County of Nassau, New York

Basic Financial Statements for the Year Ended December 31, 2018, Schedule of Expenditures of Federal Awards for the Year Ended December 31, 2018 and Independent Auditor's Report

COUNTY OF NASSAU, NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018
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COUNTY OF NASSAU, NEW YORK

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FINANCIAL SECTION (CONTINUED)

INTERNAL CONTROL AND COMPLIANCE

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RSM US LLP

Independent Auditor's Report

Honorable Laura Curran, County Executive
and Members of the County Legislature
County of Nassau, New York

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Nassau, New York (the County), as of and for the year ended December 31, 2018, 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 (NHCC), Nassau County Bridge Authority (the Bridge Authority), Nassau Regional Off-Track Betting Corporation (OTB), Nassau County Industrial Development Agency (IDA), and Nassau County Local Economic Assistance Corporation which represent 67 percent, 73 percent, and 74 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 and the standards applicable to *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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, as of December 31, 2018, 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 Matters
Control period
As discussed in Notes 1 and 2 to the financial statements, the County is under a control period as imposed by Nassau County Interim Finance Authority (NIFA). Our opinions are not modified with respect to this matter.

Adoption of new accounting standard
As discussed in Note 22 to the financial statements, the County, NHCC, Nassau Community College, the Bridge Authority, IDA and OTB adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accordingly, the unrestricted net position (deficit), deferred outflows of resources, deferred inflows of resources and net other postemployment benefit liability as of December 1, 2017 have been restated. Our opinions are not modified with respect to this matter.

Uncertainty Regarding Going Concern
The report of the independent auditor of NHCC contained an emphasis of matter paragraph concerning NHCC's ability to continue as a going concern. 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 changes in the County's total other postemployment benefit liability and related ratios, schedule of contributions and schedule of proportionate share of the net pension liability on pages 5-18 and 148-150, 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) 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Report on Control Period Calculation Schedule

We have audited the accompanying Control Period Calculation Schedule (the Schedule) of the County, which comprises the Control Period Calculation results of the County's five primary operating funds in accordance with the reporting provisions of the agreement between the County and NIFA dated December 8, 2017 (the Contract) for the year ended December 31, 2018, and the related notes to the Schedule.

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in accordance with the reporting provisions of the Contract. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Schedule based on our audit. 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 Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule, 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 Schedule 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 presentation of the Schedule.

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

Opinion

In our opinion, the Schedule referred to above presents fairly, in all material respects, the Control Period Calculation results of the County's five primary operating funds for the year ended December 31, 2018 as determined in accordance with the reporting provisions of the Contract.

Emphasis of Matters

Basis of Accounting

We draw attention to Note 2 of the basic financial statements, which describes the basis of accounting. The Schedule is prepared by the County on the basis of the reporting provisions of the Contract, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

We have previously audited the County's 2017 and 2016 Schedules, and we expressed an unmodified opinion on each Schedule in our reports dated June 29, 2018 and December 28, 2017, respectively. In our opinion, the summarized comparative information presented in Exhibit F-2, Control Period Schedule – Historical Data as of December 31, 2017 and December 31, 2016, is consistent, in all material respects, with the audited Schedule from which it has been derived.

The information presented in Exhibit F-2, Control Period Schedule – Historical Data, as of December 31, 2010 through 2015 has not been subjected to the auditing procedures applied in the audit of the Schedule, and accordingly, we do not express an opinion or provide any assurance on the information.

Restrictions on Use

Our report is intended solely for the information and use of the County and NIFA and is not intended to be and should not be used by anyone other than these specified parties

RSM US LLP

New York, New York
June 28, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Nassau County's (the "County") Comprehensive Annual Financial Report ("CAFR") is presented in conformity with generally accepted accounting principles ("GAAP") for governments in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB"). This section of the report, required under GASB 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, 2018 and 2017. This section should be read in conjunction with the letter of transmittal and the County's financial statements.

OVERSIGHT BOARD CONTROL PERIOD

Since its enactment in 2000, the Nassau County Interim Finance Authority ("NIFA"), a blended component unit of the County, provides State oversight of the County's finances. NIFA was created pursuant to the NIFA Act codified as Title I of Article 10-D of the State Public Authorities Law. Under the NIFA Act, the County is prohibited from filing any petition with any United States district court or bankruptcy court for the composition or adjustment of municipal indebtedness without the approval of NIFA and the State Comptroller and no such petition may be filed while NIFA bonds or notes remain outstanding. NIFA currently has bonds outstanding through November 15, 2025. As a result of the issuance of NIFA bonds, the State authorized the State Comptroller to remit monthly County sales tax collections directly to NIFA for it to withhold collections to pay its debt service costs required for each fiscal year, before any residual sales tax collection is transferred to the County. On January 26, 2011, NIFA declared a control period that grants the agency additional oversight authority pursuant to the NIFA Act, including that the County could not include in its results of operations, certain other financing sources reported in accordance with GAAP. For further details of NIFA's authority, see Note 2, Control Period Calculation.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements present a long-term view of the County's finances and 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. Exhibits X-1 and X-2 are government-wide financial statements.

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 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 fiduciary funds employ the *economic resources measurement focus* and accrual basis of accounting. Exhibits X-3 and X-5 are examples of governmental fund financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Differences between the government-wide statements and the governmental fund results include differing measurement focuses and basis of accounting between the statements. The Statement of Activities (government-wide financial statement) 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 (governmental fund financial statement), which reflects the County's modified accrual and budgetary presentation. Exhibits X-4 and X-6 reconcile the differences between the fund level and government-wide statements.

FINANCIAL HIGHLIGHTS

Governmental Funds

The County ended the 2018 fiscal year with a total GAAP surplus of $111.5 million in all its governmental funds, both operating and non-operating, an increase of $227.3 million from the prior year. The surplus of $111.5 million was comprised of:

- $27.5 million deficit attributed to the County's operating funds defined as the General Fund ($14.1 million deficit), the Police District Fund ($2.0 million surplus) and the Sewer and Storm Water Fund ($15.4 million deficit), an improvement over 2017 by $94.9 million; and
- $139.0 million surplus attributed to the remaining funds, both major and non-major.

Factors contributing to the governmental funds' GAAP surplus of $111.5 million were primarily driven by higher revenues than in the prior year. The factors included:

- Higher sales tax revenues driven by a robust Long Island economy, which comprised the largest contribution to the increase in revenues;
- An increase in PILOT revenues, including revenues received in the current year for the prior year;
- Higher State and Federal Aid from higher reimbursements for Social Services and Early Intervention/Preschool programs, which partially offset expenses;
- An increase in Interest Income related to the increase in interest rates;
- An increase in the Public Safety Fee revenues over the prior year, resulting from statutory modifications and improvements in management of the issuance and collection of fines;
- Lower non-overtime payroll and fringe benefits due to proactive management of budgeted position vacancies;
- Use of bonding to pay $38.6 million of tax certiorari expenditures; the County will need to finance the past tax certiorari backlog as it moves towards current GAAP revenue and expenditure balance; and
- Lower police termination payments in 2018.

These positive variances were partially offset by:

- Departmental Revenues were less than the prior year, including lower mortgage recording fees, GIS tax map fees, bus farebox and advertising revenues;
- Less than expected revenue from Nassau Regional Off-Track Betting Corporation ("OTB") related to video lottery terminals;
- $15.9 million accelerated amortization of an Other Asset balance related to debt service costs;
- Federal funding from the Federal Transit Authority related to the County's 2017 NICE bus operations was received in 2018, however, the funding for 2018 was not; and
- Payment of the $43.9 million Restivo vs. Nassau County judgment despite the absence of financing options. At the end of 2018, the County took the prudent discretionary action of moving $13 million to the Litigation Fund to pay for, or put towards, future judgments.

FINANCIAL HIGHLIGHTS (Continued)

Governmental Funds (Continued)

Ending GAAP fund balance for all governmental funds was $467.4 million, up from $355.9 million at 2017 fiscal year-end but not yet up to the level of $471.7 million as of year-end 2016. Of the 2018 year-end balance, $71.6 million is attributed to the operating funds[1]; $67.0 million is attributed to the General Fund, $(4.0) million to the Police District Fund, and $8.6 million to the Sewer and Storm Water Fund. The Capital Fund and the Disputed Assessment Fund's ("DAF") ending fund balances were $283.4 million and $2.1 million, respectively, and the remainder of $110.2 million is comprised of the ending fund balances in multiple nonmajor funds and NIFA funds. The total unassigned fund deficit for all governmental funds was $22.0 million, an improvement over the unassigned fund deficit as of year-end 2017 of $68.8 million.

Total assets for all governmental funds increased by $181.8 million, primarily due to additional cash in the Capital Fund of $149.0 million and, $89.7 million of additional collections by the DAF. This was offset by a decrease in the General Fund of $40.5 million primarily due to the payment of a court order in 2018 related to litigation dating back decades.

Total liabilities for the governmental funds increased by $57.4 million, comprised primarily of increases to DAF Deposits Held of $84.4 million for an additional fiscal year of DAF charges collected, an increase in property tax refund payable of $22.3 million and an increase in bond anticipation notes payable of $56.2 million reported in the Capital Fund, offset by decreases in tax anticipation notes of $79.3 million in the General Fund and interfund payables of $15.4 million.

For the three operating funds only, total assets and liabilities, including deferred inflows of resources, were $841.3 million and $769.7 million, respectively. This represents a decrease in assets of $44.4 million and a decrease in liabilities and deferred inflows of resources of $16.9 million over the prior year.

Nonspendable fund balance for all governmental funds decreased by $13.9 million, of which $15.9 million was the write-off of an unamortized Other Asset balance, offset by lower prepaid pension expenditures. The committed fund balance increased over the prior year by $137.8 million primarily due to additional proceeds from bond issuance in the Capital Fund and assigned fund balance decreased by $15.3 million, primarily due to the deficit in the Sewer and Storm Water Fund. The restricted fund balance decreased from 2017 primarily as a result of the payment of $43.9 million for the court ordered payment related to the Restivo litigation, for which cash had been restricted as of year-end 2017 pending payment in 2018. Unassigned fund balance, which represents fund balance that is remaining after all other nonspendable and spendable balances have been applied, increased by $46.8 million over the prior year from $(68.8) million to $(22.0) million primarily due to a reduction in restricted purposes over the prior year and a significantly smaller deficit in 2018.

The 2018 results illustrate an improvement of the County's fiscal health over the prior year, with an addition to 2018 year-end reserves and total governmental fund balance.

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[1] Defined as the General Fund, Police District Fund and Sewer and Storm Water Fund.

FINANCIAL HIGHLIGHTS (Continued)

Government-Wide

The County's net deficit, on a government-wide basis in accordance with GAAP, was $8.0 billion, which represented a small increase in the deficit over fiscal year 2017's restated balance of $8.0 billion. The County adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("OPEB"), which resulted in a restatement of the prior year's ending net deficit due to a change in accounting principle. The cumulative effect of the restatement on the prior year's ending net deficit was approximately $0.5 million.

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2018

There are two government-wide financial statements: The S*tatement 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 (Deficit) for the 2018 fiscal year reports a deficit balance of $8.0 billion in net deficit. Table 1 illustrates that the County's net deficit increased by $15.1 million during 2018 when compared to the 2017 net deficit, as restated.

Total assets increased by $278.4 million primarily due to increases in capital assets, cash on hand and additional DAF collections in 2018. Deferred outflows of resources increased by $342.7 million mainly due to OPEB and the restatement of the deferred outflows of resources due to the adoption of GASB Statement No. 75.

Total liabilities increased by $534.7 million, again primarily due to the increase in the OPEB liability over 2017, which had been restated, in accordance with GASB Statement No. 75. OPEB increased $694.5 million based on the restated opening balance, while other drivers of the increase in liabilities include: 2018 DAF collections held, which now include two years of collections of $84.4 million; an increase in bond anticipation notes ("BANs") and Environmental Facilities Corporation ("EFC") BANs of $70.6 million; and an increase in the legal litigation liability of $23.2 million. These increases were offset by decreases in the net pension liability and the accrued vacation and sick leave liability. The County's net pension liability decreased significantly by $213.0 million, as well as other decreases in long-term liabilities, such as accrued payroll ($21.9 million), accrued vacation and sick ($13.4 million) and the estimated liability for workers' compensation ($17.9 million). Deferred inflows of resources also increased by $101.5 million primarily due to pensions and offset by a decrease in the deferred inflow related to OPEB.

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2018 (Continued)

The Statement of Net Position (Continued)

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

	Total Primary Governmental Activities		
	2018	**(As Restated) 2017**	**Change**
Current and Other Assets	$ 1,764.8	$ 1,568.2	$ 196.6
Capital Assets	3,492.5	3,410.7	81.8
Total Assets	5,257.3	4,978.9	278.4
Total Deferred Outflows of Resources	1,032.0	689.3	342.7
Current and Other Liabilities	1,721.7	1,644.1	77.6
Long-Term Liabilities	12,154.7	11,697.6	457.1
Total Liabilities	13,876.4	13,341.7	534.7
Total Deferred Inflows of Resources	428.8	327.3	101.5
Net Investment in Capital Assets	2,437.0	2,362.4	74.6
Restricted	123.2	167.0	(43.8)
Unrestricted	(10,576.1)	(10,530.2)	(45.9)
Total Net Position (Deficit)	$ (8,015.9)	$ (8,000.8)	$ (15.1)

The County has $2.4 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 $8.0 billion in net position at December 31, 2018 and an unrestricted net deficit of $10.6 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.

County Guarantee: 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. This has resulted in the County having to refund more in property taxes than it collected and has given rise to the significant property tax liability reported in its financial statements. As of December 31, 2018, $476.4 million of property tax refunds, excluding DAF, are estimated as long-term obligations and are included in the current portion of long-term liabilities and in the estimated tax certiorari payable on the Statement of Net Position. See Note 12, Notes Payable and Long-term Obligations and Footnote 21B Contingencies and Commitments.

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2018 (Continued)

The Statement of Net Position (Continued)

New York State law applicable to the Disputed Assessment Fund ("DAF") for the County's 2017 and 2018 tax rolls required class four property owners in the County to pay a charge projected to be equivalent to the amount of taxes being disputed in proceedings brought by them under Article 7 of the Real Property Tax Law. This provided an estimated funding source for the payment for such refunds by parcel and tax year for the County's 2017 and 2018 tax rolls. For the 2017 and 2018 tax rolls, any funds that remain in the DAF following payment of a refund must be distributed pro-rata to the County and the applicable school district, town and special districts; if a taxpayer's refund is greater than the DAF charge collected from that taxpayer, the County's General Fund is required to make up the difference. The County began collecting the DAF charge from commercial property owners in 2017, and as of fiscal year-end 2018, has approximately $179.9 million considered deposits held for future payments in the DAF. Refund payments from the DAF commenced in 2018. Approximately $20.6 million in property tax refunds to taxpayers were paid from the DAF in 2018. In 2018, State legislation amended the DAF law to provide that, for the County's 2019 tax levy and subsequent annual levies, the County is to levy an amount on class four property (generally in the same manner as County taxes) to fund the County's payment of class four refunds expected in such fiscal year, provided, however, that the levy may be not more than ten percent of class four levies on the County tax roll for County, town, special district and school district property taxes and other levies. As such, amounts raised for the DAF in 2019 and subsequent years are not restricted to payment of refunds by parcel and tax year. This amendment to the State's DAF law should help the County alleviate growth in its long-term tax certiorari liability.

The Statement of Activities

The Statement of Activities for the fiscal year that ended December 31, 2018 details the decrease in the County's net worth from 2017 to 2018. Table 2 summarizes the changes in the County's net position. Several factors impacted the County's net worth. They include:

- An increase in Sales Tax of $43.1 million was due mainly to an improvement in the economy.
- Revenue from Operating Grants of $470.3 million increased from the prior year by $14.3 million. The major components of this change were attributed to a reimbursement for increased Social Services expenses and increased reimbursement related to the County's transit system, part of which was unrecognized prior year revenue.
- Capital Grant revenue decreased significantly by $111.5 million due to decreases in FEMA funds received for Super Storm Sandy repairs at County facilities.
- An increase in Property Taxes revenues of $18.1 million related primarily to sewer assessments ($9.8 million), Environmental Protection Fund ($7.7 million) and a reclassification of prior year's Preempted Sales Tax in Lieu of Property Taxes ($5.5 million) offset by a reduction in Police District Fund property taxes of $3.7 million.
- An increase of $7.0 million in investment income from higher interest rates.
- General Administration expenses decreased significantly by $1.5 billion primarily due to the decrease in OPEB expense of $1,224.6 million. The prior year OPEB expense increased $1,194.8 million under GASB Statement No. 45. Due to the restatement under GASB Statement No. 75, the prior year general administration expenses were further adjusted to reflect the increase of $257.5 for OPEB expense. In the current year, total OPEB expense reported in general administration was $227.7 million. The remainder of this variance is comprised of decreases to long-term obligations, such in accrued leave pay, net pension liability, and the liability to the New York State Local Retirement System as repayments to the State now exceed the annual amount deferred. These were offset by increases to the litigation liability and the contractual liability due to Nassau Health Care Corporation ("NHCC") for the portion of its retirees' health insurance costs shared by the County

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2018 (Continued)

The Statement of Activities (Continued)

- Protection of Persons expenses decreased by $53.0 million primarily due to lower termination payments made in 2018.
- Public Works expenses increased $39.2 million primarily due to the restoration of bus services, utility costs and settlement of claims in the Sewer and Storm Water Resource District Fund.

Table 2

Condensed Statement of Activities

(dollars in millions)

	2018	(As Restated) 2017	Change
Revenues			
Program Revenues			
Charges for Services	$ 397.6	$ 391.8	$ 5.8
Operating Grants	470.3	456.0	14.3
Capital Grants	102.6	214.1	(111.5)
General Revenues			
Property Taxes	951.3	933.2	18.1
Sales Taxes	1,194.5	1,151.4	43.1
Other Taxes	94.6	83.8	10.8
Tobacco Settlement Revenues	17.8	16.4	1.4
Investment Income	36.2	29.2	7.0
Other General Revenues	65.5	62.4	3.1
Total Revenues	3,330.4	3,338.3	(7.9)
Expenses			
Legislative	12.4	11.5	0.9
Judicial	83.9	82.4	1.5
General Administration	687.1	2,185.8	(1,498.7)
Protection of Persons	849.5	902.5	(53.0)
Health	235.8	230.1	5.7
Public Works	373.3	334.1	39.2
Recreation and Parks	51.4	55.9	(4.5)
Social Services	554.1	562.7	(8.6)
Corrections	273.0	267.3	5.7
Education	29.4	27.0	2.4
Interest on Long Term Debt	195.6	187.3	8.3
Total Expenses	3,345.5	4,846.6	(1,501.1)
Increase (Decrease) in Net Position (Deficit)	(15.1)	(1,508.3)	1,493.2
Cumulative Effect of Change in Accounting Principle		745.3	(745.3)
Net Position (Deficit) Beginning, as restated	(8,000.8)	(6,492.5)	(1,508.3)
Net Position (Deficit) Ending	$ (8,015.9)	$ (8,000.8)	$ (15.1)

**The County's beginning of the year net position for the year ended December 31, 2017 has been restated to reflect the cumulative effect of adopting Governmental Accounting Standards Board ("GASB"), Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions."*

ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2018

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 three primary operating funds: The General Fund; the Police District Fund, and the Sewer and Storm Water Fund, each of these have different tax bases. For reporting purposes, the General Fund includes several funds that are managed separately but reported as part of the General Fund. They are the Fire Prevention, Safety, Communication and Education Fund, the Police Headquarters Fund, the Debt Service Fund, the Litigation Fund, the Retirement Contribution Reserve Fund, the Technology Fund, the Open Space Fund, the Employee Benefit Accrued Liability Reserve Fund and the Bond Indebtedness Reserve Fund. Resources are transferred to the County's Debt Service Fund to pay current debt service obligations. The County's sewer and storm water operations are funded through the Sewer and Storm Water 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 series of other non-operating funds such as Environmental Protection Fund, Grant Fund, FEMA Fund, Capital Project Fund, and the Disputed Assessment Fund.

General Fund Budget Variances

The County ended the 2018 fiscal year with a General Fund ending fund balance of $152.3 million on a budgetary basis, up from $146.2 million as of fiscal year-end 2017. The County's surplus is comprised of a number of variances from the originally adopted budget.

The County's deficit 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 originally adopted budget.

In its governmental funds, the County ended the 2018 fiscal year with a GAAP deficit of $14.1 million in the General Fund. The difference between the General Fund's budgetary surplus of $6.2 million, and the reporting deficit of $14.1 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 adjustment for revenue receivables that has not been collected within the County's period of availability (see Note 1 for explanation of the County's period of availability).

ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2018 (Continued)

General Fund Budget Variances (Continued)

<u>Original Budget versus final amended budget</u>

The adopted budget was modified as a result of the unbudgeted Restivo judgment and County Executive initiatives.

- The General Fund's original budgeted revenues of $2,609.6 million were modified by $41.9 million to $2,651.5 million. The modifications were due to increases in:
  - Property Taxes ($2.7 million);
  - PILOTs revenue ($4.0 million);
  - Sales Tax of $9.0 million to reflect the robust trend in collections;
  - Interest Income of $2.9 million as a result of higher investment income due to rising rates;
  - Rents and Recoveries of $2.0 million representing a recovery received from prior litigation;
  - Other revenues ($4.9 million); and
  - Federal Aid ($7.0 million).

- The General Fund's original budgeted expenditures of $2,586.9 million were modified by $43.6 million to $2,630.5 million during the fiscal year. Decreases in General Administration of $5.3 million, Social Services of $2.4 million, Protections of Persons of $11.0 million and debt service expenditures of $3.1 million were used to fund increases in Corrections of $10.3 million for additional overtime and contractual expenditures for inmate health services, Education costs of $2.8 million, and Suits and Damages and Other costs of $48.2 million mainly due to increase in the budget for the Restivo settlement.
- The General Fund's original budget for Other Financing Sources and Uses was modified from a net use of $107.8 million to a net use of $111.9 million, a change of $4.1 million primarily related to the sales tax withheld by NIFA for its debt servicing.

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 Revenues

- On a budgetary basis, including the NIFA Fund, Sales Tax revenues were $2.2 million over the modified budget. A portion of the actual receipts appears in the NIFA Fund, since it draws County Sales Tax to pay County related debt service. Sales Tax reported in the General Fund was $143.7 million under budget (see Exhibit X-7) offset by $145.9 million reported in the NIFA Fund in the financial statements. The County experienced strong sales tax growth in the fiscal year, particularly in the first half, with a slowing of growth in the latter half.

- Other Revenues were under budget by $14.7 million primarily due to revenue budgeted for the OTB video lottery terminals. The County budgeted $15.8 million in revenues but received $3.0 million representing 2017 revenues not paid prior to the fiscal year. Additional shortages included, the reimbursement of the Nassau Community College's ("NCC") termination pay bonding, which was budgeted at $1.1 million, but does not represent GAAP revenue and lower than budgeted debt service reimbursements from the NHCC and OTB. The lower debt service reimbursements are equally offset by lower payments made for NHCC and OTB debt service. OTB refinanced its long-term debt in 2018 and therefore, the County will no longer act as a pass-through for OTB's debt service.

ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2018 (Continued)

Total Budgetary Authority to Actual on a Budgetary Basis Variances (Continued)

General Fund Revenues (Continued)

- Rents and Recoveries were $2.3 million under budget. This was primarily related to lower rental collections offset by higher land sales than budgeted.
- Departmental Revenue was $11.0 million less than budgeted mainly due to lower: GIS tax map revenues in Assessment ($3.0 million); mortgage recording fees in the Clerk's office ($5.1 million); and Public Works revenues including, bus farebox and advertising revenues ($1.2 million). In addition, $5.2 million of budgeted revenues related to the filing of Income and Expense documents from commercial property taxpayers challenging their property tax assessments were not collected due to the continued court challenge to the law. These shortfalls were offset by higher Pre-School and Early Intervention Medicaid reimbursements in the Health Department of $4.6 million.
- Fines and Forfeitures had revenues exceed budget by $3.1 million, primarily due to statutory changes and improvements in the issuance and collection of public safety fines.
- Interdepartmental Revenues were under budget by $8.9 million primarily due to lower than budgeted indirect costs reimbursements to the General Fund for Public Works and Information Technology.

General Fund Expenditures

- General Administration expenditures were under budget by $9.9 million due to savings from vacant positions.
- Health expenditures were under budget by $9.3 million related primarily due to lower than budgeted Early Intervention costs and lower interdepartmental charges. The lower expenditures offset the lower revenues in this department.
- Public Works expenditures were under budget by $2.4 million when compared to total budgetary authority. This is primarily due to unfilled positions.
- Social Services expenditures were under budget by $13.0 million primarily due lower contractual costs in Behavioral Health, lower purchased services and lower interdepartmental charges and lower emergency vendor payments.
- Expenditures for Corrections were under budget by $1.9 million due to lower contractual services, general expenditures and interfund charges than budgeted.
- Suits and Damages and Other Expenditures were underbudget by $5.9 million due to lower than budgeted payments of debt service on behalf of NHCC and OTB totaling $2.4 million (which has an equal negative offset in Other Revenues), $2.0 million due to reporting requirements related to NIFA expenditures and the remainder primarily due to lower claims and judgments expenditures for litigation than budgeted ($1.4 million).
- Other Financing Sources - Transfers In, exclusive of Transfers In from NIFA, were higher than budgeted by $13.5 million due primarily to transfers in from the Police District Fund to the Litigation Fund for future litigations costs.
- Other Financing Sources - Transfers Out were $142.0 million under budget mainly due to the required reporting of the sales tax revenues which NIFA withholds to pay debt service ("NIFA set-asides") budgeted as Other Financing Sources - Transfers Out. This variance partially offsets the negative variance in Sales Tax for the General Fund.

ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2018 (Continued)

Fund Balance

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

	General Fund	Police District Fund	Sewer and Storm Water District Fund	Capital Fund	Disputed Assessment Fund	Total Nassau County Major Funds*
Fund Balance, as of December 31, 2016	$ 184.4	$ (5.0)	$ 42.2	$ 118.8	$	$ 340.4
Add: 2017 Revenues	2,372.8	410.1	129.0	203.8	1.1	3,116.8
Less: 2017 Expenditures	2,515.6	408.6	111.4	338.4	1.1	3,375.1
2017 Other financing sources/(uses), net	39.5	(2.5)	(35.7)	163.6		164.9
Fund Balance, as of December 31, 2017	81.1	(6.0)	24.1	147.8		247.0
Add: 2018 Revenues	2,492.1	405.7	139.2	118.4	2.5	3,157.9
Less: 2018 Expenditures	2,592.7	397.0	110.5	242.1		3,342.3
2018 Other financing sources/(uses), net	86.5	(6.7)	(44.2)	259.3	(0.4)	294.5
Fund Balance, as of December 31, 2018	$ 67.0	$ (4.0)	$ 8.6	$ 283.4	$ 2.1	$ 357.1

* not including blended component units

Table 3 shows accumulated fund balance in the County's major funds (excluding the blended component units) totaled $357.1 million at the end of 2018. Of this fund balance:

- $53.1 million is categorized as nonspendable, which is primarily, the portion of the retirement bill prepaid for the beginning of the next year and a long-term advance due from a component unit;
- $14.5 million is restricted, primarily as it is earmarked for debt service, the preservation of open space in the County, and amounts to be paid for disputed assessments. This category declined from the prior year primarily due to a balance of $45.0 million that was restricted in 2017 in accordance with a court order judgment but paid in 2018; and
- $303.3 million is committed to capital projects, police termination pay, police district judgments and settlements, and technology; and
- The remaining fund balance (assigned and unassigned) deficit of $13.7 million signifies that there is no available cushion as a contingency to offset any future economic changes that may impact the County's operating budget.

Total fund balance in the General Fund declined by $14.1 million from $81.1 million to $67.0 million. This decrease is primarily due to the payment of claims, judgments and settlements, less than expected revenue from OTB related to video lottery terminals, and lower departmental revenues predominately due to a temporary restraining order imposed on the income and expense law and lower mortgage recording fees. Other contributing variances include a shortfall in departmental revenues, and GAAP adjustments for the budgeted use of fund balance and prior year recoveries. These shortfalls were offset by prior year receivable recoveries and bond proceeds to offset tax certiorari expenditures.

ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2018 (Continued)

Fund Balance (Continued)

Total fund balance in the Police District Fund improved by $2.0 million, from a negative $6.0 million to a negative $4.0 million. The improvement is primarily the result of lower health insurance expenditures in the fund.

Total fund balance in the Capital Fund increased $135.6 million, from $147.8 million to $283.4 million. This increase is mainly due to borrowing proceeds and lower expenditures for general capital outlay primarily due to timing of expenditures.

Total fund balance in the Sewer and Storm Water District Fund declined by $15.4 million, from $24.1 million to $8.6 million. The decline is primarily the result of the budgeted use of accumulated fund balance.

Total fund balance in the Disputed Assessment Fund increased by $2.0 million, from $62 thousand to $2.1 million primarily due to investment income earned.

CAPITAL INVESTMENTS

During the 2018 fiscal year, the County had the following outlays related to County and NCC capital projects: $124.2 million in sewer district improvements and upgrades (designated with an * in Table 4 below), $18.6 million in public safety projects, $19.0 million in roads, $35.3 million in buildings, and $20.4 million in infrastructure-related improvements (** this amount includes $11.9 million in capital outlays related to NCC). The County made capital improvements during 2018 in the following areas:

Table 4
Capital Improvements
January 1, 2018 to December 31, 2018
(dollars in millions)

Project Category	Amount
Building Consolidation Plan	$ 0.2
Buildings	35.3
Environmental Bond Act	0.4
Equipment	0.7
Infrastructure**	20.4
Parks	4.2
Public Safety	18.6
Roads	19.0
Technology	5.6
Traffic	12.8
Transportation	0.7
Collection *	33.0
Disposal *	87.9
Storm Water *	3.3
	$ 242.1

The difference between the $242.1 million in Table 4 and the net increase to capital assets as reported in the government-wide financial statements represents the adjustments necessary to report capital assets on a full accrual basis, including expenditures that are related to retainage withheld on construction-in-progress. Additional information on the County's capital assets activity can be found in Note 10 to the financial statements.

DEBT

As of December 31, 2018, the par value of County's serial bond debt was $2.4 billion and $1.1 billion for the blended component units, NIFA, NCSSWFA and NCTSC. The combined $3.5 billion in outstanding long-term debt (excluding accreted interest) as of December 31, 2018 increased by approximately $23.6 million compared to the combined long-term debt outstanding as of December 31, 2017. Of the $3.5 billion debt outstanding, $3.1 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 $188.0 million outstanding from the refunding and new money debt issued in October 2004 and refunded in April 2009 by NHCC. Until January 2018, the County also provided a contractual direct-pay obligation pursuant to the Support Agreement of $4.3 million outstanding from the refunding and new money debt issued in June 2005 by the OTB. In January 2018, OTB refinanced the debt associated with three Nassau County locations, thereby eliminating the County guarantee of OTB debt. Since NHCC is a discretely presented component unit of the County, its debt is not itemized in Table 5 below.

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

	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018
General Obligation County Bonds	$ 2,183,616	$ 259,850	$ 97,170	$ 2,346,296
Sewage Purpose Bonds	2,360		1,495	865
SRF Revenue Bonds	65,445		8,218	57,227
Total Serial Bonds - County	2,251,421	259,850	106,883	2,404,388
NIFA Sales Tax Secured Bonds	653,984		118,505	535,479
Sewer Financing Authority	133,710		10,815	122,895
Tobacco Settlement Asset Backed Bonds	400,537			400,537
Total Serial Bonds - Blended Component Units	1,188,231		129,320	1,058,911
Total Serial Bonds	3,439,652	259,850	236,203	3,463,299
Accreted interest - Tobacco Settlement Asset Backed Bonds	69,080	7,695		76,775
Total Serial Bonds and Accreted Interest	$ 3,508,732	$ 267,545	$ 236,203	$ 3,540,074

During 2018, the County issued a total of $259.9 million of long-term debt. Of the $259.9 million in long-term debt issued in 2018, $148.0 million was used to fund its capital program, $100.0 million to fund property tax refunds, of that $38.6 were paid in 2018 and $11.9 million to fund various NCC capital projects.

The State Revolving Fund ("SRF") is administered by the New York State Environmental Facilities Corporation ("EFC"), which provides interest-subsidized loans to local governments for eligible environmental projects (e.g., sewer and storm water improvement initiatives).

DEBT (Continued)

Offsetting new issuances were maturities of the County's, NIFA's, NCTSC's and NCSSWFA's long-term debt of $236.2 million during 2018.

The County issued short-term debt during 2018. In December 2018, the County issued $298.0 million in Tax Anticipation Notes Series A and Series B ("TANs"), which were used to finance the cash flow of the County's operations. 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 a total of $255.1 million of Bond Anticipation Notes ("BANs"), $59.6 million of BANs 2018 Series A, $97.1 million of BANs 2018 Series B and $98.4 million of BANs 2018 Series C. The 2018 Series A BANs were issued to finance various sewer system improvements. The Series B and C BANs were issued to refinance the County's BANs, 2018 Series A, dated May 9, 2018 and matured December 14, 2018, issued to finance various sewer system improvements, to refinance the County's BANs, 2017 Series A (Federally Taxable), dated June 13, 2017 and matured December 14, 2018, issued to finance various sewer system improvements, to refinance the County's BANs, 2017 Series B, dated December 12, 2017 and matured December 14, 2018, issued to refinance notes that originally financed various sewer system improvements, and to pay costs of issuance.

The County issued $119.9 million of Revenue Anticipation Notes ("RANs") 2018 Series A in September 2018. The Series A RANs were issued to finance cash flow needs within the County.

In addition, the EFC issued short-term financing to the County in 2015 in the form of a five-year note, which was rolled-over into a new short-term financing agreement in 2018 ("2018" Note) with additional funding added. In 2018, the County drew down $14.4 million of the 2018 Note to finance specific sewer related projects. Of the $25.8 million available to be financed through the 2018 Note, $22.4 million of the available financing bears no interest and $3.3 million of the loan bears interest at 1.83%. The 2018 Note matures on September 24, 2020. At this time, the County expects to roll over the Note to long-term financing upon maturity. As of December 31, 2018, the County has an obligation under the 2018 Note of $20.7 million, which has been drawdown and is reported as a long-term BAN in the County's Statement of Net Position (Deficit).

Detailed information on long-term debt activity is available in the Notes to the Financial Statements Note 12

NASSAU COUNTY'S CREDIT RATING

The County's debt ratings at December 31, 2018 were as follows: Moody's Investors Service: A2 (stable outlook); S&P Global Ratings: A+ (stable outlook); Fitch Ratings: A (stable outlook). The County's short-term debt is rated SP-1+ by S&P Global Ratings and F1 by Fitch Ratings.

BASIC FINANCIAL STATEMENTS

EXHIBIT X-1

COUNTY OF NASSAU, NEW YORK

STATEMENT OF NET POSITION (DEFICIT)
DECEMBER 31, 2018 (Dollars in Thousands)

	Primary Government	
	Governmental Activities	Component Units
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 954,414	$ 87,117
Investments	3,094	2,632
Restricted Cash and Cash Equivalents	123,813	489
Restricted Certificate of Deposit	65,000	
Restricted Investments	36,913	74,093
Sales Tax Receivable	140,948	
Interest Receivable	151	
Student Accounts and Loans Receivable		10,020
Less Allowance for Doubtful Accounts		(6,705)
Due from Primary Government		29,417
Due from Other Governments	208,700	2,560
Less Allowance for Doubtful Accounts	(10,057)	
Other Receivables		95,325
Accounts Receivable	48,906	397,792
Less Allowance for Doubtful Accounts		(358,650)
Real Property Taxes Receivable	76,110	
Less Allowance for Doubtful Accounts	(5,888)	
Disputed Assessment Fund Collections Receivable	1,364	
Due from Component Unit	30,981	
Inventories		8,800
Prepaids	48,154	2,133
Other Assets	541	11,004
Total Current Assets	1,723,144	356,027
NON CURRENT ASSETS:		
Restricted Cash and Cash Equivalents		3,316
Restricted Investments	22,786	12,044
Receivable - Service Concession Agreements	4,575	
Due from Component Unit	6,000	
Property Held for Sale		5
Net Pension Asset		2,447
Capital Assets Not Being Depreciated	1,563,995	34,099
Depreciable Capital Assets	4,155,017	1,031,153
Less Accumulated Depreciation	(2,226,482)	(707,386)
Deposits Held in Custody for Others		3
Tax Sale Certificates	3,693	
Tax Real Estate Held for Sale	4,551	
Other Assets		30,218
Total Non Current Assets	3,534,135	405,899
Total Assets	5,257,279	761,926
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	78,568	26,008
Accumulated decrease in fair value of hedging activities	14,417	271
Pensions	337,219	53,318
Other postemployment benefits	601,730	96,086
Total Deferred Outflows of Resources	$ 1,031,934	$ 175,683

(Continued)

EXHIBIT X-1

COUNTY OF NASSAU, NEW YORK

STATEMENT OF NET POSITION (DEFICIT)
DECEMBER 31, 2018 (Dollars in Thousands)

	Primary Government	
	Governmental Activities	Component Units
LIABILITIES		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Liabilities	$ 310,467	$ 134,340
Payable to Investment Broker - investment purchase	11,950	
Bond Anticipation Notes Payable	195,465	
Retainage Payable	20,664	
Tax Anticipation Notes Payable	297,960	
Unearned Revenue	79,122	14,875
Property Tax Refund Payable	53,366	
Due to Primary Government		5,948
Due to Component Units	37,677	
Due to Other Governments		1,458
Accrued Interest Payable	38,752	774
Current Portion of Long Term Liabilities	497,050	46,065
Disputed Assessment Fund Deposits Held	105,110	
Estimated Tax Certiorari Payable related to Disputed Assessment Fund	33,034	
Other Liabilities - Current	41,087	10,408
Total Current Liabilities	1,721,704	213,868
NON CURRENT LIABILITIES:		
Accounts Payable and Accrued Liabilities		7,357
Due to Primary Government		14,801
Bond Anticipation Notes Payable	20,682	
Notes Payable		7,237
Derivative Instruments - Interest Rate Swaps	14,417	16,111
Bonds Payable, Net of Deferred Bond Premium/Discount (Net of Amortization)	3,594,271	181,248
Liability to Third-Party Payors, net		72,357
Accrued Liabilities - Term Pay		3,160
Accrued Vacation and Sick Pay	452,702	117,044
Due to Other Governments		877
Due to City of Glen Cove	475	
Deferred Payroll	48,540	
Estimated Workers' Compensation Liability	174,292	
Estimated Tax Certiorari Payable	432,182	
Estimated Liability for Litigation	406,853	82,948
Capital Lease Obligations	77,533	
Deposits Held in Custody for Others		3
Insurance Reserve Liability		2,048
Contractual Liability due to Nassau Health Care Corporation	269,681	
Due to New York State Retirement System	197,866	
Net Pension Liability	147,240	65,433
Total OPEB Liability	6,317,941	1,156,060
Total Non Current Liabilities	12,154,675	1,726,684
Total Liabilities	13,876,379	1,940,552
DEFERRED INFLOWS OF RESOURCES		
Deferred Gain on Refundings	19,052	
Property Taxes - Part County Sales Tax Offset	19,497	
Mitchel Field - Sale of Future Rental Revenue	28,646	
Pensions	199,295	54,376
Service Concession Agreements	62,515	7,443
Other postemployment benefits	99,762	13,609
Total Deferred Inflows of Resources	428,767	75,428
NET POSITION (DEFICIT)		
Net Investment in Capital Assets	2,437,007	286,415
Restricted:		
Nassau Health Care Corporation - Health Services		1,335
Nassau Community College - Scholarships and Other		3,000
Capital Projects	2,912	14,469
Debt Service	81,883	54
General Administration	9,167	
Health	9,264	
Public Works	10,551	
Various Purposes	2,821	
FEMA - Public Works	2,649	
Judgments and Settlements	2,109	
Open Space	1,810	
Student Loans		438
Unrestricted	(10,576,106)	(1,384,082)
Total Net Position (Deficit)	$ (8,015,933)	$ (1,078,371)

See accompanying notes to financial statements. (Concluded)

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EXHIBIT X-2

COUNTY OF NASSAU, NEW YORK

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018 (Dollars in Thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Program Revenues: Capital Grants	Net (Expense) Revenue and Changes in Net Position: Primary Government Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Units
Primary Government:						
Legislative	$ 12,386	$	$	$	$ (12,386)	
Judicial	83,928	80,375	2,877		(676)	
General Administration	687,063	50,667	31,805		(604,591)	
Protection of Persons	849,495	118,643	7,367		(723,485)	
Health	235,752	15,632	140,050		(80,070)	
Public Works	373,268	65,855	79,055	102,546	(125,812)	
Recreation and Parks	51,428	26,967	37		(24,424)	
Social Services	554,138	19,713	195,775		(338,650)	
Corrections	272,988	3,467	13,291		(256,230)	
Education	29,417	16,251			(13,166)	
Interest on Long -Term Debt	195,590				(195,590)	
Total Primary Government	$ 3,345,453	$ 397,570	$ 470,257	$ 102,546	(2,375,080)	
Component Units	$ 958,332	$ 685,294	$ 48,551	$ 4,767		$ (219,720)
General Revenues:						
Taxes:						
Property Taxes					$ 951,323	
Sales Taxes					1,194,466	
Other Taxes					94,619	
Federal, State and Local Appropriations						$ 116,678
Tobacco Settlement Revenue and Tobacco Receipts					17,812	
Investment Income					36,229	976
Other					65,515	16,899
Total General Revenues					2,359,964	134,553
Change in Net Position (Deficit)					(15,116)	(85,167)
Net Position (Deficit) - Beginning, as reported					(8,488,600)	(878,550)
Cumulative Effect of Change in Accounting Principle (See Note 22)					487,783	(114,654)
Net Position (Deficit) - Beginning, as restated (See Note 22)					(8,000,817)	(993,204)
Net Position (Deficit) - Ending					$ (8,015,933)	$ (1,078,371)

See accompanying notes to financial statements.

