

NASSAU COUNTY
NEW YORK



COMPREHENSIVE
ANNUAL FINANCIAL
REPORT
OF THE
COMPTROLLER

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2014

GEORGE MARAGOS
COMPTROLLER

NASSAU COUNTY
NEW YORK



COMPREHENSIVE
ANNUAL FINANCIAL
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OF THE
COMPTROLLER

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2014

GEORGE MARAGOS
COMPTROLLER

JAMES A. GARNER
CHIEF DEPUTY COMPTROLLER

LISA S. TSIKOURAS, CPA
DIRECTOR OF ACCOUNTING



George Maragos
NASSAU COUNTY COMPTROLLER

COUNTY OF NASSAU, NEW YORK

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COUNTY OF NASSAU, NEW YORK

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INTRODUCTORY SECTION

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Hon. George Maragos
Nassau County Comptroller



OFFICE OF THE COMPTROLLER

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August 3, 2015

TO THE PEOPLE OF NASSAU COUNTY

I respectfully submit the Comprehensive Annual Financial Report (“the report”) for the year ended December 31, 2014, as required by New York State County Law 577[1] (j)-(k). This letter of transmittal is designed to complement Management’s Discussion and Analysis (“MD&A”) and should be read in conjunction with it.

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

The County ended the year with a small budgetary surplus of \$10.7 million in the primary operating funds. The budgetary surplus was primarily achieved by drawing \$16.2 million of prior year fund balance and borrowing \$154.8 million, in accordance with the multi-year financial plan approved by the County Legislature, to pay property tax refunds, judgments and settlements, and police termination pay, and generating \$28.1 million in revenue from the “Speed Camera” program. The various Administration initiatives were mainly in response to a \$70.0 million drop in Sales Tax revenue and unbudgeted requirements to pay for property tax refunds.

Use of \$16.2 million of prior year fund balance was offset by the \$10.7 million budgetary surplus resulting in the ending fund balance of the primary operating funds being reduced by net \$5.5 million to \$121.0 million as of the 2014 fiscal year-end. The County’s established policy on unreserved fund balance recommends that it be no less than 4% and no more than 5% of normal prior-year expenditures made from its General Fund and the County-wide Special Revenue Funds (i.e., Police Headquarters, Fire Commission, and Debt Service Funds). The operating fund balance for these four funds, of approximately \$100.2 million, represents about 4.3% of prior year expenditures. The ending fund balance in the Police District Fund on a budgetary basis is \$20.8 million.

Under Generally Accepted Accounting Principles (“GAAP”), the County’s 2014 results ended in a negative \$21.4 million, after certain exclusions, such as the use of fund balance, pension adjustments and other adjustments. Based on the Nassau County Interim Finance Authority’s (“NIFA”) reporting methodology, the County’s year-end results ended with a negative \$191.9 million after adjustments to GAAP to exclude certain revenue sources, such as premiums on bonds, and borrowed funds to pay for operating expenses.

The financial fundamentals of the County have deteriorated over 2013 primarily due to the decrease in sales tax revenue, and the increased borrowings approved by the County Legislature for operating expenditures. The Structural Gap, which has been used historically to measure the financial health of the County, more than doubled in 2014 to negative \$244.8 million from negative \$99.1 million in 2013. The Structural Gap is the difference between recurring revenues and expenses, and excludes non-recurring items, such as certain borrowings, and extraordinary items. The NIFA presentation result worsened from negative \$78.6 million in 2013 to negative \$191.9. Reducing borrowing and finding other sources of income should continue to be a priority for the Legislature, NIFA and the Administration in order to improve the County fiscal fundamentals.

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

The independent accounting firm of McGladrey, LLP performed an audit of the County's financial statements as of, and for the year ended, December 31, 2014. Their audit opinion on the basic financial statements, and combining and individual fund statements and schedules is located on pages 10 through 12 of this report.

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

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

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

Profile of the Government

Nassau County funds a full range of municipal services, which include: public safety, health, highways, water and sewer, college education, sanitation, public improvements and parks, recreational facilities and cultural events, as well as planning and general administrative services. Incorporated in 1899, the County contains three towns, two cities, 64 incorporated villages, 56 school districts and approximately 200 special taxing districts that provide services in specific areas, such as garbage collection and water supply. With a population of over 1.3 million people, it occupies 287 square miles located approximately 15 miles east of Manhattan.

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

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

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

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

Under GAAP as required for governmental financial reporting, the County's results for the fiscal year were a deficit of \$21.4 million, \$14.5 million in the General Fund and \$6.9 million in the Police District Fund. The deficit in the General Fund was primarily the result of lower Sales Tax collections, and Federal and State Aid that were offset by \$28.1 million in higher Fines and Forfeitures resulting from the "Speed Camera" program implemented in the latter half of the year. This coupled with lower debt services costs and lower Social Services costs due to fewer caseloads and a reduction in the local share of Medicaid, and the Administration's control of spending, mitigated the lower revenue collection. Adding \$6.2 million to the employee benefit accrued liability reserve, to be used for future police termination payouts, contributed to the deficit.

NIFA under its New York State authority, declared on March 14, 2011, a "control period" placing the County under financial supervision and ordering a wage freeze, asserting that the County was likely to end 2011 in a deficit of at least one percent. In 2014, NIFA lifted the wage freeze on County employees covered by collective bargaining agreements retroactively to April 1, 2014 increasing personnel costs, which may have a compounding expense effect going forward.

OFFICE OF THE COMPTROLLER

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The \$154.8 million in borrowings to fund operating expenses, in addition to borrowings for capital projects, increased the total County and its blended component units' outstanding serial bonds debt at year-end to \$3.63 billion up from \$3.60 billion in 2013, for a net increase of 1.0% (approximately \$37.0 million), after pay down of maturing debt. The estimated outstanding property tax liability, excluding Superstorm Sandy assessment tax refunds, was reduced to \$306.6 million from \$325.0 million. In addition, there is approximately \$437.0 million of potential liability from certain non-certiorari tax cases dating, in some cases, to the 1990's. This latter liability is still in litigation.

On a budgetary basis, although revenues were lower than budgeted by \$64.0 million, expenses were also lower by \$80.9 million. The resulting \$16.9 million positive variance was reduced by a discretionary action of \$6.2 million for the contribution to the police termination pay reserve, in order to yield a budgetary surplus of \$10.7 million.

Awards and Acknowledgements

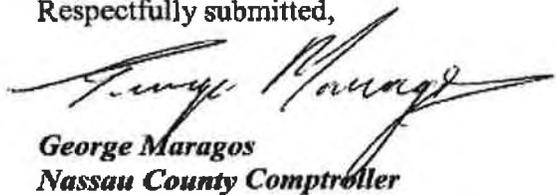
The Government Finance Officers Association of the United States and Canada ("GFOA") has awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the year ended December 31, 2013. This is the thirtieth (30th) consecutive year in which the County's Comprehensive Annual Financial Report has been so honored. In order to be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements.

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

The County has also earned GFOA's Distinguished Budget Presentation Awards for its 2014 budget submission. In order to receive this award, a governmental unit must publish a budget document that meets criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The preparation of the 2014 Comprehensive Annual Financial Report could not have been accomplished without the invaluable assistance of the professional and dedicated staff of the offices of the County Comptroller, the County Executive, the County Treasurer, and Albrecht, Viggiano, Zureck & Company, P.C. I would like to express my appreciation to all those who assisted and contributed to its preparation. I would also like to thank our independent auditors McGladrey, LLP, for their guidance and advice.

Respectfully submitted,



George Maragos
Nassau County Comptroller



Government Finance Officers Association

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

Presented to

**County of Nassau
New York**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

COUNTY OF NASSAU, NEW YORK

**PRINCIPAL OFFICIALS
AS OF DECEMBER 31, 2014**

Executive

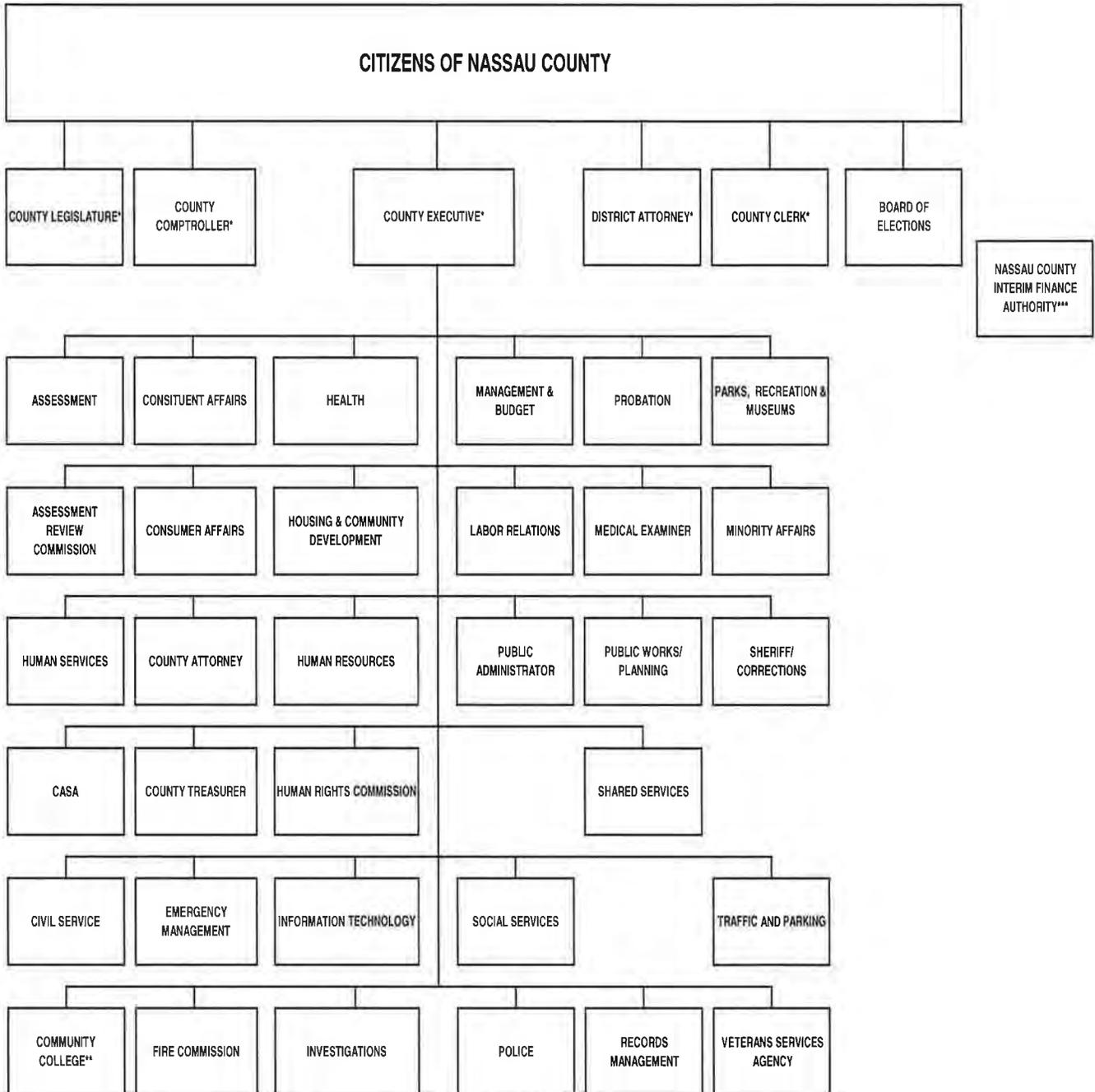
County Executive	Edward P. Mangano
County Comptroller	George Maragos
Chief Deputy County Executive	Rob Walker
Deputy County Executive for Finance	Eric C. Naughton
County Treasurer	Beaumont Jefferson
County Attorney	Carnell T. Foskey
Budget Director	Roseann D'Alleva
District Attorney	Kathleen M. Rice
County Clerk	Maureen C. O'Connell
Acting County Assessor	James E. Davis

