



NASSAU COUNTY
LONG ISLAND, NEW YORK

COUNTY OF NASSAU, NEW YORK

**Financial Statements
And Supplementary Information
(Together with Independent Auditors' Report)**

December 31, 2020

and

**Single Audit Reports and Schedule as Required by the
Office of Management and Budget
Uniform Guidance**

Year Ended December 31, 2020

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

COUNTY OF NASSAU, NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020 TABLE OF CONTENTS

<u>FINANCIAL SECTION</u>	Exhibit	Page
Independent Auditors' Report		1
Management's Discussion and Analysis		5
 BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements:		
Statement of Net Position (Deficit) - December 31, 2020	X-1	26
Statement of Activities - for the year ended December 31, 2020	X-2	28
Fund Financial Statements:		
Governmental Funds - Balance Sheet - December 31, 2020.....	X-3	29
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position - December 31, 2020	X-4	30
Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances - for the year ended December 31, 2020	X-5	31
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, 2020	X-6	32
Statement of Revenues, Expenditures and Changes in Fund Balances - Total Budgetary Authority, Actual and Budgetary Basis:		
General Fund - for the year ended December 31, 2020	X-7	33
Police District Fund - for the year ended December 31, 2020.....	X-8	34
Sewer and Storm Water District Fund - for the year ended December 31, 2020	X-9	35
Statement of Fiduciary Net Position - December 31, 2020.....	X-10	36
Statement of Changes in Fiduciary Net Position - December 31, 2020	X-11	37
Statement of Net Position (Deficit) - All Discretely Presented Component Units - Proprietary - December 31, 2020	X-12	38
Statement of Activities - All Discretely Presented Component Units - Proprietary - for the year ended December 31, 2020	X-13	40

COUNTY OF NASSAU, NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020 TABLE OF CONTENTS

	Exhibit	Page
<u>FINANCIAL SECTION (CONTINUED)</u>		
BASIC FINANCIAL STATEMENTS (CONTINUED)		
Notes to Financial Statements	X-14	
1. Summary of Significant Accounting Policies.....		41
2. Control Period Calculation.....		69
3. Deposits and Investments		72
4. Fair Value Measurement.....		73
5. Due from Other Governments		75
6. Tax Sale Certificates.....		75
7. Tax Real Estate Held for Sale.....		75
8. Interfund Receivables, Payables and Transfers		76
9. Deferred Outflows/Inflows of Resources		77
10. Capital Assets		79
11. Leases		83
12. Notes Payable and Long-Term Obligations.....		85
13. Refinancing of Long-Term Obligations		109
14. Pension Plans		109
15. Reconciliation of GAAP Fund Balances to Budgetary Basis (unaudited)		124
16. Fund Balances.....		125
17. Other Postemployment Benefits		126
18. Accumulated Vacation and Sick Leave Entitlements		131
19. Deferred Payroll		132
20. Tax Abatement Disclosure		132
21. Contingencies and Commitments		135
22. Subsequent Events		149
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of Changes in the County’s Total Other Postemployment Benefit Liability and Related Ratios.....	X-15	154
Schedule of Contributions NYSLRS Pension Plan	X-16	155
Schedule of Proportionate Share of the Net Pension Liability - NYSLRS Pension Plan.....	X-17	156
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES		
<u>NONMAJOR GOVERNMENTAL FUNDS</u>		
Combining Balance Sheet - December 31, 2020	A-1	157
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - for the year ended December 31, 2020.....	A-2	158
COMBINING STATEMENT OF NET POSITION AND ACTIVITIES		
<u>NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS – PROPRIETARY</u>		
Combining Statement of Net Position – December 31, 2020	A-3	159
Combining Statement of Activities – for the year ended December 31, 2020.....	A-4	160

COUNTY OF NASSAU, NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020 TABLE OF CONTENTS

	Exhibit	Page
<u>FINANCIAL SECTION (CONTINUED)</u>		
OTHER SUPPLEMENTARY INFORMATION		
<u>MAJOR GOVERNMENTAL FUNDS</u>		
Comparative Schedule of Actual Revenues vs. Modified Budget - General Fund - for the year ended December 31, 2020	B-1	161
Comparative Schedule of Actual Expenditures vs. Total Budgetary Authority - General Fund - for the year ended December 31, 2020.....	B-2	166
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, 2020	B-3	177
Sewer and Storm Water District Fund - for the year ended December 31, 2020	B-4	178
Disputed Assessment Fund - for the year ended December 31, 2020.....	B-5	179
<u>NONMAJOR GOVERNMENTAL FUNDS</u>		
Schedule of Expenditures by County Departments and Offices Total Budgetary Authority and Actual - Grant Fund - for the year ended December 31, 2020	B-6	180
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, 2020.....	B-7	181
Schedule of Expenditures by County Departments and Offices Total Budgetary Authority and Actual - FEMA Fund - for the year ended December 31, 2020.....	B-8	182
Schedule of Expenditures by County Departments and Offices Total Budgetary Authority and Actual - COVID Fund - for the year ended December 31, 2020.....	B-9	183
Combining Balance Sheet - General Fund - December 31, 2020.....	B-10	184
Combining Schedule of Revenues, Expenditures and Changes In Fund Balances - General Fund - for the year ended December 31, 2020.....	B-11	186
<u>CAPITAL ASSETS</u>		
Capital Assets Used in the Operation of Governmental Funds by Function - For the year ended December 31, 2020	C-1	188
Statement of Changes in Capital Assets by Function – December 31, 2020.....	C-2	189

COUNTY OF NASSAU, NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020 TABLE OF CONTENTS

FINANCIAL SECTION (CONTINUED)

	Exhibit	Page
<u>CASH IN BANKS</u>		
Statement of Cash in Banks - All Funds of the Primary Government - December 31, 2020.....	E-1	192

FINANCIAL SCHEDULES (pursuant to NIFA resolutions)

Control Period Calculation Schedule - December 31, 2020.....	F-1	193
Control Period Calculation Schedule - Historical Data.....	F-2	194

INTERNAL CONTROL AND COMPLIANCE

Independent Auditor’s 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.....		195
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Required by the Uniform Guidance.....		197
Schedule of Expenditures of Federal Awards.....		200
Notes to Schedule of Expenditures of Federal Awards.....		204
Schedule of Findings and Questioned Costs.....		208
I. Summary of Independent Auditors’ Results.....		208
II. Financial Statement Findings.....		209
III. Federal Award Findings and Questioned Costs for Federal Awards.....		210
IV. Summary Schedule of Prior Audit Findings.....		212
Corrective Action Plan.....		213

INDEPENDENT AUDITORS' REPORT

To the Honorable Laura Curran, Nassau County Executive,
the Honorable Jack Schnirman, Nassau County Comptroller
and the Members of the Legislature of the 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, 2020, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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.

We did not audit the financial statements of certain component units of the County as disclosed in Note 1 to the financial statements, which represent approximately 2%, 4% and 2%, respectively, of the assets, net position and revenues of the governmental activities, and approximately 99%, 99%, 99%, 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 such component units, is based solely on the reports of the other auditors.

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 County'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 financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2020, and the respective changes in financial position, and the respective budgetary comparison for the 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 the Nassau County Interim Finance Authority ("NIFA"). Our opinions are not modified with respect to this matter.

Uncertainty Regarding Going Concern

The report of the independent auditor of Nassau Health Care Corporation ("NHCC"), a discretely presented component unit of the County, 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 and the schedules included under required supplementary information in the accompanying table of contents 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.

Supplementary and 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 financial statements and schedules, combining statement of net position and activities and other supplementary information, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, combining statement of net position and activities and other supplementary information are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated June 30, 2021 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 the 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, 2020, 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 is free from material misstatement, whether due to fraud or error.

Auditors' 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 County'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, 2020 as determined in accordance with the reporting provisions of the Contract.

Emphasis of Matter

Basis of Accounting

We draw attention to Note 2 to 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

The information presented in Exhibit F-2, Control Period Calculation Schedule – Historical Data, for the years ended December 31, 2018, 2017 and 2016 were subjected to the auditing procedures applied in the December 31, 2018, 2017 and 2016 audits of the Schedule by other auditors, whose report stated it was fairly stated in all material respects with the audited Schedule from which it has been derived.

The information presented in Exhibit F-2, Control Period Calculation Schedule – Historical Data, for the years ended December 31, 2013 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.



New York, NY
June 30, 2021

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSIONS AND ANALYSIS YEAR ENDED DECEMBER 31, 2020



MANAGEMENT'S DISCUSSION AND ANALYSIS

Nassau County's (the "County") Comprehensive Annual Financial Report ("Annual Financial Report") 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, 2020 and 2019. 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. The NIFA Act was amended on April 3, 2020 as a part of New York State's 2021 budget and extended NIFA's authority to issue bonds through December 31, 2021.

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 and pay its debt service costs required for each fiscal year before any residual sales tax 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. Based on an agreement with NIFA, the County is required to report annual results excluding certain other financing sources. For further details of NIFA's authority, and how the County reports results in conformity with the agreement with NIFA, 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 Annual Financial 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. Exhibits X-10 and X-11 are examples of fiduciary fund financial statements.

The remaining statements in the Annual Financial Report 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. Exhibits X-3 and X-5 are examples of governmental fund financial statements.

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. The fiduciary funds employ the *economic resources measurement focus* and accrual basis of accounting.

The notes to the basic financial statements provide essential information for the understanding of these financial statements and offer a clear and demonstrable relationship to information in the financial statements.

FINANCIAL HIGHLIGHTS

Governmental Funds

The County ended the 2020 fiscal year with a total GAAP surplus of \$15.9 million in all its governmental funds, both operating and non-operating, a decrease of \$134.8 million from the prior year. The surplus of \$15.9 million was comprised of:

- \$128.1 million surplus attributed to the County's operating funds defined as the General Fund (\$40.0 million surplus), the Police District Fund (\$63.2 million surplus) and the Sewer and Storm Water Fund (\$24.9 million surplus), a decline over 2019 by \$17.2 million; and



- \$112.2 million deficit attributed to the remaining funds, both major and non-major, a decline over 2019 by \$117.6 million, primarily due to the Capital Fund decrease of \$117.3 million.

Factors contributing to the governmental funds' GAAP surplus of \$15.9 million were primarily driven by a moderate increase in revenues and lower expenditures than the prior year. The factors included:

- Higher revenues in Federal Aid, primarily due to funds received through the Coronavirus Aid Relief and Economic Security (CARES) Act;
- Debt service savings due to lower interest payments on long-term serial bond debt and bond anticipation notes, the deferral of NIFA's debt service principal payment of \$75.0 million by one year, and lower cost of issuance expenditures that were the result of no serial bonds issued by the County in 2020; and
- Lower expenditures in the Social Services and Health Departments, bonded payments related to Tax Certiorari - and Other miscellaneous categories.

These positive variances were partially offset due to COVID-19 by:

- Lower Countywide Sales Tax and Preempted Sales Tax revenue, approximately 8% from the adopted budget;
- Fines and Forfeitures were less than the prior year primarily in Red Light Camera, Public Safety and Fine revenues;
- Lower State Aid revenues due to State withholding reimbursements;
- Lower OTB Video Lottery Terminal (VLT) revenues; and
- Lower Rents and Recoveries revenues due to rent relief granted as a result of the COVID-19 pandemic.

The ending GAAP fund balance for all governmental funds was \$634.1 million, up from \$618.2 million at 2019 fiscal year-end. Of the 2020 year-end balance:

- \$345.0 million is attributed to the operating funds;¹
 - \$237.4 million is attributed to the General Fund;
 - \$82.4 million to the Police District Fund; and
 - \$25.2 million to the Sewer and Storm Water Resources District Fund ("Sewer and Storm Water Fund").

The Capital Fund and the Disputed Assessment Fund's ("DAF") ending fund balances were \$181.3 million and \$6.9 million, respectively, and the remainder of \$100.9 million is comprised of the ending fund balances in multiple nonmajor funds and the NIFA fund.

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

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSIONS AND ANALYSIS YEAR ENDED DECEMBER 31, 2020



The County adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Funds*, (GASB Statement No. 84) in its 2020 Annual Financial Report. Statement No. 84 required the reclassification of certain asset and liability balances previously reported in the County's Fiduciary Fund to be included in the County's governmental funds based on new definitions of what represents fiduciary assets. GASB Statement No. 84 also required that the adoption of the Statement be applied retroactively, and therefore, 2019 balances affected by the adoption were restated. Both total assets and total liabilities for all governmental funds increased by \$8.9 million with no effect on 2019 fund balance.

Total assets for all governmental funds increased by \$208.4 million (when compared to restated 2019 balances), primarily due to a decrease of cash in the Capital Fund of \$100.0 million as no new long-term bonds were issued by the County in 2020, which was offset by an increase in cash in the General Fund of \$16.5 million primarily attributed to the adoption of GASB Statement No. 84. Interfund Receivables (which were offset by an equal increase in Interfund Payables) and Due from Other Governments of \$169.5 million and \$73.7 million, respectively all increased over the prior year.

Total liabilities for the governmental funds increased by \$196.6 million (when compared to restated 2019 balances), primarily due to an increase in Accrued Liabilities of \$181.7 million; an increase in Interfund Payables of \$169.5 million; and Revenue Anticipation Notes Payable of \$88.2 million, which is offset by a decrease in Tax Anticipation Notes Payable of \$219.4 million and Accounts Payable of \$31.4 million.

For the three operating funds only, total assets and liabilities, including deferred inflows of resources, were \$1,117.8 million and \$772.8 million, respectively. This represents an increase in assets of \$242.5 million and an increase in liabilities and deferred inflows of resources of \$114.4 million over the prior year.

The 2020 results demonstrate that the County successfully navigated the fiscal challenges presented by the COVID-19 pandemic, with CARES funding and, without having to utilize fund balance, and ended the year with an increase to the overall fund balance.

ANALYSIS OF GOVERNMENT- WIDE FINANCIAL STATEMENTS FOR 2020

Government-Wide

The County's net deficit, on a government-wide basis in accordance with GAAP, was \$8.2 billion, which represented an increase of \$373.2 million in the net deficit over fiscal year 2019's balance of \$7.9 billion.

There are two government-wide financial statements: The *Statement of Net Position (Deficit)* and the *Statement of Activities*. The Statement of Net Position (Deficit) 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.



It should be noted that unrestricted net asset deficits may be created because many governments have long-term liabilities that are funded on a pay-as-you-go basis, appropriating resources each year as payments come due, rather than accumulating assets in advance. Common examples include judgments and claims, termination pay and other postemployment benefits.

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 (Deficit)

The Statement of Net Position (Deficit) for the 2020 fiscal year reports a deficit balance of \$8.2 billion in net position. Table 1 illustrates that the County's net deficit increased by \$373.2 million during 2020 when compared to the 2019 net deficit.

The adoption by the County of GASB Statement No. 84 in its 2020 Annual Financial report required the retroactive application of the Statement to the prior year, therefore, the 2019 governmental funds and the government-wide balances impacted by the Statement were restated in this Annual Financial Report. For 2019, the balances reported in Table 1, Condensed Statement of Net Position, have been restated to reflect the adoption of the Statement. Current Assets and Current Liabilities in Table 1 each increased by \$8.9 million with no effect on net position of the primary government.

Total assets increased by \$143.3million primarily due to an increase in capital assets, and an increase due from other governments, which is offset by a decrease in prepaid expenses, as the County did not prepay its 2021 pension invoices. Deferred outflows of resources increased by \$857.5 million mainly due to the increase in liabilities for other postemployment benefits ("OPEB") and net pension as a result of the GASB Statement No. 75 and GASB Statement No. 68 valuations, respectively.

Total liabilities increased by \$1.8 billion primarily due to an increase of approximately \$1.1 billion in the OPEB liability over 2019. Other drivers of the increase in liabilities include: \$649.2 million related to net pension liability; \$104.6 million in the estimated liability for workers' compensation that was the result of implementing an actuarial valuation for this liability; and an increase in the estimated liability for litigation and malpractice of \$116.0 million. These increases were offset primarily by the decrease in



serial bonds outstanding of \$183.7 million, representing maturities for the fiscal year. Deferred inflows of resources also decreased by \$420.0 million primarily due to the deferred inflow related to OPEB.

	Total Primary Governmental Activities		Change
	2020	2019*	
Current and Other Assets	\$ 1,732.4	\$ 1,694.7	\$ 37.7
Capital Assets	3,603.4	3,497.8	105.6
Total Assets	<u>5,335.8</u>	<u>5,192.5</u>	<u>143.3</u>
Total Deferred Outflows of Resources	<u>1,738.5</u>	<u>881.0</u>	<u>857.5</u>
Current and Other Liabilities	1,557.6	1,500.8	56.8
Long-Term Liabilities	12,898.0	11,160.7	1,737.3
Total Liabilities	<u>14,455.6</u>	<u>12,661.5</u>	<u>1,794.1</u>
Total Deferred Inflows of Resources	<u>861.0</u>	<u>1,281.0</u>	<u>(420.0)</u>
Net Investment in Capital Assets	2,561.5	2,402.9	158.6
Restricted	116.2	110.9	5.3
Unrestricted	(10,920.0)	(10,382.9)	(537.1)
Total Net Position (Deficit)	<u>\$ (8,242.3)</u>	<u>\$ (7,869.1)</u>	<u>\$ (373.2)</u>

* restated for the adoption of GASB Statement No. 84

The County has \$2.6 billion invested in its capital assets, recorded at acquisition cost, net of accumulated depreciation and amortization, 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 (Deficit) shows a deficit balance of \$8.2 billion in net position as of December 31, 2020 and an unrestricted net deficit of \$10.9 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.

The County has been determined to be responsible under the applicable laws 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, referred to as the County Guarantee. 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, 2020, \$510.5 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 liability on the Statement of Net Position (Deficit). See Note 12, Notes Payable and Long-term Obligations and Note 21B Contingencies and Commitments *Tax Certioraris*.

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.

In 2018, State legislation amended the DAF law. As such, amounts raised for the DAF in 2019 and subsequent years are not restricted to payment of refunds by parcel and tax year.

The County began collecting the DAF charge from commercial property owners in 2017, and as of fiscal year-end 2020, has approximately \$204.7 million considered deposits held for future payments in the DAF. Refund payments from the DAF commenced in 2018. Approximately \$20.1 million in property tax refunds to taxpayers were paid from the DAF in 2020, resulting in a total of \$66.1 million in refunds paid since inception of the charge.

The Statement of Activities

The Statement of Activities for the fiscal year that ended December 31, 2020 details the decrease in the County’s net worth from 2019 to 2020. Table 2 summarizes the changes in the County’s net position.

Several factors impacted the County’s net worth. They include:

- A decrease in Sales Tax (Countywide and Preempted Sales Tax in Lieu of Property Taxes), which was due to the impact of COVID-19.
- Program Revenue attributed to Operating Grants of \$554.9 million increased from the prior year by \$55.9 million. The increase is mainly due to Federal Aid funds received under the CARES Act, which was offset by a decrease in State Aid revenue due to reimbursement withholdings. Protection of Persons and Public Works reported an increase in revenues of \$90.6 million and \$16.3



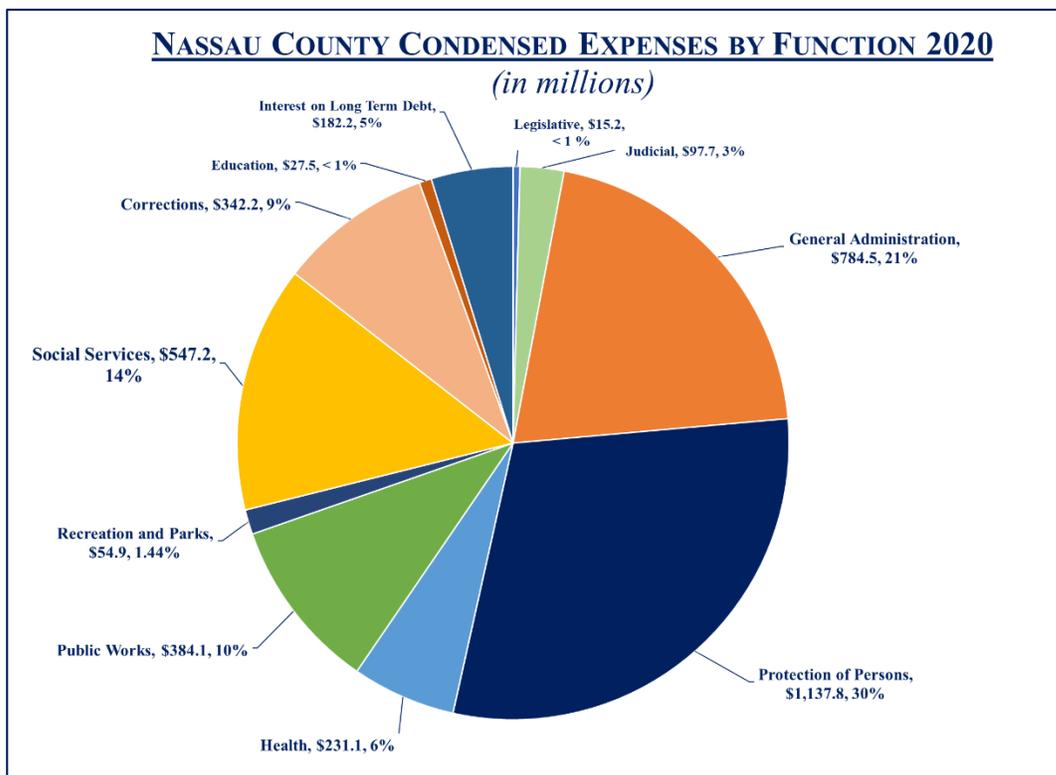
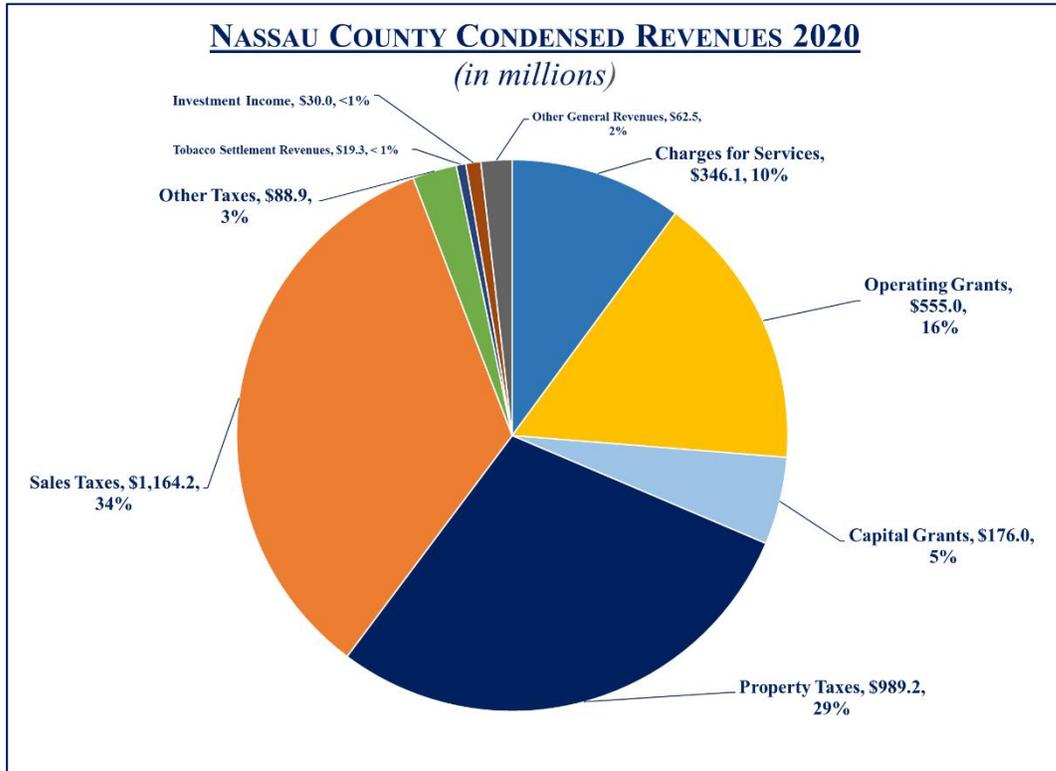
million, respectively, which was offset by a decrease in revenues in Health of \$24.4 million and Social Services of \$29.0 million.

- Program Revenues attributed to Capital Grants and Contributions revenue increased by \$99.3 million due to an increase in State Aid received for capital projects including sewer projects.
- Program Revenues attributed to Charges for Services declined \$86.8 million primarily due to the impact of COVID-19 closures. The decrease in revenues is reported primarily in Fines and Forfeits under Judicial of \$28.4 million and Protection of Persons of \$14.0 million attributed to the Public Safety Fee. Also, a decrease in revenue is reported under General Administration related to Rents and Recoveries of \$16.1 million and a decrease of \$21.3 million is reported for Departmental Revenue under Public Works.
- Total Expenses increased over 2019 by \$509.8 million.
 - General Administration expenses increased by \$224.9 million due to factors including an increase in pension expense of \$17.9 million under GASB Statement No. 68. The remainder of this variance is related to the increase in the long-term obligations, such as the workers' compensation liability of \$104.6 million, which increased due in part to the completion of a formal actuarial valuation; the estimated tax certiorari payable liability, which increased \$36.2 million, and the increase in the estimated liability for litigation, which increased \$116.0 million.
 - Protection of Persons expenses increased by \$230.4 million primarily due the expense related to the OPEB liability under GASB Statement No. 75, and an increase in the pension expense related to the increase in the net pension liability under GASB Statement No. 68.
 - Correction expenses increased by \$73.4 million primarily due to the expense related to the OPEB liability under GASB Statement No. 75, and an increase in the pension expense related to the increase in the net pension liability under GASB Statement No. 68.
 - Social Services expenses decreased by \$28.6 million primarily due to a reduction in Medicaid expenses. This decrease would have been greater, however, there was an increase in expense related to the OPEB liability under GASB Statement No.75 and an increased pension liability under GASB Statement No. 68.

COUNTY OF NASSAU, NEW YORK
MANAGEMENT'S DISCUSSIONS AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020



	2020	2019	Change
Revenues			
Program Revenues			
Charges for Services	\$ 346.1	\$ 432.9	\$ (86.8)
Operating Grants	555.0	499.0	56.0
Capital Grants	176.0	76.6	99.4
General Revenues			
Property Taxes	989.2	970.5	18.7
Sales Taxes	1,164.2	1,242.2	(78.0)
Other Taxes	88.9	94.5	(5.6)
Tobacco Settlement Revenues	19.3	16.9	2.4
Investment Income	30.0	43.8	(13.8)
Other General Revenues	62.5	65.0	(2.5)
Total Revenues	<u>3,431.2</u>	<u>3,441.4</u>	<u>(10.2)</u>
Expenses			
Legislative	15.2	13.1	2.1
Judicial	97.7	82.2	15.5
General Administration	784.5	559.6	224.9
Protection of Persons	1,137.8	907.3	230.5
Health	231.1	238.1	(7.0)
Public Works	384.1	386.9	(2.8)
Recreation and Parks	54.9	52.9	2.0
Social Services	547.2	575.9	(28.7)
Corrections	342.2	268.7	73.5
Education	27.5	14.6	12.9
Interest on Long Term Debt	182.2	195.3	(13.1)
Total Expenses	<u>3,804.4</u>	<u>3,294.6</u>	<u>509.8</u>
Increase (Decrease) in Net Position (Deficit)	<u>(373.2)</u>	<u>146.8</u>	<u>(520.0)</u>
Net Position (Deficit) Beginning	<u>(7,869.1)</u>	<u>(8,015.9)</u>	<u>146.8</u>
Net Position (Deficit) Ending	<u>\$ (8,242.3)</u>	<u>\$ (7,869.1)</u>	<u>\$ (373.2)</u>





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, which have different tax bases:

- the General Fund;
- the Police District Fund; and
- the Sewer and Storm Water Fund.

For reporting purposes, the General Fund includes several funds that are managed separately but reported on a GAAP basis, as part of the General Fund:

- the Fire Prevention and Safety 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, the Environmental Protection Fund, the Grant Fund, the FEMA Fund, the Capital Project Fund, the Disputed Assessment Fund and the COVID-19 Fund ("COV"), which was established in 2020.



General Fund Budget Variances

The County ended the 2020 fiscal year with a General Fund ending fund balance of \$259.2 million on a budgetary basis, up from \$246.6 million as of fiscal year-end 2019, an increase of \$12.6 million. The County's surplus is comprised of a number of variances from the originally adopted budget.

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

In its governmental funds, the County ended the 2020 fiscal year with a GAAP surplus of \$40.0 million in the General Fund, down from a \$130.4 million surplus as of the end of the prior fiscal year. The difference between the General Fund's budgetary surplus of \$12.6 million (excluding appropriated fund balance of \$4.0 million), and the reporting surplus of \$40.0 million is primarily due to:

- adjustments required to eliminate the effect of encumbrances that cross fiscal years;
- the recognition of expenditures incurred by not paid in the fiscal year;
- an adjustment to pension contributions to match the actual time period covered; and
- the adjustment for revenue receivables that have not been collected within the County's period of availability (see Note 1 for explanation of the County's period of availability).

Original Budget versus Total Budgetary Authority

The original budget (adopted budget) was modified as a result of receiving Federal funding through the Coronavirus Aid, Relief and Economic Security (CARES) Act, which was used to reimburse the County for pandemic-related costs.

- The General Fund's original budgeted revenues of \$2,749.5 million were modified by \$0.3 million to \$2,749.8 million. The modifications were due to increases in Human Services State Aid (\$0.3 million).
- The General Fund's original budgeted expenditures of \$2,761.0 million were modified by \$20.3 million to \$2,740.7 million during the fiscal year. An increase in General Administration costs of \$23.0 million and an increase in Health of \$3.2 million was offset by a decrease in Protection of Persons costs of \$22.8 million, a decrease in Corrections costs of \$6.2 million, a decrease of Social Services costs of \$13.5 million, and a combined decrease of \$4.0 million in Public Works, Recreations and Parks and Other costs.
- The General Fund's original budget for Other Financing Sources and Uses was modified from a net use of \$79.7 million to a net use of \$80.5 million, a change of \$0.8 million.



Variations of Total Budgetary Authority to Actual on a Budgetary Basis

The variances discussed below are a comparison of total budgetary authority to actual on a budgetary basis as shown on Exhibit X-7.

General Fund Revenues

In general, most County revenue streams were negatively impacted by the COVID-19 pandemic.

- *Sales Tax:*
 - Countywide Sales Tax revenues (which exclude Preempted Sales Tax in Lieu of Property Taxes) and including the NIFA Fund, were \$79.7 million lower than the modified budget. This was the result of the impact of the COVID-19 pandemic and associated State stay at home orders on spending.
 - A portion of the actual receipts appears in the NIFA Fund since it draws County Sales Tax to pay County related debt service. Countywide Sales Tax reported in the General Fund was \$155.9 million under budget (see Exhibit X-7) offset by \$76.3 million reported in the NIFA Fund in the financial statements.
- *Fines and Forfeitures:*
 - Revenues were below budget by \$45.8 million, primarily due to the impact of COVID-19.
 - Traffic Violation Bureau revenues related to Red Light Cameras, Traffic Violations and Boot & Tow fees were lower (\$29.3 million).
 - Public safety fees were \$14.2 million lower than budgeted.
 - Consumer Affairs and other Departmental Revenues were lower by approximately \$2.3 million.
- *State Aid:*
 - Revenues were below budget by \$30.4 million, primarily due to the delayed start of programs due to COVID-19 and withholding of State reimbursements.
 - The County received less in State Operating Assistance (STOA) (\$10.8 million), which was used to fund the County's bus system.
 - Lower Other Programs Aid (\$10.8 million).
 - Lower Raise the Age funding (\$4.5 million).
 - Lower Early Intervention Services (\$4.3 million).
- *Departmental Revenue:*
 - Reported revenue was \$28.8 million less than budgeted primarily due to business and public amenity closures due to COVID-19.



- Public Works revenue related to NICE bus farebox declined by \$21.1 million.
- Fees revenue collected by Recreation and Parks, Police, Probation, Fire Commission and Other Departments declined by a total of \$19.3 million. These shortfalls were offset by \$8.5 million of higher mortgage recording fees in the Clerk's Office, and \$3.1 million of higher welfare receipts revenue in the Social Services Department.
- *Interdepartmental and Interfund revenues* were reported \$19.8 million under budget due to a decline in shared services revenue between departments.
- *Rents and Recoveries* were \$13.0 million under budget. This was primarily related to lower rental collections due to rent relief granted to the Coliseum operator as a result of the COVID-19 pandemic.
- *Federal Aid* revenues were over budget by \$14.2 million primarily due to COVID-19 Relief funding received from the Federal Transportation Authority of \$33.1 million for bus operations, which is offset by a decrease in reimbursement towards ADC assistance of \$11.7 million; lower pass through Federal Funds of \$1.0 million; and lower Federal aid reimbursement of \$3.2 million.
- *Payments in Lieu of Taxes (PILOTS)* were over budget by \$2.8 million due to higher than budgeted PILOT receivables from the Nassau County Industrial Development Agency and LIPA.
- *Interest and Penalties on Taxes* were \$2.6 million less than budgeted mainly due to lower listing fee revenue (\$2.4 million).
- *Interest Income* was \$3.9 million under budget due to a lower interest rate environment in 2020.
- *License and Permit* revenues were \$1.8 million under budget due to the effects of the COVID-19 pandemic shutdowns.
- *Special Taxes* were \$3.2 million under budget due to lower revenues collected for off-track betting and hotel-motel taxes as a result of the COVID-19 pandemic.
- *Other Revenues* were \$9.5 million under budget due to lower than budgeted actual revenues due to COVID-19 pandemic shutdowns.

General Fund Expenditures

Various departments, agencies and offices within the County saw reductions to their budgets due to qualifying expenditures transferred to the COV Fund.

- *General Administration expenditures* were under budget by \$45.3 million primarily due to lower salaries and fringe expenditures (\$19.0 million); lower



- contractual obligations (\$14.0 million); lower general expenditures (\$5.4 million); and lower utility costs (\$3.2 million);
- *Social Services expenditures were under budget by \$41.2 million* primarily due to lower salaries expenditures (\$8.9 million); lower recipient grants (\$8.0 million) due to lower Safety Net & TANF expenditures; lower purchased services (\$8.0 million); lower interdepartmental charges (\$5.7 million); combined lower expenditures in contractual services, and emergency vendor payments and general expenses (\$10.6 million).
 - *Corrections expenditures were under budget by \$11.5 million* primarily due to lower salaries cost of (\$9.5 million); lower than budgeted interfund charges (\$0.8 million;) lower combined expenditures for general expense, contractual cost, and equipment (\$1.2 million).
 - *Public Works expenditures were under budget by \$15.2 million* when compared to total budgetary authority. This is primarily due to lower-than-expected contractual expenditures and obligations (\$6.8 million); lower salary costs (\$3.5 million); lower general expenditures (\$1.5 million); and lower interfund charges (\$3.0 million).
 - *Protection of Persons expenditures were under budget by \$25.2 million* primarily due to lower fringe benefits (\$13.4 million); lower contractual costs (\$2.0 million); lower salaries (\$3.1 million); lower interfund charges (\$4.1 million); lower general expenses (\$0.7 million) and lower utilities (\$1.2 million). Approximately \$33.7 million of expenditures were transferred to the COV Fund, which resulted in the lower expenditures than budget.
 - *Health expenditures were under budget by \$13.1 million* related primarily due to lower than budgeted Early Intervention costs (\$4.8 million); lower interdepartmental charges (\$3.3 million); lower salaries (\$3.1 million); and lower contractual expenditure costs (\$1.0 million).
 - *Debt Service expenditures were underbudget by \$20.0 million* primarily due to lower interest on debt (\$16.8 million) and lower cost of issuance expenditures (\$2.0 million).
 - *Judicial expenditures were underbudget by \$6.5 million* primarily due to lower contractual obligations (\$2.1 million) and combined savings from salaries (\$4.0 million).
 - *Recreation and Parks expenditures were under budget by \$5.9 million* primarily due to lower salaries (\$3.5 million) and contractual obligations (\$1.3 million) and combined savings in general expenditures and equipment combined (\$1.1 million.)
 - *Aid to Towns and Cities, Suits and Damages and Other Expenditures were underbudget by \$15.0 million* primarily due to lower claims and judgments expenditures for litigation (\$1.4 million); lower miscellaneous expenditures (\$9.9 million); and lower Aid to Town and Cities due to lower sales tax revenues received (\$3.7 million).