EXHIBIT X-3

COUNTY OF NASSAU, NEW YORK

GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2018 (Dollars in Thousands)

ASSETS:	General Fund	NIFA Fund	Police District Fund	Sewer and Storm Water District Fund	Capital Fund	Disputed Assessment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	$ 271,146	$ 527	$ 1,826	$ 40,324	$ 548,565	$	$ 92,026	$ 954,414
Investments							3,094	3,094
Restricted Cash and Cash Equivalents	3,609					120,201	3	123,813
Restricted Certificate of Deposit						65,000		65,000
Restricted Investments							59,699	59,699
Sales Tax Receivable	10,902	130,046						140,948
Interest Receivable							151	151
Due from Other Governments	126,878			4,452	49,326		28,044	208,700
Less Allowance for Doubtful Accounts	(5,605)			(4,452)				(10,057)
Accounts Receivable	38,767		53	8,587	1,076		423	48,906
Real Property Taxes Receivable	76,110							76,110
Less Allowance for Doubtful Accounts	(5,888)							(5,888)
Disputed Assessment Fund Collections Receivable						1,364		1,364
Tax Sale Certificates	3,693							3,693
Tax Real Estate Held for Sale	4,551							4,551
Interfund Receivables	183,090	3	2,359	6,331			27,201	218,984
Due from Component Units	27,455							27,455
Prepaids	34,482	61	12,185	410			1,016	48,154
Other Assets	47				207		287	541
TOTAL ASSETS	$ 769,237	$ 130,637	$ 16,423	$ 55,652	$ 599,174	$ 186,565	$ 211,944	$ 1,969,632
LIABILITIES:								
Accounts Payable	$ 44,964	$	$ 445	$ 898	$ 35,446	$	$ 4,736	$ 86,489
Accrued Liabilities	159,584	16	7,983	9,265	25,009	4,571	11,385	217,813
Payable to Investment Broker - investment purchase							11,950	11,950
Bond Anticipation Notes Payable					195,465			195,465
Tax Anticipation Notes Payable	297,960							297,960
Unearned Revenue	10,225				12,667		56,230	79,122
Property Tax Refund Payable	53,366							53,366
Interfund Payables	3,130	129,797	9,632	28,180	30,417		17,828	218,984
Due to Component Units	22,025				15,652			37,677
Disputed Assessment Fund Deposits Held						179,885		179,885
Other Liabilities	38,200		2,386	214			225	41,025
Total Liabilities	629,454	129,813	20,446	38,557	314,656	184,456	102,354	1,419,736
DEFERRED INFLOWS OF RESOURCES:								
Unavailable Revenue - Rents & Recoveries and Other	1,945			8,455	1,076		167	11,643
Unavailable Revenue - Property Taxes	22,683							22,683
Property Taxes - Part County Sales Tax Offset	19,497							19,497
Mitchel Field - Sale of Future Rental Revenue	28,646							28,646
Total Deferred Inflows of Resources	72,771			8,455	1,076		167	82,469
FUND BALANCE (DEFICIT):								
Fund Balances (Deficit):								
Nonspendable	40,482	61	12,185	410			1,016	54,154
Spendable:								
Restricted	9,526				2,912	2,109	107,620	122,167
Committed	21,473		1,273		280,530		370	303,646
Assigned		763		8,230			417	9,410
Unassigned	(4,469)		(17,481)					(21,950)
Total Fund Balance (Deficit)	67,012	824	(4,023)	8,640	283,442	2,109	109,423	467,427
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	$ 769,237	$ 130,637	$ 16,423	$ 55,652	$ 599,174	$ 186,565	$ 211,944	$ 1,969,632

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, 2018 (Dollars in Thousands)

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

Total fund balances - governmental funds	$ 467,427
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation	3,492,530
Assets that are not available resources and, therefore, are not reported in the funds:	
Due from component unit	9,526
Receivable - service concession agreements	4,575
Deferred outflows of resources not reported in governmental funds:	
Deferred loss on refunding	78,568
Pensions	337,219
Other postemployment benefits	601,730
Other assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	34,326
Deferred inflows of resources not recorded in the governmental funds:	
Deferred gain on refunding	(19,052)
Pensions	(199,295)
Service concession agreements	(62,515)
Other postemployment benefits	(99,762)
Premiums, discounts and accreted 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	(381,533)
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	(65,581)
Current portion of long-term liabilities	(497,050)
Bonds payable	(3,212,738)
Due to New York State Employees' Retirement System	(197,866)
Net pension liability	(147,240)
Total OPEB Liability	(6,317,941)
Other long-term liabilities	(1,841,261)
Net position (deficit) of governmental activities	$ (8,015,933)

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, 2018 (Dollars in Thousands)

	General Fund	NIFA Fund	Police District Fund	Sewer and Storm Water District Fund	Capital Fund	Disputed Assessment Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:								
Property Taxes	$ 436,970	$	$ 380,453	$ 124,764	$	$ 426	$ 7,698	$ 950,311
Payments in Lieu of Taxes	34,931		16,758	7,031				58,720
Preempted Sales Tax in Lieu of Property Taxes	95,774							95,774
Interest and Penalties on Taxes	36,765							36,765
Sales Tax	952,787	145,905						1,098,692
Tobacco Settlement Revenue and Tobacco Receipts							17,812	17,812
Special Taxes	32,566						2,431	34,997
Departmental Revenue	223,025		2,691	1,887	216		3,919	231,738
Interest Income	3,657	900	154	362	3,537	2,047	2,621	13,278
Licenses and Permits	14,419		3,985	1,414				19,818
Fines and Forfeitures	113,462		1,011				1,664	116,137
Rents and Recoveries	27,306		160	3,676			266	31,408
Interdepartmental Revenues	90,569		472					91,041
Interfund Revenues	11,962						215	12,177
Other Revenues	49,482	750			2,409			52,641
State Aid	222,812	7			12,415		40,374	275,608
Federal Aid	145,566			36	99,820		60,644	306,066
Total Revenues	2,492,053	147,562	405,684	139,170	118,397	2,473	137,644	3,442,983
EXPENDITURES:								
Current:								
Legislative	12,492							12,492
Judicial	79,918						4,162	84,080
General Administration	288,277	1,601					21,777	311,655
Protection of Persons	481,179		396,964				7,670	885,813
Health	189,625						52,132	241,757
Public Works	206,099			99,334			6,765	312,198
Recreation and Parks	36,594						3,381	39,975
Social Services	553,940						18,182	572,122
Corrections	269,776						1,690	271,466
Education	16,451							16,451
Bonded Payments for Tax Certiorari	38,513							38,513
Aid to Towns and Cities	72,048							72,048
Suits and Damages	58,161							58,161
Other	68,739							68,739
Capital Outlay:								
General					106,311			106,311
Sewage Districts					123,867			123,867
Education					11,880			11,880
Debt Service:								
Principal	97,170			9,713			129,320	236,203
Interest	119,560			1,383			50,524	171,467
Bond Issuance Costs	4,108							4,108
Total Expenditures	2,592,650	1,601	396,964	110,430	242,058	0	295,603	3,639,306
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(100,597)	145,961	8,720	28,740	(123,661)	2,473	(157,959)	(196,323)
OTHER FINANCING SOURCES (USES):								
Transfers In	51,103		5,000				8,998	65,101
Transfers Out	(12,253)		(11,737)	(27,607)	(3,737)	(426)	(9,341)	(65,101)
Transfers In of Investment Income	3,017			520				3,537
Transfers Out of Investment Income					(3,537)			(3,537)
Transfers In from NIFA	3,355	1,817					144,405	149,577
Transfers Out to NIFA		(147,689)					(1,888)	(149,577)
Transfers In from NCSSWFA				115,518			150,117	265,635
Transfers Out to NCSSWFA				(132,616)			(133,019)	(265,635)
Transfers In from NCTSC							125	125
Transfers Out to NCTSC							(125)	(125)
Issuance of Debt	38,586				235,678			274,264
Premium on Bonds	2,709				30,854			33,563
Total Other Financing Sources (Uses)	86,517	(145,872)	(6,737)	(44,185)	259,258	(426)	159,272	307,827
NET CHANGE IN FUND BALANCE (DEFICIT)	(14,080)	89	1,983	(15,445)	135,597	2,047	1,313	111,504
TOTAL FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	81,092	735	(6,006)	24,085	147,845	62	108,110	355,923
TOTAL FUND BALANCE (DEFICIT) AT END OF YEAR	$ 67,012	$ 824	$ (4,023)	$ 8,640	$ 283,442	$ 2,109	$ 109,423	$ 467,427

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, 2018 (Dollars in Thousands)

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

Net change in fund balance - total governmental funds		$ 111,504
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	$ 220,750	
Depreciation expense	(135,924)	
Other	(2,948)	81,878
Net change in deferred outflows of resources and other assets not reported in the funds:		
Deferred outflows of resources	350,861	
Other assets	(669)	350,192
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		12,656
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.		
Total OPEB liability	(694,544)	
Change in accrued interest payable and accrued expenses	(3,856)	
Deferred inflows of resources	(101,134)	
Change in other long-term liabilities	270,301	(529,233)
The issuance of long-term debt (e.g., bonds) 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:		
Change in premiums and discounts	(18,466)	
Proceeds from sales of bonds	(259,850)	
Principal payments of bonds	236,203	(42,113)
Change in net position - governmental activities		$ (15,116)

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, 2018 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 15)	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Property Taxes	$ 439,751	$ 442,481	$ 436,970	$	$ 436,970	$ (5,511)
Payments in Lieu of Taxes	28,863	32,813	34,931	(604)	34,327	1,514
Preempted Sales Tax in Lieu of Property Taxes	95,773	95,773	95,774		95,774	1
Interest and Penalties on Taxes	34,850	34,850	36,765		36,765	1,915
Sales Tax	1,087,525	1,096,525	952,787		952,787	(143,738)
Special Taxes	32,041	32,363	32,566		32,566	203
Departmental Revenue	233,652	233,652	223,025	(365)	222,660	(10,992)
Interest Income	432	3,332	3,657		3,657	325
Licenses and Permits	13,856	13,856	14,419		14,419	563
Fines and Forfeitures	101,555	110,489	113,462	146	113,608	3,119
Rents and Recoveries	25,064	27,064	27,306	(2,510)	24,796	(2,268)
Interdepartmental Revenues	99,506	99,506	90,569		90,569	(8,937)
Interfund Revenues	11,631	11,631	11,962		11,962	331
Other Revenues	58,922	63,839	49,482	(341)	49,141	(14,698)
State Aid	211,576	211,653	222,812	(2,065)	220,747	9,094
Federal Aid	134,594	141,642	145,566		145,566	3,924
Total Revenues	2,609,591	2,651,469	2,492,053	(5,739)	2,486,314	(165,155)
Expenditures:						
Current:						
Legislative	14,581	15,017	12,492	1,973	14,465	552
Judicial	80,388	79,503	79,918	(1,941)	77,977	1,526
General Administration	317,914	312,604	288,277	14,380	302,657	9,947
Protection of Persons	496,921	485,953	481,179	2,055	483,234	2,719
Health	199,995	199,339	189,625	433	190,058	9,281
Public Works	195,388	200,628	206,099	(7,890)	198,209	2,419
Recreation and Parks	40,831	39,611	36,594	1,595	38,189	1,422
Social Services	576,851	574,463	553,940	7,525	561,465	12,998
Corrections	269,821	280,090	269,776	8,416	278,192	1,898
Education	13,606	16,357	16,451	(94)	16,357	
Bonded Payments for Tax Certiorari			38,513	(38,513)		
Aid to Towns and Cities	70,856	72,048	72,048		72,048	
Suits and Damages	23,000	59,591	58,161		58,161	1,430
Other	62,877	74,443	68,739	1,238	69,977	4,466
Total Current	2,363,029	2,409,647	2,371,812	(10,823)	2,360,989	48,658
Debt Service:						
Principal	98,708	97,170	97,170		97,170	
Interest	122,589	119,560	119,560		119,560	
Bond Issuance Costs	2,605	4,108	4,108		4,108	
Total Debt Service	223,902	220,838	220,838		220,838	
Total Expenditures	2,586,931	2,630,485	2,592,650	(10,823)	2,581,827	48,658
Excess (Deficiency) of Revenues Over (Under) Expenditures	22,660	20,984	(100,597)	5,084	(95,513)	(116,497)
Other Financing Sources (Uses):						
Transfers In	34,901	30,043	51,103	(7,538)	43,565	13,522
Transfers Out	(145,627)	(149,259)	(12,253)	5,001	(7,252)	142,007
Transfers In of Investment Income	1,200	2,984	3,017		3,017	33
Transfer In from NIFA	309	1,615	3,355		3,355	1,740
Issuance of Debt			38,586	(38,586)		
Premium on Bonds	1,465	2,709	2,709		2,709	
Total Other Financing Sources (Uses)	(107,752)	(111,908)	86,517	(41,123)	45,394	157,302
Net Change in Fund Balance	(85,092)	(90,924)	(14,080)	(36,039)	(50,119)	40,805
Fund Balance at Beginning of Year	85,092	90,924	81,092	121,365	202,457	111,533
Fund Balance at End of Year	$	$	$ 67,012	$ 85,326	$ 152,338	$ 152,338

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, 2018 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 15)	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Property Taxes	$ 380,449	$ 380,449	$ 380,453	$	$ 380,453	$ 4
Payments in Lieu of Taxes	16,758	16,758	16,758		16,758	
Departmental Revenue	3,450	3,450	2,691		2,691	(759)
Interest Income	12	12	154		154	142
Licenses and Permits	4,629	4,629	3,985		3,985	(644)
Fines and Forfeits	1,356	1,356	1,011		1,011	(345)
Rents and Recoveries			160		160	160
Interdepartmental Revenue	541	541	472		472	(69)
Total Revenues	407,195	407,195	405,684		405,684	(1,511)
Expenditures:						
Current:						
Protection of Persons	406,614	401,614	396,964	2,593	399,557	2,057
Total Expenditures	406,614	401,614	396,964	2,593	399,557	2,057
Excess (Deficiency) of Revenues Over (Under) Expenditures	581	5,581	8,720	(2,593)	6,127	546
Other Financing Sources (Uses):						
Transfers In			5,000	(5,000)		
Transfer Out	(2,244)	(7,244)	(11,737)	4,500	(7,237)	7
Total Other Financing Sources (Uses)	(2,244)	(7,244)	(6,737)	(500)	(7,237)	7
Net Change in Fund Balance (Deficit)	(1,663)	(1,663)	1,983	(3,093)	(1,110)	553
Fund Balance (Deficit) at Beginning of Year	1,663	1,663	(6,006)	32,038	26,032	24,369
Fund Balance (Deficit) at End of Year	$	$	$ (4,023)	$ 28,945	$ 24,922	$ 24,922

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, 2018 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 15)	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Property Taxes	$	$	$ 124,764	$	$ 124,764	$ 124,764
Payments in Lieu of Taxes			7,031	822	7,853	7,853
Departmental Revenue	1,200	1,200	1,887	(624)	1,263	63
Interest Income	100	100	362		362	262
Licenses and Permits	1,553	1,553	1,414	(34)	1,380	(173)
Rents and Recoveries	6,540	6,540	3,676	3,084	6,760	220
Federal Aid			36		36	36
Total Revenues	9,393	9,393	139,170	3,248	142,418	133,025
Expenditures:						
Current:						
Public Works	108,304	109,020	99,334	4,090	103,424	5,596
Debt Service:						
Principal	9,713	9,713	9,713		9,713	
Interest	5,339	1,383	1,383		1,383	
Total Expenditures	123,356	120,116	110,430	4,090	114,520	5,596
Excess (Deficiency) of Revenues Over (Under) Expenditures	(113,963)	(110,723)	28,740	(842)	27,898	138,621
Other Financing Sources (Uses):						
Transfers Out	(22,312)	(27,607)	(27,607)		(27,607)	
Transfers In of Investment Income	100	100	520		520	420
Transfer Out to NCSSWFA			(132,616)		(132,616)	(132,616)
Transfer In from NCSSWFA	114,231	114,231	115,518		115,518	1,287
Total Other Financing Sources (Uses)	92,019	86,724	(44,185)		(44,185)	(130,909)
Net Change in Fund Balance	(21,944)	(23,999)	(15,445)	(842)	(16,287)	7,712
Fund Balance at Beginning of Year	21,944	23,999	24,085	6,545	30,630	6,631
Fund Balance at End of Year	$	$	$ 8,640	$ 5,703	$ 14,343	$ 14,343

See accompanying notes to financial statements.

EXHIBIT X-10

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY, ACTUAL, AND BUDGETARY BASIS
DISPUTED ASSESSMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Property Taxes	$	$ 426	$ 426	$	$ 426	$
Interest Income			2,047		2,047	2,047
Total Revenues		426	2,473		2,473	2,047
Other Financing Uses:						
Transfer Out		(426)	(426)		(426)	
Total Other Financing Uses		(426)	(426)		(426)	
Net Change in Fund Balance			2,047		2,047	2,047
Fund Balance Beginning of Year			62		62	62
Fund Balance End of Year	$	$	$ 2,109	$	$ 2,109	$ 2,109

See accompanying notes to financial statements.

EXHIBIT X-11

COUNTY OF NASSAU, NEW YORK

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2018 (Dollars in Thousands)

Agency Fund

ASSETS:	
Cash	$ 48,444
TOTAL ASSETS	$ 48,444
LIABILITIES:	
Accounts Payable	$ 5,002
Due To Component Unit	1,189
Other Liabilities	42,253
TOTAL LIABILITIES	$ 48,444

See accompanying notes to financial statements.

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EXHIBIT X-12

COUNTY OF NASSAU, NEW YORK

STATEMENT OF NET POSITION (DEFICIT)
ALL DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY
DECEMBER 31, 2018
(WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2018)
(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	$ 66,186	$ 5,478	$ 15,453	$ 87,117
Investments	2,632			2,632
Restricted Cash and Cash Equivalents			489	489
Restricted Investments		74,093		74,093
Student Accounts and Loans Receivable	10,020			10,020
Less Allowance for Doubtful Accounts	(6,705)			(6,705)
Due from Primary Government		29,417		29,417
Due from Other Governments	2,560			2,560
Other Receivables	6,868	88,454	3	95,325
Accounts Receivable		397,185	607	397,792
Less Allowance for Doubtful Accounts		(358,650)		(358,650)
Inventories		8,791	9	8,800
Prepaids	279	1,775	79	2,133
Other Assets		10,484	520	11,004
Total Current Assets	81,840	257,027	17,160	356,027
NON CURRENT ASSETS:				
Restricted Cash and Cash Equivalents			3,316	3,316
Restricted Investments		12,044		12,044
Property Held for Sale			5	5
Net Pension Asset	2,447			2,447
Capital Assets Not Being Depreciated	3,533	30,134	432	34,099
Depreciable Capital Assets	335,438	590,845	104,870	1,031,153
Less Accumulated Depreciation	(175,183)	(467,207)	(64,996)	(707,386)
Deposits Held in Custody for Others	3			3
Other Assets		30,218		30,218
Total Non Current Assets	166,238	196,034	43,627	405,899
Total Assets	248,078	453,061	60,787	761,926
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on bond refunding		26,008		26,008
Accumulated decrease in fair value of hedging activities		271		271
Pensions	20,213	28,921	4,184	53,318
Other postemployment benefits	67,445	26,646	1,995	96,086
Total Deferred Outflows of Resources	$ 87,658	$ 81,846	$ 6,179	$ 175,683

(Continued)

EXHIBIT X-12

COUNTY OF NASSAU, NEW YORK

STATEMENT OF NET POSITION (DEFICIT)
ALL DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY
DECEMBER 31, 2018
(WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2018)
(Dollars in Thousands)

	Nassau Community College	Nassau Health Care Corporation	Nonmajor Discretely Presented Component Units	Total Discretely Presented Component Units
LIABILITIES				
CURRENT LIABILITIES:				
Accounts Payable and Accrued Liabilities	$ 3,921	$ 122,628	$ 7,791	$ 134,340
Unearned Revenue	14,318		557	14,875
Due To Primary Government	4,993		955	5,948
Due To Other Governments			1,458	1,458
Accrued Interest Payable		774		774
Current Portion of Long Term Liabilities	1,330	43,785	950	46,065
Other Liabilities - Current	6,956	2,908	544	10,408
Total Current Liabilities	31,518	170,095	12,255	213,868
NON CURRENT LIABILITIES:				
Accounts Payable and Accrued Liabilities			7,357	7,357
Due to Primary Government	14,801			14,801
Notes Payable	637		6,600	7,237
Derivative Instrument - Interest Rate Swaps		16,111		16,111
Bonds Payable, net		172,518	8,730	181,248
Liability to Third-Party Payors, net		72,357		72,357
Accrued Liabilities - Termination Pay	3,160			3,160
Accrued Vacation and Sick Pay	54,239	62,335	470	117,044
Due to Other Governments, net			877	877
Estimated Liability for Litigation	150	82,798		82,948
Deposits Held in Custody for Others	3			3
Insurance Reserve Liability	2,048			2,048
Net Pension Liability	3,946	60,578	909	65,433
Postemployment Retirement Benefits Liability	489,822	599,460	66,778	1,156,060
Total Non Current Liabilities	568,806	1,066,157	91,721	1,726,684
Total Liabilities	600,324	1,236,252	103,976	1,940,552
DEFERRED INFLOWS OF RESOURCES				
Pensions	10,411	40,759	3,206	54,376
Other postemployment benefits	7,243	4,863	1,503	13,609
Service Concession Agreements	7,443			7,443
Total Deferred Inflows of Resources	25,097	45,622	4,709	75,428
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	163,110	99,179	24,126	286,415
Restricted:				
Nassau Health Care Corporation		1,335		1,335
Nassau Community College Scholarships	3,000			3,000
Capital Projects and Acquisitions			14,469	14,469
Grants			54	54
Student Loans	438			438
Unrestricted	(456,233)	(847,481)	(80,368)	(1,384,082)
Total Net Position (Deficit)	$ (289,685)	$ (746,967)	$ (41,719)	$ (1,078,371)

See accompanying notes to financial statements.

(Concluded)

EXHIBIT X-13

COUNTY OF NASSAU, NEW YORK

STATEMENT OF ACTIVITIES
ALL DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2018)
(Dollars in Thousands)

	Nassau Community College	Nassau Health Care Corporation	Nonmajor Discretely Presented Component Units	Total Discretely Presented Component Units
Expenses	$ 253,910	$ 646,210	$ 58,212	$ 958,332
Program Revenues:				
Charges for Services	53,359	587,613	44,322	685,294
Operating Grants and Contributions	48,422		129	48,551
Capital Grants and Contributions		4,767		4,767
Total Program Revenues	101,781	592,380	44,451	738,612
Net Program Revenues (Expenses)	(152,129)	(53,830)	(13,761)	(219,720)
General Revenues				
Federal, State and Local Appropriations	116,678			116,678
Investment Income	321	579	76	976
Other	4,434		12,465	16,899
Total General Revenues	121,433	579	12,541	134,553
Change in Net Position (Deficit)	(30,696)	(53,251)	(1,220)	(85,167)
Net Position (Deficit) - Beginning of Year, as reported	(279,934)	(561,782)	(36,834)	(878,550)
Cumulative effect of Change in Accounting Principle (See Note 22)	20,945	(131,934)	(3,665)	(114,654)
Net Position (Deficit) - Beginning of Year, as restated	(258,989)	(693,716)	(40,499)	(993,204)
Net Position (Deficit) - End of Year	$ (289,685)	$ (746,967)	$ (41,719)	$ (1,078,371)

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. 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"), Nassau Regional Off-Track Betting Corporation (the "OTB") and the Nassau County Land Bank Corporation (the "NC Land Bank"). The County has the ability to remove the appointed members of those organizations' 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, and 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-12, X-13, A-3 and A-4. These component units include NCC and NHCC as major component units and the Bridge Authority, OTB, NCIDA, NCLEAC, and NC Land Bank 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 25% of NCC's 2018 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, 2018.

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 31^{st}, the same as that of NCC. The Alumni Association of Nassau Community College has a legal year end of December 31^{st}.

(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 the County. 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 ("NUMC"), A. Holly Patterson Extended Care Facility ("AHP"), 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 County has provided two direct pay faith and credit guaranties, each dated March 1, 2009, to bondholders of the payment of principal, interest, and redemption payments on NHCC's outstanding Series 2009 A-D bonds ($188.0 million as of December 31, 2018) as scheduled without acceleration, as well as to the associated letter of credit banks. In addition, the County has provided a direct pay faith and credit guaranty dated October 14, 2004 to NHCC's interest rate swap counterparties. The County's obligations under the guaranties are independent of NHCC's ability to remain a going concern. A schedule of the remaining debt service for the Series 2009 A-D bonds and the NHCC swaps, as of December 31, 2018, may be found in Note 12 – Notes Payable and Long-Term Obligations.

NHCC is obligated under the Regulatory Agreement dated September 22, 2004, as amended, to reimburse the County for any payments it makes under the guaranties not covered by the set-off for amounts otherwise payable to NHCC for services required under the Successor Agreement between the parties dated November 1, 2007, as amended. To secure NHCC's reimbursement obligations, the County and NHCC have entered into (i) the Security and Pledge Agreement dated October 14, 2004, as amended, with respect to NHCC's personal; property and revenues and (ii) the Mortgage and Security Agreement dated October 13, 2004, as amended regarding NHCC's real property. Except for contractual obligations to NHCC for various vendor contract agreements with the County and the obligations related to the Acquisition and Successor Agreements related to a portion of the retirement and Termination benefits for employees who transferred to NHCC from the County (See Note 1), the County is not responsible for other NHCC obligations if it ceases to be a going concern.

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 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.

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)*

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.

Long Island Federally Qualified Health Center ("LIFQHC") is an independent not-for-profit corporation formed on May 14, 2009 and established by New York State Department of Health ("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.

Effective September 1, 2017, NHCC entered into a 24-month contract with Nassau County to provide medical, mental health, dental, and ancillary services to inmates in the custody of Nassau County Sheriff's Department and/or incarcerated at the Nassau County Correctional Facility.

NHCC has experienced recurring operating losses, has a total negative net position of $747.0 million at December 31, 2018, and is dependent on the continuation of federal, state and local subsidies, certain of which are scheduled to end or be reduced. These matters raise substantial doubt of NHCC's ability to continue as a going concern. NHCC is continuously striving to improve its operating results by continuing to progress with collecting on patient accounts, through cash flows provided by government subsidies for the funding of capital projects and by participating in the Delivery System Reform Incentive Program and the Value Based Payment Quality Improvement Program ("VBP QIP"). NHCC has also undertaken a number of initiatives including the renegotiation of commercial managed care contracts, changes to medical management practices, improved supply chain, inventory management, rightsizing of personnel and further cost reductions. In addition, in April 2019, the NHCC Board of Directors approved an agreement with Northwell Health. Under this agreement, Northwell Health will provide operational management assistance and will develop a five-year strategic plan for NUMC and AHP, as well as make recommendations for improving financial performance. A Northwell Health Senior Vice President is now the President and CEO of the NHCC.

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 2018, there were twenty 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 had a support agreement with OTB, which guaranteed OTB's Series 2005 Revenue Bonds. Under the support agreement with the County, OTB was 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 made an annual payment to the County. In January 2018, OTB refinanced the debt associated with the support agreement. The obligation under this agreement was satisfied with the refinancing now secured by mortgages. The County no longer receives this revenue from OTB.

(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.

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.

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

Reporting Entity **(Continued)**

Discretely Presented Component Units (Continued)

Non-Major Component Units (Continued)

(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 New York 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.

(g) *The Nassau County Land Bank* the ("NC Land Bank") is a not-for-profit corporation and a New York State Public Authority, organized pursuant to the New York State Land Bank Act (Article 16 of the Not-for-Profit Corporation Law). The NC Land Bank was organized on June 20, 2016. The NC Land Bank was authorized by the County, its sponsoring government, by Ordinance 87-2015, enacted by the Nassau County Legislature by unanimous affirmative vote on July 13, 2015 and approved on July 14, 2015 by the Nassau County Executive.

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 Nassau County Ordinance No. 87-2015. Five members are appointed by the County Executive, four of whom are recommended by the Legislative Majority and Minority leaders, the other two members are the County Attorney and the Director of Housing and Community Development, or their designees.

The NC Land Bank meets the criteria of being categorized as a component unit of the County because it is a separate legal entity, and County management appoints a voting majority of the board members. The NC Land Bank was established to address the still lingering effects of the foreclosure crisis affecting the County. The County is able to impose its will on the NC Land Bank 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 (the "State").

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").

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity **(Continued)**

Blended Component Units (Continued)

(a) Nassau County Interim Finance Authority *(Continued)*

NIFA is a corporate governmental agency and instrumentality of 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.

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 fund 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. For fiscal year 2018, the County remains in a Control Period. See Note 2 for more information on the NIFA Control Period and its effect on the County.

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 expenditures, 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 the County, 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 NCTSC 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, 2018, 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 Tobacco Settlement Revenues ("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 Bonds.

(c) *The Nassau County Sewer and Storm Water Finance Authority* ("NCSSWFA") is a public benefit corporation established in 2003 by the State 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity ***(Continued)***

Blended Component Units (Continued)

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

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 NCSSWFA refunding bonds. As the 2014 Agreement no longer requires the NCSSWFA to pay the County Bonds, the responsibility for making the payments on the County Bonds returned to the County at that time.

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 expenditures. 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 Sewer Bonds (as of the 2014 Agreement) and the operational costs of the System.

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 1 West Street, Suite 326 Mineola, NY 11501	Nassau County Local Economic Assistance Corporation 1 West Street, Suite 326 Mineola, NY 11501
Nassau County Bridge Authority P.O. Box 341 Lawrence, NY 11559	Nassau Land Bank 1 West Street Mineola, NY 11501

Recently Adopted Accounting Pronouncements

In June 2015, Government Accounting Standards Board ("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, *Other Postemployment Benefit ("OPEB") Measurements by Agent Employers and Agent Multiple-Employer Plans*. 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 implementation of this Statement resulted in reporting a restatement of the County's Net Position (See Note 22) and required additional note disclosure.

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). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The implementation of this Statement had no impact on the County's financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements (Continued)

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 implementation of this Statement had no impact 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 Generally Accepted Accounting Principles ("GAAP") for governments in the United States of America as prescribed by the GASB.

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

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

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

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

The County uses funds to report on its 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.''

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION (Continued)

The County reports the following major governmental funds:

General Fund – This fund is the principal operating fund of the County through which the County provides most County-wide services. This fund is used to account for and report all financial resources not accounted for and reported in another fund. 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 Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"), certain County budgetary funds were consolidated into the General Fund for reporting purposes. The budgetary funds included in the General Fund are the Debt Service Fund, the Police Headquarters Fund, the Fire Prevention, Safety, Communication, and Education Fund, the Technology Fund, the Open Space Fund, the Litigation Fund, the Retirement Contribution Reserve Fund, the Employee Accrued Benefit Liability Reserve Fund and the Bond Indebtedness Reserve Fund. Exhibits B-9 and B-10 provide details of the current fiscal year for each of the funds comprising the County's General Fund.

Special Revenue Funds – are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes other than debt service or capital projects.

NIFA Fund – This fund accounts for sales tax revenues received by NIFA and for general administration 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.

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 ("SSW") Fund – This 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 real 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.

Disputed Assessment Fund - the Disputed Assessment Fund ("DAF") became operational in 2017. The County's Administrative Code was amended by New York State Legislation in relation to the levy and extension of real property taxes on class four properties (i.e., commercial properties) and established a disputed assessment charge. The DAF was created as a mechanism to maintain the collections and record the revenues and payments related to the disputed assessment charge.

Effective 2019, the County's Administrative Code was amended by New York State Legislation in 2018 that allowed Nassau County to collect DAF charges annually on all class four (commercial) property to fund the payment of refunds, cancellations, and credits of property taxes and other levies within such class for the ensuing fiscal year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION (Continued)

Capital Fund - This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets. 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 County has the following nonmajor funds:

Special Revenues Funds include the following:

Environmental Protection Fund - This fund is used to purchase and preserve open space and for other purposes in accordance with the County's environmental programs, established by Local Law No. 14 of 2004 and Local Law No. 10 of 2006.

Tobacco Settlement Corporation Fund – This fund is used to segregate proceeds remaining from the 1999 securitization of certain tobacco settlement revenues.

Sewer Financing Authority Fund – This fund accounts for sewer and storm water assessments and other revenues received by NCSSWFA for its general administration expenditures, transfers to the NCSSWFA Debt Service Fund to pay NCSSWFA debt service as it comes due, and distributions to the County (on behalf of the Sewer and Storm Water District Fund).

Grant Fund – This fund accounts for outside funding the County receives, primarily from New York State and Federal government agencies that reimburse the cost of certain programs. This fund is used to enhance existing services, provide new services, act as seed money for new service programs, and partially or fully cover the costs of services mandated by the State or Federal government, and pay overtime for special public safety programs among other things.

Federal Emergency Management Assistance ("FEMA") Fund – This fund accounts for the funding that the County received from the Federal government that reimbursed cost of disaster recovery programs related to Superstorm Sandy. There is on-going activity in this fund related to FEMA project worksheets not yet closed out.

Debt Service Funds – are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and for financial resources that are being accumulated for principal and interest in future years.

Tobacco Settlement Corporation Debt Service Fund – This fund is used to account for and report financial resources that are for NCTSC principal and interest payments, and also includes the Senior Liquidity Reserve Account.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION (Continued)

Sewer Financing Authority Debt Service Fund – This fund is used to account for and report financial resources that are for NCSSWFA principal and interest payments, and for future resources that are being accumulated for principal and interest in future years.

NIFA Debt Service Fund – This fund is used to account for and report resources that are restricted or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest in future years. This fund accounts for debt service costs for serial bonds issued by NIFA to fund the County's long-term financing needs.

Additionally, the County reports the following fund type:

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the County in a trustee or custodial capacity.

Agency Fund - This fund is 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 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.

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.

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements ("GASB 88")*. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. 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 operations when it is adopted.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* ("GASB 89"). It supersedes paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION (Continued)

New Accounting Standards Not Yet Effective **(Continued)**

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61* (“GASB 90”). This Statement provides guidance regarding the accounting and financial reporting of a government’s majority equity interest in a legally separate organization. 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 operations when it is adopted.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations* (“GASB 91”). This Statement provides guidance regarding the accounting and financial reporting and establishes related standards for recognition, measurement, and disclosure for issuers. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. 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 are recognized in the fiscal year in which all eligibility requirements have been satisfied. 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)

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 and due, other postemployment benefits when due, pension expenditures 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 – NCC 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

A legally appropriated budget is adopted for each fiscal year for the General Fund, and each of the Special Revenue Funds, with the exception of DAF, 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. The DAF has no legally adopted budget as the fund was specifically established by state legislation which restricts how the fund is utilized.

The budget amounts as reported include prior year fund encumbrances carried forward as well as current year authorizations. In the case of the Grant Fund, an appropriated budget is legally adopted for the life of each grant as it is received. The FEMA Fund's appropriated budget was legally adopted for the life of the FEMA project worksheets submitted to FEMA for reimbursement of expenditures incurred beginning in 2012 during Superstorm Sandy. 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 and encumbrances are treated as charges to appropriations when recorded. All supplemental appropriations amending appropriated budgets as originally adopted are also provided by ordinance of the County Legislature. While the County remains under NIFA control period, NIFA must approve the budget legally adopted by the County Legislature.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

During the fiscal year ended December 31, 2018, supplemental appropriations for the General Fund and appropriation budgets for the Grant, FEMA, DAF, and SSW Funds were adopted and are included in the Statement of Revenues, Expenditures and Changes in Fund Balances, Total Budgetary Authority, Actual and Budgetary Basis for the General Fund, DAF Fund and SSW Fund and the Schedule of Expenditures by County Departments and Offices, Total Budgetary Authority and Actual for the Grant Fund and FEMA Fund, respectively, as follows (dollars in thousands):

Supplemental Appropriations:		
General Fund	$	73,956
Appropriation Budgets:		
Grant Fund		134,527
FEMA Fund		3,512
DAF Fund		426
SSW Fund		2,055
Total Supplemental Appropriations and Appropriation Budgets	$	214,476

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 not later than September 15th. (For the NCC, the proposed budget is submitted on or before the second Monday in July for the fiscal year commencing the following September 1st). The proposed budgets include proposed expenditures and the means of financing them.

2. Each year during a control period (as described under the Reporting Entity), the NIFA Act requires the County to submit the proposed budget to NIFA no later than September 15th, which must be consistent with the accompanying multi-year financial plan that the County must submit for NIFA's approval.

3. Public hearings are conducted to obtain public comments.

4. Budgets must be adopted by the County Legislature no later than October 30th of the prior year. (For the NCC, the budget is legally enacted on or before the third Monday in August).

5. 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)

6. The legally appropriated budget approved by the County Legislature must be approved by NIFA pursuant to its statutory authority during a control period. Should NIFA disapprove the budget, the Legislature and County Executive are required to modify the budget to meet NIFA's expectations and are consistent with the County's Multi-Year Financial Plan approved by NIFA.

7. 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, 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 and its various municipal subdivisions.

Restricted cash and investments represent amounts held for payment of future debt service and amounts with use restricted by 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 AND CERTIFICATES OF DEPOSITS

The County invests in certificates of deposits which have a maturity of six months.

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, as well as, amounts restricted by contractual agreements and regulations for NCTSC.

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.

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 one hundred dollars that have useful lives of more than one year and NCC's policy to capitalize all assets that have useful lives of more than five years.

I. DEPRECIATION

Depreciation is defined by the American Institute of Certified Public Accountants ("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. 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. PERIOD OF AVAILABILITY

The County's period of availability for revenue recognition is 60 days, except for Federal and State funds. Cash collected for open receivables collected within 60 days of the end of the current fiscal period remains as revenue receivables in the County's governmental funds, except for Federal and State funds, which typically have a one year availability period. Revenue receivables that are not collected within the 60 days are reclassed to Deferred Inflows of Resources.

L. 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 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.

NCC calculates an estimate of uncollectable student accounts and loans receivable balances according to the methodology developed based on the history of collections. All student accounts and loan receivable 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 NCC'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.

M. 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)

N. NET POSITION AND FUND BALANCE CLASSIFICATIONS

In the government-wide financial statements, balance 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 GASB Statement No. 54, the County's unrestricted resources will be used in the following order: committed, assigned, and unassigned.

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, will not convert to cash within the current period, or are legally or contractually required to be maintained intact.

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 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 the County Legislature prior to year-end.

Assigned - includes fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are considered neither restricted nor committed. The County Legislature may assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget. The County Legislature 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. NET POSITION AND FUND BALANCE CLASSIFICATIONS (Continued)

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 Police District Fund, and the Reserve Funds (Employee Accrued Benefit Liability Fund, Retirement Contribution Reserve Fund, and the Bond Indebtedness Fund) which are included in the General Fund. 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.

O. ACCUMULATED UNPAID VACATION, SICK PAY, AND OTHER EMPLOYEE BENEFITS

County employees receive vacation time, sick leave, and other benefits pursuant to their respective labor agreement or County ordinance covering their terms of employment. Under the terms of the County's multiple labor agreements, County employees accumulate earned but unused vacation, sick pay and other leave benefits. 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 liability for vested or accumulated vacation, sick leave or other benefits is recorded as current and non-current obligations in the government-wide statements. The compensated absences are treated as long-term as they will not be liquidated with expendable available financial resources. The current portion of this debt is estimated based on historical trends. Compensated absence liabilities and expenditures are reported in the governmental funds only if they have matured, for example, as a result of employee resignations, terminations or retirements. The amount that is expected to be liquidated with expendable available resources is reported as expenditures and a liability in the fund that gave rise to the liability.

P. 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 2018. While 90% of the Storm's cost continues to be reimbursed through FEMA's public assistance program, as of 2014 Governor Cuomo announced funding from the state allocated Community Development Block Grant- Disaster Relief ("CDBG-DR") to cover the remaining 10% of storm related costs incurred by local governments as a result of federally declared disasters. The funding from CDBG-DR is capped at a maximum of approximately $19.6 million of which $16.9 million has been received by the County as of year-end 2018. Amounts exceeding this cap have been funded by the County and total approximately $4.9 million as of December 31, 2018.

The County's costs for emergency protective measures, debris removal and other recovery efforts through the fiscal year ended December 31, 2018 total approximately $238.6 million, with repair efforts continuing. Through 2018, the County has recorded a total of $209.4 million of FEMA aid.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. GRANTS AND OTHER INTERGOVERNMENTAL REVENUES (Continued)

Expenditures for capital projects related to the Storm's costs, including the repair efforts related to Bay Park, total approximately $581.8 million through 2018. A total of $392.6 million has been recorded as revenue from FEMA through year-end 2018.

Q. 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 1st for school taxes and September 1st for general taxes, 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.

Property tax revenue in governmental funds 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 reported as deferred inflow of resources for the governmental fund financial statements. For government-wide reporting, property tax revenue is recognized in the year when levied, net of allowance for uncollectible amounts.

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 years. Any adjustment to the allowance is recorded in the County's financial statements.

When budgeting, property taxes are used to fund the difference between appropriations and estimated non-property tax revenues. The New York State Constitution places a legal limit on the authority to impose real property taxes for counties 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. If taxes are levied in excess of this limit, the NYS Comptroller has the ability to withhold certain local assistance. The maximum taxing authority controlling the levy of County real property taxes for 2018 was $4.4 billion. The constitutional tax margin was $3.85 billion or approximately 88.17% of the maximum taxing authority in 2018. See Exhibit T-10.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. REAL PROPERTY TAX (Continued)

In addition to the legal tax limit, 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 the State, except New York City, and a host of other independent taxing entities such as library, fire and water districts. The law was 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 property 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 property tax cap is a separate restriction imposed upon counties, cities, towns and villages that is in addition to the threshold constraint of the constitutional tax limit. Counties, cities, towns, and villages must meet both requirements.

R. 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. These amounts charged are eliminated in the government-wide financial statements.

In addition, numerous interfund transfers are recorded to ensure proper accounting under GAAP. For example, expenditures, such as property tax refunds, a portion of which were paid for using the proceeds from borrowings, were transferred from the County's Capital Fund to the County's General Fund 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.

S. PAYABLE TO BROKER

Investments are recorded as an asset 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.