Legislative

Norma L. Gonsalves, Presiding Officer	13th Legislative District
Richard J. Nicoletto, Deputy Presiding Officer	9th Legislative District
Howard J. Kopel, Alternate Deputy Presiding Officer	7th Legislative District
Kevan M. Abrahams, Minority Leader	1st Legislative District
Legislator Siela A. Bynoe	2nd Legislative District
Legislator Carrie Solages	3rd Legislative District
Legislator Denise Ford	4th Legislative District
Legislator Laura Curran	5th Legislative District
Legislator Francis X. Becker, Jr.	6th Legislative District
Legislator Vincent T. Muscarella	8th Legislative District
Legislator Ellen W. Birnbaum	10th Legislative District
Legislator Delia DeRiggi-Whitton	11th Legislative District
Legislator Michael Venditto	12th Legislative District
Legislator Laura Schaefer	14th Legislative District
Legislator Dennis Dunne, Sr.	15th Legislative District
Legislator Judith A. Jacobs	16th Legislative District
Legislator Rose Marie Walker	17th Legislative District
Legislator Donald N. MacKenzie	18th Legislative District
Legislator David W. Denenberg	19th Legislative District

COUNTY OF NASSAU, NEW YORK

COUNTY DEPARTMENTS AND OFFICES as of December 31, 2014



* Offices Elected by Voters of Nassau County

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

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

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FINANCIAL SECTION



Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Nassau, New York, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Nassau Health Care Corporation, Nassau County Bridge Authority, Nassau Regional Off-Track Betting Corporation, Nassau County Industrial Development Agency, and Nassau County Local Economic Assistance Corporation which represent 70 percent, 68 percent, and 73 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Nassau, New York, as of December 31, 2014, and the respective changes in financial position, where applicable, and the respective budgetary comparison for General Fund, Police District Fund and Sewer and Storm Water District Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

As discussed in Note 20 to the financial statements, certain beginning balances of the 2014 NIFA (blended component unit) financial statements have been restated to correct an error in previously issued financial statements. Our opinions are not modified with respect to this matter.

As discussed in Note 20 to the financial statements, a correction for errors was required for Nassau County Tobacco Settlement Corporation (blended component unit) to apply the provisions of GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, in a manner consistent with the County and to reclassify amounts between net position (deficit) balances previously reported in order to conform with accounting principles generally accepted in the United States of America. Accordingly, the components of net position (deficit) as of January 1, 2014 have been restated. Our opinions are not modified with respect to this matter.

As discussed in Note 20 to the financial statements, certain beginning balances of the 2014 Nassau Health Care Corporation (discrete component unit) financial statements have been restated to correct errors in previously issued financial statements. Our opinions are not modified with respect to this matter.

As discussed in Note 20 to the financial statements, beginning net position of Nassau Community College Foundation, Inc, a component unit of Nassau Community College (discrete component unit), has been restated to correct an error in previously issued financial statements. Our opinions are not modified with respect to this matter.

As discussed in Note 21 to the financial statements, the County changed its method of accounting for retained percentages in 2014. Our opinions are not modified with respect to this matter.

As discussed in Note 21 to the financial statements, Nassau Community College (discrete component unit) adopted new accounting guidance for its method of revenue recognition for capital assets contributed by the State of New York and the County in 2014. Our opinions are not modified with respect to this matter.

The report of the independent auditor of Nassau Regional Off-Track Betting Corporation (OTB) contained an Emphasis of Matter paragraph concerning OTB's ability to continue as a going concern (see Note 1).

Other Matters

Required Supplementary Information

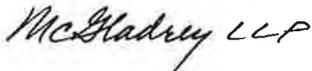
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress on pages 13-25 and 130 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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



New York, New York
August 3, 2015

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Nassau County's (the "County") Comprehensive Annual Financial Report ("CAFR") is presented in conformity with GAAP for governments in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB"). This section of the report, required under GASB 34, presents Management's Discussion and Analysis ("MD&A") of the County's financial activities and performance for the fiscal years ended December 31, 2014 and 2013. This section should be read in conjunction with the letter of transmittal and the County's financial statements.

FINANCIAL HIGHLIGHTS

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

The County ended the 2014 fiscal year with a budgetary surplus of \$10.7 million in its primary operating funds. This budgetary surplus, includes \$16.2 million of appropriated prior year fund balance and a \$6.2 million discretionary charge to fund the police termination pay reserve to offset future costs. Sales tax receipts were below the prior year and fell short of budget estimates due to the cold temperatures and snowstorms in the first quarter of 2014, a slowdown of the spending that occurred in the prior year when residents replaced major goods such as vehicle and appliances, damaged by Superstorm Sandy and the change in taxable status of a major vendor. Federal and State Aid also fell short of budget primarily due to lower than anticipated reimbursements because of lower than projected expenses in the Department of Social Services, lower reimbursements at the County's correctional facility in connection with inpatient medical costs and a lower Federal inmate population. However, unbudgeted revenues from the speed camera program offset some of this shortfall. Lower debt service expenditures than budgeted resulting from delaying long-term borrowings, lower non-overtime payroll and fringe benefits due to budgeted position vacancies and employee and retiree health insurance rates that were lower than projected in the budget, and lower early intervention / special education expenditures due to reduced service rates and lower volume of services also contributed to the budgetary surplus. The overall surplus, including fund balance appropriated from the prior year, is primarily comprised of a surplus of \$9.4 million in the General Operating Fund, in addition to a \$1.7 million surplus in the Police Headquarters Fund offset by a deficit of \$0.5 million in the Police District Fund. These surplus funds have been added to existing accumulated budgetary fund balance, which was reduced by \$16.2 million of prior year fund balance appropriated in the 2014 fiscal year. Thus, the ending fund balance in the primary operating funds was \$121.0 million as of 2014 fiscal year end, down from \$126.5 million as of the end of fiscal year 2013, a net change of \$(5.5) million. Ending fund balance of \$121.0 million was primarily comprised of \$98.4 million in the General Operating Fund, \$20.8 million in the Police District Fund, and \$1.7 million in the Police Headquarters Fund.

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2014

FINANCIAL HIGHLIGHTS (Continued)

The County's net worth, on a government-wide basis in accordance with GAAP, decreased by \$482.0 million during 2014 to a negative \$7.3 billion. This decrease was primarily driven by a substantial increase in general administration expenses, which is attributable to higher estimated liabilities for other post-employment benefits ("OPEB"), litigation, and changes in application of accounting principles.

Other factors include lower sales tax and grant revenues partially offset by higher investment income and lower public works expenses. An additional decrease to the primary government's net worth resulted from a change in application of an accounting principle, where long-term debt issued by the County for the funding of capital projects of a component unit, and previously reported in that component unit, are now reported in the primary government's long-term debt.

As noted, these financial statements are presented in accordance with GAAP. In addition, certain financial statements present GAAP to budgetary basis conversion columns to show actual results on a budgetary basis. Fund balance in the County's operating funds as reported in the CAFR totaled \$124.0 million on a budgetary basis; \$103.2 million is in the General Fund and \$20.8 million in the Police District Fund. The difference between the ending fund balance of \$124.0 million and the \$121.0 million disclosed above represents the ending fund balance of the operating funds included in the General Fund for reporting purposes.

COMPONENT UNIT FINANCIAL STATEMENTS RESTATEMENTS

Nassau County Interim Finance Authority ("NIFA")

In 2014, NIFA determined a correction of the previous year's net position was necessary to conform with GAAP with regard to debt service set asides. The previous year's net position has been restated to correct the amount of debt service (fund-level) accrued interest (entity-wide level) previously reported. A prior period adjustment is reported in the debt service fund and the entity-wide statements in the amount of \$46.0 million and \$6.7 million, respectively.

Nassau County Tobacco Settlement Corp. ("NCTSC")

In 2007, the County elected to apply the deferral provisions of GASB Statement No. 48 *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* (GASB 48) prospectively and NCTSC, therefore, determined it should not have recognized the deferral of cost from the purchase of TSRs (\$308.2 million as of December 31, 2013) as a deferred outflow of resources. As a result, management has determined a correction of an error in previously issued financial statements was necessary to eliminate the deferral of cost from the purchase of future TSRs previously reported to be consistent with the prospective adoption of the provisions of GASB 48, by the County. The impact of this on the prior year Statement of Activities is a change in the increase in net deficit from \$6,683.2 million to \$6,673.4 million.

Management has also determined a correction of an error in previously issued financial statements was necessary to reclassify amounts historically recorded to net position (deficit) balances to properly conform with GAAP. The reclassification restatement allocates the restricted balance to unrestricted. The restricted investment balance was funded by debt proceeds and, therefore, the asset is offset by the related debt and has no net position effect. The restatement has not effect on the Statement of Activities or other financial statements in prior years.

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2014

COMPONENT UNIT FINANCIAL STATEMENTS RESTATEMENTS (Continued)

Nassau Community College ("NCC")

Management of Nassau Community College Foundation, Inc., a component unit of NCC, has determined a correction of an error in previously issued financial statements was necessary to correct agency transactions historically recorded as revenue and expenses to a liability to properly conform with GAAP. Such amounts should have been recorded as cash and a liability when received, and then a reduction in the liability and cash when paid out. The restatement decreases the overall beginning net position balance of NCC by \$115.3 thousand resulting in a Net Position at Beginning of Year, as restated of a negative \$267.6 million.

Nassau Health Care Corporation ("NHCC")

In 2014, NHCC determined that previously issued financial statements improperly classified amounts for its interest rate swap agreements, misreported patient accounts receivable, and under reported FICA and other payroll liabilities associated with accrued payroll. Further, NHCC and the Medicare Administrative Contractor (MAC) under reported payments in settlement documents. Finally, NHCC had not been including two of its components that are part of its reporting entity. As a result, the beginning net position was restated from (\$387.3) thousand reported in 2013, to (\$387.0) thousand as of January 1, 2014.

Change in Accounting Policy

In fiscal year 2014, NCC changed its method of revenue recognition for capital assets contributed by the State and the County. Contributions of capital assets are now recognized when the assets are purchased by the State and the County, as opposed to when the State and the County make debt service payments on related borrowings. The change in accounting policy resulted in a decrease in the NCC's bonds payable and deferred bond premium in the amount of approximately \$93.1 million and \$1.6 million, respectively. Furthermore, the due from the County balance of approximately \$12.6 million for bond proceeds received by the County and not yet disbursed for NCC capital projects was written off. The net impact was an overall increase to beginning net position for NCC of \$82.1 million.