- *Education expenditures were underbudget by \$2.5 million* primarily due to lower expenditures for the State School Tuitions.
- *Other Financing Uses - Transfers Out* were \$131.7 million under budget 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 Countywide Sales Tax for the General Fund.

Fund Balance of the Major Governmental Funds

	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, 2018	\$ 67.0	\$ (4.0)	\$ 8.6	\$ 283.4	\$ 2.1	\$ 357.1
Add: 2019 Revenues	2,576.0	425.0	144.2	80.7	5.3	3,231.2
Less: 2019 Expenditures	2,562.1	399.4	107.1	213.4	-	3,282.0
2019 Other financing sources, net	116.5	(2.4)	(45.4)	147.9	(1.6)	215.0
Fund Balance, as of December 31, 2019	197.4	19.2	0.3	298.6	5.8	521.3
Add: 2020 Revenues	2,421.2	414.5	167.2	101.8	1.5	3,106.2
Less: 2020 Expenditures	2,436.5	350.5	103.7	199.3	-	3,090.0
2020 Other financing sources, net	55.3	(0.8)	(38.6)	(19.8)	(0.4)	(4.3)
Fund Balance, as of December 31, 2020	\$ 237.4	\$ 82.4	\$ 25.2	\$ 181.3	\$ 6.9	\$ 533.2

* not including blended component units

Table 3 shows accumulated fund balance in the County’s major governmental funds (excluding the blended component units) totaled \$533.2 million at the end of 2020. The primary changes were as follows:

Total fund balance in the General Fund increased \$40.0 million from \$197.4 million to \$237.4 million.

- This increase is primarily due to assistance of CARES Act funding to cover eligible costs related to the COVID-19 pandemic, lower debt service and lower spending in Social Services, Corrections, Health and Protection of Persons.
- These positive variances were offset by lower revenues in State Aid, Departmental Revenue, and Fines and Forfeitures, primarily due to the COVID-19 shutdown.

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSIONS AND ANALYSIS YEAR ENDED DECEMBER 31, 2020



Total fund balance in the Police District Fund improved by \$63.2 million, from \$19.2 million to \$82.4 million.

- The improvement is primarily due to CARES Act funding that covered public safety costs, which were transferred from the Police District Fund to the COV fund.

Total fund balance in the Capital Fund declined \$117.3 million, from \$298.6 million to \$181.3 million.

- The decline is primarily the result the County not issuing serial bonds in 2020.

Total fund balance in the Sewer and Storm Water Fund increased by \$24.9 million, from \$0.3 million to \$25.2 million.

- The improvement is primarily the result of an increase in inter-governmental revenues, lower expenditures than budgeted, and the collection of outstanding receivables.

CAPITAL INVESTMENTS

The difference between the \$199.3 million detailed in Table 4, Capital Improvements 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, Capital Assets, to the financial statements.

During the 2020 fiscal year, the County had the following outlays related to the County's capital projects: \$75.4 million in sewer district improvements and upgrades (designated with an * in Table 4 below), \$26.4 million in public safety projects, \$48.4 million in roads, \$10.2 million in buildings, and \$7.9 million in infrastructure-related improvements (** this amount does not include any capital outlays related to NCC). The County made capital improvements during 2020 in the following areas:



Project Category	Amount
Building Consolidation Plan	\$ 0.4
Buildings	10.2
Environmental Bond Act	1.5
Equipment	2.5
Infrastructure**	7.9
Parks	7.9
Public Safety	26.4
Roads	48.4
Technology	7.3
Traffic	9.4
Transportation	2.0
Collection *	15.9
Disposal *	57.7
Storm Water *	1.8
	\$ 199.3
* Total \$75.4 million in sewer district improvements and upgrades	

DEBT

As of December 31, 2020, the par value of County's serial bond debt was \$2.4 billion and \$0.9 billion for the blended component units, NIFA, the Nassau County Sewer & Storm Water Finance Authority ("NCSSWFA") and the Nassau County Tobacco Settlement Corporation ("NCTSC"). The combined \$3.2 billion in outstanding long-term debt (excluding accreted interest) as of December 31, 2020 decreased by approximately \$183.7 million compared to the combined long-term debt outstanding as of December 31, 2019 due to scheduled maturities, the deferment of a NIFA principal payment, and no new County serial bonds issued in 2020. Of the \$3.2 billion debt outstanding, \$2.8 billion is recourse debt to the County and the balance of \$399.2 million is recourse only to NCTSC.

The County provides a direct-pay guarantee of \$156.4 million outstanding from the refunding and new money debt issued in October 2004 and refunded in April 2009 by NHCC.

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			Balance December 31, 2020
	January 1, 2020	Additions	Reductions	
General Obligation County Bonds	\$ 2,409,526	\$ -	\$ 118,680	\$ 2,290,846
Sewage Purpose Bonds	-	-	-	-
SRF Revenue Bonds	80,446		9,664	70,782
Total Serial Bonds - County	2,489,972	-	128,344	2,361,628
NIFA Sales Tax Secured Bonds	411,979		42,231	369,748
Sewer Financing Authority	111,525		11,795	99,730
Tobacco Settlement Asset Backed Bonds	400,537		1,290	399,247
Total Serial Bonds - Blended Component Units	924,041		55,316	868,725
Total Serial Bonds	3,414,013	-	183,660	3,230,353
Accreted interest - Tobacco Settlement Asset Backed Bonds	84,958	8,704	-	93,662
Total Serial Bonds and Accreted Interest	\$ 3,498,971	\$ 8,704	\$ 183,660	\$ 3,324,015

During 2020, the County did not issue any new long-term debt but the County, NIFA, NCTSC and NCSSWFA had total maturities in 2020 of \$183.7 million combined; a decrease of \$67.7 million from the prior year primarily due to savings associated with principal on NIFA debt that was to mature in 2020 but was deferred to 2021 and subsequently refinanced. See Note 22, Subsequent Events.

The County issued short-term debt during 2020. The outstanding \$219.4 million of Tax Anticipation Notes (“TANs”) Series A and Series B from 2019 that were used to finance the cash flow of the County’s operations matured on March 16, 2020 and September 14, 2020, respectively. TANs are issued in anticipation of receipt by the County of real property taxes to be levied for the following year. There were no outstanding TANs as of December 2020. The County also issued \$75.4 million of Bond Anticipation Notes (“BANs”) 2020 Series A in a private placement with Bank of America, N.A. The 2020 Series A BANs were issued to finance the payments of the maturing 2019 Series A BANs, which were issued in June 2019 and matured in June 2020. The 2019 BANs were issued to finance various sewer system improvements and other capital projects.

The County issued a total of \$286.3 million of Revenue Anticipation Notes (“RANs”): \$79.5 million 2020 Series A, \$118.6 million 2020 Series B and \$88.2 million 2020 Series C, all of which were used to finance the cash flow of the County’s operations. As of December 31, 2020, only the 2020 Series C RAN of \$88.2 million was outstanding.

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSIONS AND ANALYSIS YEAR ENDED DECEMBER 31, 2020



In 2019, the short-term EFC Clean Water Facility Note 2018A was converted into two long-term financings in the amounts of \$13.5 million and \$19.0 million. The \$13.5 million bond included \$9.7 million in new money which is held by EFC. The County received \$2.8 million in drawdowns from the new money in 2019 and an additional \$0.9 million in 2020. The outstanding new money held by EFC as of December 31, 2020 was \$6.0 million and is reported as Cash Held with Fiscal Agent in the County's Statement of Net Position (Deficit). In 2020, the County drew \$2.8 million from the E.F.C. Clean Water Facility Note – 2015A dated December 10, 2015 with a maturity of December 10, 2021.

NASSAU COUNTY'S CREDIT RATING

The County's debt ratings at December 31, 2020 were as follows:

- Moody's Investors Service: *A2 (stable outlook)*;
- S&P Global Ratings: *A+ (stable outlook)*; and
- Fitch Ratings: *A (negative outlook)*.

The County's short-term debt is rated SP-1+ by S&P Global Ratings.

In March 2021, Moody's Investor Service ratings was changed from A2 (stable outlook) to A2 (positive outlook).

BASIC FINANCIAL STATEMENTS

EXHIBIT X-1**COUNTY OF NASSAU, NEW YORK****STATEMENT OF NET POSITION (DEFICIT)
DECEMBER 31, 2020 (Dollars in Thousands)**

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component</u> <u>Units</u>
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 787,871	\$ 261,139
Investments	2,493	173
Restricted Cash and Cash Equivalents	204,228	527
Restricted Certificate of Deposit	20,000	
Restricted Investments	44,976	62,735
Cash Held by Fiscal Agent	6,021	
Sales Tax Receivable	127,400	
Student Accounts and Loans Receivable		10,363
Less Allowance for Doubtful Accounts		(7,195)
Due from Primary Government		36,219
Due from Other Governments	297,932	7,534
Less Allowance for Doubtful Accounts	(19,825)	
Other Receivables		46,844
Accounts Receivable	72,235	918,414
Less Allowance for Doubtful Accounts		(882,456)
Real Property Taxes Receivable	93,018	
Less Allowance for Doubtful Accounts	(7,787)	
Disputed Assessment Fund Collections Receivable	64	
Due from Component Unit	57,231	
Inventories		12,093
Prepays	3,722	10,273
Other Assets	831	4,615
Total Current Assets	<u>1,690,410</u>	<u>481,278</u>
NON CURRENT ASSETS:		
Restricted Cash and Cash Equivalents		2,738
Restricted Investments	22,278	9,159
Receivable - Service Concession Agreements	3,896	
Due from Component Unit	6,000	
Property Held for Sale		522
Net Pension Asset		
Capital Assets Not Being Depreciated	1,454,980	22,487
Depreciable Capital Assets	4,722,610	1,099,194
Less Accumulated Depreciation	(2,574,236)	(763,574)
Deposits Held in Custody for Others		3
Tax Sale Certificates	3,450	
Tax Real Estate Held for Sale	6,386	
Other Assets		<u>34,832</u>
Total Non Current Assets	<u>3,645,364</u>	<u>405,361</u>
Total Assets	<u>5,335,774</u>	<u>886,639</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	59,055	28,810
Accumulated decrease in fair value of hedging activities	10,931	-
Pensions	585,919	155,538
Other postemployment benefits	1,082,623	177,253
Total Deferred Outflows of Resources	<u>\$ 1,738,528</u>	<u>\$ 361,601</u>

EXHIBIT X-1**COUNTY OF NASSAU, NEW YORK****STATEMENT OF NET POSITION (DEFICIT)****DECEMBER 31, 2020 (Dollars in Thousands)**

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component</u> <u>Units</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Liabilities	\$ 445,083	\$ 264,659
Payable to Investment Broker - investment purchase	14,737	
Bond Anticipation Notes Payable	75,425	
Retainage Payable	12,914	
Revenue Anticipation Notes Payable	88,205	
Unearned Revenue	90,083	14,161
Property Tax Refund Payable	31,403	
Due to Primary Government		4,861
Due to Component Units		
Due to Other Governments	36,204	
Accrued Interest Payable	39,237	613
Current Portion of Long Term Liabilities	562,251	63,454
Disputed Assessment Fund Deposits Held	97,836	
Estimated Tax Certiorari Liability related to Disputed Assessment Fund	29,913	
Other Liabilities - Current	34,329	111,075
Total Current Liabilities	<u>1,557,620</u>	<u>462,541</u>
NON CURRENT LIABILITIES:		
Accounts Payable and Accrued Liabilities		5,452
Due to Primary Government		11,837
Bond Anticipation Notes Payable	2,795	
Notes Payable		6,255
Derivative Instruments - Interest Rate Swaps	10,931	21,806
Bonds Payable, Net of Deferred Bond Premium/Discount (Net of Amortization)	3,295,807	148,642
Liability to Third-Party Payors, net		59,826
Accrued Liabilities - Term Pay		7,359
Accrued Vacation and Sick Pay	412,663	128,093
Due to Other Governments		682
Due to City of Glen Cove	38	
Deferred Payroll	47,190	
Estimated Workers' Compensation Liability	318,175	
Estimated Tax Certiorari Liability	514,425	
Estimated Liability for Litigation	580,399	75,834
Capital Lease Obligations	74,412	
Pollution Remediation Liability	5,990	
Deposits Held in Custody for Others		3
Insurance Reserve Liability		2,113
Contractual Liability due to Nassau Health Care Corporation	243,740	
Due to New York State Retirement System	161,863	
Net Pension Liability	918,259	225,965
Total OPEB Liability	6,311,284	1,233,990
Other Liabilities - Non Current		598
Total Non Current Liabilities	<u>12,897,971</u>	<u>1,928,455</u>
Total Liabilities	<u>14,455,591</u>	<u>2,390,996</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Gain on Refundings	13,361	
Property Taxes - Part County Sales Tax Offset	1,923	
Mitchel Field - Sale of Future Rental Revenue	26,146	
Pensions	21,527	8,600
Service Concession Agreements	58,400	5,014
Other postemployment benefits	739,704	125,077
Total Deferred Inflows of Resources	<u>861,061</u>	<u>138,691</u>
NET POSITION (DEFICIT)		
Net Investment in Capital Assets	2,561,432	291,048
Restricted:		
Nassau Health Care Corporation - Health Services		1,402
Nassau Community College - Scholarships and Other		3,588
Capital Projects	2,912	
Debt Service	89,929	15
Open Space	1,804	
General Administration	3,460	
Judgements and Settlements	6,880	
Health	2,727	
Public Works	4,745	
Various Purposes	611	427
FEMA - Public Works	2,635	
COVID	525	
Unrestricted	(10,920,010)	(1,577,927)
Total Net Position (Deficit)	<u>\$ (8,242,350)</u>	<u>\$ (1,281,447)</u>

See accompanying notes to financial statements.

(Concluded)

EXHIBIT X-2**COUNTY OF NASSAU, NEW YORK****STATEMENT OF ACTIVITIES****FOR THE YEAR ENDED DECEMBER 31, 2020 (Dollars in Thousands)**

<u>Functions/Programs</u>					<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Program Revenues</u>			<u>Primary Governmental Activities</u>	<u>Component Units</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>		
Primary Government:						
Legislative	\$ 15,237	\$	\$	\$	\$ (15,237)	
Judicial	97,720	44,687	4,690		(48,343)	
General Administration	784,506	116,721	42,676	63,740	(561,369)	
Protection of Persons	1,137,741	63,868	98,109		(975,764)	
Health	231,071	13,509	119,509		(98,053)	
Public Works	384,108	49,229	104,648	112,228	(118,003)	
Recreation and Parks	54,893	18,668	37		(36,188)	
Social Services	547,232	22,999	175,776		(348,457)	
Corrections	342,184	2,212	9,545		(330,427)	
Education	27,495	14,237			(13,258)	
Interest on Long -Term Debt	182,218				(182,218)	
Total Primary Government	\$ 3,804,405	\$ 346,130	\$ 554,990	\$ 175,968	\$ (2,727,317)	
Component Units	\$ 1,016,159	\$ 674,256	\$ 58,439	\$ 4,265		\$ (279,199)
General Revenues:						
Taxes:						
Property Taxes					\$ 989,206	
Sales Taxes					1,164,165	
Other Taxes					88,852	
Federal, State and Local Appropriations						108,919
Tobacco Settlement Revenue and Tobacco Receipts					19,361	
Investment Income					30,032	2,410
Gain on Sale of Real Property						91
Other					62,492	8,649
Royalty Income						17,999
Total General Revenues					2,354,108	138,068
Change in Net Position (Deficit)					(373,209)	(141,131)
Net Position (Deficit) - Beginning					(7,869,141)	(1,140,316)
Net Position (Deficit) - Ending					\$ (8,242,350)	\$ (1,281,447)

See accompanying notes to financial statements.

EXHIBIT X-3**COUNTY OF NASSAU, NEW YORK****GOVERNMENTAL FUNDS****BALANCE SHEET****DECEMBER 31, 2020 (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
ASSETS:								
Cash and Cash Equivalents	\$ 293,149	\$ 768	\$ 22,304	\$ 47,287	\$ 309,684	\$	\$ 114,679	\$ 787,871
Investments							2,493	2,493
Cash with Fiscal Agent					6,021			6,021
Restricted Cash and Cash Equivalents						204,217	11	204,228
Restricted Certificate of Deposit						20,000		20,000
Restricted Investments							67,254	67,254
Sales Tax Receivable	4,522	122,878						127,400
Interest Receivable							14	14
Due from Other Governments	187,147			7,441	62,482		40,862	297,932
Less Allowance for Doubtful Accounts	(13,111)			(6,714)				(19,825)
Accounts Receivable	53,221		121	18,576			303	72,221
Real Property Taxes Receivable	93,018							93,018
Less Allowance for Doubtful Accounts	(7,787)							(7,787)
Disputed Assessment Fund Collections Receivable						64		64
Tax Sale Certificates	3,450							3,450
Tax Real Estate Held for Sale	6,386							6,386
Other Receivables								
Interfund Receivables	228,793	3	114,139	9,763	258		29,879	382,835
Due from Component Units	52,138				2,712			54,850
Prepays	3,430	63	187	8			34	3,722
Other Assets	299		79	3	208		242	831
TOTAL ASSETS	\$ 904,655	\$ 123,712	\$ 136,830	\$ 76,364	\$ 381,365	\$ 224,281	\$ 255,771	\$ 2,102,978
LIABILITIES:								
Accounts Payable	\$ 59,514	\$	\$ 540	\$ 1,006	\$ 18,656	\$	\$ 7,482	\$ 87,198
Accrued Liabilities	238,140	56	42,510	2,218	40,864	12,270	15,662	351,720
Payable to Investment Broker - investment purchase							14,737	14,737
Bond Anticipation Notes Payable					75,425			75,425
Revenue Anticipation Notes Payable	88,205							88,205
Unearned Revenue	16,293				14,549		59,241	90,083
Property Tax Refund Payable	31,403							31,403
Interfund Payables	107,911	122,528	7,348	36,110	50,541	429	57,968	382,835
Due to Component Units	35,734						470	36,204
Disputed Assessment Fund Deposits Held						204,702		204,702
Other Liabilities	29,783		3,917	345			284	34,329
Total Liabilities	606,983	122,584	54,315	39,679	200,035	217,401	155,844	1,396,841
DEFERRED INFLOWS OF RESOURCES:								
Unavailable Revenue - Rents & Recoveries and Other	2,233		121	11,472			180	14,006
Unavailable Revenue - Property Taxes	29,949							29,949
Property Taxes - Part County Sales Tax Offset	1,923							1,923
Mitchel Field - Sale of Future Rental Revenue	26,146							26,146
Total Deferred Inflows of Resources	60,251		121	11,472			180	72,024
FUND BALANCE (DEFICIT):								
Fund Balances (Deficit):								
Nonspendable	9,429	63	187	8			34	9,721
Spendable:								
Restricted	7,253				2,912	6,880	99,183	116,228
Committed	37,072		6,273		178,418		148	221,911
Assigned	99,515	1,065	75,934	25,205			382	202,101
Unassigned	84,152							84,152
Total Fund Balance (Deficit)	237,421	1,128	82,394	25,213	181,330	6,880	99,747	634,113
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	\$ 904,655	\$ 123,712	\$ 136,830	\$ 76,364	\$ 381,365	\$ 224,281	\$ 255,771	\$ 2,102,978

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, 2020 (Dollars in Thousands)**

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

Total fund balances - governmental funds	\$ 634,113
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation	3,603,354
Assets that are not available resources and, therefore, are not reported in the funds:	
Due from component unit	8,381
Receivable - service concession agreements	3,896
Deferred outflows of resources not reported in governmental funds:	
Deferred loss on refunding	59,055
Pensions	585,919
Other postemployment benefits	1,082,623
Other assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	43,955
Deferred inflows of resources not recorded in the governmental funds:	
Deferred gain on refunding	(13,361)
Pensions	(21,527)
Service concession agreements	(58,400)
Other postemployment benefits	(739,704)
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	(387,669)
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	(58,316)
Current portion of long-term liabilities	(562,251)
Bonds payable	(2,908,138)
Due to New York State Employees' Retirement System	(161,863)
Net pension liability	(918,259)
Total OPEB Liability	(6,311,284)
Other long-term liabilities	<u>(2,122,874)</u>
Net position (deficit) of governmental activities	<u>\$ (8,242,350)</u>

See accompanying notes to financial statements.

EXHIBIT X-5**COUNTY OF NASSAU, NEW YORK****GOVERNMENTAL FUNDS****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****FOR THE YEAR ENDED DECEMBER 31, 2020 (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	\$ 431,519	\$	\$ 390,090	\$ 149,333	\$	\$ 429	\$ 10,726	\$ 982,097
Payments in Lieu of Taxes	34,510		16,758	8,152				59,420
Preempted Sales Tax in Lieu of Property Taxes	82,556							82,556
Interest and Penalties on Taxes	34,277							34,277
Sales Tax	1,005,345	76,264						1,081,609
Tobacco Settlement Revenue and Tobacco Receipts							19,361	19,361
Special Taxes	29,153				227		279	29,432
Departmental Revenue	199,411		2,378	794			3,251	206,061
Interest Income	1,423	281	59	183	1,851	1,043	836	5,676
Licenses and Permits	12,280		3,888	1,266				17,434
Fines and Forfeitures	66,016		902				923	67,841
Rents and Recoveries	21,479		68	4,456			212	26,215
Interdepartmental Revenues	88,964		405					89,369
Interfund Revenues	8,488						128	8,616
Intergovernmental Charges				2,989				2,989
Other Revenues	54,931						2,189	57,120
State Aid	194,247	517			35,691		46,111	276,566
Federal Aid	156,647			5	64,046		155,275	375,973
Total Revenues	2,421,246	77,062	414,548	167,178	101,815	1,472	239,291	3,422,612
EXPENDITURES:								
Current:								
Legislative	12,946							12,946
Judicial	79,291							82,735
General Administration	311,457	3,179					3,444	354,478
Protection of Persons	454,787		350,512				100,519	905,818
Health	175,412						49,316	224,728
Public Works	184,786			93,082			1,613	279,481
Recreation and Parks	33,505						2,705	36,210
Social Services	518,000						18,699	536,699
Corrections	259,102						4,457	263,559
Education	14,343							14,343
Bonded Payments for Tax Certiorari	30							30
Aid to Towns and Cities	71,344							71,344
Suits and Damages	28,602							28,602
Other	46,651							46,651
Capital Outlay:								
General					123,876			123,876
Sewage Districts					75,379			75,379
Education								
Debt Service:								
Principal	118,680			9,664			55,316	183,660
Interest	126,879			916			40,446	168,241
Bond Issuance Costs	687							687
Total Expenditures	2,436,502	3,179	350,512	103,662	199,255		316,357	3,409,467
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(15,256)	73,883	64,036	63,516	(97,440)	1,472	(77,066)	13,145
OTHER FINANCING SOURCES (USES):								
Transfers In	54,671			7,543			2,095	64,309
Transfers Out	(2,094)		(823)	(29,197)	(20,806)	(429)	(10,960)	(64,309)
Transfers In of Investment Income	1,754			97				1,851
Transfers Out of Investment Income					(1,851)			(1,851)
Transfers In from NIFA		68,897					141,618	211,442
Transfers Out to NIFA	927	(142,539)					(68,903)	(211,442)
Transfers In from NCSSWFA				140,120			174,556	314,676
Transfers Out to NCSSWFA				(157,185)			(157,491)	(314,676)
Transfers In from NCTSC							135	135
Transfers Out to NCTSC							(135)	(135)
Issuance of Debt					2,795			2,795
Premium on Bonds								0
Total Other Financing Sources (Uses)	55,258	(73,642)	(823)	(38,622)	(19,862)	(429)	80,915	2,795
NET CHANGE IN FUND BALANCE (DEFICIT)	40,002	241	63,213	24,894	(117,302)	1,043	3,849	15,940
TOTAL FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	197,419	887	19,181	319	298,632	5,837	95,898	618,173
TOTAL FUND BALANCE AT END OF YEAR	\$ 237,421	\$ 1,128	\$ 82,394	\$ 25,213	\$ 181,330	\$ 6,880	\$ 99,747	\$ 634,113

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, 2020 (Dollars in Thousands)**

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

Net change in fund balance - total governmental funds \$ 15,940

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	283,846	
Depreciation expense	(173,325)	
Other	<u>(4,964)</u>	105,557

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

Deferred outflows of resources	859,256	
Other assets	<u>(1,183)</u>	858,073

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

4,147

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	(1,103,685)	
Net pension liability	(649,219)	
Change in accrued interest payable and accrued expenses	3,652	
Deferred inflows of resources	411,704	
Change in other long-term liabilities	<u>(215,612)</u>	(1,553,160)

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	24,073	
Change in accreted interest	(8,704)	
Proceeds from sales of bonds	(2,795)	
Principal payments of bonds	<u>183,660</u>	196,234

Change in net position - governmental activities \$ (373,209)

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, 2020 (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	\$ 438,325	\$ 438,325	\$ 431,519	\$	\$ 431,519	\$ (6,806)
Payments in Lieu of Taxes	31,126	31,126	34,510	(558)	33,952	2,826
Preempted Sales Tax in Lieu of Property Taxes	108,401	108,401	82,556		82,556	(25,845)
Interest and Penalties on Taxes	36,913	36,913	34,277		34,277	(2,636)
Sales Tax	1,161,263	1,161,263	1,005,345		1,005,345	(155,918)
Special Taxes	32,398	32,398	29,153	6	29,159	(3,239)
Departmental Revenue	227,150	227,150	199,411	(1,107)	198,304	(28,846)
Interest Income	5,375	5,375	1,423		1,423	(3,952)
Licenses and Permits	14,112	14,112	12,280		12,280	(1,832)
Fines and Forfeitures	111,795	111,795	66,016		66,016	(45,779)
Rents and Recoveries	33,459	33,459	21,479	(1,050)	20,429	(13,030)
Interdepartmental Revenues	108,011	108,011	88,964		88,964	(19,047)
Interfund Revenues	9,224	9,224	8,488	(15)	8,473	(751)
Other Revenues	65,309	65,309	54,931	848	55,779	(9,530)
State Aid	224,276	224,624	194,247		194,247	(30,377)
Federal Aid	142,405	142,405	156,647		156,647	14,242
Total Revenues	2,749,542	2,749,890	2,421,246	(1,876)	2,419,370	(330,520)
Expenditures:						
Current:						
Legislative	16,307	16,116	12,946	2,564	15,510	606
Judicial	92,992	92,046	79,291	6,296	85,587	6,459
General Administration	354,758	377,771	311,457	21,060	332,517	45,254
Protection of Persons	507,274	484,517	454,787	4,543	459,330	25,187
Health	195,290	198,466	175,412	9,949	185,361	13,105
Public Works	218,883	217,692	184,786	17,755	202,541	15,151
Recreation and Parks	42,146	41,331	33,505	1,972	35,477	5,854
Social Services	594,273	580,768	518,000	21,544	539,544	41,224
Corrections	291,474	285,309	259,102	14,662	273,764	11,545
Education	16,856	16,856	14,343		14,343	2,513
Bonded Payments for Tax Certiorari			30	(30)		
Aid to Towns and Cities	75,066	75,066	71,344		71,344	3,722
Suits and Damages	30,000	30,000	28,602		28,602	1,398
Other	59,395	58,507	46,651	1,954	48,605	9,902
Total Current	2,494,714	2,474,445	2,190,256	102,269	2,292,525	181,920
Debt Service:						
Principal	119,870	119,870	118,680		118,680	1,190
Interest	143,699	143,699	126,879		126,879	16,820
Bond Issuance Costs	2,700	2,700	687		687	2,013
Total Debt Service	266,269	266,269	246,246		246,246	20,023
Total Expenditures	2,760,983	2,740,714	2,436,502	102,269	2,538,771	201,943
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,441)	9,176	(15,256)	(104,145)	(119,401)	(128,577)
Other Financing Sources (Uses):						
Transfers In	47,855	47,855	54,671	(30)	54,641	6,786
Transfers Out	(132,968)	(133,804)	(2,094)		(2,094)	131,710
Transfers In of Investment Income	2,760	2,760	1,754		1,754	(1,006)
Transfer In from NIFA	1,440	1,440	927		927	(513)
Transfers Out to NIFA						
Premium on Bonds	1,200	1,200				(1,200)
Total Other Financing Sources (Uses)	(79,713)	(80,549)	55,258	(30)	55,228	135,777
Net Change in Fund Balance	(91,154)	(71,373)	40,002	(104,175)	(64,173)	7,200
Fund Balance at Beginning of Year	91,154	71,373	197,419	125,963	323,382	252,009
Fund Balance at End of Year	\$	\$	\$ 237,421	\$ 21,788	\$ 259,209	\$ 259,209

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, 2020 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 15)	Actual on a Budgetary Basis	Variance Positive (Negative)
<u>Revenues:</u>						
Property Taxes	\$ 390,093	\$ 390,093	\$ 390,090	\$	\$ 390,090	\$ (3)
Payments in Lieu of Taxes	16,758	16,758	16,758		16,758	
Departmental Revenue	2,731	2,731	2,378		2,378	(353)
Interest Income	150	150	59		59	(91)
Licenses and Permits	4,629	4,629	3,888		3,888	(741)
Fines and Forfeits	1,356	1,356	902		902	(454)
Rents and Recoveries			68	122	190	190
Interdepartmental Revenue	150	150	405	(1)	404	254
Total Revenues	415,867	415,867	414,548	121	414,669	(1,198)
<u>Expenditures:</u>						
Current:						
Protection of Persons	416,388	416,388	350,512	1,565	352,077	64,311
Total Expenditures	416,388	416,388	350,512	1,565	352,077	64,311
Excess (Deficiency) of Revenues Over (Under) Expenditures	(521)	(521)	64,036	(1,444)	62,592	63,113
<u>Other Financing Sources (Uses):</u>						
Transfers In						
Transfer Out	(841)	(841)	(823)		(823)	18
Total Other Financing Sources (Uses)	(841)	(841)	(823)		(823)	18
Net Change in Fund Balance (Deficit)	(1,362)	(1,362)	63,213	(1,444)	61,769	63,131
Fund Balance (Deficit) at Beginning of Year	1,362	1,362	19,181	29,245	48,426	47,064
Fund Balance (Deficit) at End of Year	\$	\$	\$ 82,394	\$ 27,801	\$ 110,195	\$ 110,195

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 AND STORM WATER DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020 (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	\$	\$	\$ 149,333	\$	\$ 149,333	\$ 149,333
Payments in Lieu of Taxes			8,152	(299)	7,853	7,853
Departmental Revenue	1,253	1,253	794	612	1,406	153
Intergovernmental Charges			2,989		2,989	2,989
Interest Income	100	100	183		183	83
Licenses and Permits	1,455	1,455	1,266	(92)	1,174	(281)
Rents and Recoveries	4,240	4,240	4,456	(1,581)	2,875	(1,365)
Federal Aid			5		5	5
Total Revenues	7,048	7,048	167,178	(1,360)	165,818	158,770
Expenditures:						
Current:						
Public Works	108,652	109,564	93,082	3,296	96,378	13,186
Debt Service:						
Principal	8,895	10,050	9,664		9,664	386
Interest	2,589	1,434	916		916	518
Total Expenditures	120,136	121,048	103,662	3,296	106,958	14,090
Excess (Deficiency) of Revenues Over (Under) Expenditures	(113,088)	(114,000)	63,516	(4,656)	58,860	172,860
Other Financing Sources (Uses):						
Transfers In			7,543		7,543	7,543
Transfers Out	(35,257)	(35,257)	(29,197)		(29,197)	6,060
Transfers In of Investment Income	100	100	97		97	(3)
Transfer Out to NCSSWFA			(157,185)		(157,185)	(157,185)
Transfer In from NCSSWFA	138,842	138,842	140,120		140,120	1,278
Total Other Financing Sources (Uses)	103,685	103,685	(38,622)		(38,622)	(142,307)
Net Change in Fund Balance	(9,403)	(10,315)	24,894	(4,656)	20,238	30,553
Fund Balance at Beginning of Year	9,403	10,315	319	13,874	14,193	3,878
Fund Balance at End of Year	\$	\$	\$ 25,213	\$ 9,218	\$ 34,431	\$ 34,431

See accompanying notes to financial statements.

EXHIBIT X-10

COUNTY OF NASSAU, NEW YORK

**STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2020 (Dollars in Thousands)**

Custodial Fund

ASSETS:

Cash	\$ 83,471
Other Assets	17

TOTAL ASSETS	<u>83,488</u>
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LIABILITIES:

Accounts Payable	7,517
Due To Component Unit	4,897
Due To Local Governments	16,174
Taxes Due To Other Governments	14,571
Due to Others	40,329

TOTAL LIABILITIES	<u>83,488</u>
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<u>FIDUCIARY NET POSITION</u>	<u><u>\$</u></u>
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See accompanying notes to financial statements.

EXHIBIT X-11

COUNTY OF NASSAU, NEW YORK

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2020 (Dollars in Thousands)**

Custodial Fund

ADDITIONS

Collections:

Funds Held for Others	\$ 61,448
Funds Held for Other Governments	183,469
Taxes Collected and Due To Other Governments	<u>111,788</u>
Total Collections	356,705

Investment Earnings:

Interest Income	<u>97</u>
Total Additions	<u>356,802</u>

DEDUCTIONS

Payments and Distributions:

Funds Held for Others	62,570
Funds Held for Other Governments	184,150
Taxes Collected and Due To Other Governments	<u>110,082</u>
Total Payments and Distributions	<u>356,802</u>
Total Deductions	<u>356,802</u>

CHANGE IN NET POSITION

NET POSITION - BEGINNING

NET POSITION - ENDING

\$

See accompanying notes to financial statements.