T. NOTES PAYABLE

Tax anticipation notes ("TANs") and revenue anticipation notes ("RANs") are generally recorded as fund liabilities in the fund receiving the proceeds. Bond anticipation notes ("BANs") 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 other financing sources in the fund financial statements and bonds payable in the government-wide Statement of Net Position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. 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 and due in the fiscal year 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 as reported include applicable bond premiums and discounts. Long-term liabilities expected to be financed from discretely presented component unit operations are accounted for in the respective component unit financial statements.

V. 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.

The County is responsible to indemnify NHCC for claims arising out of NHCC's delivery of healthcare services at the Jail itself. The County is required to have insurance for negligent, fault or default for these types of claims. This insurance coverage will provide coverage for any excess of any insurance policies.

The County does not need to indemnify for gross negligence on the part of NHCC or their employees when the claim arises from jail based services. The indemnification provision will only be applicable for claims arising from jail-based care service from the commencement of the contract which began in August 2017. Any negligent claims prior to that date remain the responsibility of the prior vendor (Armor).

The County is not required to indemnify for any claims arising out of healthcare services in the actual hospital facility. Claims of negligent treatment in the hospital are the sole responsibility of the NHCC. No claims have been filed as of December 31, 2018.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

W. DUE TO NEW YORK STATE RETIREMENT SYSTEM

The County has elected to amortize a portion of the retirement bill each year. This amortization includes interest at a rate which is established annually for each year's amortization by the New York State and Local Retirement System (the "System"). The County's fiscal year differs from the System's, therefore the portion of the current year's retirement bill that is amortized is done so on a pro-rata basis. The total unpaid pension amortization liability is recorded in the government-wide financial statements. These amortization payments are paid out of current resources each year and are recorded as an expenditure in the governmental funds.

X. NET PENSION LIABILITY – PROPORTIONATE SHARE

For purposes of measuring the net pension liability – proportionate share, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System have been determined on the same basis as they are reported by the System. For this purpose, the System recognizes benefits payments when due and payable in accordance with the benefit terms and reports investments at fair value.

Y. OTHER POSTEMPLOYMENT BENEFITS (OPEB) HEALTHCARE COSTS

In addition to providing pension benefits, the County provides health insurance coverage and survivor benefits for retired employees and their survivors. County employees become eligible for these benefits when an employee completes 10 years of services, depending upon position, with the County and can retire. Generally, a non-uniformed employee who has 20 years of service with the County, has reached the age of 62, and can retire is eligible for individual benefits. Uniformed employees need only 20 years of services with no minimum age requirement. The County also provides, upon retirement, vision benefits to all employees except ordinance employees and elected officials.

Health care benefits are primarily provided by the New York State Health Insurance Program (NYSHIP) (Empire Plan) whose premiums are based on the benefits paid throughout the State during the year. In addition, the County offers retirees alternative plans at an additional cost paid by the retiree.

The County recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the governmental funds in the year paid. The liability for postemployment benefits healthcare costs is recorded as a non-current liability in the government-wide statements. The County retains an actuary to estimate the liability each year.

Z. CONTRACTUAL LIABILITY DUE TO NHCC

The County is currently responsible for a pro-rata share of costs related to termination pay, health insurance premiums and Medicare reimbursement for certain retirees in accordance with Section 1.03(h) of the Acquisition Agreement between the County and NHCC that resulted from the establishment of NHCC as a public-benefit corporation ("PBC").

The agreement specified that the cost of employees' pre-PBC vacation and sick leave liabilities (termination pay), and other postemployment benefits in the form of health insurance and Medicare reimbursement, be reimbursed to NHCC by the County based on the employees' dates of service of with the County. The amounts reimbursed for termination pay are paid upon the employees' severance from the hospital. The County's pro-rata share of NHCC retirees' health insurance, and Medicare reimbursement are reimbursed to NHCC as invoiced, typically monthly.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Z. CONTRACTUAL LIABILITY DUE TO NHCC (Continued)

The costs related to termination pay has been included in the long-term obligation schedule in Accrued Vacation and Sick Pay for termination pay, and contractual obligations to NHCC for the reimbursement of some retirement benefits for health insurance and Medicare reimbursement is included in the Contractual Liability Due to NHCC.

The contractual liability due to NHCC has been actuarially calculated and represents an estimate of the County's future liability under the Acquisition Agreement for retirees who had been employed by the County at the time that the NHCC became a PBC. This estimate will be actuarially computed on a periodic basis to ensure reasonableness of the estimate.

AA. ESTIMATED TAX CERTIORI PAYABLE

The County has claims that have been filed against the Board of Assessors, for the correct determination of the assessed valuation (certiorari proceedings) assessment roll. The County has issued bonds in prior years and in the current year in order to pay for a portion of these property tax refunds. These amounts have been included with serial bonds reported in the government-wide financial statements. In addition, a portion of these settlements are paid as tax certiorari expenditures in the governmental funds. The estimate of liability is a synopsis of all unpaid claims as of December 31st. This includes Writs (all classes), Small Claims, Assessor Petitions, Unpaid Refunds, and Projected Refunds on Settlements, and includes interest accrued from the date of the filing to the present year. Not all components have liability every year, but many do. Valuation by appraisers and county attorneys, as well as, the historical value of the settlements, are used to calculate assessment reductions and ultimately determine refunds owed.

AB. 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 liability for litigation claims, postemployment retirement benefits liability, net pension liability and depreciation. Actual results could differ from these estimates.

2. CONTROL PERIOD CALCULATION

Nassau County Interim Finance Authority ("NIFA") is a corporate governmental agency and instrumentality of 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 amended from time to time (the "Act"). NIFA is a blended component unit of the County.

NIFA has certain powers under the Act to monitor and oversee the County's finances, including covered organizations, and upon the declaration of a "control period," additional oversight authority as disclosed in Note 1. On January 26, 2011 NIFA adopted a resolution which imposed a control period on the County pursuant to the Act as it determined that County's proposed fiscal 2011 budget reflected a substantial likelihood that the budget would produce a deficit in excess of one percent of the aggregate result of operations in the primary operating funds (defined as the General Fund, the Police Headquarters Fund, the Police District Fund, the Fire Prevention, Safety, Communication and Education Fund and the Debt Service Fund) assuming all revenues and expenditures are reported in accordance with GAAP.

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2. CONTROL PERIOD CALCULATION (Continued)

During a control period, NIFA has the authority 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; approve, disapprove or modify the County's 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.

The County reports its financial statements in accordance with GAAP for governments. The County's Administration manages and reports the County's annual fiscal surplus or deficit under the budgetary basis, accounting for variances between actual revenues and expenditure against total budgetary authority.

On December 22, 2011, the County executed the "Nassau County Interim Finance Authority and the County of Nassau Side Agreement re: the Sale of the Mitchel Field Revenue Stream Agreement" (the "Side Letter"), whereby the County agreed, in consideration for recognizing on a budgetary basis the entire $37 million purchase price proceeds from the sale of the Mitchel Field revenue streams as revenues in fiscal 2011, to implement an additional reporting methodology consistent with NIFA's requirement that acknowledged:

- The County could use all of the purchase price proceeds from the Mitchel Field Revenue Stream Agreement as a cash infusion in accordance with the second bullet (below) with the understanding that such proceeds would not contribute substantially to GAAP revenues in any subsequent year due to the accounting treatment prescribed by GAAP (which requires ratable recognition over time consistent with the underlying lease timeframe);

- Consistent with borrowing/financing transactions (such as those for tax certiorari refunds or termination payments) the proceeds may be considered as contributing to "budgetary balance" inasmuch as that measure is considered on a "budgetary basis"; however, neither that term nor that kind of "balance" is relevant to NIFA's consideration of GAAP revenues; and
- Any discussion of or presentation on the County's budgetary and financial results must give equal or greater prominence to the GAAP measurement of performance in those official presentation and releases in a manner acceptable to NIFA.

As a result of the executed Side Letter agreement, beginning with the County's 2011 fiscal year results, the County has been required to report its fiscal results of its operating funds using the Control Period Calculation, which is based on GAAP reporting, adjusted to exclude certain other financing sources (borrowing proceeds and premiums).

Under the Control Period Calculation requirement, the budgetary basis results of the County's five primary operating funds, the General, Fire Prevention, Safety, Communication, and Education, Police Headquarters, Police District and Debt Service Funds, are converted to GAAP results (modified accrual basis) then adjustments are made to remove the effect of other financing sources that are derived from the issuance of bonds (i.e., bond proceeds and premiums) and are used to pay for operational expenditures, such as termination pay and property tax refunds. For the fiscal year 2018, the County reported a $61.2 million deficit under the Control Period Calculation reporting for the five primary operating funds. A reconciliation from GAAP to the required Control Period Calculation results is shown in Schedule F-1.

2. CONTROL PERIOD CALCULATION (Continued)

The Control Period Calculation requires that certain other financing sources that result from borrowings be eliminated from the GAAP results. In Exhibit F-1, the $17.4 million 2018 GAAP deficit for the five primary operating funds of the County is further reduced by operating expenditures that were recorded in non-primary operating funds (i.e., the borrowed funds to pay property tax refunds and other operating expenditures of $38.5 million and $3.1 million, respectively), which effectively increased the GAAP results in the primary operating funds since these expenditures were recorded elsewhere, as well as adjustments for revenues that were derived from bond issuance, such as premium on bonds ($2.0 million) and bond surplus ($0.2 million).

The table that follows reconciles the County's governmental GAAP results, as reported in the governmental funds of the CAFR (see Exhibit X-5) of $(12.1) million to GAAP results for the five primary operating funds defined above.

For fiscal year 2018, the County's governmental funds reported $14.1 million of deficit in the General Fund and $2.0 million surplus in the Police District Fund ("PDD"), totaling a deficit of $12.1 million. Included in the County's General Fund under governmental GAAP are several funds that are not treated as primary operating funds for County budgetary basis reporting purposes. Those funds are the Litigation Fund ("LIT"), the Employee Benefit Accrued Liability Reserve Fund ("EBF"), the Bond Indebtedness Reserve Fund ("BIF"), the Retirement Contribution Reserve Fund ("RCF"), the Technology Fund ("TCF"), and the Open Space Fund ("OSF"). The total 2018 governmental GAAP fund balance surplus of those funds that was included in the General Fund deficit of $14.1 million was $5.3 million.

Reconciliation of General and Police District Funds to Primary Operating Funds GAAP Results

(dollars in millions)

		Less: GAAP Changes in Fund Balance of Non-Primary Funds and Reserves* Included in General Fund							Primary Operating Funds
	Net Change in Fund Balance	LIT	EBF	BIF	RCF	TCF	OSF	Total	Net Change in Fund Balance
General Fund	$ (14.1)	$ 8.1	$ 0.1	$ (2.9)	$	$	$	$ 5.3	$ (19.4)
PDD Fund	2.0								2.0
	$ (12.1)	$ 8.1	$ 0.1	$ (2.9)	$	$	$	$ 5.3	$ (17.4)

For County budgetary purposes and NIFA Statutory Act, the County's "primary operating funds" are the General Fund, the Police Headquarters Fund, the Fire Prevention, Safety, Communication and Education Fund, the Debt Service Fund, and the Police District Fund.

* These non-primary operating funds and reserve funds are consolidated into the General Fund in accordance with GASB Statement No. 54; LIT= Litigation Fund, EBF=Employee Benefit Accrued Liability Reserve Fund, BIF=Bond Indebtedness Reserve Fund, RCF=Retirement Contribution Reserve Fund, TCF=Technology Fund, OSF=Open Space Fund.

Exhibits F-1 and F-2 present the Control Period Calculation Schedule and the Control Period Calculation Schedule Historical Data.

3. DEPOSITS AND INVESTMENTS

At December 31, 2018, the County's book balance of total cash and cash equivalents, which consisted of cash in money market interest bearing bank accounts at rates averaging 1.76%, for the governmental funds and the fiduciary funds, were $1.08 billion and $48.4 million, respectively. As of December 31, 2018, the County's bank balances totaling $1.24 billion (including fiduciary funds of $90.2 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, 2018, total investments amounted to $127.8 million. The investments consisted of U.S. Treasury Notes, certificates of deposits 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. The County also has funds in Certificates of Deposits which have maturities of 6 months and mature in March and June 2019. NCTSC also invests in shares of a money market fund, 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.

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 five 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, 2018 (dollars in thousands):

	Cash and Cash Equivalents	Investments	Certificate of Deposit	Total
Cash and Cash Equivalents	$ 1,126,671			$ 1,126,671
Certificates of deposit			$ 65,000	65,000
Treasury notes and investments		$ 62,793		62,793
Totals	$ 1,126,671	$ 62,793	$ 65,000	$ 1,254,464
Governmental Funds	$ 1,078,227	$ 62,793	$ 65,000	$ 1,206,020
Fiduciary Funds	48,444			48,444
Totals	$ 1,126,671	$ 62,793	$ 65,000	$ 1,254,464

3. DEPOSITS AND INVESTMENTS (Continued)

The County maintains a consolidated disbursement account with a financial institution on behalf of the NCC. At August 31, 2018, the NCC had a cash balance of $66.2 million, of which $37.4 million was held by the County on behalf of the NCC, and the bank balance was $37.4 million. The bank balance is covered by FDIC and by eligible collateral held by the County's agent in the County's name.

At August 31, 2018, the carrying amount (fair value) of the NCC's investments was $2.6 million.

At December 31, 2018, all of NHCC's cash and cash equivalents are insured through FDIC or collateral held by NHCC's third-party trustee or the pledging financial institution's trust department in the name of the NHCC, to the full extent of the deposits.

4. FAIR VALUE MEASUREMENT

NIFA and NCSSWA categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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 12 for description of fair value hierarchy related to NIFA's hedging derivative instruments (Interest Rate Exchange Swap Agreements)].

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, 2018:

		(Dollars in thousands)			
			Fair Value Measurements Using:		
Investment by Fair Value Level	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	$ 16,114	$	$ 16,114	$
U.S. Government mortgage backed securities	A-1+	23,893		23,893	
Total investment by fair value level		$ 40,007	$	$ 40,007	$
Hedging Derivative Instruments (See Note 12)					
Interest-rate exchange swap agreements	N/A	$ (14,417)	$	$ (14,417)	$
Total derivative instruments by fair value	N/A	$ (14,417)	$	$ (14,417)	$

NCTSC's restricted investments of $22,786 consist of shares in a money market fund which invests in short-term U.S. Treasury securities and in repurchase agreements backed by U.S. Treasury securities which are stated at amortized cost and therefore not included in the above table. This fund carried a credit rating of AAAm by S&P Global Ratings and Aaa-mf by Moody's Investors Service, Inc. as of December 31, 2018.

4. FAIR VALUE MEASUREMENT (Continued)

The following is a summary of the total investments (including NCTSC's restricted investments of $22,786) held by the County as of December 31, 2018 (dollars in thousands):

Investments	$ 3,094
Restricted Investments	59,699
	$ 62,793

At December 31, 2018, the County's major discretely presented component units' financial instruments are measured at fair value were categorized between Levels 1, 2, and 3 as follows (dollars in thousands):

	(Dollars in thousands)			
		Fair Value Measurements Using:		
2018	Total	Quoted Prices in Active Market for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Cash and cash equivalents	$ 75,771	$ 75,771	$	$
Mutual Funds	594	594		
Equity Securities	40	40		
Certificates of Deposit	9,797		9,797	
U.S Treasury Bills	1,474		1,474	
Municipal Bonds	1,093		1,093	
	$ 88,769	$ 76,405	$ 12,364	$

The following is a summary of the total investments held by the County's major discretely presented component units as of December 31, 2018 (dollars in thousands):

Investments	$ 2,632
Restricted Investments	86,137
	$ 88,769

5. DUE FROM OTHER GOVERNMENTS

Due from Other Governments at December 31, 2018 represents aid, grants, and other amounts receivable from the State and Federal governments. The following summarizes such receivables (dollars in thousands), exclusive of the allowance for doubtful accounts, which is shown on the governmental funds statement (Exhibit X-3):

Fund	Federal	State/Other*	Total
General Fund	$ 44,618	$ 93,162	$ 137,780
NIFA Fund		130,046	130,046
Sewer and Storm Water District Fund		4,452	4,452
Capital Fund	42,016	7,310	49,326
Nonmajor Funds	22,823	5,221	28,044
Totals	$ 109,457	$ 240,191	$ 349,648

* Sales tax receivable of $140,948 (both General and NIFA funds) due from the State, is reported separately in the financial statements as sales tax receivable, however is included in the table above.

6. 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.

7. TAX REAL ESTATE HELD FOR SALE

Tax Real Estate Held for Sale ("Tax Real Estate") 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.

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Receivables, Payables and Transfers

The individual fund Interfund Receivables and Interfund Payables as of December 31, 2018 are reconciled as follows (dollars in thousands):

December 31, 2018	General Fund	NIFA Fund	Police District Fund	Sewer & Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
INTERFUND RECEIVABLE							
General Fund	$	$	$ 1,574	$	$	$ 1,556	$ 3,130
NIFA Fund	105,898					23,899	129,797
Police District Fund	9,632						9,632
Sewer & Storm District Fund	26,434					1,746	28,180
Capital Fund	24,086			6,331			30,417
Nonmajor Funds	17,040	3	785				17,828
TOTAL RECEIVABLE	$ 183,090	$ 3	$ 2,359	$ 6,331	$	$ 27,201	$ 218,984
INTERFUND PAYABLE							
General Fund	$	$ (105,898)	$ (9,632)	$ (26,434)	$ (24,086)	$ (17,040)	$ (183,090)
NIFA Fund						(3)	(3)
Police District Fund	(1,574)					(785)	(2,359)
Sewer & Storm District Fund					(6,331)		(6,331)
Nonmajor Funds	(1,556)	(23,899)		(1,746)			(27,201)
TOTAL PAYABLE	$ (3,130)	$ (129,797)	$ (9,632)	$ (28,180)	$ (30,417)	$ (17,828)	$ (218,984)

December 31, 2018	Transfers In: General Fund	Police District	Sewer & Storm District Fund	Capital Fund	Nonmajor Funds	Total
Transfers Out:						
General Fund	$	$ 5,000	$	$	$ 7,253	$ 12,253
Police District Fund	11,737					11,737
Sewer & Storm District Fund	25,862				1,745	27,607
Capital Fund	3,737					3,737
Disputed Assessment Fund	426					426
Nonmajor Funds	9,341					9,341
TOTAL	$ 51,103	$ 5,000	$	$	$ 8,998	$ 65,101

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(R) for additional description of interfund transactions.

8. 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, 2018 do not offset each other as they include accounts of the College at the end of their fiscal year on August 31, 2018, and NHCC, which has timing differences with the County. The following reconciles the December 31, 2018 amount by carrying forward the College transactions affecting these accounts from September 1, 2018 through December 31, 2018 and the NHCC for the timing differences.

Dollars in Thousands	2018	
Due from Primary Government (Exhibit X-1), Component Units	$ 29,417	
Due to Primary Government (Exhibit X-1), Component Units	(20,749)	
Net Due from Primary Government, Component Units	$ 8,668	
Nassau Community College Transactions from September 1, to December 31:		
Increase in due from Capital Fund	$ 17,141	
Increase in due from Fiduciary Fund	1,207	
Decrease in due from General Fund	(1,389)	
Increase in other due from	3	
Subtotals		16,962
Nassau Health Care Corporation		
Net Change in Encumbrances		(23,745)
Due to Component Units - Fiduciary per Balance Sheet: (Exhibit X-10)		(1,189)
Due From Component Units - Governmental per Balance Sheet (Exhibit X-1)		36,981
Due To Component Units - Governmental per Balance Sheet (Exhibit X-1)		(37,677)
Due to Component Units - Fiduciary and Governmental		$ (8,668)

9. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position and governmental funds balance sheet will, as necessary, report a separate section for deferred outflows of resources. This separate financial statement element, 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 four items that qualify for reporting in this category; deferred loss on bond refunding, the accumulated decrease in the fair value of hedging activities, pensions and OPEB.

Deferred loss on bond 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, 2018. As the interest rate swap agreements qualify as hedging derivative instruments, the fair value has been recorded as a deferred outflow of resources.

9. 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 differences between expected and actual experience, and changes in assumptions. It also includes contributions paid subsequent to the pension plan's measurement date.

The deferred outflows stemming from the other postemployment plan, consists of changes in the components of the County's total OPEB liability, that is, the differences between expected and actual experience, and changes of assumptions, and it also includes contributions paid subsequent to the OPEB plan's measurement date.

In addition to liabilities, the Statement of Net Position and governmental funds balance sheet will, as necessary, 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 eight items that qualify for reporting in this category; Deferred Gain on Refundings, Unavailable Revenues – Rents & Recoveries and Other, Unavailable Revenues - Property Taxes, Property Taxes - Part County Sales Tax Offset, Mitchell Field – Sale of Future Rental Revenue, Pensions, Service Concession Agreements, and Other Postemployment Benefits.

Unavailable Revenue – Rents & Recoveries and Other is 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 is recognized.

Unavailable Revenue - 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.

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

The 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 pensions 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).

9. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

The difference between the consideration received and the liability derived from service concession arrangements is reported as a deferred inflow of resources because the revenue will be recognized over the term of the agreement. See Note 21(H) for further discussion of the County's service concession arrangements.

The deferred inflow of resources related to OPEB results from differences between expected and actual experience, and changes in assumptions or other inputs.

10. CAPITAL ASSETS

The 2018 capital assets are reconciled to the 2018 amounts reported on Exhibit X-1 in the table below (dollars in thousands):

	Governmental Activities
Capital assets not being depreciated	$ 1,563,995
Depreciable capital assets	4,155,017
Accumulated depreciation	(2,226,482)
Capital assets - net	3,492,530
Outstanding related debt and liabilities	(1,055,523)
Net investment in capital assets	$ 2,437,007

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 2018, no impairment losses were recognized related to the County.

10. CAPITAL ASSETS (Continued)

Activity for capital assets, reconciled to the 2018 amount reported in Exhibit X-1, is summarized below (dollars in thousands):

Primary Government	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 245,926	$	$ 1,456	$ 244,470
Intangible - land development rights	8,804			8,804
Construction in progress	1,152,897	206,697	48,873	1,310,721
Total capital assets, not being depreciated:	1,407,627	206,697	50,329	1,563,995
Capital assets, being depreciated:				
Land improvements	82,360	33		82,393
Buildings	1,321,646	28,972	141	1,350,477
Equipment	506,537	13,905	11,190	509,252
Infrastructure	2,192,879	20,016		2,212,895
Total capital assets, being depreciated	4,103,422	62,926	11,331	4,155,017
Total capital assets	5,511,049	269,623	61,660	5,719,012
Less accumulated depreciation:				
Land improvements	66,362	3,233		69,595
Buildings	550,861	31,382	141	582,102
Equipment	348,979	29,194	9,698	368,475
Infrastructure	1,134,195	72,115		1,206,310
Total accumulated depreciation	2,100,397	135,924	9,839	2,226,482
Total capital assets, being depreciated, net	2,003,025	(72,998)	1,492	1,928,535
Governmental activities capital assets, net	$ 3,410,652	$ 133,699	$ 51,821	$ 3,492,530

The table below presents the reconciliation of the reduction of construction in progress to the additions to capital assets (dollars in thousands):

	County
Transfer from construction in progress	$ 48,873
Additions to capital assets:	
Land improvements	$ 33
Buildings	28,824
Infrastructure	20,016
	$ 48,873

10. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions of the primary government for the fiscal year ended December 31, 2018 as follows (dollars in thousands):

	Land Improvements	Buildings	Equipment	Infrastructure	Total
Functions:					
Legislative	$	$ 6	$ 14	$	$ 20
Judicial	60	1,091	488		1,639
General administration	60	9,542	12,694		22,296
Protection of persons		2,054	10,870	2,656	15,580
Health		101	94		195
Public works	141	8,719	3,998	66,234	79,092
Recreation and parks	2,912	5,109	469	3,225	11,715
Social services	60	181	59		300
Corrections		4,579	508		5,087
Total depreciation expense	$ 3,233	$ 31,382	$ 29,194	$ 72,115	$ 135,924

Total capital assets of the County, as of December 31, 2018, is $5.7 billion with accumulated depreciation of $2.2 billion.

Nassau Community College Capital Assets

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

	Balance at September 1, 2017	Additions	Deletions	Balance at August 31, 2018
Capital assets, not being depreciated:				
Land	$ 2,733	$	$	$ 2,733
Library*	1,062		262	800
Total capital assets, not being depreciated	3,795		262	3,533
Capital assets, being depreciated:				
Land improvements	15,709	1,995		17,704
Infrastructure	20,214	2,330		22,544
Buildings	213,036	500		213,536
Building improvements	64,370	3,052		67,422
Equipment	13,372	680	384	13,668
Total capital assets, being depreciated	326,701	8,557	384	334,874
Total capital assets	330,496	8,557	646	338,407
Less accumulated depreciation:				
Land improvements	4,620	800		5,420
Infrastructure	6,566	1,151		7,717
Buildings	113,096	4,056		117,152
Building improvements	31,427	2,851		34,278
Equipment	9,708	835	384	10,159
Total accumulated depreciation	165,417	9,693	384	174,726
Net capital assets being depreciated	161,284	(1,136)		160,148
Total capital assets, net	$ 165,079	$ (1,136)	$ 262	$ 163,681

10. 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, 2018 consisted of the following (dollars in thousands):

	Balance August 31, 2018
Furniture and equipment	$ 332
Vans	232
	564
Less accumulated depreciation	(457)
Total capital assets (net)	$ 107

Total depreciable capital assets of the College and Faculty-Student Association, the component unit of the College as of August 31, 2018, was $335.4 million with accumulated depreciation of $175.2 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, 2018	Additions	Deletions/ Transfers	Balance December 31, 2018
Capital assets, not being depreciated:				
Land	$ 12,498	$	$	$ 12,498
Construction in progress	13,333	12,853	(8,550)	17,636
Total capital assets, not being depreciated	25,831	12,853	(8,550)	30,134
Capital assets, being depreciated:				
Land improvements	17,130			17,130
Buildings and improvements	250,451			250,451
Fixed equipment	111,220	436		111,656
Movable equipment	197,642	14,598	(632)	211,608
Total capital assets, being depreciated	576,443	15,034	(632)	590,845
Total capital assets	602,274	27,887	(9,182)	620,979
Less accumulated depreciation for:				
Land improvements	13,538	247		13,785
Buildings and improvements	157,103	7,793		164,896
Fixed equipment	106,873	675		107,548
Movable equipment	172,022	9,588	(632)	180,978
Total accumulated depreciation	449,536	18,303	(632)	467,207
Total capital assets, net	$ 152,738	$ 9,584	$ (8,550)	$ 153,772

Net interest capitalized for the year ended December 31, 2018 was $704.

11. 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, 2018 were approximately $8.8 million.

The County has two capital leases, both for building leases. One lease is reported 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, 2018 is $2.5 million. The second building was added as a capital lease in 2017 because the net present value at the beginning of the lease term of the minimum lease payments, equals or exceeds ninety percent of the excess of the fair value of the lease property to the lessor at the inception of the lease. The fair value of the building is $75.5 million and accumulated depreciation at December 31, 2018 is $11.3 million.

As of December 31, 2018, 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):

Years ending December 31,	Capital Lease	Operating Leases	Total Capital & Operating Leases
2019	$ 8,071	$ 1,115	$ 9,186
2020	8,253	881	9,134
2021	8,439	622	9,061
2022	8,629	522	9,151
2023	8,823	70	8,893
2024-2028	43,807		43,807
2029-2033	47,438		47,438
2034-2036	25,801		25,801
Future minimum payments	159,261	$ 3,210	$ 162,471
Less: interest	80,643		
Present value of future minimum lease payments	$ 78,618		

11. 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 2018 was $7.4 million.

As of December 31, 2018, the following future minimum rentals are provided for by the leases (dollars in thousands):

Years ending December 31,	Operating Leases (in Thousands)
2019	$ 7,012
2020	4,700
2021	4,687
2022	4,632
2023	4,605
2024 - 2028	23,322
2029 - 2033	25,928
2034 - 2038	28,241
2039 - 2043	32,218
2044 - 2048	37,325
2049 - 2053	20,518
	$ 193,188

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, 2018.

In 2009, the NCC 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, 2018 under this operating lease were $935 thousand representing the straight-line amortization of the lease payments over the life of the lease. The following is a summary of the future contractual minimum rental commitments under this lease:

Years ending August 31,	Operating Leases (in Thousands)
2019	$ 892
2020	999
2021	999
2022	999
2023	999
2024 - 2028	5,530
2029	939
	$ 11,357

12. NOTES PAYABLE AND LONG-TERM OBLIGATIONS

County of Nassau Notes Payable and Long-Term Obligations

In May 2018, the County issued Series A General Obligation Bonds ("Bonds") and Series A Bond Anticipation Notes ("BANS") in the amount of $90.8 million and $59.6 million respectively. The Series A Bonds bear interest at 5.0% with maturity dates ranging from April 2020 to April 2043. The Series A Bonds maturing on or after April 1, 2029 are subject to optional redemption on April 1, 2028 or any date thereafter. The Series A Bonds were issued to fund County purposes and to pay costs of issuance related to the Series A Bonds. The Series A BANS bear interest of 2.5% and matured on December 14, 2018. The Series A BANS were issued to finance various sewer system improvements and to pay costs of issuance.

The County issued Series A Revenue Anticipation Notes ("RANS") in September 2018 in the amount of $119.9 million. The Series A RANS bear interest of 3.0% and matured on December 7, 2018. The Series A RANS were issued to finance cash flow needs within the County.

In December 2018, the County issued Series A and B Tax Anticipation Notes ("TANS") in the amount of $199.3 million and $98.7 million respectively. The County also issued Series B and C BANs in the amount of $97.1 million and $98.4 million respectively. The Series A TANS bear interest of 4.0% and matured on March 15, 2019. The Series B TANS bear interest of 4.0% and mature on September 16, 2019. The Series A and B 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, 2019. The Series B BANS bear interest of 4.0% and matured on May 15, 2019. The Series C BANS bear interest of 4.0% and mature on December 10, 2019. The Series B and C BANS were issued to refinance the County's BANS, 2018 Series A, dated May 9, 2018 and which matured December 14, 2018, issued to finance various sewer system improvements, to refinance the County's BANS, 2017 Series A (Federally Taxable), dated June 13, 2017 and which matured December 14, 2018, issued to finance various sewer system improvements, to refinance the County's BANS, 2017 Series B, dated December 12, 2017 and which matured December 14, 2018, issued to refinance notes that originally financed various sewer system improvements, and to pay costs of issuance.

The County issued Series B Bonds in December 2018 in the amount of $169.0 million. The bonds bear interest at 5.0% with maturity dates ranging from July 2020 to July 2049. The bonds maturing on or after July 1, 2029 are subject to optional redemption on July 1, 2028 or any date thereafter. The bonds were issued to fund various public purposes, including capital projects and property tax refunds, and to pay costs of issuance.

In May 2018, the County refinanced its 2015A Note with EFC Clean Water Facility Note 2018A (BAN) increasing the maximum advance from $19.1 million to $25.8 million to provide additional funds for sewer related projects. The maturity date of the 2018 A Note remains the same as the 2015A Note and matures on September 24, 2020 with principal payments to be repaid at interest rates of 0.00% on the first $19.1 million and at 0.00% and 1.83% for the additional financing added of $6.6 million, with half being at 0.00%.

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, 2018	Issued	Redeemed	Balance December 31, 2018
General Fund:				
Tax anticipation notes - (4.0% issued 2018, maturity dates in 2019)	$ 377,265	$ 297,960	$ 377,265	$ 297,960
Revenue anticipation notes - (3.0% issued in 2018, maturity dates in 2018)		119,915	119,915	
Total General Fund	$ 377,265	$ 417,875	$ 497,180	$ 297,960
Capital Fund:				
Bond anticipation notes - (2.5% - 4.0% issued 2018, maturity dates in 2018 and 2019)	$ 139,300	$ 255,070	$ 198,905	$ 195,465

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

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

Long – Term Obligations

General long-term obligations and long-term BANs 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, 2018	Additions	Reductions	Balance December 31, 2018	Due Within One Year
General Long-Term Obligations					
Debt:					
General Obligation County Bonds - (2.0% to 7.4%, issued in 2007 through 2018, maturity dates 2019 through 2049)	$ 2,183,616	$ 259,850	$ 97,170	$ 2,346,296	$ 106,280
Sewage purpose bonds - (3.50% to 6.00%, issued in 2008 through 2009, maturity date 2019) - County	2,360		1,495	865	865
State Water Pollution Control Revolving Fund revenue bonds - (0.263% to 6.186%, issued in 2002 through 2015, maturity dates 2019 through 2043) - County	65,445		8,218	57,227	8,546
Total Serial Bonds - County	2,251,421	259,850	106,883	2,404,388	115,691
Sales Tax Secured Bonds -NIFA, (various interest rates, issued in 2004 through 2015, maturity dates 2019 through 2025)	653,984		118,505	535,479	123,500
Nassau County Sewer and Storm Water Finance Authority System Revenue Bonds, Series 2014A (5.0%, issued in 2014, maturity dates 2019 through 2034)	133,710		10,815	122,895	11,370
Tobacco Settlement Asset-Backed Bonds, Series 2006 (5.0% to 7.35%, issued in 2006, maturity dates 2021 through 2060)	400,537			400,537	
Total Serial Bonds - NIFA, NCSSWFA, NCTSC	1,188,231		129,320	1,058,911	134,870
Total Serial Bonds	3,439,652	259,850	236,203	3,463,299	250,561
Accreted interest - Tobacco Settlement Asset Backed Bonds	69,080	7,695		76,775	
Total Serial Bonds and Accreted Interest	3,508,732	267,545	236,203	3,540,074	250,561
Deferred Bond Premium/Discount (net of amortization)	309,167	33,563	22,792	319,938	15,180
Total Serial Bonds and accreted interest, net of deferred bond premium/discount	$ 3,817,899	$ 301,108	$ 258,995	$ 3,860,012	$ 265,741
Long-Term Bond Anticipation Notes					
EFC - Bond anticipation notes - (0.0% issued 2017, 2018, (maturity date in 2020)	$ 6,268	14,414		$ 20,682	$
Total Long-Term Bonds and accreted interest, net of deferred bond premium/discount and Long- Term Bond Anticipation Notes	$ 3,824,167	$ 315,522	$ 258,995	$ 3,880,694	$ 265,741

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

Long – Term Obligations **(Continued)**

Other long-term obligations of the County and NIFA, are recorded in the government-wide Statement of Net Position. The amounts are as follows (dollars in thousands):

	(As Restated) January 1, 2018 **	Additions	Reductions	Balance December 31, 2018	Due Within One Year
Balances carried forward	$ 3,824,167	$ 315,522	$ 258,995	$ 3,880,694	$ 265,741
Other:					
Derivative instruments - interest rate swaps	22,557		8,140	14,417	
Accrued Vacation and Sick Pay	515,011	53,283	66,687	501,607	48,905
Due to City of Glen Cove		1,104	314	790	315
Deferred Payroll	79,527	7,131	29,003	57,655	9,115
Estimated Liability for Workers' Compensation	227,668	14,177	32,039	209,806	35,514
Estimated Tax Certiorari Payable*	496,339	46,491	66,389	476,441	86,000
Estimated Liability for Litigation	391,534	81,590	58,365	414,759	7,906
Capital Lease Obligations	79,429		811	78,618	1,085
Contractual Liability due to NHCC***	296,801		13,149	283,652	13,971
Due to New York State Retirement System	234,998	17,766	26,400	226,364	28,498
Net Pension Liability	360,278	249,197	462,235	147,240	
OPEB Liability ***	5,623,397	889,429	194,885	6,317,941	
Total Other	8,327,539	1,360,168	958,417	8,729,290	231,309
Total General Long-Term Obligations	$ 12,151,706	$ 1,675,690	$ 1,217,412	$ 12,609,984	$ 497,050

*The amount reported in this table is exclusive of the governmental funds tax certiorari payable of $74,775 included in the disputed assessment fund deposits held account (current portion of $33,034 and long-term portion of $41,741) and property tax refund payable of $53,366. The total estimated certiorari payable presented in the government-wide statements is $551,216. See note 21(B).

**Beginning balances were restated due to the implementation of GASB Statement No. 75. See Note 22.

***Certain reclassifications have been made to the beginning balances. The amount for the contractual liability due to NHCC was included as part of the County's total OPEB liability in the prior year.

In 2018, 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, and non-capitalizable project expenditures. In 2018, there were $100.0 million in new issuances of long-term serial bonds by the County to fund tax certiorari claims. As of December 31, 2018, total serial bonds outstanding were $3.5 billion of which $2.9 billion were utilized to pay approximately: $.8 billion in tax certiorari claims; $0.5 billion for bonded operating expenses; $80.8 million for debt on capital assets of NCC; $142.9 million for non-capitalizable project expenditures and $10.5 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 $0.6 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 and compensated absences are liquidated principally by the General and Police Funds. Deferred payroll, due to New York State employees' retirement system, net pension liability, and OPEB are liquidated based on the assigned location of the employee in each fund. Capital lease obligations and the liability relating to NHCC Post Public Benefit Corporation – Post Retirement Benefits are liquidated through the General Fund. Amounts due to the City of Glen Cove are liquidated through the Sewer and Storm Water District Fund.

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

***Long – Term Obligations* (Continued)**

The annual requirements and sources to amortize the County's General Obligation serial bonds payable as of December 31, 2018 are as follows (dollars in thousands):

	Debt Service Requirements			Sources (Unaudited)		
Years Ending December 31,	Principal	Interest	Total	General County Budgets	Sewer District Budgets	Total
2019	$ 115,691	$ 116,638	$ 232,329	$ 219,829	$ 12,500	$ 232,329
2020	125,270	112,994	238,264	226,781	11,483	238,264
2021	130,538	106,731	237,269	227,244	10,025	237,269
2022	139,800	100,122	239,922	230,027	9,895	239,922
2023	132,465	93,594	226,059	217,833	8,226	226,059
2024 - 2028	659,025	369,273	1,028,298	1,012,554	15,744	1,028,298
2029 - 2033	508,331	212,850	721,181	719,183	1,998	721,181
2034 - 2038	332,933	101,790	434,723	433,833	890	434,723
2039 - 2043	209,245	38,131	247,376	246,643	733	247,376
2044 - 2048	47,775	8,228	56,003	56,003		56,003
2049	3,315	166	3,481	3,481		3,481
Total	$ 2,404,388	$ 1,260,517	$ 3,664,905	$ 3,593,411	$ 71,494	$ 3,664,905

At December 31, 2018, the County's legal debt margin was approximately $17.7 billion and total long-term obligation bonds authorized but unissued for general County and sewage district purposes were approximately $1.55 billion. As of December 31, 2018, all authorizations for long-term obligation bonds for general County purposes to finance property tax refunds were 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.

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, 2018, the total principal outstanding related to the City's bonds issued to finance the sewer system was $740 thousand. The bonds have maturity dates through June 2023 and annual interest rates between 3.50% and 4.30%. Total estimated debt service (including interest) as of December 31, 2018, through maturity is approximately $790 thousand. For the year ended December 31, 2018, the County made payments of $314 thousand for such debt service. The County has included this contractual obligation in its long-term obligations.

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

Long – Term Obligations **(Continued)**

The annual requirements to amortize the City of Glen Cove's bond issuances for the sewer fund, including interest as of December 31, 2018, are as follows (dollars in thousands):

Years Ending December 31,	Principal	Interest	Total
2019	$ 287	$ 28	$ 315
2020	298	16	314
2021	118	4	122
2022	19	1	20
2023	18	1	19
	$ 740	$ 50	$ 790

NIFA Long-Term Debt

A summary of changes in long-term debt for the blended component unit is as follows (dollars in thousands):

	(As Restated) Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Due Within One Year
Bonds payable:					
Sales tax secured bonds payable	$ 653,984	$	$ 118,505	$ 535,479	$ 123,500
Premiums	45,485		6,115	39,370	
Total bonds payable	699,469		124,620	574,849	123,500
Total OPEB Liability	1,909	325		2,234	
Net pension liability	126		88	38	
Compensated absences	242	138	125	255	81
Total long term debt	$ 701,746	$ 463	$ 124,833	$ 577,376	$ 123,581

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, 2018, NIFA had outstanding sales tax secured bonds in the amount of $535.5 million, maturing through the year 2025, of which $220.7 million are fixed rate and $314.8 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.

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

NIFA Long-Term Debt **(Continued)**

Liabilities for compensated absences, total OPEB liability, and net pension liability will be liquidated through the NIFA Fund.

Fixed Rate Bonds — NIFA has outstanding fixed rate bonds at rates ranging between 1.776% and 5.0%. Interest on NIFA's fixed rate bonds is payable on May 15th and November 15th 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 15th. 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.

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-C bonds are subject to optional or mandatory tender for purchase and if not remarketed by the remarketing agent, payment will be made under and pursuant to, and subject to the terms, conditions and provisions of liquidity facility agreements. The liquidity facility agreements currently in effect are slated to expire between November 15, 2021 and May 7, 2024 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 and interest debt service requirements. Additionally, the Trustee makes monthly interest payments.

The County has assumed responsibility for calculating arbitrage rebate liability on bonds or notes issued by NIFA; however, any resulting payments would be made by NIFA. At December 31, 2018, there is no arbitrage rebate liability.

The aggregate debt service to retire bonds outstanding at December 31, 2018, in the following table, 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 agreement expiring in May 2024, the other two agreements expire concurrently with the maturity of the underlying bond series. If the remaining liquidity facility agreement set to expire in May 2024 expired, and the related bonds were unable to be remarketed, and these agreements are not renewed or replaced, principal due would increase by $8.9 million in 2024.

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

***NIFA Long-Term Debt* (Continued)**

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, 2018, is as follows (dollars in thousands):

Years Ending December 31,	Principal	Interest*	Total
2019	$ 123,500	$ 19,891	$ 143,391
2020	117,556	15,640	133,196
2021	90,085	11,415	101,500
2022	78,689	8,056	86,745
2023	59,719	4,868	64,587
2024 - 2025	65,930	3,477	69,407
	$ 535,479	$ 63,347	$ 598,826

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

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 the County's financial statements.

At December 31, 2018, $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, 2018. As the Swaps 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, of which seven are active as of December 31, 2018.