As a result of this change, the primary government's long-term obligations reported on the Statement of Net Position as of December 31, 2014 increased by \$53.5 million, representing the portion of the County long-term debt issued to finance NCC capital projects. The Statement of Activities for the year ended December 31, 2014 includes an opening adjustment of \$51.0 million; the remaining \$2.5 million is included in the Education expenses.

The County recorded an adjustment to the opening fund equity of the Capital Fund due to a change in accounting policy for the way it reports retainage held on uncompleted capital projects. For budgetary reporting, retainage is expensed when incurred with the amount expensed set aside for future payment to vendors. In accordance with a directive from the New York State Office of the State Comptroller, for GAAP reporting purposes, the County adjusts its expenditures to remove these costs and unreserves the amounts previously set aside for future payment to the vendors. The effect on the primary government's opening net position in the Statement of Activities was an increase of \$4.5 million and a \$4.5 million decrease in the primary government's beginning liabilities in the Statement of Net Position.

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2014

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2014

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

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

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

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

The Statement of Net Position

The Statement of Net Position for the 2014 fiscal year reports a deficit balance of \$7.3 billion. Table 1 illustrates that the County's net worth decreased by \$482.0 million during 2014 primarily due to increases in long-term liabilities and changes in application of accounting principles. The County's long-term liability for retirees' health insurance, OPEB, increased by \$162.4 million, estimated liabilities for litigation increased by \$142.0 million primarily as a result of adverse decisions in the utilities litigations, and a net increase of \$47.6 million was added to the liability due to the New York State and Local Retirement system for pension expense deferral. Long-term liabilities increased by \$53.5 million as a result of a change in accounting policy whereby long-term debt issued by the County to fund capital projects of the College, are now reported in the County's government-wide statements; prior to this change, the obligations were reported as long-term debt in the government-wide statements of the component units. The increase in deferred inflows reflects the requirement of GASB 65, adopted in 2013, to report the deferred inflow related to the fair value of the County's service concession arrangements' facilities capitalized and recorded as capital assets in the County's Statement of Net Position; this accounts for an equal offsetting increase in capital assets.

The reduction in Current and Other Assets was primarily due to \$122.1 million of restricted cash held as of year-end 2013 for repayment of Bond Anticipation Notes ("BANS") maturing in February 2014, and lower cash balances in the General Fund of \$112.2 million than the prior year. Current and Other Liabilities decreased primarily due to a reduction of \$193.1 million in BANS payable that were issued by the County for funding of Superstorm Sandy related capital repairs, in anticipation of FEMA reimbursement. As FEMA reimbursement was received, the outstanding balance of BANS was reduced. This decrease was offset by an increase of \$94.8 million in the portion of NIFA bonds maturing within the year.

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2014

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2014 (Continued)

The Statement of Net Position (Continued)

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

	Total Primary Governmental Activities		Change
	2014	(As Restated) 2013*	
Current and Other Assets	\$ 1,541.1	\$ 1,792.3	\$ (251.2)
Capital Assets	2,673.9	2,568.5	105.4
Total Assets	4,215.0	4,360.8	(145.8)
Total Deferred Outflows of Resources	121.8	114.5	7.3
Current and Other Liabilities	1,404.9	1,520.4	(115.5)
Long-Term Liabilities	10,106.3	9,703.6	402.7
Total Liabilities	11,511.2	11,224.0	287.2
Total Deferred Inflows of Resources	130.1	73.8	56.3
Net Position			
Net Investment in Capital Assets	1,718.3	1,620.3	98.0
Restricted	148.0	110.8	37.2
Unrestricted	(9,170.8)	(8,553.6)	(617.2)
Total Net Position (Deficit)	\$ (7,304.5)	\$ (6,822.5)	\$ (482.0)

*Certain reclassifications have been made to 2013 numbers to conform with current year presentation.

The County has \$1.7 billion invested in its capital assets, recorded at acquisition cost, net of accumulated depreciation and related debt. Capital assets are used by the County in the provision of services to the taxpayers; hence, this investment of County equity is allocated in the County's capital assets and is not immediately available to support future expenses.

The County's Statement of Net Position shows a deficit balance of \$7.3 billion in net position at December 31, 2014 and an unrestricted net deficit of \$9.2 billion. Unrestricted net position reflects all liabilities that are not related to the County's assets and are not expected to be repaid from restricted resources. Accordingly, the County will have to allocate future revenues towards the payment of these liabilities.

As of December 31, 2014, the County and its blended component units had a combined \$3.6 billion in outstanding serial bond debt, excluding accreted interest payable related to the NCTSC. The County has historically issued long-term debt to finance judgments, settlements, and the payment of real property tax refunds resulting from successful grievances of property tax assessments. As of December 31, 2014, the County had \$1.0 billion of outstanding debt related to tax certiorari settlements.

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

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2014

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2014 (Continued)

The Statement of Net Position (Continued)

The New York State Assembly and the New York State Senate passed assessment legislation, which the Governor signed on November 21, 2014, that will aid the County in achieving structural balance. This legislation creates a Disputed Assessment Fund that will establish a manageable and fiscally-sound process to satisfy most commercial tax certiorari refunds and end the need to borrow to pay for tax certiorari refunds, which has been the practice of the County since the 1970s. It provides for a two-step process for commercial property assessment disputes and requires that all payments towards the disputed assessment fund be administered in the same manner as County real property taxes. Any refund of real property taxes owed to a class four property owner as a result of a settlement or final decision will be paid from the disputed assessment fund. Any funds that remain thereafter shall be distributed pro rata to the County and the applicable school district, town and special districts. The structural benefits from the commercial tax certiorari reform legislation will begin to be realized in 2017.

The Statement of Activities

The Statement of Activities for the fiscal year that ended December 31, 2014 details the decrease in the County's net worth from 2013 to 2014. Table 2 summarizes the changes in the County's net position. Several factors impacted the County's net worth. They include:

- General Administration expenses increased by \$617.4 million primarily due to an increase of \$162.4 million in the estimated OPEB liability, which resulted in a \$340.4 million change from the prior year as there was a decrease in the expense in 2013; an increase of \$142.0 million in the estimated liability for litigation due to adverse litigation decisions; and an increase in the liability to the New York State and Local Retirement System of \$47.6 million related to the deferral of pension expense.
- Sales Tax revenues decreased \$44.4 million due to the cold temperatures and snowstorms in the first quarter of 2014; a slowdown of the spending that occurred in the prior year when residents replaced major goods such as vehicle and appliances, damaged by Superstorm Sandy; and the change in taxable status of a major vendor.
- A reduction in Operating Grant revenue of \$68.5 million was primarily due to \$15.0 million in forfeiture funds received by the police in 2013 for breaking a money laundering ring and a reduction in competitive funding received from the Federal Transit Authority for County transit partially offset by a \$61.3 million increase of Capital Grants revenue related to FEMA reimbursements for capital projects;
- An increase of \$17.6 million of Investment Income primarily resulting from adjustments recorded in 2013 to revise unamortized premium on bond sales balances for NCTSC;
- Public Works reduced expenses of \$26.2 million primarily due to less contractual spending related to Superstorm Sandy.

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2014

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2014 (Continued)

The Statement of Activities (Continued)

Table 2
Condensed Statement of Activities
(dollars in millions)

	2014	(As Restated) 2013	Change
Revenues			
Program Revenues			
Charges for Services	\$ 300.1	\$ 300.9	\$ (0.8)
Operating Grants	466.2	534.7	(68.5)
Capital Grants	74.9	13.6	61.3
General Revenues			
Property Taxes	937.7	928.0	9.7
Sales Taxes	1,090.8	1,135.2	(44.4)
Other Taxes	43.6	45.6	(2.0)
Tobacco Settlement Revenues	21.7	19.2	2.5
Investment Income	19.4	1.8	17.6
Other General Revenues	31.0	32.8	(1.8)
Total Revenues	2,985.4	3,011.8	(26.4)
Expenses			
Legislative	10.9	11.0	(0.1)
Judicial	78.1	67.3	10.8
General Administration	849.3	231.9	617.4
Protection of Persons	821.3	806.1	15.2
Health	216.0	218.9	(2.9)
Public Works	399.0	425.2	(26.2)
Recreation and Parks	54.9	48.3	6.6
Social Services	560.4	567.3	(6.9)
Corrections	240.1	248.8	(8.7)
Education	10.8	11.4	(0.6)
Interest on Long Term Debt	180.2	176.7	3.5
Total Expenses	3,421.0	2,812.9	608.1
Increase (Decrease) in Net Position (Deficit)	(435.6)	198.9	(634.5)
Net Position (Deficit) Beginning, as restated	(6,822.5)	(6,990.6)	168.1
Change in application of accounting principle	(46.4)	(30.8)	(15.6)
Net Position (Deficit) Ending	\$ (7,304.5)	\$ (6,822.5)	\$ (482.0)

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2014

ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2014

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

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

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

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

General Fund Budget Variances

On a reporting basis, the County ended the 2014 fiscal year with a General Fund budgetary surplus of \$11.3 million, which was achieved by appropriating \$10.0 million of prior year fund balance. The surplus is comprised of a number of variances from the budget as originally adopted.

The County cannot legally incur expenses 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 expenses that are over the total appropriations. The variances discussed below are a comparison of budgetary actual to the original budget.

For financial reporting purposes (modified accrual basis), the County ended the 2014 fiscal year with an operating deficit of \$14.5 million in the General Fund. The difference between the General Fund's budgetary surplus of \$11.3 million and the reporting deficit of \$14.5 million is primarily due to: adjustments required to eliminate the effect of encumbrances that cross fiscal years; an adjustment to pension contributions to match the actual time period covered; and the removal of the appropriation of prior year fund balance. As seen on Exhibit X-7, the adjustments for encumbrances create a number of significant expense budget variances, which reflect the timing of encumbrance and payment of encumbered funds.

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2014

ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2014 (Continued)

General Fund Budget Variances (Continued)

- On a budgetary basis, including the NIFA Fund, Sales Tax fell short of the original budget. A portion of the actual receipts appears on blended component unit NIFA's financial statements, since it draws County Sales Tax to pay County related debt service. As such, Sales Tax was \$261.9 million under the \$1.2 billion original budget in the financial statements.
- In total, General Fund State and Federal Aid was \$37.0 million under the \$367.6 million original budget. The State Aid shortfall was primarily due to lower than anticipated expenses eligible for reimbursement as well as a NYS prior period Pre-School reimbursement adjustment in the Health Department and lower caseloads in the Safety Net, Institutional & Foster Care and Subsidized Adoption programs. The Federal Aid shortfall was primarily due to lower than anticipated reimbursements because of lower than projected expenses in the Department of Social Services, lower reimbursements at the County's correctional facility in connection with inpatient medical costs, and a lower Federal inmate population. Since these shortfalls were for reimbursement of expenses that did not take place, those expenses were also under budget.
- Health expenditures were \$31.2 million under the \$219.1 million original budget. This resulted from lower Pre-School and Early Intervention program costs due to lower than projected volume of services.
- Social Services costs were \$37.6 million under the \$609.5 million original budget. This surplus primarily resulted from lower than projected caseloads and a lower local share in Medicaid costs.
- Other expenditures were \$12.0 million under the \$144.2 million original budget primarily due to budget variances for lower than expected unallocated fringe benefits, payment of aid to towns and cities and payments of judgments and settlements budgeted in the General Fund, which were recorded in the Capital Fund.