EXHIBIT X-12**COUNTY OF NASSAU, NEW YORK**

STATEMENT OF NET POSITION (DEFICIT)
ALL DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY
DECEMBER 31, 2020
(WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2020)
(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	\$ 59,301	\$ 184,818	\$ 17,020	\$ 261,139
Investments	173			173
Restricted Cash and Cash Equivalents			527	527
Restricted Investments		62,735		62,735
Student Accounts and Loans Receivable	10,363			10,363
Less Allowance for Doubtful Accounts	(7,195)			(7,195)
Due from Primary Government	1,319	34,900		36,219
Due from Other Governments	7,534			7,534
Other Receivables	5,351	41,415	78	46,844
Accounts Receivable		917,638	776	918,414
Less Allowance for Doubtful Accounts		(882,456)		(882,456)
Inventories			12,089	12,093
Prepays	919	9,284	70	10,273
Other Assets		4,021	594	4,615
Total Current Assets	77,765	384,444	19,069	481,278
NON CURRENT ASSETS:				
Restricted Cash and Cash Equivalents			2,738	2,738
Restricted Investments	2,529	6,630		9,159
Property Held for Sale			522	522
Net Pension Asset				
Capital Assets Not Being Depreciated	3,393	18,614	480	22,487
Depreciable Capital Assets	368,531	625,170	105,493	1,099,194
Less Accumulated Depreciation	(195,433)	(495,765)	(72,376)	(763,574)
Deposits Held in Custody for Others	3			3
Other Assets		34,832		34,832
Total Non Current Assets	179,023	189,481	36,857	405,361
Total Assets	256,788	573,925	55,926	886,639
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on bond refunding		28,810		28,810
Accumulated decrease in fair value of hedging activities				
Pensions	35,030	115,276	5,232	155,538
Other postemployment benefits	93,087	72,017	12,149	177,253
Total Deferred Outflows of Resources	\$ 128,117	\$ 216,103	\$ 17,381	\$ 361,601

(Continued)

EXHIBIT X-12**COUNTY OF NASSAU, NEW YORK****STATEMENT OF NET POSITION (DEFICIT)****ALL DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY****DECEMBER 31, 2020****(WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2020)****(Dollars in Thousands)**

	Nassau Community College	Nassau Health Care Corporation	Nonmajor Discretely Presented Component Units	Total Discretely Presented Component Units
<u>LIABILITIES</u>				
CURRENT LIABILITIES:				
Accounts Payable and Accrued Liabilities	\$ 3,902	\$ 256,583	\$ 4,174	\$ 264,659
Unearned Revenue	13,814		347	14,161
Due To Primary Government	4,600		261	4,861
Due To Other Governments			3,718	3,718
Accrued Interest Payable		613		613
Current Portion of Long Term Liabilities	3,465	58,233	1,756	63,454
Other Liabilities - Current	3,772	106,721	582	111,075
Total Current Liabilities	29,553	422,150	10,838	462,541
NON CURRENT LIABILITIES:				
Accounts Payable and Accrued Liabilities			5,452	5,452
Due to Primary Government	11,837			11,837
Notes Payable	545		5,710	6,255
Derivative Instrument - Interest Rate Swaps		21,806		21,806
Bonds Payable, net		140,442	8,200	148,642
Liability to Third-Party Payors, net		59,826		59,826
Accrued Liabilities - Termination Pay	7,359			7,359
Accrued Vacation and Sick Pay	53,992	72,272	1,829	128,093
Due to Other Governments, net			682	682
Estimated Liability for Litigation	150	75,684		75,834
Deposits Held in Custody for Others	3			3
Insurance Reserve Liability	2,113			2,113
Net Pension Liability	34,977	184,668	6,320	225,965
Postemployment Retirement Benefits Liability	484,954	676,264	72,772	1,233,990
Other Long-Term Liabilities	598			598
Total Non Current Liabilities	596,528	1,230,962	100,965	1,928,455
Total Liabilities	626,081	1,653,112	111,803	2,390,996
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pensions	3,438	4,734	428	8,600
Other postemployment benefits	69,089	49,305	6,683	125,077
Service Concession Agreements	5,014			5,014
Total Deferred Inflows of Resources	77,541	54,039	7,111	138,691
<u>NET POSITION (DEFICIT)</u>				
Net Investment in Capital Assets	175,898	93,464	21,686	291,048
Restricted:				
Nassau Health Care Corporation - Health Services		1,402		1,402
Nassau Community College Scholarships	3,588			3,588
Capital Projects and Acquisitions				
Grants			15	15
Student Loans	427			427
Unrestricted	(498,630)	(1,011,989)	(67,308)	(1,577,927)
Total Net Position (Deficit)	\$ (318,717)	\$ (917,123)	\$ (45,607)	\$ (1,281,447)

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, 2020****(WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2020)****(Dollars in Thousands)**

	Nassau Community College	Nassau Health Care Corporation	Nonmajor Discretely Presented Component Units	Total Discretely Presented Component Units
Expenses	\$ 250,588	\$ 706,963	\$ 58,608	\$ 1,016,159
Program Revenues:				
Charges for Services	53,419	594,464	26,373	674,256
Operating Grants and Contributions	58,168		271	58,439
Capital Grants and Contributions		4,265		4,265
Total Program Revenues	111,587	598,729	26,644	736,960
Net Program Revenues (Expenses)	(139,001)	(108,234)	(31,964)	(279,199)
General Revenues				
Federal, State and Local Appropriations	106,519		2,400	108,919
Investment Income	486	1,863	61	2,410
Gain on Sale of Real Property			91	91
Other	5,053		3,596	8,649
Royalty Income			17,999	17,999
Total General Revenues	112,058	1,863	24,147	138,068
Change in Net Position (Deficit)	(26,943)	(106,371)	(7,817)	(141,131)
Net Position (Deficit) - Beginning of Year	(291,774)	(810,752)	(37,790)	(1,140,316)
Net Position (Deficit) - End of Year	\$ (318,717)	\$ (917,123)	\$ (45,607)	\$ (1,281,447)

See accompanying notes to financial statements.

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**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The County of Nassau (the “County”), incorporated in 1899, contains three towns, two cities and sixty four 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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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 26% of NCC's 2020 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, 2020.

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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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 (\$157.2 million as of December 31, 2020) 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, 2020, 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.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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 \$917.1 million at December 31, 2020, 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 2020, there were twenty-three operational facilities.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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

- (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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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”).

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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, there are six directors, as 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, provide additional oversight authority. Under the Act, NIFA may at times issue bonds to refund bonds previously issued by NIFA and its initial ability to issue bonds, other than refunding bonds, expired in 2007. However, in April 2020, New York State enacted legislation to renew NIFA's ability to issue bonds through December 31, 2021 for various Nassau County purposes as defined in the Act, to help the County close budget gaps created by the coronavirus pandemic. The legislation allows for NIFA to issues bonds and notes without limit to finance capital projects, finance cash flow needs of the county, as well as any County deficit including costs resulting from tax certiorari judgments or settlements of the County for proceedings commenced on or after June 1, 2000, in an amount not to exceed \$800 million. No bond of NIFA may mature later than January 31, 2051, or more than 30 years from its date of issuance.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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

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 2020, 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.

(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, 2020, 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").

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Reporting Entity (Continued)****Blended Component Units (Continued)****(b) The Nassau County Tobacco Settlement Corporation (Continued)**

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.

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.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Blended Component Units (Continued)

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

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.

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 County Land Bank One West Street Mineola, NY 11501

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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

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

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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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

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.

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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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

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.

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.

COVID Fund – The COVID Fund was established in fiscal year 2020 for the purpose of accounting for Federal Coronavirus Relief funding received from the Federal government and related eligible expenditures. The COVID Fund also accounts for eligible pandemic-related expenditures that are expected to qualify for Federal Emergency Management Agency (FEMA) reimbursement.

Additionally, the County reports the following fund type:

Fiduciary Fund – The Fiduciary Fund holds resources that are not for the County's benefit. The County acts in a custodial capacity.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**A. BASIS OF PRESENTATION (Continued)****Recently Adopted Accounting Standards**

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. In recognition of the coronavirus pandemic, the effective date was postponed by one year. The County has adopted this standard, however, it did not have a material impact on its financial statements.

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. However, in recognition of the coronavirus pandemic, in 2020, the GASB issued GASB Statement No. 95, which postponed the effective date by one year. The implementation of this Statement has been applied retroactively and reflected in the County’s financial statements. The effects of the adoption was to reclassify approximately \$15.1 million of assets and liabilities to the governmental funds for 2020 and \$8.9 million of assets and liabilities to the governmental funds for 2019. There was no effect on opening fund balance.

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. However, in recognition of the coronavirus pandemic, in 2020, the GASB issued GASB Statement No. 95, which postponed the effective date by one year. The County has adopted this standard, however, it did not have a material impact on its financial statements.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**A. BASIS OF PRESENTATION (Continued)****Recently Adopted Accounting Standards (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. However, in recognition of the coronavirus pandemic, in 2020, the GASB issued GASB Statement No. 95, which postponed the effective date by one year. The County has determined that to adopting this Statement has had no impact on its financial position and results of operations.

New Accounting Standards Not Yet Effective

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. However, in recognition of the coronavirus pandemic, in 2020, the GASB issued GASB Statement No. 95, which postponed the effective date by 18 months. 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. However, in recognition of the coronavirus pandemic, in 2020, the GASB issued GASB Statement No. 95, which postponed the effective date by one year. 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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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

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. In recognition of the coronavirus pandemic, the effective date was postponed by one year. 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 January 2020, GASB issued Statement No. 92, *Omnibus 2020* (“GASB 92”). The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2020. In recognition of the coronavirus pandemic, the effective date was postponed by one year. 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 March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (“GASB 93”). This Statement provides guidance to governments that have entered into agreements in which an interbank offered rate (IBOR) is a benchmark for variable payments made or received. The most common IBOR, the London Interbank Offered Rate (LIBOR), is scheduled to be discontinued at the end of 2021. As a result, governments will need to amend or replace financial instruments that are tied to LIBOR. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, previously required a government to terminate hedge accounting when it changes the reference rate of a hedging derivative’s variable payment. In addition, Statement No. 87, *Leases*, previously required a government that replaced the rate on which variable payments depend in a lease contract to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR.

The requirements of this Statement are effective for reporting periods beginning after December 31, 2021 for the removal of LIBOR as an appropriate benchmark interest rate. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. In recognition of the coronavirus pandemic, the effective date was postponed by one year. 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 March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (“GASB 94”). The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs), including those outside the scope of GASB’s existing literature in Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, and Statement No. 87, *Leases*. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs).

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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

It is also designed to make certain improvements to the guidance previously included in Statement 60. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. 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 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (“GASB 96”). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. 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 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* (“GASB 97”). The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. The County has a defined benefit pension and therefore, part of GASB 97 is not applicable. The County has not completed the process of evaluating the remaining 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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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

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. Revenue receivables that are not collected within the 60 days are reclassified to Deferred Inflows of Resources.

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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

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.

During the fiscal year ended December 31, 2020, supplemental appropriations for the General Fund and appropriation budgets for the Grant, and DAF 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 and DAF Fund and the Schedule of Expenditures by County Departments and Offices, Total Budgetary Authority and Actual for the Grant Fund, respectively, as follows (dollars in thousands):

Supplemental Appropriations:	
General Fund	\$ 4,706
Appropriation Budgets:	
Grant Fund	180,288
COVID Fund	112,941
DAF Fund	<u>429</u>
 Total Supplemental Appropriations and Appropriation Budgets	 <u><u>\$ 298,364</u></u>

Appropriations, which have not been expended or encumbered by the end of the fiscal period, lapse at that time, except for the Grant, FEMA, COVID 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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

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.
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 include 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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**F. INVESTMENTS AND CERTIFICATES OF DEPOSITS**

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.

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.

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. The County has software categorized as intangible capital assets which are amortized based on the applicable useful lives as determined by management using factors in accordance with GASB 51.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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

It is NHCC's policy to capitalize assets in excess of \$1,000 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. Intangible assets are amortized in accordance with their individual useful lives. Currently, the County has two intangible assets that are amortized over useful lives of 15 and 20 years.

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

Nassau Community College - Depreciation on buildings, land improvements and infrastructure, and equipment is calculated using the straight-line method over the assets' estimated useful lives, ranging from 5 to 50 years. Library books 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 EXPENDITURES

Prepaid expenses represent amounts paid as of year-end, which will benefit future operations and are accounted for using the consumption method. Typically, the County's prepaid expenses primarily consist of retirement benefits, however, the County's pension invoices were not prepaid in 2020.

K. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The County reviews real property taxes receivables by performing an analysis of historical collectability of its property taxes to determine a reasonable collectability percentage which is then applied to the current year balance to arrive at the allowance for doubtful property taxes. All other receivables (accounts receivable 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.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

NIFA and NHCC's derivative instruments, consisting of interest rate swap agreements, qualify as hedging derivative instruments and have been recorded at fair value, using the zero-coupon methodology, in the Statement of Net Position as derivative instruments - interest rate swaps. The recording of the fair value of hedging derivative instruments has not affected investment income or NIFA and NHCC's net position but has been reported as a deferral and is included in the deferred outflow of resources in NIFA and NHCC's Statement of Net Position.

M. NET POSITION AND FUND BALANCE CLASSIFICATIONS

In the government-wide financial statements, fund 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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**M. NET POSITION AND FUND BALANCE CLASSIFICATIONS (Continued)**

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

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

The County has a policy to set recommended levels of unreserved fund balance (now assigned and unassigned) of no less than four percent and no more than five percent of normal prior-year expenditures made from its internally defined General Fund and County-wide Special Revenue Funds, the 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.

N. 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.

O. GRANTS AND OTHER INTERGOVERNMENTAL REVENUES

Federal and State grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other Federal and State reimbursement type grants are recorded as intergovernmental receivables and revenues when the related expenditures or expenses are incurred.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**O. GRANTS AND OTHER INTERGOVERNMENTAL REVENUES (Continued)**

The County sustained significant damage in 2012 as a result of Super-storm Sandy ("Storm"), with repair and recovery efforts continuing into 2021. 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 2020. As of December 31, 2020, the County has funded approximately \$5.0 million of expenditures that exceed the amounts obligated by the CDBG-DR program.

The County's costs for emergency protective measures, debris removal and other recovery efforts through the fiscal year ended December 31, 2020 total approximately \$240.2 million, with repair efforts continuing. Through 2020, the County has recorded a total of \$210.9 million of FEMA aid related to this recovery effort.

Expenditures for capital projects related to the Storm's costs, including the repair efforts related to Bay Park, total approximately \$708.0 million through 2020. A total of \$394.1 million has been recorded as revenue from FEMA through year-end 2020.

P. REAL PROPERTY TAX

County real property taxes are levied on or before the third Monday in December and recorded as a receivable on January 1, the first day of the succeeding fiscal year. They are collected in two semi-annual installments, payable on January 1 and July 1 by the town and city receivers of taxes together with the town and city tax levies, all of which become a lien on January 1. The town receivers of taxes likewise collect real property taxes for all towns, school districts and special districts in the County, and return to the County after June¹ 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 2020 was \$4.7 billion. The constitutional tax margin was \$4.2 billion or approximately 89.54% of the maximum taxing authority in 2020. See Exhibit T-10.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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

Q. INTERFUND TRANSACTIONS

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

R. 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.

S. 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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**T. LONG-TERM OBLIGATIONS**

In the fund statements, long-term obligations are not reported as liabilities. The debt proceeds are reported as other financing sources and payments of principal and interest reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures. For long-term liabilities, only that portion expected to be financed from expendable available financial resources 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.

Examples of long-term obligations reported by the County include serial bonds issued, accrued vacation and sick pay, the County's proportionate share of the net pension liability, tax certiorari liability, and other postemployment benefits. Descriptions of those obligations may be found in this Note. See Note 12 Notes Payable and Long-Term Obligations for the reporting of these obligations.

U. CLAIMS

The County self-insures for most risks, with certain exceptions. 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.

In 2020, the County had a contractual obligation (which expired in February 2021) to reimburse NHCC for the cost of certain insurance coverage, and to indemnify NHCC for liability and related costs not covered by insurance, in connection with NHCC's provision of health care services at the Correctional Center. The County was not required under the agreement to indemnify NHCC for claims arising out of non-jail-based healthcare services. Claims related to treatment at NUMC are the responsibility of NHCC, subject to the insurance coverage described above. A discussion of potential liability arising from disputed claims with prior vendor Armor Correctional Health Services Inc. is discussed in potential litigation liability section of this 2020 Comprehensive Annual Report.

Most other risks are assumed directly by the County.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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

W. 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.

X. 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.

Y. 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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Y. 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. The liability was actuarily calculated most recently using a January 1, 2020 valuation date. This estimate will be actuarily computed on a periodic basis to ensure reasonableness of the estimate.

Z. ESTIMATED TAX CERTIORARI 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.

AA. 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, pollution remediation 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 of New York 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, including, but not limited to, Chapter 528 of the Laws of 2002 and Chapters 324 and 685 of the Laws of 2003 (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(A). On January 26, 2011, NIFA adopted a resolution which imposed a control period on the County pursuant to the Act as it determined that the 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 funds (defined as the General Fund, the Police Headquarters Fund, the Police District Fund, the Fire Prevention and Safety Fund and the Debt Service Fund) assuming all revenues and expenditures are reported in accordance with generally accepted accounting principles.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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 expenditures 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 (such as, unspent borrowing proceeds and bond premiums).

Under the Control Period Calculation requirement, the budgetary basis results of the County's five major budgetary operating funds, the General (not consolidated), Fire Prevention, 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 2020, the County reported a \$90.6 million surplus under the Control Period Calculation reporting for the five funds listed above. A reconciliation from GAAP to the required Control Period Calculation results is shown below.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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 \$103.1 million 2020 GAAP surplus for the five funds of the County is reduced by unspent bond proceeds of \$12.5 million that were transferred from the Capital Fund to the Debt Service Fund to offset debt service expenditures, which effectively increased the GAAP results in the five funds.

The table below reconciles the County’s governmental GAAP results, as reported in the governmental funds of the Comprehensive Annual Financial Report (see Exhibit X-5) of \$103.2 million to GAAP results for the five funds as defined above.

For fiscal year 2020, the County’s governmental funds reported a \$40.0 million surplus in the General Fund and a \$63.2 million surplus in the Police District Fund (PDD), for a total surplus of \$103.2 million. Included in the County’s General Fund under governmental GAAP are several funds that are not treated as 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 2020 governmental GAAP surplus of those funds that was included in the General Fund surplus of \$103.2 million was \$0.1 million.

Reconciliation of U.S. governmental fund GAAP in Annual Financial Report to Primary Operating Fund GAAP

(dollars in millions)

	2020 GAAP surplus/ (deficit) per 2020 Annual Financial Report	2020 GAAP results of non-primary funds and reserves* included in General Fund in Annual Financial Report							Total	Primary Operating Funds
		LIT	EBF	BIF	RCF	TCF	OSF	2020 GAAP surplus/(deficit)		
General Fund	\$ 40.0	\$ (0.1)	\$ 0.2	\$	\$	\$	\$	\$ 0.1	\$ 39.9	
PDD Fund	63.2								63.2	
	<u>\$ 103.2</u>	<u>\$ (0.1)</u>	<u>\$ 0.2</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 0.1</u>	<u>\$ 103.1</u>	

For County budgetary purposes and NIFA Statutory Act, the County's "major budgetary 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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

3. DEPOSITS AND INVESTMENTS

At December 31, 2020, the County’s total cash and cash equivalents, which consisted of cash in money market interest bearing bank accounts at rates averaging 0.23%, for the governmental funds and the fiduciary funds, were \$1.0 billion and \$83.5 million, respectively. As of December 31, 2020, the County’s bank balances totalling \$1.16 billion (including fiduciary funds of \$136.6 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, 2020, total investments amounted to \$89.8 million. The investments consisted of U.S. Treasury Notes, Certificate 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. NCTSC also invest 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 5 percent or more in securities of a single issuer. NIFA has substantially all of its investments in U.S. Government guaranteed securities and U.S. Government agency securities. All investments held by NIFA’s trustee bank solely as agent of NIFA. All investments mature in less than six months.

The following table summarizes the County’s unrestricted and restricted cash and cash equivalents (including fiduciary funds and blended components) and investment position at December 31, 2020 (dollars in thousands):

	Cash and Cash Equivalents	Investments	Certificate of Deposit	Total
Cash and Cash Equivalents	\$ 1,081,591	\$	\$	\$ 1,081,591
Certificates of deposit			20,000	20,000
Treasury notes and investments		69,747		69,747
Totals	\$ 1,081,591	\$ 69,747	\$ 20,000	\$ 1,171,338
Governmental Funds	\$ 998,120	\$ 69,747	\$ 20,000	\$ 1,087,867
Fiduciary Funds	83,471			83,471
Totals	\$ 1,081,591	\$ 69,747	\$ 20,000	\$ 1,171,338

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

3. DEPOSITS AND INVESTMENTS (Continued)

The County maintains a consolidated disbursement account with a financial institution on behalf of the College. At August 31, 2020, the College had a cash balance of \$59.3 million, of which \$39.2 million was held by the County on behalf of the College, and the bank balance was \$39.2 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, 2020, the carrying amount (fair value) of the College’s investments was \$2.7 million.

At December 31, 2020, all of NHCC’s cash and cash equivalents are insured through FDIC or collateralized held by NHCC’s third-party trustee or the pledging financial institution’s trust department in the name of 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, 2020:

		(Dollars in thousands)			
		Fair Value Measurements Using:			
		Quoted Prices in Active Market for Identical Assets		Significant Other Observable Inputs	
<u>Investment by Fair Value Level</u>		Level 1		Level 2	
<u>Credit Quality Rating</u>		Level 3			
		<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Debt Securities					
U.S. Government securities	N/A	\$ 69,747	\$	\$ 69,747	\$
Total investment by fair value level		<u>\$ 69,747</u>	<u>\$</u>	<u>\$ 69,747</u>	<u>\$</u>
Hedging Derivative Instruments (See Note 12)					
Interest-rate exchange swap agreement	N/A	\$ (10,931)	\$	\$ (10,931)	\$
Total derivative instruments by fair value	N/A	<u>\$ (10,931)</u>	<u>\$</u>	<u>\$ (10,931)</u>	<u>\$</u>

NCTSC’s restricted investments of \$22.3 million consist of shares in a money market fund which invests in short-term U.S. Treasury securities paying fixed or variable interest rates and in repurchase agreements backed by U.S. Treasury securities which are stated at amortized cost, which approximates fair value 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, 2020.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

4. FAIR VALUE MEASUREMENT (Continued)

The following is a summary of the total investments (including NCTSC’s restricted investments of \$22,278) held by the County as of December 31, 2020 (dollars in thousands):

Investments	\$ 2,493
Restricted Investments	<u>67,254</u>
	<u>\$ 69,747</u>

At December 31, 2020, 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:			
<u>2020</u>	Total	Quoted Prices Significant in Active Market for Identical Assets		Significant Unobservable Inputs
		Level 1	Other Observable Inputs Level 2	Level 3
Cash and cash equivalents	\$ 65,430	\$ 65,430	\$	\$
Certificates of deposit	945		945	
Equity securities	40	40		
Mutual funds	591	591		
Municipal bonds	1,126		1,126	
U.S Treasury Bills	<u>1,698</u>		<u>1,698</u>	
	<u>\$ 69,830</u>	<u>\$ 66,061</u>	<u>\$ 3,769</u>	\$
Certificates of Deposit*				<u>2,237</u>
				<u>\$ 2,237</u>

* These are non-negotiable certificate of deposit and as such, are not required to be leveled.

The following is a summary of the total investments held by the County’s major discretely presented component units as of December 31, 2020 (dollars in thousands):

Restricted investments	<u>\$ 72,067</u>
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**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

5. DUE FROM OTHER GOVERNMENTS

Due from Other Governments at December 31, 2020 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	\$ 66,652	\$ 125,017	\$ 191,669
NIFA Fund		122,878	122,878
Sewer and Storm Water District Fund		7,441	7,441
Capital Fund	50,557	11,925	62,482
Nonmajor Funds	30,109	10,753	40,862
Totals	<u>\$ 147,318</u>	<u>\$ 278,014</u>	<u>\$ 425,332</u>

* Sales tax receivable of \$127,400 (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.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Receivables, Payables and Transfers

The individual fund Interfund Receivables and Interfund Payables as of December 31, 2020 are reconciled as follows (dollars in thousands):

December 31, 2020	General Fund	NIFA Fund	Police District Fund	Sewer & Storm Water District Fund	Capital Fund	Disputed Assessment Fund	Nonmajor Governmental Funds	Total Governmental Funds
INTERFUND RECEIVABLE								
General Fund	\$	\$	\$ 107,911	\$	\$	\$	\$	\$ 107,911
NIFA Fund	93,057						29,471	122,528
Police District Fund	7,348							7,348
Sewer & Storm District Fund	36,110							36,110
Capital Fund	40,810			9,731				50,541
Disputed Assessment Fund	429							429
Nonmajor Funds	51,039	3	6,228	32	258		408	57,968
TOTAL RECEIVABLE	\$ 228,793	\$ 3	\$ 114,139	\$ 9,763	\$ 258	\$	\$ 29,879	\$ 382,835
INTERFUND PAYABLE								
General Fund	\$	\$ (93,057)	\$ (7,348)	\$ (36,110)	\$ (40,810)	\$ (429)	\$ (51,039)	\$ (228,793)
NIFA Fund							(3)	(3)
Police District Fund	(107,911)						(6,228)	(114,139)
Sewer & Storm District Fund					(9,731)		(32)	(9,763)
Capital Fund							(258)	(258)
Nonmajor Funds		(29,471)					(408)	(29,879)
TOTAL PAYABLE	\$ (107,911)	\$ (122,528)	\$ (7,348)	\$ (36,110)	\$ (50,541)	\$ (429)	\$ (57,968)	\$ (382,835)

Transfers In:

December 31, 2020	General Fund	Police District Fund	Sewer & Storm Water District Fund	Capital Fund	Disputed Assessment Fund	Nonmajor Governmental Funds	Total
Transfers Out:							
General Fund	\$	\$	\$	\$	\$	\$ 2,094	\$ 2,094
Police District Fund	823						823
Sewer & Storm District Fund	29,197						29,197
Capital Fund	13,263		7,543				20,806
Disputed Assessment Fund	429						429
Nonmajor Funds	10,959					1	10,960
TOTAL	\$ 54,671	\$	\$ 7,543	\$	\$	\$ 2,095	\$ 64,309

Interfund Receivables and Payables generally result when one fund receives cash or pays expenditures on behalf of another or as a result of recording interfund revenues and expenditures. The outstanding balances between funds result primarily from the time lag between the date the reimbursement is received and the date the interfund goods and services are provided. An interfund receivable and payable would be the result of a transfer between funds in the County’s audit period (month 13), where the interfund transfers are recorded in the County’s fiscal period but because the cash cannot move in “month 13”, one fund would have an interfund receivable as of year-end while the other fund would report an interfund payable. Until the interfund receivable and payable are settled with cash moving between the two funds by the Treasurer, the balance sheet asset and liability will remain.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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, 2020 do not offset each other as they include accounts of the College at the end of their fiscal year on August 31, 2020, and NHCC, which has timing differences with the County. The following reconciles the December 31, 2020 amount by carrying forward the College transactions affecting these accounts from September 1, 2020 through December 31, 2020 and the NHCC for the timing differences.

<u>Dollars in Thousands</u>	<u>2020</u>
Due from Primary Government (Exhibit X-1), Component Units	\$ 36,219
Due to Primary Government (Exhibit X-1), Component Units	<u>(16,698)</u>
Net Due from Primary Government, Component Units	<u>\$ 19,521</u>
Nassau Community College Transactions from September 1, to December 31:	
Increase in due from Capital Fund	\$ 956
Increase in due from Fiduciary Fund	4,933
Decrease in due from General Fund	(3,176)
Increase in due from Other Funds	<u>470</u>
Subtotals	<u>3,183</u>
Nassau Health Care Corporation	
Net Change in Encumbrances	<u>(44,811)</u>
Due to Component Units - Fiduciary per Balance Sheet: (Exhibit X-10)	(4,897)
Due From Component Units - Governmental per Balance Sheet (Exhibit X-1)	63,231
Due To Component Units - Governmental per Balance Sheet (Exhibit X-1)	(36,204)
Pass-through revenues from OTB	<u>(23)</u>
Due to Component Units - Fiduciary and Governmental	<u>\$ (19,521)</u>

9. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

NIFA's and NHCC's derivative instruments, which consist of interest rate swap agreements have been reported at fair value as of December 31, 2020. As the interest rate swap agreements qualify as hedging derivative instruments, the fair value has been recorded as a deferred outflow of resources.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

9. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

The deferred outflows OPEB is the portion of changes in the Net OPEB liability that is not immediately recognized in OPEB expense. These changes include differences between actual and expected experiences, changes in assumptions and difference between expected and actual earnings on plan investments. It also includes contributions paid subsequent to the measurement date.

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenues) until that time. The County has six items that qualify for reporting in this category; deferred gain on refundings, property taxes - part County sales tax offset, Mitchell Field – sale of future rental revenue, pensions, service concession agreements, and other postemployment benefits.

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

Unavailable property taxes are reported in the governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government – wide statements availability is not a factor in recognizing revenue, so the inflow of resources (property tax revenue) is recognized. The property taxes - part County sales tax offset is a tax collected on hotel room occupancy and alcoholic beverages in Nassau County, outside of the City of Long Beach. The tax is used to offset General Fund property taxes in the three towns located in the County and the City of Glen Cove. Any part County sales tax in excess of budget is reclassified as a deferred inflow of resources because it is an advance of a subsequent year's property tax levy.

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

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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

9. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

The deferred inflows OPEB is the portion of changes in the Net OPEB liability that is not immediately recognized in OPEB expense. These changes include differences between actual and expected experiences, changes in assumptions and difference between expected and actual earnings on plan investments.

10. CAPITAL ASSETS

The 2020 capital assets are reconciled to the 2020 amounts reported on Exhibit X-1 in the table below (dollars in thousands):

	Governmental Activities
Capital assets not being depreciated	\$ 1,454,980
Depreciable and amortizable capital assets	4,722,610
Accumulated depreciation and amortization	<u>(2,574,236)</u>
Capital assets - net	3,603,354
Outstanding related debt and liabilities	<u>(1,041,922)</u>
Net investment in capital assets	<u><u>\$ 2,561,432</u></u>

The County evaluates capital assets for prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The County’s practice is to record an impairment loss in the period when its service utility has declined significantly and unexpectedly. In 2020, no impairment losses were recognized related to the County.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

10. CAPITAL ASSETS (Continued)

Activity for capital assets, reconciled to the 2020 amount reported in Exhibit X-1, is summarized below (dollars in thousands):

Primary Government	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 244,470	\$ 11,700	\$ 4,030	\$ 252,140
Intangible - land development rights	8,804			8,804
Construction in progress	1,160,733	177,201	143,898	1,194,036
Total capital assets, not being depreciated	1,414,007	188,901	147,928	1,454,980
Capital assets, being depreciated and amortized:				
Intangible assets		63,740		63,740
Land improvements	86,049	7,541		93,590
Buildings	1,382,922	6,961	321	1,389,562
Equipment	522,609	31,205	8,716	545,098
Infrastructure	2,501,224	129,396		2,630,620
Total capital assets, being depreciated and amortized	4,492,804	238,843	9,037	4,722,610
Total capital assets	5,906,811	427,744	156,965	6,177,590
Less accumulated depreciation and amortization:				
Intangible assets		11,088		11,088
Land improvements	73,544	2,667		76,211
Buildings	618,377	34,292	141	652,528
Equipment	386,119	39,274	7,962	417,431
Infrastructure	1,330,974	86,004		1,416,978
Total accumulated depreciation and amortization	2,409,014	173,325	8,103	2,574,236
Total capital assets, being depreciated and amortized, net	2,083,790	65,518	934	2,148,374
Governmental activities capital assets, net	\$ 3,497,797	\$ 254,419	\$ 148,862	\$ 3,603,354

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	\$ 143,898
Additions to capital assets:	
Land improvements	\$ 7,541
Buildings	6,960
Infrastructure	129,397
	\$ 143,898

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

10. CAPITAL ASSETS (Continued)

Depreciation and amortization expense was charged to functions of the primary government for the fiscal year ended December 31, 2020 as follows (dollars in thousands):

Functions:	Land					Total
	Intangible	Improvements	Buildings	Equipment	Infrastructure	
Legislative	\$	\$	\$ 6	\$ 31	\$	\$ 37
Judicial		60	1,092	502		1,654
General administration	11,088	60	10,068	2,787		24,003
Protection of persons			2,056	18,887	2,656	23,599
Health			101	128		229
Public works		503	8,773	3,884	80,012	93,172
Recreation and parks		1,984	5,093	583	3,336	10,996
Social services		60	181	93		334
Corrections			4,579	934		5,513
Other Expenditures/MSBA			660	11,443		12,103
Other			1,683	2		1,685
Total Depreciation and Amortization expense	\$ 11,088	\$ 2,667	\$ 34,292	\$ 39,274	\$ 86,004	\$ 173,325

Total capital assets of the County, as of December 31, 2020 is \$6.2 billion with accumulated depreciation and amortization of \$2.6 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, 2019	Additions	Reductions	Balance at August 31, 2020
Capital assets, not being depreciated:				
Land	\$ 2,733	\$	\$	\$ 2,733
Library	736		76	660
Total capital assets, not being depreciated	3,469		76	3,393
Capital assets, being depreciated:				
Land improvements	27,574	2,741		30,315
Infrastructure	24,009	3,791		27,800
Buildings	213,590	3		213,593
Building improvements	74,207	6,706		80,913
Equipment	14,875	469		15,344
Total capital assets, being depreciated	354,255	13,710		367,965
Total capital assets	357,724	13,710	76	371,358
Less accumulated depreciation:				
Land improvements	6,516	1,905		8,421
Infrastructure	8,962	1,458		10,420
Buildings	119,081	4,065		123,146
Building improvements	37,361	3,856		41,217
Equipment	10,881	854		11,735
Total accumulated depreciation	182,801	12,138		194,939
Net capital assets being depreciated	171,454	1,572		173,026
Total capital assets, net	\$ 174,923	\$ 1,572	\$ 76	\$ 176,419

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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, 2020 consisted of the following (dollars in thousands):

	Balance
	<u>August 31, 2020</u>
Furniture and equipment	\$ 334
Vans	<u>232</u>
	566
Less accumulated depreciation	<u>(494)</u>
Total capital assets (net)	<u><u>\$ 72</u></u>

Total depreciable capital assets of the College and Faculty-Student Association, the component unit of the College as of August 31, 2020, was \$368.5 million with accumulated depreciation of \$195.4 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			Balance
	January 1,	Additions	Reductions	December 31,
	2020			2020
Capital assets, not being depreciated:				
Land	\$ 12,498	\$	\$	\$ 12,498
Construction in progress	<u>11,138</u>	<u>20,056</u>	<u>(25,078)</u>	<u>6,116</u>
Total capital assets, not being depreciated	<u>23,636</u>	<u>20,056</u>	<u>(25,078)</u>	<u>18,614</u>
Capital assets, being depreciated:				
Land improvements	17,130			17,130
Buildings and improvements	255,127	2,217	(11,645)	245,699
Fixed equipment	119,581	3,042	(1,109)	121,514
Movable equipment	<u>220,537</u>	<u>21,371</u>	<u>(1,081)</u>	<u>240,827</u>
Total capital assets, being depreciated	<u>612,375</u>	<u>26,630</u>	<u>(13,835)</u>	<u>625,170</u>
Total capital assets	<u>636,011</u>	<u>46,686</u>	<u>(38,913)</u>	<u>643,784</u>
Less accumulated depreciation for:				
Land improvements	14,030	240		14,270
Buildings and improvements	172,373	6,862	(5,588)	173,647
Fixed equipment	108,483	945	(818)	108,610
Movable equipment	<u>190,244</u>	<u>10,027</u>	<u>(1,033)</u>	<u>199,238</u>
Total accumulated depreciation	<u>485,130</u>	<u>18,074</u>	<u>(7,439)</u>	<u>495,765</u>
Total capital assets, net	<u><u>\$ 150,881</u></u>	<u><u>\$ 28,612</u></u>	<u><u>\$ (31,474)</u></u>	<u><u>\$ 148,019</u></u>

Net interest capitalized for the year ended December 31, 2020 was \$835.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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, 2020 were approximately \$10.4 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, 2020 is \$2.7 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, 2020 is \$18.9 million.

As of December 31, 2020, 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
2021	\$ 8,439	\$ 1,958	\$ 10,397
2022	8,629	1,322	9,951
2023	8,823	457	9,280
2024	9,022	387	9,409
2025	8,821	266	9,087
2026-2030	44,289	850	45,139
2031-2035	49,658		49,658
2036	5,254		5,254
Future minimum payments	142,935	<u>\$ 5,240</u>	<u>\$ 148,175</u>
Less: interest	66,792		
Present value of future minimum lease payments	<u>\$ 76,143</u>		

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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 2020 was \$6.7 million.

As of December 31, 2020, the following future minimum rentals are provided for by the leases (dollars in thousands):

<u>Years ending December 31,</u>	<u>Operating Leases (in Thousands)</u>
2021	\$ 4,858
2022	2,715
2023	5,660
2024	5,010
2025	5,003
2026-2030	25,648
2031-2035	28,193
2036-2040	30,710
2041-2045	35,452
2046-2050	40,038
2051-2055	14,010
	<u>\$ 197,297</u>

These County leases are for land and buildings with the total cost and carrying amount of \$4.7 million for land, and the original cost of \$19.8 million, which has been fully depreciated for buildings at December 31, 2020.