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

NIFA Long-Term Debt ***(Continued)***

DERIVATIVE INSTRUMENTS - INTEREST RATE EXCHANGE SWAP AGREEMENTS (Continued)

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 United Bank of Switzerland, Limited ("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

At December 31, 2018, the swap agreements related to the 2004 Series D and G have expired as the related debt has been repaid.

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")

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

***NIFA Long-Term Debt* (Continued)**

DERIVATIVE INSTRUMENTS - INTEREST RATE EXCHANGE SWAP AGREEMENTS (Continued)

Terms – The initial notional amount totaled $600.0 million, the principal associated with the 2004 Series B-K revenue bonds and totaled $440.0 million for the principal associated with the sales tax secured bonds outstanding at December 31, 2018. The outstanding notional amount as of December 31, 2018 is $314.8 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%	60.0% 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 specific 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.

Replacement interest rates on the Swaps, as of December 31, 2018, 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, 2018, 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.

12. 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 — 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 106.

  The table below shows the diversification, by percentage of notional amount outstanding at December 31, 2018, among the various counterparties that have entered into agreements with NIFA.

Counterparty	Dollars in Millions	Notional Percentage
GSMMDP	$ 135	42.99%
UBS AG	135	42.99%
MSCS	44	14.02%
	$ 314	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.

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

<u>NIFA Long-Term Debt</u> (Continued)

DERIVATIVE INSTRUMENTS - INTEREST RATE EXCHANGE SWAP AGREEMENTS (Continued)

Risks Associated with the Swap Agreements (Continued)

- *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 increases.

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

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

- *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 the 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.

12. 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)

- *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, 2018, the aggregate fair value of all hedging derivative instrument agreements whose terms contain such collateral provisions is negative $14.4 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:

- Baa1/BBB+: $5.9 million in collateral to UBS AG and $2.7 million in collateral to MSCS.

- Baa1/BBB+: $5.9 million in collateral to UBS AG and $2.7 million in collateral to MSCS.

- Baa3/BBB-: $5.9 million in collateral to GSMMDP, $5.9 million in collateral to UBS AG and $2.7 million in collateral to MSCS.

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

***NIFA Long-Term Debt** (Continued)*

DERIVATIVE INSTRUMENTS - INTEREST RATE EXCHANGE SWAP AGREEMENTS (Continued)

As of December 31, 2018, NIFA's Derivative Instrument - Interest Rate Swap Valuation is as follows:

(Dollars in Thousands)

Swap Agreements	2004 Series B	2004 Series C	2004 Series E	2004 Series F	2004 Series I	2004 Series J	2004 Series K	Total
Notional Amount								
Original Amount	$ 72,500	$ 72,500	$ 72,500	$ 72,500	$ 50,000	$ 50,000	$ 50,000	$ 440,000
At December 31, 2018	$ 45,575	$ 45,575	$ 45,575	$ 45,575	$ 44,175	$ 44,175	$ 44,175	$ 314,825
Counterparty	GSMMDP	GSMMDP	UBS	UBS	GSMMDP	UBS	MSCS	
Counterparty Rating (1)	Aa2/AA-NA	Aa2/AA-NA	Aa3/A+/AA-	Aa3/A+/AA-	Aa2/AA-NA	Aa3/A+/AA-	A3/BBB+/A	
Effective Date	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, 2024	November 15, 2024	November 15, 2025	November 15, 2025	November 15, 2025	
NIFA Pays	3.146%	3.146%	3.146%	3.146%	3.432%	3.432%	3.432%	
Replacement Rate	1.551%	1.154%	1.155%	1.154%	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 16 basis points weekly (Tuesday)	60% of LIBOR plus 16 basis points weekly (Friday)	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	$ (1,129)	$ 1,146	$ 1,129	$ 1,146	$ 1,196	$ 1,196	$ 1,196	$ 5,880
Net Accrued	$ (172)	$ (177)	$ (172)	$ (177)	$ (160)	$ (160)	$ (160)	$ (1,178)
Net Present Value	(1,426)	(1,412)	(1,426)	(1,412)	(2,521)	(2,521)	(2,521)	(13,239)
Total Fair Value of Swap	$ (1,598)	$ (1,589)	$ (1,598)	$ (1,589)	$ (2,681)	$ (2,681)	$ (2,681)	$ (14,417)

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

12. 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, 2018, 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 Principal	Variable-Rate Bonds Interest	Interest Rate Swaps, Net	Total Payments
2019	$ 90,875	$ 65	$ 4,689	$ 95,629
2020	75,325	42	3,343	78,710
2021	51,050	28	2,270	53,348
2022	28,475	19	1,509	30,003
2023	29,650	13	1,052	30,715
2024 - 2025	39,450	8	704	40,162
Total	$ 314,825	$ 175	$ 13,567	$ 328,567

NCSSWFA Long-Term Debt

A summary of changes in long-term debt for the blended component unit is as follows (in thousands):

	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Due within One Year
Revenue bonds payable:					
Series 2014A	$ 133,710	$	$ 10,815	$ 122,895	$ 11,370
Premiums	22,293		1,987	20,306	
Total bonds payable	$ 156,003	$	$ 12,802	$ 143,201	$ 11,370

Based on the 2014 Agreement, the County is required to levy assessments and/or impose charges each year of no less than 200% of the NCSSWFA's 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. The 2014 System Revenue Bond proceeds were used to refinance outstanding NCSSWFA bonds previously issued for capital improvements to the sewer and storm water system and to fund additional capital improvements.

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

***NCSSWFA Long-Term Debt* (Continued)**

Aggregate debt service to maturity as of December 31, 2018, excluding premiums, with an interest rate of 5.0%, is as follows (dollars in thousands):

Years Ending December 31,	Principal	Interest	Total
2019	$ 11,370	$ 6,145	$ 17,515
2020	11,795	5,576	17,371
2021	12,365	4,987	17,352
2022	12,865	4,368	17,233
2023	13,445	3,725	17,170
2024 - 2028	47,530	10,527	58,057
2029 - 2033	10,985	2,336	13,321
2034	2,540	127	2,667
	$ 122,895	$ 37,791	$ 160,686

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 2018 totaled $18.0 million and $0, respectively.

12. 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. NCTSC did not receive sufficient TSRs to fund the entire required debt service payment of $18.0 million on its Series 2006 Bonds during 2018. NCTSC withdrew $200 thousand from the Senior Liquidity Reserve Account to pay a portion of the interest payment on the Bonds due December 1, 2018. In accordance with the Indenture Agreement, the Senior Liquidity Reserve Account was underfunded at its required level by $1.2 million at December 31, 2018.

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 NCTSC for the year ended December 31, 2018 is as follows (dollars in thousands):

	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Due within One Year
Bonds Payable	$ 400,537	$	$	$ 400,537	$
Plus: Accreted interest	69,080	7,695		76,775	
Less: Bond discount	(5,632)	282		(5,350)	
Total bonds payable	$ 463,985	$ 7,977	$	$ 471,962	$ -0-

Bonds outstanding and amounts including accretion since issuance at December 31, 2018, 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	22,106
2006C	4/5/2006	9,867	6.00%	6/1/2046	9,867	20,955
2006D	4/5/2006	37,604	6.40%	6/1/2060	37,604	83,911
2006E	4/5/2006	802	7.35%	6/1/2060	802	2,012
					$ 400,537	$ 477,312
				Unamortized Bond Discount		(5,350)
						$ 471,962

12. 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, 2018 (dollars in thousands):

Years Ending December 31,	Principal	Interest	Total
2019	$	$ 17,993	$ 17,993
2020		17,993	17,993
2021	12,148	17,579	29,727
2022		17,164	17,164
2023		17,164	17,164
2024 - 2028	37,906	86,694	124,600
2029 - 2033		74,101	74,101
2034 - 2038	97,005	57,125	154,130
2039 - 2043		49,850	49,850
2044 - 2048	215,072	216,352	431,424
2049 - 2053			
2054 - 2058			
2059 - 2060	38,406	1,141,809	1,180,215
	$ 400,537	$ 1,713,824	$ 2,114,361

Nassau Community College Long-Term Debt

Long-term liability activity for the year ended August 31, 2018 follows (dollars in thousands):

	(As Restated) Balance September 1, 2017*	Additions	Reductions	Balance August 31, 2018	Due within One Year
Due to County - ERS deferral	$ 9,408	$ 880	$ 1,111	$ 9,177	$ 1,185 **
Due to County long term note	8,444		895	7,549	740 **
Accrued vacation and sick pay	55,252	279	1,292	54,239	
Accrued liabilities - termination pay	1,895	4,630	2,077	4,448	1,288
Estimated liability for litigation	150			150	
Insurance reserve liability	2,027	21		2,048	
Endo note payable	716		38	678	41
Net pension liability ERS	12,266		8,320	3,946	
Net pension liability TRS (asset)	(987)		1,460	(2,447)	
Postemployment retirement benefits payable	397,819	104,214	12,211	489,822	
Total long-term notes and liabilities	$ 486,990	$ 110,024	$ 27,404	$ 569,610	$ 3,254

* Beginning balances were restated due to the implementation of GASB Statement No. 75. See Note 22.
** These amounts of $1,925 are included in the due to primary government reported as current liabilities in Exhibit X-12.

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

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

As of August 31, 2018, principal and interest payments for the Endo note payable are as follows (dollars in thousands):

Years Ending August 31,	Principal	Interest	Total
2019	$ 41	$ 53	$ 94
2020	44	49	93
2021	48	46	94
2022	52	42	94
2023	56	37	93
2024 - 2028	361	108	469
2029 - 2030	76	3	79
Total	$ 678	$ 338	$ 1,016

In fiscal years 2015 and 2016, the County borrowed $2.5 million and $7.5 million respectively to fund termination pay expenditures for the NCC's employees. The NCC has a memorandum of agreement ("MOA") to reimburse the County for a portion of the debt service related to these borrowings. As of August 31, 2018, principal and interest payments for the Due to County – long-term note associated with this MOA are as follows (dollars in thousands):

Years Ending August 31,	Principal	Interest	Total
2019	$ 740	$ 349	$ 1,089
2020	775	310	1,085
2021	815	270	1,085
2022	860	228	1,088
2022	900	183	1,083
2024 - 2027	3,459	269	3,728
Total	$ 7,549	$ 1,609	$ 9,158

Dormitory Authority - State of New York - NCC 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, 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 NCC 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 NCC.

12. 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 NCC construction projects. This debt is the obligation of the County. No revenues or assets of the NCC 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 NCC recognized approximately $3.8 million in both State and local appropriations for contributions of capital assets in fiscal year 2018.

During fiscal year 2016, the County issued general obligation bonds of which a portion of the proceeds was used for NCC termination pay. The NCC has included a liability in the amount of $7.5 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 2018 is as follows (dollars in thousands):

	(As Restated) Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018		Due within one year
Interest rate swap agreements	$ 21,081	$	$ 4,970	$ 16,111		$
Bonds payable, net	202,888		14,912	187,976		15,458
Third party liabilities	35,997	50,285	9,941	76,341		3,984
Accrued vacation and sick pay	67,906	28,059	26,704	69,261		6,926
Insurance reserve liability	74,627	27,532	6,964	95,195		12,397
Accrued pension benefits/net pension liability	111,587	29,612	75,601	65,598	**	5,020
Postemployment retirement benefits liability	555,350	61,563	17,453	599,460		
Total noncurrent liabilities	$ 1,069,436	$ 197,051	$ 156,545	$ 1,109,942		$ 43,785

* Beginning balances were restated due to the implementation of GASB Statement No. 75. See Note 22.
** This balance includes $42,332 for amounts Due to New York Statement Retirement System for deferrals of pension contributions. Of this amount, $5,020 is included in current liabilities and $37,312 is included as long-term liabilities.

The NHCC's long-term debt at December 31, 2018 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 1.98 % at December 31, 2018	$	12,555
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 1.41% at December 31, 2018		175,035
Other Liabilities		386
		187,976
Current portion		15,458
Total long term debt	$	172,518

12. 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 the 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 2009C bonds that are "put" after 180 days (Wells Fargo and TD Bank LOCs) or 1 year for Series 2009A and 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 (dollars in thousands):

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	September 30, 2019	$ 57,770	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%	70 basis points
TD Bank - Series B	June 28, 2019	$ 66,520	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	November 15, 2019	$ 50,745	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%	1	Same terms as interest rate on LOC draws	85 basis points
J.P. Morgan - Series A	November 15, 2019	$ 12,555	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%	1	Same terms as interest rate on LOC draws	85 basis points

12. 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" on September 1, 2019 and not remarketed before 180 days with respect to the Series B & C bonds, or 1 year with respect to the Series A & D bonds, the NHCC would be required to pay the following estimated annual amounts (principal and interest) using the LOC banks' interest rates and terms in effect at December 31, 2018 (dollars in thousands):.

Years Ending December 31,	Wells Fargo Series 2009 C	TD Bank Series 2009 B	JP Morgan Series 2009 A&D	Total
2019	$ 1,160	$ 927	$ 1,258	$ 3,345
2020	18,818	15,543	61,117	95,478
2021	18,739	14,846		33,585
2022	17,209	14,051		31,260
2023	8,031	13,257		21,288
2024 - 2025		15,455		15,455
	$ 63,957	$ 74,079	$ 62,375	$ 200,411

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 2018 approximated $1.5 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 cannot be amended without consent of the trustee (on behalf of the holders of the Bonds) and the letter of credit providers.

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 $1.8 million for the year ended December 31, 2018.

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

12. 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 contemplated as part of the current interest rate swap agreements, and the initial assumed synthetic fixed rate of interest of 4.61% for Series 2009A under its prior swap agreements. Payments applicable to long-term debt for years subsequent to December 31, 2018 are as follows (dollars in thousands):

Years Ending December 31,	Principal	Estimated Interest	Total
2019	$ 15,458	$ 6,630	$ 22,088
2020	15,910	6,069	21,979
2021	16,565	5,484	22,049
2022	17,725	4,874	22,599
2023	16,185	4,221	20,406
2024 - 2028	87,007	12,426	99,433
2029	19,126	648	19,774
	$ 187,976	$ 40,352	$ 228,328

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.

12. 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 essentially 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 were 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 included 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, 2018.

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 $3.7 million for the year ended December 31, 2018.

The NHCC's hedging derivative instruments at December 31, 2018 are as follows (dollars in thousands):

Swap ID	Fair Value December 31, 2018	Net Change In Fair Value	Type of Hedge	Financial Statement Classification for Changes in Fair Value
1	$ (5,359)	$ 1,650	Cash Flow	Deferred Outflow
2	(5,376)	1,647	Cash Flow	Deferred Outflow
3	(5,376)	1,647	Cash Flow	Deferred Outflow
	$ (16,111)	$ 4,944		

The terms of the NHCC's financial derivative instrument that was outstanding at December 31, 2018 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%	$ 59,188
Merrill Lynch	October 14, 2004	August 1, 2029	3.4570%	62.6% of 1-Month LIBOR + .23%	$ 59,048
UBS AG	October 14, 2004	August 1, 2029	3.4570%	62.6% of 1-Month LIBOR + .23%	$ 59,048

The amount of outstanding debt covered by the three interest rate swap agreements total $177.3 million as of December 31, 2018 and matures 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.

12. 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, 2018, 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 International Swap Dealers Association 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, 2018 were as follows:

Counterparty	Moody's	Standard and Poors	Fitch
JP Morgan Chase	Aa2	A+	AA
Merrill Lynch (Bank of America)	A3	A-	A+
UBS AG	Aa3	A+	AA-

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 diverge, 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.

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

OTB Long-Term Debt

Under the support agreement OTB had with the County, OTB was 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 was required to pay the County $620,000 on each February 15th until the Series 2005 Revenue Bonds are paid in full. In January 2018, OTB refinanced the debt associated with the support agreement. The obligation under this agreement was satisfied with the refinancing.

13. REFINANCING OF LONG-TERM OBLIGATIONS

Defeasance of Debt

Prior to December 31, 2018, 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, 2018, approximately $700.0 million of outstanding bonds (including NIFA) are considered defeased.

14. 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"). NCC also participates in the New York State Teachers' Retirement System ("TRS"). 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 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 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. NYS implemented a new Voluntary Defined Contribution Program ("VDC"). County employees may also elect to participate in the VDC, a defined contribution retirement program, established under Chapter 18 of the Laws of 2012 which amended portions of the RSSL. Beginning July 1, 2013 the VDC plan option was made available to all unrepresented employees hired on or after July 1, 2013, and earning a full-time rate of $75,000 or more on an annual basis. Employees receiving pension benefits from a public retirement system in NYS are not eligible to join or continue active participation in the VDC. An employer contribution of 8% of salary will be made for the duration of employment based on annual wages in a given calendar year. Employee contributions, also required for the duration of employment, range from 3-6% based upon estimated gross annual wages in a given calendar year. Benefits are determined by the amount contributed each year and the success of the investments. 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.

14. 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.

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.

14. PENSION PLANS (Continued)

Benefits Provided **(Continued)**

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.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Disability Retirement Benefits

Disability retirement benefits are available to members unable to perform their job duties because of permanent, physical or mental incapacity. There are three types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as offsets or other benefits depend upon a member's tier years of service and plan.

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%.

14. 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.

2018 Contributions based on the State fiscal year ending March 31, 2018 for ERS and PFRS members were as follows (in thousands of dollars):

	Annual Required Contribution	Credit & Miscellaneous Adjustments	Prepayment Discount	Amortization/ Deferral	2010 Past Service Credit 553B	Total Payment
ERS	$ 81,635	$ 218	$ (687)	$ 6,819	$ 69	$ 88,054
PFRS	91,199	8	(768)	946		91,385

The contractually required contributions recorded by the County, inclusive of blended component units, for the year ended December 31, 2018 were as follows (in thousands):

	Contractually Required Contribution
ERS	$ 75,448
PFRS	84,789

14. 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 $41.0 million, of which $2.0 million was attributable to NCC's ERS members as of December 31, 2018. 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)

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2019	$ 4,186	$ 536	$ 4,722
2020	4,343	379	4,722
2021	5,600	258	5,858
2022	175	7	182
Totals	$ 14,304	$ 1,180	$ 15,484

14. PENSION PLANS (Continued)

Funding Policy **(Continued)**

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

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2019	$ 5,949	$ 802	$ 6,751
2020	6,127	624	6,751
2021	6,311	440	6,751
2022	8,069	298	8,367
2023	280	8	288
Totals	$ 26,736	$ 2,172	$ 28,908

Pursuant to Chapter 57, Part BB, Laws of 2013, the 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. The interest rate for repayment of amounts amortized in New York State fiscal year ending 2017 is 2.63% over 12 years. The interest rate for repayment of amounts amortized in New York State fiscal year ending 2018 is 3.31% over 12 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 fiscal year attributable to Chapter 57, Part BB, Laws of 2013 was $185.2 million, of which $7.5 million as of December 31, 2018 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.

14. PENSION PLANS (Continued)

Funding Policy **(Continued)**

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)

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2019	$ 5,742	$ 1,768	$ 7,510
2020	5,958	1,552	7,510
2021	6,182	1,328	7,510
2022	6,414	1,096	7,510
2023	6,655	855	7,510
2024-2026	16,070	1,023	17,093
Totals	$ 47,021	$ 7,622	$ 54,643

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

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2019	$ 4,738	$ 1,563	$ 6,301
2020	4,906	1,395	6,301
2021	5,076	1,225	6,301
2022	5,254	1,047	6,301
2023	5,438	863	6,301
2024-2027	19,212	1,480	20,692
Totals	$ 44,624	$ 7,573	$ 52,197

14. PENSION PLANS (Continued)

Funding Policy **(Continued)**

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

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2019	$ 3,111	$ 1,075	$ 4,186
2020	3,214	972	4,186
2021	3,321	865	4,186
2022	3,431	755	4,186
2023	3,544	642	4,186
2024-2028	16,548	1,331	17,879
Totals	$ 33,169	$ 5,640	$ 38,809

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

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2019	$ 2,238	$ 670	$ 2,908
2020	2,297	611	2,908
2021	2,357	551	2,908
2022	2,419	489	2,908
2023	2,483	425	2,908
2024-2028	14,111	1,100	15,211
2029	110	3	113
Totals	$ 26,015	$ 3,849	$ 29,864

14. PENSION PLANS (Continued)

Funding Policy ***(Continued)***

2018 Chapter 57, Part BB, Laws of 2013
ERS and PFRS
(in thousands of dollars)

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2019	$ 1,747	$ 761	$ 2,508
2020	1,805	703	2,508
2021	1,865	643	2,508
2022	1,927	581	2,508
2023	1,990	518	2,508
2024-2028	10,984	1,541	12,525
2029-2030	3,096	87	3,183
Totals	$ 23,414	$ 4,834	$ 28,248

2019 Chapter 57, Part BB, Laws of 2013*
ERS and PFRS
(in thousands of dollars)

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2019	$ 729	$ 437	$ 1,166
2020	758	408	1,166
2021	788	378	1,166
2022	820	346	1,166
2023	852	314	1,166
2024-2028	4,799	1,028	5,827
2029-2030	2,199	132	2,331
Totals	$ 10,945	$ 3,043	$ 13,988

* The amortization shown in this table represents only the amounts due and payable as of the County's fiscal year end of December 31, 2018.

14. 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 $0.1 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)

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2019	$ 58	$ 11	$ 69
2020	78	8	86
Totals	$ 136	$ 19	$ 155

Total ERS, PFRS and
Prior Service Credits* (in thousands of dollars)

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2019	$ 28,498	$ 7,623	$ 36,121
2020	29,486	6,652	36,138
2021	31,500	5,688	37,188
2022	28,509	4,619	33,128
2023	21,242	3,625	24,867
2024-2028	81,724	7,503	89,227
2029-2031	5,405	222	5,627
Totals	$ 226,364	$ 35,932	$ 262,296

*2019 amortization only includes amounts due and payable as of December 31, 2018.

NHCC

NYSRSSL Chapter 57 of the Laws of 2010 authorized the State and local employers to amortize over ten years, at 2.85% (2018), 2.33% (2017), 3.21% (2016), 3.15% (2015), 3.67% (2014) and 3.00% (2013) interest, the portion of their annual bill that exceeded 14.9%, 15.1%, 14.5%, 13.5%, 12.5%, and 11.5% of payroll for its 2018, 2017, 2016, 2015, 2014, and 2013 pension bills, respectively. The total amount due at December 31, 2018 related to these deferred pension contributions is approximately $42.3 million, of which $5.0 million is included in current liabilities and $37.3 million is included as part of other long-term liabilities.

14. PENSION PLANS (Continued)

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

At December 31, 2018, the County (inclusive of NIFA), reported a liability of $147.2 million for its proportionate share of the net pension liability of the System. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2017, with updated procedures to roll forward the total pension liability to March 31, 2018. 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's, 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		
	County		NIFA		NCC		NHCC
	ERS	PFRS	ERS	Total	ERS	TRS	ERS
Measurement Date	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	June 30, 2018	March 31, 2018
Net Pension Liability (Asset)	$ 56,426	$ 90,776	$ 38	$ 147,240	$ 3,946	$ (2,447)	$ 23,266
Allocation of the System's Total Net Liability (Asset)	1.8724633%	8.9840456%	0.0011925%		0.0012000%	0.0013535%	0.7208838%

There was no significant change in the County's (inclusive of NIFA), NCC's, and NHCC's proportionate share from March 31, 2017 to March 31, 2018.

For the year ended December 31, 2018, the County, inclusive of NIFA, recognized pension expense of $72.4 million for ERS and $94.8 million for PFRS.

14. PENSION PLANS (Continued)

At December 31, 2018, the County (inclusive of NIFA), NCC and NHCC reported deferred outflows and inflows of resources related to ERS and PFRS 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	Total	ERS	PFRS	Total	NCC*	NHCC	NCC*	NHCC
Differences between expected and actual experience	$ 20,161	$ 37,375	$ 57,536	$ 16,660	$ 24,129	$ 40,789	$ 1,408	$ 8,299	$ 1,163	$ 6,857
Changes of assumptions	37,480	68,803	106,283				2,617	15,427		
Net difference between projected and actual earnings on pension plan investments				79,955	74,522	154,477			5,582	32,910
Changes in proportion and differences between the Employer's contribution and proportionate share of contributions	12,565	27,905	40,470	2,430	1,599	4,029	874	5,195	169	992
Employer's contribution subsequent to the amounts	65,185	67,745	132,930				2,144			
Total	$ 135,391	$ 201,828	$ 337,219	$ 99,045	$ 100,250	$ 199,295	$ 7,043	$ 28,921	$ 6,914	$ 40,759

*Amounts are reported for the year ending August 31, 2018

For the year ended August 31, 2018, NCC recognized pension expense of $1.9 million related to TRS. At August 31, 2018, 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	$ 1,829	$ 331
Changes of assumptions	8,556	
Net difference between projected and actual earnings on pension plan investments		2,717
Changes in proportion and differences between the Employer's contribution and proportionate share of contributions	625	449
Employer's contributions subsequent to the measurement date	2,160	
Total	$ 13,170	$ 3,497

14. PENSION PLANS (Continued)

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 31, 2019. 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		
			NCC		NHCC
	ERS	PFRS	ERS	TRS	ERS
Year Ended December 31, 2019	$ 16,204	$ 26,676	$ 1,131	$ 2,514	$ 6,465
2020	12,162	24,600	848	1,727	4,776
2021	(38,924)	(13,427)	(2,718)	237	(15,787)
2022	(18,281)	(9,303)	(1,276)	1,721	(7,292)
2023		5,287		1,114	
Thereafter				200	
Totals	$ (28,839)	$ 33,833	$ (2,015)	$ 7,513	$ (11,838)

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, 2017, 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%
Decrement tables	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
Morality Improvement	Society of Actuaries Scale MP-2014	Society of Actuaries Scale MP-2014

The long-term expected rate of return on ERS and PFRS 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.

Actuarial Assumptions – NCC - TRS

The net pension liability was measured as of June 30, 2018, and was determined by an actuarial valuation at June 30, 2017, with update procedures used to roll forward the total pension liability to June 30, 2018. During the measurement period, there were no changes in assumptions or benefit terms. The actuarial assumptions used in June 30, 2017 valuation were based on the actuarial experience study for the period July 1, 2009 to June 30, 2014. The actuarial valuations used the following actuarial assumptions:

14. PENSION PLANS (Continued)

Actuarial Assumptions – NCC – TRS (Continued)

	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	7.25%
Cost of living adjustments	1.50%
Annuitant Mortaility Rates	Based on plan member experience, with adjustments for mortality improvements
Morality Improvement	Society of Actuaries Scale MP2014

The long-term expected rate of return on TRS pension plan investments was determined in accordance with Actuarial Standards of Practice ("ASOP") No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class, as well as historical investment data and plan performance.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2018 are summarized below for ERS and PFRS:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.50%
Real estate	10.00%	5.55%
Absolute return strategies*	2.00%	3.75%
Opportunistic portfolio	3.00%	5.68%
Real assets	3.00%	5.29%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation-indexed bonds	4.00%	1.25%
	100.00%	

*Excludes equity-oriented long-only global funds of $2.33 billion. For investment management purposes, these funds are included in domestic and international equity.

The real rate of return is net of the long-term inflation of 2.5%

14. PENSION PLANS (Continued)

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 are summarized below for TRS:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equity	33.00%	5.80%
International equity	16.00%	7.30%
Global equities	4.00%	6.70%
Real estate	11.00%	4.90%
Private equity	8.00%	8.90%
Domestic fixed income securities	16.00%	1.30%
Global fixed income securities	2.00%	0.90%
High-yield fixed income securities	1.00%	3.50%
Private debt	1.00%	6.80%
Mortgages	7.00%	2.80%
Cash Equivalent	1.00%	0.30%
	100.00%	

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for the System (ERS and PFRS) and 7.25% 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, actuarially. 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.

14. PENSION PLANS (Continued)

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's, 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):

			Major Discretely Presented Component Units	
	Primary Government		NCC	NHCC
	ERS	PFRS	ERS	ERS
Net Pension Liability (Asset):				
1% Decrease 6.00%	427,683	444,797	29,858	176,037
Current Assumption 7.00%	56,464	90,776	3,946	23,266
1% Increase 8.00%	(257,460)	(206,107)	(17,974)	(105,972)

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 7.25%, 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 (6.25%) or 1-percentage point higher (8.25%) than the current rate (in thousands of dollars):

	1% Decrease	Current Discount	1% Increase
	6.25%	7.25%	8.25%
Net Pension Liability (Asset)	16,815	(2,447)	(18,584)

Optional Retirement Program ("ORP"): NCC employees may also participate in an OPR under IRS Section 401(a), which is a multiple-employer, defined contribution plan administered by separate vendors – TIAA-Cref, Metropolitan Life, VALIC, an AETNA. ORP employer and employee contributions are dictated by State law. The ORP provides benefits through annuity contracts and provides retirement and death benefits to those employees who elected to participate in an ORP. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits generally vest after the completion of one year of service if the employee is retained thereafter. Employer contributions are not remitted to an ORP plan until an employee is fully vested. As such there are no forfeitures reported by these plans if an employee is terminated prior to vesting. Employees who joined an ORP after July 27, 1976, and have less than ten years of service or membership are required to contribute 3% of their salary. Those joining on or after April 1, 2012 are required to contribution between 3% and 6%, dependent upon their salary for their entire working career. Employer contributions range from 8% to 15% depending upon when the employee was hired. The employer contributions are equal to 100% of the required contributions deducted from their salaries and remitted on a current basis to the respective ORP. For the year ended August 31, 2018, NCC recognized pension expense of approximately $6.0 million.

14. 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.

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

The following reconciles fund balances at December 31, 2018 as prepared on a GAAP basis to the budgetary basis of reporting (dollars in thousands):

	General	Police District Fund	Sewer & Storm Water District Fund	Capital Fund	Disputed Assessment Fund	Nonmajor Governmental Funds
Fund Balances at December 31, 2018,						
Prepared in accordance with GAAP	$ 67,012	$ (4,023)	$ 8,640	$ 283,442	$ 2,109	$ 109,423
Add:						
Funding for Tax Certiorari and Other Judgments	38,513					
Pension Benefits - Modified Accrual Basis Only	92,275	36,376	1,219			
Sale of Mitchel Field Leases	28,646					
Deferred revenues	1,945		8,455			
Expenditure accrual	4,675					
Debt Service Payment for Termination Pay for NCC	556					
Less:						
Encumbrances	(40,488)	(1,157)	(3,971)			
Payments for Tax Certiorari and Other Judgments	(38,014)	(6,274)				
Revenue accrual	(2,782)					
Unbudgeted FEMA Fund						(2,649)
Unbudgeted Grant Fund						(31,803)
Unbudgeted NCTSC						(280)
Unbudgeted Capital Project Fund				(283,442)		
Unbudgeted NCSSWFA						(3,226)
Unbudgeted NCTSC Debt Service Fund						(22,786)
Unbudgeted NIFA Debt Service Fund						(48,309)
Fund Balances at December 31, 2018,						
Prepared on the Budgetary Basis of Reporting	$ 152,338	$ 24,922	$ 14,343	$	$ 2,109	$ 370

16. FUND BALANCES

Fund balance classifications for the governmental funds at December 31, 2018 were (dollars in thousands):

	General	NIFA Fund	Police District Fund	Sewer & Storm Water Fund	Capital Fund	Disputed Assessment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:								
Prepaids	$ 34,482	$ 61	$ 12,185	$ 410	$	$	$ 1,016	$ 48,154
Long-term receivable - due from component unit	6,000							6,000
Total Nonspendable	40,482	61	12,185	410			1,016	54,154
Spendable:								
Restricted for:								
Capital projects					2,912			2,912
Debt service	7,716						74,167	81,883
Open space	1,810							1,810
Judgments and settlements						2,109		2,109
Judicial							534	534
General Administration							9,167	9,167
Protection of Persons							768	768
Health							9,264	9,264
Public Works							13,200	13,200
Recreation and Parks							175	175
Social Services							236	236
Corrections							109	109
Total Restricted	9,526				2,912	2,109	107,620	122,167
Committed to:								
Capital projects					280,530			280,530
Technology	81							81
Environmental Protection							370	370
Protection of Persons	13,084							13,084
Legislative	147							147
Judgments and settlements	8,161		1,273					9,434
Total Committed	21,473		1,273		280,530		370	303,646
Assigned to:								
General Administration		763					417	1,180
Public Works				8,230				8,230
Total Assigned		763		8,230			417	9,410
Unassigned	(4,469)		(17,481)					(21,950)
Total Fund Balance	$ 67,012	$ 824	$ (4,023)	$ 8,640	$ 283,442	$ 2,109	$ 109,423	$ 467,427

17. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The County established and administers a single-employer defined benefit OPEB plan for its employees. Article 11 of the State Compiled Statues grants the authority to establish and amend the benefit terms and financial requirements to the County Executive and the County Legislature. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

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.

Eligibility for health benefits upon retirement are governed by Ordinance, bargaining unit, age, and years of service. In general, unless otherwise indicated below, employees must reach age 55 to be eligible for post-retirement health insurance benefits.

Non-union employees hired after 2008 are required to have 10 years of governmental service, 5 years of which must be with the County. Civil Service Employees Association Local 830 ("CSEA") and Nassau County Investigators Police Benevolent Association ("IPBA") employees (other than those Probation Officers, Fire Marshalls, AMTs, Deputy Sherriff and in Correctional Center titles) hired after August 22, 2003 are required to have 10 years of County employment. All other CSEA and IPBA employees (other than those Probation Officers, Fire Marshalls, AMTs, Deputy Sherriff and in Correctional Center titles) are eligible after 5 years of service. CSEA employees who are Probation Officers, Fire Marshalls, AMTs, Deputy Sherriff or in Correctional Center titles are eligible after 25 years of service, regardless of age. Nassau County Police Benevolent Association ("PBA"), Nassau County Superior Officers Association ("SOA"), and Nassau County Detectives Association ("DAI") employees are eligible after 20 years of service, regardless of age. Nassau County Sheriff's Correction Officers Benevolent Association ("COBA") employees are eligible after 25 years of service, regardless of age.

Employee Contributions

The County provides group health care benefits for retirees (and for eligible dependents and survivors of retirees). Some retirees are required to contribute towards the cost of their health insurance premiums. The following are the retiree contributions towards the cost of said premiums for County employees:

- Non-union (Ordinance #543) employees earning a salary of less than $30,000 in the year of retirement: No employee contribution

- Non-union (Ordinance #543) employees hired on or after January 1, 2002 and earning a salary of greater than $30,000 per year, in the year of retirement: Contribute 5% of premium for single coverage and 10% of the premium for family coverage.

17. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employee Contributions **(Continued)**

- Non-union (Ordinance #543) employees hired on or after July 1, 2014 and earning a salary greater than $30,000 per year, in the year of retirement: Contribute 15% of premium for single or family coverage if enrolled in The Empire Plan, the health plan benefit provider for State public employees and employers. If enrolled in an alternative plan then the County shall pay, towards the cost of the premium in either the single or family plan, all amounts up to the monetary equivalent of 85% of the cost of The Empire Plan. To the extent the annual premium of said alternative plan exceeds the 85% of the cost of The Empire Plan, the employee shall pay the difference.

- Union employees CSEA, PBA, DAI, SOA, COBA, hired prior to April 1, 2014: No employee contribution

- IPBA employees: No employee contribution.

- Union employees (CSEA, PBA, DAI, SOA, COBA) hired on or after April 1, 2014: Contribute 15% of premium for single or family coverage if enrolled in The Empire Plan. If enrolled in an alternative plan then the County shall pay, towards the cost of the premium in either the single or family plan, all amounts up to the monetary equivalent of 85% of the cost of The Empire Plan. To the extent the annual premium of said alternative plan exceeds 85% of the cost of The Empire Plan, the employee shall pay the difference.

- Employees who retired prior to 1976 pay contributions (varies as a percentage of the premium).

Employees Covered by Benefit Terms

The number of participants as of January 1, 2017, the effective date of the most recent actuarial valuation is as follows:

Actives	7,863
Retirees	11,032
Terminated Vested	22
Spouses of Retirees	6,591
	25,508

There have been no significant changes in the number of the type of coverage since that date.

Total OPEB Liability

The County's total OPEB liability, inclusive of the blended component unit, $6.3 billion was measured as of December 31, 2017 and was determined by an actuarial valuation as of January 1, 2017, with updated procedures used to rollforward the OPEB liability to the measurement date.

Funding Policy

Nassau County pays for OPEB benefits on a pay-as-you-go basis. Since the County is not pre-funding these benefits, no actuarially determined contribution is determined.

17. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs

The projections of benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members at that point.

The December 31, 2018 total OPEB liability is based on the results of the January 1, 2017 actuarial valuation rolled forward to the measurement date of December 31, 2017, and was determined using the following actuarial assumptions and other inputs:

Inflation: 2.3% per annum, compounded annually

Discount Rate: 3.44% per annum (Bond Buyer 20-Bond General Obligation Bond Index)

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

Fiscal Year	Prior to Medicare Eligibility	After Medicare Eligibility
2017	8.4%	7.7%
2018	6.2%	6.0%
2019	6.4%	5.5%
2020	5.3%	5.1%
2021	5.8%	5.1%
2026	5.7%	4.9%
2031	5.7%	4.9%
2036	5.6%	5.0%
2041	5.6%	5.0%
2046	5.3%	5.7%
2051	5.1%	5.5%
2076	4.1%	4.2%
2101	4.0%	4.1%

17. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs **(Continued)**

The Society of Actuaries (SOA) Long-Run Medical Cost Trend Model was used to develop the medical trend schedule used in projecting per capita claim costs and premiums for this report. The model's projections are based on an econometric analysis of historical 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 Milliman'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. For purposes of applying the Entry Age Normal cost method, the healthcare trend prior to the first calendar year shown in the table above is based on the ultimate rate, which is 4.0% for costs prior to 65 and 4.1% of costs at age 65 and later. A separate trend assumption of 4.5% per year was used for Medicare Part B reimbursements. No trend was applied to the vision payment.

Medicare Eligibility: Age 65.

Actuarial Cost Method: Entry Age Normal Cost Method

The discount rate was based on the January 1, 2017 yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the April 1, 2016 Actuarial Valuation of the New York State and Local Retirement System (NYSLRS) Employees' Retirement System (ERS) and the NYSLRS Police and Fire Retirement System (PFRS). The mortality projection scale has been modified from Scale MP-2014 to Scale MP-2018. As generational tables, they reflect mortality improvements both before and after the measurement dates.

The OPEB calculation includes the high-cost plan excise tax (Cadillac tax) that will be imposed beginning in 2020. The tax is 40% of the value of health plan costs that exceed certain thresholds for single coverage and family coverage (as defined by law).

17. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the Total OPEB Liability (dollars in thousands):

	Primary Government			Major Discretely Presented Components	
	Nassau County	Nassau County Interim Finance Authority	Total	*Nassau Community College	Nassau Health Care Corporation
Balance at December 31, 2017, as restated	$ 5,621,488	$ 1,909	$ 5,623,397	$ 397,819	$ 555,350
Changes for the year:					
Service Cost	166,925	77	167,002	15,143	25,187
Interest	215,312	73	215,385	15,381	21,727
Effect of economic/demographic gains or losses	(8,499)	13	(8,486)	(765)	(5,864)
Effect of assumption changes or inputs	506,867	240	507,107	74,455	14,649
Benefit payments, including implicit rate subsidy	(186,386)	(78)	(186,464)	(12,211)	(11,589)
Net Change	694,219	325	694,544	92,003	44,110
Balance at December 31, 2018	$ 6,315,707	$ 2,234	$ 6,317,941	$ 489,822	$ 599,460

* Nassau Community College data as of fiscal year ended August 31, 2018

Sensitivity of the Total OPEB Liability to Changes in the Discount rate

The following presents the total OPEB liability of the County (inclusive of NIFA), NCC and NHCC's as well as what the County's and the major discretely presented component unit's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.44%) or 1-percentage-point higher (4.44%) than the current rate (dollars in thousands).

		Major Discretely Presented Component Units	
	Primary Government	NCC	NHCC
Discount Rate:			
1% Decrease 2.44%	7,388,952	570,291	700,293
Current Assumption 3.44%	6,317,941	489,822	599,460
1% Increase 4.44%	5,466,896	425,108	518,163

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the County (inclusive of NIFA), NCC and NHCC's as well as what the County's and the major discretely presented component unit's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (dollars in thousands).

		Major Discretely Presented Component Units	
	Primary Government	NCC	NHCC
Current Trend Rate:			
1% Decrease	5,358,072	414,729	506,341
Current Assumption	6,317,941	489,822	599,460
1% Increase	7,550,153	585,879	718,118

17. OTHER POSTEMPLOYMENT BENEFITS (Continued)

For the year ended December 31, 2018, the County, inclusive of its blended component unit, recognized OPEB expense of $457.6 million. At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (dollars in thousands):

	Primary Government		Major Discretely Presented Component Units			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources		Deferred Inflows of Resources	
			NCC	NHCC	NCC	NHCC
Differences between expected and actual experience	$ 10	$ 6,522	$	$	$ 602	$ 4,863
Changes of assumptions	389,179	93,240	58,613	12,249	6,641	
Contributions made subsequent to measurement date	212,541		8,832	14,397		
	$ 601,730	$ 99,762	$ 67,445	$ 26,646	$ 7,243	$ 4,863

The County's contribution (inclusive of NIFA) made subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows (dollars in thousands):

			Major Discretely Presented Component Units	
		Primary Government	NCC	NHCC
Years Ending December 31,	2019	$ 75,417	$ 13,219	$ 1,400
	2020	75,417	13,219	1,400
	2021	103,791	13,957	1,400
	2022	34,802	10,975	1,400
	2023			1,786
		$ 289,427	$ 51,370	$ 7,386

18. 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 $501.6 million, inclusive of blended components units at December 31, 2018. At August 31, 2018, NCC's vacation leave and sick leave liability was $54.2 million. At December 31, 2018, NHCC's vacation and sick leave liability was $69.3 million.

19. DEFERRED PAYROLL

In 2009, the County entered into agreements with the CSEA, the PBA, the SOA, the DAI, and the 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.

The amount accrued at December 31, 2018 was $57.7 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.

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. Of the amount accrued at December 31, 2018, of approximately $18.4 million represents termination pay for accumulated leave to be paid annually for three years beginning in January 2019 and is included in the County's long-term liability reported in the government-wide Statement of Net Position.