Police District Fund Budget Variances

- Revenues were \$1.4 million under the original budget primarily due to increased License and Permits revenue offset by lower Fines and Forfeitures and Departmental Revenue.
- Total expenditures were higher than originally budgeted by \$5.3 million, primarily due to higher salaries offset by a decrease in fringe benefits.

Sewer and Storm Water Fund Budget Variances

- Revenues, excluding property taxes, were lower than the original budget by approximately \$15.1 million primarily due to not realizing the budgeted Sewer Assessment Fees that are still in litigation and lower Rents and Recoveries and Intergovernmental Charges, offset by unanticipated revenue for Federal Aid from FEMA.
- Total expenditures were lower than originally budgeted by approximately \$53.8 million primarily due to lower payouts in the operating fund of suits and damages of \$27.2 million, lower General Expenses of \$9.9 million and lower Contractual Services of \$8.4 million.

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2014

ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2014 (Continued)

Fund Equity

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

	General Fund	Police District Fund	Sewer and Storm Water District Fund	Capital Fund	Total Nassau County Major Funds*
Fund Equity, as of December 31, 2012					
as restated	\$ 28.0	\$ (0.9)	\$ 82.5	\$ 141.1	\$ 250.7
Add: 2013 Revenues	2,192.4	368.2	122.0	16.3	2,698.9
Less: 2013 Expenses	2,292.2	369.5	113.6	134.3	2,909.6
2013 Other financing sources, net	151.1	(1.2)	(28.4)	261.5	383.0
Fund Equity, as of December 31, 2013	79.3	(3.4)	62.5	284.6	423.0
Add: 2014 Revenues	2,158.8	370.6	121.7	37.6	2,688.7
Less: 2014 Expenses	2,368.0	380.6	108.2	186.4	3,043.2
2014 Other financing sources, net	194.7	3.0	(23.0)	146.8	321.5
Change in application of accounting principle				4.5	4.5
Fund Equity, as of December 31, 2014	\$ 64.8	\$ (10.4)	\$ 53.0	\$ 287.1	\$ 394.5

* not including blended component units

Table 3 shows accumulated fund balance in the County's major funds (excluding the blended component units) totaled \$394.5 million at the end of 2014. Of this fund balance: \$53.6 million is categorized as non-spendable, which is, primarily, the portion of the retirement bill prepaid for the beginning of the next year; \$4.1 million is restricted, primarily as it is earmarked for debt service and the preservation of open space in the County; and \$284.2 million is committed to capital projects and \$1.9 million is committed to the Technology Fund. The remaining fund equity is available for future general operations of the County.

Total fund equity in the Police District Fund decreased \$7.0 million, from a negative \$3.4 million to a negative \$10.4 million.

The County's adjustment to the opening fund equity of the Capital Fund related to the way it reports retainage held on uncompleted capital projects resulted in an increase of \$4.5 million in the primary government's opening net position in the Statement of Activities and a \$4.5 million decrease in the primary government's beginning liabilities in the Statement of Net Position.

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2014

CAPITAL INVESTMENTS

The County completed a number of capital projects during the 2014 fiscal year, including \$64.3 million in sewer district improvements (designated with an * in Table 4 below) and upgrades, \$26.5 million in roads, \$26.2 million in buildings, \$22.2 million in infrastructure-related improvements and \$11.5 million in public safety projects. The County made capital improvements during 2014 in the following areas:

Table 4
Capital Improvements
January 1, 2014 to December 31, 2014
(dollars in millions)

<u>Project Category</u>	<u>Amount</u>
Building Consolidation Plan	\$ 1.5
Buildings	26.2
Environmental Bond Act	5.1
Equipment	2.7
Infrastructure	22.2
Parks	7.3
Property	0.2
Public Safety	11.5
Roads	26.5
Technology	9.8
Traffic	11.2
Transportation	1.1
Collection *	4.7
Disposal *	56.4
Storm Water *	3.2
	<u>\$ 189.6</u>

In November 2014, the Nassau County Sewer and Storm Water Authority (“NCSSWFA”) issued bonds to be used by NCSSWFA to refinance all its outstanding 2004B Bonds and 2008A Bonds and finance certain capital improvements to the County sewer system. As part of the transaction, NCSSWFA and the County entered into a new financing agreement providing for the transfer of ownership of the sewer and storm water resources facilities from NCSSWFA to the County. This transfer of assets is reflected in this report.

DEBT

The County and its blended component units – NIFA, NCSSWFA - had approximately a combined \$3.6 billion in outstanding long-term debt as of December 31, 2014, representing a net increase of \$37.4 thousand of the combined long-term debt outstanding as of December 31, 2013. The County provides a direct-pay guarantee of \$243.0 million outstanding from the refunding and new money debt issued in October 2004 and refunded in April 2009 by NHCC. The County also provides a contractual direct-pay obligation pursuant to the Support Agreement of \$8.7 million outstanding from the refunding and new money debt issued in June 2005 by the Nassau Regional Off-Track Betting Corporation (“OTB”), which is subject to appropriation. Since the two entities are discretely-presented component units of the County, their debt is not itemized in Table 5 below.

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2014

DEBT (Continued)

As reported in Footnote 10, effective for the year ended December 31, 2014, the County has revised its opening balance of outstanding general obligation bonds by \$51.0 million to include the long-term debt obligations previously reported by NCC. The County has not reported these obligations as additions in the current year as they have always been obligations of the County and whose debt service was reported in the County's governmental funds. The revised opening balance change is reflected in the General Obligations County Bonds Balance as of December 31, 2013. The County's Statement of Activities reflects this as a change in accounting policy.

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

	<u>Balance</u> <u>January 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31, 2014</u>
General Obligation County Bonds	\$ 1,657,435 *	\$ 237,756	\$ 62,690	\$ 1,832,501
Sewage Purpose Bonds	54,735		5,820	48,915
SRF Revenue Bonds	97,682		8,062	89,620
Total Serial Bonds - County	<u>1,809,852</u>	<u>237,756</u>	<u>76,572</u>	<u>1,971,036</u>
NIFA Sales Tax Secured Bonds	1,228,158		140,642	1,087,516
Sewer Financing Authority	138,840	157,200	138,840	157,200
Tobacco Settlement Asset-Backed Bonds	420,129		1,467	418,662
Total Serial Bonds	<u>3,596,979</u>	<u>394,956</u>	<u>357,521</u>	<u>3,634,414</u>
Accreted interest - Tobacco Settlement Asset	<u>42,632</u>	<u>6,014</u>		<u>48,646</u>
Total Serial Bonds and Accreted Interest	<u>\$ 3,639,611</u>	<u>\$ 400,970</u>	<u>\$ 357,521</u>	<u>\$ 3,683,060</u>

* The beginning balance has been adjusted for the change in application of accounting principle.

During 2014, the County issued a total of \$237.8 million of long-term debt, of which \$234.3 million was used to fund its capital program, certain judgments, property tax refunds, and employee separation pay for unused accumulated time off and \$3.5 million to fund various College capital projects. The State Revolving Fund ("SRF") is administered by the New York State Environmental Facilities Corporation, which provides interest-subsidized loans to local governments for eligible environmental projects (e.g., sewer and storm water improvement initiatives).

NCSSWFA refinanced all its outstanding debt in 2014 as a result of the new agreement with the County for the transfer of all sewer assets.

Also offsetting new issuances was maturities of the County's, NIFA's, NCTSC's and NCSSWFA's long-term debt of \$357.5 million during 2014.

COUNTY OF NASSAU, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2014

DEBT (Continued)

The County issued short-term debt during 2014, Revenue Anticipation Notes ("RANS") and Tax Anticipation Notes ("TANS"), which were used to finance the cash flow of the County's operations. The County also issued \$114.4 million of BANS, 2014 Series A, used to refund, in part, the 2013 Series B BANS due in July 2014 which were to finance various costs related to the remediation and restoration of County facilities and infrastructure from Super-Storm Sandy related damage. RANS are issued in anticipation of receipt by the County of allocable sales tax receipts, while TANS are issued in anticipation of receipt by the County of real property taxes to be levied for the following year. The BANS were issued in advance of the issuance of long-term obligations for capital projects, to the extent not redeemed with FEMA or other grant money. The County issued \$92.9 million of BANS and \$178.5 million of RANS in 2015, and also anticipates issuing TANS during the year.

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

NASSAU COUNTY'S CREDIT RATING

The County's current debt ratings are as follows: Moody's Investors Service: A2 (stable outlook); Standard & Poor's: A+ (stable outlook); Fitch Ratings: A (stable outlook). In November 2014, Fitch revised the County's outlook from negative to stable. The County's short-term debt is rated SP-1+ by Standard and Poor's and F-1 by Fitch Ratings.

CONCLUSION

The County's net worth, on a government-wide basis, decreased by \$482.0 million during 2014, to a negative \$7.3 billion. This reduction was primarily driven by higher General Administration expenses, which are substantially attributable to higher OPEB, litigation estimated liabilities and changes in application of accounting principles. The negative balance in total net worth is principally driven by borrowing for property tax refunds, the liability for health insurance for retirees, and other liabilities for which there are no corresponding assets. During 2014, the County ended the fiscal year with a budgetary surplus of \$10.7 million across its primary operating funds. This surplus resulted primarily from a number of budget variances, which included sales tax revenues that fell short of the budget, lower than budgeted debt service expenses, lower non-overtime payroll from position vacancies, employee and retiree health insurance rates that were lower than projected in the budget, lower early intervention / special education costs and the use of appropriated prior year fund balance. At the end of 2014, the fund balance in the County's primary operating funds was \$121.0 million on a budgetary basis.

The County faces difficult challenges, as do other municipalities around the country. Consistent with its first term, the Administration continues to make expenditure reduction a priority. The Administration has mitigated the tax certiorari problem for both residential and commercial properties and has negotiated labor agreements that for the first time in County history require union employee contributions towards health insurance. The new labor contracts also include contributions towards police pension costs, and work rule and leave-time accumulation changes. Employee headcount has been reduced and maintained at the lowest level in decades. Savings have been achieved by privatizing several services previously provided by the County or other governmental entities. These include healthcare services for inmates at the Correctional Center, bus transportation services, and most recently, operating the County's sewer system.

