
Bond payable - due in 15 annual installments of \$1.5 million plus semi-annual interest payments ranging from 3.4% to 4.0% per annum. A final payment is due on July 1, 2020. The bonds are secured by the underlying real property with a net book value of \$6.9 million at December 31, 2016.	5,797
	<u>\$ 7,759</u>

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

Years Ending	Principal	Interest
December 31,		
2017	\$ 1,548	\$ 354
2018	1,547	291
2019	1,552	228
2020	1,549	165
2021	113	131
2022 - 2025	1,450	407
	<u>\$ 7,759</u>	<u>\$ 1,576</u>

12. REFINANCING OF LONG-TERM OBLIGATIONS

In January 2016, the County issued \$272,810,000 in Public Improvement Refunding Bonds with interest rates ranging from 2.5% to 5.0% and annual maturities through January 2039.

The net proceeds of \$319,163,397 (the par amount of the bonds plus a premium of \$47,846,421 less underwriter's fees, insurance and other issuance costs of \$1,493,024) were used to advance refund \$61,600,000 of outstanding 2008 General Improvement Serial Bonds, Series A with interest rates of 5.0%, \$55,565,000 2008 General Improvement Serial Bonds, Series C with interest rates of 5.0%, 60,455,000 2009 General Improvement Serial Bonds, Series A with interest rates of 5.0%, and \$107,725,000 2009 General Improvement Serial Bonds, Series C with interest rates of 4.648%.

The net proceeds were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. A deferred loss on bond refunding of \$26,014,532 was recognized in relation to this refinancing, as deferred outflows of resources in the Statement of Net Position.

As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the non-current governmental liabilities portion of the Statement of Net Position.

The advance refunding was done in order to reduce debt payments in the short-term. The refunding decreased total debt service payments by \$26,428,666. The overall transaction resulted in an economic gain (the difference between the present values of the debt service payments on the older and new debt) of \$19,412,188 for the County.

Prior to December 31, 2016, 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, 2016, approximately \$538.4 million of outstanding bonds (including NIFA and NCSSWFA) are considered defeased.

13. PENSION PLANS

Plan Description

The County, NIFA, NCC, and NHCC participate in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") which are collectively referred to as the New York State and Local Retirement System ("the System"). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The County, NIFA, NCC and NHCC also participate in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at 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.

13. PENSION PLANS (Continued)

Benefits Provided

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2.0% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20% of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% of the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit calculation: Generally the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2.0% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4, and 5 members, each year of final average salary is limited to no more than 10% of the average of the previous two years.

13. PENSION PLANS (Continued)

Benefits Provided (Continued)

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2.0% of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10% of the average of the previous four years.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 members, the accidental disability benefit is a pension of 75% of final average salary, with an offset for any workers' compensation benefits received. The benefit for eligible Tier 3, 4, 5, and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: 1) all pensioners who have attained age 62 and have been retired for five years; 2) all pensioners who have attained age 55 and have been retired for ten years; 3) all disability pensioners, regardless of age, who have been retired for five years; 4) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and 5) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50% of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1% or exceed 3%.

13. PENSION PLANS (Continued)

Funding Policy

The System is noncontributory except for those members who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3% of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

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 Systems' fiscal year ending March 31. The County's 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. NCC's employees who are ERS members are included in the County's records with the NYSRSSL. The State calculates the County's (including NCC) required annual contribution payment using these contribution rates and the projected retirement earnings of the County's (and NCC's) current employees. NCC reimburses the County annually for its share of the pension costs attributed to its employees who are ERS members.

2016 Contributions based on the State fiscal year ending March 31, 2016 for ERS and PFRS members were as follows (in thousands of dollars):

	Annual Required Contribution	Credit & Miscellaneous Adjustments	Prepayment Discount	Amortization/ Deferral	2010 Incentive Installment	2010 Past Service Credit 553B	Total Payment
ERS	\$ 89,238	\$ (1,102)	\$ (803)	\$ (11,924)	\$ 4,201	\$ 69	\$ 79,679
PFRS	84,291	(1,652)	(758)	(3,926)			77,955

The contractually required contributions recorded by the County, inclusive of blended component units, for the year ended December 31, 2016 were as follows (in thousands):

	Contractually Required Contribution
ERS	\$ 78,389
PFRS	87,729

13. PENSION PLANS (Continued)

Funding Policy (Continued)

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% 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 1% depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.
- For subsequent State fiscal years in which the System'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.
- The interest rate for repayment of the amounts amortized in New York State fiscal year ending 2012 was 3.75% over 10 years. The interest rate for repayment of amounts amortized in New York State fiscal year ending 2013 is 3.00% over 10 years.

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years when the County opted to participate in the program. Because the County's fiscal year differs from the System'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 year attributable to Chapter 57, Laws of 2010 was \$60.3 million, of which \$4.0 million was attributable to NCC's 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 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 NCC) are as follows:

2012 Chapter 57, Laws of 2010
ERS and PFRS
(in thousands of dollars)

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Years ending December 31, 2017	\$ 3,889	\$ 834	\$ 4,723
2018	4,035	688	4,723
2019	4,186	537	4,723
2020	4,343	380	4,723
2021	5,600	258	5,858
2022	175	7	182
Totals	<u>\$ 22,228</u>	<u>\$ 2,704</u>	<u>\$ 24,932</u>

13. PENSION PLANS (Continued)

Funding Policy (Continued)

2013 Chapter 57, Laws of 2010
ERS and PFRS
(in thousands of dollars)

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Years ending December 31, 2017	\$ 5,607	\$ 1,144	\$ 6,751
2018	5,775	976	6,751
2019	5,949	802	6,751
2020	6,127	624	6,751
2021	6,311	440	6,751
2022-2023	8,349	306	8,655
Totals	<u>\$ 38,118</u>	<u>\$ 4,292</u>	<u>\$ 42,410</u>

Pursuant to Chapter 57, Part BB, Laws of 2013, the New York State Legislature authorized local governments to amortize a portion of their retirement bill for 12 years in accordance with the following stipulations:

- In the first years of participation, this Alternate Program allows employers to amortize more than the original program. Each year, the graded rate will change. The new graded rate always moves from the previous graded rate towards the new actuarial rate. The original program graded rate moves by up to 1% per year. The pace at which the rate declines is slower than it is under the original program.
- This Alternate Program first applied to the bill that was due on February 1, 2014. The graded rate will stay constant for the following year as well.
- Under this Alternate Program, employers will pay interest on the amortized amount. The interest rate will be set annually. The interest rate on the amount amortized in a given year will be the interest rate for that year and will be fixed for the duration of that payment period. Amounts amortized in other years will be at the interest rate set for the year of the amortization. The Alternate Program interest rate is comparable to a 12-year US Treasury Bond plus 1%.
- The interest rate for repayment of the amounts amortized in New York State fiscal year ending 2014 was 3.76% over 12 years. The interest rate for repayment of amounts amortized in New York State fiscal year ending 2015 is 3.50% over 12 years. The interest rate for repayment of amounts amortized in New York State Fiscal Year Ending 2016 is 3.31% over 12 years.

13. 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 System's fiscal years when the County opted to participate in the program. Because the County's fiscal year differs from the System'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 attributable to Chapter 57, Part BB, Laws of 2013 was \$172.0 million, of which \$3.0 million was attributable to NCC's ERS members. Amortization contributions will be paid in twelve equal installments, one per year but may be prepaid at any time. The County has elected to amortize over the twelve-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 NCC) are as follows:

2014 Chapter 57, Part BB, Laws of 2013
 ERS and PFRS
 (in thousands of dollars)

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Years ending December 31, 2017	\$ 5,333	\$ 2,177	\$ 7,510
2018	5,534	1,976	7,510
2019	5,742	1,768	7,510
2020	5,958	1,552	7,510
2021	6,182	1,328	7,510
2022-2026	29,139	2,975	32,114
Totals	<u>\$ 57,888</u>	<u>\$ 11,776</u>	<u>\$ 69,664</u>

2015 Chapter 57, Part BB, Laws of 2013
 ERS and PFRS
 (in thousands of dollars)

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Years ending December 31, 2017	\$ 4,424	\$ 1,877	\$ 6,301
2018	4,579	1,722	6,301
2019	4,739	1,562	6,301
2020	4,905	1,396	6,301
2021	5,076	1,225	6,301
2022-2027	29,904	3,389	33,293
Totals	<u>\$ 53,627</u>	<u>\$ 11,171</u>	<u>\$ 64,798</u>

13. PENSION PLANS (Continued)

Funding Policy (Continued)

2016 Chapter 57, Part BB, Laws of 2013
ERS and PFRS
(in thousands of dollars)

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Years ending December 31, 2017	\$ 2,915	\$ 1,271	\$ 4,186
2018	3,012	1,174	4,186
2019	3,111	1,075	4,186
2020	3,214	972	4,186
2021	3,321	865	4,186
2022-2026	18,327	2,578	20,905
2027-2028	5,196	147	5,343
Totals	<u>\$ 39,096</u>	<u>\$ 8,082</u>	<u>\$ 47,178</u>

2017 Chapter 57, Part BB, Laws of 2013*
ERS and PFRS
(in thousands of dollars)

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Years ending December 31, 2017	\$ 1,543	\$ 564	\$ 2,107
2018	1,583	524	2,107
2019	1,625	482	2,107
2020	1,668	439	2,107
2021	1,711	396	2,107
2022-2026	9,256	1,277	10,533
2027-2028	4,052	161	4,213
Totals	<u>\$ 21,438</u>	<u>\$ 3,843</u>	<u>\$ 25,281</u>

* The amortization shown in this table represents only the amounts due and payable as of the County's fiscal year end of December 31, 2016

13. 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 8.0%. The total unpaid liability reported in the Primary Government's Statement of Net Position at the end of the fiscal year was \$0.2 million, and \$69 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)

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Years ending December 31, 2017	\$ 50	\$ 19	\$ 69
2018	54	15	69
2019	58	11	69
2020	78	8	86
Totals	<u>\$ 240</u>	<u>\$ 53</u>	<u>\$ 293</u>

NHCC

NYSRSSL Chapter 57 of the Laws of 2010 authorized the New York State and local employers to amortize over ten years, at 3.21 percent (2016), 3.15 percent (2015), 3.67 percent (2014), and 3.00 percent (2013) interest, and the portion of their annual bill that exceeded 14.5 percent, 13.5 percent, 12.5 percent, percent, and 11.5 of payroll for its 2016, 2015, 2014 and 2013 pension bills, respectively. Total amount due at December 31, 2016 related to these deferred pension contributions is approximately \$43.2 million of which \$4.2 million is included in current liabilities and \$39.0 million is included as part of other long term liabilities.

13. PENSION PLANS (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At December 31, 2016, the County (inclusive of NIFA), reported a liability of \$551.7 million for its proportionate share of the net pension liability of the System. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2015, with updated procedures to roll forward the total pension liability to March 31, 2016. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

Below is the County's (inclusive of NIFA), NCC, and NHCC's proportionate share of the net pension liability of the System and its related employer allocation percentage (in thousands of dollars).

	Primary Government			Major Discretely Presented Component Units		
	Primary Government		NIFA	NCC		NHCC
	ERS	PFRS		ERS	TRS	ERS
Measurement Date	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2016	June 30, 2015	March 31, 2016
Net Pension Liability (Asset)	\$ 284,627	\$ 266,827	\$ 279	\$ 1,437	\$ 20,845	\$ 115,578
Allocation of the System's						
Total Net Liability (Asset)	1.9032212%	9.012023%	0.00174130%	0.00130000%	0.13000000%	0.72009780%

There was no significant change in the County's (inclusive of NIFA), NCC, and NHCC's proportionate share from March 31, 2015 to March 31, 2016.

For the year ended December 31, 2016, the County, exclusive of component units, recognized pension expense of \$59.2 million for ERS and \$65.9 million for PFRS.

At December 31, 2016, the County (inclusive of NIFA), NCC and NHCC reported deferred outflows and inflows of resources related to pensions from the following sources (in thousands of dollars):

	Primary Government				Major Discretely Presented Component Units			
	Deferred Outflows of Resources		Deferred Inflows of Resources		Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	PFRS	ERS	PFRS	NCC*	NHCC	NCC*	NHCC
Differences between expected and actual experience	\$ 1,439	\$ 2,393	\$ 33,771	\$ 40,341	\$ 105	\$ 584	\$ 2,471	\$ 13,700
Changes of assumptions	75,976	115,028			5,559	30,821		
Net difference between projected and actual earnings on pension plan investments	169,022	149,535			12,367	68,567		
Changes in proportion and differences between the Employer's contribution and proportionate share of contributions	6,624	16,151			482	2,122		1,169
Employer's contribution subsequent to the measurement date, net of prepaid amounts	59,259	65,872			2,331			
Total	\$ 312,320	\$ 348,979	\$ 33,771	\$ 40,341	\$ 20,844	\$ 102,094	\$ 2,471	\$ 14,869

*Amounts are reported for the year ending August 31, 2016

13. PENSION PLANS (Continued)

For the year ended August 31, 2016, NCC recognized pension expense of \$2.5 million related to TRS. At June 30, 2016, NCC reported deferred outflows of resources and deferred inflows of resources related to TRS from the following sources (in thousands):

	NCC	
	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 467
Changes of assumptions	8,186	
Net difference between projected and actual earnings on pension plan investments	3,231	
Changes in proportion and differences between the Employer's contribution and proportionate share of contributions	595	157
Employer's contributions subsequent to the measurement date	2,745	
Total	\$ 14,757	\$ 624

The County's contributions (inclusive of NIFA) made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands of dollars):

	Primary Government		Major Discretely Presented Component Units		
	ERS	PFRS	NCC		NHCC
			ERS	TRS	ERS
Plan Year Ended March 31, 2017	\$ 55,841	\$ 57,014	\$ 4,085	\$ 1,074	\$ 21,806
2018	55,841	57,014	4,085	1,074	21,806
2019	55,841	57,014	4,085	3,583	21,806
2020	51,767	54,932	3,787	2,802	21,807
2021		16,792		1,326	
Thereafter				1,529	
Totals	\$219,290	\$242,766	\$ 16,042	\$ 11,388	\$ 87,225

13. PENSION PLANS (Continued)

Actuarial Assumptions – ERS and PFRS

The total pension liability as of the measurement date was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	ERS	PFRS
Actuarial cost method	Entry age normal	Entry age normal
Inflation	2.50%	2.50%
Salary scale	3.80%	4.50%
Investment rate of return, including inflation	7.00%	7.00%
Cost of living adjustments	1.30%	1.30%
	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Decrement tables	Society of Actuaries Scale MP-2014	Society of Actuaries Scale MP-2014
Morality Improvement	Society of Actuaries Scale MP-2014	Society of Actuaries Scale MP-2014

Actuarial Assumptions – NCC - TRS

The net pension liability was measured as of June 30, 2016, and was determined by an actuarial valuation at June 30, 2015, with update procedures used to roll forward the total pension liability to June 30, 2016. During the measurement period, there were no changes in assumptions or benefit terms. The actuarial assumptions used in June 30, 2015 valuation were based on the actuarial experience study for the period July 1, 2005 to June 30, 2010. The actuarial valuations used the following actuarial assumptions:

	TRS
Actuarial cost method	Aggregate Cost Method
Inflation	2.50%
Salary scale	Based on Years of Service
	5 years - 4.72%
	15 years - 3.46%
	25 years - 2.37%
	35 years - 1.9%
Investment rate of return, including inflation	7.50%
Cost of living adjustments	1.50%
Annuitant Mortality Rates	Based on plan member experience
Mortality Improvement	Society of Actuaries Scale MP2014

13. PENSION PLANS (Continued)

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 are summarized below for ERS and PFRS:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equity	38.00%	7.30%
International equity	13.00%	8.55%
Private equity	10.00%	11.00%
Real estate	8.00%	8.25%
Absolute return strategies	3.00%	6.75%
Opportunistic portfolio	3.00%	8.60%
Real assets	3.00%	8.65%
Bonds and mortgages	18.00%	4.00%
Cash	2.00%	2.25%
Inflation-Indexed bonds	2.00%	4.00%
	<u>100.00%</u>	

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2016 are summarized below for TRS:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equity	37.00%	6.10%
International equity	18.00%	7.30%
Real estate	10.00%	5.40%
Alternative investments	7.00%	9.20%
Total equities	<u>72.00%</u>	
Domestic fixed income securities	17.00%	1.00%
Global fixed income securities	2.00%	0.80%
Mortgages	8.00%	3.10%
Short-term	1.00%	0.10%
Total fixed income	<u>28.00%</u>	
	<u>100.00%</u>	

13. PENSION PLANS (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for the System (ERS and PFRS) and 7.5% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption – ERS and PFRS

The following presents the County's (inclusive of NIFA), NCC, and NHCC's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the County's (inclusive of NIFA), NCC, and NHCC's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate (in thousands of dollars):

	Primary Government		Major Discretely Presented Component Units	
			NCC	NHCC
	ERS	PFRS	ERS	ERS
Net Pension Liability (Asset):				
1% Decrease 6.00%	642,443	595,986	47,005	260,619
Current Assumption 7.00%	284,906	266,827	20,845	115,578
1% Increase 8.00%	(17,197)	(9,080)	(1,258)	(6,976)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption – TRS

The following presents the NCC's proportionate share of the net pension asset calculated using the discount rate of 7.5%, NCC's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate (in thousands of dollars):

	1% Decrease	Current	1% Increase
	6.5%	7.5%	8.5%
Net Pension Liability (Asset)	18,748	1,437	(13,083)

13. PENSION PLANS (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NYS ERS financial report. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244-0001, or it may be found at <http://www.osc.state.ny.us/retire/publications/index.php>.

14. RECONCILIATION OF GAAP FUND BALANCES TO BUDGETARY BASIS (Unaudited)

The following reconciles fund balances at December 31, 2016 as prepared on a GAAP basis to the budgetary basis of reporting (dollars in thousands):

	<u>General</u>	<u>Police District Fund</u>	<u>Sewer & Storm Water District</u>	<u>Capital Fund</u>	<u>Nonmajor Governmental Funds</u>
Fund Balances at December 31, 2016, Prepared in accordance with GAAP	\$ 184,419	\$ (5,046)	\$ 42,220	\$ 118,818	\$ 130,111
Add:					
Funding for Tax Certiorari and Other Judgments	59,221				
Funding for Termination Pay	2,213	39	186		
Pension Benefits - Modified Accrual Basis Only	85,882	35,379	1,225		
Sale of Mitchel Field Leases	31,146				
Less:					
Encumbrances	(51,899)	(1,208)	(2,857)		
Payments for Tax Certiorari and Other Judgments	(53,221)	(6,000)			
Payments for Termination Pay	(2,213)	(39)	(186)		
Termination Pay Recognized by NCC	(7,500)				
Reimbursement of Interest	(140)				
Unbudgeted FEMA Fund					(93)
Unbudgeted Grant Fund					(37,032)
Unbudgeted NCTSC					(242)
Unbudgeted Capital Project Fund				(118,818)	
Unbudgeted NCSSWFA					(3,745)
Unbudgeted NCTSC Debt Service Fund					(24,058)
Unbudgeted NCSSWFA Debt Service Fund					
Unbudgeted NIFA Debt Service Fund					(53,851)
Fund Balances at December 31, 2016, Prepared on the Budgetary Basis of Reporting	<u>\$ 247,908</u>	<u>\$ 23,125</u>	<u>\$ 40,588</u>	<u>\$</u>	<u>\$ 11,090</u>

**COUNTY OF NASSAU, NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

EXHIBIT X-13

15. FUND BALANCES

Fund Balance classifications for the governmental funds at December 31, 2016 were (dollars in thousands):

	General	NIFA Fund	Police District Fund	Sewer & Storm Water Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Prepays and other	\$ 47,516	\$ 61	\$ 11,796	\$ 408	\$	\$ 873	\$ 60,654
Spendable:							
Restricted for:							
Capital projects					2,912		2,912
Debt service	12,668					81,510	94,178
Open space	1,751						1,751
Judgments and settlements	32,148						32,148
Judicial						951	951
General Administration						9,812	9,812
Protection of Persons						821	821
Health						9,047	9,047
Public Works						15,034	15,034
Recreation and Parks						85	85
Social Services						344	344
Corrections						173	173
Total Restricted	46,567				2,912	117,777	167,256
Committed to:							
Capital projects					115,906		115,906
Technology	80						80
Environmental Protection						11,090	11,090
Total Committed	80				115,906	11,090	127,076
Assigned to:							
General Administration	21,116	1,122				371	22,609
Public Works				41,812			41,812
Judgments and settlements	5,486						5,486
Total Assigned	26,602	1,122		41,812		371	69,907
Unassigned	63,654		(16,842)				46,812
Total Fund Balance	\$ 184,419	\$ 1,183	\$ (5,046)	\$ 42,220	\$ 118,818	\$ 130,111	\$ 471,705

16. 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.

16. 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 years of which must be with the County to be eligible for postretirement 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, exclusive of the blended component units, was \$305.4 million in 2016, of which approximately \$164.8 million was for retirees and approximately \$140.6 million was for active employees and other eligible individuals.

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)

There have been no significant changes in the number of employees or the type of coverage since the valuation date.

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 \$5.0 billion as of December 31, 2016 which included both the County and an allocation of the Nassau Health Care Corporation's cost as of December 31, 2016. 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, 2016, the County paid \$164.8 million on behalf of the Plan, exclusive of blended component units.

16. 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. 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, 2016 (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	\$ 5,108,769	\$ 2,151	\$ 5,110,920	\$ 346,442	N/A
Service Cost at the Beginning of year	146,405	115	146,520	15,833	N/A
Interest	85,396	37	85,433	5,887	N/A
Annual Required Contribution	5,340,570	2,303	5,342,873	368,162	41,622
Interest on net OPEB Obligations	163,499	69	163,568	11,100	13,922
Adjustment to ARC	(5,194,249)	(2,185)	(5,196,434)	(352,631)	(12,928)
Total Annual OPEB cost	309,820	187	310,007	26,631	42,616
Actual Contributions	164,847	58	164,905	10,212	10,153
Increase in net OPEB obligation	144,973	129	145,102	16,419	32,463
Net OPEB Obligation 2015 (as Restated)	5,030,750	2,116	5,032,866	341,531	348,053
Net OPEB Obligation 2016	\$ 5,175,723	\$ 2,245	\$ 5,177,968	\$ 357,950	\$ 380,516

* Nassau Community College data as of fiscal year ended August 31, 2016

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

As of January 1, 2015, the original valuation date, the County's actuarial accrued liability was approximately \$5.2 billion and the 2016 payroll cost (i.e. covered payroll) was \$859.9 million or 576.9% 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, 2016, 2015 and 2014, were as follows (dollars in thousands):

Fiscal Year Ended	Annual OPEB Cost	Actual Annual OPEB Cost Paid	Percentage of Annual OPEB Cost	
			Contributed	Net OPEB Obligation
12/31/16	\$ 309,820	\$ 164,847	53.2%	\$ 5,175,723
12/31/15	\$ 299,797	\$ 151,819	50.6%	\$ 5,030,750
12/31/14	\$ 312,387	\$ 150,097	48.0%	\$ 4,882,772

16. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions

The OPEB-specific actuarial assumptions used in the January 1, 2015, OPEB actuarial valuation (which is required at least biennially) are as follows:

Valuation date:	January 1, 2015
Actuarial cost method:	Projected Unit Credit Method
Discount rate:	3.25% per annum, 4.00% for NHCC
Inflation rate:	2.5%

Health Care Cost Trend Rate (“HCCTR”) – The Society of Actuaries (“SOA”) Long-Run Medical Cost Trend Model was used to develop the medical trend schedule used in projecting per capita claims costs and premiums. The model’s projections are based on an econometric analysis of US medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of an SOA Project Oversight Group and have been modified slightly to reflect the actuary’s expectations for long term inflation. In addition, the estimated impact of the excise tax due to healthcare reform is incorporated through an adjustment to the healthcare trend assumption and reflects changes to the Affordable Care Act enacted in December 2015.

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 2015 Empire premiums were used. Trend increases for medical benefits start in 2016 at a 6.0% level.

Medical and pharmacy costs and premium rates are assumed to increase as shown in the following table (selected years shown):

Fiscal Year	Prior to Medicare Eligibility	After Medicare Eligibility
2016	6.0%	6.0%
2017	6.0	6.0
2018	6.0	6.0
2019	5.4	5.4
2020	5.4	5.4
2025	5.4	5.4
2030	5.6	5.4
2035	6.6	5.5
2040	6.1	5.3
2045	5.9	5.1
2050	5.7	5.4
2075	4.5	4.7
2101	4.5	4.6

NHCC used an annual health care cost trend rate of 5.46% in 2016 and grading down to an ultimate rate of 4.25%.

16. 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, 2015 valuation are shown in the following table:

Pre-65 Non Medicare		
Single	\$	805.05
Family		1,808.86
Post-65 Medicare		
Single		401.84
Family – 1 Medprime		1,405.68
Family – 2 Medprime		1,002.46
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: Pre-termination and post-termination healthy annuitant rates are projected on a generational basis using Scale AA. As generational tables, they reflect mortality improvements both before and after the measurement date.

Pre-termination: RP2000 Employee Mortality Table for Males and Females.

Post-termination Health Lives: RP2000 Healthy Annuitant Mortality Table for Males and Females.

Post-termination 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.

16. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (Continued)

The schedule of funding progress, found below and immediately following the notes to the financial statements, presents the results of the OPEB valuation as of January 1, 2015, for the fiscal year ending December 31, 2016. 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 Accrued 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
1/1/15	\$ 0	\$ 4,960,909	\$ 4,960,909	0.0%	\$ 859,929	576.9%

17. 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 \$548.8 million inclusive of blended components units at December 31, 2016. At August 31, 2016, NCC’s vacation leave and sick leave liability was \$52.4 million. At December 31, 2016, NHCC’s vacation and sick leave liability was \$64.6 million.

18. ACCRUED 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 2016. In 2011, these deferred wages began to be paid to the employee and additional payments are scheduled to be paid through 2016 depending on the bargaining unit, or at termination at the rate earned. The amount accrued at December 31, 2016 was approximately \$44.3 million and will be paid upon employee separation from the County. The non-current component of this accrual 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.

NCC entered into a similar agreement in 1992 originally to be paid to eligible employees on September 1, 2002, but continues to be accrued in accordance with their current contractual agreement. Subsequently, in the 2015/2016 contact year, NCC entered into an agreement with Nassau Community College Federation of Teachers “NCCFT” to defer a portion of wages, which shall be paid to the members at separation or retirement. The total amounts accrued at the College’s fiscal year close of August 31, 2016 was approximately \$2.5 million and will be paid upon employee separation from the College; this amount is included in the County’s liability 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 accrued at December 31, 2016 of approximately \$17.5 million represents termination pay for accumulated leave to be paid annually for three years beginning in January 2017; this amount is also reported in the government-wide Statement of Net Position.

19. TAX ABATEMENT DISCLOSURE

Net Tax abatements affecting Nassau County taxes totaling \$21.3 million are issued by three Industrial Developmental Agencies (“IDAs”) as established by Article 18-A of General Municipal Law, of New York State. These agencies are:

Glen Cove Industrial Development Agency
 9 Glen Street
 Glen Cove, New York 11542

Town of Hempstead Industrial Development Agency
 350 Front Street, Room 240
 Hempstead, New York 11550

Nassau County Industrial Development Agency
 1550 Franklin Avenue
 Mineola, New York 11501

Tax abatements are issued to provide opportunities to actively promote, attract, encourage and develop economically sound commerce and industry. Real estate tax exemptions and sales tax exemptions can be granted through a Payment in Lieu of Taxes (“PILOT”) program. When companies enter into PILOT agreements with one of the three IDAs, 100% of the real estate property tax associated with the property in the agreement is abated and is offset by a PILOT payment as stated in the agreement. Sales tax abatements allow for companies to pay no sales tax on construction or equipment purchases that occur during the construction phase of the project. All PILOT payments due to Nassau County are paid directly to the County Treasurer. The IDAs are authorized to enter into PILOT agreements per Real Property Tax Law, Section 412-a and General Municipal Law, Section 874.