In fiscal year 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, 2020 under this operating lease were \$1,093 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:

<u>Years ending August 31,</u>	<u>Operating Leases (in Thousands)</u>
2021	\$ 999
2022	999
2023	999
2024	1,021
2025	1,127
2026 - 2029	4,321
	<u>\$ 9,466</u>

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

12. NOTES PAYABLE AND LONG-TERM OBLIGATIONS

County of Nassau Notes Payable and Long-Term Obligations

The County issued Series A Revenue Anticipation Notes (“RANS”) in the amount of \$79.5 million. The Series A RANS bear interest of 2.0% and matured on December 9, 2020. The Series A RANS were issued to finance cash flow needs within the County.

In May 2020, the County issued Bond Anticipation Notes (“BANS”) Series A BANS in the amount of \$75.4 million. The County issued the BANS to Bank of America, N.A. in a private placement. The Series A BANS bear interest of 1.21% and mature on May 27, 2021. The 2020 Series A BANS (Renewal) were issued to finance the payment of the maturing 2019 A BANS. The 2019 A BANS, \$77.1 million were issued on June 25, 2019 and matured on June 1, 2020. The 2019 A BANS were issued to finance various sewer system improvements and other capital projects.

In July 2020, the County issues Series B & C RANS in the amounts of \$118.6 million and \$88.2 million respectively. The Series B RANS bear interest of 4.0% and matured on December 21, 2020 and the Series C RANS bear interest of 4.0% and mature on March 15, 2021. The Series B & C RANS were issued to finance cash flow needs within the County.

The EFC Clean Water Facility Note 2015A maturity was extended from December 10, 2020 to December 10, 2021. The County had drawdowns of \$2.8 million in 2020.

The County did not issue General Obligation Bonds in 2020.

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, 2020	Issued	Redeemed	Balance December 31, 2020
General Fund:				
Tax anticipation notes - (2.0% issued 2019, maturity dates in 2020)	\$ 219,380	\$	\$ 219,380	\$
Revenue anticipation notes - (4.0% issued in 2020, maturity dates in 2020 & 2021)		286,290	198,085	88,205
Total General Fund	\$ 219,380	\$ 286,290	\$ 417,465	\$ 88,205
Capital Fund:				
Direct Placement Bond anticipation notes - (1.21% issued 2020, maturity date in 2021)	\$ 77,095	\$ 75,425	\$ 77,095	\$ 75,425

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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, 2020	Additions	Reductions	Balance December 31, 2020	Due Within One Year
General Long-Term Obligations					
Debt:					
General Obligation County Bonds - (2.0% to 6.7%, issued in 2007 through 2019, maturity dates 2019 through 2049)	\$ 2,409,526	\$	\$ 118,680	\$ 2,290,846	\$ 124,885
State Water Pollution Control Revolving Fund revenue bonds - (0.263% to 6.182%, issued in 2002 through 2019, maturity dates 2020 through 2048) - County	80,446		9,664	70,782	8,698
Total Serial Bonds - County	<u>2,489,972</u>		<u>128,344</u>	<u>2,361,628</u>	<u>133,583</u>
Sales Tax Secured Bonds -NIFA, (various interest rates, issued in 2008 through 2015, maturity dates 2019 through 2025)	411,979		42,231	369,748	165,410
Nassau County Sewer and Storm Water Finance Authority System Revenue Bonds Series 2014A (5.0%, issued in 2014, maturity date 2034)	111,525		11,795	99,730	12,365
Tobacco Settlement Asset-Backed Bonds, Series 2006 (5.0% to 7.35%, issued in 2006, maturity dates 2021 through 2060)	<u>400,537</u>		<u>1,290</u>	<u>399,247</u>	<u>10,857</u>
Total Serial Bonds - NIFA, NCSSWFA, NCTSC	<u>924,041</u>		<u>55,316</u>	<u>868,725</u>	<u>188,632</u>
Total Serial Bonds	<u>3,414,013</u>		<u>183,660</u>	<u>3,230,353</u>	<u>322,215</u>
Accreted interest - Tobacco Settlement Asset Backed Bonds	<u>84,958</u>	<u>8,704</u>		<u>93,662</u>	
Total Serial Bonds and Accreted Interest	<u>3,498,971</u>	<u>8,704</u>	<u>183,660</u>	<u>3,324,015</u>	<u>322,215</u>
Deferred Bond Premium/Discount (net of amortization)	<u>334,333</u>		<u>24,073</u>	<u>310,260</u>	<u>16,253</u>
Total Serial Bonds and accreted interest, net of deferred bond premium/discount	<u>\$ 3,833,304</u>	<u>\$ 8,704</u>	<u>\$ 207,733</u>	<u>\$ 3,634,275</u>	<u>\$ 338,468</u>
Long-Term Bond Anticipation Notes					
EFC- Bond Anticipation notes - (0.0% issued in 2020), maturity date in 2021)	<u>\$</u>	<u>\$ 2,795</u>	<u>\$</u>	<u>\$ 2,795</u>	<u>\$</u>
Total Long-Term Bonds and accreted interest, net of deferred bond premium/discount and Long Term Bond Anticipation Notes	<u>\$ 3,833,304</u>	<u>\$ 11,499</u>	<u>\$ 207,733</u>	<u>\$ 3,637,070</u>	<u>\$ 338,468</u>

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

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

County of Nassau 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):

	Ba l a n c e January 1, 2020	A d d i t i o n s	R e d u c t i o n s	Ba l a n c e December 31, 2020	D u e W i t h i n O n e Year
B a l a n c e s c a r r i e d f o r w a r d	\$ 3,833,304	\$ 11,499	\$ 207,733	\$ 3,637,070	\$ 338,468
Other:					
Derivative instruments - interest rate swaps	12,651		1,720	10,931	
Accrued Vacation and Sick Pay	481,409	51,682	67,959	465,132	52,469
Due to City of Glen Cove	475		315	160	122
Deferred Payroll	54,914	14,260	12,653	56,521	9,331
Estimated Liability for Workers' Compensation	244,935	134,839	30,196	349,578	31,403
Estimated Tax Certiorari Liability*	474,308	78,406	42,242	510,472	73,000
Estimated Liability for Litigation	475,200	135,254	19,255	591,199	10,800
Capital Lease Obligations	77,533		1,390	76,143	1,731
Pollution Remediation		5,990		5,990	
Contractual Liability due to NHC	270,430		14,132	256,298	12,558
Due to New York State Retirement System	210,901	13,722	30,391	194,232	32,369
Net Pension Liability - pro portionate share	269,040	804,398	155,179	918,259	
OPEB Liability	5,207,599	1,310,621	206,936	6,311,284	
Total Other	7,779,395	2,549,172	582,368	9,746,199	223,783
Total General Long-Term Obligations	\$ 11,612,699	\$ 2,560,671	\$ 790,101	\$ 13,383,269	\$ 562,251

*The amount reported in this table is exclusive of the governmental funds tax certiorari liability of \$ 106,866 (current portion of \$ 29,913 and long-term portion of \$ 76,953) and pro portionate share of \$ 31,403. The total estimated certiorari payable presented in the government-wide statements is \$ 648,740. See note 21(b).

Pension Costs for employees are paid by the General fund, Police District Fund, Sewer and Storm Water District Fund, depending on where the employee is assigned to work, while OPEB costs are paid by the final fund the employee was assigned and worked, before severing from the County. Where permissible by grantors the Grant fund may be charged pension costs for employees who are assigned to the program and are eligible for reimbursement under the program.

In 2020, 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 and non-capitalizable project expenditures. As of December 31, 2020, total serial bonds outstanding were \$3.3 billion of which \$2.6 billion were utilized to pay approximately: \$0.6 billion in tax certiorari claims; \$0.4 billion for bonded operating expenses; \$75.7 million for debt on capital assets of NCC; \$119.7 million for non-capitalizable project expenditures, \$9.4 million for debt on capital assets of the NHCC and its affiliates that are no longer the County's assets, and \$1.4 billion related to capitalizable assets. The remaining outstanding debt of approximately \$0.7 billion is related to State Water Pollution Control Revolving Fund, Sewage Purpose, NCSSWFA, and NCTSC bonds.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

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

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

Long – Term Obligations (Continued)

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 employees’ retirement system, and net pension liability are liquidated based on the assigned location of the employee in each fund.

The annual requirements and sources to amortize the County’s General Obligation serial bonds payable as of December 31, 2020 are as follows (dollars in thousands):

Years Ending December 31,	Debt Service Requirements			Sources (Unaudited)		
	Principal	Interest	Total	General County Budgets	Sewer District Budgets	Total
2021	\$ 133,583	\$ 115,389	\$ 248,972	\$ 237,827	\$ 11,145	\$ 248,972
2022	142,956	108,659	251,615	240,603	11,013	251,616
2023	136,012	101,999	238,011	228,602	9,409	238,011
2024	138,417	95,444	233,861	225,809	8,051	233,860
2025	139,765	88,237	228,002	222,409	5,593	228,002
2026-2030	648,727	340,576	989,303	975,734	13,569	989,303
2031-2035	469,960	195,274	665,234	657,025	8,208	665,233
3036-3040	291,073	95,914	386,987	379,492	7,494	386,986
2041-2045	188,318	36,269	224,587	217,885	6,701	224,586
2046-2049	72,817	7,324	80,141	76,590	3,552	80,142
Total	\$ 2,361,628	\$ 1,185,085	\$ 3,546,713	\$ 3,461,976	\$ 84,735	\$ 3,546,711

At December 31, 2020, the County’s legal debt margin was approximately \$19.2 billion and total long-term obligation bonds authorized but unissued for general County and sewage district purposes were approximately \$1.96 billion. As of December 31, 2020, all authorization for long-term obligation bonds for general County purposes to finance property tax refunds was issued. Under the current NIFA control period, all unissued County borrowings require NIFA approval. In connection with this authorization for borrowing to finance property tax refunds, the County legislature must also authorize the spending of these proceeds.

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.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

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

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

Long – Term Obligations (Continued)

The total bonds issued by the City of Glen Cove to finance its sewer system was \$5.1 million. As of December 31, 2020, the total principal outstanding related to the City’s bonds issued to finance the sewer system was \$154.0 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, 2020, through maturity is approximately \$161.0 thousand. For the year ended December 31, 2020, the County made payments of \$315 thousand for such debt service. The County has included this contractual obligation in its long-term obligations.

The annual requirements to amortize the City of Glen Cove’s bond issuances for the sewer fund, including interest as of December 31, 2020, are as follows (dollars in thousands):

Years Ending December 31,	Principal	Interest	Total
2021	\$ 118	\$ 4	\$ 122
2022	19	1	20
2023	17	1	18
	<u>\$ 154</u>	<u>\$ 6</u>	<u>\$ 160</u>

NIFA Long-Term Debt

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

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Bonds payable:					
Sales tax secured bonds payable	\$ 411,979	\$	\$ 42,231	\$ 369,748	\$ 165,410
Premiums	<u>33,254</u>		<u>6,115</u>	<u>27,139</u>	
Total bonds payable	<u>445,233</u>		<u>48,346</u>	<u>396,887</u>	<u>165,410</u>
Total OPEB Liability	2,404	633	110	2,927	
Net pension liability	77	149		226	
Compensated absences	<u>275</u>	<u>103</u>	<u>49</u>	<u>329</u>	<u>100</u>
Total long term debt	<u>\$ 447,989</u>	<u>\$ 885</u>	<u>\$ 48,505</u>	<u>\$ 400,369</u>	<u>\$ 165,510</u>

Bonds of NIFA are issued pursuant to an Indenture, as supplemented and amended (the “Indenture”) between NIFA and the United States Trust Company of New York and its successor The Bank of New York Mellon (the “Trustee”), under which NIFA has pledged its right, title and interest in the revenues of NIFA to secure repayment of NIFA debt. The Act provides that NIFA’s pledge of its revenues represents a perfected first security interest on behalf of holders of its bonds.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

12. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)**NIFA Long-Term Debt (Continued)**

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, 2020, NIFA had outstanding sales tax secured bonds in the amount of \$369.7 million, maturing through the year 2025, of which \$145.7 million are fixed rate and \$224.0 million are hedged variable rate. Subsequent to year-end, NIFA issued \$1.1 billion of sales tax secured bonds and \$856.8 million of County bonds. See footnote 22 Subsequent Events for further information.

The accrued compensated liability, total OPEB liability, and net pension liability will be liquidated through the General Fund.

Fixed Rate Bonds - NIFA has outstanding fixed rate bonds at rates ranging between 2.522% 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-B 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. At December 31, 2020, 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.

At December 31, 2020, there is no arbitrage rebate liability.

The aggregate debt service to retire bonds outstanding at December 31, 2020, 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.

Under these terms of the bond indenture agreement, NIFA was to pay \$117.6 million in bond principal during 2020. However, during 2020, NIFA executed a mandatory tender, which deferred \$75.3 million of bond principal requirements until 2021, resulting in \$42.2 million of actual bond principal payments. The mandatory tender was excluded in order to provide the County with budgetary relief during the COVID Pandemic through increased distributions to the County.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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, 2020, is as follows (dollars in thousands):

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest*</u>	<u>Total</u>
2021	\$ 165,410	\$ 11,415	\$ 176,825
2022	78,689	8,056	86,745
2023	59,719	4,868	64,587
2024	46,465	2,646	49,111
2025	19,465	831	20,296
	<u>\$ 369,748</u>	<u>\$ 27,816</u>	<u>\$ 397,564</u>

*Interest on the hedged variable rate bonds is calculated at the fixed payer rates on the associated interest rate swaps, actual results may vary. Interest on the nonhedged variable rate bonds based on interest rates negotiated in interest rate auctions by authorized remarketing agents on NIFA’s behalf.

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, 2020. 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, 2020.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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, 2020, 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")

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

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, 2020. The outstanding notional amount as of December 31, 2020 is \$148.6 million. Under the terms of the swaps, NIFA will pay fixed rates and receive a floating rate as follows:

<u>2004 Revenue Bonds</u>	<u>Pay Fixed Rate</u>	<u>Receives Floating Rate</u>
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 considers 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, 2020, 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, 2020, 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.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

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 118.

The table below shows the diversification, by percentage of notional amount outstanding at December 31, 2020, among the various counterparties that have entered into agreements with NIFA.

<u>Counterparty</u>	<u>Dollars in Millions</u>	<u>Notional Percentage</u>
GSMMDP	\$ 58	38.873%
UBS AG	58	38.873%
MSCS	33	22.254%
	<u>\$ 149</u>	<u>100.000%</u>

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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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)

- *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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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, 2020, the aggregate fair value of all hedging derivative instrument agreements whose terms contain such collateral provisions is negative \$10.9 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+: \$4.1 million in collateral to UBS AG and \$2.5 million in collateral to MSCS.
- Baa1/BBB+: \$4.1 million in collateral to UBS AG and \$2.5 million in collateral to MSCS.
- Baa3/BBB-: \$4.1 million in collateral to GSMMDP, \$4.1 million in collateral to UBS AG and \$2.5 million in collateral to MSCS.

COUNTY OF NASSAU, NEW YORK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

EXHIBIT X-14

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, 2020 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, 2020	\$ 12,350	\$ 12,350	\$ 12,350	\$ 12,350	\$ 33,075	\$ 33,075	\$ 33,075	\$ 148,625
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	\$ 403	\$ 398	\$ 403	\$ 398	\$ 40	\$ 40	\$ 40	\$ 1,722
Net Accrued	\$ (49)	\$ (49)	\$ (49)	\$ (49)	\$ (141)	\$ (141)	\$ (141)	\$ (619)
Net Present Value	(707)	(707)	(707)	(707)	(2,494)	(2,494)	(2,496)	(10,312)
Total Fair Value of Swap	\$ (756)	\$ (756)	\$ (756)	\$ (756)	\$ (2,635)	\$ (2,635)	\$ (2,637)	\$ (10,931)

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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

NIFA Long-Term Debt (Continued)

DERIVATIVE INSTRUMENTS – INTEREST RATE - SWAP AGREEMENTS (Continued)

Swap Payments and Associated Debt - Using rates as of December 31, 2020, 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.

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

Years Ending December 31,	Variable-Rate Bonds		Interest Rate		Total Payments
	Principal	Interest	Swaps, Net		
2021	\$ 51,050	\$ 28	\$ 2,899	\$ 53,977	
2022	28,475	19	1,925	30,419	
2023	29,650	13	1,341	31,004	
2024	30,600	7	733	31,340	
2025	8,850	1	164	9,015	
Total	\$ 148,625	\$ 68	\$ 7,062	\$ 155,755	

LIBOR – During 2017, the Financial Conduct Authority announced that it would phase out LIBOR by the end of 2021 as a benchmark for interest rates. On December 11, 2020, the Financial Conduct Authority extended the phase-out for U.S. Dollar interest rates to June 30, 2023. In the United States, the Alternative Reference Rates Committee has selected the Secured Overnight Financing Rate (“SOFR”), a new index calculated by reference to short-term repurchase agreements backed by the U.S. Treasury securities, as its preferred replacement for LIBOR. NIFA Management expects that the swap agreements will be revised to use SOFR as a reference rate prior to the phase out of LIBOR, if and as applicable.

Other – Subsequent to year end, the Authority issued sales tax secured refunding bonds, of which a portion was used to currently refund the hedged variable rate bonds (sales tax secured variable rate 2008A-B) and the existing swaps were terminated, resulting in a swap termination fee of \$11.0 million.

NCSSWFA Long-Term Debt

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

	January 1, 2020	Additions	Reductions	December 31, 2020	One Year
Revenue bonds payable:					
Series 2014A	\$ 111,525	\$	\$ 11,795	\$ 99,730	\$ 12,365
Premiums	18,318		1,987	16,331	
Total bonds payable	\$ 129,843		\$ 13,782	\$ 116,061	\$ 12,365

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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

NCSSWFA Long-Term Debt (Continued)

According to the 2014 Financing 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. Pursuant to the 2014 General Revenue Bond Resolution, dated as of October 1, 2014, the NCSSWFA pledged those revenues to the trustee as security for the debt service payments. The 2014 System Revenue Bonds proceeds were used to refinance outstanding NCSSWFA bonds previously issued for capital improvements to the sewer and storm water system, to fund additional capital improvements thereto, and to pay costs of issuance.

Aggregate debt service to maturity as of December 31, 2020 excluding premiums, with an interest rate of 5.0%, is as follows (dollars in thousands):

Years Ending December 31,	Principal	Interest	Total
2021	\$ 12,365	\$ 4,987	\$ 17,352
2022	12,865	4,368	17,233
2023	13,445	3,725	17,170
2024	10,285	3,053	13,338
2025	8,640	2,539	11,179
2026 - 2030	32,685	6,189	38,874
2031 - 2034	9,445	1,210	10,655
	\$ 99,730	\$ 26,071	\$ 125,801

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 2020 totaled \$17.9 million and \$1.3 million, respectively.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

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 received TSRs in excess of the required debt service payment of \$17.9 Million on its Series 2006 Bonds during 2020, and used the additional funds to make a turbo payment of \$1.3 Million on the Series 2006A-1 Taxable Senior Current Interest Bonds. In accordance with the Indenture Agreement, the Senior Liquidity Reserve Account was underfunded at its required level by \$1.7 million at December 31, 2020.

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, 2020 is as follows (dollars in thousands):

	Balance			Balance		Due within
	January 1, 2020	Additions	Reductions	December 31, 2020	One Year	
Bonds Payable	\$ 400,537	\$	\$ 1,290	\$ 399,247	\$ 10,857	
Plus: Accreted interest	84,958	8,704		93,662		
Less: Bond discount	(5,068)		(282)	(4,786)		
Total bonds payable	\$ 480,427	\$ 8,704	\$ 1,008	\$ 488,123	\$ 10,857	

Bonds outstanding and amounts including accretion since issuance at December 31, 2020, 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	\$ 10,857	\$ 10,857
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	24,784
2006C	4/5/2006	9,867	6.00%	6/1/2046	9,868	23,585
2006D	4/5/2006	37,604	6.40%	6/1/2060	37,604	95,179
2006E	4/5/2006	802	7.35%	6/1/2060	802	2,324
					\$ 399,247	492,909
				Unamortized Bond Discount		(4,786)
					\$	488,123

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

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, 2020 (dollars in thousands):

Years Ending December 31,	Principal	Interest	Total
2021	\$ 10,857	\$ 17,535	\$ 28,392
2022		17,164	17,164
2023		17,164	17,164
2024		17,164	17,164
2025		17,164	17,164
2026 - 2030	37,906	82,007	119,913
2031 - 2035	97,005	71,676	168,681
2036 - 2040		49,849	49,849
2041 - 2045		49,849	49,849
2046 - 2050	215,072	196,413	411,485
2051 - 2055			
2056 - 2060	38,407	1,141,808	1,180,215
	<u>\$ 399,247</u>	<u>\$ 1,677,793</u>	<u>\$ 2,077,040</u>

Nassau Community College Long-Term Debt

Long-term liability activity for the year ended August 31, 2020 follows (dollars in thousands):

	Balance			Balance		Due within
	September 1, 2019	Additions	Reductions	August 31, 2020	One Year	
Due to County - ERS deferral	\$ 8,594	\$ 538	\$ 1,235	\$ 7,897	\$ 1,280	*
Due to County long term note	6,810		775	6,035	815	*
Deposits held in custody for others	3			3		
Accrued vacation and sick pay	52,912	3,000	1,920	53,992		
Accrued liabilities - termination pay	5,854	5,839	1,399	10,294	2,935	
Estimated liability for litigation	150			150		
Insurance reserve liability	2,085	28		2,113		
Endo note payable	637		44	593	48	
Net pension liability ERS	8,522	29,786	7,262	31,046		
Net pension liability TRS (asset)	(3,421)	11,806	4,454	3,931		
Other liability - long term	1,561	-	481	1,080	482	
Postemployment retirement benefits payable	393,909	104,630	13,585	484,954		
Total long-term notes and liabilities	<u>\$ 477,616</u>	<u>\$ 155,627</u>	<u>\$ 31,155</u>	<u>\$ 602,088</u>	<u>\$ 5,560</u>	

* These amounts of \$2,095 are included in the due to primary government reported as current liabilities in Exhibit X-12.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

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

Nassau Community College Long-Term Debt (Continued)

As of August 31, 2020, principal and interest payments for the Endo note payable are as follows (dollars in thousands):

Years Ending August 31,	Principal	Interest	Total
2021	\$ 48	\$ 46	\$ 94
2022	52	42	94
2023	56	37	93
2024	61	33	94
2025	66	27	93
2026 - 2030	310	51	361
Total	\$ 593	\$ 236	\$ 829

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, 2020, 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
2021	\$ 815	\$ 270	\$ 1,085
2022	860	228	1,088
2023	900	183	1,083
2024	945	136	1,081
2025	989	87	1,076
2026 - 2028	1,526	45	1,571
Total	\$ 6,035	\$ 949	\$ 6,984

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.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

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 \$13.2 million in both State and local appropriations for contributions of capital assets in fiscal year 2020.

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 \$6.0 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 2020 is as follows (dollars in thousands):

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020	Due within one year
Interest rate swap agreements	\$ 18,623	\$ 3,183		\$ 21,806	\$
Bonds payable, net	172,987	447	16,267	157,167	16,725
Third party liabilities	66,779	14,680		81,459	21,633
Accrued vacation and sick pay	73,148	30,505	23,351	80,302	8,030
Insurance reserve liability	82,442	22,309	17,222	87,529	11,845
Accrued pension benefits/net pension liability	86,007	160,841	62,180	184,668	*
Postemployment retirement benefits liability	565,081	126,674	15,491	676,264	
Total noncurrent liabilities	\$ 1,065,067	\$ 358,639	\$ 134,511	\$ 1,289,195	\$ 58,233

* This balance includes \$25,481 for amounts Due to New York Statement Retirement System for deferrals of pension contributions. Of this amount, \$5,552 is included in current liabilities and \$19,929 is included as long-term liabilities.

The NHCC’s long-term debt at December 31, 2020 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 2.20 % at December 31, 2020	\$ 6,705
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 1.46% at December 31, 2020	149,685
Other Liabilities	<u>777</u>
	157,167
Current portion	<u>16,725</u>
Total long term debt	<u>\$ 140,442</u>

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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 Bank of America 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 2009A, B, C, or D bonds that are “put” on the earlier of the 91st day or the expiration date, the Corporation has reimbursement agreements with the letter of credit provider 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
Bank of America - Series A	September 25, 2021	\$ 6,705	Greater of Providers bank prime rate plus 1% or Federal Fund Rate plus 2%, and 7%	Days 1-90 = Base Rate Days 91-thereafter = Base Rate plus 1.00%	1	Same terms as interest rate on LOC	97 basis points
Bank of America - Series B	September 25, 2021	\$ 56,890	Greater of Providers bank prime rate plus 1% or Federal Fund Rate plus 2%, and 7%	Days 1-90 = Base Rate Days 91-thereafter = Base Rate plus 1.00%	3	Same terms as interest rate on LOC	97 basis points
Bank of America - Series C	September 25, 2021	\$ 49,145	Greater of Providers bank prime rate plus 1% or Federal Fund Rate plus 2%, and 7%	Days 1-90 = Base Rate Days 91-thereafter = Base Rate plus 1.00%	3	Same terms as interest rate on LOC	97 basis points
Bank of America - Series D	September 25, 2021	\$ 43,650	Greater of Providers bank prime rate plus 1% or Federal Fund Rate plus 2%, and 7%	Days 1-90 = Base Rate Days 91-thereafter = Base Rate plus 1.00%	3	Same terms as interest rate on LOC	97 basis points

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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

Nassau Health Care Corporation Long-Term Debt (Continued)

If the reimbursement agreements were to be exercised because the entire series of demand bonds were “put” on September 1, 2020 and not remarketed before the expiration date, NHCC would be required to pay the following estimated annual amounts (principal and interest) using the LOC banks’ interest rates and terms in effect on December 31, 2020 (dollars in thousands):

Years Ending December 31,	Bank of America Series 2009 A,B,C & D
2021	\$ 25,186
2022	52,084
2023	46,572
2024	32,684
	\$ 156,526

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 2020 approximated \$844 thousand.

The bonds are secured by payments made to NHCC by the County under a guaranty issued by the County pursuant to an ordinance adopted by the County dated March 1, 2009. In addition, the bonds are secured by a letter of credit issued by Bank of America that expires on September 25, 2021.

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 \$1.5 million for the year ended December 31, 2020.

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.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

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, 2020 are as follows (dollars in thousands):

Years Ending December 31,	Principal	Estimated Interest	Total
2021	\$ 16,725	\$ 5,484	\$ 22,209
2022	17,725	4,874	22,599
2023	16,185	4,221	20,406
2024	16,595	3,661	20,256
2025	17,010	3,088	20,098
2026-2029	72,310	6,325	78,635
Other	617		617
	<u>\$ 157,167</u>	<u>\$ 27,653</u>	<u>\$ 184,820</u>

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 risk 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 instruments are reported as a deferred inflow or deferred outflow on the statement of net position until the contract is settled or terminated.

In February 2015, the GASB issued Statement 72, addressing the accounting and financial reporting issues related to fair value measurements. GASB 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between swap counterparties at the measurement date, which includes the nonperformance risk (the mark-to-market value excludes the risk of nonperformance). The Statement is effective for reporting periods beginning after June 15, 2015. The Corporation adopted GASB 72 beginning Fiscal Year ended 2016.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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, 2020.

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 \$4.5 million for the year ended December 31, 2020.

The NHCC’s hedging derivative instruments at December 31, 2020 are as follows (dollars in thousands):

Swap ID	Fair Value December 31, 2020	Net Change In Fair Value	Type of Hedge	Financial Statement Classification for Changes in Fair Value
1	\$ (7,333)	\$ (1,031)	Cash Flow	Deferred Outflow
2	(7,332)	(1,030)	Cash Flow	Deferred Outflow
3	(7,332)	(1,030)	Cash Flow	Deferred Outflow
	<u>\$ (21,997)</u>	<u>\$ (3,091)</u>		

The terms of the NHCC’s financial derivative instrument that was outstanding at December 31, 2020 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%	\$ 51,098
Merrill Lynch	October 14, 2004	August 1, 2029	3.4570%	62.6% of 1-Month LIBOR + .23%	\$ 50,998
UBS AG	October 14, 2004	August 1, 2029	3.4570%	62.6% of 1-Month LIBOR + .23%	\$ 50,998

The amount of outstanding debt covered by the three interest rate swap agreements total \$153.1 million as of December 31, 2020 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.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

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, 2020, 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, 2020 were as follows:

Counterparty	Moody's	Standard and Poors
JP Morgan Chase	Aa2	A+
Merrill Lynch (Bank of America)	A2	A-
UBS AG	Aa3	A+

Basis Risk - The NHCC is exposed to basis risk on its pay-fixed interest rate swap because the variable-rate payment received by the NHCC (a percent of LIBOR) on these hedging derivative instruments are based on indexes other than the actual interest rates the NHCC pays on its hedged variable rate debt. Should the relationship between LIBOR and the actual variable rate interest payments on the bonds 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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

13. REFINANCING OF LONG-TERM OBLIGATIONS**Defeasance of Debt**

Prior to December 31, 2020, 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, 2020, approximately \$213.0 million of outstanding bonds (including NIFA and NCSSWFA) are considered defeased.

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, 2020, \$63.2 million of defeased bonds remains outstanding.

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"). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund ("the Fund"), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The 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 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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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 percent 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% 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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

14. PENSION PLANS (Continued)**Benefits Provided (Continued)**Tier 6

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

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

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

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 allows 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 capacity. 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 plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, for 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%.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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.

2020 Contributions based on the State fiscal year ending March 31, 2020 for ERS and PFRS members were as follows (in thousands of dollars):

	Annual Required <u>Contribution</u>	Credit & Miscellaneous <u>Adjustments</u>	Prepayment <u>Discount</u>	Amortization/ <u>Deferral</u>	2010 Past Service <u>Credit 553B</u>	Total <u>Payment</u>
ERS	\$ 80,486	\$ 219	\$	\$ 14,215	\$ 69	\$ 94,989
PFRS	81,029	(4)		10,242		91,267

The contractually required contributions recorded by the County, inclusive of blended component units, for the year ended December 31, 2020 were as follows (in thousands):

	<u>Contractually Required Contribution</u>
ERS	\$ 76,412
PFRS	\$ 82,473

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

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% and 3.00% for fiscal year ending 2013, 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 fiscal year attributable to Chapter 57, Laws of 2010 was \$20.4 million, of which \$1.2 million was attributable to NCC’s ERS members. Amortization contributions will be paid in ten equal installments, one per year, but may be prepaid at any time. The County has elected to amortize over the ten-year period. The interest rate will be established annually for each year’s amortization and paid out of current resources in that year. Future principal and interest payments to maturity for the amortization installments for the County (including NCC) are as follows:

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Years ending December 31, 2021	\$ 4,506	\$ 216	\$ 4,722
2022	1,269	49	1,318
Totals	<u>\$ 5,775</u>	<u>\$ 265</u>	<u>\$ 6,040</u>

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

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, 2021	\$ 6,311	\$ 440	\$ 6,751
2022	6,500	251	6,751
2023	1,852	55	1,907
Totals	<u>\$ 14,663</u>	<u>\$ 746</u>	<u>\$ 15,409</u>

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

- In the first years of participation, this Alternate Program allows employers to amortize more than the original program. Each year, the graded rate will change. The new graded rate always moves from the previous graded rate towards the new actuarial rate. The original program graded rate moves by up to 1% per year. The pace at which the rate declines is slower than it is under the original program.
- This Alternate Program first applied to the bill that was due on February 1, 2014. The graded rate will stay constant for the following year as well.
- Under this Alternate Program, employers will pay interest on the amortized amount. The interest rate will be set annually. The interest rate on the amount amortized in a given year will be the interest rate for that year and will be fixed for the duration of that payment period. Amounts amortized in other years will be at the interest rate set for the year of the amortization. The Alternate Program interest rate is comparable to a 12-year US Treasury Bond plus 1%.
- The interest rate for repayment of the amounts amortized over 12 years in New York State for each fiscal year was as follows: 2014 = 3.76%, 2015 = 3.50%, 2016 = 3.31%, 2017 = 2.63%, 2018 = 3.31%, 2019 = 3.99% and 2020 = 2.87%.

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 \$173.8 million, of which \$7.2 million was attributable to NCC’s ERS members. Amortization contributions will be paid in twelve equal installments, one per year, but may be prepaid at any time. The County has elected to amortize over the twelve-year period. The interest rate will be established annually for each year’s amortization and paid out of current resources in that year.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

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)

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Years ending December 31, 2021	\$ 6,182	\$ 1,328	\$ 7,510
2022	6,414	1,096	7,510
2023	6,655	855	7,510
2024	6,906	604	7,510
2025	7,165	345	7,510
2026-2030	<u>1,999</u>	<u>74</u>	<u>2,073</u>
Totals	<u>\$ 35,321</u>	<u>\$ 4,302</u>	<u>\$ 39,623</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Years ending December 31, 2021	\$ 5,076	\$ 1,225	\$ 6,301
2022	5,254	1,047	6,301
2023	5,438	863	6,301
2024	5,628	673	6,301
2025	5,825	476	6,301
2026-2030	<u>7,759</u>	<u>332</u>	<u>8,091</u>
Totals	<u>\$ 34,980</u>	<u>\$ 4,616</u>	<u>\$ 39,596</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Years ending December 31, 2021	\$ 3,321	\$ 888	\$ 4,209
2022	3,431	778	4,209
2023	3,544	665	4,209
2024	3,661	548	4,209
2025	3,782	427	4,209
2026-2030	<u>9,105</u>	<u>512</u>	<u>9,617</u>
Totals	<u>\$ 26,844</u>	<u>\$ 3,818</u>	<u>\$ 30,662</u>

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

14. PENSION PLANS (Continued)

Funding Policy (Continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Years ending December 31, 2021	\$ 2,357	\$ 565	\$ 2,922
2022	2,419	503	2,922
2023	2,483	439	2,922
2024	2,548	374	2,922
2025	2,615	307	2,922
2026-2030	<u>9,059</u>	<u>522</u>	<u>9,581</u>
Totals	<u>\$ 21,481</u>	<u>\$ 2,710</u>	<u>\$ 24,191</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Years ending December 31, 2021	\$ 1,865	\$ 657	\$ 2,522
2022	1,927	595	2,522
2023	1,990	532	2,522
2024	2,056	466	2,522
2025	2,124	398	2,522
2026-2030	<u>9,900</u>	<u>887</u>	<u>10,787</u>
Totals	<u>\$ 19,862</u>	<u>\$ 3,535</u>	<u>\$ 23,397</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Years ending December 31, 2021	\$ 1,082	\$ 536	\$ 1,618
2022	1,126	492	1,618
2023	1,171	447	1,618
2024	1,217	401	1,618
2025	1,266	352	1,618
2026-2030	7,128	962	8,090
2031-2037	<u>434</u>	<u>18</u>	<u>452</u>
Totals	<u>\$ 13,424</u>	<u>\$ 3,208</u>	<u>\$ 16,632</u>

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

14. PENSION PLANS (Continued)

Funding Policy (Continued)

2020 Chapter 57, Part BB, Laws of 2013
 ERS and PFRS
 (in thousands of dollars)

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Years ending December 31, 2021	\$ 888	\$ 333	\$ 1,221
2022	913	308	1,221
2023	939	282	1,221
2024	966	255	1,221
2025	994	227	1,221
2026-2030	5,414	693	6,107
2031-2037	1,514	53	1,567
Totals	<u>\$ 11,628</u>	<u>\$ 2,151</u>	<u>\$ 13,779</u>

2021 Chapter 57, Part BB, Laws of 2013*
 ERS and PFRS
 (in thousands of dollars)

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Years ending December 31, 2021	\$ 782	\$ 164	\$ 946
2022	794	152	946
2023	807	139	946
2024	820	126	946
2025	833	113	946
2026-2030	4,371	360	4,731
2031-2037	1,848	44	1,892
Totals	<u>\$ 10,255</u>	<u>\$ 1,098</u>	<u>\$ 11,353</u>

* The amortization shown in this table represents only the amounts due and payable as of the County's fiscal year end of December 31, 2020.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

14. PENSION PLANS (Continued)

Funding Policy (Continued)

Total ERS and PFRS*
(in thousands of dollars)

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2021	\$ 32,370	\$ 6,352	\$ 38,722
2022	30,047	5,271	35,318
2023	24,879	4,277	29,156
2024	23,802	3,447	27,249
2025	24,604	2,645	27,249
2026-2030	54,735	4,342	59,077
2031-2037	3,796	115	3,911
Totals	\$ 194,233	\$ 26,449	\$ 220,682

*2021 amortization only includes amounts due and payable as of December 31, 2020.