NCC entered into a similar deferral 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 NCC's fiscal year close of August 31, 2018 was approximately $2.4 million and will be paid upon employee separation from the NCC; this amount is included in the County's liability reported in the government-wide Statement of Net Position.

20. TAX ABATEMENT DISCLOSURE

Net tax abatements affecting Nassau County taxes totaling $22.0 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

20. TAX ABATEMENT DISCLOSURE (Continued)

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. PILOT payments due to Nassau County from the Nassau County IDA, are paid directly to the County Treasurer. In 2018, the Town of Hempstead collected the PILOTs for the Town of Hempstead IDA, and the Glen Cove IDA collected its own. Both are required to remit to the County its share of each PILOT. If the provisions for recapture in each PILOT agreement are not met, recapture payments are made directly to the IDA and then remitted to the County. The IDAs are authorized and deemed eligible 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 agreements 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, 2018 is shown below.

Nassau County Industrial Development Agency

		Dollars in Thousands			
Project	Program	Sales Tax Abated	County Real Property Tax Abated	PILOT Payments to County	Net Abatement
Bonds/Notes Issuance					
	Finance, Insurance and Real Estate	$	$ 467	$ 384	$ 83
	Manufacturing		12	2	10
	Services		755	378	377
Leases					
	Agriculture		26	6	20
	Finance, Insurance and Real Estate	1,515	7,864	1,930	7,449
	Manufacturing	4	680	419	265
	Other Categories	127	4,785	1,490	3,422
	Services	514	4,233	2,140	2,607
	Transportation, Communication, Electric		175	163	12
	Wholesale Trade		794	569	225
	Total	$ 2,160	$ 19,791	$ 7,481	$ 14,470

20. 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	$	$ 251	$ 128	$ 123
Leases					
	Construction	357	253	67	543
	Continuing Care Retirement Communities	143	601	348	396
	Finance, Insurance and Real Estate	15	2,317	699	1,633
	Manufacturing		114	75	39
	Other Categories	177	656	292	541
	Retail Trade	198	5,290	2,539	2,949
	Services	81	1,007	523	565
	Transportation, Communication, Electric		113	40	73
	Total	$ 971	$ 10,602	$ 4,711	$ 6,862

Glen Cove Industrial Development Agency

Project	Program	Sales Tax Abated	County Real Property Tax Abated	PILOT Payments to County	Net Abatement
Leases					
	Construction	$	$ 1,090	$ 471	$ 619
	Real Estate		54	20	34
	Retail Trade		40	7	33
	Services		20	15	5
	Total	$	$ 1,204	$ 513	$ 691
Grand Total		$ 3,131	$ 31,597	$ 12,705	$ 22,023

*No amounts are received from other goverments or from any Industrial Development Agency. All payments are made directly to Nassau County.

No amounts are received from other governments or from any NCIDA. 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 property taxes but to comply with a property tax cap requirement.

21. 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, 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 Note 21(E) for further discussion)*. Under the Agreement between the parties beginning September 1, 2017, the County is also specifically liable to indemnify NHCC for liability arising out of NHCC's delivery of healthcare services at the Nassau County Correctional Center ("NCCC") and to pay any additional annual premium costs for a rider (obtained at NHCC's initial cost not to exceed $65.0 thousand) to extend a professional liability policy to cover NCCC's inmates who are treated at the Nassau University Medical Center or other NHCC facilities (even if a portion of the care was provided by another hospital or provider), including the cost of extended reporting period (tail) coverage at termination.

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 $414.8 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, 2018. Approximately $209.8 million has been recorded as a liability in the government-wide financial Statement of Net Position, at December 31, 2018, 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 liability and includes an estimate of claims that have been incurred but not yet reported (dollars in thousands).

	Workers' Compensation		Litigation	
	2018	2017	2018	2017
Unpaid claims and claim adjustment expenditures at the beginning of the year	$ 227,668	$ 235,745	$ 391,534	$ 367,300
Incurred claims and claim adjustment Expenditures:				
Provision for the estimate of risk losses and changes to the prior year estimated losses	14,177	23,348	81,590	64,058
Payments:				
Payments made on losses	32,039	31,425	58,365	39,824
Total unpaid claims, claim adjustment expenditures and claims incurred but not reported at the end of the year	$ 209,806	$ 227,668	$ 414,759	$ 391,534

21. CONTINGENCIES AND COMMITMENTS (Continued)

A. *Claims and Litigation* (Continued)

Utilities Litigations under Real Property Tax Law ("RPTL") Article 18

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 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. In 2014, the Appellate Division denied the County's appeal and the Court of Appeals denied the County's application for leave to appeal the Appellate Division's decision. The court lifted the stay of discovery and the County has appealed the court's denial of its motion to dismiss on the grounds that the relief sought could only be granted by the exclusive remedy of an RPTL Article 7 challenge. Plaintiffs have appealed the court's denial of their motion for re-argument based on the court's ruling that evidence of financial hardship could be a mitigating factor in determining damages.

A trial on damages began in May 2019. 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 $200.0 million. These amounts are included in the long-term liability for estimated liability for litigation.

Wage Freeze Litigation

In 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 State law grounds, i.e., an interpretation of State Public Authorities Law Section 3669. In 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 2013, plaintiffs filed 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."

21. CONTINGENCIES AND COMMITMENTS (Continued)

A. *Claims and Litigation* (Continued)

Wage Freeze Litigation **(Continued)**

In 2014, the State Supreme Court ruled in this and related lawsuits that NIFA "did not exceed its authority to impose wage freezes in 2011, 2012 and 2013." In 2014, the County and the unions respectively agreed (among other things) to settle in part this and certain related cases, and such unions respectively released the County and NIFA from liability for the parts of the lawsuits that were settled. In 2016, the Appellate Division upheld the Supreme Court's decision, and later in 2016, the State Court of Appeals denied the plaintiffs' motions seeking leave to appeal the Appellate Division decision. In 2018, the U.S. District Court denied plaintiffs' motions for summary judgment and granted the County and NIFA defendants' cross-motions for summary judgment on the federal questions raised by the plaintiffs. Later in 2018, the U.S. District Court denied the plaintiffs' motion for reconsideration and affirmed its dismissal of plaintiffs' claims. The parties have filed briefs and are awaiting a determination from the Second Circuit. The County will continue to defend itself vigorously in these proceedings. It is not possible to predict the ultimate outcome of this and related cases or their ultimate impact on the County's financial condition; however, the County estimates that, in the event of a final adverse decision, the amount of its retroactive liability for this and related cases would be approximately $101.0 million, including ancillary costs such as payroll taxes and pension contributions, among others. This amount is not included in the 2019-2022 Multi-Year Financial Plan. The matters described in this paragraph were considered when estimating liabilities for claims and litigation (excluding tax certiorari claims) that were recorded as a liability in the County's government-wide financial statement of net position as of December 31, 2018, as described earlier, however the County does not consider this to be a probable loss.

Enforcement Actions in Assessment Litigations

Various taxpayers have brought actions to convert certain judgments and/or settlements (including Assessment Review Commission ("ARC") stipulations) for real property tax refunds into enforceable money judgments, certain of which have been withdrawn following payment. While intending to continue to defend itself vigorously in these enforcement actions, the County nevertheless expects to pay the remaining underlying judgments and/or settlements (including ARC stipulations) of $121.0 million by the end of 2019. This liability is included in the County's Estimated Tax Certiorari Liability as of December 31, 2018.

Iacone v. Passanisi, County of Nassau, et al.

In 2009, plaintiff Nicolette Iacone filed a lawsuit against the County and others including Salvatore Passanisi for injuries she sustained when her vehicle was struck by a vehicle driven by Mr. Passanisi in Oceanside, New York in 2007. In 2008, Mr. Passanisi plead guilty to driving while intoxicated and vehicular assault. Plaintiff Iacone claimed certain shrubbery obscured Mr. Passanisi's vision of the intersection where the accident occurred, and that despite curve and speed warning signs, this design defect by the County was a cause of the accident. In 2017, the jury found the County 86% liable and Mr. Passanisi 14% liable. In 2018, the parties reached a structured settlement for $25.0 million to be paid over a five-year period with the first installment payment made in March 2019. This amount is included in the in the long-term liability for estimated liability for litigation

21. CONTINGENCIES AND COMMITMENTS (Continued)

A. *Claims and Litigation* (Continued)

Litigation over Alleged Longevity MOA

In 2018, the County brought five separate actions against its major unions in Nassau Supreme Court to invalidate the provisions of purported memoranda of understanding signed by the then-Chief Deputy County Executive in 2017 and such unions, respectively, related to longevity pay and related matters. The unions are seeking to have the terms of the memoranda of understanding arbitrated, which the County is opposing. The County has also responded to charges filed by the unions with the State Public Employment Relations Board alleging the County has failed to honor the terms of the memoranda of understanding. In 2018, judgement was entered of a Nassau Supreme Court decision dismissing the County's complaint in one of the actions. The court also determined that the meaning or interpretation of longevity pay as set forth in one of the purported memoranda and the underlying collective bargaining agreement is a grievance and is arbitrable and ordered the parties to arbitrate the matter. The County has appealed the decision. The County will continue to defend itself vigorously in these actions and proceedings. If the County is unsuccessful in these actions, it would result in additional longevity pay expenditures of approximately $11.8 million annually in the aggregate retroactively to 2018.

Adjusted Base Proportion "ABP" Litigation

In 2018, the County was served with two summonses and complaints challenging the manner in which the County calculated current base proportions ("CBPs"), adjusted base proportions ("ABPs") and special district annual adjustments beginning in 2014 under Article 18 of the RPTL as a result of certain demolition of a power plant in Glenwood Landing, New York between 2012 and 2015. In one action, National Grid Generation LLC and Keyspan Gas East Corporation d/b/a National Grid allege that in 2014 the County calculated the CBPs, ABPs and special district annual adjustments in a manner that failed to reflect the demolition of the plant and thereby caused the plaintiffs' class three utility property to pay an excessive amount of taxes and a disproportionate share of the tax burden as compared to class one, class two and class four properties. The complaint further alleges that based on the purported 2014 error, all calculations for subsequent tax years were made in error. In the second action, New York American Water Company Inc. makes substantially similar allegations. In each action, plaintiffs seek, among other forms of relief, tax refunds in the amount of the alleged overpayment of taxes. Neither complaint specifies the amount of the tax refunds or damages sought. The County's motions to dismiss the actions have been denied. At this time the County's ultimate potential liability cannot be determined and the County is in the process of investigating the allegations made in the complaints. The County will continue to defend itself vigorously in these actions and proceedings.

Annual Survey of Income and Expense ("ASIE") Litigation

In 2014, plaintiffs in Boening v. Nassau County Department of Assessment and the County of Nassau brought an action to have County Local Law 8-2013 declared invalid on the grounds that the County did not have the authority to require commercial property owners to submit annual income and expense statements to the County Department of Assessment. In 2015, the State Supreme Court upheld the validity of the law while reserving a decision on the ability of the County to enforce its penalty provisions. Appellate arguments were held in 2017 on the plaintiffs' appeal of that decision. In 2015 and 2017, the court granted temporary restraining orders ("TROs") in this and similar actions preventing the County from enforcing the law's penalty provisions with respect to litigants and non-litigants pending litigation.

21. CONTINGENCIES AND COMMITMENTS (Continued)

A. *Claims and Litigation* (Continued)

Annual Survey of Income and Expense ("ASIE") Litigation **(Continued)**

In 2017, the court lifted the TROs except with respect to the plaintiffs in this and similar actions (approximately 1,500) challenging enforcement of the law. The County has collected approximately $900,000 of penalties to date but has not recognized such revenue. The 2019 Budget does not include projected revenues from enforcement of the law. In 2017, the State Supreme Court ruled that the law's penalties constitute an illegal tax in view of the way the funds are utilized. As such, the County currently may not impose the penalties. The County has filed an appeal of the decision. If the decision is not reversed, the County would be required to refund any penalties collected. The County will 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.

Tax Map Verification Fee Litigation

In 2017, plaintiff Jeffrey Falk, on behalf of himself and others similarly situated, brought a lawsuit in State Supreme Court challenging the County's tax map verification fee, alleging that the fee is excessive of costs and constitutes an illegal tax enacted for general revenue purposes. The fee is charged for the verification of a tax map of real property that must accompany the recordings of mortgages, satisfactions, and other real property transactions. The plaintiff sought an injunction of the fee, a declaration that the fee is unlawful and money damages. The court granted the County's motion to dismiss the request for injunctive relief, conversion and money damages. The court, however, did not dismiss the plaintiff's claim for declaratory judgment on the legality of the fee. Plaintiff has filed a notice of appeal and discovery is ongoing. The County will continue to defend itself vigorously in these actions and proceedings. If the fee is declared illegal in its entirety, the County would forego annual collections of up to approximately $43.0 million.

Fair Labor Standards Act ("FLSA) Litigations

In 2015, 2016, and 2017, certain members of County collective bargaining units respectively filed five lawsuits in federal court challenging the County's calculation of overtime under the Federal Fair Labor Standards Act ("FLSA"). Among plaintiffs' allegations are that the County did not calculate their overtime correctly because longevity pay, shift differential payments and hazardous duty payments were not included in their regular rate of pay, and that the County systemically failed to pay overtime timely within the pay period earned. The court has certified or is expected to certify respective classes of County employees that allegedly may have been affected by an improper calculation and payment of overtime and has consolidated certain lawsuits for efficiency. In one of the lawsuits, plaintiffs have challenged the County's designation of certain employees as FLSA-exempt.

If plaintiffs are successful in establishing that the County's calculations of overtime are not consistent with FLSA, the County would be responsible for liquidated damages for the classes. In 2018, the court ordered mediation in one of the lawsuits. The County will continue to defend itself vigorously in these actions and proceedings. The County cannot state with certainty the amount of such potential damages and attorneys' fees, but has estimated, depending on the size of the classes and the methodology of calculation, that they could total approximately $80.0-120.0 million. The County accrued $30.0 million in regards to this case in the long-term liability for estimated liability for litigation.

21. CONTINGENCIES AND COMMITMENTS (Continued)

A. *Claims and Litigation* (Continued)

Abamov/Comuniello v. County of Nassau

In 2017, plaintiff David Abramov filed a lawsuit against the County alleging serious injuries resulting from a motor vehicle accident involving a County Police Department vehicle and another car driven by Donna Comuniello. Ms. Comuniello also filed a lawsuit against the County for alleged injuries sustained in the accident. The two cases have been joined in State Supreme Court and the litigation is currently in the discovery phase. The County will 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; however, the County estimates that, in the event of a final adverse decision, the amount of damages for which the County may be liable could be in excess of $30.0 million. This amount is included in the long-term liability for estimated liability for litigation.

Joseph Jackson v. County of Nassau, et al.

In 2018, plaintiff Joseph Jackson filed an action against the County and various County police officers alleging claims of false arrest and wrongful imprisonment under 42 U.S.C. §1983. After serving twenty-three years in prison, plaintiff's conviction was vacated after an investigation by the County District Attorney's Office determined that a police officer failed to turn over certain exculpatory evidence to plaintiff when he was the defendant in a criminal case. Plaintiff also alleges that his confession was the product of coercion. The County will 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; however, the County estimates that, in the event of a final adverse decision, the amount of damages for which the County may be liable could be in excess of $30.0 million. This amount is included in the long-term liability for estimated liability for litigation.

Hart v. County of Nassau, et al.

In 2018, plaintiff Jennifer Hart, as parent of a minor child, filed an action against the County and one of its emergency medical technicians (the "EMT") alleging that the EMT while driving a County ambulance struck her child as he was riding a bicycle in a cross-walk. According to the complaint, the child sustained serious and permanent physical injuries requiring multiple surgeries. The County will 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; however, the County estimates that, in the event of a final adverse decision, the amount of damages for which the County may be liable could be in excess of $30.0 million. This amount is included in the long-term liability for estimated liability for litigation.

Utilities Litigation on non-benefitted properties

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.

21. CONTINGENCIES AND COMMITMENTS (Continued)

A. *Claims and Litigation* (Continued)

Utilities Litigation on non-benefitted properties **(Continued)**

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 has made 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. 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 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 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 garbage districts is $10.0 million. In February 2019, the Appellate Division denied County's appeals of third-party judgments against the County. The County has filed an appeal of this decision and intends to continue to defend itself vigorously in the remaining actions.

DAF Litigation

In 2018, certain taxpayers filed two lawsuits against the County and others alleging that the enactment of the DAF by the State (prior to the 2018 amendments to the DAF law) and its implementation by the County violated various provisions of the State constitution, the RPTL and the County Administrative Code. The County's motions to dismiss the lawsuits are currently pending. In 2019, certain taxpayers filed an action seeking to compel the refund of certain DAF charges on the 2017 and 2018 tax rolls. The County has moved to dismiss this petition based on the failure to name necessary parties. The County intends to continue to defend itself vigorously against these actions and proceedings.

B. *Tax Certioraris*

There were 216,295 taxpayers' claims (residential and commercial) filed against the Board of Assessors, for the incorrect determination of assessed valuation (certiorari proceedings) for the 2018 (May 1, 2019) assessment roll an increase of 33,179 over the prior year. An amount estimated for future settlements and judgments of $476.4 million has been recorded as a long-term liability in the government-wide financial Statement of Net Position at December 31, 2018, of which approximately $86.0 million have been recorded as current liabilities in the government-wide Statement of Net Position. In 2018, $52.3 million was accrued as an operating liability for tax certioraris and is included as current liabilities in the governmental fund statements and current and long-term liabilities in the Statement of Net Position. The estimate of this liability is a synopsis of all unpaid refund claims as of December 31, 2018. This includes Writs, Small Claims, Assessor Petitions, Unpaid Refunds, and Projected Refunds on Settlements. Not all components have liability every year, but most components will have a liability. 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.

21. CONTINGENCIES AND COMMITMENTS (Continued)

B. *Tax Certioraris* (Continued)

The liability is estimated differently depending on the type of liability. Each year open liabilities are revalued to adjust for interest accrued and settlements. Estimates are based on historical trends, assessed valuations, as well as other factors.

For the year-ended December 31, 2018, tax certiorari expenditures recorded in the governmental funds were $66.4 million, $38.5 million paid for using bond proceeds and $27.9 million paid with general operating funds, as these amounts were due and payable in 2018.

Disputed Assessment Fund

The County's DAF became operational during 2017. For fiscal 2018, the DAF's total liabilities in the governmental funds were $184.5 million representing collections of DAF charges from class four property owners. Of this amount, $33.0 million (current liabilities) and $41.8 million (non-current liabilities) have been included in the Estimated Tax Certiorari Payable balances in the government-wide Statement of Net Position. The remainder, $109.7 million, is recorded as: Disputed Assessment Fund Deposits Held (current liabilities of $105.1 million) and Accrued Liabilities (current liabilities of $4.6 million) in the government-wide Statement of Net Position. Until the Article 7 cases for class four property owners are decided, the County does not know how much of the DAF collections will be returned to commercial property owners or distributed to the County and other municipalities. The DAF also accrued as a liability, $4.6 million in the governmental funds for amounts due and payable to Nassau County, school districts, and towns in the fiscal year-end and which are expected to be paid in 2019.

Superstorm Sandy Assessment Relief payments

In 2014, the County Legislature approved $38.8 million of borrowing to be used to pay refunds to property owners. Through December 31, 2018, approximately $37.5 million of Sandy tax refunds checks were issued to property owners. For the fiscal year, approximately $1.1 million was recorded as a 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 2019.

21. CONTINGENCIES AND COMMITMENTS (Continued)

B. *Tax Certioraris* (Continued)

The table below summarizes the total estimated tax certiorari payable reported in the County's financial statements as of December 31, 2018:

Summary of Tax Certiorari Liability
Statement of Net Position as of December 31, 2018
(in thousands)

Current Liabilities		
Property Tax Payable (due and payable in 2018) in Governmental Funds:		
Short-term tax certiorari liability - operating	$	52,315
Short-term tax certiorari liability Superstorm Sandy		1,051
Property Tax Payable in Governmental Funds (Exhibit X-3)	$	53,366
Current Portion of Long-Term Estimated Tax Certiorari Liability:		
Estimated Tax Certiorari Liability - DAF (Exhibit X-1)	$	33,034
Current Portion of Long-term Estimated Tax Certiorai Payable (Note 12)		86,000
Total Current Tax Certiorari Liability per Government-wide Funds	$	172,400
Non-Current Liabilities:		
Estimated Tax Certiorari Liability - DAF	$	41,741
Non-Current Portion of Long-term Estimated Tax Certiorai Payable		390,441
Total Non-Current Tax Certiorari Liability per Government-wide Funds (Exhibit X-1)	$	432,182
Total Tax Certiorari Liability	$	604,582
Less: Short-term tax certiorari liability Super Storm Sandy		(1,051)
Total Tax Certiorari Liability excluding Super Storm Sandy	$	603,531

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, 2018. 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.

21. CONTINGENCIES AND COMMITMENTS (Continued)

E. ***Nassau Health Care Corporation Insurance***

For the policy years ended September 29, 2007 to 2018, the Captive issued hospital professional and employee benefits policies on a claims-made basis and commercial general liability 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 the NHCC, initiating 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 $50.0 thousand for any one fire, and medical payment, where the limit is $5.0 thousand for any one person, up to an aggregate of $3.0 million.

In 2006, the Captive loaned NHCC $10.0 million. The loan was repayable on demand and had been renewed until December 31, 2019. The loan charged interest at a rate of 5.0% per annum, payable semiannually. Additionally, in January 2012, the Captive loaned the NHCC an additional $10.0 million. The loan was repayable on demand and matured on December 31, 2018. The loan charged interest at a rate of 4.0% per annum and was payable semiannually. In January 2018, the Cayman Islands Monetary Authority approved the return of capital of $20.0 million to NHCC. Although no amounts were repaid, the outstanding loans were settled as a return of capital to NHCC.

At December 31, 2018, the Captive was in compliance with its minimum capital requirement.

In April of 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 NHCC under the terms and conditions of hospital's professional liability excess coverage attaching at $1.0 million for all open claims from 1999 and forward.

21. 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):

	2018	2017
Balance at beginning of year	$ 25,827	$ 29,700
Incurred related to:		
Current year	19,668	877
Total incurred	19,668	877
Paid relating to:		
Prior year	(4,200)	(4,750)
Total paid	(4,200)	(4,750)
Balance at end of year	$ 41,295	$ 25,827

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, are recorded on an undiscounted basis at December 31, 2018.

In addition to the insurance coverage purchased from the Captive, the NHCC purchases umbrella and other coverage from commercial insurers. For the years ended December 31, 2018, insurance expense totaled $954.0 thousand.

F. *Capital Commitments*

At December 31, 2018, there were capital project contract commitments of $402.3 million, of which approximately $94.5 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 Note 21(G) below.

21. CONTINGENCIES AND COMMITMENTS (Continued)

G. *Material Encumbrances*

Material encumbrances (greater than $5 million) as of the year ended December 31, 2018 were as follows (dollars in thousands):

Capital Fund		
Construction:		
Buildings	$	6,225
Disposal		97,651
Roads		5,518
Public Safety		42,973
Traffic		8,989
Grant Fund		
Bus Services		32,317
General Fund		
Bus Services		7,317

These encumbrances are included in committed and restricted fund balances of the respective funds.

H. *Service Concession Arrangements*

The County has determined there are four service concession arrangements which are reported in the County's Statement of Net Position as of December 31, 2018; (1) Carltun on the Park LTD, (2) Christopher Morley Tennis LLC, (3) Northwell Health Ice Center at Eisenhower Park (formerly known as Twin Rinks LLC) and (4) Long Island Swimming Ltd. The County has recorded receivables of $4.6 million, capital assets of $58.0 million, current liabilities of $61.7 thousand, and deferred inflows of $62.5 million in the Statement of Net Position. See details below.

Carltun on the Park LTD

The County's agreement with Carltun on the Park, LTD ("the Carltun") grants the Carltun 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 Carltun 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 Carltun is responsible for all improvements and maintenance of the premises. The revenue received by the County is used to fund General Fund expenditures. The County has no financial contractual obligations respecting this agreement. The agreement calls for a bond or security deposit of up to $250,000 at the County's discretion. The County currently has a $250,000 bond on file which expires on December 31, 2019 and is renewable annually. The County reported in its Statement of Net Position a receivable of $0.3 million, capital assets of $0.5 million, a utility liability of $61.7 thousand and a deferred inflow of resources in the amount of $0.8 million as of December 31, 2018, pursuant to the service concession arrangement.

21. 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 $118.5 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 $150.0 thousand performance bond to cover the faithful performance for the life of the agreement. The bond is in effect until May 20, 2020 and is renewable yearly. The County reported in its Statement of Net Position a receivable with a carrying amount of $1.4 million, capital assets of $8.2 million and a corresponding deferred inflow of resources of $9.6 million as of December 31, 2018, 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 February 2014. Beginning in 2015, the annual base license fee was $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, 2020, 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 $2.1 million, capital assets of $46.3 million and a corresponding deferred inflow of resources of $48.3 million as of December 31, 2018, pursuant to the service concession arrangement.

21. CONTINGENCIES AND COMMITMENTS (Continued)

H. *Service Concession Arrangements* (Continued)

Long Island Swimming Ltd.

The County entered into an agreement with Long Island Swimming Corp, which was approved by the Rules Committee in 2014, to both supplement the use of the Aquatic Center and provide for an Eisenhower swimming facility when the needed repairs to the Aquatic Center are performed. This auxiliary pool enables the County to increase overall usage by the public and host regional and national swimming events. The agreement has a term of twenty (20) years with two additional five-year options upon the agreement of the Licensee and County. There were no up-front payments. Licensee constructed a new facility. Pursuant to the agreement, the annual base license fee will be $45.0 thousand (in equal monthly payments of $3.8 thousand), which will increase to $62.5 thousand upon the commencement of Operating year 5. Thereafter, it will increase by 2.5% per year until the base fee is $70.0 thousand. The increase will then be 1.5% per year until the end of the 20-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 County's option. The Licensee provided $45.0 thousand to the County to cover the faithful performance of Licensee for the life of the agreement. The Licensee is required to pay for all utilities, capital improvements and maintenance of the premises. A percentage of the gross receipts is also placed into an account which serves to help maintain the premises and implement programs for the public. The account is held by Licensee but all expenditures must be approved by the County's Parks Department. The County reported in the Statement of Net Position a receivable with a carrying amount of $745.6 thousand, capital assets of $3.0 million and a corresponding deferred inflow of resources of $3.8 million as of December 31, 2018, pursuant to the service concession arrangement.

Nassau Community College – Service Concession Arrangement

NCC has entered into a ten-year service concession arrangement with Culinart Group ("Culinart") for the operations of food service and purchase and maintenance of related equipment. The arrangement incorporates a yearly license fee paid by Culinart. The yearly payments are paid monthly over a ten-month period. NCC has recorded a receivable and deferred inflow of $1.8 million, net of revenue recognized in fiscal year 2018 of $220.8 thousand, for the present value of the total payments to be received over the term of the arrangement.

The installation of the purchased equipment was completed and put into service on September 1, 2016. NCC will retain the equipment purchased by Culinart at the end of the contract period. NCC has included the equipment purchase and related installation costs totaling $1.2 million, net of depreciation, as part of equipment in the capital assets. NCC has also recorded a deferred inflow for the purchase, to be amortized on a straight-line basis over the contract period. The amount of deferred inflow at August 31, 2018 was $1.0 million net of first year's amortization of $121.3 thousand recorded as other revenue. In the event the contract is terminated prior to its ten-year term, NCC will repay Culinart for the unamortized portion of the equipment.

NCC entered into a ten-year service concession arrangement with Follett for the operations of the NCC bookstore. The arrangement incorporates yearly guaranteed commissions paid by Follett. The yearly payments are paid quarterly. The NCC has recorded a receivable and deferred inflow of $4.7 million, net of revenue recognized in fiscal year 2018 of $204.6 thousand, for the present value of the total payments to be received over the term of the arrangement.

22. EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE ON CURRENT-PERIOD FINANCIAL STATEMENTS

For the year ended December 31, 2018, the County implemented GASB Statement No. 75. *"Accounting and Financial Reporting for Postemployment Benefits Other than Pensions"*. This Statement requires that the liability of providing other postemployment benefits (total OPEB liability) should be measured as the portion of the actuarial present value of the projected benefit payments that is attributed to past periods of employee service. The implementation of the Statement resulted in the retroactive reporting of the total OPEB liability and related deferred inflow/outflows of resources. As a result, net position for the governmental activities was restated as follows:

The effects of these changes on the net position (deficit) are as follows (in thousands of dollars):

	December 31, 2017 As Reported	Cumulative Effect of GASB 75	December 31, 2017 As Restated
Government-Wide Financial Statements - Primary Government			
Changes in Net Position	$ (1,250,829)	$ (257,518)	$ (1,508,347)
Net Position - beginning of year	(7,237,771)		(7,237,771)
Cumulative effect of change in accounting principle pertaining to OPEB pursuant to GASB Statement No. 75		745,301	745,301
Net Position - end of year	$ (8,488,600)	$ 487,783	$ (8,000,817)

The effects of these changes on the net position (deficit) are as follows (in thousands of dollars):

Government-wide Statements - Discretely Presented Component Units	
Net Position (Deficit), as originally reported	$ (878,550)
Change due to adoption of GASB Statement No. 75 (NHCC)	(131,934)
Change due to adoption of GASB Statement No. 75 (NCC)	20,945
Change due to adoption of GASB Statement No. 75 (Non Major)	(3,665)
Net Change	(114,654)
Net Position (Deficit) at beginning of year, as restated	$ (993,204)

23. SUBSEQUENT EVENTS

Debt Issuance

In May 2019, the County issued Series A General Obligation Bonds in the amount of $64.4 million. The bonds bear interest at 5.0% with maturity dates ranging from April 2020 to April 2049. The bonds were issued to pay a portion of the County's maturing 2018 Series B BANs, and to pay costs of issuance.

In June 2019, the County issued Series A BANs of $77.1 million. The Series A Notes bear interest of 5% and matures on June 1, 2020. The BANs were issued to finance various sewer system improvements and other capital projects and to pay costs of issuance.

23. SUBSEQUENT EVENTS (Continued)

Debt Issuance

On June 13, 2019 the County closed a financing through the EFC to convert the 2018A short-term financing Note (BAN) with the EFC into long-term financing, to finance the costs for the planning, design and construction / installation of measures to correct sanitary sewer overflows that occur at Barnes Avenue and Third Place in the County. The borrowing consists of the following: (i) a direct financing through the EFC via the issuance of a 30-year EFC Clean Water Statutory Installment Bond ("EFC Statutory 2019") in the amount of approximately $19.0 million with an interest rate of 0.0%; and (ii) a leveraged financing through the EFC via the issuance of a 30-year EFC Bond ("EFC Bond 2019A) in the amount of $13.5 million with an interest rate of 3.18%.

Hall v. County of Nassau, Department of Assessment, et al.

In 2019, certain plaintiffs filed a federal class action in U.S. District Court seeking declaratory, monetary and limited injunctive relief on behalf of residential property owners in communities in the County described in the action as "nonwhite". The complaint alleges that since 2010 the County imposed irrational and discriminatory policies and procedures in its property tax system that allegedly shifted more than $1.7 billion in property taxes from wealthier, white communities to lower income, non-white communities. Plaintiffs are seeking as relief (i) a declaratory judgment that the real property valuation and assessment laws, policies and practices were unfairly imposed on non-white, low income residential property owners and such alleged actions violated and continue to violate the Federal Fair Housing Act, the federal Equal Protection Act, the Due Process Clause of the Fourteenth Amendment of the U.S. Constitution and the County Charter; (ii) court-ordered supervised re-assessment with a permanent injunction to prevent the alleged inequities in the future and (ii) restitution. At this time, the County's ultimate potential liability cannot be determined, and the County is in the process of investigating the allegations made in the complaint. The County will continue to defend itself vigorously in these actions and proceedings.

Nassau Health Care Corp (NHCC) Employees' Health Care Premiums

In May 2019, the New York State ("NYS") Civil Service Department alerted NHCC that it had an unpaid and overdue balance for health care premiums for its employees totaling $93.3 million. The NYS Civil Service administers health insurance for approximately 4,400 NHCC employees and retirees in accordance with the New York State Health Insurance Program Rules and Regulations ("NYSHIP").

The NYS Civil Service Department has proposed a payment plan for NHCC to pay the unpaid and overdue balance while fulfilling the current health insurance premium obligations. However, it is uncertain if NHCC will be able to reach an agreement with the NYS Civil Service Department or have the financial ability to fulfill the terms of any payment agreement. Continued non-payment of the health care premiums may result in the NYS Civil Service Department retroactively terminating membership health insurance coverage for NHCC's employees and retirees.

The County is responsible for reimbursing NHCC a pro-rata share of monthly health insurance costs for retirees who had been County employees at the time NHCC became a Public Benefit Corporation (September 1999), based on dates of service with the County before the formation of the Public Benefit Corporation. The County reported a long-term obligation of $283.7 million for this liability in its government-wide statements.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT X-15

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OTHER POSTEMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS DECEMBER 31, 2018 (Dollars in Thousands)

Financial Report Date, December 31st:	2018	2017
OPEB Measurement Date of December 31st:	2017	2016
Total OPEB Liability		
Service Cost	$ 167,002	$ 172,674
Interest	215,385	203,005
Effect of economic/demographic gains or losses	(8,486)	
Effect of assumptions or changes in inputs	507,107	(174,314)
Benefit payments	(186,464)	(181,813)
Net Change in Total OPEB Liability	694,544	19,552
Total OPEB Liability - Beginning	5,623,397	5,603,845
Total OPEB Liability - Ending	$ 6,317,941	$ 5,623,397
Covered payroll	920,699	890,837
Total OPEB liability as a percentage of covered payroll	686.21%	631.25%

Note:
This schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no other data, prior to 2017 was available. However, additional years will be included as they become available.

Notes to Schedule:
No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4, to pay other postemployment benefits (OPEB).

The County currently contributed enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

Changes in Benefit Terms
None

Changes of Assumptions

Discount Rate	3.44%	3.78%

Mortality
2017 Measurement date - April 1, 2016 Actuarial Valuation of the New York State and Local Retirement System, modified to use Scale MP-2018
2016 Measurement date - RP-2000, Scale AA

These amounts are inclusive of NIFA.

EXHIBIT X-16

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF CONTRIBUTIONS
NYSLRS PENSION PLAN
DECEMBER 31, 2018 (Dollars in Thousands)

	December 31,						
	2018	2017	2016	2015	2014	2013	2012
ERS							
Contractually required contributions	$ 75,448	$ 76,263	$ 78,389	$ 83,910	$ 90,327	$ 89,306	$ 92,243
Contributions recognized by the Plan in relation to the contractually required contributions	65,949	62,891	60,079	55,084	53,073	53,493	53,657
Contribution deficiency (excess)	9,499	13,372	18,310	28,826	37,254	35,813	38,586
Covered- employee Payroll	475,820	466,288	459,538	443,847	452,810	441,721	457,271
Contributions recognized by the Plan as a percentage of covered-employee payroll	13.86%	13.49%	13.07%	12.41%	11.72%	12.11%	11.73%

Note: ERS amounts include NIFA

	2018	2017	2016	2015	2014	2013	2012
PFRS							
Contractually required contributions	$ 84,789	$ 90,249	$ 87,729	$ 83,369	$ 91,983	$ 99,267	$ 82,813
Contributions recognized by the Plan in relation to the contractually required contributions	77,619	78,693	74,838	68,290	68,382	69,290	66,205
Contribution deficiency (excess)	7,170	11,556	12,891	15,079	23,601	29,977	16,608
Covered- employee Payroll	397,626	359,301	369,238	358,147	356,016	357,232	368,494
Contributions recognized by the Plan as a percentage of covered-employee payroll	19.52%	21.90%	20.27%	19.07%	19.21%	19.40%	17.97%

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

This schedule is intended to present information for ten years, additional years' information will be presented as it becomes available.

EXHIBIT X-17

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NYSLRS PENSION PLAN
DECEMBER 31, 2018 (Dollars in Thousands)

	March 31,				
	2018	2017	2016	2015	2014
ERS					
County's proportion of the net pension liability (asset)	1.8724633%	1.9324746%	1.9049625%	1.8958576%	1.8958576%
County's proportionate share of the net pension liability (asset)	56,464	169,283	284,906	59,955	79,862
Covered- employee Payroll	488,594	459,179	432,163	437,562	435,697
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	11.56%	36.87%	65.93%	13.70%	18.33%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.90%	97.20%
Note: ERS amounts include NIFA.					
PFRS					
County's proportion of the net pension liability (asset)	8.984056%	9.215762%	9.012023%	8.564898%	8.564898%
County's proportionate share of the net pension liability (asset)	90,776	190,995	266,827	23,576	35,656
Covered- employee Payroll	404,320	370,711	337,599	341,143	355,746
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	22.45%	51.52%	79.04%	6.91%	10.02%
Plan fiduciary net position as a percentage of the total pension liability	96.93%	93.50%	90.20%	99.00%	98.50%

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

This schedule is intended to present information for ten years, additional years' information will be presented as it becomes available.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

EXHIBIT A-1

COUNTY OF NASSAU, NEW YORK

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018 (Dollars in Thousands)

	Nonmajor Special Revenue Funds					Nonmajor Debt Service Funds		
	Environmental Protection Fund	Tobacco Settlement Corp Fund	Sewer Financing Authority Fund	Grant Fund	FEMA Fund	Tobacco Settlement Corp Fund	NIFA Fund	Total Nonmajor Governmental Funds
ASSETS								
Cash and Cash Equivalents	$ 9,711	$ 274	$ 132	$ 81,826	$ 83	$	$	$ 92,026
Investments			3,094					3,094
Restricted Cash and Cash Equivalents							3	3
Restricted Investments						22,786	36,913	59,699
Interest Receivable							151	151
Due from Other Governments				19,793	8,251			28,044
Accounts Receivable				423				423
Interfund Receivables				1,546	1,756		23,899	27,201
Prepaids		17		999				1,016
Other Assets				287				287
TOTAL ASSETS	$ 9,711	$ 291	$ 3,226	$ 104,874	$ 10,090	$ 22,786	$ 60,966	$ 211,944
LIABILITIES								
Liabilities:								
Accounts Payable	$	$ 2	$	$ 4,733	$ 1	$	$	$ 4,736
Accrued Liabilities				10,746	133		506	11,385
Payable to Broker - investment purchase							11,950	11,950
Unearned Revenues				55,230	1,000			56,230
Interfund Payables	9,341	9		1,970	6,307		201	17,828
Other Liabilities				225				225
Total Liabilities	9,341	11		72,904	7,441		12,657	102,354
DEFERRED INFLOWS OF RESOURCES:								
Unavailable Revenue - Rents & Recoveries and Other				167				167
Total Deferred Inflows of Resources				167				167
FUND BALANCE								
Nonspendable		17		999				1,016
Spendable:								
Restricted			3,072	30,804	2,649	22,786	48,309	107,620
Committed	370							370
Assigned		263	154					417
Total Fund Balance	370	280	3,226	31,803	2,649	22,786	48,309	109,423
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 9,711	$ 291	$ 3,226	$ 104,874	$ 10,090	$ 22,786	$ 60,966	$ 211,944

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, 2018 (Dollars in Thousands)

	Nonmajor Special Revenue Funds					Nonmajor Debt Service Funds			
	Environmental Protection Fund	Tobacco Settlement Corp Fund	Sewer Financing Authority Fund	Grant Fund	FEMA Fund	Tobacco Settlement Corp Fund	Sewer Financing Authority Fund	NIFA Fund	Total Nonmajor Governmental Funds
Revenues:									
Property Taxes	$ 7,698	$	$	$	$	$	$	$	$ 7,698
Tobacco Receipts						17,812			17,812
Special Taxes				2,431					2,431
Departmental Revenue				3,919					3,919
Interest Income	40		178	465		491		1,447	2,621
Fines and Forfeits				1,664					1,664
Rents and Recoveries				266					266
Interfund Revenue				215					215
State Aid				40,374					40,374
Federal Aid				60,644					60,644
Total Revenues	7,738		178	109,978		18,303		1,447	137,644
Expenditures:									
Current:									
Judicial				4,162					4,162
General Administration		104	28	21,635	10				21,777
Protection of Persons				7,358	312				7,670
Health				52,132					52,132
Public Works				305	6,460				6,765
Recreation and Parks				3,364	17				3,381
Social Services				18,107	75				18,182
Corrections				1,690					1,690
Total Current		104	28	108,753	6,874				115,759
Debt Service:									
Principal							10,815	118,505	129,320
Interest						17,993	6,686	25,845	50,524
Total Debt Service						17,993	17,501	144,350	179,844
Total Expenditures		104	28	108,753	6,874	17,993	17,501	144,350	295,603
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,738	(104)	150	1,225	(6,874)	310	(17,501)	(142,903)	(157,959)
Other Financing Sources (Uses):									
Transfers In					8,998				8,998
Transfers Out	(9,341)								(9,341)
Transfers In from NIFA								144,405	144,405
Transfers Out to NIFA								(1,888)	(1,888)
Transfers In from NCSSWFA			132,616				17,501		150,117
Transfers Out to NCSSWFA			(133,019)						(133,019)
Transfers In from NCTSC		125							125
Transfers Out to NCTSC						(125)			(125)
Total Other Financing Sources (Uses)	(9,341)	125	(403)		8,998	(125)	17,501	142,517	159,272
Net Change in Fund Balance	(1,603)	21	(253)	1,225	2,124	185		(386)	1,313
Fund Balance Beginning of Year	1,973	259	3,479	30,578	525	22,601		48,695	108,110
Fund Balance End of Year	$ 370	$ 280	$ 3,226	$ 31,803	$ 2,649	$ 22,786	$	$ 48,309	$ 109,423

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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, 2018 (Dollars in Thousands)