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BASIC FINANCIAL STATEMENTS

EXHIBIT X-1**COUNTY OF NASSAU, NEW YORK****STATEMENT OF NET POSITION (DEFICIT)
DECEMBER 31, 2014 (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	\$ 878,186	\$ 160,117
Investments		2,690
Restricted Cash and Cash Equivalents	86	3,288
Restricted Investments	46,306	
Sales Tax Receivable	128,344	
Interest Receivable	54	
Student Accounts and Loans Receivable		8,717
Less Allowance for Doubtful Accounts		(5,118)
Due from Primary Government		8,232
Due from Other Governments	241,224	968
Less Allowance for Doubtful Accounts	(5,566)	
Other Receivables		8,167
Accounts Receivable	60,673	288,545
Less Allowance for Doubtful Accounts		(234,644)
Real Property Taxes Receivable	71,928	
Less Allowance for Doubtful Accounts	(5,863)	
Due from Component Unit	15,858	
Inventories		7,563
Prepays	54,280	2,469
Other Assets	13,614	8,834
Total Current Assets	<u>1,499,124</u>	<u>259,828</u>
NON CURRENT ASSETS:		
Restricted Cash and Cash Equivalents		35,669
Restricted Investments	24,013	
Receivable - Service Concession Agreements	5,846	
Capital Assets Not Being Depreciated	709,432	51,651
Depreciable Capital Assets	3,781,656	917,191
Less Accumulated Depreciation	(1,817,213)	(582,599)
Deposits Held in Custody for Others		3
Tax Sale Certificates	4,308	
Tax Real Estate Held for Sale	7,895	
Other Assets		22,734
Total Non Current Assets	<u>2,715,937</u>	<u>444,649</u>
Total Assets	<u>4,215,061</u>	<u>704,477</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	69,384	39,833
Accumulated decrease in fair value of hedging activities	52,379	10,336
Total Deferred Outflows of Resources	<u>\$ 121,763</u>	<u>\$ 50,169</u>

(Continued)

EXHIBIT X-1**COUNTY OF NASSAU, NEW YORK****STATEMENT OF NET POSITION (DEFICIT)
DECEMBER 31, 2014 (Dollars in Thousands)**

	Primary Government Governmental Activities	Component Units
LIABILITIES		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Liabilities	\$ 219,097	\$ 83,729
Bond Anticipation Notes Payable	114,425	
Tax Anticipation Notes Payable	197,925	
Revenue Anticipation Notes Payable	199,900	
Unearned Revenue	97,678	28,399
Property Tax Refund Payable	37,951	
Due to Primary Government		9,089
Due to Component Units	18,994	
Due to Other Governments		2,281
Accrued Interest Payable	26,858	
Notes Payable - Current		6,000
Current Portion of Long Term Liabilities	492,022	58,367
Other Liabilities - Current	70	8,202
Total Current Liabilities	1,404,920	196,067
NON CURRENT LIABILITIES:		
Notes Payable		1,415
Derivative Instruments - Interest Rate Swaps	52,379	32,162
Bonds Payable, Net of Deferred Bond Premium/Discount (Net of Amortization)	3,533,683	247,656
Liability to Third-Party Payors, net		40,817
Accrued Vacation and Sick Pay	494,974	109,941
Due to Other Governments, net		2,310
Deferred Payroll	51,220	
Estimated Workers' Compensation Liability	213,364	
Estimated Tax Certiorari Payable	229,956	
Estimated Liability for Litigation and Malpractice	435,647	52,494
Capital Lease Obligations	4,797	
Deposits Held in Custody for Others		3
Insurance Reserve Liability		2,002
Due to New York State Retirement System	174,338	26,956
Postemployment Retirement Benefits Liability	4,884,587	695,165
Other Liabilities - Non Current	31,307	
Total Non Current Liabilities	10,106,252	1,210,921
Total Liabilities	11,511,172	1,406,988
DEFERRED INFLOWS OF RESOURCES		
Deferred Gain on Refundings	25,727	
Property Taxes - Part County Sales Tax Offset	2,915	
Mitchel Field - Sale of of Future Rental Revenue	33,646	
Service Concession Agreements	67,830	
Total Deferred Inflows of Resources	130,118	
NET POSITION (DEFICIT)		
Net Investment in Capital Assets	1,718,300	296,847
Restricted:		
Nassau Health Care Corporation		2,936
Nassau County Bridge Authority		10,646
Nassau Community College and Scholarships		2,602
Capital Projects	2,912	11,399
Debt Service	100,455	
Grants	43,420	
Open Space	1,194	
Student Loans		462
Unrestricted	(9,170,747)	(977,234)
Total Net Position (Deficit)	\$ (7,304,466)	\$ (652,342)

See accompanying notes to financial statements.

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EXHIBIT X-2

COUNTY OF NASSAU, NEW YORK

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2014 (Dollars in Thousands)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Expenses	Program Revenues			Primary Governmental Activities	Component Units
		Charges for Services	Operating Grants	Capital Grants		
Primary Government:						
Legislative	\$ 10,940	\$ 121	\$	\$	\$ (10,819)	
Judicial	78,144	83,316	3,826		8,998	
General Administration	849,283	40,856	35,079		(773,348)	
Protection of Persons	821,285	47,200	8,095		(765,990)	
Health	215,975	13,012	117,853		(85,110)	
Public Works	398,994	52,563	101,212	74,945	(170,274)	
Recreation and Parks	54,943	19,898	167		(34,878)	
Social Services	560,347	25,870	189,271		(345,206)	
Corrections	240,124	4,070	10,698		(225,356)	
Education	10,753	13,162			2,409	
Debt Service Interest	180,197				(180,197)	
Total Primary Government	\$ 3,420,985	\$ 300,068	\$ 466,201	\$ 74,945	(2,579,771)	
Component Units	\$ 887,447	\$ 652,925	\$ 48,423	\$ 593		\$ (185,506)
General Revenues:						
Taxes:						
Property Taxes					\$ 937,709	
Sales Taxes					1,090,809	
Other Taxes					43,595	
Federal, State and Local Appropriations						117,028
Tobacco Settlement Revenue and Tobacco Receipts					21,733	
Investment Income					19,384	229
Other					30,978	8,305
Total General Revenues					2,144,208	125,562
Change in Net Position (Deficit)					(435,563)	(59,944)
Net Position (Deficit) - Beginning, as restated (See Note 20)					(6,822,467)	(674,523)
Cumulative effect of accounting principle					(46,436)	82,125
Net Position (Deficit) - Ending					\$ (7,304,466)	\$ (652,342)

See accompanying notes to financial statements.

EXHIBIT X-3**COUNTY OF NASSAU, NEW YORK****GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2014 (Dollars in Thousands)**

	General Fund	NIFA Fund	Police District Fund	Sewer and Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:							
Cash and Cash Equivalents	\$ 118,881	\$ 645	\$ 367	\$ 80,175	\$ 554,895	\$ 123,223	\$ 878,186
Restricted Cash and Cash Equivalents						86	86
Restricted Investments						70,319	70,319
Sales Tax Receivable	11,412	116,932					128,344
Interest Receivable						54	54
Due from Other Governments	133,327	10	3,286	5,128	11,001	88,472	241,224
Less Allowance for Doubtful Accounts	(5,566)						(5,566)
Accounts Receivable	60,054		33	354		232	60,673
Real Property Taxes Receivable	71,928						71,928
Less Allowance for Doubtful Accounts	(5,863)						(5,863)
Tax Sale Certificates	4,308						4,308
Tax Real Estate Held for Sale	7,895						7,895
Interfund Receivables	382,613		3,805	1,133	70,735	18,937	477,223
Prepays	42,156		10,809	669		646	54,280
Due from Component Units	9,472					1	9,473
Other Assets	9,458	66	2,733	376	207	774	13,614
TOTAL ASSETS	\$ 840,075	\$ 117,653	\$ 21,033	\$ 87,835	\$ 636,838	\$ 302,744	\$ 2,006,178
LIABILITIES:							
Accounts Payable	\$ 75,393	\$	\$ 328	\$ 4,907	\$ 16,190	\$ 8,798	\$ 105,616
Accrued Liabilities	91,159	3	5,226	1,831	26	9,072	107,317
Bond Anticipation Notes Payable					114,425		114,425
Tax Anticipation Notes Payable	197,925						197,925
Revenue Anticipation Notes Payable	199,900						199,900
Unearned Revenue	9,261				43,219	45,198	97,678
Property Tax Refund Payable	37,951						37,951
Interfund Payables	73,687	101,570	25,854	28,075	156,880	91,157	477,223
Due to Component Units	5				18,989		18,994
Other Liabilities	31,069						31,069
Total Liabilities	716,350	101,573	31,408	34,813	349,729	154,225	1,388,098
DEFERRED INFLOWS OF RESOURCES:							
Property Taxes	22,375						22,375
Property Taxes - Part County Sales Tax Offset	2,915						2,915
Mitchel Field - Sale of Future Rental Revenue	33,646						33,646
Total Deferred Inflows of Resources	58,936						58,936
FUND BALANCE (DEFICIT):							
Fund Balances (Deficit):							
Nonspendable	42,156	66	10,809	669		646	54,346
Spendable:							
Restricted	1,194	15,160			2,912	128,087	147,353
Committed	1,871				284,197	19,457	305,525
Assigned	19,568	854		52,353		329	73,104
Unassigned			(21,184)				(21,184)
Total Fund Balance (Deficit)	64,789	16,080	(10,375)	53,022	287,109	148,519	559,144
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	\$ 840,075	\$ 117,653	\$ 21,033	\$ 87,835	\$ 636,838	\$ 302,744	\$ 2,006,178

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

See accompanying notes to financial statements.

EXHIBIT X-4

COUNTY OF NASSAU, NEW YORK

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2014 (Dollars in Thousands)**

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

Total fund balances - governmental funds	\$ 559,144
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation	2,673,875
Assets that are not available resources and, therefore, are not reported in the funds	81,615
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	22,375
Deferred inflows of resources not recorded in the governmental funds	(93,557)
Premiums, discounts and accredited interest on debt issued is recorded in the governmental funds as revenue and expenditures. In the Statement of Net Position these are recorded as a liability and amortized over the lives of the debt	(219,727)
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds:	
Bonds payable	(3,313,956)
Postemployment retirement benefits liability	(4,884,587)
Due to New York State Employees' Retirement System	(174,338)
Other long term liabilities	(1,430,266)
Current portion of long term liabilities	(492,022)
Accrued expenses and interest payable	<u>(33,022)</u>
Net position (deficit) of governmental activities	<u>\$ (7,304,466)</u>

See accompanying notes to financial statements.