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. There was no deferral of pension contributions in 2020 or 2019. The total amount due at December 31, 2020 related to these deferred pension contributions is approximately \$25.5 million, of which \$5.6 million is included in current liabilities and \$19.9 million is included as part of other long-term liabilities.

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

At December 31, 2020 the County (inclusive of NIFA), reported a liability of \$918.3 million for its proportionate share of the net pension liability of the System. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2019, with updated procedures to roll forward the total pension liability to March 31, 2020. 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, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	June 30, 2020	March 31, 2020
Net Pension Liability (Asset)	\$ 462,481	\$ 455,552	\$ 226	\$ 918,259	\$ 31,046	\$ 3,931	\$ 182,739
Allocation of the System's							
Total Net Liability (Asset)	1.8627277%	8.5238853%	0.0008543%		0.0012000%	0.1400000%	0.6900878%

There was no significant change in the County's (inclusive of NIFA), NCC's, and NHCC's proportionate share from March 31, 2019 to March 31, 2020.

For the year ended December 31, 2020, the County, inclusive of NIFA, recognized pension expense of \$176.2 million for ERS and \$181.7 million for PFRS.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

14. PENSION PLANS (Continued)

At December 31, 2020, 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						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	\$ 27,235	\$ 30,338	\$ 57,573	\$	\$ 7,631	\$ 7,631	\$ 1,827	\$ 10,755	\$	\$
Changes of assumptions	9,318	38,942	48,260	8,046		8,046	625	3,680	540	3177
Net difference between projected and actual earnings on pension plan investments	237,233	205,169	442,402				15,916	93,681		
Changes in proportion and differences between the Employer's contribution and proportionate share of contributions	13,803	23,832	37,635	1,551	4,299	5,850	923	7,160	103	1,557
Employer's contribution subsequent to the measurement date, net of prepaid amounts	49		49				2,081			
Total	\$ 287,638	\$ 298,281	\$ 585,919	\$ 9,597	\$ 11,930	\$ 21,527	\$ 21,372	\$ 115,276	\$ 643	\$ 4,734

*Amounts are reported for the year ending August 31, 2020

For the year ended August 31, 2020, NCC recognized pension expense of \$10.9 million related to TRS. At August 31, 2020, 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	\$ 3,444	\$ 201
Changes of assumptions	4,972	1,772
Net difference between projected and actual earnings on pension plan investments	2,567	
Changes in proportion and differences between the Employer's contribution and proportionate share of contributions	536	822
Employer's contributions subsequent to the measurement date	2,139	
Total	\$ 13,658	\$ 2,795

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

14. PENSION PLANS (Continued)

A contribution by the County (inclusive of NIFA) was not made subsequent to the measurement date and will not be recognized as a reduction of the net pension liability in the year ended December 2020. 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):

	Major Discretely				
	Primary Government		Presented Component Units		
	ERS	PFRS	NCC		NHCC
	ERS	PFRS	ERS	TRS	ERS
Year Ended December 31, 2021	\$ 49,437	\$ 64,497	\$ 3,316	\$ 1,557	\$ 19,870
2022	70,030	68,315	4,698	3,116	27,976
2023	88,266	82,044	5,921	2,482	34,934
2024	70,259	67,475	4,713	1,464	27,762
2025		4,020		14	
Thereafter				91	
Totals	\$ 277,992	\$ 286,351	\$ 18,648	\$ 8,724	\$ 110,542

Actuarial Assumptions – ERS and PFRS

The total pension liability as of March 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020. 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	4.20%	5.00%
Investment rate of return, including inflation	6.80%	6.80%
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
Mortality Improvement	Society of Actuaries Scale MP-2018	Society of Actuaries Scale MP-2018

The long term 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, 2020, and was determined by an actuarial valuation at June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. During the measurement period, there were no changes in assumptions or benefit terms. The actuarial assumptions used in June 30, 2019 valuation were based on the actuarial experience study for the period July 1, 2009 to June 30, 2014.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

14. PENSION PLANS (Continued)

Actuarial Assumptions – NCC – TRS (Continued)

The actuarial valuations used the following actuarial assumptions:

	TRS
Actuarial cost method	Aggregate Cost Method
Inflation	2.20%
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	7.10%
Cost of living adjustments	1.30%
Annuitant Mortality Rates	Based on plan member experience, with adjustments for mortality improvements
Mortality Improvement	Society of Actuaries Scale MP2019

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard 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 the 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, 2020 are summarized below for ERS and PFRS:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equity	36.00%	4.05%
International equity	14.00%	6.15%
Private equity	10.00%	6.75%
Real estate	10.00%	4.95%
Absolute return strategies*	2.00%	3.25%
Opportunistic portfolio	3.00%	4.65%
Real assets	3.00%	5.95%
Bonds and mortgages	17.00%	0.75%
Cash	1.00%	0.00%
Inflation-indexed bonds	4.00%	0.50%
	<u>100.00%</u>	

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

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

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, 2020 are summarized below for TRS:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Domestic equity	33.00%	7.10%
International equity	16.00%	7.70%
Global equities	4.00%	7.40%
Real estate	11.00%	6.80%
Private equity	8.00%	10.40%
Domestic fixed income securities	16.00%	1.80%
Global fixed income securities	2.00%	1.00%
High-yield fixed income securities	1.00%	5.20%
Private debt	1.00%	3.60%
Mortgages	7.00%	3.90%
Cash Equivalent	1.00%	0.70%
	<u>100.00%</u>	

The real rate of return is net of the long-term inflation of 2.2% for 2020.

Discount Rate

The discount rate used to calculate the total pension liability was 6.8% for the System (ERS and PFRS) and 7.1% 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 determined. 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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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 6.8%, as well as what the County’s (inclusive of NIFA), NCC, and NHCC’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.8%) or 1-percentage point higher (7.8%) than the current rate (in thousands of dollars):

	<u>Primary Government</u>		<u>Major Discretely Presented Component Units</u>	
			NCC	NHCC
	ERS	PFRS	ERS	ERS
Net Pension Liability (Asset):				
1% Decrease 5.80%	\$ 849,293	\$ 814,616	\$ 56,978	\$ 335,378
Current Assumption 6.80%	\$ 462,707	\$ 455,552	\$ 31,046	\$ 182,739
1% Increase 7.80%	\$ 106,759	\$ 134,087	\$ 7,162	\$ 42,158

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 7.10%, 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 (6.10%) or 1-percentage point higher (8.10%) than the current rate (in thousands of dollars):

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	6.10%	7.10%	8.10%
Net Pension Liability (Asset)	\$ 24,830	\$ 3,931	\$ (13,609)

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 - TIAACref, 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, 2020, NCC recognized pension expense of approximately \$5.6 million.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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, 2020 as prepared on a GAAP basis to the budgetary basis of reporting (dollars in thousands):

	<u>General</u>	<u>Police District Fund</u>	<u>Sewer & Storm Water District Fund</u>	<u>Capital Fund</u>	<u>Disputed Assessment Fund</u>	<u>Nonmajor Governmental Funds</u>
Fund Balances at December 31, 2020, Prepared in accordance with GAAP	\$ 237,421	\$ 82,394	\$ 25,213	\$ 181,330	\$ 6,880	\$ 99,747
Add:						
Funding for Tax Certiorari	30					
Available for Other Judgments	6,273					
Pension Benefits - Modified Accrual Basis Only	97,188	35,801	978			3,071
Sale of Mitchel Field Leases	26,146					
Deferred revenues	2,232	121	11,472			180
Revenue accrual reversal	333					
Debt Service Payment for Termination Pay for NCC	2,996					
Less:						
Encumbrances	(103,970)	(1,661)	(3,224)			
Payments for Tax Certiorari and Other Operating						
Costs Paid with Bonding	(30)	(6,273)				
Debt Service Payment for Termination Pay for NCC	(2,191)					
Reclass Termination pay for NCC	(6,254)					
Expenditure accrual reversal	(965)	(187)	(8)			
Unbudgeted FEMA Fund						(2,635)
Unbudgeted COVID Fund						(525)
Unbudgeted Grant Fund						(14,794)
Unbudgeted NCTSC						(293)
Unbudgeted Capital Project Fund				(181,330)		
Unbudgeted NCSSWFA						(2,616)
Unbudgeted NCTSC Debt Service Fund						(22,278)
Unbudgeted NIFA Debt Service Fund						(59,709)
Fund Balances at December 31, 2020, Prepared on the Budgetary Basis of Reporting	<u>\$ 259,209</u>	<u>\$ 110,195</u>	<u>\$ 34,431</u>	<u>\$ 6,880</u>	<u>\$ 148</u>	

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

16. FUND BALANCES

Fund balance classifications for the governmental funds at December 31, 2020 were (dollars in thousands):

	General Fund	NIFA Fund	Police District Fund	Sewer & Storm Water Fund	Capital Fund	Disputed Assessment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:								
Prepays	\$ 3,429	\$ 63	\$ 187	\$ 8	\$	\$	\$ 34	\$ 3,721
Long-term receivable - due from component unit	6,000							6,000
Total Nonspendable	9,429	63	187	8			34	9,721
Spendable:								
Restricted for:								
Capital projects					2,912			2,912
Debt service	5,449						84,480	89,929
Open space	1,804							1,804
Judgments and settlements						6,880		6,880
Judicial							73	73
General Administration							3,985	3,985
Protection of Persons							399	399
Health							2,727	2,727
Public Works							7,380	7,380
Recreation and Parks							35	35
Social Services							61	61
Corrections							43	43
Total Restricted	7,253				2,912	6,880	99,183	116,228
Committed to:								
Capital projects					178,418			178,418
Technology	83							83
Environmental Protection							148	148
Protection of Persons	13,400							13,400
Legislative	220							220
Judgments and settlements	23,369		6,273					29,642
Total Committed	37,072		6,273		178,418		148	221,911
Assigned to:								
Legislative	1,837							1,837
Judicial	4,740							4,740
General Administration	14,184	1,065					382	15,631
Protection of Persons	7		75,934					75,941
Health	10,002							10,002
Public Works	26,657			25,205				51,862
Recreation and Parks	2,072							2,072
Social Services	22,054							22,054
Corrections	17,962							17,962
Other								
Total Assigned	99,515	1,065	75,934	25,205			382	202,101
Unassigned	84,152							84,152
Total Fund Balance	\$ 237,421	\$ 1,128	\$ 82,394	\$ 25,213	\$ 181,330	\$ 6,880	\$ 99,747	\$ 634,113

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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 Statutes 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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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. 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, 2019, the effective date of the most recent actuarial valuation is as follows:

Actives	7,679
Retirees	11,429
Terminated Vested	41
Spouses of Retirees	6,276
	25,425

Valuation reflects a change in the discount rate from 4.10% to 2.74%. It also reflects an update to the healthcare cost trend rate to eliminate the impact of the excise tax brought by H.R. 1865, signed into law on December 20, 2019, which repeals the Cadillac tax completely and removes the Health Insurer Fee permanently beginning in 2021. The combined impact of these changes increased the Total OPEB Liability by \$936.5 million as of December 31, 2020.

Total OPEB Liability

The County’s total OPEB liability of \$6.3 billion was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019, 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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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, 2020 total OPEB liability is based on the results of the January 1, 2019 actuarial valuation rolled forward to the measurement date of December 31, 2019, and was determined using the following actuarial assumptions and other inputs:

Inflation: 2.3% per annum, compounded annually

Discount Rate: 2.74% 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
2019	6.7%	5.9%
2020	5.9%	5.5%
2021	5.1%	5.1%
2022	5.0%	5.0%
2023	5.0%	5.0%
2028	4.7%	4.7%
2033	4.7%	4.7%
2038	4.8%	4.8%
2043	4.9%	4.8%
2048	4.7%	4.7%
2053	4.6%	4.6%
2078	3.8%	3.8%
2101	3.8%	3.8%

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

17. OTHER POSTEMPLOYMENT BENEFITS (Continued)**Actuarial Assumptions and Other Inputs (Continued)**

The Society of Actuaries (SOA) Getzen Model version 2019.2 was used to develop the medical trend schedule used in projecting per capita costs and premiums for this report. The model's projections are based on an econometric analysis of historical US medical expenditures and the judgements 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 healthcare cost trend rates reflect the law changes brought by HR 1865, signed into law on December 20, 2019, which repeals the Cadillac tax completely and removes the Health Insurer Fee permanently in 2021.

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 3.8% for costs prior to 65 and 3.8% of costs at age 65 or 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, 2019 yield or index rate for 20-year, tax exemption 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-2019 (based on the actuarial judgement). As generational tables, they reflect mortality improvements both before and after the measurement dates.

The H.R. 1865 Further Consolidated Appropriations Act, 2020 became law on December 20, 2019. This law repeals the Cadillac tax completely and removes the Health Insurer Fee permanently beginning in 2021. Additionally, all ACA fees except the health insurer fee for 2020 have been removed.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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, 2019	\$ 5,205,195	\$ 2,404	\$ 5,207,599	\$ 393,909	\$ 565,081
Changes for the year:					
Service Cost	157,709	78	157,787	14,193	25,409
Interest	215,813	99	215,912	16,459	23,896
Effect of economic/demographic gains or losses	(6,455)		(6,455)	(138)	71,070
Effect of assumption changes or inputs	936,466	456	936,922	73,978	6,299
Benefit payments, including implicit rate subsidy	(200,371)	(110)	(200,481)	(13,447)	(15,491)
Net Change	1,103,162	523	1,103,685	91,045	111,183
Balance at December 31, 2020	\$ 6,308,357	\$ 2,927	\$ 6,311,284	\$ 484,954	\$ 676,264

* Nassau Community College data as of fiscal year ended August 31, 2020

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 (1.74%) or 1-percentage-point higher (3.74%) than the current rate (dollar in thousands).

	Primary Government	Major Discretely Presented Component Units	
		NCC	NHCC
Discount Rate:			
1% Decrease	\$ 7,384,020	\$ 563,637	\$ 788,149
Current Assumption	\$ 6,311,284	\$ 484,954	\$ 676,264
1% Increase	\$ 5,458,720	\$ 421,317	\$ 586,176

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 (1.0%) or 1-percentage-point higher (1.0%) than the current rate (dollar in thousands).

	Primary Government	Major Discretely Presented Component Units	
		NCC	NHCC
Current Trend Rate:			
1% Decrease	\$ 5,334,196	\$ 409,552	\$ 574,598
Current Assumption	\$ 6,311,284	\$ 484,954	\$ 676,264
1% Increase	\$ 7,572,559	\$ 581,392	\$ 805,503

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

17. OTHER POSTEMPLOYMENT BENEFITS (Continued)

For the year ended December 31, 2020, the County, inclusive of its blended component unit, recognized OPEB expense of \$355.7 million. At December 31, 2020 the County reported deferred inflows of resources related to OPEB from the following sources (dollars in thousands):

	<u>Primary Government</u>		<u>Major Discretely Presented Component Units</u>			
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
			<u>NCC</u>	<u>NHCC</u>	<u>NCC</u>	<u>NHCC</u>
Differences between expected and actual experience	\$ 323	\$ 77,679	\$	\$ 59,270	\$ 8,449	\$ 2,864
Changes of assumptions	881,999	662,025	84,469	12,747	60,640	46,441
Contributions made subsequent to measurement date	200,301		8,618			
	<u>\$ 1,082,623</u>	<u>\$ 739,704</u>	<u>\$ 93,087</u>	<u>\$ 72,017</u>	<u>\$ 69,089</u>	<u>\$ 49,305</u>

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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in OPEB expenses as follows (dollars in thousands):

		<u>Major Discretely Presented Component Units</u>		
		<u>Primary Government</u>	<u>NCC</u>	<u>NHCC</u>
Years Ending December 31,	2021	\$ 10,760	\$ 4,603	\$ 2,600
	2022	(58,228)	1,621	2,600
	2023	86,751	951	2,985
	2024	103,335	8,205	1,159
	2025			13,368
		<u>\$ 142,618</u>	<u>\$ 15,380</u>	<u>\$ 22,712</u>

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 \$465.1 million, inclusive of blended components units at December 31, 2020. At August 31, 2020, NCC’s vacation leave and sick leave liability was \$54.0 million. At December 31, 2020, NHCC’s vacation and sick leave liability was \$80.3 million.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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, 2020 was \$56.5 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, 2020, approximately \$19.8 million represents termination pay for accumulated leave to be paid annually for three years beginning in January 2021 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 contract 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, 2020 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 \$42.1 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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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 PILOT (Payment in Lieu of Taxes) 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. The Town of Hempstead collected the PILOTs for the Town of Hempstead IDA in 2020 and the Glen Cove IDA collected their own, and both are required to remit 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 agreement entered into by each IDA. 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, 2020 is shown below.

<u>Nassau County Industrial Development Agency</u>		Dollars in Thousands			
Project	Program	Sales Tax Abated	County Real		Net Abatement
			Property Tax Abated	PILOT Payments to County	
Bonds/Notes Issuance					
	Finance, Insurance and Real Estate	\$	\$ 515	\$ 385	\$ 130
	Manufacturing		14	14	
	Services		448	151	297
Leases					
	Agriculture		30	6	24
	Finance, Insurance and Real Estate	477	6,914	2,789	4,602
	Manufacturing	173	1,476	699	950
	Other Categories	1,288	5,097	959	5,426
	Services	115	11,532	2,983	8,664
	Transportation, Communication, Electric, Gas and Sanitary Services		108	-	108
	Wholesale Trade	18	888	564	342
Tax exemptions					
	Manufacturing		26		26
	Transportation, Communication, Electric, Gas and Sanitary Services		69		69
	Total	\$ 2,166	\$ 27,022	\$ 8,550	\$ 20,638

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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		\$ 391	\$ 119	\$ 272
Leases					
	Construction		1,152	52	1,100
	Continuing Care Retirement Communities		1,102	411	691
	Finance, Insurance and Real Estate		2,720	445	2,275
	Manufacturing		256	82	174
	Other Categories	74	1,742	540	1,276
	Retail Trade	8	15,961	3,778	12,191
	Services		2,789	728	2,061
	Transportation, Communication, Electric	17	240	82	175
	Total	\$ 99	\$ 26,353	\$ 6,237	\$ 20,215

Glen Cove Industrial Development Agency

Project	Program	Sales Tax Abated	County Real Property Tax Abated	PILOT Payments to County	Net Abatement
Leases					
	Construction	\$ 376	\$ 997	\$ 414	\$ 959
	Finance, Insurance and Real Estate	229	11	11	229
	Real Estate		60	18	42
	Retail Trade		32	8	24
	Services		35	18	17
	Total	\$ 605	\$ 1,135	\$ 469	\$ 1,271
Grand Total		\$ 2,870	\$ 54,510	\$ 15,256	\$ 42,124

No amounts are received from other governments or from any Industrial Development Agency. All payments are made directly to Nassau County. The County has opted to present all abatement information in the aggregate; therefore, no quantitative thresholds apply. No information has been omitted because it is legally prohibited from being disclosed.

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 tax but to comply with a property tax cap requirement.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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 Footnote 21(E) for further discussion*). 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 as of August 29, 2017.

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 \$591.2 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, 2020. Approximately \$349.6 million has been recorded as a liability in the government-wide financial Statement of Net Position, at December 31, 2020, related to workers’ compensation claims, as estimated by the County’s third-party administrator. The workers’ compensation amount is a liability separate from all other non-workers’ compensation claims and litigation.

The schedule below presents the changes in claims liabilities for the past two years for workers’ compensation and litigation and malpractice liability and includes an estimate of claims that have been incurred but not yet reported (dollars in thousands).

	Workers' Compensation		Litigation	
	2020	2019	2020	2019
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 244,935	\$ 209,806	\$ 475,200	\$ 414,759
Incurred claims and claim adjustment Expenditures:				
Provision for the estimate of risk losses and changes to the prior year estimated losses	134,839	65,515	135,254	90,560
Payments:				
Payments made on losses	30,196	30,386	19,255	30,119
Total unpaid claims, claim adjustment expenditures and claims incurred but not reported at the end of the year	\$ 349,578	\$ 244,935	\$ 591,199	\$ 475,200

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

21. CONTINGENCIES AND COMMITMENTS (Continued)**A. Claims and Litigation (Continued)****Utilities Litigation under 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 is scheduled for July 20, 2021. It is uncertain at this time if the trial will commence this year.

The County intends to continue to defend itself vigorously in these actions and proceedings. It is not possible to predict the outcome of these actions and proceedings or their ultimate impact on the County’s financial condition. The County cannot state with certainty the amount of a refund if the court were to order one, but has estimated, depending on the methodology of calculation, that such refund could be as high as \$200 million. These amounts are included in the long-term liability for estimated liability for litigation

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

21. CONTINGENCIES AND COMMITMENTS (Continued)**A. Claims and Litigation (Continued)****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. In March 2014, the Appellate Division determined that the plaintiffs were entitled to indemnification from the County for refunds that the Towns pay in these matters. 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. In 2017, the County settled the outstanding claims of the Town of Hempstead. The settlement agreement required the County to pay to the Town of Hempstead approximately \$18 million in satisfaction of certain judgments and claims against the County (which the County has paid) and seventy percent of the amount of judgments and settlements paid by such town on the then-remaining claims of such town, in installments over ten years, subject to certain conditions, which claims have since been resolved. In 2019, the County began paying its \$58 million estimated share of all such now-resolved claims of the Town of Hempstead in annual installments of \$5.8 million; to date the County will have paid \$17.4 million. In December 2020, the appellate division in a series of decisions determined that pre-judgment interest on damages in these matters shall be at the statutory rate of 9%, reversing the supreme court's decision(s) that it should be at lower, market rate-based amount(s). The County estimates that, if the finding is not reversed on appeal, it would increase the amounts owed to the Town of Hempstead from an estimated \$58 million to an estimated \$62 million; the Towns and the County are appealing. In October 2018, the County settled the remaining claims of two Town of Oyster Bay garbage districts for approximately \$1.1 million in the aggregate; structured payment for the last claim will be paid in 2021. The remaining claims with the Town of North Hempstead are approximately \$8 million. In February 2020, the County's final appeals were denied. Therefore, the County is liable for judgments in favor of such town of approximately \$8 million; the parties are currently in discussion for a structured payment schedule. These amounts are included in the long-term liability for estimated liability for litigation.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

21. CONTINGENCIES AND COMMITMENTS (Continued)**A. Claims and Litigation (Continued)****Other Litigation****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, judgment 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. As of March 16, 2020, the appeals are fully submitted. In 2021, the Appellate Court issued decisions directing that the decision on the validity of the MOA be decided by the arbitrator. 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. These amounts are included in the long-term liability for estimated liability for litigation

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. In 2019 the court granted the County's motion to dismiss this one of the lawsuits in part and denied it in part but did not determine any of the constitutional claims. In 2020, the trial court decision granted plaintiff summary judgment on the causes of action finding that the DAF law is an unconstitutional delegation of authority to the Nassau County Assessor because the law does not provide the assessor sufficient guidelines to determine DAF charge in excess of 10%. The remaining causes of action were dismissed. The trial court did not direct that 2017 and 2018 DAF charges be refunded to commercial property owners, finding that they are not entitled to a refund as they would otherwise have been required to pay the amount withheld in taxes in a prior decision. Note, however judgment has not been settled. Should such a refund be directed, the County would be obligated to refund approximately \$12 to \$13 million. The Treasurer has not distributed excess DAF funds to the other taxing jurisdictions during the pendency of this litigation. The County intends to continue to defend itself vigorously against these actions and proceedings.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

21. CONTINGENCIES AND COMMITMENTS (Continued)**A. Claims and Litigation (Continued)****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. The parties have concluded with discovery and the parties will likely proceed with cross-motions for summary judgment. Both plaintiffs have filed suit for subsequent tax years. These actions have been held in abeyance while the 2018 cases are litigated. At this time the County’s ultimate potential liability cannot be determined and the County is in the process of evaluating different scenarios with respect to the recalculation of the APBs. 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. 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 2020 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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

21. CONTINGENCIES AND COMMITMENTS (Continued)**A. Claims and Litigation (Continued)****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's appeal of the dismissal of the monetary causes of action was denied by the Second Department. In 2020, the trial court granted plaintiff's summary judgment motion and declared the tax map verification fee unconstitutional. The court determined that the fee charged was not proportionate to the service provided and as such, the fee is an ad valorem tax. The trial court did not direct the County to return the fees collected to date or to order the County to stop collecting the fee. The County intends to appeal this decision. 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, to some extent, annual collections that are now approximately \$45 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, the county successfully defended plaintiff's challenge to 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 which was unsuccessful. 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 \$80-120 million.

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. Substantial discovery has been conducted including depositions of several witnesses and named parties. The action has been temporarily stayed due to the death of Mr. Abramov. The estate is pursuing amending the lawsuit to include wrongful death. 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 million.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

21. CONTINGENCIES AND COMMITMENTS (Continued)**A. Claims and Litigation (Continued)****Pollution Remediation**

The County has identified and recorded in its financial statements a cost estimate for pollution remediation at year-end 2020 for few sites owned and/or previously operated by the County. Historic uses have contributed to various forms of environmental pollution to the properties. The County continues to monitor the sites in accordance with the New York State Department of Environmental Conservation (“NYSDEC”) requirements.

A cost estimate of \$5.99 million has been recorded as a liability in the County’s government-wide financial statement of Net Position at December 31, 2020. The costs are estimated obligated costs which may be used to address cleanup costs in the event the County is required to decommission or demolish the sites. The liability was developed by taking into consideration construction costs for demolition projects, including engineering, construction management and contractor costs.

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 parties are currently in discovery phase of the litigation. 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 million.

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. The County has moved to dismiss the complaint and the motion is currently pending before the Court. At this time, the County’s ultimate potential liability cannot be determined. The County will continue to defend itself vigorously in these actions and proceedings.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

21. CONTINGENCIES AND COMMITMENTS (Continued)**A. Claims and Litigation (Continued)****Armor Litigations**

Between 2012 and 2017, multiple claims were filed against the County and Armor Correctional Health Services Inc. (“Armor”) alleging medical malpractice and/or tortious conduct in connection with the provision of health care services to inmates at the County’s correctional center. Pursuant to agreement, Armor is required to indemnify the County for its losses resulting from Armor’s acts or omissions in performing such services and to include the County as an additional insured on its applicable insurance policy or policies. In late 2019, issues as to the extent of the indemnification and additional insured coverage have been raised between the County and Armor. If Armor and/or its insurance carrier(s) successfully disclaim any financial obligation to indemnify the County for the multiple claims, then the County could be solely responsible for any liability determined by a court. 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(s), the amount of damages for which the County may be liable could be in excess of \$30.0 million.

B. Tax Certioraris

There were 249,181 taxpayers’ claims (residential and commercial) filed against the Board of Assessors, for the incorrect determination of assessed valuation (certiorari proceedings) for the 2020 (May 1, 2021) assessment roll an increase of 15,783 over the prior year. An amount estimated for future settlements and judgments of \$510.5 million has been recorded as a long-term liability in the government-wide financial Statement of Net Position at December 31, 2020, of which approximately \$73.0 million have been recorded as current liabilities in the government-wide Statement of Net Position. In 2020, an additional \$30.4 million was accrued as a liability for tax certioraris and is included as current liabilities in the governmental fund statements and the Statement of Net Position. The estimate of this liability is a synopsis of all unpaid refund claims as of December 31, 2020. 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.

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, 2020, tax certiorari expenditures recorded in the governmental funds were \$33.8 million paid with general operating funds (none paid for with bond proceeds), as these amounts were due and payable in 2020.

Disputed Assessment Fund

The County’s DAF became operational during 2017. For fiscal 2020, the DAF’s total liabilities in the governmental funds were \$217.0 million representing collections of DAF charges from class four property owners. Of this amount, \$29.9 million (current liabilities) and \$77.0 million (non-current liabilities) have been included in the Estimated Tax Certiorari Payable balances in the government-wide Statement of Net Position.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

21. CONTINGENCIES AND COMMITMENTS (Continued)

B. Tax Certioraris (Continued)

Disputed Assessment Fund (Continued)

The remainder, \$110.1 million, is recorded as Disputed Assessment Fund Deposits Held (current liabilities of \$97.8 million) and Accrued Liabilities (current liabilities of \$12.3 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 2017 and 2018 DAF collections will be returned to commercial property owners or distributed to the County and other municipalities. The DAF also accrued as a liability, \$12.3 million of tax certiorari expenditures in the governmental funds for property tax refunds due and payable in the fiscal year and which are expected to be paid in 2021. DAF charges collected in 2020 may be used to pay for any class four tax certiorari refund and is not limited to specific properties. Thus, DAF charge collected in 2020 of \$40.0 million is available to pay for class four tax certiorari liabilities and reduced the long-term liability reported in the government-wide Statement of Net Position by this amount.

Superstorm Sandy Assessment Relief payments

In 2014, the County Legislature approved \$38.8 million of borrowing to be used to pay the refunds. Through December 31, 2020, approximately \$37.5 million of Sandy tax refunds checks were issued to property owners. For the fiscal year, approximately \$1.0 million was recorded as current liability in the governmental funds and the Statement of Net Position as of fiscal year-end. It is anticipated that all remaining Sandy property tax refunds will be paid in 2021.

Summary of Tax Certiorari Liability

Statement of Net Position as of December 31, 2020

(in thousands)

Current Liabilities

Property Tax Payable (due and payable in 2020) in Governmental Funds:

Short-term tax certiorari liability - operating	\$ 30,382
Short-term tax certiorari liability Superstorm Sandy	<u>1,021</u>
Property Tax Payable in Governmental Funds (Exhibit X-3)	<u>\$ 31,403</u>

Current Portion of Long-Term Estimated Tax Certiorari Liability:

Estimated Tax Certiorari Liability - DAF (Exhibit X-1)	\$ 29,913
Current Portion of Long-term Estimated Tax Certiorari Payable (Note 12)	<u>73,000</u>
Total Current Tax Certiorari Liability per Government-wide Funds	<u>\$ 102,913</u>

Non-Current Liabilities:

Estimated Tax Certiorari Liability - DAF	\$ 76,953
Non-Current Portion of Long-term Estimated Tax Certiorari Payable	<u>437,472</u>
Total Non-Current Tax Certiorari Liability per Government-wide Funds (Exhibit X-1)	<u>\$ 514,425</u>

Total Tax Certiorari Liability	\$ 648,741
Less: Short-term tax certiorari liability Super Storm Sandy	<u>(1,021)</u>
Total Tax Certiorari Liability excluding Super Storm Sandy	<u>\$ 647,720</u>

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

21. CONTINGENCIES AND COMMITMENTS (Continued)**C. Contingencies under Grant Programs**

The County participates in a number of Federal and State grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives.

Provisions for certain expected disallowances, where considered necessary, have been made as of December 31, 2020. In the County's opinion, any additional disallowances resulting from these audits will not be material.

D. Certain Third - Party Reimbursement Matters

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

E. Nassau Health Care Corporation Insurance

For the policy years ended September 29, 2007 to 2020, 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 \$7,000 per person (\$10,000 for policy years prior to 2008) with no aggregate limit and \$1,000 per claim up to an aggregate of \$1,000, respectively. An excess buffer limit of \$3,000 per person/\$3,000 in the aggregate was introduced above the \$7,000 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 Corporation, initiating a \$1,000 deductible limit on all open claims as of December 31, 2015. The liability on commercial general policies is \$1,000 per occurrence, except for fire damages, where the limit is \$50 for any one fire, and medical payment, where the limit is \$5 for any one person, up to an aggregate of \$3,000. At December 31, 2020, the Captive was in compliance with its minimum capital requirement.

In April 2016, the respective boards of NHCC and NHCC, Ltd., the Captive, agreed to make certain changes to the Insurance Program as follows: NHCC would have, retain and be responsible for the first \$1,000 of losses for all hospital professional liability claims made from 1999 to the present, and would have, retain and be responsible for the first \$1,000 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 \$1,000 for all open claims from 1999 and forward.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

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):

	<u>2020</u>	<u>2019</u>
Balance at beginning of year	\$ 35,967	\$ 41,295
Incurred related to:		
Current year	<u>2,762</u>	<u>(1,078)</u>
Total incurred	2,762	(1,078)
Paid relating to:		
Prior year	<u>(2,700)</u>	<u>(4,250)</u>
Total paid	<u>(2,700)</u>	<u>(4,250)</u>
Balance at end of year	<u><u>\$ 36,029</u></u>	<u><u>\$ 35,967</u></u>

Losses and loss adjustment expenses for incurred claims for prior years reflect 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, 2020.

In addition to the insurance coverage purchased from the Captive, the Corporation purchases umbrella and other coverage from commercial insurers. For the years ended December 31, 2020 and 2019, insurance expense totaled \$1,077 and \$954, respectively.

F. Capital Commitments

At December 31, 2020, there were capital project contract commitments of \$557 million, of which approximately \$418 million may require future funding. All capital project commitments are encumbered in the County’s financial system. Some of these capital project commitments are included in the material encumbrances table in Footnote 21 G. below.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

21. CONTINGENCIES AND COMMITMENTS (Continued)

G. Material Encumbrances

Material encumbrances (greater than \$5 million) as of the year ended December 31, 2020 were as follows (dollars in thousands):

<u>Capital Fund</u>	
Construction:	
Bridge Rehab	\$ 21,654
Buildings	102,457
Disposal	86,352
Roads	21,354
Public Safety	6,607
Traffic	9,639
<u>Grant Fund</u>	
Bus Services	75,203
<u>General Fund</u>	
Bus Services	9,359
Health Services	5,297
Day Care Contracts with Social Services	5,210

These encumbrances are included in restricted, committed and assigned 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, 2020; (1) Carlton 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 \$3.9 million, capital assets of \$54.6 million, current liabilities of \$70.0 thousand and deferred inflows of \$58.4 million in the Statement of Net Position. See details below.

Carlton on the Park LTD

The County’s agreement with Carlton on the Park, LTD (“the Carlton”) grants the Carlton the use of an existing Eisenhower Parks structure, which houses a restaurant and catering facility. The original agreement dates back to 1990 and the current agreement runs from January 1, 2013 through December 31, 2020 with an option to extend the term for an additional two (2) year period upon the reasonable agreement of the Licensee and the County. Due to the economic impact of COVID-19, the County and the Carlton are negotiating an amended agreement to reduce the monthly payment. The agreement has not been finalized as of the date of this report. There were no up-front payments. The Carlton pays a minimum license fee of \$371.0 thousand per year, in monthly installments, with annual increases based on the Consumer Price Index (“CPI”). The Licensee also pays a percentage of its gross revenues, calculated at 18.5% of gross receipts (13% for tax exempt entities), and an annual utility fee of \$70.0 thousand, with increases based on the CPI. The Licensee is responsible for the greater of the minimum license fee payment or the percentage of gross receipts amount. The Carlton is responsible for all improvements and maintenance of the premises. The revenue received by the County is used to fund General Fund expenditures. The County has no financial contractual obligations respecting this agreement. The agreement calls for a bond or security deposit of up to \$250,000 at the County’s discretion. The County currently has a \$250,000 bond on file which expires on January 1, 2022 and is renewable annually. The County reported in its Statement of Net Position a receivable of \$85.1 thousand, capital assets of \$83.6 thousand, a utility liability of \$70.0 thousand and a deferred inflow of resources in the amount of \$98.7 thousand as of December 31, 2020, pursuant to the service concession arrangement.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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 the County. There were no up-front payments. Morley Tennis erected a new facility in 2013. Pursuant to the agreement, Morley Tennis 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, 2022 and is renewable yearly. The County reported in its Statement of Net Position a receivable with a carrying amount of \$1.2 million, capital assets of \$7.8 million and a corresponding deferred inflow of resources of \$9.0 million as of December 31, 2020, 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 the 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 and increased 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, 2022, 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’s 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 \$1.9 million, capital assets of \$43.7 million and a corresponding deferred inflow of resources of \$45.6 million as of December 31, 2020, pursuant to the service concession arrangement.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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 \$662.8 thousand, capital assets of \$3.0 million and a corresponding deferred inflow of resources of \$3.7 million as of December 31, 2020, 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 initially recorded a receivable and deferred inflow of approximately \$2.1 million, 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 \$1.8 million, net of depreciation, as part of equipment in the capital assets section of the statement of net position. NCC has also recorded a deferred inflow for the purchase, net of the related contractual liability, to be amortized on a straight-line basis over the contract period. The amount of deferred inflow at August 31, 2020, is approximately \$568,000 net of amortization of \$119,000 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 has also entered into a ten-year service concession arrangement with Follett Higher Education (Follett) for the operations of NCC bookstore. The arrangement incorporates yearly guaranteed commissions paid by Follett. The yearly payments are paid quarterly. NCC has recorded a receivable and deferred inflow of approximately \$3,300,000, net of revenue recognized in fiscal year 2020 of \$600,000, for the present value of the total payments to be received over the term of the arrangement.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

21. CONTINGENCIES AND COMMITMENTS (Continued)**H. Service Concession Arrangements (Continued)****Nassau Community College – Service Concession Arrangement (continued)**

The installation of the purchased equipment was completed and put into service on September 1, 2018. NCC will retain the equipment purchased by Follett at the end of the contract period. NCC has included the equipment purchase and related installation costs totaling \$900,000, net of depreciation, as part of equipment in the capital assets section of the statement of net position. 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, 2020, is approximately \$600,000 net of amortization of approximately \$100,000 recorded as other revenue. In the event the contract is terminated prior to its ten-year term, NCC will repay Follett for the unamortized portion of the equipment.