The IDAs are required to submit an Annual Report to the State of New York Authorities Budget Office (Authority) by April 1st of each year. The annual reports provide information for all fiscal year activity for agreement entered into by each IDA. These reports were used to prepare the data presented in this footnote. The reports have been submitted to the Authority but are unaudited and were not yet approved by the Authority at the time of the County’s receipt. Information relevant to the disclosure of these programs for the fiscal year ending December 31, 2016 is shown below.

Nassau County Industrial Development Agency

Project	Program	Dollars in Thousands			
		Sales Tax Abated	County Real Property Tax Abated	PILOT Payments to County	Net Abatement
Bonds/Notes Issuance					
	Finance, Insurance and Real Estate	\$	\$ 1,281	\$ 1,090	\$ 191
	Manufacturing		11	52	(41)
	Services		725	377	348
Leases					
	Agriculture		21	5	16
	Finance, Insurance and Real Estate	3,004	2,301	1,582	3,723
	Manufacturing	177	861	855	183
	Other Categories		2,563	202	2,361
	Services	1,032	3,427	2,318	2,141
	Transportation, Communication, Electric, Gas and Sanitary Services		146	150	(4)
	Wholesale Trade	24	1,147	777	394
Total		\$ 4,237	\$ 12,483	\$ 7,408	\$ 9,312

COUNTY OF NASSAU, NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

EXHIBIT X-13

19. TAX ABATEMENT DISCLOSURE (Continued)

Town of Hempstead Industrial Development

Project	Program	Sales Tax Abated	County Real Property Tax Abated	PILOT Payments to County	Net Abatement
Bonds/Notes Issuance					
	Finance, Insurance and Real Estate Services	\$	\$ 267	\$ 100	\$ 167
			78		78
Leases					
	Construction	441	248	32	657
	Continuing Care Retirement Communities		443	305	138
	Finance, Insurance and Real Estate	157	870	323	704
	Manufacturing	3	110	71	42
	Other Categories		922	351	571
	Retail Trade	403	4,366	814	3,955
	Services	262	3,004	943	2,323
	Transportation, Communication, Electric, Gas and Sanitary Services		3,751	422	3,329
	Wholesale Trade	19	25	24	20
Total		\$ 1,285	\$ 14,084	\$ 3,385	\$ 11,984

Glen Cove Industrial Development Agency

Project	Program	Sales Tax Abated	County Real Property Tax Abated	PILOT Payments to County	Net Abatement
Bonds/Notes Issuance					
	Construction	\$	\$ 36	\$ 38	(\$ 2)
Leases					
	Construction		346	348	(\$ 2)
	Real Estate		11	6	5
	Retail Trade		38	7	31
	Services		19	12	7
Total		\$	\$ 450	\$ 411	\$ 39
Grand Total		\$ 5,522	\$ 27,017	\$ 11,204	\$ 21,335

*No amounts are received from other governments or from any Industrial Development Agency. All payments are made directly to Nassau County. The County has opted to present all abatement information in the aggregate; therefore no qualitative thresholds apply.

Nassau County has entered directly into a PILOT agreement with the Long Island Power Authority (“LIPA”). This does not represent an abatement agreement as its purpose was not to abate taxes but to comply with the tax cap requirement.

20. 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; public official bonds 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 at NHCC facilities that the County owned 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 (*See Footnote 20E for further discussion*).

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 \$367.3 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, 2016. Approximately \$235.7 million has been recorded as a liability in the government-wide financial Statement of Net Position, at December 31, 2016, 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 schedule below presents the changes in claims liabilities for the past two years for workers' compensation and litigation and malpractice liability and includes an estimate of claims that have been incurred but not yet reported (dollars in thousands).

	Workers' Compensation		Litigation	
	2016	2015	2016	2015
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 235,214	\$ 240,943	\$ 437,000	\$ 437,000
Incurred claims and claim adjustment Expenditures:				
Provision for insured events of the current year and increases or decreases in provision for insured of prior years	32,120	23,344		9,814
Total incurred claims and claim adjustment expenditures	32,120	23,344		9,814
Payments:				
Claims expenditures attributable to insured events of the current and prior years	31,589	29,073	69,700	9,814
Total payments	31,589	29,073	69,700	9,814
Total unpaid claims and claim adjustment expenditures at the end of the year	\$ 235,745	\$ 235,214	\$ 367,300	\$ 437,000

20. CONTINGENCIES AND COMMITMENTS (Continued)

B. Tax Certioraris

In fiscal 2016, there were 169,593 taxpayers' claims (residential and commercial) filed against the Board of Assessors, for the incorrect determination of assessed valuation (certiorari proceedings) for the 2016 (May 1, 2017) assessment roll. The total amount of bonds issued by the County and NIFA and still outstanding for property tax refunds was approximately \$898.9 million at December 31, 2016. 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 \$302.9 million has also been recorded as a long-term liability in the government-wide financial Statement of Net Position at December 31, 2016, of which approximately \$75.0 million have been recorded as current liabilities in the government-wide Statement of Net Position, including \$37.1 million accrued in the governmental fund statements as of December 31, 2016. The estimate of liability is a synopsis of all unpaid refund claims as of December 31. This includes Writs, Small Claims, Assessor Petitions, Unpaid Refunds, and Projected Refunds on Settlements. Not all components have liability every year, but many do. Liability reporting is segregated by "new" liability – those claims that have been added for the current tax year; and "old" liability which are all unsettled claims from past years. The liability is estimated differently depending on the type of liability. Each year open liabilities are revalued to adjust for interest accrued and settlements.

For the year-ended December 31, 2016, tax certiorari expenditures recorded in the governmental funds were \$92.1 million, comprised of, \$32.1 million financed with operating funds, in addition to \$60.0 million paid with borrowed funds.

Superstorm Sandy Assessment Relief payments

In October 2013, the New York State Governor signed into law, the Superstorm Sandy Assessment Relief Act, which permits local governments to pass laws to allow retroactive downward adjustments of property tax assessments to account for losses in value due to Superstorm Sandy. In November 2013, the Nassau County Legislature passed a local law to adopt the Superstorm Sandy Assessment Relief Act. In order to fund the property tax refunds due to property owners under this law, the County Legislature approved \$38.8 million of borrowing to be used to pay the refunds. As of December 31, 2016, approximately \$36.2 million of Sandy tax refunds checks were issued to property owners and approximately \$0.6 million was recorded as current liability in the governmental funds and the Statement of Net Position as of fiscal year-end. It is anticipated that all remaining Sandy property tax refunds will be paid in 2017.

20. CONTINGENCIES AND COMMITMENTS (Continued)

C. Contingencies under Grant Programs

The County participates in a number of Federal and State grant programs. 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, 2016. 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.

E. Nassau Health Care Corporation Insurance

For the policy years ended (or ending) September 29, 2007 to 2016, the Captive issued hospital professional and employee benefits policies on a claims-made basis and commercial general policies on an occurrence basis. The Captive's liability on the hospital professional and employee benefits policies is \$7.0 million per person (\$10.0 million for policy years prior to 2008) with no aggregate limit and \$1.0 million per claim up to an aggregate of \$1.0 million, respectively. 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. During 2015, the Captive entered into a commutable agreement with NHCC, initialing a \$1.0 million deductible limit on all open claims as of December 31, 2015. 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, up to an aggregate of \$3.0 million.

20. CONTINGENCIES AND COMMITMENTS (Continued)

E. Nassau Health Care Corporation Insurance (Continued)

In 2006, the Captive loaned the NHCC \$10.0 million. The loan is re-payable on demand and has been renewed until December 31, 2017. The loan bears interest at a rate of 5% per annum, payable semiannually. At December 31, 2016, the full loan amount of \$10.0 million remains outstanding. 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, 2017. The loan bears interest at a rate of 4% per annum and is payable semiannually. At December 31, 2016, the full loan amount of \$10.0 million remains outstanding. The full amount of the loans eliminate in consolidation.

Additionally, the Corporation maintains a revolving credit demand note (the "Revolving Credit Note") with the Captive. Under the terms of the Revolving Credit Note, the Captive may lend principal of up to 100% of its cash balance to the Corporation. No interest is earned under the Revolving Credit Note if principal amounts are repaid within five business days. During 2016, the Corporation borrowed \$20 million from the Captive under the Revolving Credit Note in order to pay short-term cash obligations related to certain intergovernmental transfers. As at December 31, 2016, no amounts were outstanding under the Revolving Credit Note. No interest was earned under the terms of the Revolving Credit Note in 2016, as all repayments were made within five business days.

The Captive entered into a promissory note agreement with the NHCC in the amount of \$5.5 million amended effective December 31, 2006 (the "Promissory Note"). During the year ended December 31, 2015, the Corporation contributed \$2.8 million to additional paid-in-capital and reduced the promissory note to \$2.8 million as of December 31, 2016. The Promissory Note is unsecured, non-interest bearing and has no specific terms of repayment. The Captive may cancel the Promissory Note at any time. As of December 31, 2016, the promissory note was fully repaid by the Corporation.

At December 31, 2016, the Captive was in compliance with its minimum capital requirement.

In April 2016, the respective boards of NHCC and NHCC, Ltd., the Captive, agreed to make certain changes to the Insurance Program as follows: NHCC would have, retain and be responsible for the first \$1.0 million of losses for all hospital professional liability claims made from 1999 to the present, and would have, retain and be responsible for the first \$1.0 million of losses for all hospital professional liability claims on a going forward basis. NHCC Ltd., would be responsible for reimbursing the NHCC under the terms and conditions of hospital's professional liability excess coverage attaching the \$1.0 million for all open claims from 1999 and forward.

20. CONTINGENCIES AND COMMITMENTS (Continued)

E. Nassau Health Care Corporation Insurance (Continued)

The Captive's activity in the loss reserves and loss adjustment expenses is summarized as follows (in thousands):

	<u>2016</u>	<u>2015</u>
Balance at beginning of year	\$ 31,698	\$ 54,347
Incurred related to:		
Current year		10,170
Prior year	<u>752</u>	<u>(24,699)</u>
Total incurred	752	(14,529)
Paid relating to:		
Current year		(153)
Prior year	<u>(2,750)</u>	<u>(7,967)</u>
Total paid	<u>(2,750)</u>	<u>(8,120)</u>
Balance at end of year	<u>\$ 29,700</u>	<u>\$ 31,698</u>

Losses and loss adjustment expenses for incurred claims for prior years represent changes in estimates of the ultimate settlement of such losses.

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, 2016 and 2015.

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, 2016, insurance expense totaled \$1 million.

F. Capital Commitments

At December 31, 2016, there were capital project contract commitments of \$597.7 million, of which approximately \$478.9 million may require future funding. All capital project commitments are encumbered in the County's financial system. Some of these capital project commitments are included in the material encumbrances table in Footnote 20 G. below.

20. CONTINGENCIES AND COMMITMENTS (Continued)

G. Material Encumbrances

Material encumbrances (greater than \$5 million) as of the year ended December 31, 2016 were as follows (dollars in thousands):

<u>General Fund</u>	
Pre-School/Special Education contracts with the Health Department	\$ 544
<u>Capital Fund</u>	
Construction:	
Buildings	40,574
Collection	65,202
Disposal	178,157
Infrastructure	7,511
Protection of Persons	28,764
Roads	11,571
<u>Grant Fund</u>	
Bus Services	40,607

There were no material encumbrances as of December 31, 2016 in the Component Units.

H. Service Concession Arrangements

The County has determined there are three service concession arrangements which are reported in the County's Statement of Net Position as of December 31, 2016; (1) Carlton on the Park LTD, (2) Christopher Morley Tennis LLC and (3) Northwell Health Ice Center at Eisenhower Park (formerly known as Twin Rinks LLC). The County has recorded receivables of \$4.8 million, capital assets of \$58.8 million, current liabilities of \$70,000, non-current liabilities of \$115,000 and deferred inflows of \$63.7 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 January 1, 2018 and is renewable annually. The County reported in its Statement of Net Position a receivable of \$1.0 million, capital assets of \$1.3 million, a utility liability of \$185,000 and a deferred inflow of resources in the amount of \$2.1 million as of December 31, 2016, pursuant to the service concession arrangement.

20. CONTINGENCIES AND COMMITMENTS (Continued)

H. Service Concession Arrangements (Continued)

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 in 2013. Pursuant to the agreement, Morley Tennis currently pays an annual flat fee of \$115.0 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 to cover the faithful performance for the life of the agreement. The bond is in effect until May 20, 2018 and is renewable yearly. The County reported in its Statement of Net Position a receivable with a carrying amount of \$1.6 million, capital assets of \$8.6 million and a corresponding deferred inflow of resources of \$10.3 million as of December 31, 2016, pursuant to the service concession arrangement.

Northwell Health Ice Center at Eisenhower Park (formerly Twin Rinks at Eisenhower LLC)

The County entered into an agreement with Twin Rinks at Eisenhower LLC (“Twin Rinks”), which was approved by the Rules Committee in late 2012, to provide a local venue for the public’s increasing interest in the sport of hockey. The agreement has a term of thirty (30) years with an additional two ten-year options upon the agreement of the Licensee and County. There were no up-front payments. The Licensee constructed a new facility which was completed and occupancy taken in 2014. Beginning in 2015, the annual base license fee will be \$100.0 thousand, which will increase to \$125.0 thousand upon the commencement of operating year 5. Thereafter, it will increase by 2.5% per year until the base fee is \$150.0 thousand. The increase will then be 1.5% per year until the end of the 30-year term. The County has no financial contractual obligations respecting this License. Pursuant to the agreement, ownership of the facility becomes the County’s upon completion, at the County’s option, or at the end of the agreement. The Licensee has provided the required \$150.0 thousand performance bond which will expire on January 18, 2018, and is renewable yearly. The Licensee is required to pay for all utilities, capital improvements and maintenance of the premises. A percentage of the gross receipts are also placed into an account which serves to help maintain the premises and implement programs for the public. The account is held by the Licensee but all expenditures must be approved by the County’s Parks Department. On June 8, 2015 Twin Rinks at Eisenhower Park LLC filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Bankruptcy code. In September 2015, Nassau County entered into an Assignment, Assumption and Consent Agreement with Twin Rinks at Eisenhower LLC and Twin Rinks Acquisition Company LLC whereby Twin Rinks Acquisition Company LLC assumed the agreement between Nassau County and Twin Rinks at Eisenhower Park LLC. In March 2016, the facility name changed from Twin Rinks to Northwell Health Ice Center at Eisenhower Park. The County reported in the Statement of Net Position a receivable with a carrying amount of \$2.2 million, capital assets of \$48.9 million and a corresponding deferred inflow of resources of \$51.3 million as of December 31, 2016, pursuant to the service concession arrangement.

21. NASSAU HEALTH CARE CORPORATION (“NHCC”)

Effective September 29, 1999, 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. The County’s commitment to provide an annual mission payment of \$13 million to NHCC expired in 2015. No mission payment was made to the hospital since the expiration.

The Successor Agreement, which commenced in November 2007 and is in effect until 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.

22. PRIOR PERIOD ADJUSTMENT OF DISCRETELY PRESENTED COMPONENT UNITS

For the College’s fiscal year ended August 31, 2016, the College determined that the Alumni Association of Nassau Community College should be included as a discretely presented component unit. As a result, the beginning net deficit was restated from (\$213,855) to (\$213,644) to include \$211 thousand of beginning net position of the new component unit.

During 2015, one of NHCC’s blended component units, NHCC Medical Facility Practice Plan, PC (d/b/a Nassau Medical Associates) was disbanded. Since there was limited activity in this entity in 2015 and no activity during 2016, NHCC determined to exclude the entity from their financial statements and revised the beginning balances to eliminate the activity related to this entity. As a result, the beginning net deficit was restated from (\$491,792) to (\$491,962).

23. SUBSEQUENT EVENTS

Debt Issuance

In January 2017, the County issued Series A General Obligation Bonds in the amount of \$45.1 million. The bonds bear interest at varying rates from 3.0% to 5.0% with maturity dates ranging from January 2018 to January 2031. The bonds were issued to fund various capital projects and to pay costs of issuance related to the bonds.

In June 2017, the County issued Series B General Improvement Bonds in the amount of \$90.1 million. The bonds bear interests at varying rates from 3.0% to 5.0% with maturity dates ranging from April 2018 to April 2037. The bonds were issued to fund various capital projects and to pay a portion of the County’s maturing 2016 Series B Bond Anticipation Notes, and to pay costs of issuance.

In June 2017, the County issued Series A Bond Anticipation Notes (“BANS”) of \$44.1 million. The Series A Notes bear interest of 1.56% and mature on December 14, 2018. The BANS were issued to finance various sewer system improvements.

In January 2017, NHCC 2016 RANs were repaid. NHCC issued \$42.0 million of taxable 2017 Revenue Anticipation Notes (“2017 RANs”) due in January 2018. The 2017 RANs were issued in anticipation of receipt by NHCC of Federal IGT payments. NHCC has pledged certain Medicaid related program payments to be received from the State of New York and certain other funds for the payment of the principal and interest on the 2017 RANs.

23. SUBSEQUENT EVENTS (Continued)

Utilities Litigations on 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 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.

In 2002, the Appellate Division, Second Department, 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, Nassau County 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. In the KeySpan litigation, the Supreme Court, Nassau County denied the County’s motion to dismiss the complaint and ordered discovery to proceed in the matter and the related Utilities cases. The court then stayed discovery pending the County’s appeal to the Appellate Division concerning the application of the so-called County guaranty in these matters and those described in succeeding paragraph (ii). In June 2014, the Appellate Division denied the County’s appeal and in September 2014, the Court of Appeals denied the County’s application for leave to appeal the Appellate Division’s decision. Trial has been put off pending pre-trial motions. The next court date is scheduled for October 4, 2017.

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. While the County cannot predict the outcome of these cases, these amounts are included in the long term liability for estimated liability for litigation in an effort to estimate conservatively.

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 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. In March 2014, the Appellate Division determined that that the plaintiffs were entitled to indemnification from the County for refunds that the Towns pay in these matters. The County appealed to the Appellate Division concerning the application of the so-called County guaranty in these matters and those described in preceding paragraph (i). In June 2014, the Appellate Division denied the County’s appeal, and in September 2014, the Court of Appeals denied the County’s application for leave to appeal the Appellate Division’s decision. The County has subsequently made additional motions regarding the statute of limitations and the application of the so-called County guaranty in these matters with respect to whether interest can be applied in these cases and if so, the amount of any such interest.

23. SUBSEQUENT EVENTS (Continued)

Utilities Litigations on non-benefitted properties (Continued)

In addition, the County has made a motion contending that the application of the so-called County guaranty in these cases would be a violation of the gift and loan clause of the State Constitution. Various State Supreme Court justices have denied the County's motions regarding the gift and loan clause, the statute of limitations and/or the interest issue. In April 2016, the County and the Town of Oyster Bay settled the claims of such town and its garbage districts, other than those of two such districts within that town. In January 2017, the County and the Town of Hempstead settled the claims for town and special garbage districts. The estimated refunds for the remaining claims for the Town of North Hempstead and the two above-referenced garbage districts is \$13 million. These amounts are included in the long term liability of \$112.3 million included in the estimated liability for litigation. The County has filed appeals of the denials of its motions and intends to continue to defend itself vigorously in the remaining actions. While the County cannot predict the outcome of these cases, the County has included the liability in an effort to estimate conservatively.

Wage Freeze Litigation

In February 2013, the U.S. District Court for the Eastern District of New York issued a decision 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 N.Y. Public Authorities Law Section 3669. In September 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. In October 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. At that time, 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 March 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." In August 2016, a unanimous decision from the Appellate Division upheld Judge Diamond's decision. The time for the unions to seek leave to appeal this decision to the New York State Court of Appeals has not expired. The unions have returned to federal court and requested that Judge Wexler decide the federal question now that the State issues have been resolved. Judge Wexler set a hearing date on February 9, 2017 and issued a briefing schedule for the federal questions raised by plaintiffs. The County and the unions 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 that were settled. The County will continue to defend itself vigorously in these proceedings. Consequently a nominal amount has been included in the estimated liability for litigation.

23. SUBSEQUENT EVENTS (Continued)

Restivo et al

In *Restivo v. County of Nassau, et al., 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. In November 2012, the jury found the County and the other defendants not liable in these actions. In July 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." In May 2015, the U.S. Court of Appeals for the Second Circuit affirmed the denial of Mr. Kogut's motion for a new trial. 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.

In October 2013, Judge Seybert denied the County's motion and in a re-trial, that concluded in April 2014, the jury found only one defendant, a now-deceased County police officer, liable for violations of the plaintiffs' civil rights. A subsequent trial for damages was held and in April 2014 the jury set damages at \$36 million. In November 2014, Judge Seybert denied the County's post-verdict motion to set aside the verdict at the re-trial. The County filed a notice of appeal of 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 estate of the deceased County police officer (which the County is indemnifying) has taken over the appeal in its entirety, which was heard in April 2016. In March 2015, plaintiffs began proceedings seeking enforcement of the \$36 million judgment, including having the court impose the judgment against the County. Pursuant to a stipulated agreement, the enforcement of the judgment has been stayed pending the outcome of the appeal by the estate. In November 2015, Judge Seybert awarded plaintiffs approximately \$5 million in attorney fees and costs, which the estate is appealing.

In May 2016, plaintiffs Restivo and Halstead filed a related claim for additional damages alleging that the County misrepresented the status of the County's indemnification of the estate of the police officer, among other things. In August 2016, plaintiffs moved to lift the stay of enforcement of the \$36 million judgment. In addition, plaintiffs sought a stay of their misrepresentation action against the County. Judge Seybert ordered a stay of enforcement of judgment while the estate appealed Second Circuit decision. In April 2017 Second Circuit upheld the second trial verdict for \$36 million plus attorneys' fees of approximately \$5.0 million. The estate made leave for an *en banc* hearing for re-consideration before the Second Circuit. The *en banc* panel denied the application for re-consideration. The estate will be filing an appeal with the U.S. Supreme Court. Judge Seybert has ordered a stay of enforcement while the estate is seeking that appeal. The County was required to deposit with the Court \$45 million while the appeal to the U.S. Supreme Court is pending. County funds in the amount of \$45 million were moved into a separate bank account in March 2017. The plaintiffs discontinued their misrepresentation action in April 2017. The County will continue to defend itself vigorously in these proceedings. The County has estimated approximately \$43 million for this litigation and it is included in the estimated liability for litigation. While the County cannot predict the outcome of this case, the County has included this liability in an effort to estimate conservatively.

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, 2016 (Dollars in Thousands)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Accrued Percentage of Covered Payroll (b-a)/c
1/1/16 *	\$ 0	\$ 4,960,909	\$ 4,960,909	0.0%	\$ 859,929	576.9%
1/1/15	0	4,960,909	4,960,909	0.0%	859,929	576.9%
1/1/14	0	4,649,542	4,649,542	0.0%	843,034	551.5%

* These amounts are based on the 1/1/15 valuation.

EXHIBIT X-15**COUNTY OF NASSAU, NEW YORK****SCHEDULE OF CONTRIBUTIONS
NYSLRS PENSION PLAN
DECEMBER 31, 2016 (Dollars in Thousands)**

	December 31,				
	2016	2015	2014	2013	2012
ERS					
Contractually required contributions	\$ 78,389	\$ 83,910	\$ 90,327	\$ 89,306	\$ 92,243
Contributions recognized by the Plan in relation to the contractually required contributions	<u>78,439</u>	<u>83,966</u>	<u>90,299</u>	<u>89,024</u>	<u>87,715</u>
Contribution deficiency (excess)	<u>(50)</u>	<u>(56)</u>	<u>28</u>	<u>282</u>	<u>4,528</u>
Covered Payroll	459,538	443,847	452,810	441,721	457,271
Contributions recognized by the Plan as a percentage of employee covered payroll	17.07%	18.92%	19.94%	20.15%	19.18%
Note: ERS amounts include NIFA					
PFRS					
Contractually required contributions	\$ 87,729	\$ 83,369	\$ 91,983	\$ 99,267	\$ 82,813
Contributions recognized by the Plan in relation to the contractually required contributions	<u>87,729</u>	<u>83,369</u>	<u>91,983</u>	<u>99,267</u>	<u>82,813</u>
Contribution deficiency (excess)	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Covered Payroll	369,238	358,147	356,016	357,232	368,494
Contributions recognized by the Plan as a percentage of employee covered payroll	23.76%	23.28%	25.84%	27.79%	22.47%

Note: Information prior to the dates indicated reported in this schedule are unavailable.

EXHIBIT X-16

COUNTY OF NASSAU, NEW YORK

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NYSLRS PENSION PLAN
DECEMBER 31, 2016 (Dollars in Thousands)**

	March 31,		
	2016	2015	2014
ERS			
County's proportion of the net pension liability (asset)	1.9032212%	1.8941615%	1.8941615%
County's proportionate share of the net pension liability (asset)	284,906	59,955	79,862
Covered payroll	432,163	437,562	435,697
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	65.93%	13.70%	18.33%
Plan fiduciary net position as a percentage of the total pension liability	90.70%	97.90%	97.20%
PFRS			
County's proportion of the net pension liability (asset)	9.012023%	8.564898%	8.564898%
County's proportionate share of the net pension liability (asset)	266,827	23,576	35,656
Covered payroll	337,599	341,143	355,746
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	79.04%	6.91%	10.02%
Plan fiduciary net position as a percentage of the total pension liability	90.20%	99.00%	98.50%

* The amounts presented for each fiscal year were determined as of the System's measurement date, March 31st.