EXHIBIT X-5**COUNTY OF NASSAU, NEW YORK****GOVERNMENTAL FUNDS****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2014 (Dollars in Thousands)**

	General Fund	NIFA Fund	Police District Fund	Sewer and Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:							
Interest and Penalties on Taxes	\$ 30,978	\$	\$	\$	\$	\$	\$ 30,978
Licenses and Permits	10,634		4,483	960			16,077
Fines and Forfeits	84,286		1,536			1,508	87,330
Interest Income	534	44	13	59	896	613	2,159
Rents and Recoveries	16,250		300	65		76	16,691
Tobacco Receipts						21,733	21,733
Departmental Revenue	155,367		2,464	1,799		3,689	163,319
Interdepartmental Revenue	86,798		514			3,432	90,744
Interfund Revenue	37,321					230	37,551
Intergovernmental Charges					163		163
Federal Aid	131,867		11	1,577	26,326	94,926	254,707
State Aid	198,795	34			10,195	38,993	248,017
Sales Tax	819,495	186,878					1,006,373
Preempted Sales Tax in Lieu of Property Taxes	84,436						84,436
Property Taxes	446,420		361,320	117,271		9,651	934,662
Payments in Lieu of Taxes	10,006						10,006
Special Taxes	32,614					975	33,589
Other Revenues	13,012						13,012
Total Revenues	2,158,813	186,956	370,641	121,731	37,580	175,826	3,051,547
EXPENDITURES:							
Current:							
Legislative	10,689						10,689
Judicial	70,562					4,292	74,854
General Administration	201,636	1,498				29,216	232,350
Protection of Persons	441,772		380,579			10,665	833,016
Health	166,417					53,856	220,273
Public Works	222,948			89,873		32,246	345,067
Recreation and Parks	35,418					4,137	39,555
Social Services	562,606					14,761	577,367
Corrections	225,139					1,459	226,598
Education	10,680						10,680
Bonded Payments for Tax Certiorari and Other Judgments	133,858						133,858
Other	132,202						132,202
Capital Outlay:							
General					123,535		123,535
Sewage Districts					59,450		59,450
Education					3,465		3,465
Debt Service:							
Principal	62,690			13,882		167,269	243,841
Interest	88,645			4,425		71,783	164,853
Bond Issuance Costs	2,741					1,419	4,160
Total Expenditures	2,368,003	1,498	380,579	108,180	186,450	391,103	3,435,813
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(209,190)	185,458	(9,938)	13,551	(148,870)	(215,277)	(384,266)
OTHER FINANCING SOURCES (USES):							
Transfers In	37,906		5,135	1,918		187	45,146
Transfers Out	(6,161)		(2,127)	(17,688)	(9,538)	(9,632)	(45,146)
Transfers In of Investment Income	867			31			898
Transfers Out of Investment Income					(898)		(898)
Transfers In from NIFA	161	909				186,093	187,163
Transfers Out to NIFA		(186,254)				(909)	(187,163)
Transfers In from SFA					37,784	161,488	199,272
Transfers Out to SFA				(7,307)		(191,965)	(199,272)
Transfers In from TSC						125	125
Transfers Out to TSC						(125)	(125)
Issuance of Bonds	154,821				82,935		237,756
Refunding Bonds Issued						157,200	157,200
Premium on Bonds	7,096				36,534	28,504	72,134
Payment to Refunded Bonds Escrow Agent						(129,535)	(129,535)
Total Other Financing Sources (Uses)	194,690	(185,345)	3,008	(23,046)	146,817	201,431	337,555
NET CHANGE IN FUND BALANCE (DEFICIT)	(14,500)	113	(6,930)	(9,495)	(2,053)	(13,846)	(46,711)
TOTAL FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR, AS RESTATED (SEE NOTE 20)	79,289	15,967	(3,445)	62,517	284,637	162,365	601,330
CHANGE IN APPLICATION OF ACCOUNTING PRINCIPLE (SEE NOTE 21)					4,525		4,525
TOTAL FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 64,789	\$ 16,080	\$ (10,375)	\$ 53,022	\$ 287,109	\$ 148,519	\$ 559,144

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, 2014 (Dollars in Thousands)**

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

Net change in fund balance - total governmental funds \$ (46,711)

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

Purchase of capital assets	\$ 231,522	
Depreciation expense	(120,721)	
Other	(5,471)	105,330

Deferred outflows of resources and other assets, not reported in the funds 11,614

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

Postemployment retirement benefits liability	(162,440)	
Proceeds from sales of bonds	(237,756)	
Principal payments of bonds	243,841	
Refunding Bonds Issued	(157,200)	
Payment to Refunded Bonds Escrow Agent	113,680	
Accrued interest payable and accounts payable	(793)	
Deferred inflows of resources	(58,937)	
Change in long-term liabilities	(246,191)	(505,796)

Change in net position - governmental activities \$ (435,563)

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, 2014 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 13)	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Interest and Penalties on Taxes	\$ 29,100	\$ 29,100	\$ 30,978		\$ 30,978	\$ 1,878
Licenses and Permits	10,655	10,655	10,634		10,634	(21)
Fines and Forfeits	65,152	65,152	84,286		84,286	19,134
Interest Income	1,847	1,847	534		534	(1,313)
Rents and Recoveries	22,367	22,367	16,250	(1,250)	15,000	(7,367)
Departmental Revenue	161,917	162,226	155,367		155,367	(6,859)
Interdepartmental Revenue	91,923	91,923	86,798		86,798	(5,125)
Interfund Revenue	46,589	46,589	37,321		37,321	(9,268)
Federal Aid	147,063	147,096	131,867		131,867	(15,229)
State Aid	220,572	222,293	198,795		198,795	(23,498)
Sales Tax	1,072,930	1,072,930	819,495		819,495	(253,435)
Preempted Sales Tax in Lieu of Property Taxes	92,933	92,933	84,436		84,436	(8,497)
Property Taxes	445,322	445,322	446,420		446,420	1,098
Payments in Lieu of Taxes	9,424	9,424	10,006		10,006	582
Special Taxes	33,101	33,101	32,614		32,614	(487)
Other Revenues	11,199	11,199	13,012		13,012	1,813
Total Revenues	2,462,094	2,464,157	2,158,813	(1,250)	2,157,563	(306,594)
Expenditures:						
Current:						
Legislative	12,625	12,578	10,689	787	11,476	1,102
Judicial	64,176	73,327	70,562	1,450	72,012	1,315
General Administration	246,295	238,443	201,636	11,480	213,116	25,327
Protection of Persons	436,732	436,481	441,772	(6,452)	435,320	1,161
Health	219,080	221,596	166,417	21,473	187,890	33,706
Public Works	240,344	250,173	222,948	5,893	228,841	21,332
Recreation and Parks	32,472	37,005	35,418	241	35,659	1,346
Social Services	609,470	607,511	562,606	9,280	571,886	35,625
Corrections	242,844	241,277	225,139	4,695	229,834	11,443
Education	8,818	10,680	10,680		10,680	
Bonded Payments for Tax Certiorari and Other Judgments			133,858	(133,858)		
Other	144,216	147,515	132,202	(8)	132,194	15,321
Total Expenditures	2,257,072	2,276,586	2,213,927	(85,019)	2,128,908	147,678
Debt Service:						
Principal	69,235	69,235	62,690		62,690	6,545
Interest	98,452	98,452	88,645		88,645	9,807
Financing Costs	7,186	7,186	2,741		2,741	4,445
Total Debt Service	174,873	174,873	154,076		154,076	20,797
Total Expenditures	2,431,945	2,451,459	2,368,003	(85,019)	2,282,984	168,475
Excess (Deficiency) of Revenues Over (Under) Expenditures	30,149	12,698	(209,190)	83,769	(125,421)	(138,119)
Other Financing Sources (Uses):						
Premium on Bonds	7,186	7,186	7,096		7,096	(90)
Transfers In	33,139	50,596	37,906	(1)	37,905	(12,691)
Transfers In of Investment Income			867		867	867
Transfers Out	(193,473)	(193,479)	(6,161)	6,161		193,479
Transfer In from NIFA			161		161	161
Issuance of Bonds			154,821	(154,821)		
Total Other Financing Sources (Uses)	(153,148)	(135,697)	194,690	(148,661)	46,029	181,726
Net Change in Fund Balance (Deficit)	(122,999)	(122,999)	(14,500)	(64,892)	(79,392)	43,607
Fund Balance at Beginning of Year	122,999	122,999	79,289	103,342	182,631	59,632
Fund Balance at End of Year	\$	\$	\$ 64,789	\$ 38,450	\$ 103,239	\$ 103,239

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, 2014 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 13)	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Licenses and Permits	\$ 2,829	\$ 2,829	\$ 4,483	\$	\$ 4,483	\$ 1,654
Fines and Forfeits	2,750	2,750	1,536		1,536	(1,214)
Interest Income	271	271	13		13	(258)
Rents and Recoveries			300		300	300
Departmental Revenue	3,883	3,883	2,464		2,464	(1,419)
Interdepartmental Revenue	554	554	514		514	(40)
Federal Aid			11		11	11
Property Taxes	361,727	361,727	361,320		361,320	(407)
Total Revenues	372,014	372,014	370,641		370,641	(1,373)
Expenditures:						
Current:						
Protection of Persons	370,468	376,723	380,579	(4,813)	375,766	957
Total Expenditures	370,468	376,723	380,579	(4,813)	375,766	957
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,546	(4,709)	(9,938)	4,813	(5,125)	(416)
Other Financing Sources (Uses):						
Transfers In			5,135	(5,135)		
Transfer Out	(2,240)	(2,185)	(2,127)		(2,127)	58
Total Other Financing Sources (Uses)	(2,240)	(2,185)	3,008	(5,135)	(2,127)	58
Net Change in Fund Balance (Deficit)	(694)	(6,894)	(6,930)	(322)	(7,252)	(358)
Fund Balance (Deficit) at Beginning of Year	694	6,894	(3,445)	31,483	28,038	21,144
Fund Balance (Deficit) at End of Year	\$	\$	\$ (10,375)	\$ 31,161	\$ 20,786	\$ 20,786

See accompanying notes to financial statements.

EXHIBIT X-9**COUNTY OF NASSAU, NEW YORK**
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY, ACTUAL, AND BUDGETARY BASIS
SEWER & STORM WATER DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 13)	Actual on a Budgetary Basis	Variance Positive Negative
Revenues:						
Licenses and Permits	\$ 810	\$ 810	\$ 960	\$	\$ 960	\$ 150
Interest Income	170	170	59		59	(111)
Rents and Recoveries	2,071	2,071	65		65	(2,006)
Departmental Revenue	14,114	14,114	1,799		1,799	(12,315)
Federal Aid			1,577		1,577	1,577
Intergovernmental Charges	2,251	2,251				(2,251)
Property Taxes			117,271		117,271	117,271
Other Revenues	180	180				(180)
Total Revenues	19,596	19,596	121,731		121,731	102,135
Expenditures:						
Current:						
Public Works	156,555	156,476	89,873	15,881	105,754	50,722
Debt Service:						
Principal	13,803	13,882	13,882		13,882	
Interest	7,479	7,479	4,425		4,425	3,054
Total Expenditures	177,837	177,837	108,180	15,881	124,061	53,776
Excess (Deficiency) of Revenues Over (Under) Expenditures	(158,241)	(158,241)	13,551	(15,881)	(2,330)	155,911
Other Financing Sources (Uses):						
Transfers In	300	300	1,918	3,348	5,266	4,966
Transfers Out	(21,228)	(21,228)	(17,688)		(17,688)	3,540
Transfers In of Investment Income	50	50	31		31	(19)
Transfer In from SFA	100,999	100,999	(7,307)		(7,307)	(108,306)
Total Other Financing Sources (Uses)	80,121	80,121	(23,046)	3,348	(19,698)	(99,819)
Net Change in Fund Balance (Deficit)	(78,120)	(78,120)	(9,495)	(12,533)	(22,028)	56,092
Fund Balance at Beginning of Year	78,120	78,120	62,517	1,817	64,334	(13,786)
Fund Balance (Deficit) at End of Year	\$	\$	\$ 53,022	\$ (10,716)	\$ 42,306	\$ 42,306

See accompanying notes to financial statements.