22. SUBSEQUENT EVENTS**Debt Issuance**

In January 2021, the County issued Series A and B Tax Anticipation Note (“TANS”) in the amount of \$108.7 million and \$108.3 million respectively. The Series A, TANS bear interest at 2.0% and mature on September 15, 2021 and the Series B TANS bear interest at 2.0% and mature on December 10, 2021. The TANS were issued in anticipation of the collection by the County of real property taxes to be levied for County purposes for the County’s fiscal year commencing January 1, 2021 and ending December 31, 2021.

In January 2021, the County issued Series A and B Revenue Anticipation Notes (“RANS”) of \$108.3 million and \$39.3 million respectively. The Series A, RANS bear interest at 2.0% and mature on December 10, 2021 and the Series B RANS bear interest of 2.00% and mature on January 7, 2022. The RANS were issued in anticipation of receipt by the County of net allocable sales tax for County purposes for the County’s fiscal year commencing January 1, 2021 and ending December 31, 2021.

In April 2021, the County issued Series A General Improvement Bonds in the amount of \$155.1 million. The bonds bear interest rates of 4% and 5% with maturity dates ranging from April 2022 to April 2051. The bonds were issued to fund various public purposes, including capital projects, to refinance the County’s Bond Anticipation Note, 2020 (Renewal) Series A, and to pay costs of issuance.

NIFA

In 2021, the Authority issued \$553.07 million of Series 2021A sales tax secured bonds and \$557.05 million of Series 2021B sales tax secured bonds, collectively (“Series 2021 bonds”) to currently refund \$331.22 million of the Authority’s bonds and \$856.79 million of County bonds. Of the \$1,307.78 million bond issuance proceeds (including premium on issuance of \$197.67 million), \$1,291.86 was used for refunding of existing bonds (including interest of \$103.84 million) and \$15.92 million was used to pay for costs associated with the issuance. In conjunction with the Series 2021 bond issuance, the existing swaps, a hedged derivative instrument were terminated, resulting in an \$11.01 million swap termination fee, which is included in the \$15.92 million cost of issuance noted in the previous sentence. The overall transaction resulted in an economic gain (the difference between the present value of the debt service payments on the old and new debt) of \$117.65 million.

The Series 2021 bonds are redeemable or subject to mandatory tender for purchase in lieu of redemption, prior to maturity, in accordance with their terms.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

22. SUBSEQUENT EVENTS (Continued)**Berliner v. County of Nassau**

In 2019, Eric Berliner and three others commenced a putative class action, hybrid declaratory judgment action and proceeding seeking declaratory and injunctive relief with respect to the County's 2020-2021 assessment roll alleging that the roll and the manner in which it was prepared violated various provision of the United States and State constitutions, the RPTL and the County Charter. The County moved to dismiss and plaintiffs cross-moved for class certification. In January 2020, the Court granted in part and denied in part the County's motion to dismiss and granted the plaintiffs' motion for class action certification. This matter was settled in February 2020. There was no monetary award to the plaintiffs. The County was ordered to pay the plaintiffs' attorneys' fees in the amount of \$300,000. The fees were paid by the County in 2021.

Nassau County Tobacco Settlement Corporation

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued. On February 25, 2021, S&P Global Ratings downgraded the rating for NCTSC's Series 2006A-2 Senior Convertible Bonds, due June 1, 2026, Series 2006A-3 Senior Bonds, due June 1, 2035, and Series 2006A-3 Senior Bonds, due June 1, 2046 from a rating of B- to a rating of CCC+.

Nassau Community College

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. Although the pandemic is still ongoing, restrictions are starting to be lifted as the population is being vaccinated. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the College operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the College, to date, the College is expecting to experience declining revenue as a result of decreased enrollment arising from students who are apprehensive or unable to take classes via remote learning or, in cases of face-to-face learning, students are cautious due to uncertainties of the virus and vaccines. The impact will primarily affect the upcoming fiscal year, as the College endeavors to enroll students in remote learning courses with limited face-to-face courses during fiscal 2021. The College's primary sources of revenue are tuition and fees which are provided through three sources (Student, State, Local) could be affected. The Higher Education Emergency Relief Program has awarded the College grants that will offset the losses incurred during the pandemic. These grants will offset revenue losses incurred in fiscal 2021 and future years, as the effect of the pandemic is expected to carry over into future years. The grants total \$46.4 million of which the College expect to use \$34 million for revenue losses over the next three fiscal years.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including contractual obligations with service concession arrangement vendors related to receivables. At this time, the College has not fully evaluated and quantified the effects of this subsequent event.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

22. SUBSEQUENT EVENTS (Continued)

Superior Officers Association- Wage Memorandum of Understanding.

In January 2021 Nassau County signed and issued a memo in furtherance of the 2018-2026 Memorandum of Agreement (“MOA”) with the Superior Officers Association (“SOA”). The memo addresses the salary schedules for all titles including newly promoted Sergeants and differentials. Other elements addressed in the MOA include retroactive payments for non-recurring lump sum payments as of July 1, 2019 and general wage increases as of July 1, 2020.

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REQUIRED SUPPLEMENTARY INFORMATION

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EXHIBIT X-15**COUNTY OF NASSAU, NEW YORK****SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OTHER
POSTEMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS
(Dollars in Thousands)**

Financial Report Date, December 31st:	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
OPEB Measurement Date of December 31st:	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total OPEB Liability				
Service Cost	\$ 157,787	\$ 200,891	\$ 167,002	\$ 172,674
Interest	215,912	220,624	215,385	203,005
Effect of economic/demographic gains or losses	(6,455)	(127,858)	(8,486)	
Effect of assumptions or changes in inputs	936,922	(1,191,457)	507,107	(174,314)
Benefit payments	<u>(200,481)</u>	<u>(212,542)</u>	<u>(186,464)</u>	<u>(181,813)</u>
Net Change in Total OPEB Liability	1,103,685	(1,110,342)	694,544	19,552
Total OPEB Liability - Beginning	<u>5,207,599</u>	<u>6,317,941</u>	<u>5,623,397</u>	<u>5,603,845</u>
Total OPEB Liability - Ending	<u>\$ 6,311,284</u>	<u>\$ 5,207,599</u>	<u>\$ 6,317,941</u>	<u>\$ 5,623,397</u>
Covered - employee payroll	899,858	895,357	920,699	890,837
Total OPEB liability as a percentage of covered payroll	701.36%	581.62%	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	2.74%	4.10%	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****(Dollars in Thousands)**

	December 31,								
	2020	2019	2018	2017	2016	2015	2014	2013	2012
ERS									
Contractually required contributions	\$ 76,412	\$ 75,099	\$ 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	<u>\$ 68,460</u>	<u>\$ 66,939</u>	<u>\$ 65,949</u>	<u>\$ 62,891</u>	<u>\$ 60,079</u>	<u>\$ 55,084</u>	<u>\$ 53,073</u>	<u>\$ 53,493</u>	<u>\$ 53,657</u>
Contribution deficiency (excess)	<u>\$ 7,952</u>	<u>\$ 8,160</u>	<u>\$ 9,499</u>	<u>\$ 13,372</u>	<u>\$ 18,310</u>	<u>\$ 28,826</u>	<u>\$ 37,254</u>	<u>\$ 35,813</u>	<u>\$ 38,586</u>
Covered Payroll	\$ 507,833	\$ 521,914	\$ 475,820	\$ 466,288	\$ 459,538	\$ 443,847	\$ 452,810	\$ 441,721	\$ 457,271
Contributions recognized by the Plan as a percentage of covered payroll	13.48%	12.83%	13.86%	13.49%	13.07%	12.41%	11.72%	12.11%	11.73%
Note: ERS amounts include NIFA									
PFRS									
Contractually required contributions	\$ 82,473	\$ 80,983	\$ 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	<u>\$ 77,602</u>	<u>\$ 76,751</u>	<u>\$ 77,619</u>	<u>\$ 78,693</u>	<u>\$ 74,838</u>	<u>\$ 68,290</u>	<u>\$ 68,382</u>	<u>\$ 69,290</u>	<u>\$ 66,205</u>
Contribution deficiency (excess)	<u>\$ 4,871</u>	<u>\$ 4,232</u>	<u>\$ 7,170</u>	<u>\$ 11,556</u>	<u>\$ 12,891</u>	<u>\$ 15,079</u>	<u>\$ 23,601</u>	<u>\$ 29,977</u>	<u>\$ 16,608</u>
Covered Payroll	\$ 344,531	\$ 397,626	\$ 397,626	\$ 359,301	\$ 369,238	\$ 358,147	\$ 356,016	\$ 357,232	\$ 368,494
Contributions recognized by the Plan as a percentage of covered payroll	22.52%	19.30%	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
(Dollars in Thousands)**

	March 31,						
	2020	2019	2018	2017	2016	2015	2014
ERS							
County's proportion of the net pension liability (asset)	1.8639277%	1.8675593%	1.8724633%	1.9324746%	1.9049625%	1.8958576%	1.8958576%
County's proportionate share of the net pension liability (asset)	\$ 462,707	\$ 123,801	\$ 56,464	\$ 169,283	\$ 284,906	\$ 59,955	\$ 79,862
Covered Payroll	\$ 518,383	\$ 488,597	\$ 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	89.26%	25.34%	11.56%	36.87%	65.93%	13.70%	18.33%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	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)	8.523885%	8.661111%	8.984056%	9.215762%	9.012023%	8.564898%	8.564898%
County's proportionate share of the net pension liability (asset)	\$ 455,552	\$ 145,252	\$ 90,776	\$ 190,995	\$ 266,827	\$ 23,576	\$ 35,656
Covered Payroll	\$ 370,047	\$ 392,858	\$ 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 payroll	123.11%	36.97%	22.45%	51.52%	79.04%	6.91%	10.02%
Plan fiduciary net position as a percentage of the total pension liability	84.86%	95.09%	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.

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

EXHIBIT A-1**COUNTY OF NASSAU, NEW YORK****COMBINING BALANCE SHEET****NONMAJOR GOVERNMENTAL FUNDS****DECEMBER 31, 2020 (Dollars in Thousands)**

	Nonmajor Special Revenue Funds						Nonmajor Debt Service Funds		Total Nonmajor Governmental Funds
	Environmental Protection Fund	Tobacco Settlement Corp Fund	Sewer Financing Authority Fund	Grant Fund	FEMA Fund	COVID Fund	Tobacco Settlement Corp Fund	NIFA Fund	
ASSETS									
Cash and Cash Equivalents	\$ 11,107	\$ 287	\$ 123	\$ 86,182	\$ 182	\$ 16,798	\$	\$	\$ 114,679
Investments			2,493						2,493
Restricted Cash and Cash Equivalents								11	11
Restricted Investments							22,278	44,976	67,254
Interest Receivable								14	14
Due from Other Governments				32,359	8,503				40,862
Accounts Receivable				303					303
Interfund Receivables				408				29,471	29,879
Prepays		34							34
Other Assets				242					242
TOTAL ASSETS	\$ 11,107	\$ 321	\$ 2,616	\$ 119,494	\$ 8,685	\$ 16,798	\$ 22,278	\$ 74,472	\$ 255,771
LIABILITIES									
Accounts Payable	\$	\$	\$	7,116	1	365	\$	\$	7,482
Accrued Liabilities				14,997	164	484		17	15,662
Payable to Broker - investment purchase								14,737	14,737
Unearned Revenues				58,220	1,021				59,241
Interfund Payables	10,959	28		26,684	4,864	15,424		9	57,968
Due to Component Unit				470					470
Other Liabilities				284					284
Total Liabilities	10,959	28		107,771	6,050	16,273		14,763	155,844
DEFERRED INFLOWS OF RESOURCES:									
Unavailable Revenue - Rents & Recoveries and Other				180					180
Total Deferred Inflows of Resources				180					180
FUND BALANCE									
Nonspendable		34							34
Spendable:									
Restricted			2,493	11,543	2,635	525	22,278	59,709	99,183
Committed	148								148
Assigned		259	123						382
Total Fund Balance	148	293	2,616	11,543	2,635	525	22,278	59,709	99,747
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 11,107	\$ 321	\$ 2,616	\$ 119,494	\$ 8,685	\$ 16,798	\$ 22,278	\$ 74,472	\$ 255,771

EXHIBIT A-2**COUNTY OF NASSAU, NEW YORK****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020 (Dollars in Thousands)**

	Nonmajor Special Revenue Funds						Nonmajor Debt Service Funds			Total Nonmajor Governmental Funds
	Environmental Protection Fund	Tobacco Settlement Corp Fund	Sewer Financing Authority Fund	Grant Fund	FEMA Fund	COVID Fund	Tobacco Settlement Corp Fund	Sewer Financing Authority Fund	NIFA Fund	
Revenues:										
Property Taxes	\$ 10,726									\$ 10,726
Tobacco Receipts							19,361			19,361
Special Taxes				279						279
Departmental Revenue				3,251						3,251
Interest Income	30		16	157		46	111		476	836
Fines and Forfeits				923						923
Rents and Recoveries				212						212
Interfund Revenue				128						128
Other Revenues				2,189						2,189
State Aid				46,111						46,111
Federal Aid				51,657	466	103,152				155,275
Total Revenues	10,756		16	104,907	466	103,198	19,472		476	239,291
Expenditures:										
Current:										
Judicial				3,366		78				3,444
General Administration		118	29	31,674		8,021				39,842
Protection of Persons				11,616		88,903				100,519
Health				46,897		2,419				49,316
Public Works				771	556	286				1,613
Recreation and Parks				2,705						2,705
Social Services				17,114		1,585				18,699
Corrections				1,017		3,440				4,457
Total Current		118	29	115,160	556	104,732				220,595
Debt Service:										
Principal							1,290	11,795	42,231	55,316
Interest							17,949	5,576	16,921	40,446
Total Debt Service							19,239	17,371	59,152	95,762
Total Expenditures		118	29	115,160	556	104,732	19,239	17,371	59,152	316,357
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,756	(118)	(13)	(10,253)	(90)	(1,534)	233	(17,371)	(58,676)	(77,066)
Other Financing Sources (Uses):										
Transfers In					36	2,059				2,095
Transfers Out	(10,960)									(10,960)
Transfers In of Investment Income										
Transfers Out of Investment Income										
Transfers In from NIFA									141,618	141,618
Transfers Out to NIFA									(68,903)	(68,903)
Transfers In from NCSSWFA				157,185				17,371		174,556
Transfers Out to NCSSWFA				(157,491)						(157,491)
Transfers In from NCTSC		135								135
Transfers Out to NCTSC							(135)			(135)
Total Other Financing Sources (Uses)	(10,960)	135	(306)		36	2,059	(135)	17,371	72,715	80,915
Net Change in Fund Balance	(204)	17	(319)	(10,253)	(54)	525	98		14,039	3,849
Fund Balance Beginning of Year	352	276	2,935	21,796	2,689		22,180		45,670	95,898
Fund Balance End of Year	\$ 148	\$ 293	\$ 2,616	\$ 11,543	\$ 2,635	\$ 525	\$ 22,278	\$ 17,371	\$ 59,709	\$ 99,747

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EXHIBIT A-3**COUNTY OF NASSAU, NEW YORK****COMBINING STATEMENT OF NET POSITION
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY
DECEMBER 31, 2020 (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	\$ 10,211	\$ 4,354	\$ 2,208	\$ 171	\$ 76	\$ 17,020
Restricted Cash and Cash Equivalents		512			15	527
Other Receivables	3				75	78
Accounts Receivable		699	74	3		776
Less Allowance for Doubtful Accounts						
Inventories	4					4
Prepays	33		30	1	6	70
Other Assets - Current		570	24			594
Total Current Assets	10,251	6,135	2,336	175	172	19,069
NON CURRENT ASSETS:						
Restricted Cash and Cash Equivalents	2,738					2,738
Property Held for Sale					522	522
Capital Assets Not Being Depreciated		432	24	24		480
Depreciable Capital Assets	65,300	40,136	57			105,493
Less Accumulated Depreciation	(37,581)	(34,744)	(51)			(72,376)
Total Non Current Assets	30,457	5,824	30	24	522	36,857
Total Assets	40,708	11,959	2,366	199	694	55,926
DEFERRED OUTFLOWS OF RESOURCES						
Pensions	961	4,034	237			5,232
Other Postemployment Benefits	2,438	9,711				12,149
Total Deferred Outflows of Resources	3,399	13,745	237			17,381
LIABILITIES						
CURRENT LIABILITIES:						
Accounts Payable and Accrued Liabilities	586	3,293	214	24	57	4,174
Unearned Revenues	255		82	10		347
Due To Primary Government		158			103	261
Due to Other Governments		3,718				3,718
Current Portion of Long Term Liabilities	355	1,364	37			1,756
Other Liabilities - Current		549		24	9	582
Total Current Liabilities	1,196	9,082	333	58	169	10,838
NON CURRENT LIABILITIES:						
Accounts Payable and Accrued Liabilities		5,452				5,452
Notes Payable		5,710				5,710
Bonds Payable	8,200					8,200
Due to Other Governments, net		682				682
Accrued Vacation and Sick Pay	504	1,169	156			1,829
Postemployment Retirement Benefits Liability	10,969	60,872	931			72,772
Net Pension Liability	1,520	4,521	279			6,320
Total Non Current Liabilities	21,193	78,406	1,366			100,965
Total Liabilities	22,389	87,488	1,699	58	169	111,803
DEFERRED INFLOWS OF RESOURCES						
Pensions	60	323	45			428
Other Postemployment Benefits	1,857	4,826				6,683
Total Deferred Inflows of Resources	1,917	5,149	45			7,111
NET POSITION						
Net Investment in Capital Assets	19,249	2,383	30	24		21,686
Restricted:						
Grants					15	15
Unrestricted	552	(69,316)	829	117	510	(67,308)
Total Net Position (Deficit)	\$ 19,801	\$ (66,933)	\$ 859	\$ 141	\$ 525	\$ (45,607)

EXHIBIT A-4**COUNTY OF NASSAU, NEW YORK****COMBINING STATEMENT OF ACTIVITIES
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY
FOR THE YEAR ENDED DECEMBER 31, 2020 (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	\$ 7,746	\$ 45,298	\$ 2,475	\$ 2,939	\$ 150	\$ 58,608
Program Revenues:						
Charges for Services	5,121	19,657	1,488	107		26,373
Operating Grants and Contributions					271	271
Total Program Revenues	5,121	19,657	1,488	107	271	26,644
Net Program Revenues (Expenses)	(2,625)	(25,641)	(987)	(2,832)	121	(31,964)
General Revenues						
Federal, State and Local Appropriations				2,400		2,400
Investment Income	45		12	1	3	61
Gain on Sale of Real Property					91	91
Other	208	3,388				3,596
Royalty Income		17,999				17,999
Net General Revenues	253	21,387	12	2,401	94	24,147
Change in Net Position	(2,372)	(4,254)	(975)	(431)	215	(7,817)
Net Position (Deficit) - Beginning of Year	22,173	(62,679)	1,834	572	310	(37,790)
Net Position (Deficit) - End of Year	\$ 19,801	\$ (66,933)	\$ 859	\$ 141	\$ 525	\$ (45,607)

OTHER SUPPLEMENTARY INFORMATION

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EXHIBIT B-1**COUNTY OF NASSAU, NEW YORK****COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020 (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	\$ 438,325	\$ 438,325	\$ 431,519	\$	\$ 431,519	\$ (6,806)
PAYMENTS IN LIEU OF TAXES	31,126	31,126	34,510	(558)	33,952	2,826
PREEMPTED SALES TAX IN LIEU OF PROPERTY TAXES						
Towns and City of Glen Cove	108,401	108,401	82,556		82,556	(25,845)
Total Preempted Sales Tax in Lieu of Property Taxes	108,401	108,401	82,556		82,556	(25,845)
INTEREST AND PENALTIES ON TAXES	36,913	36,913	34,277		34,277	(2,636)
SALES TAX *	1,161,263	1,161,263	1,005,345		1,005,345	(155,918)
SPECIAL TAXES						
Admission Tax - Belmont Park	150	150	2		2	(148)
Emergency Phone Tax	7,488	7,488	7,440		7,440	(48)
Entertainment Tax	850	850	586		586	(264)
Motor Vehicle Tax	17,197	17,197	17,239		17,239	42
Off-Track Betting Surtax	1,938	1,938	875		875	(1,063)
HM Historic Building	1,020	1,020	170		170	(850)
Hotel-Motel Room Tax	3,755	3,755	2,841	6	2,847	(908)
Total Special Taxes	32,398	32,398	29,153	6	29,159	(3,239)
DEPARTMENTAL REVENUE						
Assessment	45,179	45,179	45,367		45,367	188
Board of Elections	40	40	6		6	(34)
CASA	10	10	4		4	(6)
Civil Service	420	420	270		270	(150)
Correctional Center	2,300	2,300	1,463	(25)	1,438	(862)
County Attorney	105	105	101		101	(4)
County Clerk	51,229	51,229	57,561		57,561	6,332
County Comptroller	11	11	13		13	2
District Attorney	3	3	2		2	(1)
Fire Commission	8,201	8,201	6,402		6,402	(1,799)
Health						
Administration	2	2	1		1	(1)
Children's Early Intervention	1,365	1,365	1,244	(111)	1,133	(232)
Pre School Education	4,000	4,000	3,710		3,710	(290)
Laboratory Research	30	30	50		50	20
Personal Health	4	4	2		2	(2)
Information Technology	2	2				(2)
Medical Examiner	25	25	16		16	(9)
Recreation and Parks						
Recreation Services	23,651	23,651	15,712	(4)	15,708	(7,943)
Police Ambulance Fees	25,697	25,697	22,309		22,309	(3,388)
Police Fees	346	346	848	(703)	145	(201)
Probation	1,624	1,624	540		540	(1,084)

EXHIBIT B-1**COUNTY OF NASSAU, NEW YORK****COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020 (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						
Public Administrator	\$ 250	\$ 250	\$ 228	\$	\$ 228	\$ (22)
Public Works - Administration	251	251	289	(3)	286	35
Public Works - Highway and Engineering	43,623	43,623	21,957	11	21,968	(21,655)
Purchasing	30	30	35		35	5
Real Estate			1	(1)		
Social Services						
Administration	3,403	3,403	1,447	66	1,513	(1,890)
Aid to Dependent Children	3,345	3,345	4,821		4,821	1,476
Burials	2	2	2		2	
Children in Foster Homes	90	90	78		78	(12)
Home Energy Assistance Program	200	200	128		128	(72)
Children in Institutions	75	75	35		35	(40)
Education of Handicapped Children	6,433	6,433	10,688	(337)	10,351	3,918
Home Relief	3,225	3,225	3,232		3,232	7
Medicaid MMIS	955	955	167		167	(788)
Title XX	90	90	71		71	(19)
Treasurer	934	934	611		611	(323)
Total Departmental Revenue	227,150	227,150	199,411	(1,107)	198,304	(28,846)
INTEREST INCOME	5,375	5,375	1,423		1,423	(3,952)
LICENSES AND PERMITS						
Pistol Permit	1,133	1,133	1,150		1,150	17
Day Camp Permits	151	151	68		68	(83)
Food Establishments	3,415	3,415	2,734		2,734	(681)
Hazardous Materials Registration Fees	1,800	1,800	1,803		1,803	3
Home Improvements	2,600	2,600	2,538		2,538	(62)
Health Club License	20	20	2		2	(18)
Realty Subdivision Filing	102	102	46		46	(56)
Road Openings	1,300	1,300	1,041		1,041	(259)
Swimming Pools and Bathing Beaches	276	276	271		271	(5)
Temporary Residence Inspection Permit	120	120	112		112	(8)
Weights & Measures	1,500	1,500	1,135		1,135	(365)
Cross Connections	60	60	100		100	40
Water Supply Plan Review	155	155	275		275	120
Tattoo Parlor / Piercing	20	20	22		22	2
Impact Assessment Fee	200	200	66		66	(134)
Predemolition Inspection	146	146	117		117	(29)
Taxi and Limo Registration Fees	175	175	74		74	(101)
ATM Registration Fees	140	140	99		99	(41)
Maps - Sewers	14	14	20		20	6
Hauling Permits	70	70	71		71	1
Licensing	15	15	168		168	153
Cost of Construction Fee	700	700	263		263	(437)
Traffic Signal Permit			105		105	105
Total Licenses and Permits	14,112	14,112	12,280		12,280	(1,832)

(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, 2020 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<u>FINES AND FORFEITS</u>	\$ 111,795	\$ 111,795	\$ 66,016	\$	\$ 66,016	\$ (45,779)
<u>RENTS AND RECOVERIES</u>						
Rental of Mitchell Field	2,916	2,916	3,676	(1,162)	2,514	(402)
Coliseum Rental	3,091	3,091	1,777	378	2,155	(936)
Coliseum Utilities	1,781	1,781	1,058		1,058	(723)
Marriott Lighthouse Heating and Chilling	447	447	447	38	485	38
Landmark Property Rental	1,564	1,564				(1,564)
Mitchel Field Veterans Housing	1,444	1,444	1,316	259	1,575	131
Lost and Abandoned Property	582	582				(582)
Cash Recoveries	10	10				(10)
Audit Recoveries	300	300	18		18	(282)
Police Vehicle Recovery	350	350	277		277	(73)
Vendor Recoveries	250	250				(250)
Accounts Receivables Recoveries	100	100	1		1	(99)
Revenue Recovery Account	35	35	10		10	(25)
Settlement Reimbursement	300	300	498		498	198
Recovery of Damage to County Property	2,450	2,450	118		118	(2,332)
Recovery of Prior Year Appropriations	9,440	9,440	1,101	75	1,176	(8,264)
Recovery of Workers' Compensation	5	5	190		190	185
Rental of County Property	1,564	1,564	2,360	(675)	1,685	121
Rental of Voting Machines	150	150	29		29	(121)
Sale of County Property	6,480	6,480	5,758		5,758	(722)
Proceeds from Online Auction	200	200	277		277	77
Other Recoveries			2,568	37	2,605	2,605
Total Rents and Recoveries	33,459	33,459	21,479	(1,050)	20,429	(13,030)
<u>INTERDEPARTMENTAL REVENUES</u>						
Office of Budget and Management	58,807	58,807	55,056		55,056	(3,751)
Constituent Affairs			(141)		(141)	(141)
Correctional Center	150	150	85		85	(65)
County Attorney	502	502	314		314	(188)
District Attorney	414	414	414		414	
Human Services	100	100	100		100	
Information Technology	14,761	14,761	6,489		6,489	(8,272)
Police Department	14,150	14,150	11,146		11,146	(3,004)
Public Works - Administration	18,593	18,593	12,651		12,651	(5,942)
Public Works - Roads and Bridge Maintenance			2,484		2,484	2,484
Public Works - Groundwater Remediation	494	494	322		322	(172)
Social Services	40	40	44		44	4
Total Interdepartmental Revenues	108,011	108,011	88,964		88,964	(19,047)

(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, 2020 (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	\$ 293	\$ 58	\$ 1,048	\$	\$ 1,048	\$ 990
Revenues from Grant Closeouts	100	100				(100)
Interfund Revenue	8,761	8,996	7,193	(15)	7,178	(1,818)
Stop DWI Grant Revenue	70	70	247		247	177
Total Interfund Revenue	9,224	9,224	8,488	(15)	8,473	(751)
OTHER REVENUES						
OTB Profits	20,000	20,000	9,000		9,000	(11,000)
Intergovernmental Transfers	25,496	25,496	24,754		24,754	(742)
Miscellaneous	19,813	19,813	21,177	848	22,025	2,212
Total Other Revenues	65,309	65,309	54,931	848	55,779	(9,530)
STATE AID						
Asian American Affairs	22	22				(22)
Budget	261	261	(324)		(324)	(585)
Consumer Affairs	45	45	28		28	(17)
Correctional Center	343	343	184		184	(159)
County Attorney	266	266				(266)
Court Facility Aid	1,150	1,150	743		743	(407)
District Attorney	77	77	73		73	(4)
Fire Prevention, Safety, Communication and Education	180	180	13		13	(167)
Fringe Benefits	2,035	2,035				(2,035)
Health						
Administration	750	750	556		556	(194)
Children's Early Intervention	13,601	13,601	9,276		9,276	(4,325)
Pre School Education	58,552	58,552	58,328		58,328	(224)
Environmental Health	1,200	1,200	1,802		1,802	602
Laboratory Research	450	450	317		317	(133)
Personal Health	2,435	2,435	2,889		2,889	454
Housing and Intergovernmental Affairs	111	111	129		129	18
Human Services						
Administration	11,654	12,002	8,931		8,931	(3,071)
Information Technology	250	250	(203)		(203)	(453)
Legislature			(72)		(72)	(72)
Debt Service Fund			2,433		2,433	2,433
Minority Affairs	22	22	(5)		(5)	(27)
Police Department	930	930	861		861	(69)
Probation	7,221	7,221	6,016		6,016	(1,205)
Public Works						
Administration	100	100	69		69	(31)
Highway and Bridge Maintenance	75,052	75,052	64,262		64,262	(10,790)
Social Services						
Administration	4,535	4,535	4,835		4,835	300
Aid to Dependent Children	1,500	1,500	491		491	(1,009)
Burials	1	1	1		1	
Children in Foster Homes	575	575	290		290	(285)
Children in Institutions	2,200	2,200	1,589		1,589	(611)
Division of Services	7,945	7,945	5,368		5,368	(2,577)
Education of Handicapped Children	3,316	3,316	1,936		1,936	(1,380)
Home Relief	10,575	10,575	8,576		8,576	(1,999)
Juvenile Delinquents	650	650	331		331	(319)
Medicaid MMIS	2,500	2,500	(39)		(39)	(2,539)
Public Financial Assistance	6,812	6,812	8,159		8,159	1,347
Subsidized Adoptions	1,900	1,900	1,916		1,916	16
Title XX	5,000	5,000	4,437		4,437	(563)
Traffic Violations			(19)		(19)	(19)
Veterans Service Agency	60	60	70		70	10
Total State Aid	224,276	224,624	194,247		194,247	(30,377)

(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, 2020 (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	\$ 3,153	\$ 3,153	\$ (785)	\$	\$ (785)	\$ (3,938)
County Attorney	255	255	279		279	24
Budget			(624)		(624)	(624)
Debt Service	4,751	4,751	4,796		4,796	45
District Attorney	36	36	39		39	3
Emergency Management	480	480				(480)
Fringe Benefits			8		8	8
Housing	371	371	634		634	263
Information Technology			203		203	203
Human Services	4,921	4,921	5,093		5,093	172
Legislature			72		72	72
Minority Affairs			5		5	5
Parks			16		16	16
Police Department	725	725	768		768	43
Probation	29	29	116		116	87
Public Works	7,348	7,348	39,414		39,414	32,066
Traffic & Parking Violations			19		19	19
Social Services						
Administration	9,861	9,861	7,175		7,175	(2,686)
Aid to Dependent Children	21,000	21,000	15,664		15,664	(5,336)
Children in Foster Homes	875	875	760		760	(115)
Children in Institutions	3,500	3,500	3,376		3,376	(124)
Division of Services	12,131	12,131	12,806		12,806	675
Home Energy Assistance Program	200	200	(7)		(7)	(207)
Juvenile Delinquents	585	585	589		589	4
Medicaid MMIS	100	100	(186)		(186)	(286)
Public Financial Assistance	15,434	15,434	17,366		17,366	1,932
Subsidized Adoptions	1,650	1,650	1,467		1,467	(183)
Title XX	55,000	55,000	47,584		47,584	(7,416)
Total Federal Aid	142,405	142,405	156,647		156,647	14,242
Total Revenues	2,749,542	2,749,890	2,421,246	(1,876)	2,419,370	(330,520)
OTHER FINANCING SOURCES						
Bond Premium	1,200	1,200				(1,200)
Transfers In	47,855	47,855	54,671	(30)	54,641	6,786
Transfer in from NIFA	1,440	1,440	927		927	(513)
Transfers in of Investment Income	2,760	2,760	1,754		1,754	(1,006)
Total Other Financing Sources	53,255	53,255	57,352	(30)	57,322	4,067
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 2,802,797	\$ 2,803,145	\$ 2,478,598	\$ (1,906)	\$ 2,476,692	\$ (326,453)

* Paid to County \$63,551; paid to NIFA \$941,794

** Total revenues and other financing sources, estimates per the 2020 County budget as adopted	\$ 3,144,313
Less: Intrafund Budget Eliminations	(341,516)
Original Budget per above	2,802,797
Add: Supplemental Appropriations	4,706
Less: Appropriated Fund Balance	(4,354)
Less: Intrafund Modified Budget Eliminations	(4)
Budget Estimates, Total Revenues and Other Financing Sources	\$ 2,803,145

(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, 2020 (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	\$ 5,872	\$ 5,796	\$ 5,586	\$	\$ 5,586	\$ 210
Fringe Benefits	3,083	2,946	2,963	(17)	2,946	1
Equipment	9	2	1		1	10
General Expenses	22	15	4	1	5	
Contractual Services	65	90	75	15	90	
Legislative Central Staff						
Salaries	894	894	753		753	141
Fringe Benefits	431	397	399	(2)	397	2
Equipment	47	47	40	5	45	44
General Expenses	1,756	1,861	1,667	150	1,817	36
Contractual Services	2,743	2,693	243	2,414	2,657	
Legislative Budget Review						
Salaries	943	943	790		790	153
Fringe Benefits	427	417	419	(2)	417	2
Equipment	2	2				5
General Expenses	11	11	6		6	
Contractual Services	2	2				2
Total Legislative	16,307	16,116	12,946	2,564	15,510	606
JUDICIAL						
Court Administration						
Fringe Benefits	1,165	1,165	772		772	393
District Attorney						
Salaries	45,115	44,915	42,112		42,112	2,803
Fringe Benefits	20,224	19,342	19,457	(115)	19,342	129
Equipment	494	494	320	45	365	93
General Expenses	1,538	1,738	1,351	294	1,645	300
Contractual Services	2,159	2,159	1,199	660	1,859	
District Attorney Total	69,530	68,648	64,439	884	65,323	3,325
Public Administrator						
Salaries	625	625	506		506	119
Fringe Benefits	403	559	562	(3)	559	2
General Expenses	3	3	1		1	34
Contractual Services	44	44	20	(10)	10	
Public Administrator Total	1,075	1,231	1,089	(13)	1,076	155
Traffic and Parking Violations						
Salaries	4,032	4,032	3,326		3,326	706
Fringe Benefits	2,288	2,068	2,080	(12)	2,068	20
Equipment	22	22		2	2	84
General Expenses	323	323	87	152	239	
Contractual Services	14,557	14,557	7,498	5,283	12,781	1,776
Traffic and Parking Violations Total	21,222	21,002	12,991	5,425	18,416	2,586
Total Judicial	\$ 92,992	\$ 92,046	\$ 79,291	\$ 6,296	\$ 85,587	\$ 6,459