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

EXHIBIT A-1**COUNTY OF NASSAU, NEW YORK****COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016 (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	
ASSETS								
Cash and Cash Equivalents	\$ 19,482	\$ 229	\$ 143	\$ 89,595	\$ 86	\$	\$	\$ 109,535
Investments			3,602					3,602
Restricted Cash and Cash Equivalents							18	18
Restricted Investments						24,058	40,753	64,811
Interest Receivable							64	64
Due from Other Governments				29,354	19,778			49,132
Accounts Receivable				323				323
Interfund Receivables				1,237	750		26,275	28,262
Prepays		15		858				873
Other Assets				286				286
TOTAL ASSETS	\$ 19,482	\$ 244	\$ 3,745	\$ 121,653	\$ 20,614	\$ 24,058	\$ 67,110	\$ 256,906
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts Payable	\$	\$ 2	\$	\$ 9,074	\$ 842	\$	\$	\$ 9,918
Accrued Liabilities				15,473	492		118	16,083
Payable to Broker - investment purchase							13,138	13,138
Unearned Revenues				58,874	1,213			60,087
Interfund Payables	8,392			1,014	17,974		3	27,383
Other Liabilities				186				186
Total Liabilities	8,392	2		84,621	20,521		13,259	126,795
Fund Balance:								
Nonspendable		15		858				873
Spendable:								
Restricted			3,601	36,174	93	24,058	53,851	117,777
Committed	11,090							11,090
Assigned		227	144					371
Total Fund Balance	11,090	242	3,745	37,032	93	24,058	53,851	130,111
TOTAL LIABILITIES AND FUND BALANCE	\$ 19,482	\$ 244	\$ 3,745	\$ 121,653	\$ 20,614	\$ 24,058	\$ 67,110	\$ 256,906

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, 2016 (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	
Revenues:									
Fines and Forfeits	\$	\$	\$	\$ 1,640	\$	\$	\$	\$	\$ 1,640
Interest Income	13		20	61		67		338	499
Rents and Recoveries				73					73
Tobacco Receipts						37,566			37,566
Departmental Revenue				3,616					3,616
Interfund Revenue				235					235
Federal Aid				100,546	6,240				106,786
State Aid				48,447					48,447
Special Taxes				1,296					1,296
Total Revenues	13		20	155,914	6,240	37,633		338	200,158
Expenditures:									
Current:									
Judicial				3,663					3,663
General Administration		102	37	51,614					51,753
Protection of Persons				9,271					9,271
Health				53,252	503				53,755
Public Works				1,331	7,491				8,822
Recreation and Parks				2,270					2,270
Social Services				16,896					16,896
Corrections				1,496					1,496
Total Current		102	37	139,793	7,994				147,926
Debt Service:									
Principal						17,266	10,205	137,956	165,427
Interest						18,583	7,651	34,728	60,962
Total Debt Service						35,849	17,856	172,684	226,389
Total Expenditures		102	37	139,793	7,994	35,849	17,856	172,684	374,315
Excess (Deficiency) of Revenues Over (Under) Expenditures	13	(102)	(17)	16,121	(1,754)	1,784	(17,856)	(172,346)	(174,157)
Other Financing Sources (Uses):									
Transfers In					1,726				1,726
Transfers Out	(8,392)								(8,392)
Transfers In from NIFA								181,917	181,917
Transfers Out to NIFA								(476)	(476)
Transfers In from SFA			122,864				17,764		140,628
Transfers Out to SFA			(122,936)						(122,936)
Transfers In from TSC		125							125
Transfers Out to TSC						(125)			(125)
Total Other Financing Sources (Uses)	(8,392)	125	(72)		1,726	(125)	17,764	181,441	192,467
Net Change in Fund Balance	(8,379)	23	(89)	16,121	(28)	1,659	(92)	9,095	18,310
Fund Balance Beginning of Year	19,469	219	3,834	20,911	121	22,399	92	44,756	111,801
Fund Balance End of Year	\$ 11,090	\$ 242	\$ 3,745	\$ 37,032	\$ 93	\$ 24,058	\$ 53,851	\$ 53,851	\$ 130,111

THIS PAGE IS INTENTIONALLY LEFT BLANK

**COMBINING STATEMENT OF NET POSITION
AND ACTIVITIES**

EXHIBIT A-3**COUNTY OF NASSAU, NEW YORK****COMBINING STATEMENT OF NET POSITION
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY
DECEMBER 31, 2016 (Dollars in Thousands)**

	Nassau County Bridge Authority	Nassau Regional Off-Track Betting Corporation	Nassau County Industrial Development Agency	Nassau County Local Economic Assistance Corporation	Total Nonmajor Discretely Presented Component Units
ASSETS					
CURRENT ASSETS:					
Cash and Cash Equivalents	\$ 13,120	\$ 3,273	\$ 2,307	\$ 765	\$ 19,465
Restricted Cash and Cash Equivalents		493			493
Other Receivables	3				3
Accounts Receivable		524	146		670
Inventories	13				13
Prepays	171		36	3	210
Other Assets - Current		417			417
Total Current Assets	13,307	4,707	2,489	768	21,271
NON CURRENT ASSETS:					
Restricted Cash and Cash Equivalents	4,109	1,744			5,853
Capital Assets Not Being Depreciated	2,041	589			2,630
Depreciable Capital Assets	53,162	39,704	87		92,953
Less Accumulated Depreciation	(28,109)	(29,512)	(42)		(57,663)
Total Non Current Assets	31,203	12,525	45		43,773
Total Assets	44,510	17,232	2,534	768	65,044
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charges on Pension Cost	950	5,861	232		7,043
LIABILITIES					
CURRENT LIABILITIES:					
Accounts Payable and Accrued Liabilities	1,362	9,008	152	3	10,525
Unearned Revenues	338		102		440
Due To Primary Government		251			251
Due to Other Governments		3,333			3,333
Current Portion of Long Term Liabilities	305	1,548			1,853
Other Liabilities - Current		546			546
Total Current Liabilities	2,005	14,686	254	3	16,948
NON CURRENT LIABILITIES:					
Accounts Payable and Accrued Liabilities		8,866			8,866
Notes Payable		1,869			1,869
Bonds Payable	9,220	4,342			13,562
Due to Other Governments, net		1,460			1,460
Accrued Vacation and Sick Pay	424		323		747
Postemployment Retirement Benefits Liability	3,529	46,080	583		50,192
Net Pension Liability	1,042	4,449	222		5,713
Total Non Current Liabilities	14,215	67,066	1,128		82,409
Total Liabilities	16,220	81,752	1,382	3	99,357
DEFERRED INFLOWS OF RESOURCES					
Pensions	148	562	45		755
NET POSITION					
Net Investment in Capital Assets	17,644	2,621	45		20,310
Restricted:					
Nassau County Bridge Authority Capital Projects and Acquisitions	11,448	14,722			26,170
Unrestricted		(76,564)	1,294	765	(74,505)
Total Net Position (Deficit)	\$ 29,092	\$ (59,221)	\$ 1,339	\$ 765	\$ (28,025)

EXHIBIT A-4**COUNTY OF NASSAU, NEW YORK****COMBINING STATEMENT OF ACTIVITIES
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY
FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

	Nassau County Bridge Authority	Nassau Regional Off-Track Betting Corporation	Nassau County Industrial Development Agency	Nassau County Local Economic Assistance Corporation	Total Nonmajor Discretely Presented Component Units
Expenses	\$ 6,669	\$ 52,839	\$ 2,113	\$ 152	\$ 61,773
Program Revenues:					
Charges for Services	6,491	40,634	1,192	115	48,432
Total Program Revenues	6,491	40,634	1,192	115	48,432
Net Program Revenues (Expenses)	(178)	(12,205)	(921)	(37)	(13,341)
General Revenues					
Investment Income	36		7	2	45
Other	36	13,290			13,326
Net General Revenues	72	13,290	7	2	13,371
Change in Net Position	(106)	1,085	(914)	(35)	30
Net Position - Beginning of Year	29,198	(60,306)	2,253	800	(28,055)
Net Position (Deficit) - End of Year	\$ 29,092	\$ (59,221)	\$ 1,339	\$ 765	\$ (28,025)

THIS PAGE IS INTENTIONALLY LEFT BLANK

OTHER SUPPLEMENTARY INFORMATION

EXHIBIT B-1**COUNTY OF NASSAU, NEW YORK****COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
INTEREST AND PENALTIES ON TAXES	\$ 31,900	\$ 31,900	\$ 33,814	\$	\$ 33,814	\$ 1,914
LICENSES AND PERMITS						
Pistol Permit	500	500	1,141		1,141	641
Day Camp Permits	12	12	12		12	
Food Establishments	3,350	3,350	3,534		3,534	184
Hazardous Materials Registration Fees	1,225	1,225	1,254		1,254	29
Benchmark Book	1	1				(1)
Home Improvements	2,200	2,200	2,237		2,237	37
Manufacturing Frozen Desserts	19	19	15		15	(4)
Realty Subdivision Filing	76	76	272		272	196
Dumpster Permits	1	1				(1)
Road Openings	3,100	3,100	1,263		1,263	(1,837)
Swimming Pools and Bathing Beaches	241	241	276		276	35
Temporary Residence Inspection Permit	81	81	123		123	42
Weights & Measures	1,065	1,065	1,185		1,185	120
Cross Connections	51	51	79		79	28
Water Supply Plan Review	131	131	152		152	21
Tattoo Parlor / Piercing	18	18	21		21	3
Predemolition Inspection	143	143	155		155	12
Day Camp Inspections	138	138	141		141	3
Taxi and Limo Registration Fees	362	362	243		243	(119)
ATM Registration Fees	100	100	98		98	(2)
Maps - Sewers	10	10	22		22	12
Hauling Permits	65	65	80		80	15
Licensing	200	200	177		177	(23)
Cost of Construction Fee	350	350	532		532	182
Traffic Signal Permit	50	50				(50)
Total Licenses and Permits	13,489	13,489	13,012		13,012	(477)
FINES AND FORFEITS	64,524	64,524	76,148		76,148	11,624
INTEREST INCOME	964	964	686		686	(278)
RENTS AND RECOVERIES						
Rental of Mitchell Field	3,833	3,833	5,289	(1,250)	4,039	206
FIT Prior Year	7,453	7,453				(7,453)
Coliseum Concessions			(251)		(251)	(251)
Coliseum Rental			(473)		(473)	(473)
Coliseum Utilities			(1,650)		(1,650)	(1,650)
Coliseum Parking Revenue			(310)		(310)	(310)
Marriott Lighthouse Heating and Chilling			112		112	112
Landmark Property Rental	1,228	1,228				(1,228)
Lost and Abandoned Property	29	29	5		5	(24)
Cash Recoveries	20	20				(20)
Audit Recoveries	250	250	61		61	(189)
Grant fund Recoveries			(1)		(1)	(1)
Police Vehicle Recovery	300	300	275		275	(25)
NHCC Reimbursement	75	75	141		141	66
Vendor Recoveries	470	470				(470)
Construction Period Rent	1,200	1,200	1,090		1,090	(110)
Revenue Recovery Account	35	35	42		42	7
Settlement Reimbursement	500	500				(500)
Recovery of Damage to County Property	200	200	191		191	(9)
Recovery of Prior Year Appropriations	15,466	15,466	5,327		5,327	(10,139)
Recovery of Workers' Compensation	1,010	1,010	1,644		1,644	634
Rental of County Property	1,720	1,720	1,977		1,977	257
Rental of Voting Machines	120	120	136		136	16
Sale of County Property	5,050	5,050	6,663		6,663	1,613
Proceeds from Online Auction	300	300	477		477	177
Recoveries from Enterprise Funds	1	1				(1)
Other Recoveries			2,348		2,348	2,348
Total Rents and Recoveries	39,260	39,260	23,093	(1,250)	21,843	(17,417)

(Continued)

EXHIBIT B-1**COUNTY OF NASSAU, NEW YORK****COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016 (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>
TOBACCO SETTLEMENT REVENUE AND TOBACCO RECEIPTS	17,966	17,966	17,985		17,985	19
DEPARTMENTAL REVENUE						
Assessment	\$ 27,565	\$ 27,565	\$ 27,811	\$	\$ 27,811	\$ 246
Board of Elections	70	70	34		34	(36)
CASA	24	24	36		36	12
Civil Service	701	701	517		517	(184)
Correctional Center	2,250	2,250	2,228		2,228	(22)
County Attorney	16,000	16,000	147		147	(15,853)
County Clerk	50,030	50,030	56,297		56,297	6,267
County Comptroller	16	16	13		13	(3)
District Attorney	5	5	1		1	(4)
OMB	620	620	620		620	
Fire Commission	8,726	8,936	8,930		8,930	(6)
Health						
Administration	3	3	1		1	(2)
Children's Early Intervention	1,100	1,100	2,607		2,607	1,507
Pre School Education	1,900	1,900	1,681		1,681	(219)
Laboratory Research	10	10	39		39	29
Personal Health	2	2				(2)
Medical Examiner	25	25	30		30	5
Miscellaneous			11		11	11
Parks and Recreation						
Administration	20	20	10		10	(10)
Recreation Services	11,634	11,634	12,910		12,910	1,276
Museums	435	435	570		570	135
Golf Operations	8,727	8,727	7,599		7,599	(1,128)
Police Ambulance Fees	24,700	24,700	21,866		21,866	(2,834)
Police Fees	403	403	327		327	(76)
Probation	1,542	1,542	1,570		1,570	28
Public Administrator	500	500	148		148	(352)
Public Works - Administration	606	606	1,383		1,383	777
Public Works - Highway and Engineering	52,815	52,815	49,018		49,018	(3,797)
Public Works - Roads and Bridge Maintenance			20		20	20
Purchasing	301	301	161		161	(140)
Social Services						
Administration	3,255	3,255	3,432		3,432	177
Aid to Dependent Children	3,290	3,290	3,321		3,321	31
Burials	6	6	2		2	(4)
Children in Foster Homes	280	280	117		117	(163)
Home Energy Assistance Program	175	175	169		169	(6)
Children in Institutions	150	150	108		108	(42)
Education of Handicapped Children	6,172	6,172	5,804		5,804	(368)
Home Relief	2,100	2,100	2,840		2,840	740
Medicaid MMIS	1,055	1,055	907		907	(148)
Title XX	100	100	80		80	(20)
Treasurer	627	627	369		369	(258)
Total Departmental Revenue	227,940	228,150	213,734		213,734	(14,416)
INTERDEPARTMENTAL REVENUES						
Office of Budget and Management	48,351	48,351	51,183		51,183	2,832
Constituent Affairs	643	643	80		80	(563)
Correctional Center	150	150	47		47	(103)
County Attorney	591	591	600		600	9

(Continued)

EXHIBIT B-1**COUNTY OF NASSAU, NEW YORK****COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
INTERDEPARTMENTAL REVENUES (Continued)						
District Attorney	\$ 270	\$ 270	\$ 270	\$	\$ 270	\$
Human Services	100	100				(100)
Information Technology	8,364	8,364	5,202		5,202	(3,162)
Police Department	11,713	11,713	13,253		13,253	1,540
Public Works - Administration	9,987	9,987	6,896		6,896	(3,091)
Public Works - Roads and Bridge Maintenance	7,994	7,994	6,820		6,820	(1,174)
Public Works - Groundwater Remediation	438	438	622		622	184
Parks			74		74	74
Social Services	203	203	185		185	(18)
Total Interdepartmental Revenues	88,804	88,804	85,232		85,232	(3,572)
INTERFUND REVENUES						
Revenues from Indirect Cost Chargebacks	1,461	1,461	2,728		2,728	1,267
Revenues from Grant Closeouts	100	100	100		100	
Interfund Revenue	16,108	16,108	11,134		11,134	(4,974)
County Transfer From CAP Match	700	700				(700)
Stop DWI Grant Revenue	140	140	150		150	10
Total Interfund Revenue	18,509	18,509	14,112		14,112	(4,397)
FEDERAL AID						
Correctional Center	4,484	4,484	4,216		4,216	(268)
County Attorney	250	250	280		280	30
Budget	92	92	138		138	46
Debt Service	4,812	4,812	4,760		4,760	(52)
District Attorney	33	33	36		36	3
Emergency Management	511	511	509		509	(2)
Housing and Minority Affairs	371	371	409		409	38
Human Services	5,378	5,466	5,382		5,382	(84)
Parks			41		41	41
Police Department	1,065	1,065	956		956	(109)
Probation	16	16	159		159	143
Public Works	6,635	6,635	6,038		6,038	(597)
Social Services						
Administration	10,624	10,624	10,825		10,825	201
Aid to Dependent Children	23,710	23,710	24,075		24,075	365
Children in Foster Homes	988	988	976		976	(12)
Children in Institutions	5,150	5,150	3,163		3,163	(1,987)
Division of Services	9,801	9,801	11,922		11,922	2,121
Home Energy Assistance Program	500	500	141		141	(359)
Juvenile Delinquents	1,250	1,250	520		520	(730)
Medicaid MMIS	300	300	419		419	119
Public Financial Assistance	18,137	18,137	18,550		18,550	413
Subsidized Adoptions	1,900	1,900	1,867		1,867	(33)
Title XX	39,000	39,000	45,060		45,060	6,060
Total Federal Aid	135,007	135,095	140,442		140,442	5,347

(Continued)

EXHIBIT B-1**COUNTY OF NASSAU, NEW YORK****COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
STATE AID						
Consumer Affairs	\$ 45	\$ 45	\$ 19	\$	\$ 19	\$ (26)
Correctional Center	55	55	88		88	33
Court Facility Aid	1,295	1,295	1,125		1,125	(170)
District Attorney	69	69	77		77	8
Fire Prevention, Safety, Communication and Education	145	182	187		187	5
Health						
Administration	1,065	1,065	681		681	(384)
Children's Early Intervention	11,242	11,242	11,481		11,481	239
Pre School Education	57,189	57,189	57,444		57,444	255
Environmental Health	1,400	1,400	1,362		1,362	(38)
Laboratory Research	534	534	367		367	(167)
Personal Health	2,598	2,598	4,103		4,103	1,505
Housing and Intergovernmental Affairs	111	111	107		107	(4)
Human Services						
Administration	10,115	10,126	11,483		11,483	1,357
Miscellaneous General Fund Aid	1,732	1,732	294		294	(1,438)
Police Department	589	589	684		684	95
Probation	4,993	4,993	6,177		6,177	1,184
Public Works						
Administration	250	250	115		115	(135)
Highway and Bridge Maintenance	63,539	63,539	67,426		67,426	3,887
Recreation	42	42	134		134	92
Social Services						
Administration	5,870	5,870	6,032		6,032	162
Aid to Dependent Children	4,250	4,250	3,171		3,171	(1,079)
Burials	2	2				(2)
Children in Foster Homes	500	500	588		588	88
Children in Institutions	2,661	2,661	2,459		2,459	(202)
Division of Services	8,421	8,421	7,407		7,407	(1,014)
Education of Handicapped Children	3,086	3,086	2,641		2,641	(445)
Home Relief	10,817	10,817	9,904		9,904	(913)
Juvenile Delinquents	800	800	560		560	(240)
Medicaid MMIS	400	400	2,915		2,915	2,515
Public Financial Assistance	9,175	9,175	8,819		8,819	(356)
Subsidized Adoptions	1,800	1,800	1,763		1,763	(37)
Title XX	7,000	7,000	5,114		5,114	(1,886)
Veterans Service Agency	60	60	118		118	58
Total State Aid	211,850	211,898	214,845		214,845	2,947
SALES TAX *	1,031,779	1,031,779	868,879		868,879	(162,900)
PREEMPTED SALES TAX IN LIEU OF PROPERTY TAXES *						
Towns and City of Glen Cove	81,809	81,809	85,929		85,929	4,120
Total Preempted Sales Tax in Lieu of Property Taxes	81,809	81,809	85,929		85,929	4,120

(Continued)

EXHIBIT B-1**COUNTY OF NASSAU, NEW YORK****COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016 (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>
<u>PROPERTY TAXES</u>	\$ 413,146	\$ 413,146	\$ 439,099	\$	\$ 439,099	\$ 25,953
<u>PAYMENTS IN LIEU OF TAXES</u>	50,777	50,777	23,749		23,749	(27,028)
<u>SPECIAL TAXES</u>						
Admission Tax - Belmont Park	88	88	128		128	40
Emergency Phone Tax	7,700	7,700	6,379		6,379	(1,321)
Entertainment Tax	902	902	791		791	(111)
Motor Vehicle Tax	16,454	16,454	17,209		17,209	755
Off-Track Betting Surtax	2,385	2,385	2,386		2,386	1
Hotel-Motel Room Tax	4,025	4,025	4,261		4,261	236
Total Special Taxes	31,554	31,554	31,154		31,154	(400)
<u>OTHER REVENUES</u>						
OTB Profits	15,000	15,000	3,000		3,000	(12,000)
Intergovernmental Transfers	25,713	25,713	23,763		23,763	(1,950)
Miscellaneous	13,400	13,400	14,638	(140)	14,498	1,098
Total Other Revenues	54,113	54,113	41,401	(140)	41,261	(12,852)
Total Revenues	2,513,391	2,513,737	2,323,314	(1,390)	2,321,924	(191,813)
<u>OTHER FINANCING SOURCES</u>						
Bond Premium	4,484	4,484	96,828	(46,354)	50,474	45,990
Transfers In	90,342	102,086	52,727		52,727	(49,359)
Transfer in from NIFA			771		771	771
Transfers in of Investment Income			1,408		1,408	1,408
Refunding Bonds Issued			272,810	(272,810)		
Proceeds from Borrowing			68,934	(68,934)		
Total Other Financing Sources	94,826	106,570	493,478	(388,098)	105,380	(1,190)
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 2,608,217	\$ 2,620,307	\$ 2,816,792	\$ (389,488)	\$ 2,427,304	\$ (193,003)

* Paid to County \$66,672; paid to NIFA \$1,062,911

** Total revenues and other financing sources, estimates per the 2016 County budget as adopted	\$ 2,957,451
Less: Intrafund Budget Eliminations	(329,034)
Less: Appropriated Fund Balance	(20,200)
Original Budget per above	2,608,217
Less: Appropriated fund balance	(3,184)
Add: Supplemental Appropriations	28,266
Less: Intrafund Modified Budget Eliminations	(12,992)
Budget Estimates, Total Revenues and Other Financing Sources	\$ 2,620,307

(Concluded)

EXHIBIT B-2**COUNTY OF NASSAU, NEW YORK****COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
VS. TOTAL BUDGETARY AUTHORITY
GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
CURRENT:						
LEGISLATIVE						
Legislature						
Legislators						
Salaries	\$ 4,825	\$ 4,820	\$ 4,386	\$	\$ 4,386	\$ 434
Fringe Benefits	2,256	2,196	2,226	(30)	2,196	
Equipment	8	8				8
General Expenses	13	18	6		6	12
Contractual Services	215	215	65		65	150
Legislative Central Staff						
Salaries	673	673	637		637	36
Fringe Benefits	336	319	323	(4)	319	
Equipment	45	45	37		37	8
General Expenses	1,720	1,770	1,620	60	1,680	90
Contractual Services	1,747	1,697	388	1,271	1,659	38
Legislative Budget Review						
Salaries	850	850	738		738	112
Fringe Benefits	387	369	374	(5)	369	
Equipment	3	3				3
General Expenses	9	9	5		5	4
Contractual Services	3	3				3
Total Legislative	13,090	12,995	10,805	1,292	12,097	898
JUDICIAL						
Court Administration						
Fringe Benefits	1,321	1,321	1,154		1,154	167
District Attorney						
Salaries	33,648	33,648	32,995	(35)	32,960	688
Fringe Benefits	15,029	14,567	14,764	(198)	14,566	1
Equipment	123	123	43	76	119	4
General Expenses	1,088	1,088	974	39	1,013	75
Contractual Services	1,544	1,544	1,291	77	1,368	176
District Attorney Total	51,432	50,970	50,067	(41)	50,026	944
Public Administrator						
Salaries	486	521	493		493	28
Fringe Benefits	335	329	333	(4)	329	
General Expenses	4	4	2		2	2
Contractual Services	15	15	6	1	7	8
Public Administrator Total	840	869	834	(3)	831	38
Traffic and Parking Violations						
Salaries	3,929	4,014	3,983		3,983	31
Fringe Benefits	1,749	1,731	1,755	(24)	1,731	
Equipment	13	13	1	2	3	10
General Expenses	261	261	176	37	213	48
Contractual Services	15,152	16,591	11,985	421	12,406	4,185
Interfund Charges	-	6	6		6	
Traffic and Parking Violations Total	21,104	22,616	17,906	436	18,342	4,274
Total Judicial	74,697	75,776	69,961	392	70,353	5,423

(Continued)

EXHIBIT B-2**COUNTY OF NASSAU, NEW YORK****COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
VS. TOTAL BUDGETARY AUTHORITY
GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
GENERAL ADMINISTRATION						
Assessment						
Salaries	\$ 9,624	\$ 9,274	\$ 8,863	\$ (20)	\$ 8,843	\$ 431
Fringe Benefits	6,144	5,871	5,951	(80)	5,871	
General Expenses	272	622	516	52	568	54
Contractual Services	38	38	17		17	21
Assessment Total	16,078	15,805	15,347	(48)	15,299	506
Board of Assessment Review						
Salaries	2,283	2,503	2,501		2,501	2
Fringe Benefits	1,163	1,172	1,188	(16)	1,172	
General Expenses	38	38	34	2	36	2
Contractual Services	393	393	16	377	393	
Board of Assessment Review Total	3,877	4,106	3,739	363	4,102	4
Board of Elections						
Administration						
Salaries	3,651	3,751	3,284	(8)	3,276	475
Fringe Benefits	1,582	1,397	1,415	(19)	1,396	1
Equipment	49	34	28	6	34	
General Expenses	106	106	68	7	75	31
General Elections						
Salaries	9,703	10,603	10,234	(24)	10,210	393
Fringe Benefits	4,590	4,354	4,413	(59)	4,354	
Equipment	120	105	62	3	65	40
General Expenses	2,755	2,630	1,589	237	1,826	804
Contractual Services	431	410	345	65	410	
Primary Elections						
Salaries	1,729	954	1,338	(3)	1,335	(381)
Fringe Benefits	426	569	577	(8)	569	
General Expenses	848	865	853	13	866	(1)
Contractual Services	240	210	163	39	202	8
Board of Elections Total	26,230	25,988	24,369	249	24,618	1,370
Civil Service						
Salaries	4,515	4,815	4,759		4,759	56
Fringe Benefits	2,341	2,406	2,439	(33)	2,406	
General Expenses	431	431	329	19	348	83
Contractual Services	87	87	79	79	79	8
Civil Service Total	7,374	7,739	7,527	65	7,592	147
County Attorney						
Salaries	7,911	7,801	7,504		7,504	297
Fringe Benefits	4,438	4,180	4,237	(57)	4,180	
Equipment	16	16	1	1	1	15
General Expenses	665	673	644	26	670	3
Contractual Services	8,957	8,957	5,955	2,468	8,423	534
Fringe Benefits	8,610	8,610	8,015		8,015	595
County Attorney Total	30,597	30,237	26,355	2,438	28,793	1,444
County Clerk						
Salaries	5,673	5,673	4,834	(6)	4,828	845
Fringe Benefits	3,653	3,457	3,504	(47)	3,457	
Equipment	96	73	61	9	70	3
General Expenses	371	208	181	6	187	21
Contractual Services	843	718	325	247	572	146
County Clerk Total	10,636	10,129	8,905	209	9,114	1,015
County Comptroller						
Salaries	7,347	7,338	6,247	(96)	6,151	1,187
Fringe Benefits	3,803	3,652	3,702	(50)	3,652	

(Continued)

EXHIBIT B-2**COUNTY OF NASSAU, NEW YORK****COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES****VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
GENERAL ADMINISTRATION (Continued)						
Equipment	\$ 5	\$ 5	\$ 1	\$	\$ 1	\$ 4
General Expenses	147	147	47	8	55	92
Contractual Services	1,136	1,136	504	348	852	284
County Comptroller Total	12,438	12,278	10,501	210	10,711	1,567
County Executive						
Salaries	1,908	1,908	1,906		1,906	2
Fringe Benefits	1,106	1,077	1,092	(15)	1,077	
General Expenses	90	90	48	9	57	33
Contractual Services	303	303	145	158	303	
County Executive Total	3,407	3,378	3,191	152	3,343	35
County Treasurer						
Salaries	2,170	2,170	1,987	(6)	1,981	189
Fringe Benefits	1,441	1,382	1,401	(19)	1,382	
Equipment	2	2				2
General Expenses	420	420	276		276	144
Contractual Services	297	297	132	55	187	110
Other Suits and Damages	70,000	53,537	35,956		35,956	17,581
County Treasurer Total	74,330	57,808	39,752	30	39,782	18,026
Office of Constituent Affairs						
Salaries	676	741	713		713	28
Fringe Benefits	439	425	431	(6)	425	
Office of Constituent Affairs Printing & Graphics						
Salaries	1,364	1,364	1,304		1,304	60
Fringe Benefits	866	777	788	(11)	777	
General Expenses	1,654	1,654	1,520	109	1,629	25
Contractual Services	3	3		3	3	
Office of Constituent Affairs Total	5,002	4,964	4,756	95	4,851	113
Office of Emergency Management						
Salaries	832	832	710		710	122
Fringe Benefits	308	308	312	(4)	308	
General Expenses	13	13	8		8	5
Office of Emergency Management Total	1,153	1,153	1,030	(4)	1,026	127
Information Technology Administration						
Salaries	7,538	7,938	7,552	(182)	7,370	568
Fringe Benefits	4,355	4,187	4,244	(57)	4,187	
Equipment		149	149		149	
General Expenses	537	537	304	62	366	171
Contractual Services	13,212	13,212	9,875	2,644	12,519	693
Utilities	4,183	4,226	3,981	229	4,210	16
Information Technology Total	29,825	30,249	26,105	2,696	28,801	1,448
Housing and Intergovernmental Affairs:						
Salaries	972	972	809		809	163
Fringe Benefits	908	800	811	(11)	800	
Housing and Intergovernmental Affairs Total	1,880	1,772	1,620	(11)	1,609	163
Labor Relations						
Salaries	390	390	349		349	41
Fringe Benefits	133	133	135	(2)	133	
General Expenses	5	5	1		1	4
Contractual Services	518	518	448	15	463	55
Labor Relations Total	1,046	1,046	933	13	946	100

(Continued)