	Nassau County Bridge Authority	Nassau Regional Off-Track Betting Corporation	Nassau County Industrial Development Agency	Nassau County Local Economic Assistance Corporation	Nassau County Land Bank	Total Nonmajor Discretely Presented Component Units
ASSETS						
CURRENT ASSETS:						
Cash and Cash Equivalents	$ 8,015	$ 3,181	$ 3,375	$ 584	$ 298	$ 15,453
Restricted Cash and Cash Equivalents		489				489
Other Receivables	3					3
Accounts Receivable		434	173			607
Inventories	9					9
Prepaids	36		37	4	2	79
Other Assets - Current		496	2		22	520
Total Current Assets	8,063	4,600	3,587	588	322	17,160
NON CURRENT ASSETS:						
Restricted Cash and Cash Equivalents	2,715	601				3,316
Property held for sale					5	5
Capital Assets Not Being Depreciated		432				432
Depreciable Capital Assets	64,719	40,055	96			104,870
Less Accumulated Depreciation	(32,541)	(32,385)	(70)			(64,996)
Total Non Current Assets	34,893	8,703	26		5	43,627
Total Assets	42,956	13,303	3,613	588	327	60,787
DEFERRED OUTFLOWS OF RESOURCES						
Pensions	510	3,487	187			4,184
Other postemployment benefits		1,995				1,995
Total Deferred Outflows of Resources	510	5,482	187			6,179
LIABILITIES						
CURRENT LIABILITIES:						
Accounts Payable and Accrued Liabilities	467	7,104	219		1	7,791
Unearned Revenues	292		25		240	557
Due To Primary Government		227	701		27	955
Due to Other Governments		1,458				1,458
Current Portion of Long Term Liabilities	340	600	10			950
Other Liabilities - Current		542		2		544
Total Current Liabilities	1,099	9,931	955	2	268	12,255
NON CURRENT LIABILITIES:						
Accounts Payable and Accrued Liabilities		7,357				7,357
Notes Payable		6,600				6,600
Bonds Payable	8,730					8,730
Due to Other Governments, net		877				877
Accrued Vacation and Sick Pay	460		10			470
Postemployment Retirement Benefits Liability	8,697	57,719	362			66,778
Net Pension Liability	189	665	55			909
Total Non Current Liabilities	18,076	73,218	427			91,721
Total Liabilities	19,175	83,149	1,382	2	268	103,976
DEFERRED INFLOWS OF RESOURCES						
Pensions	636	2,373	197			3,206
Other postemployment benefits	683	820				1,503
Total Deferred Inflows of Resources	1,319	3,193	197			4,709
NET POSITION						
Net Investment in Capital Assets	23,198	902	26			24,126
Restricted:						
Capital Projects and Acquisitions		14,469				14,469
Grants					54	54
Unrestricted	(226)	(82,928)	2,195	586	5	(80,368)
Total Net Position (Deficit)	$ 22,972	$ (67,557)	$ 2,221	$ 586	$ 59	$ (41,719)

EXHIBIT A-4

COUNTY OF NASSAU, NEW YORK

COMBINING STATEMENT OF ACTIVITIES
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY
FOR THE YEAR ENDED DECEMBER 31, 2018 (Dollars in Thousands)

	Nassau County Bridge Authority	Nassau Regional Off-Track Betting Corporation	Nassau County Industrial Development Agency	Nassau County Local Economic Assistance Corporation	Nassau County Land Bank	Total Nonmajor Discretely Presented Component Units
Expenses	$ 6,969	$ 48,732	$ 2,262	$ 123	$ 126	$ 58,212
Program Revenues:						
Charges for Services	6,429	35,020	2,831	42		44,322
Operating Grants and Contributions					129	129
Total Program Revenues	6,429	35,020	2,831	42	129	44,451
Net Program Revenues (Expenses)	(540)	(13,712)	569	(81)	3	(13,761)
General Revenues						
Investment Income	56		19	1		76
Other	53	12,412				12,465
Net General Revenues	109	12,412	19	1		12,541
Change in Net Position	(431)	(1,300)	588	(80)	3	(1,220)
Net Position (Deficit) - Beginning of Year, as reported	28,583	(67,403)	1,264	666	56	(36,834)
Cumulative Effect of Change in Accounting Principle (See Note 22)	(5,180)	1,146	369			(3,665)
Net Position - Beginning of Year, as restated	23,403	(66,257)	1,633	666	56	(40,499)
Net Position (Deficit) - End of Year	$ 22,972	$ (67,557)	$ 2,221	$ 586	$ 59	$ (41,719)

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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, 2018 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
PROPERTY TAXES	$ 439,751	$ 442,481	$ 436,970	$	$ 436,970	$ (5,511)
PAYMENTS IN LIEU OF TAXES	28,863	32,813	34,931	(604)	34,327	1,514
PREEMPTED SALES TAX IN LIEU OF PROPERTY TAXES *						
Towns and City of Glen Cove	95,773	95,773	95,774		95,774	1
Total Preempted Sales Tax in Lieu of Property Taxes	95,773	95,773	95,774		95,774	1
INTEREST AND PENALTIES ON TAXES	34,850	34,850	36,765		36,765	1,915
SALES TAX *	1,087,525	1,096,525	952,787		952,787	(143,738)
SPECIAL TAXES						
Admission Tax - Belmont Park	190	190	147		147	(43)
Emergency Phone Tax	7,488	7,488	7,346		7,346	(142)
Entertainment Tax	1,391	1,391	722		722	(669)
Motor Vehicle Tax	17,197	17,519	17,681		17,681	162
Nassau County Events Center			949		949	949
Off-Track Betting Surtax	2,100	2,100	1,929		1,929	(171)
Hotel-Motel Room Tax	3,675	3,675	3,792		3,792	117
Total Special Taxes	32,041	32,363	32,566		32,566	203
DEPARTMENTAL REVENUE						
Assessment	47,875	47,875	39,412	392	39,804	(8,071)
Board of Elections	70	70	16		16	(54)
CASA	30	30				(30)
Civil Service	421	421	380		380	(41)
Correctional Center	2,300	2,300	2,002	7	2,009	(291)
County Attorney	160	160	79		79	(81)
County Clerk	57,458	57,458	52,323		52,323	(5,135)
County Comptroller	11	11	18		18	7
District Attorney	2	2	3		3	1
Fire Commission	8,901	8,901	7,552		7,552	(1,349)
Health						
Administration	3	3	1		1	(2)
Children's Early Intervention	1,450	1,450	2,448	(203)	2,245	795
Pre School Education	2,000	2,000	5,771		5,771	3,771
Laboratory Research	30	30	42		42	12
Personal Health	3	3	4		4	1
Information Technology	2	2				(2)
Medical Examiner	25	25	24		24	(1)
Mental Health, Chemical Dependency and Disabled Services			1		1	1
Parks and Recreation						
Administration	14	14	(1)		(1)	(15)
Recreation Services	13,716	13,716	14,424	(14)	14,410	694
Museums	559	559	807		807	248
Golf Operations	7,993	7,993	7,233		7,233	(760)
Police Ambulance Fees	23,650	23,650	23,918		23,918	268
Police Fees	346	346	329		329	(17)
Probation	1,592	1,592	1,477		1,477	(115)
Public Administrator	250	250	308		308	58
Public Works - Administration	591	591	351	(30)	321	(270)
Public Works - Highway and Engineering	46,712	46,712	45,860	(103)	45,757	(955)
Purchasing	186	186	111		111	(75)

(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, 2018 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
DEPARTMENTAL REVENUE						
Social Services						
Administration	$ 3,403	$ 3,403	$ 3,308	$ 146	$ 3,454	$ 51
Aid to Dependent Children	3,245	3,245	3,408		3,408	163
Burials	2	2	3		3	1
Children in Foster Homes	118	118	66		66	(52)
Home Energy Assistance Program	170	170	145		145	(25)
Children in Institutions	108	108	53		53	(55)
Education of Handicapped Children	5,796	5,796	6,428	(560)	5,868	72
Home Relief	2,650	2,650	3,544		3,544	894
Medicaid MMIS	1,002	1,002	405		405	(597)
Title XX	90	90	88		88	(2)
Treasurer	718	718	683		683	(35)
Traffic and Parking Violations			1		1	1
Total Departmental Revenue	233,652	233,652	223,025	(365)	222,660	(10,992)
INTEREST INCOME	432	3,332	3,657		3,657	325
LICENSES AND PERMITS						
Pistol Permit	880	880	891		891	11
Day Camp Permits	11	11	12		12	1
Food Establishments	3,275	3,275	3,607		3,607	332
Hazardous Materials Registration Fees	1,697	1,697	2,061		2,061	364
Home Improvements	2,880	2,880	2,649		2,649	(231)
Health Club License	50	50	5		5	(45)
Manufacturing Frozen Desserts	15	15	18		18	3
Realty Subdivision Filing	102	102	110		110	8
Road Openings	1,300	1,300	1,340		1,340	40
Swimming Pools and Bathing Beaches	276	276	309		309	33
Temporary Residence Inspection Permit	120	120	132		132	12
Weights & Measures	1,300	1,300	1,552		1,552	252
Cross Connections	54	54	127		127	73
Water Supply Plan Review	155	155	141		141	(14)
Tattoo Parlor / Piercing	20	20	31		31	11
Impact Assessment Fee	250	250	171		171	(79)
Predemolition Inspection	146	146	155		155	9
Day Camp Inspections	140	140	133		133	(7)
Taxi and Limo Registration Fees	276	276	174		174	(102)
ATM Registration Fees	120	120	128		128	8
Maps - Sewers	14	14	21		21	7
Hauling Permits	90	90	61		61	(29)
Licensing	145	145	226		226	81
Cost of Construction Fee	500	500	365		365	(135)
Traffic Signal Permit	40	40				(40)
Total Licenses and Permits	13,856	13,856	14,419		14,419	563

(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, 2018 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
FINES AND FORFEITS	$ 101,555	$ 110,489	$ 113,462	$ 146	$ 113,608	$ 3,119
RENTS AND RECOVERIES						
Rental of Mitchell Field	2,670	2,670	2,525	(1,179)	1,346	(1,324)
Coliseum Rental	3,489	3,489	3,008		3,008	(481)
Coliseum Utilities	1,258	1,258	1,429		1,429	171
Coliseum Concessions	1,000	1,000	83		83	(917)
Marriott Lighthouse Heating and Chilling	330	330	519		519	189
Landmark Property Rental	1,358	1,358	1,228		1,228	(130)
Mitchel Field Veterans Housing	1,431	1,431	1,082	253	1,335	(96)
Lost and Abandoned Property	22	22	48		48	26
Cash Recoveries	20	20				(20)
Audit Recoveries	250	250	337		337	87
Grant fund Recoveries			176		176	176
Police Vehicle Recovery	300	300	349		349	49
NHCC Reimbursement	106	106				(106)
Vendor Recoveries	200	200	220		220	20
Construction Period Rent	60	60	20		20	(40)
Revenue Recovery Account	35	35	64		64	29
Settlement Reimbursement	220	220	750		750	530
Recovery of Damage to County Property	200	200	160		160	(40)
Recovery of Prior Year Appropriations	4,866	6,866	3,338		3,338	(3,528)
Recovery of Workers' Compensation	1,405	1,405	1,118		1,118	(287)
Rental of County Property	1,764	1,764	3,467	(1,584)	1,883	119
Rental of Voting Machines	120	120	153		153	33
Sale of County Property	3,610	3,610	6,920		6,920	3,310
Proceeds from Online Auction	350	350	312		312	(38)
Total Rents and Recoveries	25,064	27,064	27,306	(2,510)	24,796	(2,268)
INTERDEPARTMENTAL REVENUES						
Office of Budget and Management	56,108	56,108	55,132		55,132	(976)
Constituent Affairs	767	767	279		279	(488)
Correctional Center	150	150	66		66	(84)
County Attorney	942	942	372		372	(570)
District Attorney	301	301	301		301	
Human Services	100	100	31		31	(69)
Information Technology	9,173	9,173	6,081		6,081	(3,092)
Police Department	13,426	13,426	12,574		12,574	(852)
Public Works - Administration	9,084	9,084	7,856		7,856	(1,228)
Public Works - Roads and Bridge Maintenance	8,847	8,847	7,592		7,592	(1,255)
Public Works - Groundwater Remediation	409	409	249		249	(160)
Social Services	199	199	36		36	(163)
Total Interdepartmental Revenues	99,506	99,506	90,569		90,569	(8,937)

(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, 2018 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
INTERFUND REVENUES						
Revenues from Indirect Cost Chargebacks	$ 2,258	$ 2,258	$ 1,839	$	$ 1,839	$ (419)
Revenues from Grant Closeouts	105	105	2		2	(103)
Interfund Revenue	9,118	9,118	10,051		10,051	933
Stop DWI Grant Revenue	150	150	70		70	(80)
Total Interfund Revenue	11,631	11,631	11,962		11,962	331
OTHER REVENUES						
OTB Profits	15,750	15,750	4,071	(1,071)	3,000	(12,750)
Intergovernmental Transfers	25,832	25,832	23,432	730	24,162	(1,670)
Miscellaneous	17,340	22,257	21,979		21,979	(278)
Total Other Revenues	58,922	63,839	49,482	(341)	49,141	(14,698)
STATE AID						
Consumer Affairs	45	45	33		33	(12)
Correctional Center	80	80	79		79	(1)
Court Facility Aid	1,074	1,074	1,041		1,041	(33)
District Attorney	77	77	77		77	
Fire Prevention, Safety, Communication and Education	180	180	158		158	(22)
Health						
Administration	700	700	751	12	763	63
Children's Early Intervention	11,161	11,161	16,752		16,752	5,591
Pre School Education	56,038	56,038	67,249	(2,782)	64,467	8,429
Environmental Health	1,200	1,200	193	507	700	(500)
Laboratory Research	400	400	489	4	493	93
Personal Health	2,400	2,400	2,457	191	2,648	248
Housing and Intergovernmental Affairs	111	111	74		74	(37)
Human Services						
Administration	10,975	11,052	13,463		13,463	2,411
Information Technology	290	290				(290)
Medical Examiner			19		19	19
Miscellaneous General Fund Aid	237	237	322		322	85
Police Department	700	700	883		883	183
Probation	5,267	5,267	6,092		6,092	825
Public Works						
Administration	100	100	117	3	120	20
Highway and Bridge Maintenance	68,685	68,685	69,938		69,938	1,253
Social Services						
Administration	5,629	5,629	4,461		4,461	(1,168)
Aid to Dependent Children	3,200	3,200	1,463		1,463	(1,737)
Burials	2	2	2		2	
Children in Foster Homes	600	600	574		574	(26)
Children in Institutions	2,800	2,800	1,900		1,900	(900)
Division of Services	8,655	8,655	7,243		7,243	(1,412)
Education of Handicapped Children	2,948	2,948	2,825		2,825	(123)
Home Relief	10,002	10,002	10,558		10,558	556
Juvenile Delinquents	750	750	609		609	(141)
Medicaid MMIS	600	600	(595)		(595)	(1,195)
Public Financial Assistance	8,810	8,810	6,829		6,829	(1,981)
Subsidized Adoptions	1,800	1,800	1,944		1,944	144
Title XX	6,000	6,000	4,752		4,752	(1,248)
Veterans Service Agency	60	60	60		60	
Total State Aid	211,576	211,653	222,812	(2,065)	220,747	9,094

(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, 2018 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
FEDERAL AID						
Correctional Center	$ 4,057	$ 4,057	$ 5,335	$	$ 5,335	$ 1,278
County Attorney	255	255	127		127	(128)
Budget	92	92				(92)
Debt Service	4,812	4,812	4,755		4,755	(57)
District Attorney	35	35	36		36	1
Emergency Management	480	480				(480)
Fringe Benefits			1		1	1
Housing and Minority Affairs	371	371	427		427	56
Human Services	5,071	5,253	5,324		5,324	71
Medical Examiner			1		1	1
Parks			30		30	30
Police Department	904	904	1,054		1,054	150
Probation	29	29	101		101	72
Public Works	6,830	6,830	7,612		7,612	782
Social Services						
Administration	10,348	10,348	8,151		8,151	(2,197)
Aid to Dependent Children	23,000	23,000	23,356		23,356	356
Children in Foster Homes	950	950	905		905	(45)
Children in Institutions	3,303	3,303	3,703		3,703	400
Division of Services	10,789	10,789	12,419		12,419	1,630
Home Energy Assistance Program	400	400	200		200	(200)
Juvenile Delinquents	550	550	591		591	41
Medicaid MMIS	300	300	(729)		(729)	(1,029)
Public Financial Assistance	16,118	16,118	14,189		14,189	(1,929)
Subsidized Adoptions	1,900	1,900	1,418		1,418	(482)
Title XX	44,000	50,866	56,560		56,560	5,694
Total Federal Aid	134,594	141,642	145,566		145,566	3,924
Total Revenues	2,609,591	2,651,469	2,492,053	(5,739)	2,486,314	(165,155)
OTHER FINANCING SOURCES						
Bond Premium	1,465	2,709	2,709		2,709	
Transfers In	34,901	30,043	51,103	(7,538)	43,565	13,522
Transfer in from NIFA	309	1,615	3,355		3,355	1,740
Transfers in of Investment Income	1,200	2,984	3,017		3,017	33
Proceeds from Borrowing			38,586	(38,586)		
Total Other Financing Sources	37,875	37,351	98,770	(46,124)	52,646	15,295
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 2,647,466	$ 2,688,820	$ 2,590,823	$ (51,863)	$ 2,538,960	$ (149,860)

* Paid to County $70,935; paid to NIFA $1,130,540

** Total revenues and other financing sources, estimates per the 2018 County budget as adopted	$ 2,974,262
Less: Intrafund Budget Eliminations	(326,796)
Original Budget per above	2,647,466
Add: Supplemental Appropriations	73,956
Less: Appropriated Fund Balance	(5,832)
Less: Intrafund Modified Budget Eliminations	(26,770)
Budget Estimates, Total Revenues and Other Financing Sources	$ 2,688,820

(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, 2018 (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	$ 5,414	$ 5,623	$ 5,393	$	$ 5,393	$ 230
Fringe Benefits	2,388	2,601	2,632	(31)	2,601	
Equipment	12	27	1	7	8	19
General Expenses	29	29	18	1	19	10
Contractual Services	203	79	79		79	
Legislative Central Staff						
Salaries	756	780	763		763	17
Fringe Benefits	382	368	372	(4)	368	
Equipment	43	19	10	3	13	6
General Expenses	1,651	1,836	1,662	111	1,773	63
Contractual Services	2,369	2,369	438	1,889	2,327	42
Legislative Budget Review						
Salaries	910	910	751		751	159
Fringe Benefits	410	362	366	(4)	362	
Equipment	2	2	2		2	
General Expenses	10	10	5	1	6	4
Contractual Services	2	2				2
Total Legislative	14,581	15,017	12,492	1,973	14,465	552
JUDICIAL						
Court Administration						
Fringe Benefits	1,168	1,068	1,068		1,068	
District Attorney						
Salaries	41,603	37,613	37,613		37,613	
Fringe Benefits	17,096	17,199	17,407	(208)	17,199	
Equipment	133	134	90	25	115	19
General Expenses	942	1,218	1,063	153	1,216	2
Contractual Services	1,411	1,461	1,252	177	1,429	32
District Attorney Total	61,185	57,625	57,425	147	57,572	53
Public Administrator						
Salaries	548	541	478		478	63
Fringe Benefits	374	357	361	(4)	357	
General Expenses	3	3	1		1	2
Contractual Services	7	15	21	(7)	14	1
Public Administrator Total	932	916	861	(11)	850	66
Traffic and Parking Violations						
Salaries	3,854	3,503	3,503		3,503	
Fringe Benefits	2,022	2,061	2,086	(25)	2,061	
Equipment	13	13	3	4	7	6
General Expenses	233	233	196	26	222	11
Contractual Services	10,981	14,084	14,776	(2,082)	12,694	1,390
Traffic and Parking Violations Total	17,103	19,894	20,564	(2,077)	18,487	1,407
Total Judicial	80,388	79,503	79,918	(1,941)	77,977	1,526

(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, 2018 (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	$ 8,554	$ 8,413	$ 8,413	$	$ 8,413	$
Fringe Benefits	6,383	6,260	6,336	(76)	6,260	
General Expenses	189	315	294	10	304	11
Contractual Services	941	814	814		814	
Other Suits and Damages	30,000	29,500	29,500		29,500	
Assessment Total	46,067	45,302	45,357	(66)	45,291	11
Board of Assessment Review						
Salaries	2,307	2,427	2,372		2,372	55
Fringe Benefits	1,320	1,361	1,377	(16)	1,361	
General Expenses	66	66	45	(1)	44	22
Contractual Services	376	376	5	371	376	
Board of Assessment Review Total	4,069	4,230	3,799	354	4,153	77
Board of Elections						
Administration						
Salaries	3,882	3,882	3,866		3,866	16
Fringe Benefits	1,690	1,789	1,811	(22)	1,789	
Equipment	35	35	9		9	26
General Expenses	76	76	49	7	56	20
General Elections						
Salaries	10,205	10,545	10,466		10,466	79
Fringe Benefits	5,081	4,844	4,903	(59)	4,844	
Equipment	66	85	64	1	65	20
General Expenses	2,208	2,391	1,823	112	1,935	456
Contractual Services	405	442	217	225	442	
Primary Elections						
Salaries	574	799	926		926	(127)
Fringe Benefits	425	428	433	(5)	428	
General Expenses	246	400	253	4	257	143
Contractual Services	300	192	113	68	181	11
Board of Elections Total	25,193	25,908	24,933	331	25,264	644
Civil Service						
Salaries	4,987	4,737	4,527		4,527	210
Fringe Benefits	2,726	2,715	2,748	(33)	2,715	
General Expenses	461	188	177	9	186	2
Contractual Services	14	14				14
Civil Service Total	8,188	7,654	7,452	(24)	7,428	226
County Attorney						
Salaries	7,234	6,902	6,777		6,777	125
Fringe Benefits	4,768	4,699	4,756	(57)	4,699	
Equipment	8	7	1	1	2	5
General Expenses	643	719	649	60	709	10
Contractual Services	8,191	8,028	3,593	3,785	7,378	650
Fringe Benefits	8,448	8,066	8,066		8,066	
County Attorney Total	29,292	28,421	23,842	3,789	27,631	790
County Clerk						
Salaries	5,876	5,258	5,258		5,258	
Fringe Benefits	3,909	3,877	3,924	(47)	3,877	
Equipment	85	215	37	156	193	22
General Expenses	333	173	92	60	152	21
Contractual Services	673	823	327	336	663	160
County Clerk Total	10,876	10,346	9,638	505	10,143	203
County Comptroller						
Salaries	7,376	6,576	6,576		6,576	
Fringe Benefits	4,191	4,123	4,173	(50)	4,123	

(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, 2018 (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	$ 4	$	$ 4	$ 1
General Expenses	127	48	44	3	47	1
Contractual Services	1,122	1,044	529	413	942	102
County Comptroller Total	12,821	11,796	11,326	366	11,692	104
County Executive						
Salaries	1,729	1,879	1,810		1,810	69
Fringe Benefits	1,212	1,305	1,321	(16)	1,305	
General Expenses	71	71	29	5	34	37
Contractual Services	546	333		333	333	
County Executive Total	3,558	3,588	3,160	322	3,482	106
County Treasurer						
Salaries	2,022	2,022	1,842		1,842	180
Fringe Benefits	1,519	1,431	1,448	(17)	1,431	
Equipment	2	2				2
General Expenses	361	361	298	2	300	61
Contractual Services	415	257	211	43	254	3
Other Suits and Damages			(12)		(12)	12
County Treasurer Total	4,319	4,073	3,787	28	3,815	258
Office of Constituent Affairs						
Salaries	789	1,209	1,156		1,156	53
Fringe Benefits	530	691	699	(8)	691	
Office of Constituent Affairs Printing & Graphics						
Salaries	1,455	1,390	1,329		1,329	61
Fringe Benefits	818	795	805	(10)	795	
General Expenses	1,567	1,410	1,305	98	1,403	7
Contractual Services	3	3		3	3	
Office of Constituent Affairs Total	5,162	5,498	5,294	83	5,377	121
Office of Emergency Management						
Salaries	944	789	771		771	18
Fringe Benefits	267	362	366	(4)	362	
General Expenses	6	6	1	2	3	3
Office of Emergency Management Total	1,217	1,157	1,138	(2)	1,136	21
Information Technology						
Administration						
Salaries	7,776	7,776	7,763		7,763	13
Fringe Benefits	4,880	4,852	4,906	(59)	4,847	5
Equipment	36	36		34	34	2
General Expenses	590	745	748	(488)	260	485
Contractual Services	17,994	17,614	14,750	2,864	17,614	
Utilities	4,121	4,248	3,842	388	4,230	18
Information Technology Total	35,397	35,271	32,009	2,739	34,748	523
Housing and Intergovernmental Affairs:						
Salaries	795	1,938	1,938		1,938	
Fringe Benefits	871	1,000	1,012	(12)	1,000	
General Expenses		5				5
Housing and Intergovernmental Affairs Total	1,666	2,943	2,950	(12)	2,938	5
Labor Relations						
Salaries	311	431	424		424	7
Fringe Benefits	133	183	185	(2)	183	
General Expenses	4	4	2	1	3	1
Contractual Services	385	267	258	9	267	
Labor Relations Total	833	885	869	8	877	8

(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, 2018 (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	$ 3,713	$ 4,246	$ 4,246	$	$ 4,246	$
Fringe Benefits	1,360	1,300	1,316	(16)	1,300	
Equipment	5	5				5
General Expenses	107	174	174		174	
Contractual Services	2,837	2,518	1,552	851	2,403	115
Management and Budgets Total	8,022	8,243	7,288	835	8,123	120
Personnel						
Salaries	794	709	690		690	19
Fringe Benefits	377	309	313	(4)	309	
General Expenses	10	10	10		10	
Contractual Services	12	12		1	1	11
Personnel Total	1,193	1,040	1,013	(3)	1,010	30
Purchasing						
Salaries	830	1,005	979		979	26
Fringe Benefits	784	778	787	(9)	778	
General Expenses	23	23	15	1	16	7
Purchasing Total	1,637	1,806	1,781	(8)	1,773	33
Office of Real Estate Services						
Salaries	139	131	69		69	62
Fringe Benefits	29	30	30		30	
General Expenses	154	230	160	70	230	
Contractual Services	2,396	2,742	1,162	1,554	2,716	26
Interdepartmental Charges	2,476	1,098				1,098
Insurance on Buildings	819	819	84	726	810	9
Repairs	298	298		298	298	
Rent	15,294	15,186	14,570	(133)	14,437	749
Mass Transportation						
Pt. Lookout/Lido Beach Bus Route	75	75	75		75	
Metropolitan Suburban Bus Authority	2,091	2,091	2,091		2,091	
LIRR Station Maintenance	29,983	30,004	30,004		30,004	
MTA-LIRR Operating Assistance	11,584	11,584	11,584		11,584	
Intermodal Center	65					
Physically Challenged Transportation	660	660	660		660	
Office of Real Estate Services Total	66,063	64,948	60,489	2,515	63,004	1,944
Public Utility Authority						
General Expenses	390	390		390	390	
Public Utility Authority Total	390	390		390	390	
Office of Records Management						
Salaries	891	891	705		705	186
Fringe Benefits	703	684	692	(8)	684	
Equipment	420	370	41	21	62	308
General Expenses	154	129	105	4	109	20
Contractual Services	236	161	101	13	114	47
Office of Records Management Total	2,404	2,235	1,644	30	1,674	561
Building Management						
Salaries	9,599	7,972	7,972		7,972	
Fringe Benefits	8,101	7,418	7,508	(90)	7,418	
Equipment	59	59	40	17	57	2
General Expenses	1,362	1,362	858	403	1,261	101
Contractual Services	3,074	3,074	1,681	1,320	3,001	73
Utility Costs	27,258	26,891	22,449	550	22,999	3,892
Interdepartmental Charges	94	94				94
Building Management Total	49,547	46,870	40,508	2,200	42,708	4,162
Total General Administration	317,914	312,604	288,277	14,380	302,657	9,947

(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, 2018 (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	$ 549	$ 549	$ 476	$	$ 476	$ 73
Fringe Benefits	511	493	499	(6)	493	
General Expenses	5	5	1		1	4
Contractual Services	6	6		6	6	
Commission on Human Rights Total	1,071	1,053	976		976	77
Commissioner of Accounts						
Salaries	284	2	2		2	
Fringe Benefits	159	125	127	(2)	125	
General Expenses	11	11				11
Contractual Services	47	47				47
Commissioner of Accounts Total	501	185	129	(2)	127	58
Consumer Affairs						
Salaries	1,844	1,844	1,783		1,783	61
Fringe Benefits	1,267	1,670	1,690	(20)	1,670	
Equipment	10	10	2		2	8
General Expenses	14	14	6		6	8
Consumer Affairs Total	3,135	3,538	3,481	(20)	3,461	77
Fire Commission						
Salaries	10,425	10,325	9,651		9,651	674
Fringe Benefits	6,160	6,060	5,974	(26)	5,948	112
Equipment	86	86	59	17	76	10
General Expenses	261	255	102	63	165	90
Contractual Services	4,748	4,948	4,688	177	4,865	83
Interdepartmental Charges	2,525	2,525	2,515		2,515	10
Fire Commission Total	24,205	24,199	22,989	231	23,220	979
Police Headquarters						
Salaries	243,869	237,799	237,799		237,799	
Fringe Benefits	154,377	154,108	155,005	(894)	154,111	(3)
Workers' Compensation	4,405	4,190	4,190		4,190	
Equipment	662	243	199	40	239	4
General Expenses	4,300	4,067	3,351	581	3,932	135
Contractual Services	16,512	16,027	13,323	1,514	14,837	1,190
Utilities	3,370	2,998	2,413	528	2,941	57
Interdepartmental Charges	26,276	24,912	24,912		24,912	
Police Headquarters Total	453,771	444,344	441,192	1,769	442,961	1,383
Medical Examiner						
Salaries	8,817	7,607	7,607		7,607	
Fringe Benefits	3,836	3,806	3,852	(46)	3,806	
Equipment	70	70	20	6	26	44
General Expenses	794	689	560	70	630	59
Contractual Services	103	103	22	44	66	37
Medical Examiner Total	13,620	12,275	12,061	74	12,135	140
Taxi and Limousine Commission						
Salaries	500	239	249	(10)	239	
Fringe Benefits	78	80	81	(1)	80	
Equipment	4	4	2		2	2
General Expenses	6	6	4	1	5	1
Contractual Services	30	30	15	13	28	2
Taxi and Limousine Commission Total	618	359	351	3	354	5
Total Protection of Persons	496,921	485,953	481,179	2,055	483,234	2,719

(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, 2018 (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	$ 1,821	$ 1,821	$ 1,676	$	$ 1,676	$ 145
Fringe Benefits	1,305	1,394	1,411	(17)	1,394	
Equipment	20	20	8	7	15	5
General Expenses	110	100	41	10	51	49
Interdepartmental Charges	3,962	3,962	3,147		3,147	815
Environmental Health						
Salaries	7,378	6,687	6,687		6,687	
Fringe Benefits	5,796	5,563	5,630	(67)	5,563	
Equipment	19	19	19		19	
General Expenses	75	95	53	16	69	26
Contractual Services	155	155	19	123	142	13
Interdepartmental Charges	461	527	527		527	
Laboratory Research						
Salaries	929	949	944		944	5
Fringe Benefits	681	785	794	(9)	785	
Equipment	93	93	82		82	11
General Expenses	514	514	417	67	484	30
Contractual Services	10	10	3	(15)	(12)	22
Interdepartmental Charges	330	330	278		278	52
Public Health						
Salaries	1,554	1,679	1,482		1,482	197
Fringe Benefits	1,110	1,233	1,248	(15)	1,233	
General Expenses	129	129	42	11	53	76
Contractual Services	77	77	39	(2)	37	40
Various Direct Expenses	5,000	5,000	5,000		5,000	
Interdepartmental Charges	481	787	787		787	
Early Intervention						
Salaries	3,606	3,307	3,120		3,120	187
Fringe Benefits	2,874	2,596	2,627	(31)	2,596	
Equipment	28	28	14	5	19	9
General Expenses	52	52	12	1	13	39
Early Intervention Charges	27,400	25,757	25,757		25,757	
Interdepartmental Charges	546	546	217		217	329
Preschool Education						
Salaries	242	142	76		76	66
Fringe Benefits	135	63	64	(1)	63	
General Expenses	5	5	1	2	3	2
Contractual Services	248	312	271	16	287	25
Early Intervention Charges	119,200	121,922	117,328	(2,359)	114,969	6,953
Health Department Total	186,346	186,659	179,821	(2,258)	177,563	9,096
Mental Health, Chemical Dependency and Disabled Services						
Administration						
Salaries	1,409	1,409	1,626		1,626	(217)
Fringe Benefits	1,856	1,780	1,842	(61)	1,781	(1)
General Expenses	1,059	1,059	1,058		1,058	1
Contractual Services	150	(743)	(1,092)	7	(1,085)	342
Interdepartmental Charges	1,406	1,406	502		502	904
Contractual Services						
Contractual Services	7,769	7,769	5,865	2,773	8,638	(869)
Direct Services						
Fringe Benefits			3	(3)		
Contractual Services				(25)	(25)	25
Mental Health, Chemical Dependency and Disabled Services	13,649	12,680	9,804	2,691	12,495	185
Total Health	199,995	199,339	189,625	433	190,058	9,281

(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, 2018 (Dollars in Thousands)

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
PUBLIC WORKS						
Administration						
Salaries	$ 2,560	$ 2,406	$ 2,406	$	$ 2,406	$
Fringe Benefits	2,705	2,583	2,614	(31)	2,583	
Workers' Compensation	2,143	2,078	2,078		2,078	
General Expenses	121	121	77	44	121	
Contractual Services	71	71	137	(40)	97	(26)
Direct Expenses		250	250		250	
Highway and Engineering						
Salaries	5,377	5,176	4,146		4,146	1,030
Fringe Benefits	4,082	3,857	3,902	(45)	3,857	
Equipment	24	24	6	1	7	17
General Expenses	38	38	9	28	37	1
Contractual Services	129,995	135,788	144,457	(9,204)	135,253	535
Utility Costs	1,307	1,204	1,121	(2)	1,119	85
Highway and Bridge Maintenance						
Salaries	10,932	10,248	10,248		10,248	
Fringe Benefits	9,073	9,542	9,657	(115)	9,542	
Equipment	53	53	43	3	46	7
General Expenses	2,206	2,832	2,405	421	2,826	6
Contractual Services	1,730	1,730	1,294	301	1,595	135
Utility Costs	85	85	35	(164)	(129)	214
Interdepartmental Charges	11,187	11,395	11,395		11,395	
Groundwater Remediation						
Salaries	3,191	3,191	2,857		2,857	334
Fringe Benefits	2,417	2,658	2,690	(32)	2,658	
Equipment	10	10	3		3	7
General Expenses	4,013	3,192	2,580	539	3,119	73
Contractual Services	762	762	355	406	761	1
Interdepartmental Charges	1,306	1,334	1,334		1,334	
Total Public Works	195,388	200,628	206,099	(7,890)	198,209	2,419
RECREATION AND PARKS						
Administration						
Salaries	1,841	1,841	1,827		1,827	14
Fringe Benefits	873	925	936	(11)	925	
Equipment	24	24	23		23	1
General Expenses	428	428	224	146	370	58
Contractual Services	3,471	3,471	3,049	353	3,402	69
Technical Service						
Salaries	5,193	4,845	4,845		4,845	
Fringe Benefits	2,475	2,454	2,484	(30)	2,454	
Equipment	123	152	147	1	148	4
General Expenses	914	757	564	161	725	32
Contractual Services	2,635	2,511	1,944	540	2,484	27
Recreation Service						
Salaries	8,171	7,421	7,258		7,258	163
Fringe Benefits	3,732	3,676	3,720	(44)	3,676	
Equipment	37	39	22		22	17
General Expenses	125	125	82	30	112	13
Contractual Services	462	462	404	29	433	29

(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, 2018 (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	$ 884	$ 884	$ 849	$ (3)	$ 846	$ 38
Fringe Benefits	513	429	434	(5)	429	
Equipment	3	3		3	3	
General Expenses	76	76	63	11	74	2
Contractual Services	879	1,074	217	294	511	563
Golf Operations						
Salaries	4,428	4,428	4,214		4,214	214
Fringe Benefits	2,092	2,134	2,160	(26)	2,134	
Equipment	197	197	192	5	197	
General Expenses	689	689	494	101	595	94
Contractual Services	566	566	442	40	482	84
Total Recreation and Parks	40,831	39,611	36,594	1,595	38,189	1,422
SOCIAL SERVICES						
Bar Association - Public Defender	7,720	7,368	7,287	37	7,324	44
CASA						
Salaries	245	245	187		187	58
Fringe Benefits	141	109	110	(1)	109	
General Expenses	3	4	4		4	
Contractual Services	17	17		7	7	10
CASA Total	406	375	301	6	307	68
Human Services						
Salaries	2,860	3,437	3,114		3,114	323
Fringe Benefits	4,223	4,235	4,236	(8)	4,228	7
Equipment	16	16	1		1	15
General Expenses	86	86	68	9	77	9
Contractual Services	28,144	28,939	23,314	1,977	25,291	3,648
Interdepartmental Charges	1,750	1,750	1,060		1,060	690
Human Services Total	37,079	38,463	31,793	1,978	33,771	4,692
Legal Aid Society	6,852	7,152	7,152		7,152	
Minority Affairs						
Salaries	415	394	211		211	183
Fringe Benefits	258	212	215	(3)	212	
General Expenses	41	41	1		1	40
Contractual Services	19	19	1	5	6	13
Minority Affairs Total	733	666	428	2	430	236
Social Services Department						
Administration						
Salaries	4,337	4,492	4,408		4,408	84
Fringe Benefits	2,896	3,057	3,097	(37)	3,060	(3)
Equipment	13	13	7	1	8	5
General Expenses	312	337	300	10	310	27
Contractual Services	1,711	1,771	1,331	282	1,613	158
Interdepartmental Charges	17,455	16,383	15,019		15,019	1,364
Public Financial Assistance						
Salaries	21,005	18,740	18,638		18,638	102
Fringe Benefits	13,715	12,926	13,082	(156)	12,926	
Equipment	17	17	4	3	7	10
General Expenses	303	303	276	4	280	23
Contractual Services	6,705	6,705	4,886	1,151	6,037	668

(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, 2018 (Dollars in Thousands)

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
SOCIAL SERVICES (continued)						
Division of Services						
Salaries	$ 22,423	$ 21,873	$ 21,653	$	$ 21,653	$ 220
Fringe Benefits	14,799	15,017	15,198	(181)	15,017	
General Expenses	177	177	136	11	147	30
Contractual Services	136	136	95	18	113	23
Handicapped Children Education						
Emergency Vendor Payments	17,706	18,922	17,521	(295)	17,226	1,696
Aid to Dependent Children						
Recipient Grants	20,000	18,084	18,084		18,084	
Emergency Vendor Payments	6,042	7,315	6,997	211	7,208	107
Home Relief						
Recipient Grants	29,000	26,836	26,836		26,836	
Emergency Vendor Payments	9,000	11,388	11,388		11,388	
Children in Institutions						
Emergency Vendor Payments	12,369	11,214	8,725	1,557	10,282	932
Children in Foster Homes						
Recipient Grants	800	730	726		726	4
Purchased Services	1	1	1		1	
Emergency Vendor Payments	400	445	387		387	58
Juvenile Delinquents						
Emergency Vendor Payments	2,834	2,634	2,074	327	2,401	233
Training Schools						
Emergency Vendor Payments	2,000	3,190	3,190		3,190	
Children in Institutions - Title 4E						
Emergency Vendor Payments	699	699	581	80	661	38
Children in Foster Homes - Title 4E						
Recipient Grants	650	550	507		507	43
Emergency Vendor Payments	450	350	312		312	38
Subsidized Adoptions						
Recipient Grants	4,800	4,893	4,893		4,893	
Burials						
Emergency Vendor Payments	250	250	227		227	23
Medicaid						
Medicaid	237,685	238,985	238,959		238,959	26
Home Energy Assistance						
Recipient Grants	400	400	370		370	30
Title-XX						
Purchased Services	72,089	70,714	66,185	2,519	68,704	2,010
Social Services Department Total	523,179	519,547	506,093	5,505	511,598	7,949
Veterans Service Agency						
Salaries	486	500	494		494	6
Fringe Benefits	379	375	380	(5)	375	
General Expenses	14	14	10	1	11	3
Contractual Services	3	3	2	1	3	
Veterans Service Agency Total	882	892	886	(3)	883	9

(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, 2018 (Dollars in Thousands)

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
SOCIAL SERVICES (continued)						
Total Social Services	$ 576,851	$ 574,463	$ 553,940	$ 7,525	$ 561,465	$ 12,998
CORRECTIONS						
Correctional Center						
Salaries	110,203	115,847	115,847		115,847	
Fringe Benefits	68,038	67,697	68,517	(818)	67,699	(2)
Workers' Compensation	9,822	9,022	8,951		8,951	71
Equipment	226	172	114	29	143	29
General Expenses	3,514	3,514	2,809	549	3,358	156
Contractual Services	32,135	39,031	30,122	8,504	38,626	405
Utility Costs	1,801	1,801	1,642	1	1,643	158
Correctional Center Total	225,739	237,084	228,002	8,265	236,267	817
Sheriff						
Salaries	6,828	7,247	7,149		7,149	98
Fringe Benefits	4,615	4,664	4,720	(56)	4,664	
General Expenses	43	43	23	3	26	17
Sheriff Total	11,486	11,954	11,892	(53)	11,839	115
Correctional Center and Sheriff Total	237,225	249,038	239,894	8,212	248,106	932
Probation						
Administration						
Salaries	17,215	15,889	15,889		15,889	
Fringe Benefits	12,220	12,084	12,237	(146)	12,091	(7)
Equipment	58	58	23	16	39	19
General Expenses	386	304	193	101	294	10
Contractual Services	833	833	520	232	752	81
Utility Costs	1	1		1	1	
Interfund Charges	1,883	1,883	1,020		1,020	863
Probation Total	32,596	31,052	29,882	204	30,086	966
Total Corrections	269,821	280,090	269,776	8,416	278,192	1,898
EDUCATION						
Payment to Long Beach Schools	106	106	106		106	
State School Tuition	13,500	16,251	16,345	(94)	16,251	
Total Education	13,606	16,357	16,451	(94)	16,357	
BONDED PAYMENTS FOR TAX CERTIORARI			38,513	(38,513)		
AID TO TOWNS AND CITIES						
Aid to Towns and Cities	70,856	72,048	72,048		72,048	
SUITS AND DAMAGES						
Suits and Damages	23,000	59,591	58,161		58,161	1,430
OTHER EXPENDITURES						
Interdepartmental Charges	6,941	3,939	3,939		3,939	
Intergovernmental Charges	24,720	24,720	22,321		22,321	2,399
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, 2018 (Dollars in Thousands)