(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, 2020 (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						
Asian American Affairs						
Salaries	\$ 455	\$ 455	\$ 250	\$	\$ 250	\$ 205
Fringe Benefits	1	26	26		26	
Equipment	6	6		1	1	5
General Expenses	32	32	10	1	11	21
Assessment Total	494	519	286	2	288	231
Assessment						
Salaries	13,369	13,369	10,923		10,923	2,446
Fringe Benefits	7,025	6,986	7,027	(41)	6,986	
Equipment	10	10				10
General Expenses	935	935	415	22	437	498
Contractual Services	3,440	3,440	600	459	1,059	2,381
Other Suits and Damages	30,000	33,817	33,634	183	33,817	
Assessment Total	54,779	58,557	52,599	623	53,222	5,335
Board of Assessment Review						
Salaries	5,437	5,437	4,670		4,670	767
Fringe Benefits	1,906	2,073	2,085	(12)	2,073	
General Expenses	243	243	55	8	63	180
Contractual Services	217	217		217	217	
Board of Assessment Review Total	7,803	7,970	6,810	213	7,023	947
Board of Elections						
Administration						
Salaries	4,316	4,316	3,786		3,786	530
Fringe Benefits	2,017	1,739	1,749	(10)	1,739	
Equipment	29	29	17		17	12
General Expenses	83	83	61	14	75	8
General Elections						
Salaries	12,231	12,231	10,924	2	10,926	1,305
Fringe Benefits	5,700	5,018	5,048	(30)	5,018	
Equipment	48	48	8	12	20	28
General Expenses	2,055	4,477	1,823	1,055	2,878	1,599
Contractual Services	455	651	642	(127)	515	136
Primary Elections						
Salaries	2,530	717	717		717	
Fringe Benefits	48	329	331	(2)	329	
General Expenses	787	154	133	19	152	2
Contractual Services	274	121	196	(77)	119	2
Board of Elections Total	30,573	29,913	25,435	856	26,291	3,622
Civil Service						
Salaries	5,344	5,344	4,564		4,564	780
Fringe Benefits	2,950	2,680	2,696	(16)	2,680	
Equipment	35	35	18		18	17
General Expenses	292	292	158	20	178	114
Contractual Services	20	20				20
Civil Service Total	8,641	8,371	7,436	4	7,440	931
County Attorney						
Salaries	8,949	8,949	7,703		7,703	1,246
Fringe Benefits	5,173	4,874	4,903	(29)	4,874	
Equipment	17	17	7	1	8	9
General Expenses	676	676	544	17	561	115
Contractual Services	9,398	9,398	4,246	2,879	7,125	2,273
County Attorney Total	24,213	23,914	17,403	2,868	20,271	3,643
County Clerk						
Salaries	6,456	6,371	5,404		5,404	967
Fringe Benefits	4,361	4,036	4,060	(24)	4,036	
Equipment	82	82	56	13	69	13
General Expenses	378	378	112	50	162	216
Contractual Services	1,063	1,148	566	519	1,085	63
County Clerk Total	12,340	12,015	10,198	558	10,756	1,259
County Comptroller						
Salaries	7,869	7,869	7,043		7,043	826
Fringe Benefits	4,405	4,220	4,245	(25)	4,220	

(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, 2020 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
GENERAL ADMINISTRATION (Continued)						
Equipment	\$ 5	\$ 5	\$ 1	\$	\$ 1	\$ 4
General Expenses	137	137	43	14	57	80
Contractual Services	1,383	1,383	501	604	1,105	278
County Comptroller Total	13,799	13,614	11,833	593	12,426	1,188
County Executive						
Salaries	1,718	1,718	1,551		1,551	167
Fringe Benefits	1,368	1,155	1,162	(7)	1,155	
Equipment		3	3		3	
General Expenses	76	76	32	5	37	39
Contractual Services	593	593	30	341	371	222
County Executive Total	3,755	3,545	2,778	339	3,117	428
County Treasurer						
Salaries	2,362	2,362	1,985		1,985	377
Fringe Benefits	1,490	1,384	1,392	(8)	1,384	
Equipment	2	2				2
General Expenses	416	416	320	6	326	90
Contractual Services	772	772	238	113	351	421
County Treasurer Total	5,042	4,936	3,935	111	4,046	890
Office of Constituent Affairs						
Salaries	1,443	1,443	1,273		1,273	170
Fringe Benefits	807	958	964	(6)	958	
Office of Constituent Affairs Printing & Graphics						
Fringe Benefits	848					
General Expenses	133	133	4	129	133	
Contractual Services	3	3		3	3	
Office of Constituent Affairs Total	3,234	2,537	2,241	126	2,367	170
Office of Emergency Management						
Salaries	1,078	1,078	848		848	230
Fringe Benefits	381	303	305	(2)	303	
Equipment		319	216		216	103
General Expenses	16	4,838	3,115	355	3,470	1,368
Contractual Services						
Office of Emergency Management Total	1,475	6,538	4,484	353	4,837	1,701
Information Technology						
Administration						
Salaries	9,430	9,930	8,738		8,738	1,192
Fringe Benefits	5,406	5,265	5,296	(31)	5,265	
Equipment	25	25	3		3	22
General Expenses	2,748	3,248	2,074	282	2,356	892
Contractual Services	22,729	26,229	16,213	4,573	20,786	5,443
Utilities	3,963	3,963	3,263	385	3,648	315
Information Technology Total	44,301	48,660	35,587	5,209	40,796	7,864
Housing and Intergovernmental Affairs:						
Salaries	1,228	1,228	1,005		1,005	223
Fringe Benefits	889	850	855	(5)	850	
General Expenses		5				5
Interdepartmental Charges	200	195				195
Housing and Intergovernmental Affairs Total	2,317	2,278	1,860	(5)	1,855	423
Labor Relations						
Salaries	590	590	457		457	133
Fringe Benefits	248	212	213	(1)	212	
General Expenses	4	4	2		2	2
Contractual Services	289	382	345	37	382	
Labor Relations Total	1,131	1,188	1,017	36	1,053	135

(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, 2020 (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 (net of offsets)	\$ (2,153)	\$ 5,323	\$ 4,149	\$	\$ 4,149	\$ 1,174
Fringe Benefits	10,465	15,338	9,841	706	10,547	4,791
Equipment	5	5				5
General Expenses	120	120	50	2	52	68
Contractual Services	3,666	3,666	1,607	1,029	2,636	1,030
Management and Budgets Total	12,103	24,452	15,647	1,737	17,384	7,068
Personnel						
Salaries	921	921	664		664	257
Fringe Benefits	316	302	304	(2)	302	
General Expenses	16	16	11		11	5
Contractual Services	68	68	42		42	26
Personnel Total	1,321	1,307	1,021	(2)	1,019	288
Planning						
Equipment		350	335	-	335	15
Contractual Services	19	19		19	19	
Planning Total	19	369	335	19	354	15
Mass Transportation						
Pt.Lookout/Lido Beach Bus Rt.	75	75	75		75	
Metropolitan Suburban Bus Auth.	1,930	1,930	1,930		1,930	
LIRR Station Maintenance	30,946	30,997	30,997		30,997	
MTA-LIRR Operating Assistance	11,584	11,584	9,267		9,267	2,317
Physically Challenged Transportation	610	610	559		559	51
Intermodal Center Subsidy - Transit Bus	65	14				14
Planning Total	45,210	45,210	42,828		42,828	2,382
Purchasing						
Salaries	1,244	1,324	1,119		1,119	205
Fringe Benefits	882	832	837	(5)	832	
General Expenses	15	15	12	1	13	2
Contractual Services	79	79	41	29	70	9
Purchasing Total	2,220	2,250	2,009	25	2,034	216
Office of Real Estate Services						
Fringe Benefits	34	26	26		26	
Coliseum Repair	298	298		298	298	
Insurance on Buildings	1,704	1,704	74	1,173	1,247	457
Rent	15,165	15,165	13,935	1,207	15,142	23
Office of Real Estate Services Total	17,201	17,193	14,035	2,678	16,713	480
Public Utility Authority						
General Expenses	390	390		390	390	
Public Utility Authority Total	390	390		390	390	
Office of Records Management						
Salaries	972	972	680		680	292
Fringe Benefits	707	628	632	(4)	628	
Equipment	210	210	78	113	191	19
General Expenses	160	160	23	3	26	134
Contractual Services	223	223	85	93	178	45
Office of Records Management Total	2,272	2,193	1,498	205	1,703	490
Building Management						
Salaries	9,858	9,708	8,078		8,078	1,630
Fringe Benefits	7,315	6,906	6,946	(40)	6,906	
Equipment	68	68	21	48	69	(1)
General Expenses	2,033	2,033	1,142	743	1,885	148
Contractual Services	4,417	4,417	1,815	2,018	3,833	584
Utility Costs	25,057	25,057	20,833	1,336	22,169	2,888
Interdepartmental Charges	10,221	10,449	10,449		10,449	
Building Management Total	58,969	58,638	49,284	4,105	53,389	5,249
Office of the Inspector General						
Salaries	1,012	1,012	869		869	143
Equipment	57	115	4		4	111
General Services	87	87	25	17	42	45
Inspector General Total	1,156	1,214	898	17	915	299
Total General Administration	354,758	377,771	311,457	21,060	332,517	45,254

(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, 2020 (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	\$ 455	\$ 455	\$ 352	\$	\$ 352	\$ 103
Fringe Benefits	485	411	413	(2)	411	
General Expenses	4	4	1		1	3
Contractual Services	6	6		6	6	
Commission on Human Rights Total	950	876	766	4	770	106
Commissioner of Accounts						
Fringe Benefits	118	88	89	(1)	88	
General Expenses	1	1				1
Contractual Services	1	1				1
Commissioner of Accounts Total	120	90	89	(1)	88	2
Consumer Affairs						
Salaries	2,199	2,199	1,610	-	1,610	589
Fringe Benefits	1,789	1,271	1,279	(8)	1,271	
Equipment	39	39	2		2	37
General Expenses	31	131	11	6	17	114
Contractual Services	22	62	29	28	57	5
Consumer Affairs Total	4,080	3,702	2,931	26	2,957	745
Fire Commission						
Salaries	11,523	8,942	7,723		7,723	1,219
Fringe Benefits	6,486	4,651	4,732	(82)	4,650	1
Equipment	177	177	70	21	91	86
General Expenses	303	303	145	29	174	129
Contractual Services	5,095	5,095	4,539	128	4,667	428
Interdepartmental Charges	3,218	3,218	3,074		3,074	144
Fire Commission Total	26,802	22,386	20,283	96	20,379	2,007
Police Headquarters						
Salaries	243,296	225,937	225,937		225,937	
Fringe Benefits	160,214	159,665	147,390	(1,122)	146,268	13,397
Workers' Compensation	4,235	4,493	4,493		4,493	
Equipment	611	611	90	232	322	289
General Expenses	4,475	4,688	3,419	1,103	4,522	166
Contractual Services	15,259	15,259	10,086	3,619	13,705	1,554
Utilities	3,157	3,157	1,428	502	1,930	1,227
Interdepartmental Charges	29,141	29,141	25,033		25,033	4,108
Police Headquarters Total	460,388	442,951	417,876	4,334	422,210	20,741
Medical Examiner						
Salaries	9,341	9,341	8,102		8,102	1,239
Fringe Benefits	4,284	3,873	3,896	(23)	3,873	
Equipment	196	196	93	8	101	95
General Expenses	1,011	1,011	709	56	765	246
Contractual Services	86	86	41	39	80	6
Medical Examiner Total	14,918	14,507	12,841	80	12,921	1,586
Taxi and Limousine Commission						
Fringe Benefits	12	1	1		1	
General Expenses	1	1		1	1	
Contractual Services	3	3		3	3	
Taxi and Limousine Commission Total	16	5	1	4	5	
Total Protection of Persons	507,274	484,517	454,787	4,543	459,330	25,187

(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, 2020 (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	\$ 1,713	\$ 1,713	\$ 1,386	\$	\$ 1,386	\$ 327
Fringe Benefits	1,507	1,127	1,134	(7)	1,127	
Equipment	14	14	1		1	13
General Expenses	93	93	48	12	60	33
Interdepartmental Charges	3,567	3,567	2,605		2,605	962
Environmental Health						
Salaries	7,542	7,542	6,257		6,257	1,285
Fringe Benefits	6,042	5,087	5,116	(30)	5,086	1
Equipment	14	14	2		2	12
General Expenses	60	60	29	7	36	24
Contractual Services	182	182	73	95	168	14
Interdepartmental Charges	568	568	348		348	220
Laboratory Research						
Salaries	983	983	885		885	98
Fringe Benefits	840	720	724	(4)	720	
Equipment	41	41	5		5	36
General Expenses	686	586	331	90	421	165
Contractual Services	25	25	23	(12)	11	14
Interdepartmental Charges	296	296	201		201	95
Public Health						
Salaries	1,641	1,641	1,249		1,249	392
Fringe Benefits	1,260	1,015	1,021	(6)	1,015	
Equipment						
General Expenses	107	107	44	9	53	54
Contractual Services	57	62	60	(14)	46	16
Various Direct Expenses	5,000	5,000	5,000		5,000	
Interdepartmental Charges	942	942	364		364	578
Early Intervention						
Salaries	3,667	3,667	3,133		3,133	534
Fringe Benefits	2,869	2,547	2,562	(15)	2,547	
Supplies	8	8				8
General Expenses	48	48	11	1	12	36
Interdepartmental Charges	395	395	229		229	166
Early Intervention Charges	27,000	22,401	18,429		18,429	3,972
Preschool Education						
Salaries	86	86	26		26	60
Fringe Benefits	89	21	21		21	
General Expenses	5	5		2	2	3
Contractual Services	442	437	191	132	323	114
Early Intervention Charges	113,637	122,996	114,221	7,976	122,197	799
Health Department Total	181,426	183,996	165,729	8,236	173,965	10,031
Mental Health, Chemical Dependency and Disabled Services						
Administration						
Salaries	1,879	1,879	1,499		1,499	380
Fringe Benefits	1,493	1,071	1,077	(6)	1,071	
General Expenses	1,221	2,221	1,961		1,961	260
Contractual Services	7,303	7,303	4,404	1,796	6,200	1,103
Interdepartmental Charges	1,704	1,704	448		448	1,256
Contractual Services						
Contractual Services				(50)	(50)	50
Direct Services						
Salaries						
Fringe Benefits	264	292	294	(2)	292	
General Expenses						
Contractual Services				(25)	(25)	25
Mental Health, Chemical Dependency and Disabled Services	13,864	14,470	9,683	1,713	11,396	3,074
Total Health	195,290	198,466	175,412	9,949	185,361	13,105

(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, 2020 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<u>PUBLIC WORKS</u>						
Administration						
Salaries	\$ 3,184	\$ 3,434	\$ 3,202	\$	\$ 3,202	\$ 232
Fringe Benefits	3,031	2,968	2,986	(18)	2,968	
Workers comp	1,740	1,740	1,732		1,732	8
Interdepartmental Charges	3,025	3,025				3,025
Direct Expenses	250	250	250		250	
General Expenses	294	294	91	19	110	184
Contractual Services	4,386	4,386	877	3,165	4,042	344
Highway and Engineering						
Salaries	5,534	6,334	5,527		5,527	807
Fringe Benefits	4,536	4,726	4,750	(28)	4,722	4
Equipment	58	58	8	23	31	27
General Expenses	67	67	17	5	22	45
Contractual Services	151,144	151,144	132,504	12,336	144,840	6,304
Utility Costs	1,239	1,349	1,349	(2)	1,347	2
Highway and Bridge Maintenance						
Salaries	11,881	11,631	9,399		9,399	2,232
Fringe Benefits	9,796	8,040	8,088	(48)	8,040	
Equipment	114	114	48	57	105	9
General Expenses	3,406	2,656	1,696	645	2,341	315
Contractual Services	2,087	2,837	2,520	221	2,741	96
Utility Costs	31	31	4	(186)	(182)	213
Interdepartmental Charges	9	9				9
Groundwater Remediation						
Salaries	3,289	2,989	2,748		2,748	241
Fringe Benefits	2,781	2,349	2,363	(14)	2,349	
Equipment	12	16	16		16	
General Expenses	4,174	4,174	1,928	1,269	3,197	977
Contractual Services	662	662	274	311	585	77
Interdepartmental Charges	2,153	2,409	2,409		2,409	
Total Public Works	218,883	217,692	184,786	17,755	202,541	15,151
<u>RECREATION AND PARKS</u>						
Administration						
General Expenses	30	30	2	28	30	
Contractual Services	264	264		264	264	
Technical Service						
General Expenses	34	34	6	25	31	3
Contractual Services	51	51	6	45	51	
Recreation Service						
Salaries	20,480	20,270	16,779		16,779	3,491
Fringe Benefits	10,618	9,803	9,861	(58)	9,803	
Equipment	641	641	228	85	313	328
General Expenses	1,983	1,983	849	396	1,245	738
Contractual Services	7,772	7,982	5,772	1,226	6,998	984

(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, 2020 (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						
General Expenses	\$ 3	\$ 3	\$	\$ 3	\$ 3	\$
Contractual Services	251	251		(58)	(58)	309
Golf Operations						
Equipment	1	1				1
General Expenses	16	16	2	14	16	
Contractual Services	2	2		2	2	
Total Recreation and Parks	42,146	41,331	33,505	1,972	35,477	5,854
SOCIAL SERVICES						
Bar Association - Public Defender	7,703	7,703	5,663	88	5,751	1,952
CASA						
Salaries	458	458	223		223	235
Fringe Benefits	124	141	142	(1)	141	
General Expenses	27	27	2	1	3	24
Contractual Services	6	6	3		3	3
CASA Total	615	632	370		370	262
Human Services						
Salaries	1,376	1,376	1,452		1,452	(76)
Fringe Benefits	3,981	3,717	3,732	(22)	3,710	7
Equipment	15	15				15
General Expenses	70	70	53	9	62	8
Contractual Services	1,266	1,266	319	192	511	755
Interdepartmental Charges	765	765	335		335	430
Human Services Total	7,473	7,209	5,891	179	6,070	1,139
Legal Aid Society	7,697	7,697	7,143	555	7,698	(1)
Minority Affairs						
Salaries	863	863	444		444	419
Fringe Benefits	225	187	188	(1)	187	
General Expenses	50	50	2	1	3	47
Contractual Services	5	5				5
Minority Affairs Total	1,143	1,105	634		634	471
Senior Citizens Affairs Administration						
Salaries	1,637	1,670	1,212		1,212	458
Fringe Benefits	454	366	368	(2)	366	
General Expenses	10	34	8	69	77	(43)
Contractual Services	22,342	22,625	14,762	6,661	21,423	1,202
Interdepartmental Charges	560	560	525		525	35
Community Services						
Contractual Services	54	54		54	54	
Nutrition Program						
Contractual Services	34	34		34	34	
Area Agency Title III						
Contractual Services				(23)	(23)	23
TITLE IIIE (Caregivers)						
Contractual Services				(6)	(6)	6
Senior Citizens Affairs Total	25,091	25,343	16,875	6,787	23,662	1,681
Social Services Department Administration						
Salaries	5,053	5,053	4,294		4,294	759
Fringe Benefits	3,280	3,107	3,125	(18)	3,107	
Equipment	4	4				4
General Expenses	281	281	256	13	269	12
Contractual Services	1,800	1,800	1,148	577	1,725	75
Interdepartmental Charges	20,428	19,943	13,986		13,986	5,957
Public Financial Assistance						
Salaries	20,136	20,136	16,325		16,325	3,811
Fringe Benefits	13,900	11,813	11,883	(70)	11,813	
Equipment	18	18	4		4	14
General Expenses	273	273	216	5	221	52
Contractual Services	9,243	9,243	6,466	2,109	8,575	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, 2020 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<u>SOCIAL SERVICES (continued)</u>						
Division of Services						
Salaries	\$ 23,518	\$ 23,518	\$ 20,517	\$	\$ 20,517	\$ 3,001
Fringe Benefits	16,535	14,846	14,934	(88)	14,846	
General Expenses	201	201	124	5	129	72
Contractual Services	160	160	78	21	99	61
Handicapped Children Education						
Emergency Vendor Payments	18,505	18,561	18,450	105	18,555	6
Physically Challenged						
Salaries	324	324	178		178	146
Fringe Benefits	71	85	86	(1)	85	
General Expenses	3	3				3
Interdepartmental Charges	336	336	1,088		1,088	(752)
Aid to Dependent Children TANF						
Recipient Grants	17,500	17,225	11,359		11,359	5,866
Emergency Vendor Payments	7,425	7,425	5,042	604	5,646	1,779
Home Relief SAFETY NET						
Recipient Grants	27,000	27,000	25,143		25,143	1,857
Emergency Vendor Payments	11,500	11,500	10,950		10,950	550
Children in Institutions						
Emergency Vendor Payments	11,421	11,421	9,267	487	9,754	1,667
Children in Foster Homes						
Recipient Grants	780	905	867		867	38
Purchased Services	1	1	1		1	
Emergency Vendor Payments	400	400	353		353	47
Juvenile Delinquents						
Emergency Vendor Payments	2,757	2,907	2,033	250	2,283	624
Training Schools						
Emergency Vendor Payments	2,750	3,420	3,420		3,420	
Emergency Vendor Payments	650	650	552	97	649	1
Children in Foster Homes - Title 4E						
Recipient Grants	450	450	314		314	136
Emergency Vendor Payments	325	325	184		184	141
Social Service Administration						
Recipient Grants	5,000	5,000	4,962		4,962	38
Burials						
Emergency Vendor Payments	250	250	250		250	
Medicaid						
Medicaid	238,209	228,468	228,468		228,468	
Home Energy Assistance						
Recipient Grants	400	400	267		267	133
Title-XX						
Purchased Services	73,219	73,219	57,487	7,710	65,197	8,022
Social Services Department Total	534,106	520,671	474,077	11,806	485,883	34,788
Veterans Service Agency						
Salaries	603	603	466		466	137
Fringe Benefits	382	323	325	(2)	323	
General Expenses	15	15	5		5	10
Contractual Services	9	49	1	3	4	45
Veterans Service Agency Total	1,009	990	797	1	798	192

(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, 2020 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<u>SOCIAL SERVICES (continued)</u>						
Youth Board						
Salaries	\$ 347	\$ 347	\$ 333	\$	\$ 333	\$ 14
Fringe Benefits	167	149	150	(1)	149	
Contractual Services	8,531	8,531	5,702	2,129	7,831	700
Interdepartmental Charges	391	391	365		365	26
Youth Board Total	9,436	9,418	6,550	2,128	8,678	740
Total Social Services	594,273	580,768	518,000	21,544	539,544	41,224
<u>CORRECTIONAL CENTER</u>						
Correctional Center						
Salaries	106,867	107,367	102,459		102,459	4,908
Fringe Benefits	77,640	71,519	71,943	(424)	71,519	
Workers' Compensation	8,080	8,172	8,172		8,172	
Equipment	331	331	111	124	235	96
General Expenses	4,215	4,465	2,824	1,272	4,096	369
Contractual Services	42,593	43,101	29,699	13,343	43,042	59
Utility Costs	1,664	1,686	1,679	7	1,686	
Correctional Center Total	241,390	236,641	216,887	14,322	231,209	5,432
Sheriff						
Salaries	6,970	7,470	5,914		5,914	1,556
Fringe Benefits	5,177	4,433	4,459	(26)	4,433	
General Expenses	36	36	15	5	20	16
Sheriff Total	12,183	11,939	10,388	(21)	10,367	1,572
Correctional Center and Sheriff Total	253,573	248,580	227,275	14,301	241,576	7,004
Probation						
Administration						
Salaries	21,415	21,073	18,003		18,003	3,070
Fringe Benefits	13,317	12,145	12,217	(72)	12,145	
Equipment	71	71	11	2	13	58
General Expenses	484	484	157	53	210	274
Contractual Services	1,044	1,386	651	378	1,029	357
Utility Costs	1	1				1
Interfund Charges	1,569	1,569	788		788	781
Probation Total	37,901	36,729	31,827	361	32,188	4,541
Total Corrections	291,474	285,309	259,102	14,662	273,764	11,545
<u>EDUCATION</u>						
Payment to Long Beach Schools	106	106	106		106	
State School Tuition	16,750	16,750	14,237		14,237	2,513
Total Education	16,856	16,856	14,343		14,343	2,513
<u>BONDED PAYMENTS FOR TAX CERTIORARI</u>						
			30	(30)		
<u>AID TO TOWNS AND CITIES</u>						
Aid to Towns and Cities	75,066	75,066	71,344		71,344	3,722
<u>SUITS AND DAMAGES</u>						
Suits and Damages	30,000	30,000	28,602		28,602	1,398
<u>OTHER EXPENDITURES</u>						
Interdepartmental Charges	5,806	5,770	3,472		3,472	2,298
Intergovernmental Charges	23,096	23,096	22,679		22,679	417
Lido-Point Lookout Fire District	6	6		6	6	
Reserve for Contingencies			(452)		(452)	452

(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, 2020 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<u>OTHER EXPENDITURES (Continued)</u>						
Miscellaneous Expense	\$ 30,414	\$ 29,562	\$ 20,880	\$ 1,948	\$ 22,828	\$ 6,734
NYS Association of Counties	73	73	72		72	1
Total Other Expenditures	59,395	58,507	46,651	1,954	48,605	9,902
Debt Service:						
Principal	119,870	119,870	118,680		118,680	1,190
Interest	143,699	143,699	126,879		126,879	16,820
Financing Costs	2,700	2,700	687		687	2,013
Total Debt Service	266,269	266,269	246,246		246,246	20,023
Total Expenditures	2,760,983	2,740,714	2,436,502	102,269	2,538,771	201,943
<u>OTHER FINANCING USES</u>						
Debt Service Fund	130,968	130,968	(21,963)		(21,963)	152,931
Transfers Out - Other	2,000	2,836	24,057		24,057	(21,221)
Total Transfers Out	132,968	133,804	2,094		2,094	131,710
TOTAL EXPENDITURES AND TRANSFERS OUT	\$ 2,893,951	\$ 2,874,518	\$ 2,438,596	\$ 102,269	\$ 2,540,865	\$ 333,653
*Appropriations per the 2020 budget as adopted						\$ 3,144,313
Intrafund Budget Elimination						(341,516)
Outstanding encumbrances, January 1, 2020						91,154
Original Budget per above						2,893,951
Add: Supplemental appropriations						4,706
Less: Intrafund Modified Budget eliminations						(24,139)
Total Budgetary Authority						\$ 2,874,518

(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, 2020 (Dollars in Thousands)

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:						
Property Taxes	\$ 390,093	\$ 390,093	\$ 390,090	\$	\$ 390,090	\$ (3)
Payments in Lieu of Taxes	16,758	16,758	16,758		16,758	
Departmental Revenue	2,731	2,731	2,378		2,378	(353)
Interest Income	150	150	59		59	(91)
Licenses and Permits	4,629	4,629	3,888		3,888	(741)
Fines and Forfeits	1,356	1,356	902		902	(454)
Rents and Recoveries			68	122	190	190
Interdepartmental Revenue	150	150	405	(1)	404	254
Total Revenues	415,867	415,867	414,548	121	414,669	(1,198)
Expenditures:						
Protection of Persons:						
Salaries	233,394	232,577	191,618	1	191,619	40,958
Fringe Benefits	143,028	143,028	121,776	(88)	121,688	21,340
Workers' Compensation	8,900	8,900	8,375		8,375	525
Equipment	261	793	669	124	793	
General Expenses	4,947	4,947	2,964	1,166	4,130	817
Contractual Services	1,460	1,460	513	350	863	597
Utility Costs	1,481	1,481	1,395	12	1,407	74
Interdepartmental Charges	22,917	23,202	23,202		23,202	
Total Expenditures	416,388	416,388	350,512	1,565	352,077	64,311
Excess (Deficiency) of Revenues Over (Under) Expenditures	(521)	(521)	64,036	(1,444)	62,592	63,113
Other Financing Sources (Uses):						
Transfers Out	(841)	(841)	(823)		(823)	18
Total Other Financing Sources (Uses)	(841)	(841)	(823)		(823)	18
Net Change in Fund Equity (Deficit)	(1,362)	(1,362)	63,213	(1,444)	61,769	63,131
Fund Balance (Deficit) Beginning of Year	1,362	1,362	19,181	29,245	48,426	47,064
Fund Balance (Deficit) End of Year	\$	\$	\$ 82,394	\$ 27,801	\$ 110,195	\$ 110,195

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 AND STORM WATER DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020 (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	\$	\$	\$ 149,333	\$	\$ 149,333	\$ 149,333
Payments in Lieu of Taxes			8,152	(299)	7,853	7,853
Departmental Revenue	1,253	1,253	794	612	1,406	153
Intergovernmental Charges			2,989		2,989	2,989
Interest Income	100	100	183		183	83
Licenses and Permits	1,455	1,455	1,266	(92)	1,174	(281)
Rents and Recoveries	4,240	4,240	4,456	(1,581)	2,875	(1,365)
Federal Aid			5		5	5
Total Revenues	7,048	7,048	167,178	(1,360)	165,818	158,770
Expenditures:						
Public Works:						
Salaries	9,506	9,506	8,495		8,495	1,011
Fringe Benefits	9,397	9,049	7,649	70	7,719	1,330
Equipment	10	10				10
General Expenses	2,195	2,195	413	613	1,026	1,169
Contractual Services	72,582	72,930	64,558	1,787	66,345	6,585
Utility Costs	8,527	8,527	5,202	600	5,802	2,725
Interdepartmental Charges	5,850	6,762	6,762		6,762	
Other	585	585	3	226	229	356
Debt Service:						
Principal	8,895	10,050	9,664		9,664	386
Interest	2,589	1,434	916		916	518
Total Expenditures	120,136	121,048	103,662	3,296	106,958	14,090
Excess (Deficiency) of Revenues Over (Under) Expenditures	(113,088)	(114,000)	63,516	(4,656)	58,860	172,860
Other Financing Sources (Uses):						
Transfer In			7,543		7,543	7,543
Transfer Out	(35,257)	(35,257)	(29,197)		(29,197)	6,060
Transfer In of Investment Income	100	100	97		97	(3)
Transfer Out to NCSSWFA			(157,185)		(157,185)	(157,185)
Transfers In from NCSSWFA	138,842	138,842	140,120		140,120	1,278
Total Other Financing Sources (Uses)	103,685	103,685	(38,622)		(38,622)	(142,307)
Net Change in Fund Balances	(9,403)	(10,315)	24,894	(4,656)	20,238	30,553
Fund Balance Beginning of Year	9,403	10,315	319	13,874	14,193	3,878
Fund Balance End of Year	\$	\$	\$ 25,213	\$ 9,218	\$ 34,431	\$ 34,431

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, 2020 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>						
Property Taxes	\$	\$ 429	\$ 429	\$	\$ 429	\$
Interest Income			1,043		1,043	1,043
Total Revenues		429	1,472		1,472	1,043
<u>Other Financing Uses:</u>						
Transfer Out		(429)	(429)		(429)	
Total Other Financing Uses		(429)	(429)		(429)	
Net Change in Fund Balance			1,043		1,043	1,043
Fund Balance Beginning of Year			5,837		5,837	5,837
Fund Balance End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 6,880</u>	<u>\$</u>	<u>\$ 6,880</u>	<u>\$ 6,880</u>

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, 2020 (Dollars in Thousands)
(INCLUDING LIFETIME ACTIVITY THROUGH DECEMBER 31, 2020)**

County Departments, Offices and Boards	Budgetary Authority as of December 31, 2020	Expenditures through December 31, 2019	Available Budgetary Authority for 2020	2020 Expenditures	Remaining Budgetary Authority December 31, 2020
Affirmative Action	\$ 1,240	\$ 1,140	\$ 100	\$	\$ 100
Assessment	13,000	11,363	1,637		1,637
Behavioral Health	650,375	469,835	180,540	34,826	145,714
Budget and Management	24,621	4,716	19,905	1,998	17,907
CASA	735	466	269		269
Consumer Affairs	250	229	21		21
Correctional Center	17,395	15,296	2,099	295	1,804
County Attorney	295	295			
County Clerk	568	390	178	27	151
County Comptroller	805	446	359		359
Criminal Justice Coordinating Council	64,471	59,481	4,990	507	4,483
Cultural Development	441	437	4		4
District Attorney	58,838	46,491	12,347	2,859	9,488
Drug and Alcohol	693,474	527,186	166,288		166,288
Board of Election	9,362	3,067	6,295	3,019	3,276
Emergency Management	61,128	43,621	17,507	3,858	13,649
Fire Commission	5,794	4,797	997	88	909
General Services	415	315	100		100
Health	368,683	301,755	66,928	11,673	55,255
Housing and Inter- governmental Affairs	919,800	788,711	131,089	17,236	113,853
Human Rights	1,897	1,702	195		195
Human Services	7,884	2,155	5,729	398	5,331
Information Technology	433	394	39		39
Labor	50	46	4		4
Medical Center	5,119	188	4,931		4,931
Medical Examiner	17,650	14,755	2,895	1,020	1,875
Mental Health	213,875	169,654	44,221		44,221
Miscellaneous	91,127	72,570	18,557		18,557
Planning	31,805	23,083	8,722	205	8,517
Police	188,364	142,355	46,009	9,474	36,535
Probation	48,873	42,079	6,794	722	6,072
Public Works	22,905	16,665	6,240	566	5,674
Real Estate Services	332,141	89,296	242,845	5,211	237,634
Records Management	114	113	1		1
Recreation and Parks	56,690	47,227	9,463	2,705	6,758
Senior Citizen Affairs	63,161	60,291	2,870		2,870
Sheriff	66	55	11		11
Shared Services	650	317	333	325	8
Social Services	229,575	177,495	52,080	17,114	34,966
Traffic Safety Board	74,170	68,897	5,273	1,034	4,239
Veterans Services	458	424	34		34
Women's Services	194	148	46		46
Youth Board	39,081	31,638	7,443		7,443
Total	\$ 4,317,972	\$ 3,241,584	\$ 1,076,388	\$ 115,160	\$ 961,228

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, 2020 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:						
Property Taxes	\$ 10,728	\$ 10,728	\$ 10,726	\$	\$ 10,726	\$ (2)
Interest Income			30		30	30
Total Revenues	<u>10,728</u>	<u>10,728</u>	<u>10,756</u>		<u>10,756</u>	<u>28</u>
Other Financing Sources (Uses):						
Transfer Out	(11,057)	(11,057)	(10,960)		(10,960)	97
Transfer In of Investment Income						
Total Other Financing Sources (Uses)	<u>(11,057)</u>	<u>(11,057)</u>	<u>(10,960)</u>		<u>(10,960)</u>	<u>97</u>
Net Change in Fund Balance	(329)	(329)	(204)		(204)	125
Fund Balance Beginning of Year	<u>329</u>	<u>329</u>	<u>352</u>		<u>352</u>	<u>23</u>
Fund Balance End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 148</u>	<u>\$</u>	<u>\$ 148</u>	<u>\$ 148</u>

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, 2020 (Dollars in Thousands)
(INCLUDING LIFETIME ACTIVITY THROUGH DECEMBER 31, 2020)**

<u>County Departments, Offices and Boards</u>	<u>Budgetary Authority as of December 31, 2020</u>	<u>Expenditures and Transfers through December 31, 2019</u>	<u>Available Budgetary Authority for 2020</u>	<u>2020 Expenditures</u>	<u>Remaining Budgetary Authority December 31, 2020</u>
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	1,578			
Fire Commission	883	882	1		1
Health	915	914	1		1
Human Services	68	68			
Information Technology	300	300			
Labor Relations	2	2			
Legislature	1	1			
Medical Examiner	4	4			
Personnel	28	28			
Police	11,578	11,576	2		2
Police Headquarters	10,974	10,968	6		6
Probation	419	419			
Public Administrator	1		1		1
Public Works	196,091	200,315	(4,224)	556	(4,780)
Shared Services	13	13			
Recreation and Parks	2,616	2,616			
Social Services	73	73			
STEP Program	14,833	9,071	5,762		5,762
Total	<u>\$ 241,207</u>	<u>\$ 239,658</u>	<u>\$ 1,549</u>	<u>\$ 556</u>	<u>\$ 993</u>

Note - Budgetary authority in the FEMA fund is not restricted by department only Control Center and Object Class, thus remaining budgetary may be reclassified.