EXHIBIT B-2**COUNTY OF NASSAU, NEW YORK****COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
GENERAL ADMINISTRATION (Continued)						
Management and Budgets						
Salaries	\$ (3,946)	\$ 4,492	\$ 4,556	\$ (680)	\$ 3,876	\$ 616
Fringe Benefits	1,271	(535)	1,168	(52)	1,116	(1,651)
Equipment	5	5	2		2	3
General Expenses	115	115	62	1	63	52
Contractual Services	4,228	4,228	1,619	418	2,037	2,191
Contingency Reserve	10,100	8,700				8,700
Management and Budgets Total	11,773	17,005	7,407	(313)	7,094	9,911
Personnel						
Salaries	823	823	801		801	22
Fringe Benefits	320	354	359	(5)	354	
General Expenses	13	13	8	1	9	4
Contractual Services	12	12		12	12	
Personnel Total	1,168	1,202	1,168	8	1,176	26
Purchasing						
Salaries	882	912	797	(20)	777	135
Fringe Benefits	775	706	716	(10)	706	
General Expenses	20	25	24	1	25	
Contractual Services	188	188	187		187	1
Purchasing Total	1,865	1,831	1,724	(29)	1,695	136
Office of Real Estate Services						
Salaries	130	130	120		120	10
Fringe Benefits	31	28	28		28	
General Expenses	188	188	81		81	107
Contractual Services	258	258	41	66	107	151
Interdepartmental Charges	4,266	4,266				4,266
Insurance on Buildings	910	910	112	250	362	548
Repairs			(298)	298		
Rent	14,660	14,660	10,295	1,177	11,472	3,188
Mass Transportation						
Pt. Lookout/Lido Beach Bus Route	75	75	75		75	
Metropolitan Suburban Bus Authority	2,091	2,091	1,769	161	1,930	161
LIRR Station Maintenance	29,615	29,615	28,761		28,761	854
MTA-LIRR Operating Assistance	11,584	11,584	11,584		11,584	
Intermodal Center	65	65				65
Physically Challenged Transportation	660	660	559	51	610	50
Office of Real Estate Services Total	64,533	64,530	53,127	2,003	55,130	9,400
Public Utility Authority						
General Expenses	390	390		390	390	
Public Utility Authority Total	390	390		390	390	
Office of Records Management						
Salaries	933	933	718		718	215
Fringe Benefits	661	633	642	(9)	633	
Equipment	5	583	108	475	583	
General Expenses	279	145	26	2	28	117
Contractual Services	438	341	137	163	300	41
Office of Records Management Total	2,316	2,635	1,631	631	2,262	373
Building Management						
Salaries	10,496	9,565	8,883	(105)	8,778	787
Fringe Benefits	5,485	6,767	6,859	(92)	6,767	
Equipment	21	21	18	1	19	2
General Expenses	916	916	164	139	303	613
Contractual Services	2,084	2,084	1,609	289	1,898	186
Utility Costs	28,352	28,352	18,379	2,181	20,560	7,792
Interdepartmental Charges	405	405				405
Building Management Total	47,759	48,110	35,912	2,413	38,325	9,785
Total General Administration	353,677	342,355	275,099	11,560	286,659	55,696

(Continued)

EXHIBIT B-2**COUNTY OF NASSAU, NEW YORK****COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
PROTECTION OF PERSONS						
Commission on Human Rights						
Salaries	\$ 531	\$ 531	\$ 525	\$	\$ 525	\$ 6
Fringe Benefits	489	464	470	(6)	464	
General Expenses	5	5	2		2	3
Contractual Services	16	16		6	6	10
Commission on Human Rights Total	1,041	1,016	997		997	19
Commissioner of Accounts						
Salaries		110	104		104	6
Fringe Benefits	109	123	125	(2)	123	
General Expenses	1	1				1
Contractual Services	5	5				5
Commissioner of Accounts' Total	115	239	229	(2)	227	12
Consumer Affairs						
Salaries	1,745	1,745	1,720		1,720	25
Fringe Benefits	1,190	1,149	1,165	(16)	1,149	
Equipment	2	2	1		1	1
General Expenses	13	13	9	1	10	3
Consumer Affairs Total	2,950	2,909	2,895	(15)	2,880	29
Fire Commission						
Salaries	11,402	10,147	10,213	(66)	10,147	
Fringe Benefits	5,658	5,387	5,455	(68)	5,387	
Equipment	50	47	44	3	47	
General Expenses	292	188	143	45	188	
Contractual Services	5,051	4,909	4,734	118	4,852	57
Interdepartmental Charges	2,312	2,348	2,348		2,348	
Fire Commission Total	24,765	23,026	22,937	32	22,969	57
Police Headquarters						
Salaries	233,587	239,990	240,174	(184)	239,990	
Fringe Benefits	136,103	135,717	140,499	(4,782)	135,717	
Workers' Compensation	4,840	4,280	4,280		4,280	
Equipment	557	307	237	49	286	21
General Expenses	4,029	3,584	2,831	716	3,547	37
Contractual Services	14,032	14,165	11,023	2,679	13,702	463
Utilities	3,799	3,056	2,575	480	3,055	1
Interdepartmental Charges	22,929	23,210	23,193		23,193	17
Police Headquarters Total	419,876	424,309	424,812	(1,042)	423,770	539
Medical Examiner						
Salaries	7,286	7,286	6,942	(46)	6,896	390
Fringe Benefits	3,342	3,329	3,374	(45)	3,329	
Equipment	40	40	29	1	30	10
General Expenses	741	741	580	22	602	139
Contractual Services	180	180	61	56	117	63
Medical Examiner Total	11,589	11,576	10,986	(12)	10,974	602
Taxi and Limosine Commission						
Salaries	398	398	379		379	19
Fringe Benefits	8	50	51	(1)	50	
Equipment	4	4				4
General Expenses	21	21	4	1	5	16
Taxi and Limosine Commission Total	431	473	434		434	39
Total Protection of Persons	460,767	463,548	463,290	(1,039)	462,251	1,297

(Continued)

EXHIBIT B-2**COUNTY OF NASSAU, NEW YORK****COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
VS. TOTAL BUDGETARY AUTHORITY
GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
HEALTH						
Health Department						
Administration						
Salaries	\$ 1,736	\$ 1,726	\$ 1,579	\$ (19)	\$ 1,560	\$ 166
Fringe Benefits	1,163	1,108	1,123	(15)	1,108	
General Expenses	177	147	114	30	144	3
Interdepartmental Charges	4,288	4,288	3,754		3,754	534
Environmental Health						
Salaries	7,409	7,519	7,262	(86)	7,176	343
Fringe Benefits	5,068	5,099	5,167	(69)	5,098	1
Equipment	3	7	7		7	
General Expenses	64	69	52	2	54	15
Contractual Services	239	239	75	72	147	92
Interdepartmental Charges	403	457	457		457	
Laboratory Research						
Salaries	905	905	903	(11)	892	13
Fringe Benefits	624	634	643	(9)	634	
Equipment	25	25	12	3	15	10
General Expenses	583	493	431	28	459	34
Contractual Services	10			(14)	(14)	14
Interdepartmental Charges	430	430	272		272	158
Public Health						
Salaries	1,314	1,479	1,330	(16)	1,314	165
Fringe Benefits	894	934	947	(13)	934	
General Expenses	129	59	37	7	44	15
Contractual Services	85	85	54	3	57	28
Various Direct Expenses	5,000	5,000	5,000		5,000	
Interdepartmental Charges	270	411	411		411	
Early Intervention						
Salaries	3,474	3,609	3,580	(42)	3,538	71
Fringe Benefits	2,606	2,514	2,548	(34)	2,514	
Equipment	10	10				10
General Expenses	126	41	13		13	28
Early Intervention Charges	27,500	27,500	26,729		26,729	771
Interdepartmental Charges	11	190	190		190	
Preschool Education						
Salaries	340	265	239	(3)	236	29
Fringe Benefits	223	168	170	(2)	168	
General Expenses	2	2				2
Contractual Services	317	268	91	70	161	107
Early Intervention Charges	129,980	129,980	108,458	7,797	116,255	13,725
Health Department Total	195,408	195,661	171,648	7,679	179,327	16,334
Mental Health, Chemical Dependency and Disabled Services						
Administration						
Salaries	1,904	1,904	1,917	(19)	1,898	6
Fringe Benefits	1,973	1,873	1,916	(42)	1,874	(1)
General Expenses	969	1,184	1,222	5	1,227	(43)
Contractual Services	241	(59)	210	123	333	(392)
Interdepartmental Charges	1,392	1,392	1,539		1,539	(147)
Contractual Services						
Contractual Services	5,724	5,724	2,718	2,273	4,991	733
Direct Services						
Fringe Benefits			25	(25)		
Mental Health, Chemical Dependency and Disabled Services	12,203	12,018	9,547	2,315	11,862	156
Total Health	207,611	207,679	181,195	9,994	191,189	16,490

(Continued)

EXHIBIT B-2**COUNTY OF NASSAU, NEW YORK****COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
VS. TOTAL BUDGETARY AUTHORITY
GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<u>PUBLIC WORKS</u>						
Administration						
Salaries	\$ 2,650	\$ 2,658	\$ 2,701	\$ (33)	\$ 2,668	\$ (10)
Fringe Benefits	2,069	2,423	2,456	(33)	2,423	
Workers' Compensation	2,141	2,148	2,148		2,148	
General Expenses	410	410	364	3	367	43
Contractual Services	572	572	73	614	687	(115)
Direct Expenses	250	250	250		250	
Interdepartmental Charges	179	179				179
Highway and Engineering						
Salaries	5,771	7,141	3,562	(42)	3,520	3,621
Fringe Benefits	3,988	2,714	2,750	(36)	2,714	
Equipment	16	16		1	1	15
General Expenses	67	67	14	8	22	45
Contractual Services	143,262	146,262	131,598	3,074	134,672	11,590
Utility Costs	2,456	2,456	913	75	988	1,468
Interdepartmental Charges	214	214				214
Highway and Bridge Maintenance						
Salaries	12,959	12,640	11,577	(137)	11,440	1,200
Fringe Benefits	9,810	8,829	8,947	(119)	8,828	1
Equipment	47	149	147	2	149	
General Expenses	3,242	3,242	1,990	311	2,301	941
Contractual Services	1,677	1,677	1,377	175	1,552	125
Utility Costs	770	770	309	(156)	153	617
Interdepartmental Charges	10,132	11,117	10,178		10,178	939
Groundwater Remediation						
Salaries	2,973	3,082	3,018	(36)	2,982	100
Fringe Benefits	1,706	2,299	2,330	(31)	2,299	
Equipment	13	50	47	3	50	
General Expenses	5,064	5,064	2,684	928	3,612	1,452
Contractual Services	1,168	1,168	699	331	1,030	138
Interdepartmental Charges	843	932	932		932	
Total Public Works	214,449	218,529	191,064	4,902	195,966	22,563
<u>RECREATION AND PARKS</u>						
Administration						
Salaries	1,925	1,925	1,851	(2)	1,849	76
Fringe Benefits	836	810	821	(11)	810	
Equipment	12	28	28		28	
General Expenses	385	385	335	16	351	34
Contractual Services	4,961	5,042	3,986	685	4,671	371
Technical Service						
Salaries	5,181	4,981	4,890		4,890	91
Fringe Benefits	2,276	2,142	2,171	(29)	2,142	
Equipment	150	151	151		151	
General Expenses	893	893	590	109	699	194
Contractual Services	2,335	2,700	2,360	254	2,614	86
Recreation Service						
Salaries	9,021	8,856	8,717	(10)	8,707	149
Fringe Benefits	4,099	3,814	3,866	(52)	3,814	
Equipment	34	34	32		32	2
General Expenses	122	122	89	33	122	
Contractual Services	535	535	435	80	515	20

(Continued)

EXHIBIT B-2**COUNTY OF NASSAU, NEW YORK****COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
VS. TOTAL BUDGETARY AUTHORITY
GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
RECREATION AND PARKS (Continued)						
Museum						
Salaries	\$ 924	\$ 924	\$ 885	\$ (1)	\$ 884	\$ 40
Fringe Benefits	358	387	392	(5)	387	
Equipment	9	9	4	4	8	1
General Expenses	65	65	33	11	44	21
Contractual Services	17	17	8	(300)	(292)	309
Golf Operations						
Salaries	4,247	4,247	4,081	(5)	4,076	171
Fringe Benefits	1,773	1,785	1,809	(24)	1,785	
Equipment	203	203	158		158	45
General Expenses	671	671	520	64	584	87
Contractual Services	683	683	641	38	679	4
Total Recreation and Parks	41,715	41,409	38,853	855	39,708	1,701
SOCIAL SERVICES						
Bar Association - Public Defender	7,379	7,728	7,608	41	7,649	79
CASA						
Salaries	259	259	237		237	22
Fringe Benefits	131	126	128	(2)	126	
General Expenses	3	3	2		2	1
Contractual Services	14	14	2	10	12	2
CASA Total	407	402	369	8	377	25
Human Services						
Salaries	2,472	2,795	2,736		2,736	59
Fringe Benefits	4,014	3,832	3,842	(10)	3,832	
Equipment	25	25	4		4	21
General Expenses	87	87	39	3	42	45
Contractual Services	28,380	28,447	22,296	3,421	25,717	2,730
Interdepartmental Charges	1,652	1,652	1,257		1,257	395
Human Services Total	36,630	36,838	30,174	3,414	33,588	3,250
Legal Aid Society	6,520	6,520	6,520		6,520	
Minority Affairs						
Salaries	516	516	357		357	159
Fringe Benefits	311	261	265	(4)	261	
General Expenses	25	25	18		18	7
Contractual Services	35	35		5	5	30
Minority Affairs Total	887	837	640	1	641	196
Social Services Department						
Administration						
Salaries	4,353	4,353	4,135	(7)	4,128	225
Fringe Benefits	2,731	2,488	2,522	(34)	2,488	
Equipment	18	138	128	7	135	3
General Expenses	332	332	310	14	324	8
Contractual Services	1,350	1,381	1,217	125	1,342	39
Interdepartmental Charges	16,684	16,684	13,104		13,104	3,580
Public Financial Assistance						
Salaries	21,176	21,176	20,255	(35)	20,220	956
Fringe Benefits	12,555	12,185	12,351	(166)	12,185	
Equipment	23	23	20		20	3
General Expenses	339	339	275	11	286	53
Contractual Services	7,750	7,750	5,426	1,550	6,976	774

(Continued)

EXHIBIT B-2**COUNTY OF NASSAU, NEW YORK****COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
VS. TOTAL BUDGETARY AUTHORITY
GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<u>SOCIAL SERVICES (continued)</u>						
Division of Services						
Salaries	\$ 22,551	\$ 22,551	\$ 21,642	\$ (38)	\$ 21,604	\$ 947
Fringe Benefits	13,201	13,019	13,196	(177)	13,019	
General Expenses	147	147	114	6	120	27
Contractual Services	151	151	124	23	147	4
Real Estate						
General Expenses	1	1				1
Handicapped Children Education						
Emergency Vendor Payments	18,432	18,432	15,270	65	15,335	3,097
Aid to Dependent Children						
Recipient Grants	20,500	20,500	19,377		19,377	1,123
Emergency Vendor Payments	6,549	5,534	5,714	(86)	5,628	(94)
Home Relief						
Recipient Grants	34,350	32,100	30,098		30,098	2,002
Emergency Vendor Payments	7,500	9,750	9,674		9,674	76
Children in Institutions						
Emergency Vendor Payments	10,780	10,780	10,111		10,111	669
Children in Foster Homes						
Recipient Grants	1,250	1,250	774		774	476
Purchased Services	1	1	1		1	
Emergency Vendor Payments	650	650	302		302	348
Juvenile Delinquents						
Emergency Vendor Payments	3,682	3,682	2,364	554	2,918	764
Training Schools						
Emergency Vendor Payments	6,000	6,000	(1,279)		(1,279)	7,279
Children in Institutions - Title 4E						
Emergency Vendor Payments	661	661	536	79	615	46
Children in Foster Homes - Title 4E						
Recipient Grants	500	525	501		501	24
Emergency Vendor Payments	255	325	321		321	4
Subsidized Adoptions						
Recipient Grants	4,900	4,900	4,656		4,656	244
Burials						
Emergency Vendor Payments	250	250	218		218	32
Medicaid						
Medicaid	240,233	240,233	237,424		237,424	2,809
Home Energy Assistance						
Recipient Grants	500	500	354		354	146
Title-XX						
Purchased Services	69,114	70,770	66,606	2,506	69,112	1,658
Social Services Department Total	<u>529,469</u>	<u>529,561</u>	<u>497,841</u>	<u>4,397</u>	<u>502,238</u>	<u>27,323</u>
Veterans Service Agency						
Salaries	456	456	435	(2)	433	23
Fringe Benefits	335	333	338	(5)	333	
General Expenses	16	16	12	1	13	3
Contractual Services	1	1				1
Veterans Service Agency Total	<u>808</u>	<u>806</u>	<u>785</u>	<u>(6)</u>	<u>779</u>	<u>27</u>

(Continued)

EXHIBIT B-2**COUNTY OF NASSAU, NEW YORK****COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
VS. TOTAL BUDGETARY AUTHORITY
GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<u>SOCIAL SERVICES (continued)</u>						
Total Social Services	\$ 582,100	\$ 582,692	\$ 543,937	\$ 7,855	\$ 551,792	\$ 30,900
<u>CORRECTIONS</u>						
Correctional Center						
Salaries	109,067	108,567	106,246	(154)	106,092	2,475
Fringe Benefits	60,653	58,532	59,325	(796)	58,529	3
Workers' Compensation	8,275	8,551	8,551		8,551	
Equipment	51	439	410	29	439	
General Expenses	3,973	4,273	3,589	457	4,046	227
Contractual Services	23,236	24,436	19,482	4,412	23,894	542
Utility Costs	2,229	2,229	1,603	140	1,743	486
Correctional Center Total	207,484	207,027	199,206	4,088	203,294	3,733
Sheriff						
Salaries	6,891	6,891	5,833	(8)	5,825	1,066
Fringe Benefits	4,350	3,719	3,770	(51)	3,719	
General Expenses	74	74	34	3	37	37
Sheriff Total	11,315	10,684	9,637	(56)	9,581	1,103
Correctional Center and Sheriff Total	218,799	217,711	208,843	4,032	212,875	4,836
Probation						
Administration						
Salaries	17,485	17,485	16,370	(482)	15,888	1,597
Fringe Benefits	11,405	10,822	10,967	(146)	10,821	1
Equipment	42	61	53	7	60	1
General Expenses	394	379	223	76	299	80
Contractual Services	736	736	451	208	659	77
Utility Costs	1	1		1	1	
Interfund Charges	1,171	1,515	1,515		1,515	
Probation Total	31,234	30,999	29,579	(336)	29,243	1,756
Total Corrections	250,033	248,710	238,422	3,696	242,118	6,592
<u>EDUCATION</u>						
Payment to Long Beach Schools	106	106	106		106	
State School Tuition	10,700	11,603	11,603		11,603	
Total Education	10,806	11,709	11,709		11,709	
<u>BONDED PAYMENTS FOR TAX CERTIORARI</u>						
			59,221	(59,221)		
<u>AID TO TOWNS AND CITIES</u>						
Aid to Towns and Cities	66,997	67,747	67,747		67,747	
<u>OTHER EXPENDITURES</u>						
Interdepartmental Charges	3,581	3,581	4,783		4,783	(1,202)
Intergovernmental Charges	25,713	25,713	23,763		23,763	1,950
Lido-Point Lookout Fire District	6	6	6		6	
HIPPA Payments	25	25				25

(Continued)

EXHIBIT B-2**COUNTY OF NASSAU, NEW YORK****COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
VS. TOTAL BUDGETARY AUTHORITY
GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<u>OTHER EXPENDITURES (Continued)</u>						
Miscellaneous Expense	\$ 28,975	\$ 30,078	\$ 26,357	\$ 514	\$ 26,871	\$ 3,207
NYS Association of Counties	67	67	66		66	1
NIFA Expenditures	1,950	1,950				1,950
Suits and Damages	20,200	37,171	31,893	10	31,903	5,268
Total Other Expenditures	80,517	98,591	86,868	524	87,392	11,199
Debt Service:						
Principal	78,420	79,280	79,280		79,280	
Interest	110,343	109,483	104,170		104,170	5,313
Financing Costs	4,484	4,484	4,481		4,481	3
Payment to Escrow Agent			319,163	(319,163)		
Total Debt Service	193,247	193,247	507,094	(319,163)	187,931	5,316
Total Expenditures	2,549,706	2,564,987	2,745,265	(338,353)	2,406,912	158,075
<u>TRANSFERS OUT</u>						
Debt Service Fund			225	(225)		
Other	170,933	170,926	6,986	(6,000)	986	169,940
Total Transfers Out	170,933	170,926	7,211	(6,225)	986	169,940
TOTAL EXPENDITURES AND TRANSFERS OUT	\$ 2,720,639	\$ 2,735,913	\$ 2,752,476	\$ (344,578)	\$ 2,407,898	\$ 328,015
*Appropriations per the 2016 budget as adopted						\$ 2,957,451
Intrafund Budget Elimination						(329,034)
Outstanding encumbrances, January 1, 2016						92,222
Original Budget per above						2,720,639
Add: Supplemental appropriations						28,266
Less: Intrafund Modified Budget eliminations						(12,992)
Total Budgetary Authority						\$ 2,735,913

(Concluded)

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY, ACTUAL, AND BUDGETARY BASIS
POLICE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Licenses and Permits	\$ 4,129	\$ 4,129	\$ 4,394	\$	\$ 4,394	\$ 265
Fines and Forfeits	1,000	1,000	1,410		1,410	410
Interest Income	15	15	4		4	(11)
Rents and Recoveries			182		182	182
Departmental Revenue	2,400	2,400	2,712		2,712	312
Interdepartmental Revenue	402	402	480		480	78
Property Taxes	391,419	391,419	374,663		374,663	(16,756)
Payments in Lieu of Taxes			16,758		16,758	16,758
Total Revenues	399,365	399,365	400,603		400,603	1,238
Expenditures:						
Protection of Persons:						
Salaries	239,196	221,935	221,973	(39)	221,934	1
Fringe Benefits	123,341	120,331	123,557	(3,227)	120,330	1
Workers' Compensation	7,716	8,179	8,179		8,179	
Equipment	344	191	132	59	191	
General Expenses	6,122	4,814	3,665	913	4,578	236
Contractual Services	799	1,446	1,329	97	1,426	20
Utility Costs	1,541	1,202	1,071	128	1,199	3
Interdepartmental Charges	19,707	21,585	21,585		21,585	
Other	53	52	38	14	52	
Total Expenditures	398,819	379,735	381,529	(2,055)	379,474	261
Excess (Deficiency) of Revenues Over (Under) Expenditures	546	19,630	19,074	2,055	21,129	1,499
Other Financing Sources (Uses):						
Transfers In			6,039	(6,039)		
Transfers Out	(2,250)	(21,334)	(21,330)		(21,330)	4
Total Other Financing Sources (Uses)	(2,250)	(21,334)	(15,291)	(6,039)	(21,330)	4
Net Change in Fund Equity (Deficit)	(1,704)	(1,704)	3,783	(3,984)	(201)	1,503
Fund Balance (Deficit) Beginning of Year	1,704	1,704	(8,829)	32,155	23,326	21,622
Fund Balance (Deficit) End of Year	\$	\$	\$ (5,046)	\$ 28,171	\$ 23,125	\$ 23,125

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY, ACTUAL, AND BUDGETARY BASIS
SEWER & STORM WATER DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016 (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>
Revenues:						
Licenses and Permits	\$ 1,150	\$ 1,150	\$ 1,731	\$	\$ 1,731	\$ 581
Interest Income			108		108	108
Rents and Recoveries	10,725	10,725	10,244		10,244	(481)
Departmental Revenue	14,277	14,277	1,368		1,368	(12,909)
Intergovernmental Charges	1,500	1,500				(1,500)
Interfund Revenues	1,654	1,654				(1,654)
Federal Aid			7,650		7,650	7,650
Property Taxes			115,012		115,012	115,012
Payments in Lieu of Taxes			7,852		7,852	7,852
Other Revenues	300	300				(300)
Total Revenues	29,606	29,606	143,965		143,965	114,359
Expenditures:						
Public Works:						
Salaries	10,146	12,540	12,726	(186)	12,540	
Fringe Benefits	9,033	9,943	9,767	176	9,943	
Equipment	37	37	2		2	35
General Expenses	834	834	758	66	824	10
Contractual Services	62,076	63,296	61,250	1,979	63,229	67
Utility Costs	9,594	8,469	6,049	586	6,635	1,834
Interdepartmental Charges	11,349	7,950	7,645		7,645	305
Other	765	765		226	226	539
Debt Service:						
Principal	10,364	10,364	10,362		10,362	2
Interest	6,333	6,333	3,706		3,706	2,627
Total Expenditures	120,531	120,531	112,265	2,847	115,112	5,419
Excess (Deficiency) of Revenues Over (Under) Expenditures	(90,925)	(90,925)	31,700	(2,847)	28,853	119,778
Other Financing Sources (Uses):						
Transfer In			419	(186)	233	233
Transfer Out	(18,552)	(18,552)	(18,686)		(18,686)	(134)
Transfer In of Investment Income	32	32	100		100	68
Transfers In/(Out) to SFA	104,110	104,110	(17,692)	2	(17,690)	(121,800)
Total Other Financing Sources (Uses)	85,590	85,590	(35,859)	(184)	(36,043)	(121,633)
Net Change in Fund Balances	(5,335)	(5,335)	(4,159)	(3,031)	(7,190)	(1,855)
Fund Balance Beginning of Year	5,335	5,335	46,379	1,399	47,778	42,443
Fund Balance End of Year	\$	\$	\$ 42,220	\$ (1,632)	\$ 40,588	\$ 40,588

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

**SCHEDULE OF EXPENDITURES BY COUNTY DEPARTMENTS AND OFFICES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)
(INCLUDING LIFETIME ACTIVITY THROUGH DECEMBER 31, 2016)**

County Departments, Offices and Boards	Budgetary Authority as of December 31, 2016	Expenditures through December 31, 2015	Available Budgetary Authority for 2016	2016 Expenditures	Remaining Budgetary Authority December 31, 2016
Affirmative Action	\$ 1,240	\$ 1,140	\$ 100	\$	\$ 100
Assessment	13,000	11,363	1,637		1,637
Behavioral Health	465,568	310,393	155,175	40,582	114,593
Budget and Management	9,053	1,551	7,502	745	6,757
CASA	735	466	269		269
Consumer Affairs	250	229	21		21
Correctional Center	14,695	12,933	1,762	509	1,253
County Attorney	295	295			
County Clerk	396	319	77		77
County Comptroller	805	446	359		359
Criminal Justice Coordinating Council	62,221	56,949	5,272	584	4,688
Cultural Development	441	437	4		4
District Attorney	51,622	32,361	19,261	3,079	16,182
Drug and Alcohol	693,474	527,186	166,288		166,288
Board of Election	3,378	795	2,583	2,047	536
Emergency Management	39,513	24,928	14,585	4,014	10,571
Fire Commission	4,691	3,868	823	197	626
General Services	415	315	100		100
Health	317,137	254,800	62,337	12,244	50,093
Housing and Inter- governmental Affairs	806,149	719,521	86,628	21,183	65,445
Human Rights	1,897	1,702	195		195
Human Services	2,663	390	2,273	426	1,847
Information Technology	433	198	235	189	46
Labor	50	46	4		4
Medical Center	5,119	188	4,931		4,931
Medical Examiner	13,492	10,428	3,064	1,570	1,494
Mental Health	213,875	169,654	44,221		44,221
Miscellaneous	91,127	72,570	18,557		18,557
Planning	30,231	22,461	7,770	163	7,607
Police	139,206	111,750	27,456	6,011	21,445
Probation	44,699	37,853	6,846	987	5,859
Public Works	21,140	14,289	6,851	1,168	5,683
Real Estate Services	241,762	51,243	190,519	23,436	167,083
Records Management	114	113	1		1
Recreation and Parks	42,221	35,070	7,151	2,270	4,881
Senior Citizen Affairs	63,161	60,291	2,870		2,870
Sheriff	66	55	11		11
Shared Services	318	317	1		1
Social Services	148,665	106,275	42,390	16,896	25,494
Traffic Safety Board	68,719	64,235	4,484	1,493	2,991
Veterans Services	458	424	34		34
Women's Services	194	148	46		46
Youth Board	39,081	31,638	7,443		7,443
Total	\$ 3,653,769	\$ 2,751,633	\$ 902,136	\$ 139,793	\$ 762,343