EXHIBIT X-10

COUNTY OF NASSAU, NEW YORK

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

FIDUCIARY FUNDS

DECEMBER 31, 2014 (Dollars in Thousands)

Agency Fund

ASSETS:

Cash	\$ 43,603
Due From Component Unit	<u>1,557</u>
TOTAL ASSETS	<u>\$ 45,160</u>

LIABILITIES:

Accounts Payable	\$ 3,042
Other Liabilities	<u>42,118</u>
TOTAL LIABILITIES	<u>\$ 45,160</u>

Nassau County Tobacco Securitization Corporation Residual Trust

ASSETS:

Cash	\$ 17,955
Interest Receivable	<u>2</u>
	<u>\$ 17,957</u>

LIABILITIES:

Other Liabilities	<u>\$ 17,957</u>
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See accompanying notes to financial statements.

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

STATEMENT OF NET POSITION (DEFICIT)
ALL DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY
DECEMBER 31, 2014
(WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2014)
(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	\$ 61,586	\$ 84,217	\$ 14,314	\$ 160,117
Investments	2,690			2,690
Restricted Cash and Cash Equivalents		2,731	557	3,288
Student Accounts and Loans Receivable	8,717			8,717
Less Allowance for Doubtful Accounts	(5,118)			(5,118)
Due from Primary Government		8,232		8,232
Due from Other Governments	968			968
Other Receivables	795	7,366	6	8,167
Accounts Receivable		288,062	483	288,545
Less Allowance for Doubtful Accounts		(234,644)		(234,644)
Inventories		7,547	16	7,563
Prepays	224	2,068	177	2,469
Other Assets		8,339	495	8,834
Total Current Assets	69,862	173,918	16,048	259,828
NON CURRENT ASSETS:				
Restricted Cash and Cash Equivalents		28,292	7,377	35,669
Capital Assets Not Being Depreciated	3,843	37,343	10,465	51,651
Depreciable Capital Assets	291,685	538,047	87,459	917,191
Less Accumulated Depreciation	(140,017)	(388,016)	(54,566)	(582,599)
Deposits Held in Custody for Others	3			3
Other Assets		22,734		22,734
Total Non Current Assets	155,514	238,400	50,735	444,649
Total Assets	225,376	412,318	66,783	704,477
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on bond refunding		39,833		39,833
Accumulated decrease in fair value of hedging activities		10,336		10,336
Total Deferred Outflows of Resources	\$	\$ 50,169	\$	\$ 50,169

(Continued)

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

STATEMENT OF NET POSITION (DEFICIT)
ALL DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY
DECEMBER 31, 2014
(WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2014)
(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	\$ 9,940	\$ 62,734	\$ 11,055	\$ 83,729
Unearned Revenue	16,477	11,708	214	28,399
Due To Primary Government	8,763		326	9,089
Due To Other Governments			2,281	2,281
Notes Payable - Current			6,000	6,000
Current Portion of Long Term Liabilities	3,329	53,273	1,765	58,367
Other Liabilities - Current	7,577		625	8,202
Total Current Liabilities	46,086	127,715	22,266	196,067
NON CURRENT LIABILITIES:				
Notes Payable			1,415	1,415
Derivative Instrument		32,162		32,162
Bonds Payable, net	784	229,945	16,927	247,656
Liability to Third-Party Payors, net		40,817		40,817
Accrued Vacation and Sick Pay	54,421	54,851	669	109,941
Due to Other Governments, net			2,310	2,310
Estimated Liability for Litigation	150	52,344		52,494
Deposits Held in Custody for Others	3			3
Insurance Reserve Liability	2,002			2,002
Due to New York State Retirement System	267	26,689		26,956
Postemployment Retirement Benefits Liability	330,058	314,007	51,100	695,165
Total Non Current Liabilities	387,685	750,815	72,421	1,210,921
Total Liabilities	433,771	878,530	94,687	1,406,988
<u>NET POSITION (DEFICIT)</u>				
Net Investment in Capital Assets	154,700	118,841	23,306	296,847
Restricted:				
Nassau Health Care Corporation		2,936		2,936
Nassau County Bridge Authority			10,646	10,646
Nassau Community College Scholarships	2,602			2,602
Capital Projects and Acquisitions			11,399	11,399
Student Loans	462			462
Unrestricted	(366,159)	(537,820)	(73,255)	(977,234)
Total Net Position (Deficit)	\$ (208,395)	\$ (416,043)	\$ (27,904)	\$ (652,342)

(Concluded)

See accompanying notes to financial statements.

EXHIBIT X-12**COUNTY OF NASSAU, NEW YORK****STATEMENT OF ACTIVITIES****ALL DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY****FOR THE YEAR ENDED DECEMBER 31, 2014****(WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2014)****(Dollars in Thousands)**

	Nassau Community College	Nassau Health Care Corporation	Nonmajor Discretely Presented Component Units	Total Discretely Presented Component Units
Expenses	\$ 246,845	\$ 574,855	\$ 65,747	\$ 887,447
Program Revenues:				
Charges for Services	51,284	545,035	56,606	652,925
Operating Grants and Contributions	48,423			48,423
Capital Grants and Contributions		593		593
Total Program Revenues	99,707	545,628	56,606	701,941
Net Program Revenues (Expenses)	(147,138)	(29,227)	(9,141)	(185,506)
General Revenues				
Federal, State and Local Appropriations	117,028			117,028
Investment Income	53	149	27	229
Other	7,094		1,211	8,305
Total General Revenues	124,175	149	1,238	125,562
Change in Net Position (Deficit)	(22,963)	(29,078)	(7,903)	(59,944)
Net Position (Deficit) - Beginning of Year, as restated (See Note 20)	(267,557)	(386,965)	(20,001)	(674,523)
Change in application of accounting principle (See Note 21)	82,125			82,125
Net Position (Deficit) - End of Year	\$ (208,395)	\$ (416,043)	\$ (27,904)	\$ (652,342)

See accompanying notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The County of Nassau (the "County"), incorporated in 1899, contains three towns, two cities and 64 incorporated villages. In conformance with the *Codification Section 2100*, these financial statements present the County (the primary government) which includes all funds, elected offices, departments and agencies of the County, as well as boards and commissions, since the County is financially accountable for these; and its legally separate component units.

Component units are legally separate organizations for which the County is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading. Financial accountability can occur at the appointment of a voting majority of the component unit's board, and (i) either the County's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County. Financial accountability can also occur when the component unit is fiscally dependent on the County.

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

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 its governing body, the County approves its budget, issues debt for NCC purposes and provides approximately 24% of NCC's 2014 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, 2014.

These financial statements present NCC and its component units, the Nassau Community College Foundation, Inc. and the Faculty-Student Association of Nassau Community College, Inc. As defined in GASB Statement No. 61, component units are legally separate entities that are included in NCC's reporting entity because of the significance of their operating or financial relationships with NCC. Each of NCC's discretely presented component units has a fiscal year end of August 31st, the same as that of NCC.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Reporting Entity (Continued)****Discretely Presented Component Units (Continued)****Major Component Units (Continued)****(b) Nassau Health Care Corporation (Continued)**

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

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

NHCC has a governing board consisting of fifteen voting directors and three non-voting directors. Eight of the voting directors are appointed by the Governor of the State of New York on the recommendation of various State and County elected officials. Seven of the voting directors, and two of the non-voting directors, are appointed directly by the County Executive or the County Legislature. The Chief Executive Officer of NHCC is the final non-voting director.

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 2014, there were twenty-one operational facilities.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Reporting Entity (Continued)*****Discretely Presented Component Units (Continued)*****Non-Major Component Units (Continued)**c) **The Nassau Regional Off-Track Betting Corporation (Continued)**

The County has a support agreement with OTB, which guarantees OTB's Series 2005 Revenue Bonds. Under the support agreement with the County, OTB is obligated to deposit required debt service payments due into a capital reserve fund. As consideration for entering into this support agreement and in recognition of the benefits anticipated to be derived, OTB makes an annual payment to the County. For 2014, this payment was \$620.0 thousand. During the current year, OTB has experienced continuing mandated expenses in personnel benefits and other costs and increases in the statutory distribution requirements of New York State laws as well as operational challenges at its Fast Track operations. These factors, coupled with the uncertain conditions in the general economy and the inability to gain complete and comprehensive relief of certain statutory payments to the racing industry, create an uncertainty as to the OTB's ability to continue as a going concern.

d) **The Nassau County Industrial Development Agency** (the "NCIDA") is a public benefit corporation established pursuant to the New York State General Municipal Law. The NCIDA's purpose is to arrange long-term low interest financing for private firms and companies with the intent of developing commerce and industry in the County. It is reported as a component unit as the County appoints its governing body and may remove the NCIDA Board at will. The County has at times provided support to the NCIDA in the form of employees and facilities. Support expenditures would be included in the County's General Fund under personal services. The NCIDA has sole authority for establishing administrative and fiscal policy in the pursuit of its objectives. The County is not liable for any obligations or deficits the NCIDA may incur, nor does it share in any surpluses. The NCIDA is shown as a proprietary type component unit and is presented on the accrual basis of accounting.

(e) **The Nassau County Local Economic Assistance Corporation** (the "NCLEAC") was created as a local development corporation. On September 20, 2010, the County Legislature adopted a resolution authorizing the formation of NCLEAC pursuant to Section 1411 of the New York Not-for-Profit Corporation Law. The mission of NCLEAC is to operate exclusively for the public purpose and charitable purpose of benefiting and furthering the activities of the County by serving as a conduit financing entity issuing taxable and tax-exempt revenue debt and providing other assistance to support the growth, expansion, on-going operations and continued viability of the non-profit sector in the County. 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.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Non-Major Component Units (Continued)

e) The Nassau County Local Economic Assistance Corporation (Continued)

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

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

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

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

Blended Component Units

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

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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

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

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

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

Subsequent to the resolution imposing the Control Period, NIFA adopted a resolution on March 10, 2014, similar to those adopted on March 24, 2011, March 22, 2012 and March 14, 2013, declaring a fiscal crisis and ordered the suspension of all increases in salary or wages of employees of the County (the "wage freeze") which were to take effect after the date of the order pursuant to collective bargaining agreements, and other analogous contracts or interest arbitrations awards then in existence or thereafter entered into. All increased payments for holiday and vacation differentials, shift differentials, salary adjustments according to plan, and step-ups and increments were also suspended. On May 3, 2014, the wage freeze was lifted for four of the five unions, effective April 1, 2014. On September 9, 2014, the wage freeze was lifted for the fifth union effective June 1, 2014. The five unions ratified new labor agreements at the time their respective wage freeze were lifted.