EXHIBIT B-9**COUNTY OF NASSAU, NEW YORK**

**SCHEDULE OF EXPENDITURES BY COUNTY DEPARTMENTS AND OFFICES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
COVID FUND
FOR THE YEAR ENDED DECEMBER 31, 2020 (Dollars in Thousands)
(INCLUDING LIFETIME ACTIVITY THROUGH DECEMBER 31, 2020)**

County Departments, Offices and Boards	Budgetary Authority as of December 31, 2020	Expenditures and Transfers through December 31, 2019	Available Budgetary Authority for 2020	2020 Expenditures	Remaining Budgetary Authority December 31, 2020
Budget and Management	\$ 7,601	\$	\$ 7,601	\$ 338	\$ 7,263
Consumer Affairs	174		174	174	
Correctional Center	2,207		2,207	2,207	
District Attorney	78		78	78	
Office of Constituent Affairs	283		283	283	
Emergency Management	1,105		1,105	695	410
Fire Commission	4,304		4,304	4,304	
Health	2,419		2,419	2,419	
Housing and Inter- governmental Affairs	304		304	304	
Human Services	577		577	577	
Information Technology	2,115		2,115	2,115	
Labor Relations	172		172	172	
Medical Examiner	903		903	903	
Minority Affairs	171		171	171	
Police	83,522		83,522	83,522	
Public Works	253		253	253	
Public Works - Facilities Management	4,648		4,648	4,113	535
Public Works - Sewers	33		33	33	
Sheriff	1,233		1,233	1,233	
Social Services	771		771	771	
Veterans Services	67		67	67	
Total	\$ 112,940		\$ 112,940	\$ 104,732	\$ 8,208

Note - Budgetary Authority in the COVID Fund is not restricted by department, only Control Center and Object Class, thus remaining budgetary authority may be reclassified.

EXHIBIT B-10**COUNTY OF NASSAU, NEW YORK****COMBINING BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2020 (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	\$ 145,124	\$ 37,357	\$ 5,651	\$ 60,036	\$ 83	\$ 1,804
Restricted Cash and Cash Equivalents						
Sales Tax Receivable	4,522					
Due from Other Governments	186,804			343		
Less Allowance for Doubtful Accounts	(13,111)					
Accounts Receivable	48,888	608	14	3,711		
Real Property Taxes Receivable	93,018					
Less Allowance for Doubtful Accounts	(7,787)					
Tax Sale Certificates	3,450					
Tax Real Estate Held for Sale	6,386					
Interfund Receivables	317,988	63,564	2,852	8,967		
Prepays	3,397		1	32		
Due from Component Units	52,138					
Other Assets	197		5	97		
TOTAL ASSETS	\$ 841,014	\$ 101,529	\$ 8,523	\$ 73,186	\$ 83	\$ 1,804
LIABILITIES:						
Accounts Payable	\$ 58,399		\$ 46	\$ 1,069		\$
Accrued Liabilities	183,344	57	1,736	53,003		
Revenue Anticipation Notes Payable	88,205					
Unearned Revenue	16,293					
Property Tax Refund Payable	31,403					
Interfund Payables	101,858	104,598	7,795	52,185		
Due to Component Units	35,651		48	35		
Other Liabilities	25,138		166	4,479		
Total Liabilities	540,291	104,655	9,791	110,771		
DEFERRED INFLOWS OF RESOURCES:						
Unavailable Revenue - Rents & Recoveries and Other	2,158			75		
Unavailable Revenue - Property Taxes	29,949					
Property Taxes - Part County Sales Tax Offset	1,923					
Mitchel Field - Sale of Future Rental Revenue	26,146					
Total Deferred Inflows of Resources	60,176			75		
FUND BALANCE (DEFICIT):						
Fund Balances (Deficit):						
Nonspendable	9,397			32		
Spendable:						
Restricted	5,449					1,804
Committed					83	
Assigned	99,463					
Unassigned	126,238	(3,126)	(1,268)	(37,692)		
Total Fund Balance (Deficit)	240,547	(3,126)	(1,268)	(37,660)	83	1,804
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	\$ 841,014	\$ 101,529	\$ 8,523	\$ 73,186	\$ 83	\$ 1,804

EXHIBIT B-10**COUNTY OF NASSAU, NEW YORK****COMBINING BALANCE SHEET****GENERAL FUND****DECEMBER 31, 2020 (Dollars in Thousands)**

	Employee Benefit Accrued Liability Reserve Fund	Litigation Fund	Retirement Contribution Reserve Fund	Intrafund Eliminations	Total General Fund
ASSETS:					
Cash and Cash Equivalents	\$ 13,400	\$ 29,642	\$ 52	\$	\$ 293,149
Restricted Cash and Cash Equivalents					
Sales Tax Receivable					4,522
Due from Other Governments					187,147
Less Allowance for Doubtful Accounts					(13,111)
Accounts Receivable					53,221
Real Property Taxes Receivable					93,018
Less Allowance for Doubtful Accounts					(7,787)
Tax Sale Certificates					3,450
Tax Real Estate Held for Sale					6,386
Interfund Receivables	220			(164,798)	228,793
Prepays					3,430
Due from Component Units					52,138
Other Assets					299
TOTAL ASSETS	\$ 13,620	\$ 29,642	\$ 52	\$ (164,798)	\$ 904,655
LIABILITIES:					
Accounts Payable	\$	\$	\$	\$	\$ 59,514
Accrued Liabilities					238,140
Tax Anticipation Notes Payable					88,205
Unearned Revenue					16,293
Property Tax Refund Payable					31,403
Interfund Payables		6,273		(164,798)	107,911
Due to Component Units					35,734
Other Liabilities					29,783
Total Liabilities		6,273		(164,798)	606,983
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Revenue					2,233
Property Taxes					29,949
Property Taxes - Part County Sales Tax Offset					1,923
Mitchel Field - Sale of Future Rental Revenue					26,146
Total Deferred Inflows of Resources					60,251
FUND BALANCE (DEFICIT):					
Fund Balances (Deficit):					
Nonspendable					9,429
Spendable:					
Restricted					7,253
Committed	13,620	23,369			37,072
Assigned			52		99,515
Unassigned					84,152
Total Fund Balance (Deficit)	13,620	23,369	52		237,421
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	\$ 13,620	\$ 29,642	\$ 52	\$ (164,798)	\$ 904,655

EXHIBIT B-11**COUNTY OF NASSAU, NEW YORK****COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2020 (Dollars in Thousands)**

	General Fund	Debt Service Fund	Fire Prevention, Safety, Communication and Education Fund	Police Headquarters Fund	Technology Fund
REVENUES:					
Property Taxes	\$ 46,874	\$	\$ 18,463	\$ 366,182	\$
Payments in Lieu of Taxes	25,167		405	8,938	
Preempted Sales Tax in Lieu of Property Taxes	82,556				
Interest and Penalties on Taxes	34,277				
Sales Tax	1,005,345				
Special Taxes	4,474			24,679	
Departmental Revenue	169,852		6,402	23,157	
Interest Income	1,262		5	18	1
Licenses and Permits	11,130			1,150	
Fines and Forfeitures	45,565			20,451	
Rents and Recoveries	21,102		21	55	
Interdepartmental Revenues	77,818			11,146	
Interfund Revenues	8,344			144	
Other Revenues	50,343	4,578			
State Aid	190,940	2,433	13	861	
Federal Aid	151,083	4,796		768	
Total Revenues	1,926,132	11,807	25,309	457,549	1
EXPENDITURES:					
Current:					
Legislative	12,946				
Judicial	79,291				
General Administration	310,916				
Protection of Persons	16,628		20,282	417,877	
Health	175,412				
Public Works	184,786				
Recreation and Parks	33,505				
Social Services	518,000				
Corrections	259,102				
Education	14,343				
Bonded Payments for Tax Certiorari and Other Judgments	30				
Aid to Towns and Cities	71,344				
Suits and Damages	28,602				
Other	46,651				
Debt Service:					
Principal		118,680			
Interest		126,879			
Bond Issuance Costs		687			
Total Expenditures	1,751,556	246,246	20,282	417,877	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	174,576	(234,439)	5,027	39,672	1
OTHER FINANCING SOURCES (USES):					
Transfers In	96,480	306,968			
Transfers Out	(233,810)	(73,464)	(5,135)	(38,681)	
Transfers In of Investment Income	1,754				
Transfers In from NIFA	927				
Premium on Bonds					
Total Other Financing Sources (Uses)	(134,649)	233,504	(5,135)	(38,681)	
NET CHANGE IN FUND BALANCE (DEFICIT)	39,927	(935)	(108)	991	1
TOTAL FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	200,620	(2,191)	(1,160)	(38,651)	82
TOTAL FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 240,547	\$ (3,126)	\$ (1,268)	\$ (37,660)	\$ 83

EXHIBIT B-11**COUNTY OF NASSAU, NEW YORK****COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020 (Dollars in Thousands)**

	Open Space Fund	Employee Benefit Accrued Liability Reserve Fund	Litigation Fund	Retirement Contribution Reserve Fund	Intrafund Eliminations	Total General Fund
REVENUES:						
Property Taxes	\$	\$	\$	\$	\$	\$ 431,519
Payments in Lieu of Taxes						34,510
Preempted Sales Tax in Lieu of Property Taxes						82,556
Interest and Penalties on Taxes						34,277
Sales Tax						1,005,345
Special Taxes						29,153
Departmental Revenue						199,411
Interest Income			137			1,423
Licenses and Permits						12,280
Fines and Forfeitures						66,016
Rents and Recoveries	301					21,479
Interdepartmental Revenues						88,964
Interfund Revenues						8,488
Other Revenues	10					54,931
State Aid						194,247
Federal Aid						156,647
Total Revenues	311		137			2,421,246
EXPENDITURES:						
Current:						
Legislative						12,946
Judicial						79,291
General Administration	336		205			311,457
Protection of Persons						454,787
Health						175,412
Public Works						184,786
Recreation and Parks						33,505
Social Services						518,000
Corrections						259,102
Education						14,343
Bonded Payments for Tax Certiorari and Other Judgments						30
Aid to Towns and Cities						71,344
Suits and Damages						28,602
Other						46,651
Debt Service:						
Principal						118,680
Interest						126,879
Bond Issuance Costs						687
Total Expenditures	336		205			2,436,502
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(25)		(68)			(15,256)
OTHER FINANCING SOURCES (USES):						
Transfers In		223			(349,000)	54,671
Transfers Out		(4)			349,000	(2,094)
Transfers In of Investment Income						1,754
Transfers In from NIFA						927
Premium on Bonds						
Total Other Financing Sources (Uses)		219				55,258
NET CHANGE IN FUND BALANCE (DEFICIT)	(25)	219	(68)			40,002
TOTAL FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	1,829	13,401	23,437	52		197,419
TOTAL FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 1,804	\$ 13,620	\$ 23,369	\$ 52	\$	\$ 237,421

EXHIBIT C-1**COUNTY OF NASSAU, NEW YORK****CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS BY FUNCTION
DECEMBER 31, 2020 (Dollars in Thousands)**

	<u>Land*</u>	<u>Intangibles</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
Legislative	\$	\$	\$	\$ 254	\$ 272	\$	\$ 526
Judicial	2,593		1,933	73,629	6,746		84,901
General Administration	178,795	72,544	1,898	491,253	309,289		1,053,779
Protection of Persons	7,711		190	82,275	136,635	42,817	269,628
Health	475			4,672	3,292		8,439
Public Works	26,379		14,076	331,825	68,701	2,513,069	2,954,050
Recreation and Parks	35,653		71,653	202,540	7,752	74,735	392,333
Social Services	534		3,840	19,967	931		25,272
Corrections				183,147	11,480		194,627
Total	252,140	72,544	93,590	1,389,562	545,098	2,630,621	4,983,555
Less: Accumulated Depreciation and Amortization		11,088	76,211	652,528	417,431	1,416,979	2,574,237
	<u>\$ 252,140</u>	<u>\$ 61,456</u>	<u>\$ 17,379</u>	<u>\$ 737,034</u>	<u>\$ 127,667</u>	<u>\$ 1,213,642</u>	<u>2,409,318</u>
Construction in Progress							<u>1,194,036</u>
Total Net Capital Assets							<u>\$ 3,603,354</u>

* Land is not depreciated.

EXHIBIT C-2**COUNTY OF NASSAU, NEW YORK****STATEMENT OF CHANGES IN CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2020 (Dollars in Thousands)**

	Capital Assets January 1, 2020	Additions*	Reductions*	Capital Assets December 31, 2020
Legislative	571	51	96	526
Judicial	84,252	683	34	84,901
General Administration	983,173	79,521	8,916	1,053,778
Protection of Persons	255,234	16,884	2,490	269,628
Health	8,274	277	112	8,439
Public Works	2,805,098	150,122	1,170	2,954,050
Recreation and Parks	390,159	2,203	29	392,333
Social Services	25,212	60	-	25,272
Corrections	194,105	742	220	194,627
Construction in Progress	1,160,733	177,201	143,898	1,194,036
Total	5,906,811	427,744	156,965	6,177,590
Less: Accumulated Depreciation and Amortization	2,409,014	173,325	8,103	2,574,236
Total Changes in Net Capital Assets	3,497,797	254,419	148,862	3,603,354

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

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EXHIBIT E-1

COUNTY OF NASSAU, NEW YORK

STATEMENT OF CASH IN BANKS*

ALL FUNDS OF THE PRIMARY GOVERNMENT

DECEMBER 31, 2020 (Dollars in Thousands)

CASH BALANCES BY FUND:

General Fund	\$ 293,149
NIFA Fund	768
Police District Fund	22,304
Sewer and Storm Water District Fund	47,287
Capital Fund	315,705
Disputed Assessment Fund	204,217
Nonmajor Governmental Funds	114,690
Agency Funds	<u>83,471</u>
Total Cash Balances By Funds	<u>\$ 1,081,591</u> **

CASH BALANCES BY BANK:

The Bank of New York	\$ 891
Held by Fiscal Agent - EFC	6,032
Bank of America	17,786
JP Morgan Chase	333,111
Citibank	8,576
Hab Bank	7,500
Capital One Bank	70,223
People's United Bank	40,000
Signature Bank	181,296
Santander Bank	129,696
Sterling National Bank	100,454
TD Bank	40,211
Wells Fargo	144,897
Petty Cash	<u>918</u>
Total Cash Balances By Bank	<u>\$ 1,081,591</u>

*See Exhibit X-14 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, 2020**

	<u>(\$'s millions)</u>
Net Change in Fund Balance - GAAP (Modified Accrual Basis) Primary Operating Funds (from Note 2)	\$ 103.1
Less: Adjustments for Revenue Included in Other Financing Sources	
Premium on bonds (net of expense of loans)	
Transfer of Revenue from Other Funds to Offset Debt Expenditures	(12.5)
	<u>(12.5)</u>
	Total Other Financing Sources to Eliminate
	<u>(12.5)</u>
Less: Adjustments for Operating Expenditures Not Included in Other Financing Uses	
Borrowed Funds to Pay Property Tax Refunds	
Borrowed Funds to Pay Operating Expenditures	
	Total Other Financing Uses to Include
	<u>-</u>
	Total Other Financing Sources/Uses Adjustments
	<u>(12.5)</u>
Results Under Control Period Calculation	<u><u>\$ 90.6</u></u>

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)							
	2020	2019	2018	2017	2016	Unaudited		
	2015	2014	2013					
Net Change in Fund Balance - General and Police District Fund, as Adjusted to Primary Operating Funds * (from Exhibit F-1)	<u>\$ 103.1</u>	<u>\$ 138.9</u>	<u>\$ (17.4)</u>	<u>\$ (58.8)</u>	<u>\$ 27.1</u>	<u>\$ 28.0</u>	<u>\$ (21.5)</u>	<u>\$ 48.6</u>
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)
Borrowed Funds to Pay Property Tax Refunds		(61.1)	(38.5)	(0.7)	(59.3)	(96.2)	(126.4)	(75.0)
Borrowed Funds to Pay Other Judgments							(8.3)	(26.5)
Borrowed Funds to Pay Termination Pay					(2.0)	(26.1)	(20.1)	(14.0)
Borrowed Funds to Pay Other Operating Expenditures		(0.2)	(3.1)	(3.5)				
Transfer of Revenue From Other Funds to Offset Debt Expenditures	(12.5)	(0.8)	(0.2)	(0.2)	(5.1)	(12.0)	(8.5)	(2.7)
Total Other Financing Sources/Uses to be Eliminated	<u>(12.5)</u>	<u>(62.1)</u>	<u>(43.8)</u>	<u>(4.4)</u>	<u>(110.2)</u>	<u>(153.3)</u>	<u>(167.7)</u>	<u>(122.2)</u>
Results Under Control Period Calculation	<u>\$ 90.6</u>	<u>\$ 76.8</u>	<u>\$ (61.2)</u>	<u>\$ (63.2)</u>	<u>\$ (83.1)</u>	<u>\$ (125.3)</u>	<u>\$ (189.2)</u>	<u>\$ (73.6)</u>

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

**INDEPENDENT AUDITORS' 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**

To the Honorable Laura Curran, Nassau County Executive,
the Honorable Jack Schnirman, Nassau County Comptroller
and Members of the Legislature of the County of Nassau, New York

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 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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated June 30, 2021. Our report includes a reference to other auditors who audited the financial statements of Nassau Community College, Nassau Regional Off-Track Betting Corporation, Nassau Health Care Corporation ("NHCC"), Nassau County Industrial Development Agency ("IDA"), and Nassau County Local Economic Assistance Corporation, Nassau County Bridge Authority, and Nassau County Interim Finance Authority, 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 the Nassau County Interim Finance Authority and NHCC's ability to continue as a going concern. The financial statements of NHCC were not audited in accordance with *Government Auditing Standards*.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 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*.

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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Mark Paneth CPA". The signature is written in dark ink on a light-colored background.

New York, NY
June 30, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

To the Honorable Laura Curran, Nassau County Executive,
the Honorable Jack Schnirman, Nassau County Comptroller
and Members of the Legislature of the County of Nassau, New York

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 U.S. Office of Management and Budget ("OMB") *Compliance Supplement* that could have a direct and material effect on the County's major federal programs for the year ended December 31, 2020. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of 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, 2020. 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* (the "Uniform Guidance") as of its year-end of August 31, 2020. 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 December 31, 2020.

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.

Auditors' 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* (the "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 other major federal programs for the year ended December 31, 2020.

Other Matters Paragraph

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and is described in the accompanying schedule of findings and questioned costs as item 2020-002. Our opinion on each major federal program is not modified with respect to this matter.

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

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 the 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 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 a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

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

Purpose of this Report

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 requirement 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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 30, 2021, 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 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 financial statements that collectively comprise 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.



New York, NY
December 22, 2021

COUNTY OF NASSAU, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Agriculture:				
Pass-Through From: NYS Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	705962	\$ 10,400	\$ -
National School Lunch Program	10.555	705962	16,548	-
Summer Food Service Program for Children (SFSPC)	10.559	Not available	35,870	-
Total Child Nutrition Cluster			<u>62,818</u>	<u>-</u>
Pass-Through From: NYS Department of Health				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C35507GG	4,943,072	-
Pass-Through From: NYS Office of Temporary and Disability Assistance				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Not available	4,841,476	-
Total SNAP Cluster			<u>4,841,476</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>9,847,366</u>	<u>-</u>
U.S. Department of Housing and Urban Development (HUD):				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218		9,436,469	8,935,798
COVID-19 - Community Development Block Grants/Entitlement Grants	14.218		3,201,218	2,562,968
Total CDBG - Entitlement Grants Cluster			<u>12,637,687</u>	<u>11,498,766</u>
Emergency Solutions Grant Program	14.231		788,556	614,471
COVID-19 - Emergency Solutions Grant Program	14.231		164,108	43,355
Total Emergency Solutions Grant Program			<u>952,664</u>	<u>657,826</u>
Home Investment Partnerships Program	14.239		667,834	224,896
Pass-Through From: 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	1,142,882	-
Community Reconstruction Program	14.269	Not available	1,498,064	-
Total CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster			<u>2,640,946</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>16,899,131</u>	<u>12,381,488</u>
U.S. Department of Justice:				
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034		307,149	-
State Criminal Alien Assistance Program	16.606		500,000	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738		66,163	-
DNA Backlog Reduction Program	16.741		266,560	-
Smart Prosecution Initiative	16.825		71,681	-
Equitable Sharing Program	16.922		778,216	-
Pass-Through From: NYS Office of Victim Services				
Crime Victim Assistance	16.575	C11002GG	771,833	-
Pass-Through From: NYS Division of Criminal Justice Services - County of Suffolk				
Project Safe Neighborhoods	16.609	2019-GP-BX-0066	69,760	69,760
Pass-Through From: NYS Division of Criminal Justice Services				
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	C662125, 662221, DCJ01-C00213GG-1090000, C662218	115,657	-
Total U.S. Department of Justice			<u>2,947,019</u>	<u>69,760</u>

(Continued)

COUNTY OF NASSAU, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
U.S. Department of Transportation:				
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237		\$ 955,043	\$ -
Federal Transit Cluster				
Federal Transit-Capital Investment Grants	20.500		509,465	-
Federal Transit-Formula Grants	20.507		9,898,831	-
COVID-19 - Federal Transit-Formula Grants	20.507		33,073,617	-
Total Federal Transit Cluster			43,481,913	-
Pass-Through From: NYS Department of Transportation				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	C033468	23,587	-
Highway Planning and Construction Cluster				
Direct Program				
Highway Planning and Construction	20.205	Not available	240,000	-
Pass-Through From: NYS Department of Transportation				
Highway Planning and Construction	20.205	C002631, D033960, D035721, D035349, D35350, D035927, D035647, D033501, D035330, D035010, PIN 0760 65, D034794, D035052, D035053-GPI, D036043	9,258,321	-
Total Assistance Listing Number 20.205			9,498,321	-
Pass-Through From: NYS Office of Parks, Recreation and Historic Preservation				
Recreational Trails Program - LI Park Preserve Transportation Access	20.219	D035272, 0760-98	997,545	-
Total Highway Planning and Construction Cluster			10,495,866	-
Highway Safety Cluster				
Pass-Through From: NYS Division of Criminal Justice Services				
State and Community Highway Safety	20.600	Not available	78,073	-
Pass-Through From: NYS Governor's Traffic Safety Committee				
State and Community Highway Safety	20.600	C002458	133,041	-
National Priority Safety Programs	20.616	T006626, DMV-T006461-3700393	56,969	-
Total Highway Safety Cluster			268,083	-
Total U.S. Department of Transportation			55,224,492	-
U.S. Department of Treasury:				
Equitable Sharing	21.016		3,258,738	-
COVID-19 - Coronavirus Relief Fund	21.019		101,663,035	-
Total U.S. Department of Treasury			104,921,773	-
U.S. Environmental Protection Agency:				
Pass-Through From: NYS Department of Health				
Beach-Monitoring and Notification Program Implementation Grants	66.472	C29640GG	55,355	-
Clean Water State Revolving Fund Cluster				
Pass-Through From: NYS Environmental Facilities Corporation Village of Cedarhurst, New York				
Disaster Relief Appropriations Act (DRAA) Hurricane Sandy Capitalization Grants for Clean				
Water State Revolving Funds	66.482	C1-5149-48-00 ; Series 2019A C1-5146-40-75: 2015A	1,416,512	-
Total U.S. Environmental Protection Agency			1,471,867	-
U.S. Department of Education:				
Pass-Through From: NYS Department of Health				
Special Education - Grants for Infants and Families	84.181	DOH01-31644GG-3450000	843,049	-
Total U.S. Department of Education			843,049	-
U.S. Department of Health and Human Services:				
HIV Emergency Relief Project Grants	93.914		5,416,733	4,698,993
COVID-19 - HIV Emergency Relief Project Grants	93.914		201,831	158,282
Total Assistance Listing Number 93.914			5,618,564	4,857,275
COVID-19 - Health Center Program	93.224		478,360	-

(Continued)

**COUNTY OF NASSAU, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
Pass-Through From: NYS Department of Health				
Injury Prevention and Control Research and State and Community Based Programs	93.136	6228-01	\$ 21,970	\$ -
Immunization Cooperative Agreements	93.268	C-32528GG	91,397	-
COVID-19 - Immunization Cooperative Agreements	93.268	C-32528GG	4,977	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	C31863GG	98,398	-
Maternal and Child Health Services Block Grant to the States	93.994	DOH01-C35727GG-3450000, C30903GG	172,693	-
Children's Health Insurance Program	93.767	Not available	684,902	-
Medicaid Cluster				
Medical Assistance Program	93.778	Not available	12,008,042	-
Total Medicaid Cluster			12,008,042	-
Pass-Through From: NYS Office of Temporary and Disability Assistance				
Child Support Enforcement	93.563	Not available	2,615,162	-
Low-Income Home Energy Assistance	93.568	Not available	4,181,127	-
Temporary Assistance for Needy Families (TANF)	93.558	Not available	35,861,790	-
Pass-Through From: NYS Office of Children and Family Services				
CCDF Cluster				
Child Care and Development Block Grant	93.575	Not available	23,239,444	-
Child Care Mandatory and Matching Fund of the Child Care and Development Fund	93.596	Not available	23,607,747	-
Total CCDF Cluster			46,847,191	-
Guardianship Assistance	93.090	Not available	1,950	-
Promoting Safe and Stable Families	93.556	Not available	416,109	-
Child Welfare Services Program	93.645	Not available	407,132	-
Foster Care, Title IV-E	93.658	Not available	4,881,100	-
Adoption Assistance	93.659	Not available	1,319,756	-
Social Services Block Grant	93.667	Not available	3,186,313	-
Child Abuse and Neglect State Grants	93.669	Not available	4,561	-
Chafee Foster Care Independence Program	93.674	Not available	207,081	-
Pass-Through From: Health Research, Inc.				
Public Health Emergency Preparedness	93.069	1624-14, 1624.15	627,813	-
COVID-19 - Public Health Emergency Preparedness	93.069	1624-14	30,000	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	6151-01	6,757	-
COVID-19 - Epidemiology Lab Capacity	93.323	6427-01	27,449	-
Public Health Crisis	93.354	6338-01	452,011	-
Pass-Through From: NYS Office for the Aging				
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	Not available	58,551	35,583
Aging Cluster				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	Not available	1,444,011	1,444,011
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	Not available	2,286,185	2,286,185
Nutrition Services Incentive Program	93.053	Not available	404,667	404,667
Total Aging Cluster			4,134,863	4,134,863
National Family Caregiver Support Title III, Part E	93.052	Not available	703,605	691,882
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	Not available	56,517	-

(Continued)

COUNTY OF NASSAU, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
Pass-Through From: NYS Office of Mental Health				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	Not available	\$ 19,583	\$ 19,583
Block Grants for Community Mental Health Services	93.958	Not available	1,933,014	1,075,014
Total U.S. Department of Health and Human Services			<u>127,158,738</u>	<u>10,814,200</u>
U.S. Department of Homeland Security:				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		461,342	-
Pass-Through From: NYS Division of Homeland Security & Emergency Services				
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	Not available	54,681,457	-
COVID-19 - Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	Not available	1,188,007	-
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			<u>55,869,464</u>	<u>-</u>
Emergency Management Performance Grants	97.042	C834195	1,945	-
Hazard Mitigation Grant	97.047	C000823	173,887	-
		C97179, T180143, C971762, C884370, C154173, C884383, C971770, C971760, T884380, C000823, C97180, C971790, C154193, T971779, C834188, C197180, C971763, C834179, C971780		
Homeland Security Grant Program	97.067		2,770,426	-
Total U.S. Department of Homeland Security			<u>59,277,064</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 378,590,499</u>	<u>\$ 23,265,448</u>

COUNTY OF NASSAU, NEW YORK
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the County of Nassau, New York (the “County”) under programs of the federal government for the year ended December 31, 2020. 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* (the “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 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. Nassau Community College and Nassau Health Care Corporation have a single audit conducted by other auditors.

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 Subpart E 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) ASSISTANCE LISTING NUMBER #97.036, HURRICANE SANDY COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY GRANT (CDBG-DR) ASSISTANCE LISTING NUMBER #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 2020 according to the Federal Emergency Management Agency (FEMA) reporting guidelines totaled \$54,681,457. This is comprised of a net \$21,964 of expenditures incurred between 2012-2014, \$82,790 in 2015, \$145,419 in 2016, \$469,472 in 2017, \$2,177,563 in 2018, \$1,170,639 in 2019, and \$50,613,610 in 2020.

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.

**COUNTY OF NASSAU, NEW YORK
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2020**

**NOTE 3 – DISASTER GRANTS PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)
ASSISTANCE LISTING NUMBER #97.036, HURRICANE SANDY COMMUNITY DEVELOPMENT BLOCK
GRANT DISASTER RECOVERY GRANT (CDBG-DR) ASSISTANCE LISTING NUMBER #14.269
(Continued)**

The programs noted in the SEFA under Assistance Listing Number #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 \$2,640,946 in CDBG-DR funding for 2020 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 (Assistance Listing Number 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	Assistance Listing Number	Direct Recipient	County	Total Federal Assistance
WIC	10.557	\$ 3,346,214	(a) \$ 1,596,858	(b) \$ 4,943,072

- (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.

**COUNTY OF NASSAU, NEW YORK
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2020**

NOTE 4 – RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS (Continued)

Reconciliation of Federal Expenditures Reported in the SEFA to the Comprehensive Annual Financial Report:

The differences between the Federal expenditures reported in the SEFA and the County's Comprehensive Annual Financial Report are primarily comprised of the 2020 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	\$	378,590,499
Adjustments:		
Add: Federal Amounts not required to be reported in the SEFA		8,688,908
Add: On Top Adjustments		262,000
Less: Accounting accruals and other adjustments		(4,427,774)
Less: Difference in FEMA/CDBG-DR reporting for approved project worksheets vs Financial Statement revenue recorded in 2020 and other FEMA/CDBG-DR prior period adjustments		(2,950,246)
Less: WIC		(3,346,214)
Less: Cash basis adjustments-Asset Forfeiture		(843,777)
Federal Aid revenue as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Comprehensive Annual Financial Report		<u>\$ 375,973,396</u>

*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 – Assistance Listing Number #66.482:

The County has reported \$1,416,512 in the SEFA under Nassau County's Clean Water, Short Term Loan – Storm Mitigation Loan Program ("SMLP") Note 2019A. The total amount relates to 2019 expenditures which were not reimbursed by EFC until 2020.

**COUNTY OF NASSAU, NEW YORK
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2020**

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. Unexpended cash balances on hand relating to these programs at December 31, 2020 were as follows:

Direct/Pass Through Grantor	Assistance Listing Number	2020 Cash Balances
U.S. Department of Justice:		
Police Department	16.922	\$ 5,282,041
District Attorney	16.922	2,838,686
Correctional Center	16.922	<u>1,222,252</u>
Total U.S. Department of Justice-Equitable Sharing Program		<u>9,342,979</u>
U.S. Department of Treasury:		
Police Department	21.016	<u>14,288,263</u>
Total U.S. Department of Treasury-Equitable Sharing		<u>14,288,263</u>
Total Federal Equitable Sharing and Asset Forfeiture Funds on Hand		<u><u>\$ 23,631,242</u></u>

NOTE 6 – INDIRECT COST RATES

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. Indirect costs are charged at different rates according to the County's indirect cost rate study and may not be charged based upon the agreement with grantor. The County has elected not to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

**COUNTY OF NASSAU, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2020**

Section I—Summary of Auditors' Results

Financial Statement

Type of Auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes X No

Significant deficiencies identified not considered to be material weaknesses? Yes X 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 not considered to be material weaknesses? X Yes None reported

Type of auditors' report issued on compliance for major programs: Unmodified

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

Identification of major programs:

- U.S. Department of Agriculture:
 - SNAP Cluster
 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Assistance Listing Number 10.561)
- U.S. Department of Transportation:
 - Federal Transit Cluster
 - Federal Transit – Capital Investment Grants (Assistance Listing Number 20.500)
 - Federal Transit – Formula Grants (Including COVID-19) (Assistance Listing Number 20.507)
- U.S. Department of Treasury:
 - Equitable Sharing (Assistance Listing Number 21.016)
 - Coronavirus Relief Fund (Assistance Listing Number 21.019)
- U.S. Department of Health and Human Services:
 - Medicaid Cluster
 - Medical Assistance Program (Assistance Listing Number 93.778)
 - Low-Income Home Energy Assistance (Assistance Listing Number 93.568)
 - Aging Cluster
 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers (Assistance Listing Number 93.044)
 - Special Programs for the Aging, Title III, Part C, Nutrition Services (Assistance Listing Number 93.045)
 - Nutrition Services Incentive Program (Assistance Listing Number 93.053)

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? Yes X No

**COUNTY OF NASSAU, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2020**

Section II—Financial Statement Findings

None noted.

**COUNTY OF NASSAU, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2020**

Section III–Federal Award Findings and Questioned Costs

A. Internal Control Findings

2020-001 – Subrecipient Monitoring – Internal Control (Significant Deficiency)

**United States Department of Health and Human Services
Pass Through from NYS Office for Aging**

Aging Cluster

93.044 – Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers

93.045 – Special Programs for the Aging, Title III, Part C, Nutrition Services

93.053 – Nutrition Services Incentive Program

Criteria: Uniform Guidance 2 CFR part 200.332 establishes the requirements for subrecipient monitoring and management for Federal awards and requires that non-Federal entities communicate all requirements so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal awards.

Condition: During our review of the County’s subrecipient agreements, we noted the language referred the subrecipient to the audit requirements to be outdated. The information contained older audit thresholds and references to audit requirements that have been superseded since 2015.

Cause: The County’s internal control system related to subrecipient monitoring has not been properly designed to ensure updates to subrecipient agreements are made timely.

Effect: Subrecipients do not have the proper information needed to determine if they have met all of the requirements of the Federal award. The subrecipient could incur the cost for a Federal single audit when one is not required.

Context: See “condition” above.

Recommendation: We recommend the County update their subrecipient agreements to properly reflect the most current information. We also recommend that the County develop a process whereby any future updates to Federal award requirements can be properly identified and communicated to their subrecipients.

Views of Responsible Officials We agree with the findings as presented and have developed a corrective action plan to address.

**COUNTY OF NASSAU, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2020**

Section III–Federal Award Findings and Questioned Costs (Continued)

B. Compliance Findings

2020-002 – Subrecipient Monitoring

United States Department of Health and Human Services

Aging Cluster

93.044 – Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers

93.045 – Special Programs for the Aging, Title III, Part C, Nutrition Services

93.053 – Nutrition Services Incentive Program

See 2020-001 – Subrecipient Monitoring

**COUNTY OF NASSAU, NEW YORK
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020**

Section IV–Summary Schedule of Prior Audit Findings (Continued)

Federal Award Findings and Questioned Costs

A. Internal Control over Financial Reporting

2019-001: Eligibility – Internal Control Eligibility - Compliance

**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.

Condition:

- The DOJ notified the County that based on their recalculations using the SCAAP data provided, they determined that the County was overpaid by \$3,135,218 in 2018 and instructed the County to return the money in 2020.

Questioned Costs: \$3,291,979

Status of Finding: A corrective action plan has been implemented. No similar findings noted in the current year.

B. Compliance Findings

2019-002 Eligibility - Compliance

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

See 2019-001 Eligibility – Internal Control

Status of Finding: A corrective action plan has been implemented. No similar findings noted in the current year.