EXHIBIT B-6

COUNTY OF NASSAU, NEW YORK

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY, ACTUAL, AND BUDGETARY BASIS
ENVIRONMENTAL PROTECTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2016 (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>
<u>Revenues:</u>						
Interest Income	\$ _____	\$ _____	\$ 13	\$ _____	\$ 13	\$ 13
Total Revenues	_____	_____	13	_____	13	13
<u>Other Financing Uses:</u>						
Transfer Out	(9,541)	(9,541)	(8,392)	_____	(8,392)	1,149
Total Other Financing Uses	(9,541)	(9,541)	(8,392)	_____	(8,392)	1,149
Net Change in Fund Balance	(9,541)	(9,541)	(8,379)	_____	(8,379)	1,162
Fund Balance Beginning of Year	9,541	9,541	19,469	_____	19,469	9,928
Fund Balance End of Year	\$ _____	\$ _____	\$ 11,090	\$ _____	\$ 11,090	\$ 11,090

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

**SCHEDULE OF EXPENDITURES BY COUNTY DEPARTMENTS AND OFFICES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
FEMA FUND
FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)
(INCLUDING LIFETIME ACTIVITY THROUGH DECEMBER 31, 2016)**

County Departments, Offices and Boards	Budgetary Authority as of December 31, 2016	Expenditures and Transfers through December 31, 2015	Available Budgetary Authority for 2016	2016 Expenditures	Remaining Budgetary Authority December 31, 2016
Budget and Management	\$ 27	\$ 27	\$	\$	\$
Correctional Center	233	179	54		54
County Attorney	24	23	1		1
County Comptroller	135	135			
Office of Constituent Affairs	85	55	30		30
County Executive	62	62			
District Attorney	206	100	106		106
Board of Election	251	220	31		31
Emergency Management	1,679	1,573	106		106
Fire Commission	883	576	307		307
Health	1,196	914	282		282
Human Services	145	18	127		127
Information Technology	307	294	13		13
Labor Relations	2	2			
Legislature	2	1	1		1
Medical Examiner	8	3	5		5
Personnel	28	28			
Police	11,707	11,574	133		133
Police Headquarters	11,000	10,963	37		37
Probation	419	419			
Public Administrator	1		1		1
Public Works	191,204	184,167	7,037	7,491	(454)
Shared Services	16	13	3		3
Recreation and Parks	2,938	2,598	340		340
Social Services	83	48	35		35
STEP Program	15,054	8,539	6,515	503	6,012
Total	\$ 237,695	\$ 222,531	\$ 15,164	\$ 7,994	\$ 7,170

THIS PAGE IS INTENTIONALLY LEFT BLANK

EXHIBIT B-8**COUNTY OF NASSAU, NEW YORK****COMBINING BALANCE SHEET****GENERAL FUND****DECEMBER 31, 2016 (Dollars in Thousands)**

	General	Debt Service Fund	Fire Commission Fund	Police Headquarters Fund	Technology Fund
ASSETS:					
Cash and Cash Equivalents	\$ 204,305	\$ 31,420	\$ 3,318	\$ 7,701	\$ 80
Sales Tax Receivable	7,257				
Due from Other Governments	107,886			980	
Less Allowance for Doubtful Accounts	(5,566)				
Accounts Receivable	41,969			3,130	
Real Property Taxes Receivable	69,460				
Less Allowance for Doubtful Accounts	(6,500)				
Tax Sale Certificates	4,416				
Tax Real Estate Held for Sale	4,551				
Interfund Receivables	389,613	120,665		10,070	
Prepays	17,992	15,861	428	13,235	
Due from Component Units	27,800	140			
Other Assets	21				
TOTAL ASSETS	\$ 863,204	\$ 168,086	\$ 3,746	\$ 35,116	\$ 80
LIABILITIES:					
Accounts Payable	\$ 76,352	\$	\$ 190	\$ 938	\$
Accrued Liabilities	78,511	366	426	8,723	
Tax Anticipation Notes Payable	257,820				
Unearned Revenue	9,319				
Property Tax Refund Payable	37,685				
Interfund Payables	137,390	167,580	4,143	58,559	
Due to Component Units	19,765				
Due to Other Governments	5,490				
Other Liabilities	28,257		97	2,382	
Total Liabilities	650,589	167,946	4,856	70,602	
DEFERRED INFLOWS OF RESOURCES:					
Property Taxes	18,338				
Property Taxes - Part County Sales Tax Offset	6,446				
Mitchel Field - Sale of Future Rental Revenue	31,146				
Total Deferred Inflows of Resources	55,930				
FUND BALANCE (DEFICIT):					
Fund Balances (Deficit):					
Nonspendable	17,992	15,861	428	13,235	
Spendable:					
Restricted	8,919	140			
Committed					80
Assigned					
Unassigned	129,774	(15,861)	(1,538)	(48,721)	
Total Fund Balance (Deficit)	156,685	140	(1,110)	(35,486)	80
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	\$ 863,204	\$ 168,086	\$ 3,746	\$ 35,116	\$ 80

EXHIBIT B-8**COUNTY OF NASSAU, NEW YORK****COMBINING BALANCE SHEET****GENERAL FUND****DECEMBER 31, 2016 (Dollars in Thousands)**

	Open Space Fund	Employee Accrued Benefit Liability Fund	Litigation Fund	Retirement Contribution Reserve Fund	Bond Indebtedness Fund	Intrafund Eliminations	Total General Fund
ASSETS:							
Cash and Cash Equivalents	\$ 1,770	\$	\$ 8,316	\$ 8,013		\$	\$ 264,923
Sales Tax Receivable							7,257
Due from Other Governments							108,866
Less Allowance for Doubtful Accounts							(5,566)
Accounts Receivable							45,099
Real Property Taxes Receivable							69,460
Less Allowance for Doubtful Accounts							(6,500)
Tax Sale Certificates							4,416
Tax Real Estate Held for Sale							4,551
Interfund Receivables		13,084	31,920		3,609	(328,970)	239,991
Prepays							47,516
Due from Component Units							27,940
Other Assets							21
TOTAL ASSETS	\$ 1,770	\$ 13,084	\$ 40,236	\$ 8,013	\$ 3,609	\$ (328,970)	\$ 807,974
LIABILITIES:							
Accounts Payable	\$	\$	\$ 2,602	\$	\$	\$	\$ 80,082
Accrued Liabilities							88,026
Tax Anticipation Notes Payable							257,820
Unearned Revenue							9,319
Property Tax Refund Payable							37,685
Interfund Payables						(328,970)	38,702
Due to Component Units							19,765
Due to Other Governments							5,490
Other Liabilities							30,736
Total Liabilities			2,602			(328,970)	567,625
DEFERRED INFLOWS OF RESOURCES:							
Property Taxes							18,338
Property Taxes - Part County Sales Tax Offset							6,446
Mitchel Field - Sale of Future Rental Revenue							31,146
Total Deferred Inflows of Resources							55,930
FUND BALANCE (DEFICIT):							
Fund Balances (Deficit):							
Nonspendable							47,516
Spendable:							
Restricted	1,751		32,148		3,609		46,567
Committed							80
Assigned	19	13,084	5,486	8,013			26,602
Unassigned							63,654
Total Fund Balance (Deficit)	1,770	13,084	37,634	8,013	3,609		184,419
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	\$ 1,770	\$ 13,084	\$ 40,236	\$ 8,013	\$ 3,609	\$ (328,970)	\$ 807,974

EXHIBIT B-9**COUNTY OF NASSAU, NEW YORK****COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

	General Fund	Debt Service Fund	Fire Commission Fund	Police Headquarters Fund	Technology Fund
REVENUES:					
Interest and Penalties on Taxes	\$ 33,814	\$	\$	\$	\$
Licenses and Permits	11,871			1,141	
Fines and Forfeits	76,148				
Interest Income	646		1	9	
Rents and Recoveries	22,896		3	194	
Tobacco Settlement Revenue and Tobacco Receipts	17,985				
Departmental Revenue	182,611		8,930	22,193	
Interdepartmental Revenue	71,979			13,253	
Interfund Revenue	13,689			423	
Federal Aid	134,726	4,760		956	
State Aid	213,974		187	684	
Sales Tax	868,879				
Preempted Sales Tax in Lieu of Property Taxes	85,929				
Property Taxes	65,806		16,065	357,228	
Payments in Lieu of Taxes	14,406		405	8,938	
Special Taxes	7,566			23,588	
Other Revenues	40,692	359			
Total Revenues	1,863,617	5,119	25,591	428,607	
EXPENDITURES:					
Current:					
Legislative	10,805				
Judicial	69,961				
General Administration	274,876				223
Protection of Persons	15,531		22,947	424,812	
Health	181,195				
Public Works	191,064				
Recreation and Parks	38,853				
Social Services	543,937				
Corrections	238,422				
Education	11,709				
Bonded Payments for Tax Certiorari and Other Judgments	59,221				
Aid to Towns and Cities	67,747				
Other	54,985				
Debt Service:					
Principal		79,280			
Interest		104,170			
Bond Issuance Costs	(1,493)	5,974			
Total Expenditures	1,756,813	189,424	22,947	424,812	223
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	106,804	(184,305)	2,644	3,795	(223)
OTHER FINANCING SOURCES (USES):					
Transfers In	(329,497)	300,453	65	9,713	
Transfers Out	249,043	(229,410)	(2,954)	(17,890)	
Transfers In of Investment Income	1,408				
Transfers In from NIFA	771				
Issuance of Bonds	7,500	61,434			
Refunding Bonds Issued		272,810			
Payment to Refunded Bonds Escrow Agent		(319,163)			
Premium on Bonds	(1,493)	98,321			
Total Other Financing Sources (Uses)	(72,268)	184,445	(2,889)	(8,177)	
NET CHANGE IN FUND BALANCE (DEFICIT)	34,536	140	(245)	(4,382)	(223)
TOTAL FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	122,149		(865)	(31,104)	303
TOTAL FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 156,685	\$ 140	\$ (1,110)	\$ (35,486)	\$ 80

EXHIBIT B-9**COUNTY OF NASSAU, NEW YORK****COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

	Open Space Fund	Employee Accrued Benefit Liability Fund	Litigation Fund	Retirement Contribution Reserve Fund	Bond Indebtedness Fund	Total General Fund
REVENUES:						
Interest and Penalties on Taxes	\$	\$	\$	\$	\$	\$ 33,814
Licenses and Permits						13,012
Fines and Forfeits						76,148
Interest Income			17	13		686
Rents and Recoveries						23,093
Tobacco Receipts						17,985
Departmental Revenue						213,734
Interdepartmental Revenue						85,232
Interfund Revenue						14,112
Federal Aid						140,442
State Aid						214,845
Sales Tax						868,879
Preempted Sales Tax in Lieu of Property Taxes						85,929
Property Taxes						439,099
Payments in Lieu of Taxes						23,749
Special Taxes						31,154
Other Revenues	350					41,401
Total Revenues	350		17	13		2,323,314
EXPENDITURES:						
Current:						
Legislative						10,805
Judicial						69,961
General Administration						275,099
Protection of Persons						463,290
Health						181,195
Public Works						191,064
Recreation and Parks						38,853
Social Services						543,937
Corrections						238,422
Education						11,709
Bonded Payments for Tax Certiorari and Other Judgments						59,221
Aid to Towns and Cities						67,747
Other			31,883			86,868
Debt Service:						
Principal						79,280
Interest						104,170
Bond Issuance Costs						4,481
Total Expenditures			31,883			2,426,102
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	350		(31,866)	13		(102,788)
OTHER FINANCING SOURCES (USES):						
Transfers In		13,084	55,300	0	3,609	52,727
Transfers Out			(6,000)			(7,211)
Transfers In of Investment Income						1,408
Transfers In from NIFA						771
Issuance of Bonds						68,934
						272,810
						(319,163)
Premium on Bonds						96,828
Total Other Financing Sources (Uses)		13,084	49,300		3,609	167,104
NET CHANGE IN FUND BALANCE (DEFICIT)	350	13,084	17,434	13	3,609	64,316
TOTAL FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	1,420		20,200	8,000		120,103
TOTAL FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 1,770	\$ 13,084	\$ 37,634	\$ 8,013	\$ 3,609	\$ 184,419

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, 2016 (Dollars in Thousands)**

	Land*	Intangibles*	Land Improvements	Buildings	Equipment	Infrastructure	Total
Legislative	\$	\$	\$	\$ 254	\$ 230	\$	\$ 484
Judicial	2,593		1,933	73,629	6,357		84,512
General Administration	180,835	8,804	1,898	354,072	316,821		862,430
Protection of Persons	5,254		190	78,143	96,002	42,804	222,393
Health	475			4,672	3,133		8,280
Public Works	14,310		3,228	317,448	67,489	2,049,762	2,452,237
Recreation and Parks	35,653		71,258	184,756	14,345	50,384	356,396
Social Services	545		3,840	19,967	1,105		25,457
Corrections				183,147	9,098		192,245
Total	239,665	8,804	82,347	1,216,088	514,580	2,142,950	4,204,434
Less: Accumulated Depreciation			63,032	514,462	365,548	1,063,563	2,006,605
	\$ 239,665	\$ 8,804	\$ 19,315	\$ 701,626	\$ 149,032	\$ 1,079,387	2,197,829
Construction in Progress							926,918
Total Net Capital Assets							\$ 3,124,747 *

* 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, 2016 (Dollars in Thousands)**

	Capital Assets January 1, 2016	Additions*	Deletions*	Capital Assets December 31, 2016
Legislative	\$ 473	\$ 11	\$	\$ 484
Judicial	84,107	657	252	84,512
General Administration	854,300	29,068	20,938	862,430
Protection of Persons	217,223	10,254	5,084	222,393
Health	8,627	37	384	8,280
Public Works	2,383,842	74,986	6,591	2,452,237
Recreation and Parks	341,291	15,629	524	356,396
Social Services	25,646	197	386	25,457
Corrections	191,287	1,101	143	192,245
Construction in Progress	705,716	314,772	93,570	926,918
Total	4,812,512	446,712	127,872	5,131,352
Less: Accumulated Depreciation	1,913,065	125,287	31,747	2,006,605
Total Changes in Net Capital Assets	\$ 2,899,447	\$ 321,425	\$ 96,125	\$ 3,124,747

* Additions and deletions include land, buildings, equipment, infrastructure and intangible assets for the County and the transfer of construction in progress.

EXHIBIT D-1

COUNTY OF NASSAU, NEW YORK

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

FIDUCIARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)

	<u>Balance January 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2016</u>
Agency Fund				
<u>ASSETS:</u>				
Cash	\$ 115,165	\$ 1,400,024	\$ 1,419,896	\$ 95,293
TOTAL ASSETS	<u>\$ 115,165</u>	<u>\$ 1,400,024</u>	<u>\$ 1,419,896</u>	<u>\$ 95,293</u>
<u>LIABILITIES:</u>				
Accounts Payable	\$ 24,961	\$ 639,769	\$ 611,523	\$ 53,207
Due To (From) Component Unit	(1,736)	108,526	104,601	2,189
Other Liabilities	91,940	1,344,588	1,396,631	39,897
TOTAL LIABILITIES	<u>\$ 115,165</u>	<u>\$ 2,092,883</u>	<u>\$ 2,112,755</u>	<u>\$ 95,293</u>
 Nassau County Tobacco Securitization Corporation Residual Trust				
<u>ASSETS:</u>				
Cash	\$ 17,970	\$ 15	\$ 17,985	\$ -
<u>LIABILITIES:</u>				
Other Liabilities	\$ 17,970	\$ 15	\$ 17,985	\$ -

EXHIBIT D-2**COUNTY OF NASSAU, NEW YORK****STATEMENT OF CHANGES IN OTHER LIABILITIES****FIDUCIARY FUNDS****FOR THE YEAR ENDED DECEMBER 31, 2016 (Dollars in Thousands)**

	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
Agency Fund				
Cash Bail	\$ 6,831	\$ 6,453	\$ 6,351	\$ 6,933
Coliseum Deferred Revenue	4,684		4,684	
Contractors' Cash Bond Escrow	734	88	251	571
Declining Balance Account - Staples		1,293	1,293	
Estate Suspense Account	644	709	677	676
Flex Benefit Plan		3,495	3,495	
Grainger Declining Balance Account		1,387	1,308	79
Health Insurance		311,405	311,405	
Highway Deposits	1,540	367	607	1,300
Medical Assistance Pay In	1,038	1,065	1,057	1,046
Mortgage Taxes	7,863	54,680	52,805	9,738
Nassau County Bridge Authority	188			188
New York City Withholding Taxes	6	1,256	1,262	
New York State Withholding Taxes	664	59,182	59,845	1
Payments in Lieu of Taxes	58,836	214,153	262,576	10,413
Payroll Deferred Compensation		68,935	68,935	
Real Estate Escrow	324	1	7	318
Retirement System	695	182,796	182,791	700
Social Security Taxes	303	134,959	135,041	221
Social Service Trust		5,264	5,264	
TIAA/CREF Payroll Deductions	1,363	6,791	7,124	1,030
Traffic Violations Clearing Account	4,195	31,416	30,804	4,807
Triad Worker's Compensation Account	692	28,336	29,028	
Trust Fund Deposits	902	1,011	503	1,410
Trust Fund Deposits - short term		1,262	1,262	
All Other Liabilities	438	228,286	228,258	466
Total Other Liabilities	\$ 91,940	\$ 1,344,590	\$ 1,396,633	\$ 39,897
Nassau County Tobacco Securitization Corporation Residual Trust				
Other Liabilities - undisbursed bond proceeds	\$ 17,970	\$ 15	\$ 17,985	\$ -0-

EXHIBIT E-1

COUNTY OF NASSAU, NEW YORK

**STATEMENT OF CASH IN BANKS*
ALL FUNDS OF THE PRIMARY GOVERNMENT
DECEMBER 31, 2016 (Dollars in Thousands)**

CASH BALANCES BY FUND:

General Fund	\$ 264,923
NIFA Fund	519
Police District Fund	13,526
Sewer and Storm Water District Fund	37,563
Capital Fund	405,182
Nonmajor Governmental Funds	109,553
Agency Funds	<u>95,293</u>
Total Cash Balances By Funds	<u>\$ 926,559</u> **

CASH BALANCES BY BANK:

The Bank of New York	\$ 680
Bank of America	9,869
JP Morgan Chase	336,914
Citibank	8,153
First National Bank	20,000
Capital One Bank	219,349
Signature Bank	175,426
Santander Bank	50,523
HSBC	20,722
Wells Fargo	84,010
Petty Cash	<u>913</u>
Total Cash Balances By Bank	<u>\$ 926,559</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 and Cash Equivalents appearing on the Statement of Net Position (Deficit) (Exhibit X-1) for the Primary Government and the Cash Balances, 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.

THIS PAGE IS INTENTIONALLY LEFT BLANK

FINANCIAL TRENDS INFORMATION

THIS PAGE IS INTENTIONALLY LEFT BLANK

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	FEMA	Debt Service	Judgments and Settlements				
2016	\$ 2,160,368	\$ 1,751	\$ 37,032	\$ 93	\$ 94,178	\$ 32,148	\$ 2,912	\$ (9,566,253)	\$ (7,237,771)	
2015	1,949,316	1,401	20,911	121	87,372	20,200	2,912	(9,436,735)	(7,354,502)	
2014*	1,718,300	1,194	43,420		100,455		2,912	(9,173,415)	(7,307,134)	
2013	1,620,294	1,087	48,618		54,019		7,099	(8,553,584)	(6,822,467)	
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)	

*Adjustments have been made to the 2014 numbers to show the effects of the prior period adjustment for comparative purposes.

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				
	2016	2015**	2014*	2013***	2012
Expenses					
Primary Government:					
Legislative	\$ 11,071	\$ 11,094	\$ 10,940	\$ 11,010	\$ 10,722
Judicial	75,957	69,964	78,144	67,275	66,479
General Government	640,338	734,832	851,284	231,868	758,742
Postemployment Retirement Benefits					
Protection of Persons	851,983	779,467	821,444	806,103	811,733
Health	232,742	221,582	215,975	218,889	239,524
Public Works	338,243	357,050	399,406	425,228	342,764
Recreation and Parks	53,339	50,308	55,039	48,321	48,082
Social Services	550,994	538,899	560,347	567,342	562,832
Corrections	250,128	223,176	240,124	248,781	247,123
Education	24,650	9,225	10,753	11,375	5,692
Debt Service Interest	187,527	184,587	180,197	176,723	207,353
Total Primary Government Expenses	3,216,972	3,180,184	3,423,653	2,812,915	3,301,046
Program Revenues					
Primary Government:					
Charges for services:					
Legislative			121		
Judicial	72,814	59,871	83,316	59,908	44,374
General Government	77,911	41,170	40,856	57,149	93,752
Protection of Persons	76,316	56,913	47,200	47,199	46,824
Health	12,423	16,322	13,012	21,391	31,646
Public Works	72,722	70,530	52,563	51,436	9,910
Recreation and Parks	25,457	23,249	19,898	19,463	19,852
Social Services	20,807	19,302	25,870	20,833	17,370
Corrections	3,852	3,812	4,070	4,369	8,633
Education	12,757	11,586	13,162	19,149	3,656
Operating Grants	554,439	487,571	466,201	534,653	563,964
Capital Grants	125,408	138,408	74,945	13,641	42,715
Total Primary Government Program Revenues	1,054,906	928,734	841,214	849,191	882,696
Net (Expenses)/Revenues	(2,162,066)	(2,251,450)	(2,582,439)	(1,963,724)	(2,418,350)
General Revenues					
Primary Government:					
Taxes:					
Property Taxes	925,790	966,897	937,709	928,034	943,624
Sales Taxes	1,124,085	1,102,886	1,090,809	1,135,245	1,066,012
Other Taxes	80,809	46,952	43,595	45,618	41,352
Tobacco Settlement Revenue and Tobacco Receipts	55,551	18,598	21,733	19,210	19,222
Investment Income	34,987	20,643	19,384	1,748	15,058
Other	57,575	56,369	30,978	32,810	29,134
Total Primary Government General Revenues	2,278,797	2,212,345	2,144,208	2,162,665	2,114,402
Change in Net Position	116,731	(39,105)	(438,231)	198,941	(303,948)
Implementation of GASB 48					
Net Position (Deficit) - Beginning, as restated	(7,354,502)	(7,315,397)	(6,868,903)	(7,021,408)	(6,379,278)
Net Position (Deficit) - Ending	\$ (7,237,771)	\$ (7,354,502)	\$ (7,307,134)	\$ (6,822,467)	\$ (6,683,226)

(Continued)

*Adjustments have been made to the 2014 numbers to show the effects of the prior period adjustment for comparative purpose.

** Reclassifications have been made to the prior year numbers to be comparative to the current year.

***Adjustments have been made to the beginning net position to show the effects of a prior period adjustment.

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				
	2011***	2010***	2009	2008	2007
Expenses					
Primary Government:					
Legislative	\$ 10,554	\$ 10,213	\$ 10,108	\$ 10,126	\$ 9,789
Judicial	64,004	65,765	51,142	52,998	49,995
General Government	1,494,399	739,650	752,102	759,162	529,185
Postemployment Retirement Benefits					3,354,770
Protection of Persons	763,528	771,480	725,762	718,984	672,293
Health	255,959	243,078	268,204	259,517	254,856
Public Works	251,139	238,683	218,257	224,577	221,678
Recreation and Parks	39,768	34,035	33,369	43,125	48,833
Social Services	576,297	564,636	539,817	519,326	501,254
Corrections	271,170	231,627	253,576	212,124	225,968
Education	9,826	12,086	11,457	10,741	10,216
Debt Service Interest	186,056	171,156	164,498	159,632	157,439
Total Primary Government Expenses	<u>3,922,700</u>	<u>3,082,409</u>	<u>3,028,292</u>	<u>2,970,312</u>	<u>6,036,276</u>
Program Revenues					
Primary Government:					
Charges for services:					
Legislative		193	274	233	122
Judicial	49,008	33,961	19,705	17,953	18,329
General Government	74,097	61,742	45,522	43,712	70,641
Protection of Persons	42,060	36,495	37,462	33,285	35,544
Health	23,475	22,196	22,245	22,208	22,798
Public Works	6,119	6,060	9,146	7,612	5,366
Recreation and Parks	19,875	19,426	19,665	19,775	17,902
Social Services	19,046	18,497	17,903	19,227	14,558
Corrections	9,014	4,784	5,300	7,420	5,483
Education			1,011	2,579	3,668
Operating Grants	463,523	485,243	463,438	412,965	397,531
Capital Grants	159,156	42,576	63,479	15,106	37,031
Total Primary Government Program Revenues	<u>865,373</u>	<u>731,173</u>	<u>705,150</u>	<u>602,075</u>	<u>628,973</u>
Net (Expenses)/Revenues	<u>(3,057,327)</u>	<u>(2,351,236)</u>	<u>(2,323,142)</u>	<u>(2,368,237)</u>	<u>(5,407,303)</u>
General Revenues					
Primary Government:					
Taxes:					
Property Taxes	922,894	931,585	919,653	889,519	886,691
Sales Taxes	1,023,128	997,175	949,710	998,733	1,010,566
Other Taxes	40,601	40,900	41,149	38,991	45,037
Tobacco Settlement Revenue and Tobacco Receipts	18,849	19,881	82,210	74,078	59,153
Investment Income	20,711	13,654	13,757	48,701	45,284
Other	28,165	26,521	25,999	26,423	21,865
Total Primary Government General Revenues	<u>2,054,348</u>	<u>2,029,716</u>	<u>2,032,478</u>	<u>2,076,445</u>	<u>2,068,596</u>
Change in Net Position	(1,002,979)	(321,520)	(290,664)	(291,792)	(3,338,707)
Implementation of GASB 48					375,806
Net Position - Beginning	(5,376,299)	(4,985,686)	(4,719,242)	(4,427,450)	(1,464,549)
Net Position - Ending	<u>\$ (6,379,278)</u>	<u>\$ (5,307,206)</u>	<u>\$ (5,009,906)</u>	<u>\$ (4,719,242)</u>	<u>\$ (4,427,450)</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)**

Fiscal Year	Property Taxes	Sales Tax	Preempted Sales Tax in Lieu of Property Taxes	Payments in Lieu of Taxes	Special Taxes	Total
2016	\$ 925,790	\$ 1,038,156	\$ 85,929	\$ 48,359	\$ 32,450	\$ 2,130,684
2015	966,897	1,015,752	87,134	12,305	34,647	2,116,735
2014	937,709	1,006,373	84,436	10,006	33,589	2,072,113
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

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									
	2016	2015	2014**	2013***	2012	2011 ¹	2010	2009	2008	2007
General Fund (Includes NIFA)										
Nonspendable	\$ 47,577	\$ 44,645	\$ 42,222	\$ 41,017	\$ 37,275	\$ 33,860				
Spendable:										
Restricted:										
Committed	46,567	37,992	16,354	16,436	17,849	19,638				
Assigned	80	76	1,871							
Unassigned	27,724	8,999	20,422	560						
Unassigned	63,654	43,520		37,243	(9,535)	(9,182)				
Reserved for Encumbrances							\$ 86,227	\$ 68,459	\$ 72,597	\$ 73,592
Unreserved, Designated for Ensuing Year's Budget									10,000	10,000
Unreserved							93,498	52,784	47,928	56,271
Total General Fund	185,602	135,232	80,869	95,256	45,589	44,316	179,725	121,243	130,525	139,863
All Other Governmental Funds										
Nonspendable	13,077	12,036	12,124	12,103	11,304	11,176				
Spendable:										
Restricted:										
Committed	120,689	94,092	130,999	141,541	58,509	70,622				
Assigned	126,996	143,397	263,786	296,976	151,162	151,051				
Unassigned	42,183	46,213	52,682	69,393	81,930	88,072				
Unassigned	(16,842)	(19,547)	(21,184)	(13,939)	(4,420)	(13,759)				
Reserved for Retirement of										
Temporary Financing							8,588	8,835	4,679	7,326
Reserved for Encumbrances							342,310	339,976	339,524	241,394
Restricted - Senior Liquidity Reserve							24,009	24,009	24,009	24,009
Unreserved and Designated for										
Ensuing Year's Budget							35,538	52,785	59,496	53,203
Unreserved:										
Special Revenue Fund							56,481	71,477	65,174	114,954
Capital Fund							(11,774)	(75,019)	(155,310) *	
Nonmajor Special Revenue Funds							(10,353)	(11,348)	(31,613)	(41,132)
Nonmajor Capital Projects Funds							(32,730)	(48,728)	(23,728)	(219,450)
Nonmajor Debt Service Funds							16,295	18,054	21,477	(26,424)
Total All Other Governmental Funds	286,103	276,191	438,407	506,074	298,485	307,162	428,364	380,041	303,708	153,880
Total Governmental Funds	\$ 471,705	\$ 411,423	\$ 519,276	\$ 601,330	\$ 344,074	\$ 351,478	\$ 608,089	\$ 501,284	\$ 434,233	\$ 293,743

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

** Adjustments have been made to the 2014 numbers to show the effects of the prior period adjustment for comparative purposes.