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
OTHER EXPENDITURES (Continued)						
Miscellaneous Expense	$ 29,090	$ 43,658	$ 42,404	$ 1,238	$ 43,642	$ 16
NYS Association of Counties	70	70	69		69	1
NIFA Expenditures	2,025	2,025				2,025
Total Other Expenditures	62,877	74,443	68,739	1,238	69,977	4,466
Debt Service:						
Principal	98,708	97,170	97,170		97,170	
Interest	122,589	119,560	119,560		119,560	
Financing Costs	2,605	4,108	4,108		4,108	
Total Debt Service	223,902	220,838	220,838		220,838	
Total Expenditures	2,586,931	2,630,485	2,592,650	(10,823)	2,581,827	48,658
OTHER FINANCING USES						
Transfers Out - Other	145,627	149,259	12,253	(5,001)	7,252	142,007
Total Transfers Out	145,627	149,259	12,253	(5,001)	7,252	142,007
TOTAL EXPENDITURES AND TRANSFERS OUT	$ 2,732,558	$ 2,779,744	$ 2,604,903	$ (15,824)	$ 2,589,079	$ 190,665

*Appropriations per the 2018 budget as adopted	$ 2,977,174
Intrafund Budget Elimination	(326,796)
Outstanding encumbrances, January 1, 2018	82,180
Original Budget per above	2,732,558
Add: Supplemental appropriations	73,956
Less: Intrafund Modified Budget eliminations	(26,770)
Total Budgetary Authority	$ 2,779,744

(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, 2018 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Property Taxes	$ 380,449	$ 380,449	$ 380,453	$	$ 380,453	$ 4
Payments in Lieu of Taxes	16,758	16,758	16,758		16,758	
Departmental Revenue	3,450	3,450	2,691		2,691	(759)
Interest Income	12	12	154		154	142
Licenses and Permits	4,629	4,629	3,985		3,985	(644)
Fines and Forfeits	1,356	1,356	1,011		1,011	(345)
Rents and Recoveries			160		160	160
Interdepartmental Revenue	541	541	472		472	(69)
Total Revenues	407,195	407,195	405,684		405,684	(1,511)
Expenditures:						
Protection of Persons:						
Salaries	223,732	219,230	219,230		219,230	
Fringe Benefits	143,731	141,773	138,951	1,436	140,387	1,386
Workers' Compensation	9,481	8,577	8,577		8,577	
Equipment	378	160	135	24	159	1
General Expenses	4,601	4,821	3,845	788	4,633	188
Contractual Services	2,671	1,403	673	335	1,008	395
Utility Costs	1,203	1,474	1,377	10	1,387	87
Interdepartmental Charges	20,817	24,176	24,176		24,176	
Total Expenditures	406,614	401,614	396,964	2,593	399,557	2,057
Excess (Deficiency) of Revenues Over (Under) Expenditures	581	5,581	8,720	(2,593)	6,127	546
Other Financing Sources (Uses):						
Transfers In			5,000	(5,000)		
Transfers Out	(2,244)	(7,244)	(11,737)	4,500	(7,237)	7
Total Other Financing Sources (Uses)	(2,244)	(7,244)	(6,737)	(500)	(7,237)	7
Net Change in Fund Equity (Deficit)	(1,663)	(1,663)	1,983	(3,093)	(1,110)	553
Fund Balance (Deficit) Beginning of Year	1,663	1,663	(6,006)	32,038	26,032	24,369
Fund Balance (Deficit) End of Year	$	$	$ (4,023)	$ 28,945	$ 24,922	$ 24,922

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, 2018 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Property Taxes	$	$	$ 124,764	$	$ 124,764	$ 124,764
Payments in Lieu of Taxes			7,031	822	7,853	7,853
Departmental Revenue	1,200	1,200	1,887	(624)	1,263	63
Interest Income	100	100	362		362	262
Licenses and Permits	1,553	1,553	1,414	(34)	1,380	(173)
Rents and Recoveries	6,540	6,540	3,676	3,084	6,760	220
Federal Aid			36		36	36
Total Revenues	9,393	9,393	139,170	3,248	142,418	133,025
Expenditures:						
Public Works:						
Salaries	9,701	9,728	9,728		9,728	
Fringe Benefits	9,377	9,005	8,889	118	9,007	(2)
Equipment	15	8	8		8	
General Expenses	1,074	982	485	497	982	
Contractual Services	71,175	69,024	61,176	2,257	63,433	5,591
Utility Costs	6,440	7,869	6,870	992	7,862	7
Interdepartmental Charges	5,757	5,673	5,673		5,673	
Other	4,765	6,731	6,505	226	6,731	
Debt Service:						
Principal	9,713	9,713	9,713		9,713	
Interest	5,339	1,383	1,383		1,383	
Total Expenditures	123,356	120,116	110,430	4,090	114,520	5,596
Excess (Deficiency) of Revenues Over (Under) Expenditures	(113,963)	(110,723)	28,740	(842)	27,898	138,621
Other Financing Sources (Uses):						
Transfer Out	(22,312)	(27,607)	(27,607)		(27,607)	
Transfer In of Investment Income	100	100	520		520	420
Transfer Out to NCSSWFA			(132,616)		(132,616)	(132,616)
Transfers In to NCSSWFA	114,231	114,231	115,518		115,518	1,287
Total Other Financing Sources (Uses)	92,019	86,724	(44,185)		(44,185)	(130,909)
Net Change in Fund Balances	(21,944)	(23,999)	(15,445)	(842)	(16,287)	7,712
Fund Balance Beginning of Year	21,944	23,999	24,085	6,545	30,630	6,631
Fund Balance End of Year	$	$	$ 8,640	$ 5,703	$ 14,343	$ 14,343

EXHIBIT B-5

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY, ACTUAL, AND BUDGETARY BASIS
DISPUTED ASSESSMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Property Taxes	$	$ 426	$ 426	$	$ 426	$
Interest Income			2,047		2,047	2,047
Total Revenues		426	2,473		2,473	2,047
Other Financing Uses:						
Transfer Out		(426)	(426)		(426)	
Total Other Financing Uses		(426)	(426)		(426)	
Net Change in Fund Balance			2,047		2,047	2,047
Fund Balance Beginning of Year			62		62	62
Fund Balance End of Year	$	$	$ 2,109	$	$ 2,109	$ 2,109

EXHIBIT B-6

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, 2018 (Dollars in Thousands)
(INCLUDING LIFETIME ACTIVITY THROUGH DECEMBER 31, 2018)

County Departments, Offices and Boards	Budgetary Authority as of December 31, 2018	Expenditures through December 31, 2017	Available Budgetary Authority for 2018	2018 Expenditures	Remaining Budgetary Authority December 31, 2018
Affirmative Action	$ 1,240	$ 1,140	$ 100	$	$ 100
Assessment	13,000	11,363	1,637		1,637
Behavioral Health	558,651	390,113	168,538	39,250	129,288
Budget and Management	11,262	2,801	8,461	1,097	7,364
CASA	735	466	269		269
Consumer Affairs	250	229	21		21
Correctional Center	16,128	14,078	2,050	461	1,589
County Attorney	295	295			
County Clerk	494	319	175	71	104
County Comptroller	805	446	359		359
Criminal Justice Coordinating Council	63,453	58,048	5,405	795	4,610
Cultural Development	441	437	4		4
District Attorney	54,813	40,268	14,545	3,367	11,178
Drug and Alcohol	693,474	527,186	166,288		166,288
Board of Election	3,378	3,006	372	10	362
Emergency Management	49,638	33,156	16,482	3,685	12,797
Fire Commission	5,230	4,176	1,054	118	936
General Services	415	315	100		100
Health	341,715	278,584	63,131	12,418	50,713
Housing and Inter-governmental Affairs	845,976	757,332	88,644	15,112	73,532
Human Rights	1,897	1,702	195		195
Human Services	3,790	1,374	2,416	464	1,952
Information Technology	433	394	39		39
Labor	50	46	4		4
Medical Center	5,119	188	4,931		4,931
Medical Examiner	15,381	12,920	2,461	778	1,683
Mental Health	213,875	169,654	44,221		44,221
Miscellaneous	91,127	72,570	18,557		18,557
Planning	30,909	22,694	8,215	112	8,103
Police	164,266	126,352	37,914	5,503	32,411
Probation	47,247	40,075	7,172	1,229	5,943
Public Works	21,675	16,107	5,568	193	5,375
Real Estate Services	263,262	77,925	185,337	1,660	183,677
Records Management	114	113	1		1
Recreation and Parks	50,447	40,422	10,025	3,364	6,661
Senior Citizen Affairs	63,161	60,291	2,870		2,870
Sheriff	66	55	11		11
Shared Services	318	317	1		1
Social Services	187,179	140,807	46,372	18,107	28,265
Traffic Safety Board	71,607	66,843	4,764	959	3,805
Veterans Services	458	424	34		34
Women's Services	194	148	46		46
Youth Board	39,081	31,638	7,443		7,443
Total	$ 3,933,049	$ 3,006,817	$ 926,232	$ 108,753	$ 817,479

EXHIBIT B-7

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, 2018 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Property Taxes	$ 7,702	$ 7,702	$ 7,698	$	$ 7,698	$ (4)
Interest Income			40		40	40
Total Revenues	7,702	7,702	7,738		7,738	36
Other Financing Uses:						
Transfer Out	(9,645)	(9,645)	(9,341)		(9,341)	304
Total Other Financing Uses	(9,645)	(9,645)	(9,341)		(9,341)	304
Net Change in Fund Balance	(1,943)	(1,943)	(1,603)		(1,603)	340
Fund Balance Beginning of Year	1,943	1,943	1,973		1,973	30
Fund Balance End of Year	$	$	$ 370	$	$ 370	$ 370

EXHIBIT B-8

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, 2018 (Dollars in Thousands)
(INCLUDING LIFETIME ACTIVITY THROUGH DECEMBER 31, 2018)

County Departments, Offices and Boards	Budgetary Authority as of December 31, 2018	Expenditures and Transfers through December 31, 2017	Available Budgetary Authority for 2018	2018 Expenditures	Remaining Budgetary Authority December 31, 2018
Budget and Management	$ 27	$ 27	$	$	$
Correctional Center	179	179			
County Attorney	23	23			
County Comptroller	135	135			
Office of Constituent Affairs	55	55			
County Executive	62	62			
District Attorney	100	100			
Board of Election	249	249			
Emergency Management	1,578	1,573	5	5	
Fire Commission	883	576	307	306	1
Health	915	914	1		1
Human Services	68	18	50	50	
Information Technology	300	294	6	5	1
Labor Relations	2	2			
Legislature	1	1			
Medical Examiner	4	3	1	1	
Personnel	28	28			
Police	11,578	11,574	4	1	3
Police Headquarters	10,974	10,963	11	4	7
Probation	419	419			
Public Administrator	1		1		1
Public Works	196,091	192,755	3,336	6,460	(3,124)
Shared Services	13	13			
Recreation and Parks	2,616	2,598	18	17	1
Social Services	73	48	25	25	
STEP Program	14,833	9,071	5,762		5,762
Total	$ 241,207	$ 231,680	$ 9,527	$ 6,874	$ 2,653

EXHIBIT B-9

COUNTY OF NASSAU, NEW YORK

COMBINING BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2018 (Dollars in Thousands)

ASSETS:	General	Debt Service Fund	Fire Prevention, Safety, Communication and Education Fund	Police Headquarters Fund	Technology Fund	Open Space Fund
Cash and Cash Equivalents	$ 215,674	$ 24,331	$ 1,307	$ 11,414	$ 81	$ 1,829
Restricted Cash and Cash Equivalents						
Sales Tax Receivable	10,902					
Due from Other Governments	125,898			980		
Less Allowance for Doubtful Accounts	(5,605)					
Accounts Receivable	36,161		1	2,605		
Real Property Taxes Receivable	76,110					
Less Allowance for Doubtful Accounts	(5,888)					
Tax Sale Certificates	3,693					
Tax Real Estate Held for Sale	4,551					
Interfund Receivables	307,385	102,282		8,631		
Prepaids	20,109		453	13,920		
Due from Component Units	27,455					
Other Assets	47					
TOTAL ASSETS	$ 816,492	$ 126,613	$ 1,761	$ 37,550	$ 81	$ 1,829
LIABILITIES:						
Accounts Payable	$ 42,879	$	$ 5	$ 2,080	$	$
Accrued Liabilities	148,290	448	784	10,062		
Tax Anticipation Notes Payable	297,960					
Unearned Revenue	10,225					
Property Tax Refund Payable	53,366					
Interfund Payables	50,124	127,586	1,876	60,773		
Due to Component Units	21,854		87	84		
Other Liabilities	35,380		111	2,709		
Total Liabilities	660,078	128,034	2,863	75,708		
DEFERRED INFLOWS OF RESOURCES:						
Unavailable Revenue	1,940	5				
Property Taxes	22,683					
Property Taxes - Part County Sales Tax Offset	19,497					
Mitchel Field - Sale of Future Rental Revenue	28,646					
Total Deferred Inflows of Resources	72,766	5				
FUND BALANCE (DEFICIT):						
Fund Balances (Deficit):						
Nonspendable	26,104	5	453	13,920		
Spendable:						
Restricted	7,021					1,808
Committed					81	
Unassigned	50,523	(1,431)	(1,555)	(52,078)		21
Total Fund Balance (Deficit)	83,648	(1,426)	(1,102)	(38,158)	81	1,829
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	$ 816,492	$ 126,613	$ 1,761	$ 37,550	$ 81	$ 1,829

EXHIBIT B-9

COUNTY OF NASSAU, NEW YORK

COMBINING BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2018 (Dollars in Thousands)

ASSETS:	Employee Benefit Accrued Liability Reserve Fund	Litigation Fund	Retirement Contribution Reserve Fund	Bond Indebtedness Reserve Fund	Intrafund Eliminations	Total General Fund
Cash and Cash Equivalents	$ 13,084	$ 3,375	$ 51	$	$	$ 271,146
Restricted Cash and Cash Equivalents				3,609		3,609
Sales Tax Receivable						10,902
Due from Other Governments						126,878
Less Allowance for Doubtful Accounts						(5,605)
Accounts Receivable						38,767
Real Property Taxes Receivable						76,110
Less Allowance for Doubtful Accounts						(5,888)
Tax Sale Certificates						3,693
Tax Real Estate Held for Sale						4,551
Interfund Receivables	146	6,060			(241,414)	183,090
Prepaids						34,482
Due from Component Units						27,455
Other Assets						47
TOTAL ASSETS	$ 13,230	$ 9,435	$ 51	$ 3,609	$ (241,414)	$ 769,237
LIABILITIES:						
Accounts Payable	$	$	$	$	$	$ 44,964
Accrued Liabilities						159,584
Tax Anticipation Notes Payable						297,960
Unearned Revenue						10,225
Property Tax Refund Payable						53,366
Interfund Payables		1,273		2,912	(241,414)	3,130
Due to Component Units						22,025
Other Liabilities						38,200
Total Liabilities		1,273		2,912	(241,414)	629,454
DEFERRED INFLOWS OF RESOURCES:						
						1,945
Property Taxes						22,683
Property Taxes - Part County Sales Tax Offset						19,497
Mitchel Field - Sale of Future Rental Revenue						28,646
Total Deferred Inflows of Resources						72,771
FUND BALANCE (DEFICIT):						
Fund Balances (Deficit):						
Nonspendable						40,482
Spendable:						
Restricted				697		9,526
Committed	13,230	8,162				21,473
Unassigned			51			(4,469)
Total Fund Balance (Deficit)	13,230	8,162	51	697		67,012
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	$ 13,230	$ 9,435	$ 51	$ 3,609	$ (241,414)	$ 769,237

EXHIBIT B-10

COUNTY OF NASSAU, NEW YORK

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2018 (Dollars in Thousands)

	General Fund	Debt Service Fund	Fire Prevention, Safety, Communication and Education Fund	Police Headquarters Fund	Technology Fund
REVENUES:					
Property Taxes	$ 54,402	$	$ 15,256	$ 367,312	$
Payments in Lieu of Taxes	25,588		405	8,938	
Preempted Sales Tax in Lieu of Property Taxes	95,774				
Interest and Penalties on Taxes	36,765				
Sales Tax	952,787				
Special Taxes	7,539			25,027	
Departmental Revenue	191,225		7,552	24,248	
Interest Income	3,581		9	43	1
Licenses and Permits	13,528			891	
Fines and Forfeitures	82,640			30,822	
Rents and Recoveries	27,006		25	274	1
Interdepartmental Revenues	77,915			12,654	
Interfund Revenues	11,962				
Other Revenues	47,100	382			
State Aid	221,771		158	883	
Federal Aid	139,757	4,755		1,054	
Total Revenues	1,989,340	5,137	23,405	472,146	2
EXPENDITURES:					
Current:					
Legislative	12,492				
Judicial	79,918				
General Administration	288,277				
Protection of Persons	16,997		22,990	441,192	
Health	189,625				
Public Works	206,099				
Recreation and Parks	36,594				
Social Services	553,940				
Corrections	269,776				
Education	16,451				
Bonded Payments for Tax Certiorari and Other Judgments	38,513				
Aid to Towns and Cities	72,048				
Suits and Damages	58,161				
Other	46,471	15,861			
Debt Service:					
Principal		97,170			
Interest		119,560			
Bond Issuance Costs		4,108			
Total Expenditures	1,885,362	236,699	22,990	441,192	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	103,978	(231,562)	415	30,954	2
OTHER FINANCING SOURCES (USES):					
Transfers In	161,987	372,101	386		
Transfers Out	(324,181)	(147,442)	(836)	(32,899)	
Transfers In of Investment Income	3,017				
Transfers In from NIFA	3,355				
Issuance of Debt	38,586				
Premium on Bonds	(3,463)	6,172			
Total Other Financing Sources (Uses)	(120,699)	230,831	(450)	(32,899)	
NET CHANGE IN FUND BALANCE (DEFICIT)	(16,721)	(731)	(35)	(1,945)	2
TOTAL FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	100,369	(695)	(1,067)	(36,213)	79
TOTAL FUND BALANCE (DEFICIT) AT END OF YEAR	$ 83,648	(1,426)	$ (1,102)	$ (38,158)	$ 81

EXHIBIT B-10

COUNTY OF NASSAU, NEW YORK

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2018 (Dollars in Thousands)

	Open Space Fund	Employee Benefit Accrued Liability Reserve Fund	Litigation Fund	Retirement Contribution Reserve Fund	Bond Indebtedness Reserve Fund	Intrafund Eliminations	Total General Fund
REVENUES:							
Property Taxes	$	$	$	$	$	$	$ 436,970
Payments in Lieu of Taxes							34,931
Preempted Sales Tax in Lieu of Property Taxes							95,774
Interest and Penalties on Taxes							36,765
Sales Tax							952,787
Special Taxes							32,566
Departmental Revenue							223,025
Interest Income			15	8			3,657
Licenses and Permits							14,419
Fines and Forfeitures							113,462
Rents and Recoveries							27,306
Interdepartmental Revenues							90,569
Interfund Revenues							11,962
Other Revenues			2,000				49,482
State Aid							222,812
Federal Aid							145,566
Total Revenues			2,015	8			2,492,053
EXPENDITURES:							
Current:							
Legislative							12,492
Judicial							79,918
General Administration							288,277
Protection of Persons							481,179
Health							189,625
Public Works							206,099
Recreation and Parks							36,594
Social Services							553,940
Corrections							269,776
Education							16,451
Bonded Payments for Tax Certiorari and Other Judgments							38,513
Aid to Towns and Cities							72,048
Suits and Damages							58,161
Other			6,407				68,739
Debt Service:							
Principal							97,170
Interest							119,560
Bond Issuance Costs							4,108
Total Expenditures			6,407				2,592,650
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			(4,392)	8			(100,597)
OTHER FINANCING SOURCES (USES):							
Transfers In		146	17,500			(501,017)	51,103
Transfers Out			(5,000)		(2,912)	501,017	(12,253)
Transfers In of Investment Income							3,017
Transfers In from NIFA							3,355
Issuance of Bonds							38,586
Premium on Bonds							2,709
Total Other Financing Sources (Uses)		146	12,500		(2,912)		86,517
NET CHANGE IN FUND BALANCE (DEFICIT)		146	8,108	8	(2,912)		(14,080)
TOTAL FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	1,829	13,084	54	43	3,609		81,092
TOTAL FUND BALANCE (DEFICIT) AT END OF YEAR	$ 1,829	$ 13,230	$ 8,162	$ 51	$ 697	$	$ 67,012

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, 2018 (Dollars in Thousands)

	Land*	Intangibles*	Land Improvements	Buildings	Equipment	Infrastructure	Total
Legislative	$	$	$	$ 254	$ 246	$	$ 500
Judicial	2,593		1,933	73,629	5,730		83,885
General Administration	182,490	8,804	1,898	462,707	302,702		958,601
Protection of Persons	7,711		190	82,158	117,861	42,810	250,730
Health	475			4,672	3,009		8,156
Public Works	15,013		3,228	329,465	63,600	2,098,981	2,510,287
Recreation and Parks	35,654		71,304	194,477	6,517	71,104	379,056
Social Services	534		3,840	19,967	843		25,184
Corrections				183,148	8,744		191,892
Total	244,470	8,804	82,393	1,350,477	509,252	2,212,895	4,408,291
Less: Accumulated Depreciation			69,595	582,102	368,475	1,206,310	2,226,482
	$ 244,470	$ 8,804	$ 12,798	$ 768,375	$ 140,777	$ 1,006,585	2,181,809
Construction in Progress							1,310,721
Total Net Capital Assets							$ 3,492,530

* 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, 2018 (Dollars in Thousands)

	Capital Assets January 1, 2018	Additions*	Deletions*	Capital Assets December 31, 2018
Legislative	$ 500	$	$	$ 500
Judicial	83,555	330		83,885
General Administration	935,790	31,418	8,607	958,601
Protection of Persons	242,044	9,260	574	250,730
Health	8,266	128	238	8,156
Public Works	2,493,297	18,690	1,700	2,510,287
Recreation and Parks	376,245	2,856	45	379,056
Social Services	25,445		261	25,184
Corrections	193,010	244	1,362	191,892
Construction in Progress	1,152,897	206,697	48,873	1,310,721
Total	5,511,049	269,623	61,660	5,719,012
Less: Accumulated Depreciation	2,100,397	135,924	9,839	2,226,482
Total Changes in Net Capital Assets	$ 3,410,652	$ 133,699	$ 51,821	$ 3,492,530

* Additions and deletions include land, buildings, equipment, infrastructure and intangible assets for the County and the transfer of 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, 2018 (Dollars in Thousands)

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
Agency Fund				
ASSETS:				
Cash	$ 46,910	$ 1,479,448	$ 1,477,914	$ 48,444
TOTAL ASSETS	$ 46,910	$ 1,479,448	$ 1,477,914	$ 48,444
LIABILITIES:				
Accounts Payable	$ 3,824	$ 657,983	$ 656,805	$ 5,002
Due To Component Unit	5,432	101,596	105,839	1,189
Other Liabilities	37,654	1,458,932	1,454,333	42,253
TOTAL LIABILITIES	$ 46,910	$ 2,218,511	$ 2,216,977	$ 48,444

EXHIBIT D-2

COUNTY OF NASSAU, NEW YORK

STATEMENT OF CHANGES IN OTHER LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018 (Dollars in Thousands)

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
Agency Fund				
Cash Bail	$ 6,494	$ 6,976	$ 6,867	$ 6,603
Contractors' Cash Bond Escrow	956	122	15	1,063
Declining Balance Account - Staples		779	779	
Estate Suspense Account	831	638	1,055	414
Flex Benefit Plan		3,449	3,449	
Grainger Declining Balance Account		1,023	1,023	
Health Insurance		350,201	350,201	
Highway Deposits	1,281	114	84	1,311
Medical Assistance Pay In	1,109	1,136	1,126	1,119
Mortgage Taxes	8,732	53,797	54,001	8,528
MTA Commuter Transportation Mobility		4,200	3,488	712
Nassau County Bridge Authority	188			188
New York City Withholding Taxes		1,373	1,373	
New York State Withholding Taxes		58,767	58,767	
Payments in Lieu of Taxes	6,926	230,297	223,241	13,982
Payroll Deferred Compensation		70,646	70,646	
Real Estate Escrow	319	1		320
Retirement System	428	194,346	194,599	175
Social Security Taxes	124	135,587	135,599	112
Social Service Trust		2,120	2,120	
TIAA/CREF Payroll Deductions	1,011	6,113	6,603	521
Traffic Violations Clearing Account	6,138	38,342	39,283	5,197
Triad Worker's Compensation Account	1,164	29,294	30,458	
Trust Fund Deposits	1,434	68,732	68,696	1,470
Trust Fund Deposits - short term		1,293	1,293	
All Other Liabilities	519	199,586	199,567	538
Total Other Liabilities	$ 37,654	$ 1,458,932	$ 1,454,333	$ 42,253

EXHIBIT E-1

COUNTY OF NASSAU, NEW YORK

STATEMENT OF CASH IN BANKS*
ALL FUNDS OF THE PRIMARY GOVERNMENT
DECEMBER 31, 2018 (Dollars in Thousands)

CASH BALANCES BY FUND:

General Fund	$	274,755
NIFA Fund		527
Police District Fund		1,826
Sewer and Storm Water District Fund		40,324
Capital Fund		548,565
Disputed Assessment Fund		120,201
Nonmajor Governmental Funds		92,029
Agency Funds		48,444
Total Cash Balances By Funds	$	1,126,671 **

CASH BALANCES BY BANK:

The Bank of New York	$	662
Bank of America		12,251
JP Morgan Chase		486,804
Citibank		7,775
First National Bank		20,000
Hab Bank		5,000
Capital One Bank		165,396
People's United Bank		20,000
Signature Bank		175,812
Santander Bank		90,840
Sterling National Bank		60,000
HSBC		10,500
Wells Fargo		70,719
Petty Cash		912
Total Cash Balances By Bank	$	1,126,671

*See Exhibit X-13 Note 3, 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).

FINANCIAL SCHEDULES (pursuant to NIFA resolution)

EXHIBIT F-1

COUNTY OF NASSAU, NEW YORK

CONTROL PERIOD CALCULATION SCHEDULE
DECEMBER 31, 2018

		($'s millions)
Net Change in Fund Balance - GAAP (Modified Accrual Basis) Primary Operating Funds (from Note 2)	**$**	**(17.4)**
Less: Adjustments for Revenue Included in Other Financing Sources		
Premium on bonds (net of expense of loans)		(2.0)
Transfer of Revenue from Other Funds to Offset Debt Expenditures		(0.2)
Total Other Financing Sources to Eliminate		(2.2)
Less: Adjustments for Operating Expenditures Not Included in Other Financing Uses		
Borrowed Funds to Pay Property Tax Refunds		(38.5)
Borrowed Funds to Pay Operating Expenditures		(3.1)
Total Other Financing Uses to Include		(41.6)
Total Other Financing Sources/Uses Adjustments		(43.8)
Results Under Control Period Calculation	**$**	**(61.2)**

EXHIBIT F-2

COUNTY OF NASSAU, NEW YORK

CONTROL PERIOD CALCULATION SCHEDULE - HISTORICAL DATA
LAST EIGHT FISCAL YEARS (2015 and prior are unaudited)

($'s in millions)

	2018	2017	2016	2015	Unaudited 2014	2013	2012	2011	2010
Net Change in Fund Balance - General and Police District Fund, as Adjusted to Primary Operating Funds * (from Exhibit F-1)	$ (17.4)	$ (58.8)	$ 27.1	$ 28.0	$ (21.5)	$ 48.6	$ 24.0	$ (98.0)	$ 31.0
Less: Adjustments for Resources Included in Other Financing Sources (Uses)									
Premiums on Bonds (Net of Expense of Loans)	(2.0)		(43.8)	(19.0)	(4.4)	(4.0)	(3.7)	(6.2)	(21.3)
Borrowed Funds to Pay Property Tax Refunds	(38.5)	(0.7)	(59.3)	(96.2)	(126.4)	(75.0)	(14.7)	(21.0)	(42.5)
Borrowed Funds to Pay Other Judgments					(8.3)	(26.5)	(20.0)	(4.6)	(30.4)
Borrowed Funds to Pay Termination Pay			(2.0)	(26.1)	(20.1)	(14.0)	(33.1)	(17.7)	(80.0)
Borrowed Funds to Pay Other Operating Expenditures	(3.1)	(3.5)							
Transfer of Revenue From Other Funds to Offset Debt Expenditures	(0.2)	(0.2)	(5.1)	(12.0)	(8.5)	(2.7)	(16.6)	(12.5)	(1.7)
Total Other Financing Sources/(Uses) to be Eliminated	(43.8)	(4.4)	(110.2)	(153.3)	(167.7)	(122.2)	(88.1)	(62.0)	(175.9)
Results Under Control Period Calculation	$ (61.2)	$ (63.2)	$ (83.1)	$ (125.3)	$ (189.2)	$ (73.6)	$ (64.1)	$ (160.0)	$ (144.9)

* Includes: General Fund, Police Headquarters Fund, Police District Fund, Fire Prevention, Safety, Communication and Education Fund, and Debt Service Fund.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

Honorable Laura Curran, County Executive
And Members of the County Legislature

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Nassau, New York (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 28, 2019. Our report includes a reference to other auditors who audited the financial statements of Nassau Health Care Corporation (NHCC), Nassau County Bridge Authority (the Bridge Authority), Nassau Regional Off-Track Betting Corporation (OTB), Nassau County Industrial Development Agency (IDA), and Nassau County Local Economic Assistance Corporation, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors nor does it include the separately issued results of testing of internal control over financial reporting or compliance and other matters of Nassau Community College. Our report contained emphasis of matter paragraphs concerning the County being under a control period as imposed by Nassau County Interim Finance Authority, the adoption of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* by the County, NHCC, Nassau Community College, the Bridge Authority, IDA and OTB and NHCC's ability to continue as a going concern.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 2018-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings 2018-002 and 2018-003 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County's Responses to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

New York, New York
June 28, 2019

**Report on Compliance for Each Major Federal Program;
Report on Internal Control over Compliance; and Report on
Schedule of Expenditures of Federal Awards Required By the Uniform Guidance**

Independent Auditor's Report

Honorable Laura Curran, County Executive
And Members of the County Legislature

Report on Compliance for Each Major Federal Program

We have audited the County of Nassau, New York's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2018. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Nassau Community College and Nassau Health Care Corporation (NHCC) which received federal awards which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2018. Our audit, described below, did not include the operations of Nassau Community College because a separate audit was performed of Nassau Community College in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as of its year-end of August 31, 2018. Our audit, described below, also did not include the operations of Nassau Health Care Corporation because they engage other auditors to perform an audit in accordance with Uniform Guidance as of its year-end of December 31, 2018.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program
In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Other Matters
The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-012, 2018-013, 2018-014, 2018-015, 2018-016, 2018-017 and 2018-018. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance
Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2018-004, 2018-005, 2018-006, 2018-007, 2018-008, 2018-009, 2018-010 and 2018-011 that we consider to be significant deficiencies.

The County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 28, 2019, which contained unmodified opinions on those financial statements, and included emphasis of matter paragraphs concerning the County being under a control period as imposed by Nassau County Interim Finance Authority, the adoption of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* by the County, NHCC, Nassau Community College, Nassau County Bridge Authority (the Bridge Authority), Nassau County Industrial Development Agency (IDA), Nassau Regional Off-Track Betting Corporation (OTB) and NHCC's ability to continue as a going concern. Our report also included a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the 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. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

New York, New York
September 27, 2019, except for our report on the
Schedule of Expenditures of Federal Awards
for which the date is June 28, 2019

County of Nassau, New York
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Passed through:				
New York State Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	705962	$ -	$ 4,337
National School Lunch Program	10.555	705962	-	6,928
Total Child Nutrition Cluster			-	11,265
Team Nutrition Grants	10.574	8900-05074-065	-	156,290
New York State Department of Health:				
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557	C-30417GG	-	6,225,340
New York State Office of Temporary and Disability Assistance:				
Snap Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	NOT AVAILABLE	-	5,922,331
Total SNAP Cluster			-	5,922,331
Total U.S. Department of Agriculture			$ -	$ 12,315,226
U.S. Department of Housing and Urban Development				
Direct Programs:				
CDBG-Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	N/A	$ 9,737,272	$ 10,815,833
Total CDBG-Entitlement Grants Cluster			9,737,272	10,815,833
Emergency Solutions Grants Program (ESG)	14.231	N/A	255,483	605,771
Home Investment Partnerships Program	14.239	N/A	492,073	852,824
Passed through:				
Housing Trust Fund Corporation/Governor's Office of Storm Recovery (GOSR):				
CDBG-Disaster Recovery Grants–PUB. L. No. 113-2 cluster:				
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR):				
Bay Park Phase E3	14.269	NOT AVAILABLE	-	17,323,080
Nassau County Police Precincts-4TH and 8TH	14.269	NOT AVAILABLE	-	279,570
Community Reconstruction Program	14.269	NOT AVAILABLE	-	237,325
Total CDBG-Disaster Recovery Grants–PUB. L. No. 113-2 cluster			-	17,839,975
Total U.S. Department of Housing and Urban Development			$ 10,484,828	$ 30,114,403
U.S. Department of Justice				
Direct Programs:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	$ -	$ 75,064
Equitable Sharing Program	16.922	N/A	-	1,637,386
State Criminal Alien Assistance Program (SCAAP)	16.606	N/A	-	2,427,961
DNA Backlog Reduction Program	16.741	N/A	-	188,301
Passed through:				
New York State Office of Victim Services:				
Crime Victim Assistance	16.575	C100227	-	63,642
New York State Division of Criminal Justice Services:				
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	FS17662089, T662098	-	45,935
New York State Division of Criminal Justice Services:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	T632785, T632802	-	27,481
Total U.S. Department of Justice			$ -	$ 4,465,770

(Continued)

County of Nassau, New York
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Transportation				
Direct Programs:				
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237	N/A	$ -	$ 452,260
Federal Transit Cluster:				
Federal Transit-Capital Investment Grants	20.500	N/A	-	346,788
Federal Transit, Formula Grants	20.507	N/A	-	3,409,264
Total Federal Transit Cluster			-	3,756,052
Passed through:				
New York State Department of Transportation:				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	C033468	-	43,682
Highway Planning and Construction Cluster:				
Direct Programs:				
Highway Planning and Construction	20.205	N/A	-	259,530
Passed through:				
New York State Department of Transportation				
Highway Planning and Construction	20.205	C033468, C002631-Supplemental Agreement 15 Pin 0229.03, D033501, D033846, D033960, D034222, D034794, D034795, D034796, D035010, D035011, D035052, D035053, D035267, D035268, D035330, D035349, D035350, D035646, D035647	-	13,360,078
New York State Office of Parks, Recreation and Historic Preservation:				
Recreational Trails Program—Li Park Preserve Transportation Access	20.219	C131494	-	13,905
Total Highway Planning and Construction Cluster			-	13,633,513
Highway Safety Cluster:				
New York State Division of Criminal Justice Services:				
State and Community Highway Safety	20.600	N/A	-	74,067
New York State Governor's Traffic Safety Committee:				
Governor's Traffic Safety Committee-Alcohol Ignition Interlock Device Monitoring	20.600	C002336	-	144,997
National Priority Safety Programs	20.616	00145-030 00169-030	-	44,635
Total Highway Safety Cluster			-	263,699
Total U.S. Department of Transportation			$ -	$ 18,149,206
U.S. Department of the Treasury				
Direct Programs:				
Equitable Sharing	21.016	N/A	$ -	$ 356,389
Total U.S. Department of the Treasury			$ -	$ 356,389

(Continued)

County of Nassau, New York
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Environment Protection Agency				
Direct Programs:				
Congressionally Mandated Projects	66.202	N/A	$ -	$ 145,785
Passed through:				
New York State Department of Health:				
Beach Monitoring and Notification Program Implementation Grants	66.472	C-029640	-	55,355
Clean Water State Revolving Fund Cluster:				
New York State Environmental Facilities Corporation:				
Village of Cedarhurst, New York:				
Capitalization Grants for Clean Water State Revolving Funds	66.458	NOT AVAILABLE	-	100,422
Disaster Relief Appropriations Act (DRAA) Hurricane Sandy Capitalization Grants for Clean Water State Revolving Funds	66.482	C1-5149-48-75 C1-5149-48-76	-	21,235,417
Total Clean Water State Revolving Fund Cluster			-	21,335,839
Total U.S. Environmental Protection Agency			$ -	$ 21,536,979
U.S. Department of Education				
Passed through:				
New York State Department of Health:				
Special Education—Grant for Infants and Families	84.181	C-31644GG	$ -	$ 697,573
Total U.S. Department of Education			$ -	$ 697,573
U.S. Election Assistance Commission				
Passed through:				
New York Board of Elections:				
Help America Vote Act Requirements Payments	90.401	C002553	$ -	$ 13,084
Total U.S. Election Assistance Commission			$ -	$ 13,084
U.S. Department of Health and Human Services				
Direct Programs:				
HIV Emergency Relief Project Grants	93.914	N/A	$ 6,097,919	$ 6,198,508
Passed through:				
Nassau Association of County and City Health Officials:				
Improving HIV Outcomes Through Collaborations	93.424	NU380T00172-04-02	-	2,071
New York State Department of Health:				
Immunization Cooperative Agreements	93.268	C-028303, C32528GG	-	69,331
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	C-31863GG	-	76,910
Maternal and Child Health Services Block Grant to the States	93.994	C-32671GG, C-30903GG	-	185,701
Medicaid Cluster:				
New York State Department of Health:				
Medical Assistance Program	93.778	NOT AVAILABLE	-	9,476,072
Total Medicaid Cluster			-	9,476,072
New York State Office of Temporary and Disability Assistance:				
Child Support Enforcement	93.563	NOT AVAILABLE	-	3,855,885
Low-Income Home Energy Assistance	93.568	NOT AVAILABLE	-	4,803,839
TANF Cluster:				
Temporary Assistance for Needy Families (TANF)	93.558	NOT AVAILABLE	-	31,251,992
Total TANF cluster			-	31,251,992

(Continued)

County of Nassau, New York
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
CCDF Cluster:				
New York State Office of Children and Family Services:				
Child Care and Development Block Grant	93.575	NOT AVAILABLE	$ -	$ 59,649,159
Total CCDF Cluster			-	59,649,159
New York State Office of Children and Family Services:				
Foster Care, Title IV-E	93.658	NOT AVAILABLE	-	6,159,998
Adoption Assistance	93.659	NOT AVAILABLE	-	1,623,955
Social Services Block Grant	93.667	NOT AVAILABLE	-	8,608,293
Chafee Foster Care Independence Program	93.674	NOT AVAILABLE	-	222,075
Health Research, INC.:				
Public Health Emergency Preparedness	93.069	1624-12, 1624-13	-	669,621
New York State Office for the Aging:				
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	NOT AVAILABLE	58,708	74,552
Medicare Enrollment Assistance Program	93.071	NOT AVAILABLE		34,057
Aging Cluster:				
Special Programs for the Aging, Title III, Part B, Grants For Supportive Services And Senior Centers	93.044	NOT AVAILABLE	1,073,592	1,148,272
Special Programs for the Aging , Title III, Part C, Nutrition Services	93.045	NOT AVAILABLE	2,373,330	2,373,330
Nutrition Services Incentive Program	93.053	NOT AVAILABLE	119,610	119,610
Total Aging Cluster			3,566,532	3,641,212
National Family Caregiver Support, Title III, Part E	93.052	NOT AVAILABLE	621,614	621,614
Affordable Care Act State Health Insurance Assistance Program (SHIP) and Aging and Disability Resource Center (ADRC) Options Counseling for Medicare-Medicaid Individuals in States with Approved Financial Alignment Models	93.626	NOT AVAILABLE	-	40,704
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	NOT AVAILABLE	-	52,310
New York State Office of Alcohol and Substance Abuse Services:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	NOT AVAILABLE	6,477,883	6,477,883
New York State Office of Mental Health:				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	NOT AVAILABLE	-	47,063
Block Grants for Community Mental Health Services	93.958	NOT AVAILABLE	1,239,331	2,194,126
Total U.S. Department of Health and Human Services			$ 18,061,987	$ 146,036,931

(Continued)

County of Nassau, New York
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Department of Homeland Security				
Direct Programs:				
Port Security Grant Program	97.056	N/A	$ -	$ 741,111
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A		773,850
Passed through:				
New York State Homeland Security and Emergency Services:				
Disaster Grants—Public Assistance (Presidentially Declared Disasters)	97.036	NOT AVAILABLE	-	67,128,384
Emergency Management Performance Grants	97.042	C971775	-	503,492
Homeland Security Grant Program	97.067	C154151, C154161, C154173, C884369, C884370, C884383, C971750, C971752, C971753, C971759, C971760, C971762, C971763, C971770, T154169, T180052, T180055	-	4,065,539
New York City Police Department:				
Securing The Cities Program	97.106	New York City Securing the Cities Agreement	-	120,373
Total Department of Homeland Security			$ -	$ 73,332,749
Total Expenditures of Federal Awards			$ 28,546,815	$ 307,018,310

See Notes to the Schedule of Expenditures of Federal Awards.

(Concluded)

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule or SEFA) includes the federal grant activity of the County of Nassau, New York (the County) under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or where applicable, cash flows of the County.

The County's reporting entity is defined in Note 1 of the County's basic financial statements. All federal awards received directly from federal agencies, as well as passed through other government agencies, are included on the Schedule, except for Nassau Community College and Nassau Health Care Corporation.

Note 2. Summary of Significant Accounting Policies

Expenditures are reported on the modified accrual basis of accounting for grants which are accounted for in the governmental fund types, except for expenditures of U.S. Department of Agriculture (School Breakfast Program, National School Lunch Program), U.S. Department of Justice (Equitable Sharing Program, State Criminal Alien Assistance Program (SCAAP)), and U.S. Department of Treasury (Equitable Sharing Program) which are reported on a cash basis.