*** Fund balance was restated from prior CAFR's.

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.

¹ 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)**

Revenues	Fiscal Year									
	2016	2015**	2014*	2013***	2012	2011***	2010	2009	2008	2007
Major Governmental Funds										
Interest and Penalties on Taxes	\$ 33,814	\$ 32,661	\$ 30,978	\$ 32,810	\$ 27,988	\$ 28,165	\$ 26,521	\$ 25,998	\$ 26,423	\$ 21,865
Licenses and Permits	19,137	18,755	16,077	18,149	14,338	13,429	10,119	11,529	10,176	10,580
Fines and Forfeits	77,558	62,638	85,822	61,439	44,059	52,542	37,251	24,075	22,019	22,266
Interest Income	1,822	1,342	1,546	1,897	1,808	2,864	3,031	3,374	14,539	29,597
Rents and Recoveries	34,523	27,964	16,615	21,094	31,020	31,440	21,036	23,737	30,921	25,338
Tobacco Settlement Revenue	17,985							15,166	23,000	23,600
Tobacco Receipts										14,500
Departmental Revenue	217,819	171,369	159,630	171,720	167,173	119,601	97,692	98,998	90,673	94,902
Interdepartmental Revenue	85,712	83,002	87,312	89,430	85,515	135,732	156,320	164,334	138,074	133,402
Interfund Revenue	14,112	21,463	37,321	38,298	40,223					
Intergovernmental Charges			163	2,421	2,360					
Federal Aid	296,769	257,954	159,781	131,512	189,495	200,864	228,019	176,743	116,253	123,872
State Aid	221,827	222,322	209,024	207,011	222,753	191,768	177,426	212,556	209,058	201,682
Sales Tax	1,038,156	1,015,752	1,006,373	1,054,095	992,706	952,885	939,610	887,530	936,304	948,937
Preempted Sales Tax in Lieu of Property Taxes	85,929	87,134	84,436	81,150	73,305	70,243	57,565	62,180	62,429	61,629
Property Taxes	928,774	958,350	925,011	924,818	932,682	915,785	807,167	804,766	882,144	882,563
Payments in Lieu of Taxes	48,359	12,305	10,006	10,791	8,583	7,369	6,881	6,158	4,154	7,356
Special Taxes	31,154	33,293	32,614	31,451	29,602	30,485	31,378	32,623	31,726	33,654
Other Revenue	42,490	38,088	13,012	20,669	10,693	20,158	31,727	13,551	13,294	49,606
Total Major Governmental Funds	3,195,940	3,044,392	2,875,721	2,898,755	2,874,303	2,773,330	2,631,743	2,563,318	2,611,187	2,685,349
Nonmajor Governmental Funds										
Fines and Forfeits	1,640	1,572	1,508	1,583	2,762	1,784	1,798	1,718	2,122	1,330
Interest Income	499	240	613	249	412	95	365	2,001	5,105	8,500
Rents and Recoveries	73	62	76	63	716	752	281	761	272	343
Departmental Revenue	3,616	4,054	3,689	3,254	3,239	2,998	3,146	2,782	2,815	2,586
Interdepartmental Revenue			3,432	4,660	11,789	27	102	296	352	349
Interfund Revenue	235	232	230	234	235					
Federal Aid	106,786	91,867	94,926	142,312	171,673	75,777	73,858	65,738	51,831	47,955
State Aid	48,447	43,766	38,993	66,068	18,622	29,211	39,383	35,927	48,433	43,955
Tobacco Proceeds								43,155	29,415	
Tobacco Receipts	37,566	18,598	21,733	19,210	19,222	18,849	19,881	23,889	21,663	21,053
Property Taxes		9,602	9,651	11,276	11,252	11,254	125,038	114,887	7,375	4,128
Special Taxes	1,296	1,354	975	3,376	3,166	2,747	2,641	2,368	3,111	4,027
Other Revenues					17	90	4,242	72	1,629	890
Total Nonmajor Governmental Funds	200,158	171,347	175,826	252,285	243,105	143,584	270,735	293,594	174,123	135,116
Total Revenues	3,396,098	3,215,739	3,051,547	3,151,040	3,117,408	2,916,914	2,902,478	2,856,912	2,785,310	2,820,465
Expenditures										
Major Governmental Funds										
Current:										
Legislative	10,805	11,390	10,689	10,685	10,434	10,308	10,207	10,100	10,118	9,781
Judicial	69,961	66,856	70,562	60,269	60,021	58,090	62,677	47,778	49,998	46,304
General Administration	276,717	247,607	203,134	202,542	306,533	230,251	218,252	227,498	218,324	229,056
Protection of Persons	844,819	831,994	822,351	792,598	789,271	772,530	787,104	731,109	729,558	713,778
Health	181,195	172,940	166,417	169,037	193,133	211,840	204,416	222,934	214,808	216,106
Public Works	289,261	301,537	312,821	305,142	190,872	204,370	184,260	195,203	181,108	185,981
Recreation and Parks	38,853	37,659	35,418	29,938	25,779	27,895	23,282	24,533	34,244	40,863
Social Services	543,937	548,807	562,606	567,330	565,557	585,210	541,844	518,409	516,968	516,968
Corrections	238,422	224,835	225,139	230,565	227,718	252,080	225,207	247,009	205,186	218,509
Education	11,709	11,692	10,680	15,051	4,749	10,362	10,483	9,945	8,656	7,325
Payments for Tax Certiorari	59,221	96,221	133,858	101,080	34,377	68,142	106,483	120,180	115,717	87,251
Aid to Towns and Cities	67,747	66,315								
Other	86,868	62,973	132,202	133,977	142,463	125,795	127,608	116,649	123,649	116,683
Capital Outlay:										
General	189,608	161,955	146,353	111,096	123,371	103,275	118,353	162,473	149,533	124,129
Sewage Districts	162,760	148,236	76,500	23,224	39,932	30,629				
Education	5,776	458	3,465							
Debt Service:										
Principal	89,642	83,489	76,572	73,081	74,208	87,699	98,606	104,015	110,066	126,407
Interest	107,876	97,646	93,070	80,871	77,779	69,934	53,304	38,940	34,885	35,947
Financing Costs	4,481	2,898	2,741	5,030	4,673	3,125	7,069	12,091	4,765	994
Total Major Governmental Funds	3,279,658	3,175,508	3,084,578	2,911,516	2,870,870	2,851,535	2,822,781	2,812,301	2,709,024	2,676,082
Nonmajor Governmental Funds										
Current:										
Legislative	3,663	3,615	4,292	3,756	3,222	2,630	3,816	3,287	3,053	2,968
Judicial	51,753	50,990	29,216	47,297	29,846	33,332	37,116	32,809	33,015	27,125
General Administration	9,271	12,233	10,665	12,632	31,448	11,806	11,009	14,999	8,935	7,951
Health	53,755	50,474	53,856	55,329	51,023	48,880	50,760	49,871	48,377	47,484
Public Works	8,822	15,298	32,246	42,828	84,111	7	5	165	208	208
Recreation and Parks	2,270	1,830	4,137	7,163	7,432	3,803	4,467	1,938	1,784	784
Social Services	16,896	15,569	14,761	13,889	11,941	8,672	8,481	7,131	6,424	5,802
Corrections	1,496	1,443	1,459	2,060	2,164	1,676	1,487	1,669	2,001	2,799
Other								43,155	29,415	
Capital Outlay:										
General County							26,008	30,962	27,801	18,456
Sewage Districts										
Debt Service:										
Principal	165,427	182,769	167,269	158,920	152,380	127,105	112,113	99,891	96,893	83,200
Interest	60,962	75,061	71,783	79,467	108,093	100,718	92,514	111,041	119,144	113,487
Financing Costs	559	1,419			7,126		254	1,954		
Total Nonmajor Governmental Funds	374,315	409,841	391,103	423,341	488,787	338,629	347,771	397,012	378,961	310,264
Total Expenditures	3,653,973	3,585,349	3,475,681	3,334,857	3,359,657	3,190,164	3,170,552	3,209,313	3,087,985	2,986,346
Excess (Deficiency) of Revenues Over (Under) Expenditures	(257,875)	(369,610)	(424,134)	(183,817)	(242,249)	(273,250)	(268,074)	(352,401)	(302,675)	(165,881)

(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									
	2016	2015**	2014*	2013***	2012	2011***	2010	2009	2008	2007
Other Financing Sources (Uses)										
Premium on Bonds	\$ 104,175	\$ 53,793	\$ 72,134	\$ 25,025	\$ 47,095	\$ 9,323	\$ 28,748	\$ 51,339	\$ 8,800	\$ 1,055
EFC Subsidy				(695)			1,141			356
Funding of Residual Trust										(21,073)
Deposited with Escrow Agent for Delinquency								(389,335)	(789,735)	
Transfers In	60,911	65,872	45,146	27,419	41,763	40,604	604,630	641,377	487,053	448,731
Transfers In of Investment Income	1,508	702	898	1,115	1,092	1,063	549	2,144	4,144	6,684
Transfers Out	(60,911)	(65,872)	(45,146)	(27,419)	(41,763)	(40,604)	(604,630)	(641,377)	(487,053)	(448,731)
Transfers Out of Investment Income	(1,508)	(702)	(898)	(1,115)	(1,092)	(1,063)	(549)	(2,144)	(4,144)	(6,684)
Transfers In from NIFA	183,164	182,046	187,163	202,047	214,004	201,429	170,044	183,911	189,852	208,350
Transfers Out to NIFA	(183,164)	(182,046)	(187,163)	(202,047)	(214,004)	(201,429)	(170,044)	(183,911)	(189,852)	(208,350)
Transfers In from SFA										
Transfers Out to SFA	(140,628)	(132,958)	(199,272)	(159,703)	(164,903)	(167,254)	(49,755)	(148,986)	(268,028)	(330,440)
Transfers In from TSC	125	125	125	75	150					
Transfer Out to TSC	(125)	(125)	(125)	(75)	(150)					
Issuance of Notes									50,757	
Issuance of Bonds	260,335	198,535	237,756	365,492	192,147	76,409	344,990	808,205	1,173,343	74,562
Refunding Bonds Issued	272,810	116,310	157,200		317,713					
Payment to Bond Escrow Agent	(319,163)	(106,881)	(129,535)		(314,390)					
Debt Service - Current Refunding NIFA					(8,060)					
Redemption of Notes								(50,757)		
Other Sources				502	340					
Total Financing Sources	318,157	261,757	337,555	390,324	234,845	85,732	374,879	419,452	443,165	54,900
Net Change in Fund Balance	60,282	(107,853)	(86,579)	206,507	(7,404)	(187,518)	106,805	67,051	140,490	(110,981)
Total Fund Balances at Beginning of Year, as restated	411,423	519,276	601,330	394,823	351,478	538,996	501,284	434,233	293,743	404,724
Change in Application of Accounting Principle			4,525							
Total Fund Balances at End of Year	\$ 471,705	\$ 411,423	\$ 519,276	\$ 601,330	\$ 344,074	\$ 351,478	\$ 608,089	\$ 501,284	\$ 434,233	\$ 293,743
Debt Service as a Percentage of Noncapital Expenditures	12.84%	13.41%	12.75%	12.03%	12.87%	13.38%	13.18%	13.00%	13.91%	14.48%

(Concluded)

*Adjustments have been made to the 2014 numbers to show the effects of the prior period adjustment for comparative purposes.

** Reclassifications have been made to the prior year numbers to be comparative to the current year.

***Adjustments have been made to the beginning fund balance to show the effects of a prior period adjustment.

THIS PAGE IS INTENTIONALLY LEFT BLANK

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)**

Fiscal Year	Property Taxes	Sales Tax	Preempted Sales Tax in Lieu of Property Taxes	Payments in Lieu of Taxes	Special Taxes	Total
2016	\$ 928,774	\$ 1,038,156	\$ 85,929	\$ 48,359	\$ 32,450	\$ 2,133,668
2015	967,952	1,015,752	87,134	12,305	34,647	2,117,790
2014	934,662	1,006,373	84,436	10,006	33,589	2,069,066
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

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 Revenue¹	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
2016	\$ 1,124,085	4.25%	\$ 376,441 ***	\$ 31,824 ***	\$ 23,738 ***	\$ 169,130 ***	601,133 **	\$ 928,774	154.50	\$ 212,185,369	0.28%
2015	1,102,886	4.25%	385,351 ***	31,966 ***	40,799 ***	173,471 ***	631,587 **	967,952	153.26	204,607,718	0.31%
2014	1,090,809	4.25%	395,694 ***	32,698 ***	40,520 ***	178,843 ***	647,755 **	934,662	144.29	200,331,933	0.32%
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%

* 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

¹ 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 2006 THROUGH 2015
(Dollars in Thousands)**

	(Tax Rates per \$100 of Assessed Valuation)									
	2015		2014		2013		2012		2011	
	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
County of Nassau *										
General County Government (Net)	\$ 106,381	4.58/38.62	\$ 80,510	1.86/33.43	\$ 117,108	6.81/37.37	\$ 120,039	11.36/39.25	\$ 174,507	11.36/39.25
Police District	367,975	58.76/123.15	361,727	57.60/120.75	358,716	56.72/120.4	369,985	46.83/124.88	364,489	46.83/124.88
Police Headquarters	342,069	32.91/66.18	348,868	32.75/65.99	313,707	30.56/56.97	299,057	20.62/38.72	245,666	20.62/38.72
Fire Prevention	15,852	1.54/3.09	15,945	1.51/3.04	15,258	1.50/2.79	15,251	1.32/2.48	15,654	1.32/2.48
Community College	52,207	4.99/10.04	52,207	4.87/9.82	52,207	5.05/9.42	52,207	4.34/8.15	52,207	4.34/8.15
Sewer & Storm Water District Fund	123,494	1.45/69.32	117,271	1.59/61.58	117,271	1.41/48.61	117,271	1.37/54.89	119,032	1.37/54.89
Parks & Recreation										
Environmental Bond	9,607	.94/1.88	9,671	.92/1.85	11,250	1.11/2.07	11,250	.95/1.79	11,250	.95/1.79
Total County of Nassau	1,017,585	15.82%	986,199	15.73%	985,517	16.10%	985,060	16.42%	982,805	16.81%
Town and City Governments										
	320,740	2.23/81.39	298,138	.82/53.93	288,718	.80/51.33	288,795	.78/44.83	268,602	.78/44.83
		4.99%		4.75%		4.72%		4.82%		4.59%
Incorporated Village Governments										
	461,889	.003/334.29	451,152	.003/321.00	439,677	.003/293.08	428,901	.003/232.85	420,196	.003/232.85
		7.18%		7.20%		7.18%		7.15%		7.19%
School Districts										
	4,041,334	17.86/1324.40	3,951,434	1.76/1245.14	3,841,766	1.73/1141.66	3,746,069	1.65/880.89	3,619,714	1.65/880.89
		62.83%		63.04%		62.77%		62.46%		61.90%
Special Districts										
Fire	115,293	4.69/188.78	113,417	4.67/186.72	111,346	4.78/183.68	108,892	3.47/137.49	106,817	3.47/137.49
Fire Protection	19,914	1.52/127.69	19,981	1.75/127.39	19,579	1.72/193.77	19,113	1.76/132.45	18,989	1.76/132.45
Garbage, Refuse and Sanitary	226,019	6.85/91.35	220,218	6.30/144.09	213,956	6.31/150.28	209,324	.86/138.60	222,634	.86/138.6
Lighting	19,016	1.62/9.43	17,044	1.54/8.28	16,216	1.52/8.30	17,497	1.34/8.70	17,052	1.34/8.70
Park	90,840	2.27/256.02	92,373	2.27/293.82	90,620	2.25/329.33	86,288	1.83/237.36	87,307	1.83/237.36
Parking and Improvement	55,726	.19/236.97	52,659	.14/231.45	50,351	.14/210.46	50,048	.11/203.23	47,406	.11/203.23
Sewage – Special	18,933	.00/129.78	18,698	.00/134.77	16,295	.00/134.86	15,649	.00/150.60	14,812	.00/150.6
Water	44,892	.21/122.75	47,102	1.61/118.88	46,363	1.68/131.47	41,837	.05/160.71	41,110	.05/160.71
Total Special Districts	590,633	9.18%	581,492	9.28%	564,726	9.23%	548,648	9.15%	556,127	9.51%
Totals	\$ 6,432,181		\$ 6,268,415		\$ 6,120,404		\$ 5,997,473		\$ 5,847,444	
	100%		100%		100%		100%		100%	

* 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 2015 is the most recent data available.

Sources: Various County, Towns, Schools, and Special Districts

(Continued)

EXHIBIT T-8

COUNTY OF NASSAU, NEW YORK

**PROPERTY TAX LEVIES AND TAX RATES,
DIRECT AND OVERLAPPING GOVERNMENTS
FOR THE FISCAL PERIODS ENDED IN 2006 THROUGH 2015
(Dollars in Thousands)**

	2010		2009		2008		2007		2006	
	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
County of Nassau *										
General County Government (Net)	\$ 162,839	12.69/ 30.75	\$ 156,498	13.73/ 31.19	\$ 145,858	14.53/ 30.78	\$ 123,962	14.08/ 28.70	\$ 80,016	6.09/ 24.63
Police District	343,354	46.16/ 123.51	345,036	49.18/ 138.64	332,326	49.52/ 146.55	331,640	52.41/ 160.16	333,627	31.05/ 190.84
Police Headquarters	279,980	24.83/ 37.70	289,074	27.92/ 40.19	279,632	29.96/ 40.14	287,070	34.38/ 43.10	258,050	21.87/ 43.55
Fire Prevention	15,401	1.38/ 2.09	15,466	1.51/ 2.17	15,555	1.68/ 2.25	15,699	1.90/ 2.38	15,850	1.35/ 2.02
Community College	52,207	4.59/ 6.97	52,207	4.92/ 7.18	50,247	5.33/ 7.19	48,361	5.73/ 7.19	46,546	3.91/ 7.78
Sewer & Storm Water District Fund	116,032	1.40/ 98.62	110,032	1.40/ 47.93	103,932	1.03/ 41.09	118,932	1.03/ 140.70	138,932	.71/ 211.49
Parks & Recreation									51,168	4.60/ 9.15
Environmental Bond	9,000	.81/ 1.23	4,850	.49/ 0.70	7,375	.81/ 1.09	4,128	.52/ 0.65		
Total County of Nassau	978,813		973,163		934,925		929,792		924,189	
	17.01%		17.17%		17.43%		17.96%		18.55%	
Town and City Governments										
	250,961	.61/ 42.69	247,128	.55/ 41.40	231,735	.54/ 38.12	220,779	.53/ 36.56	206,090	.47/ 42.22
	4.36%		4.36%		4.32%		4.27%		4.14%	
Incorporated Village Governments										
	406,839	.003/ 213.97	423,741	.10/ 214.35	383,097	.10/ 214.90	367,733	.14/ 203.37	367,408	.11/ 116.09
	7.07%		7.48%		7.14%		7.11%		7.37%	
School Districts										
	3,575,807	1.30/ 809.20	3,480,489	1.20/ 893.76	3,309,803	1.18/ 980.37	3,167,626	1.18/ 1005.38	3,010,688	1.31/ 1106.35
	62.13%		61.41%		61.70%		61.20%		60.43%	
Special Districts										
Fire	104,341	3.10/ 650.83	109,452	3.78/ 600.86	101,065	3.93/ 450.52	96,001	4.37/ 421.75	97,873	2.96/ 505.37
Fire Protection	18,183	1.68/ 131.58	18,291	1.68/ 128.10	17,524	2.38/ 131.56	16,882	2.88/ 145.37	15,853	1.16/ 132.98
Garbage, Refuse and Sanitary	225,586	.66/ 141.84	222,555	.58/ 156.28	207,014	.59/ 176.34	201,869	.51/ 179.01	191,776	.29/ 192.98
Lighting	16,642	1.30/ 8.64	17,125	1.30/ 10.02	15,972	1.30/ 10.10	15,358	1.26/ 11.54	14,525	.92/ 12.72
Park	78,464	1.65/ 213.28	78,164	1.74/ 222.96	68,345	.75/ 85.75	67,036	.89/ 78.40	64,291	.49/ 83.64
Parking and Improvement	46,497	.08/ 310.03	45,862	.09/ 273.43	44,294	.08/ 231.66	43,807	.11/ 268.51	42,116	.06/ 299.60
Sewage - Special	14,553	.00/ 149.46	13,602	.00/ 189.64	14,809	.00/ 218.93	13,776	.00/ 319.84	12,866	.00/ 224.17
Water	38,548	.05/ 78.54	38,095	.05/ 82.41	35,546	.00/ 88.52	34,975	.00/ 154.17	34,295	.00/ 143.57
Total Special Districts	542,814		543,146		504,569		489,704		473,595	
	9.43%		9.58%		9.41%		9.46%		9.51%	
Totals	\$ 5,755,234		\$ 5,667,667		\$ 5,364,129		\$ 5,175,634		\$ 4,981,970	
	100%		100%		100%		100%		100%	

(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	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
KEYSPAN	\$ 15,590	1	2.59%	\$ 6,325	2	0.59%
Verizon	4,660	2	0.78%	5,762	3	0.54%
Retail Property Trust	3,888	3	0.65%	2,484	4	0.23%
E Q K Green Acres LP	2,314	4	0.38%	2,316	5	0.22%
Long Island Power Authority	2,033	5	0.34%	16,413	1	1.54%
Long Island Water Corp.	2,008	6	0.33%			
People of the State of New York (formerly Greater NY Assoc & NYRA)	1,312	7	0.22%			
Sunrise Mall LLC	1,048	8	0.17%			
Rexcorp Plaza Spe LLC (formerly Galaxy LJ Assoc LLC)	973	9	0.16%	1,594	8	0.15%
Fifth Avenue of LJ Realty Associates	935	10	0.16%			
Reckson Association				2,041	7	0.19%
GG & A Broadway Partners LLC				1,541	9	0.14%
We're Associates				1,272	10	0.12%
CLK-HP				2,072	6	0.19%
Totals	\$ 34,761		5.78%	\$ 41,820		3.91%

* 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

EXHIBIT T-9**COUNTY OF NASSAU, NEW YORK****PRINCIPAL SOURCES OF OWN SOURCE REVENUE**

Taxable Sales by Industry**
12/2015 - 11/2016
(Dollars in Thousands)

Industry	2016		
	Tax Base	Rank	Percentage of Total Tax Base
Retail Trade	\$ 15,100,081	1	58.836%
Accommodation and Food Services	2,842,173	2	11.074%
Information	1,351,137	3	5.264%
Wholesale Trade	1,294,773	4	5.045%
Other Services	869,453	5	3.388%
Manufacturing	730,609	6	2.847%
Administrative Support and Waste Management and Remediation	692,635	7	2.699%
Utilities	527,932	8	2.057%
Real Estate and Rental and Leasing	504,647	9	1.966%
Professional, Scientific, and Technical	502,669	10	1.959%
Construction	460,367	11	1.794%
Arts, Entertainment, and Recreation	369,168	12	1.438%
Finance and Insurance	122,631	13	0.478%
Transportation and Warehousing	103,234	14	0.402%
Unclassified	73,979	15	0.288%
Health Care and Social Assistance	42,844	16	0.167%
Management of Companies and Enterprises	36,383	17	0.142%
Educational Services	13,164	18	0.051%
Public Administration	12,180	19	0.047%
Agriculture, Forestry, Fishing and Hunting	11,121	20	0.043%
Mining, Quarrying, and Oil and Gas Extraction	3,924	21	0.015%
Totals	\$ 25,665,104		100.00%

Taxable Sales by Industry**
3/2007 - 2/2008
(Dollars in Thousands)

Industry	2007		
	Tax Base	Rank	Percentage of Total Tax Base
Retail Trade	\$ 10,553,521	1	53.191%
Accommodation and Food Services	2,036,319	2	10.263%
Wholesale Trade	1,528,351	3	7.703%
Information	1,336,466	4	6.736%
Ag., Mining, Trans., FIRE, Educ., Govt.	845,518	5	4.262%
Utilities	648,012	6	3.266%
Administrative/Support Services	576,070	7	2.903%
Other Services	548,344	8	2.764%
Construction	385,769	9	1.944%
Manufacturing	365,367	10	1.842%
Arts, Entertainment, and Recreation	405,931	11	2.046%
Professional, Scientific, and Technical	314,030	12	1.583%
Unclassified by Industry	263,839	13	1.330%
Health Care	33,083	14	0.167%
Totals	\$ 19,840,620		100.00%

**Because Methodologies, NAICS Categorizations, and classifications have changed in 2014, a side by side comparison is not suitable so we have presented both 2016 and 2007 as stand alone schedules.

Source: New York State Department of Taxation and Finance

EXHIBIT T-10

COUNTY OF NASSAU, NEW YORK

CONSTITUTIONAL TAX MARGIN INFORMATION

December 31, 2016

(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:*

2016 Full Valuation	\$	212,185,369
2015 Full Valuation		204,607,718
2014 Full Valuation		200,331,933
2013 Full Valuation		205,075,616
2012 Full Valuation		<u>217,753,867</u>

1,039,954,503

Average Full Valuation

207,990,901

Constitutional Tax Margin:

Constitutional Limit of Real Property Taxation, 2% of Average Full Valuation

4,159,818

Add: Exclusions for Debt Service

156,330

Maximum Taxing Authority

\$ 4,316,148

2016 Tax Levies:

General County Government

\$ 157,726

Less: Sales Tax Allocation Credit and Other Adjustments

90,980

General County Government - net

66,746

Police District

374,663

Fire Prevention, Safety, Communication and Education

16,069

Community College

50,939

Total 2016 Tax Levies which are subject to the Maximum Taxing Authority

508,417

Percentage of Taxing Authority Exhausted

11.78%

Constitutional Tax Margin

\$ 3,807,731

Constitutional Tax Margin as a Percentage of Maximum Taxing Authority

88.22%

* 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)

Fiscal Year Beginning January 1	Total Ad Valorem or General Property Tax Levy	Amount Collected at End of Fiscal Year December 31	Percentage Collected at End of Fiscal Year December 31	Amount Collected in Subsequent Years	Amount Collected to Date as of December 31, 2016	Percentage Collected to Date at December 31
2016	\$ 1,824,406	\$ 1,804,133	98.8888%	\$	\$ 1,804,133	98.8888%
2015	1,869,692	1,847,054	98.7892%	20,272	1,849,420	98.9158%
2014	1,805,047	1,782,328	98.7414%	22,719	1,782,328	98.7414%
2013	1,781,105	1,758,687	98.7413%	22,418	1,758,687	98.7413%
2012	1,764,591	1,740,789	98.6511%	23,802	1,740,789	98.6511%
2011	1,753,993	1,729,756	98.6182%	24,237	1,729,756	98.6182%
2010	1,719,446	1,696,405	98.6600%	23,041	1,696,405	98.6600%
2009	1,710,828	1,684,918	98.4855%	25,910	1,684,918	98.4855%
2008	1,620,669	1,601,364	98.8088%	19,305	1,601,364	98.8088%
2007	1,592,436	1,574,231	98.8568%	18,205	1,574,231	98.8568%

THIS PAGE IS INTENTIONALLY LEFT BLANK

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)

Fiscal Year	General Obligation Bonds (c)	Sewage Purpose Bonds	State Water Pollution Control Revolving Fund Revenue Bonds	Nassau County Sewer and Storm Water Finance Authority Notes Payable	Sales Tax Secured Bonds, NIFA	Nassau County Sewer and Storm Water Finance Authority System Revenue Bonds	Tobacco Settlement Asset- Backed Bonds, Series A
2016	\$ 2,328,291	\$ 41,590	\$ 73,539	\$	\$ 835,250	\$ 168,336	\$ 455,906
2015	2,087,969	43,895	81,596		979,321	180,528	466,649
2014	1,941,020	48,915	89,620		1,140,752	185,455	460,832
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

(Continued)

- (a) 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.
- (b) For years prior to 2011, debt amounts do not include premiums and discounts.
- (c) 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.

N/A Not available

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)**

Fiscal Year	Total Serial Bonds - NIFA, NCSSWFA, NCTSC	Capital Leases	Total Outstanding Debt	Taxable Assessed Valuation	Percentage of Debt to Taxable Assessed Valuation	Debt Per Capita	Percentage of Debt to Total Personal Income	Percentage of Debt to Estimated Total Full Valuation
2016	\$ 1,459,492	\$ 4,575	\$ 3,907,487	\$ 601,133 (a)	650.02%	2,869	N/A	1.84%
2015	1,626,498	4,797	3,844,755	631,587 (a)	608.75%	2,825	3.63%	1.88%
2014	1,787,039	4,981	3,871,575	647,755 (a)	597.69%	2,849	3.87%	1.93%
2013	1,882,995	5,132	3,723,718	663,136 (a)	561.53%	2,754	3.80%	1.82%
2012	2,048,201	5,254	3,565,019	716,005 (a)	497.90%	2,643	3.73%	1.64%
2011	2,134,823	5,351	3,486,764	771,318 (a)	452.05%	2,606	3.84%	1.60%
2010	2,256,522	5,426	3,618,446 (b)	837,452 (a)	432.08%	2,655	4.05%	1.43%
2009	2,363,958	5,482	3,477,994 (b)	818,797 (a)	424.77%	2,557	3.99%	1.35%
2008	2,493,259	5,522	3,256,148 (b)	778,704 (a)	418.15%	2,400	3.48%	1.25%
2007	2,471,490	5,550	3,140,246 (b)	728,595 (a)	431.00%	2,318	3.51%	1.29%

(Concluded)

EXHIBIT T-13

COUNTY OF NASSAU, NEW YORK

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	Net General Obligation Bonds (Expressed in Thousands) (a)	Percentage of Estimated Actual Full Valuation of Property	Per Capita
2016	\$ 3,097,022	1.46%	2,274
2015	3,006,143	1.47%	2,209
2014	3,005,422	1.50%	2,211
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

(a) This amount includes General Obligation Bonds of Nassau County and Sales Tax Secured Bonds of NIFA, less amounts restricted for the specific repayment of the debt service of these bonds.

(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 2016*

(Dollars in Thousands)

	Taxable Assessed Valuation, Real Property	Taxable Assessed Valuation, Special Franchises	Total Taxable Assessed Valuation	State Equali- zation Rate	Estimated Actual Taxable Full Valuation**	
Town of Hempstead	\$ 267,017	\$ 8,961	\$ 275,978	0.29 %	\$ 95,164,751	**
Town of North Hempstead	145,659	2,732	148,391	0.28 %	52,996,942	**
Town of Oyster Bay	146,189	3,545	149,734	0.27 %	55,456,968	**
City of Long Beach	14,519	349	14,868	0.34 %	4,372,917	**
City of Glen Cove	11,735	427	12,162	0.29 %	4,193,791	**
	<u>\$ 585,119</u>	<u>\$ 16,014</u>	<u>\$ 601,133</u>		<u>\$ 212,185,369</u>	

* Last completed assessed valuation fixed in 2015 on which the 2016 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.

** Final numbers for each property may not calculate exactly because of rounding

EXHIBIT T-15

COUNTY OF NASSAU, NEW YORK

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollars in Thousands)**

	2016	2015	2014	2013	2012	Fiscal Year		2010	2009	2008	2007
						2011					
Debt Limit (10% of Average Full Valuation)*	\$ 20,799,090	\$ 20,922,152	\$ 21,887,086	\$ 23,021,530	\$ 24,140,657	\$ 24,670,359	\$ 24,549,866	\$ 23,368,973	\$ 21,824,049	\$ 19,822,275	
Total Net Debt Applicable to Limit	3,618,014	3,565,559	3,367,352	3,225,002	3,111,737	3,215,298	3,246,603	3,211,256	3,115,417	3,140,619	
Legal Debt Margin	\$ 17,181,076	\$ 17,356,593	\$ 18,519,734	\$ 19,796,528	\$ 21,028,920	\$ 21,455,061	\$ 21,303,263	\$ 20,157,717	\$ 18,708,632	\$ 16,681,656	
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	17.40%	17.04%	15.39%	14.01%	12.89%	13.03%	13.22%	13.74%	14.28%	15.84%	

Legal Debt Margin Calculation for Fiscal Year 2016

Average Full Valuation	\$ 207,990,901
Debt Limit (10% of Average Full Valuation)	20,799,090
Debt Applicable to Limit:**	
General Government (Including College)***	\$ 2,129,111
NIFA Serial Bonds	783,650
Sewer District	41,590
Environmental Facilities Corporation	73,539
Notes Payable	361,885
Real Property Liabilities	8,657
Guarantees	222,205
Contract Liabilities	660,379
Total Debt Applicable to Limit	4,281,016
Less: Legal Exclusions	
Cash and Investments - Capital Funds	405,182
Tax and Revenue Anticipation Notes Payable	257,820
Less: Total Exclusions	663,002
Total Net Debt Applicable to Limit	3,618,014
Legal Debt Margin	\$ 17,181,076

Calculation of 2016 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 2012 Through 2016.

2016 Full Valuation	\$ 212,185,369
2015 Full Valuation	204,607,718
2014 Full Valuation	200,331,933
2013 Full Valuation	205,075,616
2012 Full Valuation	217,753,867
Total Five Year Valuation	\$ 1,039,954,503

Five Year Average Full Valuation	\$ 207,990,901
-------------------------------------	----------------

Constitutional Debt Margin: Constitutional Limit of Total Indebtedness, 10% Average Full Valuation	\$ 20,799,090
---	---------------

* 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, 2016 are unaudited. The last audit conducted on behalf of the Community College was for the fiscal year ended August 31, 2016.

EXHIBIT T-16

COUNTY OF NASSAU, NEW YORK

PLEDGED-REVENUE COVERAGE

LAST TEN FISCAL YEARS

(Dollars in Thousands, Except for Coverage)

Fiscal Year	Sales Tax Paid to NIFA	NIFA Sales Tax Secured Bonds		Coverage
		Debt Service		
		Principal	Interest	
2016	\$ 1,063,123	\$ 137,956	\$ 34,728	6.16
2015	1,038,725	178,970	49,126	4.55
2014	1,026,856	140,642	45,405	5.52
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

THIS PAGE IS INTENTIONALLY LEFT BLANK

DEMOGRAPHIC AND ECONOMIC INFORMATION

EXHIBIT T-17

COUNTY OF NASSAU, NEW YORK

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Year	Population (In Thousands) (a) (b)	Total Personal Income (In Thousands)	Per Capita Personal Income (c)	Unemployment Rate (d)
2016	1,362	\$ N/A	\$ N/A	3.9%
2015	1,361	105,834,082	77,762	4.3%
2014	1,359	100,046,862	73,618	4.8%
2013	1,352	98,086,248	72,549	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%

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

N/A - Not Available

EXHIBIT T-18**COUNTY OF NASSAU, NEW YORK****PRINCIPAL EMPLOYMENT BY SECTOR
CURRENT YEAR AND NINE YEARS AGO**

Employment Sector	2016			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Health Care and Social Assistance	126,215	1	20.52%	99,628	1	15.71%
Retail Trade	79,774	2	12.97%	81,504	3	12.85%
Government*	65,840	3	10.71%	82,396	2	13.00%
Accommodation and Food Services	50,140	4	8.15%	39,635	5	6.25%
Professional and Technical Services	38,535	5	6.27%	37,426	6	5.90%
Administrative and Support and Waste Management	33,517	6	5.45%	32,510	7	5.13%
Construction	31,184	7	5.07%	30,134	8	4.75%
Finance and Insurance	29,790	8	4.84%	65,803	4	10.38%
Other Services	29,429	9	4.79%	26,633	10	4.20%
Wholesale Trade	26,765	10	4.35%	29,797	9	4.70%
Educational Services	18,628	11	3.03%	19,107	12	3.01%
Manufacturing	17,131	12	2.79%	24,649	11	3.89%
Transportation and Warehousing	15,059	13	2.45%	15,405	13	2.43%
Arts, Entertainment, and Recreation	14,156	14	2.30%	11,846	15	1.87%
Real Estate and Rental and Leasing	10,710	15	1.74%	10,425	16	1.64%
Information	10,436	16	1.70%	14,641	14	2.31%
Management of Companies and Enterprises	7,433	17	1.21%	6,938	17	1.09%
Total	604,742		98.34%	628,477		99.11%

* 2016 Government consists of 57,094 Local Govt, 5,256 Federal, and 3,490 State Employees

2007 Government consists of 72,267 Local Govt, 6,352 Federal, and 3,777 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									
	2016(P)	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total, All Industries	615,091	612,767	604,713	596,302	580,868	586,117	582,504	581,562	600,942	634,040
Total, All Private	549,251	534,744	526,880	519,169	514,920	504,888	499,252	497,996	517,164	551,644
Agriculture, Forestry, Fishing & Hunting	210	173	175	173	229	207	209	217	256	243
Crop Production	33	26	25	24	65	65	67	74	74	76
Animal Production	74	65	66	59	63	60	59	54	52	52
Fishing, Hunting and Trapping	3	4	7	6	9	8	6	8	11	11
Agriculture & Forestry Support Activity	100	78	77	84	92	74	77	81	119	104
Mining	8	0	2	3	4	8	6	7	3	4
Mining	8	0	2	3	4	8	6	7	3	4
Utilities	3,910	3,757	3,637	2,465	2,485	2,546	2,631	2,654	2,692	2,688
Utilities	3,910	3,757	3,637	2,465	2,485	2,546	2,631	2,654	2,692	2,688
Construction	31,184	29,275	28,556	27,360	25,730	24,614	25,309	27,650	30,844	30,134
Construction of Buildings	7,575	7,201	6,948	6,831	6,220	6,218	6,865	7,512	8,438	7,816
Heavy and Civil Engineering Construction	2,419	2,205	1,923	1,828	1,879	1,699	1,729	1,830	1,677	1,807
Specialty Trade Contractors	21,190	19,869	19,685	18,701	17,631	16,697	16,715	18,308	20,729	20,511
Manufacturing	17,131	17,527	17,794	18,684	19,003	19,002	19,497	21,001	23,417	24,649
Food Manufacturing	2,827	2,942	2,844	2,784	2,775	2,627	2,560	2,539	2,543	2,425
Beverage & Tobacco Product Manufacturing	105	88	75	84	90	65	51	28	41	43
Textile Mills	33	30	47	69	80	96	109	116	120	114
Textile Product Mills	245	223	199	183	190	182	190	254	280	294
Apparel Manufacturing	207	250	253	251	293	326	313	338	375	350
Leather and Allied Product Manufacturing			34	34	44	43	34	34		
Wood Product Manufacturing	163	195	160	236	205	233	254	294	337	371
Paper Manufacturing	159	182	195	188	210	210	215	302	404	446
Printing and Related Support Activities	1,100	1,079	1,110	1,196	1,166	1,228	1,456	1,870	2,102	2,245
Petroleum & Coal Products Manufacturing			14		15	29	30	32	31	32
Chemical Manufacturing	984	992	1,030	1,179	1,256	891	922	1,091	1,239	1,341
Plastics & Rubber Products Manufacturing	930	869	831	886	804	831	954	1,028	996	1,155
Nonmetallic Mineral Product Mfg	489	450	435	372	394	262	291	306	319	322
Primary Metal Manufacturing	90	112	110	116	92	92	99	100	164	175
Fabricated Metal Product Manufacturing	2,093	2,141	2,104	2,100	2,162	2,205	2,326	2,349	2,518	2,720
Machinery Manufacturing	1,921	2,176	2,197	2,435	2,489	2,843	2,778	2,954	3,334	3,316
Computer and Electronic Product Mfg	2,136	2,137	2,180	2,231	2,289	2,279	2,257	2,231	2,626	3,174
Electrical Equipment and Appliances	481	450	361	366	360	357	361	440	593	478
Transportation Equipment Manufacturing	1,048	1,166	1,600	1,981	2,118	2,233	2,201	2,372	2,407	2,475
Furniture and Related Product Mfg	794	803	781	788	722	692	738	812	958	1,024
Miscellaneous Manufacturing	1,326	1,233	1,234	1,239	1,249	1,278	1,358	1,511	2,030	2,149
Wholesale Trade	26,765	27,689	27,320	27,484	26,937	26,874	26,707	26,965	29,102	29,797
Merchant Wholesalers, Durable Goods	13,562	14,120	13,788	13,781	13,194	13,387	13,649	13,832	15,025	15,470
Merchant Wholesalers, Nondurable Goods	10,674	10,956	10,928	10,748	10,754	10,578	10,252	10,256	10,987	10,856
Electronic Markets and Agents/Brokers	2,529	2,613	2,604	2,955	2,989	2,909	2,806	2,877	3,090	3,471
Retail Trade	79,774	80,002	79,777	78,730	77,149	76,742	75,890	75,801	81,075	81,504
Motor Vehicle and Parts Dealers	7,170	7,140	6,935	6,732	6,635	6,354	6,121	6,060	6,887	7,322
Furniture and Home Furnishings Stores	2,988	3,049	3,026	3,040	3,419	3,280	3,226	3,412	4,175	4,004
Electronics and Appliance Stores	3,246	3,541	3,355	3,230	3,301	3,474	3,293	3,148	3,372	2,988
Building Material & Garden Supply Stores	5,680	5,472	5,531	5,486	4,708	4,718	4,716	4,725	5,218	5,427
Food and Beverage Stores	18,027	17,862	17,617	16,954	17,057	16,676	16,181	16,071	15,899	15,990
Health and Personal Care Stores	6,750	6,704	6,794	6,965	6,851	6,638	7,021	7,069	7,358	7,167
Gasoline Stations	1,502	1,511	1,465	1,456	1,570	1,560	1,493	1,488	1,473	1,526
Clothing and Clothing Accessories Stores	9,915	9,914	9,923	10,099	10,085	9,974	10,836	10,701	13,635	13,642
Sporting Goods/Hobby/Book/Music Stores	3,773	3,775	3,619	3,394	3,299	3,294	3,393	3,283	3,522	3,556
General Merchandise Stores	13,433	14,008	14,540	14,450	13,321	14,009	12,746	12,745	11,986	12,031
Miscellaneous Store Retailers	3,732	3,526	3,625	3,572	4,064	3,673	3,704	3,976	4,286	4,542
Nonstore Retailers	3,558	3,500	3,347	3,352	2,839	3,092	3,158	3,123	3,264	3,309
Transportation and Warehousing	15,059	15,260	15,185	15,515	14,526	14,763	14,839	14,856	15,146	15,405
Air Transportation	429	401	451	460	488	504	496	415	432	450
Water Transportation	431	450	468	485	622	642	693	604	662	648
Truck Transportation	2,422	2,245	2,239	2,225	2,115	1,944	1,907	1,867	2,161	2,268
Transit and Ground Passenger Transport	4,426	5,094	5,187	5,636	4,755	4,502	4,670	4,736	4,827	4,612
Pipeline Transportation			3		3					
Scenic and Sightseeing Transportation	118	66	75	48	95	48	33	58	64	69
Support Activities for Transportation	3,747	3,575	3,470	3,379	3,309	3,247	2,974	2,995	3,366	3,366
Postal Service Contractors		5	8		49					
Couriers and Messengers	2,757	2,679	2,609	2,587	2,488	3,307	3,414	3,526	2,769	3,000
Warehousing and Storage	729	745	675	695	602	569	652	655	865	992
Information	10,436	10,989	11,906	13,424	13,558	13,663	14,164	13,908	14,319	14,641
Publishing Industries	1,563	1,575	1,913	2,083	2,249	2,327	2,442	2,262	2,522	2,763
Motion Picture & Sound Recording Ind	829	797	831	1,593	1,886	1,784	1,824	1,664	1,689	1,769
Broadcasting (except Internet)	638	624	650	4,500	4,775	4,505	4,769	4,821	4,654	4,613
Internet Publishing and Broadcasting				384	2,879	3,203	3,296	3,242	3,539	3,812
Telecommunications	5,897	6,426	6,761	3,001	1,104	1,067	1,104	1,275	1,328	1,148
ISPs, Search Portals, & Data Processing	1,027	1,034	1,027	1,112	665	687	729	644	587	536
Other Information Services	482	533	724	751						
Finance and Insurance	29,790	31,128	31,253	31,070	31,094	30,451	30,103	31,383	33,603	65,803
Credit Intermediation & Related Activity	9,441	10,491	10,714	10,801	10,792	10,377	9,711	10,077	11,495	13,292
Financial Investment & Related Activity	3,405	3,580	3,477	3,458	3,667	3,910	4,086	4,141	4,359	4,359
Insurance Carriers & Related Activities	16,821	16,948	17,017	16,765	16,092	15,628	15,771	16,624	17,260	47,638
Funds, Trusts & Other Financial Vehicles	123	109	45	46	543	536	533	541	489	514

(Continued)

EXHIBIT T-19

COUNTY OF NASSAU, NEW YORK

**ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY
LAST TEN FISCAL YEARS**

Industry Title	Fiscal Year									
	2016(P)	2015	2014	2013	2012	2011	2010	2009	2008	2007
Real Estate and Rental and Leasing	10,710	10,391	10,317	9,747	9,953	9,627	9,489	9,748	10,224	10,425
Real Estate	9,155	8,988	8,643	8,258	8,465	8,317	8,171	8,387	8,640	8,790
Rental and Leasing Services	1,479	1,351	1,540	1,362	1,352	1,191	1,211	1,255	1,470	1,524
Lessors, Nonfinancial Intangible Assets	76	52	134	127	136	119	107	106	114	111
Professional and Technical Services	38,535	38,448	37,771	36,605	35,128	34,173	34,098	34,757	36,513	37,426
Professional and Technical Services	38,535	38,448	37,771	36,605	35,128	34,173	34,098	34,757	36,513	37,426
Management of Companies and Enterprises	7,433	6,716	6,604	6,462	6,976	6,501	6,776	6,891	7,059	6,938
Management of Companies and Enterprises	7,433	6,716	6,604	6,462	6,976	6,501	6,776	6,891	7,059	6,938
Administrative and Waste Services	33,517	30,508	30,086	29,443	29,897	28,819	27,421	29,300	31,691	32,510
Administrative and Support Services	31,872	29,093	28,747	28,126	28,604	27,538	26,109	28,240	30,650	31,502
Waste Management and Remediation Service	1,645	1,415	1,339	1,317	1,293	1,281	1,312	1,060	1,041	1,008
Educational Services	18,628	20,305	19,864	19,900	18,722	19,678	19,651	19,437	19,411	19,107
Educational Services	18,628	20,305	19,864	19,900	18,722	19,678	19,651	19,437	19,411	19,107
Health Care and Social Assistance	126,215	120,248	115,383	114,014	113,640	114,455	111,494	104,276	101,880	99,628
Ambulatory Health Care Services	47,687	46,675	44,813	43,828	43,192	42,156	41,984	40,866	39,830	38,866
Hospitals	43,057	39,271	36,749	37,333	37,888	38,761	36,727	31,716	30,394	29,314
Nursing and Residential Care Facilities	13,898	13,472	13,484	13,435	14,450	14,706	14,854	14,746	14,962	15,395
Social Assistance	21,573	20,830	20,337	19,418	18,110	18,832	17,929	16,948	16,694	16,053
Arts, Entertainment, and Recreation	14,156	11,910	11,911	11,842	13,462	11,199	11,357	11,616	12,077	11,846
Performing Arts and Spectator Sports	3,689	3,715	4,026	4,070	4,233	3,910	4,057	3,959	4,239	4,075
Museums, Parks and Historical Sites	367	319	324	326	331	317	309	426	425	369
Amusement, Gambling & Recreation Ind	10,100	7,876	7,561	7,446	8,898	6,972	6,991	7,231	7,413	7,402
Accommodation and Food Services	50,140	48,220	47,179	45,983	45,677	41,661	40,231	38,591	38,946	39,635
Accommodation	2,484	2,359	2,380	2,472	2,693	2,340	2,341	2,176	2,272	2,400
Food Services and Drinking Places	47,656	45,861	44,799	43,511	42,984	39,321	37,890	36,415	36,674	37,235
Other Services	29,429	29,201	28,911	27,984	27,535	27,460	27,169	26,761	27,061	26,633
Repair and Maintenance	6,585	6,660	6,595	6,398	6,400	6,581	6,610	6,229	6,287	6,295
Personal and Laundry Services	13,091	12,309	11,885	11,186	10,998	10,812	10,566	10,408	10,317	10,092
Membership Organizations & Associations	7,978	8,467	8,572	8,596	8,200	8,224	8,197	8,334	8,590	8,136
Private Households	1,775	1,765	1,859	1,804	1,937	1,843	1,796	1,790	1,867	2,110
Total, All Government	65,840	78,023	77,833	77,133	65,948	81,229	83,252	83,566	83,778	82,396
Federal Government	5,256	5,201	5,155	5,218	5,224	5,468	6,174	6,122	6,256	6,352
State Government	3,490	3,143	3,107	2,220	3,550	3,644	3,770	3,825	3,802	3,777
Local Government	57,094	69,679	69,571	69,695	57,174	72,117	73,308	73,619	73,720	72,267
Unclassified	6,221	2,997	3,249	2,281	3,215	2,445	2,211	2,177	1,845	2,628

(Concluded)

(P) Data for 2016 is Preliminary 2nd Quarter Data and subject to revision.

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.

THIS PAGE IS INTENTIONALLY LEFT BLANK

OPERATING INFORMATION

EXHIBIT T-20

COUNTY OF NASSAU, NEW YORK

COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year														
	2016			2015			2014			2013			2012		
	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	83	3	33	84	6	21	87	3	38	86	1	31	88	2	35
Judicial															
District Attorney	381	9		363	8		374	5		379	4		373	2	
Public Administrator	6			6			6			6			6		
Traffic Violations Bureau	46	44		46	36		47	40		43	28		43	28	
General Administration															
Assessment	129	2		136	2		147	1		154			157		
Assessment Review Commission	29	2		30	1		29	1		29	1		29		
Board of Elections	162	39	45	157	42	37	166	45	33	160	51	37	148	58	38
Civil Service	52	39	1	53	38	1	53	38	1	53	36	1	54	36	1
County Attorney	87	4		92	3		92	2		102	2		106	2	
County Clerk / Records Management	84	36	4	81	32	8	92	36	2	96	36	2	96	39	6
County Comptroller	77	4		75	4		76	5		72	4		74	2	
County Executive	17	2	2	15	2	1	16	2		18	1	1	20	1	1
County Treasurer	27	2		27	2		26	2		30	2		29	1	
Office of Constituent Affairs	34	3	1	35	3		36	2		37	3		38	5	
Office of Emergency Management	14			9			10			8	1		10		
Information Technology	85	1		77	1		80	1		76	1		80	1	
Housing and Intergovernmental Affairs	57			63			68			68			68	1	
Labor Relations	4			5			4	1		4			4		
Office of Management and Budget	26	1		26	1		24	5		22	4		22	4	1
Personnel / Human Resources	9	2	1	9	2		9	2		9	2		9	1	
Planning															
Real Estate Services															
Shared Services (formerly Purchasing Department)	9	1		10	1		10			10	1		11		
Taxi and Limousine Commission	9			2											
Protection of Persons															
Police															
Uniformed Personnel / Officers	2,599	417		2,507	413		2,386	419		2,336	416		2,386	406	
Administrative / Support	599	38		606	40		590	40		627	38	4	627	38	
Fire Commission															
Fire Commissioners / Inspectors	83	3		87	3		82	3		84	3		77	27	
Administrative / Support	8	32		7	32		7	33		7	32		18	3	
Probation Department															
Uniformed Personnel / Officers	159	3		154	5		160	5		163	5		169	5	
Administrative / Support	31	7		32	7		33	8		33	9		32	11	
Parks Department - Security				7			8								
Human Rights Commission	7									8			8	1	
Dept of Investigations	2														
Medical Examiner	70	13		67	11		68	10		69	10		67	6	
Traffic Safety Board															
Consumer Affairs	25			25			25			26			27	1	
Health															
Behavioral Health***															
Drug and Alcohol															
Mental Health															
Health Department	225	14	9	231	17	8	241	16	8	241	20	9	243	20	9
Social Services															
CASA	4	1		4			4			4			5		
Criminal Justice Coordinating Council	2	1		2	1		1	1		1	1		1	2	
Human Services*****	113	14		105	12		105	11		111	10		113	8	
Minority Affairs	5		1	5	1	1	5	2		6	2		5	2	
Senior Citizens Affairs*****															
Social Services	766	73	5	744	60	5	765	59	5	784	65	5	790	72	5
Office for the Physically Challenged*****															
Veterans Services	7			7			6			7			5		
Youth Board*****															
Public Works															
Maintenance / Engineering	588	21	28	598	23	27	668	24	28	704	25	25	680	27	12
Recreation and Parks															
Parks Department	158	134	564	157	129	612	157	137	665	161	145	534	164	154	472
Corrections															
Corrections / Sheriff															
Uniformed Personnel / Officers	892	4		900			942			957			1,011		
Administrative / Support	87			99	6		116	6		118	9		122	10	
Total	7,857	969	694	7,745	944	721	7,821	965	780	7,909	968	649	8,015	976	580