Expenditures are reported following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments for grant awards prior to December 26, 2014 and Cost Principles for State, Local, and Indian Tribal Governments, 2 CFR Part 225 for grant awards after December 26, 2014, wherein certain types of expenditures/expenses are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3. Disaster Grants Public Assistance (Presidentially Declared Disasters) CFDA# 97.036, Hurricane Sandy Community Development Block Grant Disaster Recovery Grant (CDBG-DR) CFDA# 14.269

In 2012, the County sustained damage from Superstorm Sandy (the Storm), mainly from downed trees and floodwaters. The County's costs for emergency protective measures, debris removal and other recovery efforts reported in the SEFA for 2018 according to the Federal Emergency Management Agency (FEMA) reporting guidelines totaled $67,128,384. This is comprised of $1,435,946 of expenditures incurred in 2012, $3,088,746 in 2013, $244,254 in 2014, $320,139 in 2015, $1,464,947 in 2016, $260,070 in 2017 and $60,314,282 in 2018.

In 2014, Governor Andrew Cuomo announced that the State of New York would provide the 10% local match for entities that are in the Superstorm Sandy FEMA Public Assistance (PA) program. The funds come from the United States Department of Housing and Urban Development (HUD) Community Development Block Grant Disaster Recovery (CDBG-DR) program. These pass-through funds are administered by the Governor's Office of Storm Recovery (GOSR). GOSR committed to paying the County's local match related to Bay Park's restoration for all expenditures obligated under project worksheet (PW) # 3714. All other PW's were subject to a payment of the County's local share up to $19.6 million for FEMA obligations of $196 million.

Note 3. Disaster Grants Public Assistance (Presidentially Declared Disasters) CFDA# 97.036, Hurricane Sandy Community Development Block Grant Disaster Recovery Grant (CDBG-DR) CFDA# 14.269 (Continued)

The programs noted in the SEFA under CFDA# 14.269 – Hurricane Sandy Community Development Block Grant Disaster Recovery (CDBG-DR) provide additional funds for the construction of Bay Park Phase E3 project, the 4th and 8th Police Precinct Station Houses and various Community Reconstruction projects, which all meet HUD national objectives. These pass-through funds are also administered by the GOSR. The County has reported a total of $17,839,975 in CDBG-DR funding for fiscal year 2018 related to these projects.

Note 4. Relationship to the Basic Financial Statements

Women, Infants and Children Nutrition Program (WIC): The Schedule includes pass-through Federal Funds. The total amount reported for the WIC program (CFDA 10.557), represents the Federal Share of non-cash assistance for WIC instruments (including Special Formula Food Instruments) redeemed for cash and the Federal share of the County's administrative costs.

The amounts presented below consist of disbursements to program recipient vendors, which were drawn directly from New York State (NYS) accounts, and are not included in the County's basic financial statements.

Federal Program	CFDA Number	Direct Recipient		County		Total Federal Assistance
WIC	10.557	$ 4,518,041	(a)	$ 1,707,299	(b)	$ 6,225,340

(a) This represents non-cash assistance. The County distributed NYS Checks to the recipients.
(b) Amount represents funds passed through to the County for administrative expenditures.

Note 4. Relationship to the Basic Financial Statements (Continued)

Reconciliation of Federal Expenditures Reported in the SEFA to the CAFR:

The difference between the Federal expenditures reported in the SEFA and the County's Comprehensive Annual Financial Report (CAFR) are primarily comprised of the 2018 Women, Infants and Children Program (WIC) , of which disbursements to the program recipients or vendors, were drawn directly from NYS accounts, and are not included in the County's basic financial statements, cash reporting for some programs, accounting accrual and other reporting differences for some programs, federal revenue not required to be reported in the SEFA and FEMA/CDBG-DR reporting differences as shown in the schedule below:

Total Expenditures per Schedule of Expenditures of Federal Awards	$ 307,018,310	
Adjustments:		
Add: *Federal Amounts not required to be reported in the SEFA	8,391,591	*
Less: Accounting accruals and other adjustments	(6,397,940)	
Add: Difference in FEMA/CDBG-DR reporting for approved project worksheets vs CAFR revenue recorded in 2018 and other FEMA/CDBG-DR prior period adjustments	1,592,170	
Less: WIC	(4,518,041)	
Less: Cash basis adjustments–Asset Forfeiture	(20,259)	
Federal Aid revenue as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance of the CAFR	$ 306,065,831	

*Build America Bonds, Inmate Housing Reimbursement, Section 8 and other non reportable Federal amounts.

Disaster Relief Appropriations Act (DRAA) Hurricane Sandy Capitalization Grants for Clean Water State Revolving Funds -CFDA# 66.482: Included in the SEFA is a total amount of $ 21,235,417 in DRAA expenditures of which $7,740,077 represent prior year expenditures. The $7,740,077 is comprised of $3,013,417 of expenditures incurred in 2016 and $4,726,660 of expenditures incurred in 2017. The expenditures were not previously reported and should have been reported in 2016 and 2017, respectively.

Note 5. Federal Asset Forfeitures-Unexpended Cash Balances

The County receives funds under Federal Asset Forfeiture Programs administered by the U.S. Department of Justice and the U.S. Department of the Treasury, respectively. Unexpended cash balances on hand relating to these programs at December 31, 2018 were as follows:

Direct/Pass Through Grantor	CFDA No.	2018 Cash Balances
U.S. Department of Justice:		
Police Department	16.922	$ 5,033,149
District Attorney	16.922	1,986,400
Correctional Center	16.922	1,791,226
Total U.S. Department of Justice-Equitable Sharing Program		8,810,775
U.S. Department of Treasury:		
Police Department	21.016	18,875,607
Total U.S. Department of Treasury-Equitable Sharing		18,875,607
Total Federal Equitable Sharing and Asset Forfeiture Funds on Hand		$ 27,686,382

Note 6. Indirect Costs

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The County has elected not to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

Section I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *unmodified*

Internal control over financial reporting:

Material weaknesses identified?	X	Yes		No
Significant deficiencies identified?	X	Yes		None Reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major programs:

Material weaknesses identified?		Yes	X	No
Significant deficiencies identified?	X	Yes		None Reported

Type of auditor's report issued on compliance for major federal programs: *unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	X	Yes		No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
14.239	Home Investment Partnerships Program (HOME)
14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)
16.606	State Criminal Alien Assistance Program (SCAAP)
16.922	Equitable Sharing Program
	CWSRF Cluster:
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.482	Disaster Relief Appropriations Act (DRAA) Hurricane Sandy Capitalization Grants for Clean Water State Revolving Funds
93.563	Child Support Enforcement
93.658	Foster Care – Title IV-E
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)

Dollar threshold used to distinguish between type A and type B programs	$ 3,000,000	
Auditee qualified as low-risk auditee?	Yes __	No X

Section II. FINANCIAL STATEMENT FINDINGS

A. Internal Control over Financial Reporting

2018-001 – Material Weakness

Criteria: Per GASB codification 1100.101 “a governmental accounting system must make it possible: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance finance-related legal and contractual provisions”.

Condition: Preparing financial information is a key responsibility of management. The design and effectiveness of the processes and safeguards (internal controls) management has put in place over accounting and financial reporting is a key factor in being able to prepare financial information timely.

We observed that management has designed and implemented internal controls to help ensure financial information is captured; however, these internal controls are not operating effectively as it relates to the year-end close and financial reporting process. Internal control over financial reporting means the controls specifically designed to address risks related to financial reporting. Often, the decentralization results in transactions that may be recorded in the incorrect period. We observed that management is unable to produce year-end close information in a timely manner nor is it able to generate reports from its financial reporting system that meet its financial reporting needs.

Cause: There are two root causes 1) internal controls over the flow of information between departments for the year-end close process and 2) a financial reporting system that is old and unable to meet the County’s reporting needs.

1.) Year-End Close Process

    The County’s accounting function is decentralized amongst the almost 60 different Departments, Agencies and Offices. Each Department (there are 39) has its own accounting function and its own policies and procedures for tracking, reviewing and recording financial information. Department accountants report to their supervisors in the department. The departments can enter month 13 entries into the financial reporting system themselves until the end of January. After that, entries must be provided to the Comptroller’s Department for review and entry into the financial reporting system.

2.) Nassau Integrated Financial Systems
    The County’s financial reporting system is the Nassau Integrated Financial System (“NIFS”). NIFS captures data on a budgetary basis and is unable to produce financial information that meets the needs of the County. The County’s CAFR is prepared in accordance with Statement No. 34 of the Governmental Accounting Standards Board (GASB 34).

    In accordance with GASB 34, Government-wide financial statements, consisting of a statement of net assets and a statement of activities, are prepared using the economic resources measurement focus and the accrual basis of accounting. These statements should report all of the assets, liabilities, revenues, expenses, and gains and losses of the government. Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

    The process of converting the information from NIFS into the necessary financial statements is a manual and time-consuming process. The conversion is done through the use of “ontop” adjusting entries. Whenever elements of internal control are significantly dependent on manual operations, there is increased risk of error and substantial costs incurred.

Section II. FINANCIAL STATEMENT FINDINGS (CONTINUED)

Effect or Potential Effect: While an internal control system cannot absolutely assure that financial reports will never contain material errors or misstatements, an effective system of internal control over financial reporting can substantially reduce the risk of such misstatements and inaccuracies in the County's financial statements. During our audit, we noted uncorrected misstatements with a total net effect of ($22,703,490) on the change in net position and ($20,073,040) on ending net position for the government-wide statements. For the general fund, we noted uncorrected misstatements with a total net effect of $4,081,316 on both the change in fund balance and fund balance. For the sewer and storm water fund, we noted uncorrected misstatements with a total net effect of ($138,908) on both the change in fund balance and fund balance. For the aggregate remaining fund opinion unit, we noted uncorrected misstatements with a total net effect of ($2,418,697) on the change in fund balance and ($2,069,368) on fund balance.

Recommendation: We recommend that the department accountants adhere to their policy of preparing reconciliations and reviewing such data for accuracy before submitting to the Comptroller's office. Periodic training should be provided to the departments. We recommend that management analyze the policies and procedures being followed at each Department related to standard/common transactions in an effort to identify opportunities to maximize efficiency and consistency within the County. Further, all departments should be held accountable for adhering to the financial closing and reporting timeline. We recommend that the County hire a consultant to assist with the analysis, design and implementation of a financial reporting system that can better meet the County's reporting needs.

Views of Responsible Official and Planned Corrective Action:

Year-End Close Process: The County concurs with this finding. The County acknowledges that the decentralization of the accounting function within the County coupled with internal control deficiencies has resulted in untimely year-end close information, inconsistencies and errors in financial reporting. The Comptroller's Office will continue working with the County Administration and the County departments and agencies, to implement improvements to the current internal controls or design controls where those existing may not be operating effectively. These efforts will reinforce and emphasize the importance of the year-end deadlines and accurate financial reporting.

Nassau Integrated Financial Systems: The County concurs with this finding. The current financial system NIFS (Nassau Integrated Financial System) was implemented in 1999 and no longer meets the needs of the County. The Comptroller's Office has raised the need for a new County-wide financial system. The implementation of a new financial system will be a multi-year endeavor and an implementation date cannot be estimated at this time. This project will require capital funding and must have the buy-in and support of the Comptroller's Office, the County Executive's Office, the County Legislature, and all major departments in order to be successful. In 2018, the County Legislature approved capital funding for the evaluation phase of the ERP project. An RFP was issued in August 2019 for pre-implementation services to replace the County's current financial system, NIFS. The proposals have been received and are currently being evaluated. The County has already acquired a Peoplesoft system and is in the process of implementing the payroll and human resource modules, which is expected to go live prior to the end of this fiscal year, to replace its legacy payroll system (NUHRS).

2018-002 – Significant Deficiency

Criteria: Section 49 Code of Federal Regulations (CFR) §18.20(b)(2) and 2 CFR §200.302(b), as applicable, require that grantees have internal control procedures in place to provide reasonable assurance that reliable, accurate, and complete disclosure of the expenditures of federal awards of grants and sub-grants are presented in the SEFA.

Section II. FINANCIAL STATEMENT FINDINGS (CONTINUED)

Condition: We noted that the SEFA included a significant number of expenditures relating to fiscal years prior to 2018. The details of these amounts are included in the notes to the SEFA. The SEFA balance is required to be reconciled to the basic financial statements prepared in accordance with generally accepted accounting principles in the United States (US GAAP).

- **CFDA #66.458/66.482 – Capitalization Grants for Clean Water State Revolving Funds & Disaster Relief Appropriations Act (DRAA) Hurricane Sandy Capitalization Grants for Clean Water State Revolving Funds:** For five of 13 selections tested for CFDA #66.482, approximately $5.2M of $21.2M in expenditures were recorded in the incorrect SEFA year. These expenditures related to services provided in fiscal years 2016 ($2.7M) and 2017 ($2.5M) and therefore should have been recorded in the respective prior year SEFAs.

- **CFDA #97.083 – Staffing for Adequate, Fire, and Emergency:** Included in the 2018 SEFA is approximately $493,000 of $774,000 in total expenses which relate to fiscal year 2017 and should have been recorded in the 2017 SEFA.

Context: See “Condition” above.

Cause: Each department’s management reported certain project expenditures in the 2018 SEFA rather than in the year the expenditure was actually incurred. Grant management and reporting is not centralized within the County and is left to the individual departments. Although noted in the SEFA in the incorrect year, the amounts were appropriately recognized as revenue in the US GAAP financial statements in the appropriate years.

Effect or Potential Effect: This can result in an inaccurate amount reported in the SEFA or the disallowance of expenditures by the grantor due to lack of proper reporting.

Recommendation: We recommend that County management, in coordination with the departments follow policy and procedures to help to make certain all federally expended funds are captured timely and appropriately in the correct fiscal year in the SEFA.

Views of Responsible Official and Planned Corrective Action:

CFDA #66.482- Disaster Relief Appropriations Act (DRAA) Hurricane Sandy Capitalization Grants for Clean Water State Revolving Funds:
It was during the Comptroller’s Office request for clarification via telephone calls and e-mails with NY EFC regarding the refinancing of the EFC proceeds and timing of the disbursements for CAFR purposes that we were informed that the financings had a loan/grant component. Subsequent communication revealed that a portion of the financing (loan and grant) was under the Storm Mitigation Loan Program (SMLP) and had an associated CFDA#. To determine whether there were possible SEFA implications, we requested additional information/clarification from EFC. The EFC later provided the Comptroller’s Office with a schedule detailing the State and Federal components of the financing. This was ultimately communicated to the responsible Department.

The County will establish a new revenue sub object for EFC funds that are pass thru Federal Dollars. This will ensure that funds received under this program are properly reported. All funds received in FY2019 that have already been coded to the previously used revenue code will be re-classed via a journal entry to ensure proper reporting. This will be completed by the end of the 4th quarter 2019 (December 31, 2019).

Section II. FINANCIAL STATEMENT FINDINGS (CONTINUED)

CFDA #97.083 – Staffing for Adequate, Fire, and Emergency:
The Department of Emergency Management agrees with this finding. The grant reimburses student tuition expenses for students who successfully complete classes and meet all reimbursement requirements. To prevent over reporting expenditures to the grant, expenditures were not reported until the subsequent year when incomplete class statuses were finalized, financial aid qualifications were met, and a complete report could be obtained from the College.

Going forward the Department will obtain a report in the correct reporting period for only students with completed classes. We will make reimbursement adjustments in later periods for students with incomplete classes who finally meet the course reimbursement requirements.

2018-003 – Significant Deficiency

Criteria: Internal control over payroll to allow for the preparation of the financial statements in conformity with GAAP. Per GASB codification 1100.101 "a governmental accounting system must make it possible: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance finance-related legal and contractual provisions".

Condition: The following findings were identified:

- RSM was unable to obtain six I-9 documents, one offer letter and 11 W-4s out of 30 active employees selected for testing. The County must obtain documentation related to their employees' identity and authorization to work.

- One CS 39 report (Report of Personnel Action) was not completed timely out of 30 employee changes selected for testing. This form is a required to input, remove, or change the status of an employee in the Nassau Unified Human Resources System (NUHRS).

- The County Information Technology (IT) department sends a final transmittal of the payroll to be processed at which point all departments individually must approve their payrolls prior to release of the checks from the Treasury Department. RSM selected seven pay periods for testing and was unable to obtain 78 out of 280 department level payroll certification emails related to those seven pay periods. Additionally, the Police Department payrolls were approved by an employee who was not documented as an authorized approver.

Cause: Policies and procedures established by management are not being adhered to and previously provided recommendations related to internal control over payroll have not been addressed.

Effect or Potential Effect: Payroll transactions may be processed with errors if they are not reviewed by the necessary reviewers. Status changes that are not submitted timely could result in overpayment or underpayment to an employee.

Recommendation: We recommend that management enforce adherence to the County policy, and we recommend that management evaluate the current policy for areas of opportunity for improvement.

Views of Responsible Official and Planned Corrective Action:

The County accepts the finding regarding the missing I-9 documents, W-4 forms and one offer letter. All missing documentation involved Police Department personnel. One of the reasons for missing documentation is that PD currently does not maintain all personnel files in one central location and the

Section II. FINANCIAL STATEMENT FINDINGS (CONTINUED)

various required HR documentation may reside in multiple locations. This allows for an opportunity for documents to go missing. To remediate this issue, PD is currently engaged in consolidating all personnel files in one location, specifically PD's Benefits section. It is anticipated that the file consolidation project will be completed by the end of the 1st quarter, March 31, 2020. The County acknowledges the untimely processing of the one CS-39. The County's prior corrective action has resulted in an improvement in this process as a result of a memorandum that had been distributed on December 31, 2018 to all HR departments reminding them of the importance of timely CS-39 processing. The County will continue to remind the departments of the County's current policies.

The County accepts the finding regarding the certification of payrolls. The County's HR department will send out a memo/email to all County departments and agencies reminding them to adhere to County policies with regard to the certification of payrolls. The memo/email will be distributed prior to the end of the 2019 fiscal year.

B. Compliance Findings

No matters to report.

Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

A. Internal Control

2018- 004 Allowable Cost/Cost Principles – Internal Control

United States Department of Health and Human Services –
CFDA #93.658 – Foster Care – Title IV-E
CFDA #93.563 – Child Support Enforcement

Criteria: Uniform guidance 2 CFR part 225 establishes principles and standards for determining allowable direct and indirect costs for Federal awards and requires that non-Federal entities receiving Federal awards establish and maintain internal control to provide reasonable assurance of compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Additionally, grantees must have procedures for determining that costs for federal awards are accurate and complete.

Condition: The Department of Social Services (DSS) Employee “INTIME” timesheet was not certified by the respective supervisor within the allotted time period.

- **CFDA #93.658 –** For one of 43 selections tested, the timesheet was not certified by the respective supervisor within the allotted time period.

- **CFDA #93.563 –** For two of 60 selections tested, the timesheet was not certified by the respective supervisor within the allotted time period.

Questioned Costs: None.

Context: See “Condition” above.

Effect: The absence of a supervisor certification of an employee’s “INTIME” timesheets can result in having inaccurate personnel time charged to the grant by an employee who did not work on the respective program, or could result in hours being charged to the grant for hours not actually worked. Payroll transactions may be processed with errors (e.g. fictitious employees or overstated hours) if they are not reviewed by the necessary reviewers.

Failure to adhere to grant documentation retention requirements could result in the termination or discontinuance of program funding.

Cause: Policies and procedures established by DSS management are not being adhered to.

Recommendation: We recommend that DSS management hold a training on the importance of adhering to the policies and procedures surrounding the payroll process and adhere to such policies.

Views of Responsible Official and Planned Corrective Action:

DSS agrees with the finding. On September 12, 2019 supervisors and assistant directors were reminded, via email, that pay period certifications must be completed on a timely basis.

2018-005 Cash Management – Internal Control

United States Department of Justice -
CFDA #16.922 – Equitable Sharing Program

Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (CONTINUED)

Criteria: Federal law authorizes the Attorney General and the Secretary of the Treasury to share federally forfeited property with participating state and local law enforcement agencies. Upon asset forfeiture the fiduciary agency may submit an Equitable Sharing Request form requesting the transfer of a share of the funds associated with the forfeiture. Sharing requests may be submitted at any time following the seizure, but no later than 45 days after forfeiture. A waiver request must be included with any sharing request submitted after 45 days following the forfeiture.

Condition: Two of 10 Equitable Sharing Request Forms were not submitted within 45 days after forfeiture. Waiver requests were not included with these late submissions.

Questioned Costs: None.

Effect: Failure to comply with the Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies could adversely impact future funding.

Cause: Controls over review and submittal of Equitable Sharing Request Forms are not at the correct precision level.

Recommendation: We recommend the County enhance its' review process and follow proper procedures to ensure that personnel are cognizant of deadlines and ensure procedures are in place to minimize the time elapsing between the transfer of funds from the U.S. Treasury.

Views of Responsible Official and Planned Corrective Action:

The District Attorney's Office agrees with this finding. Occasionally the Federal Agency that seizes the assets informs us about the seizure after the 45 days to submit a sharing request has passed. At that time, they tell us to submit a waiver request. In these two instances, we were notified of the seizures after the 45 day requirement to submit a sharing request.

As of September 30, 2019, we will submit a waiver request with the sharing request when it is clear our submission is more than 45 days from the seizure.

2018-006 Eligibility – Internal Control

United States Department of Justice –
CFDA 16.606 – State Criminal Alien Assistance Program (SCAAP) –

Criteria: In section 5 of the online application for SCAAP funding, the submitting government official must provide, by direct entry into the online application, all of the following information related to correctional officers:

- The total number of *full-time "correctional officers"* employed by the *applicant government*, during the reporting period
- The total number (reported as FTEs) of *part-time "correctional officers"* employed by the *applicant government*, during the reporting period
- The total number of *full-time "correctional officers"* providing services to the applicant government as employees of *contract correctional facilities* (or as contractors), during the reporting period
- The total number (reported as FTEs) of *part-time "correctional officers"* providing services to the applicant government as employees of *"contract correctional facilities"* (or as contractors), during the reporting period
- Actual salary expenditures for correctional officers during the reporting period.

Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (CONTINUED)

Condition: During our testing of program eligibility requirements related to correctional officers (COs), we noted:

- For five of 60 selections tested, the COs were not active during the grant period
- For 24 of 60 selections tested, the salary amounts of the COs per the County's general ledger were overstated as compared to the salary amounts in the NUHRS Payroll System

Questioned Costs: Undeterminable.

Context: See "Condition" above.

Effect: The amount of SCAAP funding awarded to a local government is based upon actual correctional officer salaries and total of all inmate days. Thus, a higher number of correctional officers along with higher salaries would overstate the calculation for SCAAP federal funding to be awarded.

Cause: County employees are not adhering to the policies and procedures that require management of the Sheriff's department to submit accurate data, related to the eligibility of correctional officer's salaries, in the annual SCAAP Application.

Recommendation: We recommend that the Sheriff's Department employees adhere to the policies and procedures related to eligibility determination and that proper controls be implemented to ensure data submitted in the SCAAP application reflects the correct grant period and is free of error.

Views of Responsible Official and Planned Corrective Action:

The Correctional Center agrees with this finding.

Inactive COs - The request for payroll information was only for "Active" employees. There were four (4) individuals included in the payroll printout because they received severance payments and one (1) was hired during the relevant time period. For corrective action, as of September 30, 2019, in addition to framing the request for only "Active" employees, the Department will vet the data to ensure there are no "Inactive" employees who received monies during the time period and that the time period only covers "active" employees during the Grant period.

Salaries overstatement - The relevant time period included a contractual raise that occurred one day after the completion of the grant fiscal term. For corrective action, as of September 30, 2019, the Department will vet the data to ensure it only includes information during the grant period.

2018-007 Eligibility – Internal Control

United States Department of Health and Human Services –
CFDA #93.658 – Foster Care – Title IV-E

Criteria: An applicant must provide appropriate documentation for each of the required eligibility requirements, including certification as to the truth of the data provided in their application for each federal funded program. For the Foster Care Title IV-E, applicable requirements as authorized by Title IV-E of the Social Security Act, as amended (42 USC 670 et seq.) must be met. This includes those amendments made by the Fostering Connections to Success and Increasing Adoptions Act of 2008 (Pub. L. No. 110-351).

Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (CONTINUED)

Condition: During our testing of the program's eligibility requirements, we noted the following:

- For one of 44 selections tested, the authorization form was not signed by the respective supervisor
- For two of 44 selections tested, the authorization form was not dated by the respective supervisor.

Questioned Costs: None.

Context: See "Condition" above.

Effect: Failure to properly comply with the eligibility requirements can lead to ineligible applicants receiving assistance from the Federal Program.

Cause: County personnel did not follow policy to ensure proper supervisor approval is noted Local Departments of Social Services (LDSS) authorization forms.

Recommendation: We recommend that DSS employees adhere to the policies and procedures related to eligibility determination and the proper storage of individual data in order to document compliance with program requirements. Additionally, we recommend that DSS develop and implement controls/procedures to ensure both the Case Worker and Supervisor authorize all LDSS Authorization Forms.

Views of Responsible Official and Planned Corrective Action:

DSS agrees with the finding. On September 12, 2019 supervisors were verbally reminded that all forms requiring a supervisor's signature must be signed and dated. Additionally, a follow up email was distributed on September 13, 2019.

2018-008 Equipment and Real Property Management – Internal Control

United States Department of Justice -
CFDA #16.922 – Equitable Sharing Program

Criteria: A State or Local Agency shall use, manage, and dispose of equipment acquired under a Federal grant in accordance with laws and procedures. Equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.

Condition: Two of 24 equipment selections tested were unable to be located and thus were unable to be physically inspected at the Correctional Center.

Questioned Costs: None.

Effect: Failure to maintain proper records and adequate safeguards can lead to improper disposition and/or misappropriation of equipment purchased with federal funds.

Cause: Lack of adherence to policies and procedures related to proper maintenance of equipment.

Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (CONTINUED)

Recommendation: We recommend the County develop and follow proper procedures to ensure equipment purchased with federal funds is used, tracked, and disposed of in accordance with Equitable Sharing Program Guidelines.

Views of Responsible Official and Planned Corrective Action:

The Correctional Center agrees with this finding. The two (2) items noted were purchased several years ago and were beyond their useful life. For corrective action, The Department will ensure that the procedures which were provided to the Department and Custodians during the Comptroller's Office annual inventory are reviewed with the Asset Inventory staff at a meeting that will be held by the end of 4th quarter of 2019 (December 31, 2019).

2018-009 Reporting – Internal Control

United States Department of Homeland Security –
CFDA #97.083 – Staffing for Adequate, Fire, and Emergency

Criteria: 2 CFR Section 200.514c requires that reports are prepared accurately and completely. Reports shall be submitted timely and agree with the accounting records that support the audited financial statements (general ledger) and the SEFA. Quarterly and semi-annual interim reports shall be submitted no later than 30 days after the end of each reporting period.

Condition: One of two Quarterly Progress Reports and one of two SF-425 reports selected for testing were submitted later than 30 days after the reporting period.

Questioned Costs: None.

Effect: Failure to comply with Department of Homeland Security guidelines could adversely impact future funding.

Cause: Failure to submit the reports timely is due to a lack of precision of controls over report review and submission.

Recommendation: We recommend the County develop and follow proper procedures to ensure that personnel are cognizant of reporting deadlines and ensure all information included within the report is reviewed timely so that report submittal is not delayed.

Views of Responsible Official and Planned Corrective Action:

The Department of Emergency Management agrees with this finding. This was an oversight and reports were immediately filed when the error was recognized. The SAFER grant's reporting does not follow a regular quarterly calendar schedule. For corrective action, as of September 30, 2019, the Department will utilize newer technology to make grant management reminders more noticeable, such as audible notifications with persistence until the task is completed.

2018-010 Reporting – Internal Control

United States Development of Housing and Urban Development –
CFDA #14.239 – Home Investment Partnerships Program (HOME) –

Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (CONTINUED)

Criteria: 2 CFR Section 200.514c requires that reports are prepared accurately and completely. Reports shall be submitted timely and agree with the accounting records that support the audited financial statements (general ledger) and the SEFA. HUD guidelines require the Consolidated Annual Performance and Evaluation Report (CAPER) to be submitted within 90 days of the program year end date.

Condition: The FY2017 Consolidated Annual Performance and Evaluation Report (CAPER) for the program year end 8/31/18 was submitted on 12/4/18 which falls after the 90-day deadline of 11/30/18.
Questioned Costs: None.

Effect: Failure to comply with HUD guidelines could adversely impact future funding.

Cause: There was an IDIS system glitch during the submission process for the 2017 CAPER that caused the delay.

Recommendation: We recommend the County develop and follow proper procedures to ensure that personnel are cognizant of reporting deadlines and ensure all information included within the report is reviewed timely so that report submittal is not delayed.

Views of Responsible Official and Planned Corrective Action:

The Office of Community Development (OCD) agrees with this finding. The late submission of the 2017 CAPER was due to a computer glitch. The CAPER was completed in a timely manner and it was believed that it had been successfully submitted on Friday, November 30, 2018. However, the following week it was learned that the submission had not been successfully filed and the electronic submission was re-attempted on Tuesday, December 4, 2018, only two business days late. OCD has already implemented revisions to its program reporting so that reports are received from sub-grantees and subrecipients as projects are completed or milestones achieved. Accomplishments information is thus entered into HUD's IDIS reporting system throughout the year. This has significantly reduced the amount of work needed to gather and process end of year accomplishments data and has allowed the Office to better meet the reporting deadline. These improvements have continued through the 2018 PY and OCD fully expects to meet the upcoming CAPER submission deadline.

2018-011 Special Tests and Provisions – Internal Control

United States Department of Agriculture –
CFDA #10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) –

Criteria: Contractor will spend at least 16.67% of their expenditures on allowable nutrition education activities and 3.39% on breastfeeding promotion and support activities for each fiscal year. The New York State Department of Health Administrative Directive requires that WIC Coordinators or their designees must approve the Nutrition Services and Administration (NSA) staff entries in the application within a reasonable amount of time after the reporting month. It is best practice to review and approve entries within a month of completion.

Condition: During our testing of two quarters of NSA Time and Effort Studies, we noted that one quarter had employee timesheets that were missing approval. Within that quarter, a total of seven NSA timesheets for three out of the 17 participating employees were not approved.

Questioned Costs: None.

Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (CONTINUED)

Context: See “Condition” above.

Effect: Failure to comply with reporting requirements can result in inaccurate reporting of time and efforts as well as failure to meet the required effort percentages. This can lead to discontinuance or termination of funding from the program for lack of compliance with requirements.

Cause: Lack of supervisory review controls led to WIC employees’ time to be entered into the NSA Time and Effort program without proper review/approval during quarterly time and effort studies.

Recommendation: We recommend the County develop and implement control processes to ensure proper review of time and effort studies in order to meet the reporting requirements outlined in the grant agreement.

Views of Responsible Official and Planned Corrective Action:

The Department of Health agrees with this finding. As of September 30, 2019, for the NSA Time Effort study, the Department is able to run a report quarterly after the report is due. The Director and or Nutrition Coordinator will review the report and ensure all the time studies are approved by the time frame implicated by the NYSDOH.

B. Compliance

2018-012 Cash Management - Compliance

United States Department of Justice -
CFDA #16.922 – Equitable Sharing Program

See 2018-005 Cash Management – Internal Control

2018-013 Eligibility – Compliance

United States Department of Agriculture –
CFDA #10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

Criteria: An applicant must provide appropriate documentation for each of the required eligibility requirements, including certification as to the truth of the data provided in their application for each federal funded program. Applicants for WIC Program benefits are screened at WIC clinic sites to determine their WIC eligibility. To be certified eligible, they must meet the eligibility criteria noted in 7 CFR sections 246.7(c), (d), (e), (g), and (l).

Condition: During our testing of the program’s eligibility requirements, we were not provided with any of the required supporting documentation for one of 60 participant samples selected for testing.

Questioned Costs: None.

Context: See “Condition” above.

Effect: Failure to properly comply with the eligibility requirements can lead to ineligible applicants receiving assistance from the federal program.

Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (CONTINUED)

Cause: The participant file was unavailable for review as a result of the participant moving out of the State of New York. The data related to the WIC individual no longer resides within the WICIS System.

Recommendation: We recommend the County develop procedures to store data, which would demonstrate compliance with the requirements of the program. Proper documentation should be maintained by the Departments to substantiate eligibility of applicants.

Views of Responsible Official and Planned Corrective Action:

The participant was transferred to an out of state WIC program. As per the WIC Program Federal Guidelines once a participant is transferred intra or interstate, the agency does not have access to information documented in NYWIC. The information is transferred with the participant. In addition, the NYSDOH WIC Program also does not have access to the information requested in NYWIC once a participant is transferred out of New York State.

To correct this issue the WIC program will print out the eligibility information for clients that are transferring out of state. Once the Program gets a Verification of Certification request, they will print out and maintain documentation of eligibility. They will maintain the information for two years, beginning with the of new grant year 10/1/2019.

2018-014 Eligibility – Compliance

United States Department of Justice –
CFDA 16.606 – State Criminal Alien Assistance Program (SCAAP) –

See 2018-006 Eligibility – Internal Control

2018-015 Equipment and Real Property Management – Compliance

United States Department of Justice -
CFDA #16.922 – Equitable Sharing Program

See 2018-008 Equipment and Real Property Management – Internal Control

2018-016 Reporting – Compliance

United States Department of Homeland Security –
CFDA #97.083 – Staffing for Adequate, Fire, and Emergency

See 2018-009 Reporting – Internal Control

2018-017 Reporting – Compliance

United States Department of Housing and Urban Development –
CFDA #14.239 – Home Investment Partnerships Program (HOME) –

See 2018-010 Reporting – Internal Control

Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (CONTINUED)

2018-018 Special Tests and Provisions – Compliance

United States Department of Agriculture –
CFDA #10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) –

See 2018-011 Special Tests and Provisions – Internal Control

SECTION IV: SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINANCIAL STATEMENT FINDINGS

A. Internal Control over Financial Reporting

Finding 2017-001: Material Weakness – Internal Control over Financial Reporting

Audit Finding: Preparing reliable financial information is a key responsibility of management. The design and effectiveness of the processes and safeguards (internal controls) management has put in place over accounting and financial reporting is a key factor in being able to prepare reliable financial information timely.

We observed that the County has designed and implemented internal controls to help ensure financial information is captured; however these internal controls are not operating effectively as it relates to the year-end close and financial reporting process. Internal control over financial reporting means the controls specifically designed to address risks related to financial reporting. We observed that the County is unable to produce reliable year-end close information in a timely manner nor is it able to generate reports from its financial reporting system that meet its financial reporting needs.

Status of Finding: This finding is repeated this year as finding 2018-001. The County has acquired a system, and is in the process of implementing the payroll and human resource modules. The administration supports this important project and will work closely with the Office of the County Comptroller. This is a long-term project and will require several years to complete.

2017-002 – Material Weakness

Audit Finding: The amounts reported in the SEFA are to be reconciled to the basic financial statements prepared in accordance with generally accepted accounting principles in the United States (US GAAP). Management should have policies and procedures in place to address the completeness and accuracy of this reconciliation.

For 9 of 60 selections during single audit test work, expenditures were recorded in the incorrect SEFA year. The expenditure-related Project Worksheets were obligated in a prior year and expenditures related to services provided in fiscal year 2016, therefore expenditures should have been recorded in the FY 2016 SEFA.

Status of Finding: This is a repeat finding as a significant deficiency. See finding 2018-002.

SECTION IV: SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

2017-003 – Significant Deficiency

Audit Finding: The following findings were identified:

- Time cards were not authorized by the direct supervisor for three part-time employees out of 25 active employees selected for testing.
- RSM was unable to obtain five I-9 documents, two offer letters, three W-4s and one personnel file out of 25 active employees selected for testing.
- Three CS 39 reports were not completed timely out of 25 employee changes selected for testing.
- The County IT department sends a final transmittal of the payroll to be processed at which point all departments individually must approve their payrolls prior to release of the checks from the Treasury Department. RSM selected seven pay periods for testing and was unable to obtain 72 out of 280 department level payroll certification emails related to those seven pay periods. Additionally, the Record Management and County clerk had two payrolls and the Medical Examiner has three payrolls approved by an employee who was not documented as an authorized approver.

Status of Finding: This is a repeat finding. See finding 2018-003.

2017-004 – Significant Deficiency

Audit Finding: During testing of Other Postemployment Benefit (OPEB) Plan Census Data, there were identified discrepancies in the total number of eligible plan members as compared to prior year numbers that did not appear reasonable. The County's outside actuary then analyzed the population and determined there were approximately 7,400 missing plan members in the data provided to them. When we brought this to the attention of management and the payroll department, they agreed the population was incomplete and were able to provide an updated census data population to the outside actuary.

Status of Finding: Corrective action has been implemented.

2017-005 – Significant Deficiency

Audit Finding: Per GASB Codification Section L20 paragraph 105, "if at its inception a lease meets one or more of the following four criteria, the lease should be classified as a capital lease by the lessee. Otherwise, it should be classified as an operating lease.

a. The lease transfers ownership of the property to the lessee by the end of the lease term.

b. The lease contains a bargain purchase option.

c. The lease term is equal to 75 percent or more of the estimated economic life of the leased property.

SECTION IV: SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

d. The present value at the beginning of the lease term of the minimum lease payment, excluding that portion of the payments representing executory costs such as insurance and maintenance to be paid by the lessor, including any gain thereon, equals or exceeds 90 percent of the excess of the fair value of the lease property to the lessor at the inception of the lease…"

During the performance of the 2017 audit procedures, we identified a lease that met the requirement in paragraph 105.d, as noted above, to be recorded as a capital lease which was erroneously recorded as an operating lease.

Status of Finding: Corrective action has been implemented.

B. Compliance Findings

None

SECTION IV: SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2017-006 Allowable Cost/Cost Principles – Internal Control

United States Department of Agriculture –
CFDA #10.561 – State Administrative Matching Grant for Supplemental Nutrition Program (SNAP)

United States Department of Health and Human Services –
CFDA #93.044/ 93.045/ 93.053 – Aging Cluster
CFDA #93.778 – Medical Assistance Program (Medicaid; Title XIX)

Audit Finding: Uniform guidance 2 CFR part 225 establishes principles and standards for determining direct and indirect costs for Federal awards and requires that non-Federal entities receiving Federal awards establish and maintain internal control to provide reasonable assurance of compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Additionally, grantees must have procedures for determining that costs for federal awards are accurate and complete.

Department of Social Services (DSS) and the Department of Human Services Employee "INTIME" timesheet was not certified by the respective supervisor within the allotted time period.

- **CFDA #10.561 –** For three of 42 selections tested, the timesheet was not certified by the respective supervisor within the allotted time period.
- **CFDA #93.044/ 93.045/ 93.053 – Aging Cluster –** For two out of four selections tested, the timesheet was not certified by the respective supervisor within the allotted time period.
- **CFDA #93.778 –** For three of 40 selections tested, the timesheet was not certified by the respective supervisor within the allotted time period.

Additionally the following support was not provided for testing:

- **CFDA #10.561 –** One W-4 forms out of 42 selections tested, three I-9 forms out of 42 selections tested, and two properly signed employee applications out of 42 selections tested.
- **CFDA #93.044/ 93.045/ 93.053 – Aging Cluster –** one W-4 form out of four selections tested.
- **CFDA #93.778 –** one W-4 form out of 40 selections tested, two I-9 forms out of 40 selections tested, and one signed employee application out of 40 selections tested.

Status of Finding: This is a repeat finding based on the auditor's testing of current year programs. See finding 2018-004.

2017-007 Eligibility – Internal Control

United States Department of Health and Human Services
CFDA #93.575 – Child Care and Development Block Grant (CCDF)

Audit Finding: Agencies must have procedures in place for documenting and verifying eligibility in accordance with Federal requirements, as well as the specific eligibility requirements selected by each State/Territory/tribe in its approved Plan.

SECTION IV: SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

Authorization forms for five of 60 selections tested were not provided and for one of 60 selections tested, a required birth certificate was not provided.

Status of Finding: This is a repeat finding based on the auditor's testing of current year programs. See finding 2018-007.

2017-008/2017-011 Matching, Level of Effort, Earmarking – Internal Control and Compliance

United States Department of Housing and Urban Development –
CFDA #14.239 – Home Investment Partnerships Program (HOME)

Audit Finding: 24 CFR section 92.300 states each participating jurisdiction must invest at least 15 percent of each year's HOME allocation in projects, which are owned, developed, or sponsored by non-profit organizations, which qualify as Community Housing Development Organizations "CHDOs". If, during the first 24 months of its participation in the HOME Program, a participating jurisdiction cannot identify a sufficient number of capable CHDOs, then up to 20 percent of the minimum 15 percent set-aside (but not more than $150,000 during the 24-month period) may be made available to develop the capacity of CHDOs in the jurisdiction.

During the Program Year, Nassau County's Office of Housing and Community Development (OHCD) was unable to meet the 15 percent investment requirement, as there were no CHDO projects closed.

Status of Finding: Corrective action has been implemented.

2017-009/2017-012 Special Tests and Provisions – Internal Control and Compliance

United States Department of Housing and Urban Development –
CFDA # 14.231 – Emergency Solutions Grants Program (ESG)

Audit Finding: The recipient must pay each subrecipient for allowable costs within 30 days after receiving the subrecipient's complete payment request. This requirement also applies to each subrecipient that is a unit of a general-purpose local government.

For 11 of 11 sampled for testing, the subrecipient was not paid within the 30-day window after receiving the complete payment request.

Status of Finding: Corrective action has been implemented.

2017-010/2017-013 Special Tests and Provisions – Internal Control and Compliance

United States Department of Housing and Urban Development –
CFDA #14.239 – Home Investment Partnerships Program (HOME)

Audit Finding: During the period of affordability (i.e., the period for which the non-Federal entity must maintain subsidized housing) for HOME assisted rental housing, the participating jurisdiction must perform on-site inspections to determine compliance with property standards and verify the information submitted by the owners no less than (a) every 3 years for projects containing 1 to 4 units, (b) every 2 years for projects containing 5 to 25 units, and (c) every year for projects containing 26 or more units. The participating jurisdiction must perform on-site inspections of rental housing occupied by tenants receiving HOME-assisted tenant-based rental assistance to determine compliance with housing quality standards (24 CFR sections 92.209(i), 92.251(f), and 92.504(d)).

SECTION IV: SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

Housing quality standard inspections were not performed for seven of 60 selections sampled.

Status of Finding: Corrective action has been implemented.