** 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														
	2011			2010			2009			2008			2007		
	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	84	3	22	86	3	30	87	2	36	89	1	21	88	1	59
Judicial															
District Attorney	375	3		371	3		378	1		384	1		387	1	
Public Administrator	7			7			7			7			7		
Traffic Violations Bureau	46	33		45	31		43	35		38	33		37	30	
General Administration															
Assessment	168			212	1		224	1		244	2		252	3	
Assessment Review Commission	30	3		43	3		46	6		46	6		45	6	
Board of Elections	146	81	40	130	76	38	119	85	34	114	70	36	108	58	8
Civil Service	56	35	1	55	36	1	58	35	1	63	36	1	62	36	
County Attorney	112	2		123	2		154	1		161	1		157	1	
County Clerk / Records Management	111	44	16	114	48	1	108	52	2	112	52	3	105	54	5
County Comptroller	72	3		76	3		80	2		92	3		95	3	
County Executive	20	1		20	2	2	30			34	2		36	2	
County Treasurer	32	1		35	1		40	1		41	1		41		
Office of Constituent Affairs	42	3		41	4		46	5		50	4		52	4	
Office of Emergency Management	7			8			5			6			7		
Information Technology	78			116	5		133	6	1	139	6	1	99	1	
Housing and Intergovernmental Affairs	82	1		110	1	2	102		4	83			75	1	
Labor Relations	4			5			3			7			6		
Office of Management and Budget	27	3	1	27	3	1	31	3	1	39	3		41	3	1
Personnel / Human Resources	9	1	1	9	1	1	15	1		17	1	1	15	1	1
Planning	20	11		22	11		26	11		27	10		27	11	
Real Estate Services	8			7			9		1	9	1		8	1	
Purchasing Department	16			16			20			23			22		
Protection of Persons															
Police															
Uniformed Personnel / Officers	2,526	426		2,586	427		2,715	442		2,868	446		2,818	469	
Administrative / Support	655	40	1	630	44	1	576	43	1	654	30	1	675	26	1
Fire Commission															
Fire Commissioners / Inspectors	79	3		80	3		89	2		93			91		
Administrative / Support	18	27		9	27		12	26		16	24		13	26	
Probation Department															
Uniformed Personnel / Officers	193	7		190	7		195	8		213	8		208	9	
Administrative / Support	20	2		19	4		24	4		26	5		29	3	
Parks Department - Security															
Human Rights Commission	8	2		9	2		8	2	1	9	2	1	10	2	1
Dept of Investigations															
Medical Examiner	58	9		47	9		49	8		52	5		55	6	
Traffic Safety Board															
Consumer Affairs	31	1		32	1		36	2	1	38	3		43	3	
Health															
Behavioral Health***	88	2		103	4		111	4		119	4		124	5	
Drug and Alcohol															
Mental Health															
Health Department	284	22	7	282	26	10	302	27	13	330	22	9	314	26	11
Social Services															
CASA	5			4			7	1		8	1		8	1	
Criminal Justice Coordinating Council	2			2			2			1	1		1	1	
Human Services*****															
Minority Affairs	6	2		6	2		6			8			9		
Senior Citizens Affairs*****	27	5		30	6		33	6		36	8		38	8	
Social Services	868	86		862	99		889	102		904	101		912	130	
Office for the Physically Challenged*****	5			4			3			7	1		7	1	
Veterans Services	3			7			8			8			9		
Youth Board*****	4			4			5			6			7		
Public Works															
Maintenance / Engineering	727	36	14	749	55	24	869	46	20	773	32	39	790	31	66
Recreation and Parks															
Parks Department	177	201	512	149	184	247	153	175	246	258	174	357	265	214	299
Corrections															
Corrections / Sheriff															
Uniformed Personnel / Officers	1,069			1,078			1,130			1,124			1,089		
Administrative / Support	128	10		116	11		119	13		125	14		132	14	
Total	8,533	1,109	615	8,676	1,145	358	9,106	1,158	360	9,502	1,114	470	9,423	1,192	452

(Concluded)

EXHIBIT T-21

COUNTY OF NASSAU, NEW YORK

**CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public Safety										
Police:										
Precincts	7 (9)	6	6	6	6 (6)	9	9	9	9	9
Community Centers	2 (9)	3	3	3	3 (6)					
Patrol Units	205	205	205	205	205	205	205	205	205	205
Highways, Streets, Bridges										
Streets (lane miles)	1,856	1,856	1,856	1,856	1,963	1,963	1,963	1,963	1,963	1,969
Streetlights	607	581	581	581	581	581	581	581	581	581
Miscellaneous Street Light Devices	22	22	22	22	22	22	22	22	22	22
Miscellaneous Traffic Control Devices	309	303	291	284	279	278	280	275	275	260
Traffic Signals	1,578	1,576	1,576	1,576	1,564	1,561	1,557	1,554	1,548	1,542
Bridges (Vehicle)	80 (3)	80 (3)	80 (3)	80 (3)	80 (3)	80 (3)	80 (3)	80 (3)	80 (3)	81 (1)
Bridges (Pedestrian)	26	26	26	26	26	26	26	26	27	27
Culture and Recreation										
Parks Acreage	5,187	5,187	5,187	5,187	5,187	5,187	5,187	5,187	5,187	5,810
Parks	68	68	68	68	68	68	68	68	68	70
Swimming Pools	5	5	5	5	5	5	5	5	5	5
Tennis Courts	75	75	75	75	70	70	70	70	70	70
Sewer and Drainage										
Bay Park Service Area Sanitary Sewers (miles)	1,440	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	69	69	69 (4)				
Cedarhurst Service Area Sanitary Sewers (miles)	23	23	23	23	23 (5)					
Lawrence Service Area Sanitary Sewers (miles)	21	21	21	21	21 (5)					
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	6	6	6	5.5 (4)				
Cedarhurst Plant Design Flow (MGD)	(10)	1 (7)	1	1	1 (5)					
Lawrence Plant Design Flow (MGD)	(10)	2 (8)	2	2	2 (5)					
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	561	559	559	559	559	560	560	560	560	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) 40 Bridges solely owned by County and 41 co-owned with other Municipalities
- (3) 39 Bridges solely owned by County and 41 co-owned with other Municipalities
- (4) Nassau assumed responsibility of Glen Cove Sewer System in 2011
- (5) Nassau assumed responsibility of Cedarhurst and Lawrence Sewer System in 2012
- (6) 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.
- (7) As of October 22, 2015, all flow to the Cedarhurst WPCP was diverted to the Bay Park STP
- (8) As of October 21, 2015, all flow to the Lawrence STP was diverted to the Bay Park STP
- (9) One Community Center returned to being Full Service Police Precinct
- (10) Decommissioned

Sources: Various Nassau County Departments

THIS PAGE IS INTENTIONALLY LEFT BLANK

EXHIBIT T-22

COUNTY OF NASSAU, NEW YORK

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Judicial										
District Attorney										
Felony Conviction Rate ⁽¹⁾	91.9%	89.2%	88.7%	91.2%	93.5%	89.6%	90.1%	90.2%	90.0%	91.2%
Total Number of Cases Handled	30,464	28,648	33,953	34,550	35,430	34,687	32,463	32,824	34,460	36,399
Number of Indicted Cases	847	1,015	858	890	986	994	963	1,003	1,032	900
General Administration										
Assessment										
Number of Building Permits Issued	32,486	33,006	31,914	34,724	26,059	21,101	21,527	21,352	20,704	29,915
Number of Building Inspections Performed	21,135	23,618	25,202	20,723	26,327	26,254	26,641	36,022	23,641	22,373
Number of Basic STAR Exemptions	248,702 ⁽²⁾	243,334 ⁽²⁾	268,008 ⁽²⁾	272,178 ⁽²⁾	267,096 ⁽²⁾	275,824 ⁽²⁾	275,888 ⁽²⁾	276,063 ⁽²⁾	264,653 ⁽²⁾	251,746 ⁽²⁾
Number of Enhanced STAR Exemptions	47,953 ⁽²⁾	37,989 ⁽²⁾	36,126 ⁽²⁾	37,972 ⁽²⁾	36,199 ⁽²⁾	35,578 ⁽²⁾	35,282 ⁽²⁾	35,567 ⁽²⁾	49,865 ⁽²⁾	49,238 ⁽²⁾
Number of Veterans Exemptions	46,919 ⁽²⁾	49,087 ⁽²⁾	49,920 ⁽²⁾	47,340 ⁽²⁾	52,125 ⁽²⁾	55,007 ⁽²⁾	56,224 ⁽²⁾	55,007 ⁽²⁾	47,286 ⁽²⁾	59,526 ⁽²⁾
Number of Solar Energy Exemptions	15 ⁽²⁾	15 ⁽²⁾	16 ⁽²⁾	14 ⁽²⁾	19 ⁽²⁾	24 ⁽²⁾	29 ⁽²⁾	29 ⁽²⁾	37 ⁽²⁾	37 ⁽²⁾
Assessment Review Commission										
Number of Residential Appeal Applications Reviewed	162,238 ⁽³⁾	148,710 ⁽³⁾	136,523 ⁽³⁾	129,946 ⁽³⁾	111,133 ⁽³⁾	111,019 ⁽³⁾	107,547 ⁽³⁾	107,287 ⁽³⁾	110,379 ⁽³⁾	114,808 ⁽³⁾
Number of Commercial Appeal Applications Reviewed	20,878 ⁽³⁾	20,963 ⁽³⁾	20,726 ⁽³⁾	20,449 ⁽³⁾	19,868 ⁽³⁾	18,940 ⁽³⁾	19,076 ⁽³⁾	19,077 ⁽³⁾	18,391 ⁽³⁾	18,181 ⁽³⁾
Shared Services - Formerly Purchasing Department										
Number of Purchase Orders Processed	5,472	6,257	6,722	6,819	7,357	9,015 ⁽⁷⁾	10,687	10,954	10,232	11,983
County Comptroller										
Number of Claims Processed	92,755	102,334	94,194	71,661	68,910	83,935 ⁽⁸⁾	85,137	86,705	91,117	93,033
County Treasurer										
Investment Portfolio Return	0.19%	0.16%	0.22%	0.30%	0.35%	0.45%	0.63%	0.97%	2.77%	5.28%
Total number of Tax Liens Sold ⁽⁹⁾	3,898	4,461	4,480	4,108	4,680	4,155	4,335	4,513	5,330	4,520
County Clerk										
Land Records Recorded	163,085	138,027	111,642	147,164	152,954	129,098	127,954	129,984	123,471	191,121
Court Records Recorded	234,517	264,516	280,478	279,755	273,933	281,733	363,728	347,316	322,025	346,879
Miscellaneous Records Recorded	96,256	107,981	101,279	98,836	99,083	108,381	102,059	97,168	89,702	105,455
Certified Copies Issued	34,061	37,050	35,478	41,510	30,322	28,770	28,953	30,702	30,598	21,529
Board of Elections										
Voting Precincts	NA	1,196	1,196	1,196	1,165	1,160	1,160	1,160	1,160	1,160
Polling Places	NA	373	376	389	389	389	389	389	389	388
Voters	NA	984,956	947,698	945,611	937,121	913,215	903,102	898,064	906,064	866,978
Poll Workers	NA	5,042	5,166	5,634	5,684	5,618	5,618	4,749	6,210	5,394
Civil Service										
Number of Position Classification Reviews	3,110	3,131	2,811	2,832	2,455	2,659	3,298	2,911	3,513	3,601
Number of Performance Tests Conducted	917	482	753	3,332	301	585	3,015	1,675	2,008	2,270
Number of Psychological Tests Conducted	888	962	912	727	77	189	439	390	747	822
Planning Department										
Number of New Zoning Applications Received	2,272	2,306	2,153	2,186	2,178	2,585	2,314	2,852	2,938	2,924
Number of Subdivision Waiver Applications Approved	56	55	64	63	32	38	43	45	72	102
Number of Bus Shelters	336	349	346	344	319	322	342	340	340	340
Number of Maintenance Checks Performed	175	180	185	188	188	493	185	173	203	210
Protection of Persons										
Police										
Physical Arrests	11,567	14,538	21,976	22,076	16,548	15,858	15,866	17,298	16,778	16,436
Parking Violations	89,660	81,024	72,114	78,866	70,383	76,151	92,043	99,857	108,975	113,203
Moving Violations	184,466	175,684	150,771	154,956	149,456	157,403	201,688	206,769	200,886	203,180
Fire Commission										
Emergency Light Tests	2,535	2,421	2,342	2,445	2,586	2,601	2,485	2,448	2,413	2,405
General Fire Marshal Inspections	4,437	4,415	5,345	5,072	6,206	6,513	6,304	6,722	4,473	4,823
Plans Reviewed ⁽¹²⁾	3,076	3,002	2,752	3,212	2,689	2,701	2,649	2,923	3,035	2,891
Fire & Ambulance Calls Dispatched	73,444	74,642	70,102	64,616	77,996	70,924	73,489	67,658	64,357	63,106
Medical Examiner										
Number of Cases Reported to ME Office	6,006	5,962	5,714	5,676	5,504	5,431	5,124	5,214	6,302	4,966
Number of Cases Accepted and Certified by ME Office	1,312	1,325	1,297	1,303	1,261	1,223	1,275	1,326	1,352	1,289
Number of Autopsies Performed	728	730	727	772	778	702	772	779	830	830
Number of Cremation Investigations (Date reported)	2,388	2,284	2,054	2,052	1,950	1,791	1,642	1,663	1,560	1,458
Number of ME Scenes Visited	695	698	673	646	571	632	631	585	638	753
Toxicology Analysis Total Avg Days	74	69	53	60	71	56	65	63	47	23
Total Number of DNA Cases Received	734	654	619	599	579	611	593	583	617	654
Total Number of Items Received from DNA cases	1,864	5,209	1,416	1,450						
Average Number of Days to complete Forensic DNA Cases	51	52	66	69	115	108	118	153 ⁽¹³⁾	65	63
Total Number of Latent Print Cases Received	788	974	806	814						
Total Number of Latent Print Items Received	3,875	6,150	5,723	1,687						
Average Number of Days to complete Latent Print Cases	50	98	176	112						
Total Number of Chemistry Controlled Substances Cases Received	404									
Total Number of Items Received from Chemistry Controlled Substances cases	13,713									
Average Number of Days to complete Forensic Chemistry Controlled Substances Cases	9									
Total Number of Chemistry Fire Debris Cases Received	13									
Total Number of Items Received from Chemistry Fire Debris cases	31									
Average Number of Days to complete Forensic Chemistry Fire Debris Cases	35									
Probation Department										
Supervision Caseload (Criminal & Family)	5,402	6,098	6,481	7,022	7,417	8,040	8,643	8,796	8,453	8,418
Adult Intake: Number of Cases Assigned	2,235							4,657 ⁽¹⁴⁾	3,928	3,562
Juvenile Intake: Number of Cases Assigned	427	416	363	420	567	645	753	782 ⁽¹⁴⁾	969 ⁽¹⁴⁾	1,874
Pre-trial Cases Interviewed	1,416	1,806	2,022	2,622	2,777	2,827	2,377	2,232	2,616	2,573
Pre-trial Supervision Caseload (Criminal & Family)	1,411	1,570	1,525	1,144	799	875	895	1,217	1,235	813
Investigations Assigned (Criminal & Family)	3,517	2,977	3,400	3,713	3,979	4,395	5,395	6,387	6,532	6,274

(Continued)

EXHIBIT T-22

COUNTY OF NASSAU, NEW YORK

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Protection of Persons (Continued)										
Consumers Affairs										
Number of Weights and Measures Inspections	4,021	3,982	4,082	4,353	4,479	4,425	4,101	4,402	4,512	4,439
Number of Weights and Measures Devices Inspected	15,546	15,947	15,684	16,803	16,891	16,881	16,650	16,228	16,135	16,185
Total Number of Stores Participating in Item Price Exemption	254	252	216	216	210	189	190	185	190	158
Number of Home Improvement License Applications Issued	4,406	5,496	4,368	6,016	4,462	5,462	4,216	5,605	4,038	5,846
Total Number of Violations Issued	1,458	1,281	1,176	1,490	1,424	1,576	1,579	2,144	1,667	1,566
Health										
Behavioral Health (Drug & Alcohol)										
Caseload Referred by DSS Screening							4,293 ⁽¹⁵⁾	7,673	6,687	6,778
Assessments, Consultations, Support Services							2,288 ⁽¹⁵⁾	4,307	4,459	3,136
Referrals to Treatment							1,286 ⁽¹⁵⁾	2,397	2,648	2,539
TIPS Treatment Placement Number of Unique Clients Served							158 ⁽¹⁶⁾	582 ⁽¹⁶⁾	154 ⁽¹⁶⁾	976
EAP Number of Training and Management Consultation Attendees	1,093	1,089	1,408	1,105	2,312	4,140	2,552	1,372	1,376	930
Methadone Maintenance Treatment Clinic Number of Clients Served	610	665	691	744	747	714	747	735	689	725
Behavioral Health (Mental Health)										
Average Monthly Assisted Outpatient Treatment (AOT) Caseload	266	252	213	175	157	151	149	140	132	111
Average Monthly AOT Cases Under Court Order	232	218	183	146	133	124	117	108	104	84
Average Monthly AOT Voluntary Cases	15	9	8	10	12	11	16	19	15	12
Average Monthly AOT Cases under Investigation	18	25	22	19	12	16	17	13	14	14
Significant AOT Event Episodes	571	596	542	572	478	434	403	307	186	309
Family Court Number of Individuals Remanded	32	26	24	22	32	44	50	71	110	91
Family Court Number of Divisions	44	20	18	25	29	36	36	24	50	42
Number of Forensic Evaluations	194	160	202	152	122	127	179	242	358	255
Number of Individuals Seen	191	160	201	152	116	113	163	227	308	223
Health Department										
Total Number of Communicable Diseases Reports Received	25,133	23,501	23,054	20,191	19,406	25,281	25,518	27,786	22,743	21,403
Total Number of Communicable Diseases Reports Confirmed	4,817	4,171	4,716	4,275	3,042	3,667	1,488	8,453	4,162	3,480
Number of Immediate Response Investigations	133	37	69	36	30	28	71	54	89	21
Number of 72 Hour Response Investigations	4,248	1,517	1,206	1,113	1,221	1,161	1,074	3,394	1,337	1,025
Number of 1 Week Response Investigations	436	2,617	3,452	3,123	1,791	2,471	1,416	5,037	2,704	2,103
Monthly Environmental Nuisances All Cases	NA	NA	NA	NA	NA	NA	NA	3,168	3,674	3,730
Community Sanitation Inspections	3,161	2,464	2,599	2,872	2,002	2,354	2,925	2,915	3,395	3,098
Food Protection Inspections	16,316	13,000	12,604	12,314	15,934	18,410	13,462	17,059	14,734	16,426
Social Services										
Senior Citizens Affairs										
Number of Congregate Meals Served at Centers	182,866	186,333	193,213	202,358	201,409	207,469	219,986	211,888	237,855	247,179
Number of Seniors Served Meals	4,410	4,470	6,741	6,604	4,651	4,690	4,902	4,600	5,634	6,426
Number of Home Meals Served	427,583	416,188	423,731	404,506	412,226	451,941	469,418	387,019	500,203	535,882
Total Number of Funded Senior Center Trips	141,407	136,245	139,075	140,205	148,932	158,255	165,509	152,967	185,953	187,725
Number of Senior Passengers Transported	1,582	1,573	1,595	1,605	1,736	1,719	1,860	1,557	1,722	2,066
Social Services⁽⁴⁶⁾										
Medicaid Total Medical Assistance Cases Only	80,561	102,183	112,107	117,179	102,687	93,777	86,436	75,552	63,908	67,970
Medicaid Applications Pending	1,264	1,132	1,122	2,070	4,257	2,526	2,442	4,233	7,538	4,893
Percentage of Applications Processed over 30 Days	12%	13%	10%	6%	28%	16%	18%	33%	54%	49%
Child Protective Investigative Unit Caseload / Per Caseworker			⁽²¹⁾ 18	⁽²¹⁾ 16	⁽²¹⁾ 18	⁽²¹⁾ 17	⁽²¹⁾ 22	⁽²¹⁾ 16	⁽²¹⁾ 19	⁽²¹⁾ 17
Child Protective Investigative Unit Caseload / Per Caseworker	12	14	⁽²¹⁾ NA	⁽²¹⁾ NA	⁽²¹⁾ NA	⁽²¹⁾ NA	⁽²¹⁾ NA	⁽²¹⁾ NA	⁽²¹⁾ NA	⁽²¹⁾ NA
Child Protective Family Assessment Unit Caseload / Per Caseworker	14	11	^(21,25) NA	^(21,25) NA	^(21,25) NA	^(21,25) NA	^(21,25) NA	^(21,25) NA	^(21,25) NA	^(21,25) NA
Child Protective On-going Unit Caseload / Per Caseworker	8	9	⁽²¹⁾ 15	⁽²¹⁾ 14	⁽²¹⁾ 15	⁽²¹⁾ 15	⁽²¹⁾ 19	⁽²¹⁾ 17	⁽²¹⁾ 18	⁽²¹⁾ 15
Child Protection Total Caseload / Per Caseworker		761	808	1,142	1,046	1,086	1,253	1,076	1,189	854
Child Protective Services Primary Open Investigations	759	10	13	14	15	14	16	14	15	14
Child Protective Services Primary Open Investigations / Per Caseworker	10	6,408	7,463	6,989	7,608	8,302	8,538	6,932	5,695	4,865
Active Public Assistance Cases	5,353	15	34	72	243	419	840	1,556	1,001	825
Number of Public Assistance Applications Pending Over 30 Days	21	4,319	4,731	5,034	6,378	7,265	7,658	7,081	5,885	4,948
HEAP Individuals (Clients, HEAP-Only)	3,949	5,976	5,807	8,062	7,920	7,530	8,581	7,684	6,408	4,793
Social Service Applications Disposed	6,036	905	719	564	628	574	805	515	509	380
Emergency Shelter Individuals (Clients, Homeless)	1,127	62,463	66,130	67,317	68,409	66,039	59,510	45,338	34,143	28,288
Food Stamp Individuals (Clients, Total)	57,001	5,779	5,419	5,559	5,855	5,803	5,654	5,111	4,762	4,675
Services Cases	5,572	64,581	70,784	62,094	67,000	61,000	71,488	79,000	71,127	
Number of Summer Lunches Served ⁽¹⁷⁾										
Office for Physically Challenged										
Number of Parking Permits Issued	17,141	20,658	24,895	27,328	14,891	17,103	14,945	17,087	11,201	13,806
Number of Inquiries Responded To	16,875	19,252	20,250	19,424	19,500	18,250	17,250	18,500	11,201	18,000
Number of Institutional Outreach Contacts	5,877	3,500	4,050	5,882	2,498	2,145	1,400	1,200	1,885 ⁽⁵⁾	285
Veterans Services										
Number of Clients Helped	7,929	19,757	18,000	17,126	19,104	10,025	15,079	10,844	12,476	14,383
Number of Services Provided	34,320	87,415	146,466	81,161	98,988	22,519	31,908	27,100	28,784	29,971
Number of Claims Opened	6,951	2,047	1,182	839	724	1,537	2,206	1,904	1,474	1,502
Veterans Population ⁽¹⁸⁾	70,000	55,000	65,000	70,000	85,000	79,000	90,000	90,000	79,146	85,794

EXHIBIT T-22

COUNTY OF NASSAU, NEW YORK

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Social Services (continued)										
Youth Board										
Number of Contacts for Contract Management and Assessment	259	628	475	320	320	446	562	851	783	860
Learning Programs	0	0	0	0 ⁽²⁶⁾	20	47	66	68	70	54
Number of Grant Applications Written by Department	0	0	0	0	18	18	10	12	4	4
Number of Youths Served Through Various Programs	85,448 ⁽²³⁾	81,036 ⁽²³⁾	20,395	33,651 ⁽²³⁾	17,441	23,284	22,000	25,078	24,390	25,000
Number of Referrals to Other Departments and Other Organizations	NA	NA	NA	NA ⁽²²⁾	270	341	400	415	425	430
Number of Professional Development Trainings	2	0	2	0	7	15	22	12	21	16
Number of Staff Members Attending Training	3	3	3	3	545	946	880	625	1,365	1,159
Number of Summer Lunches Served ⁽¹¹⁾										67,000
Public Works										
Maintenance / Engineering										
Lane Miles Resurfaced	134.8	106	114	52	130	85	85.5	83	127.26	120.95
Street Sweeping (lane miles)	8,004	7,401	12,500	10,000	11,395	13,499	8,886	7,313	11,611	25,628
Bridge Maintenance (man hours/year)	840	936	389		448	1594	119	52	145	35
Average Number of Potholes Filled (per month)	4,910	3,245	3,515	2,171	212	138	1,674	1,607	1,188	1,685
Snow Plowing (man hours/year)	12,838	33,880	29,257	7,120	254.5	2,244	1,576	3,270	5,903	2,750
Average Flow - Bay Sewage Treatment Plant (MGD)	47.4	50	52	48	50	51	49	49	60.1	60.3
Average Flow - Cedar Creek Water Pollution Control Plant (MGD)	52.7	53	53	52	53	55.9	59.3	55.4	55.3	55.4
Average Flow - Glen Cove Wastewater Treatment Plant (MGD)	2.7	3	3	3	3	3.0 ⁽¹⁶⁾				
Average Flow - Cedarhurst Water Pollution Control Plant (MGD)	⁽²⁶⁾	1	1	1	1	1 ⁽¹⁵⁾				
Average Flow - Lawrence Sewage Treatment Plant (MGD)	⁽²⁶⁾	1	1	1	1	1 ⁽¹⁵⁾				
Recreation and Parks										
Parks Department										
Athletic Field Use Permits Issued	NA	NA	NA	NA	NA	NA	NA	NA	440	653
Field/Court Reservations	12,252	10,083	10,816	11,783	9,994	9,008	9,476	8,057	8,258	8,943
Museum Admissions	NA	NA	NA	1,032,658	764,550	757,631	821,416	921,983	941,608	899,065
Pool Admissions	635,602	501,636	429,553	426,518	393,273	412,584	427,148	374,728	418,842	446,800
Golf Admissions (rounds played)	239,575	231,230	237,902	238,761	269,940	257,723	277,035	295,463	273,540	271,641
Corrections										
Corrections / Sheriff										
Number of Inmates Transported To Court	23,143	22,206	23,805	25,757	28,737	31,999	33,573	34,121	34,306	34,278
Average Monthly Number of Inmates	1,192	1,188	1,234	1,294	1,502	1,577	1,637	1,576	1,607	1,717
Number of Summonses Issued	6,521	5,381	2,742	2,432	2,438	2,671	2,827	7,000	5,674	5,959
Number of Court Orders Enforced	22,127	22,957	23,263	25,692	27,081	31,343	20,217	27,841	27,894	26,969

NA - data not available

MGD - Millions of Gallons per Day

(Concluded)

(1) Source : Dept of Criminal Justice Services (DCJS)

(2) 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, Exemptions processed in 2013 are for Tax Year 2014/2015, Exemptions processed in 2014 are for Tax Year 2015/2016, Exemptions processed in 2015 are for Tax Year 2016/2017, and Exemptions processed in 2016 are for Tax Year 2017/2018.

(3) Appeals for correction of assessments are filed yearly between January 1 and March 1 with the Assessment Review Commission. The appeals filed in 2016 were for the 2017/18 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) In 2008, Staff Members were increased to 4 that are doing Institutional Outreach.

(6) Data Sources: NYS WST-502, NYS WBNR-1240, OCI Summary Report, CCRS/Connections, NCDSS Homeless Report

(7) Based on 2000 census - does not include Gulf War Veterans

(8) As of Jan 31, 2008, DSS took over all PINS (Persons in Need of Supervision) diversion cases at the Intake level.

(9) As of January 1, 2010, Adult Intake Family Offenses will be handled by Family Court Personnel.

(10) TIPS Unit lost 3 Staff Personnel during 2008, TIPS had only 1 Staff Person in 2009

(11) Summer Lunch Program transferred to Department of Social Services in 2008

(12) Includes Sprinkler Systems, Fire Alarm Systems, Automatic Extinguishing Systems, Hood & Duct Systems, Flammable Liquid Storage Tank Installations, Site Plans, Flammable Finish Spray Booths, etc.

(13) 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

(14) As of January 1, 2010, Adult Intake Family Offenses will be handled by Family Court Personnel.

(15) Data from January through July 2010. Unit was transferred to Department of Social Services

(16) TIPS date for January through March 2010. Program Closed.

(17) As of August 31, 2010, Nassau Community College is processing their own Purchase orders and Claims.

(18) Nassau Assumed Operations of Glen Cove Sewer System during 2011

(19) Nassau Assumed Operations of Cedarhurst and Lawrence Plants during 2012

(20) Community Service Projects cut in 2012

(21) Total Served through Countywide funding and funding to Localities.

(22) Referrals not Tracked in 2013

(23) Youths served now include the Towns of Hempstead, North Hempstead, and Oyster Bay and Cities of Long Beach and Glen Cove.

(24) The Child Protective category is now broken down into two categories, Family Assessments and On-Going Unit

(25) The Child Protective category of On-going Units as of July 2016 were integrated into Preventive Services (Data is as of 06/2016)

(26) Decommissioned

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