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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

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

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

The NCTSC Board of Directors has three members, one of whom must meet certain requirements of independence: (i) one 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, 2014, 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 (the “MSA”) and the Consent Decree. These rights include the County’s share of all Tobacco Settlement Revenues (“TSRs”) received after November 23, 1999 and in perpetuity to be received under the MSA and the Consent Decree. The consideration paid by NCTSC to the County for such acquisition consisted of \$247.5 million in cash (of which \$77.5 million was paid into escrow for the benefit of the County) and the sole beneficial interest in NCTSC Residual Trust (“Residual Trust”), a Delaware business trust, to which NCTSC has conveyed a residual interest in all the TSRs, annually received in excess of those required to pay debt service on the Series A Bonds. NCTSC’s right to receive TSRs is its most significant future revenue and is expected to produce funding for its obligations to the extent of the receipt of TSRs.

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

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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

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

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

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

Pursuant to a Financing and Acquisition Agreement dated as of March 1, 2004, 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) to finance the assets acquired (“County Bonds”). In addition, as part of such purchase price, the NCSSWFA may, at the request of the County, refinance County Bonds. The County also agreed to transfer to the NCSSWFA and the NCSSWFA agreed to acquire from the County any additional System facilities, which became a part of the System (at the time the project is completed), including those facilities financed by obligations of the County or NIFA after the closing date; and, the NCSSWFA shall pay debt service on such new County Bonds in the same manner and time, as set forth above, for the payment of County Bonds. Annually, the obligation to pay for expenditures incurred by the County, for such projects, is transferred to the NCSSWFA. Additionally, the County agreed that, during the term of the Agreement, it will not sell, lease, mortgage, or otherwise give up or encumber the real property upon which the facilities are situated.

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 NCSSFA released the System to the County, effective as of the closing date of the 2014 Authority refunding bonds. As the 2014, the Agreement no longer requires the Authority to pay the County Bonds, the responsibility for making the payments on the County Bonds returned to the County at that time. NCSSWFA released \$333.1 million of County Bonds in 2014.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Blended Component Units (Continued)

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

Most of the NCSSWFA’s revenues are derived through the imposition, by the County, of assessments for sewer and storm water resources services. The County has directed each city and town receiver of taxes to pay all such assessments directly to the trustee for the NCSSWFA’s bonds. The NCSSWFA receives funds to service all NCSSWFA debt and pay its operating expenses. Remaining funds are remitted to the Nassau County Sewer and Storm Water District (the “Sewer District”). The Sewer District is responsible for paying debt service on County Bonds (as of the 2014 Agreement) and the operational costs of the System.

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

<p>Nassau Community College One Education Drive Garden City, NY 11530</p>	<p>Nassau County Interim Finance Authority 170 Old Country Road, Suite 205 Mineola, NY 11501</p>
<p>Nassau Health Care Corporation 2201 Hempstead Turnpike East Meadow, NY 11554</p>	<p>Nassau County Tobacco Settlement Corp. One West Street Mineola, NY 11501</p>
<p>Nassau Regional Off-Track Betting Corporation 139 Liberty Avenue Mineola, NY 11501</p>	<p>Nassau County Sewer and Storm Water Finance Authority One West Street Mineola, NY 11501</p>
<p>Nassau County Industrial Development Agency 1550 Franklin Avenue Mineola, NY 11501</p>	<p>Nassau County Local Economic Assistance Corporation 1550 Franklin Avenue Mineola, NY 11501</p>
<p>Nassau County Bridge Authority P.O. Box 341 Lawrence, NY 11559</p>	

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Recently Adopted Accounting Pronouncements**

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

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

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

The requirements of this Statement are effective for periods beginning after December 15, 2013, and should be applied on a prospective basis. The County has evaluated the impact and determined that the adoption of this statement will have no effect on the County's Financial Statements.

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

- A government guarantor to consider qualitative factors when determining if a payment on its guarantee is more likely than not to be required. Such factors may include whether the issuer of the guaranteed obligation is experiencing significant financial difficulty or initiating the process of entering into bankruptcy or financial reorganization;

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Recently Adopted Accounting Pronouncements (Continued)***

- An issuer government that is required to repay a guarantor for guarantee payments made to continue to report a liability unless legally released. When a government is released, the government would recognize revenue as a result of being relieved of the obligation;
- A government guarantor or issuer to disclose information about the amounts and nature of nonexchange financial guarantees.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2013. The County has evaluated the impact and determined that the adoption of this statement will have no effect on the County's Financial Statements

A. BASIS OF PRESENTATION

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

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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

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

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

The County reports the following major governmental funds:

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

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

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

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

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

Additionally, the County reports the following fund type:

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

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

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

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

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

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* (GASB 72). This statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement become effective for fiscal periods beginning after June 15, 2015. The County has not completed the process of evaluating the impact that will result from implementing this Statement and is therefore unable to determine the impact that adopting this statement will have on its financial position and results of operation when it is adopted.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

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

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

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

The requirements of this statement are effective for fiscal years beginning after June 15, 2015 - except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The County has not completed the process of evaluating the impact that will result from implementing this Statement and is therefore unable to determine the impact that adopting this Statement will have on its financial position and results of operation when it is adopted.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. The requirement of this Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are *not* administered through trusts that meet the specified criteria. The requirement of this Statement is effective for financial statements for fiscal years beginning after June 15, 2016. The County has not completed the process of evaluating the impact that will result from implementing this Statement and is therefore unable to determine the impact that adopting this Statement will have on its financial position and results of operation when it is adopted.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

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

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). The primary objective of this Statement is to improve accounting and financial reporting for postemployment benefits other than pensions. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. It establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. This Statement also identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. The County has not completed the process of evaluating the impact that will result from implementing this Statement and is therefore unable to determine the impact that adopting this Statement will have on its financial position and results of operation when it is adopted.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* ("GASB 76"). The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of GAAP. The hierarchy consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The County has not completed the process of evaluating the impact that will result from implementing this Statement and is therefore unable to determine the impact that adopting this Statement will have on its financial position and results of operation when it is adopted.

B. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

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

Governmental funds are accounted for on 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. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, with the following exceptions that are in conformity with GAAP: general long-term obligation principal and interest are reported only when due, vacation and sick leave when paid, judgments and claims when settled, other postemployment benefits when due, and depreciation is not recognized as an expenditure. Discretely presented component units which are proprietary funds are accounted for on the accrual basis of accounting. Their revenues are recognized in the period earned and expenses are recognized in the period incurred. Proprietary funds' unbilled services receivable are recognized as revenue.

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

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

Nassau Community College - The College reports as a special purpose government 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.

C. BUDGETS AND BUDGETARY ACCOUNTING

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

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

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

During the fiscal year ended December 31, 2014, supplemental appropriations for the General Fund and appropriation budgets for the Grant Fund was adopted and are included in the Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund and the Schedule of Expenditures by County Departments and Offices – Grant Fund as follows (dollars in thousands):

Supplemental Appropriations:	
General Fund	\$ 13,315
Grant Fund appropriated budgets	<u>152,446</u>
Total Supplemental Appropriations and Grant Fund Appropriated Budgets	<u>\$ 165,761</u>

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

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

1. The proposed budget must be presented to the County Legislature and NIFA not later than September 15. (For the NCC, the proposed budget is submitted on or before the second Monday in July for the fiscal year commencing the following September 1). The proposed budgets include proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain public comments.
3. Budgets must be adopted by the County Legislature no later than October 30 of the prior year. (For the NCC, the budget is legally enacted on or before the third Monday in August).
4. The appropriated budget can be legally amended by the County Legislature subsequent to its initial adoption. Proposed amendments can be submitted by the County Executive to the Legislature at any time during the fiscal year. These proposed amendments are then voted on by the Legislature at the next available meeting. Amendments, which are legally approved by the Legislature, are immediately reflected in the operating appropriated budget.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

5. Formal budgetary integration is employed as a management control device during the year for the governmental funds. The legal level of budgetary control is exercised at the object appropriation level within a fund’s departmental control center. The County Legislature must approve all transfers and supplemental appropriations at this level.

D. ENCUMBRANCES

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

E. CASH AND CASH EQUIVALENTS

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

Restricted cash and investments represent amounts held for payment of future debt service.

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

F. INVESTMENTS

NCTSC investments consist of shares in an investment fund which invests in short-term U.S. Treasury securities and in repurchase agreements backed by U.S. Treasury securities and are stated at fair value.

NIFA investments include government agency bonds, notes and certificates of deposit with a maturity of longer than three months. Short-term investments with maturities of three months or less, and nonmarketable securities, are recorded at cost. Marketable securities with maturities longer than three months are recorded at fair value and all investment income, including changes in fair value, is reported as revenue in the current period. Fair value is determined using quoted market values at December 31, 2014. In the Statement of Net Position and Balance Sheet, the accrual of interest on investments is reported as interest receivable, and the unrealized change in fair value of marketable securities with maturities longer than three months is reflected in the amount of the investment asset.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

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

Inventory on hand for the County is not significant and is recorded as an expenditure in the period purchased. The Bridge Authority carries its inventory at an average cost and is subsequently charged to expenditures when consumed.

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 fair market value as of the date of the donation. Intangible assets are classified as capital assets if identifiable. Intangible assets are characterized as an asset that lacks physical substance, is nonfinancial in nature, and has an initial useful life extending beyond a single reporting period. All of the County's intangible capital assets have indefinite useful lives.

I. DEPRECIATION

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

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

Nassau County Sewer and Storm Water Finance Authority - Capital assets were depreciated over their economic useful life, ranging from 5 to 40 years, depending on the type of asset, using straight-line method. Effective November 18, 2014, capital assets were released to the County.

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

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

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

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

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

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

J. PREPAID EXPENSES

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

K. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The County reviews receivables (accounts receivable, property taxes receivable, due from other governments) outstanding longer than a year for collectability as of year end. The allowance for doubtful accounts represents those accounts that are deemed uncollectible based upon past collection history and an assessment of the debtor's ability to pay.

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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

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

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

- a) Net investment in capital assets – Consists of capital assets including restricted 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
- 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.”

When both restricted and unrestricted resources are available for use, the County normally uses restricted resources first, and then unrestricted resources as needed, unless there are legal requirements to the contrary. The County does not have a formal policy with respect to the order in which unrestricted resources are to be used, therefore, in accordance with Statement No. 54, the County’s unrestricted resources will be used in the following order: committed, assigned, and unassigned.

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

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

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

Unassigned - includes fund balance amounts that have no constraints as to their use and residual deficits of other governmental funds. The County's general-purpose fund balance is reported as Unassigned.

The County has a policy to set recommended levels of unreserved fund balance (now Assigned and Unassigned) of no less than four percent and no more than five percent of normal prior-year expenditures made from its internally defined General Fund and County-wide Special Revenue Funds. The policy stipulates that use of unreserved fund balance is restricted to: (i) non-recurring expenses that promote important policy objectives; or (ii) extraordinary operating and capital purposes that could not be anticipated and which otherwise cannot be financed with current revenues in the annual Operating Budget. At the year ended 2014, the fund balance level is 4.29% of 2013 normal, recurring expenditures. This is within the County's self-imposed policy.

The County's policy further mandates that it shall maintain combined level of financial resources in its unreserved and reserve funds (now Nonspendable, Restricted and Committed) of no less than four percent and not more than five percent of normal prior-year expenditures.

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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

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

Federal and State grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other Federal and State reimbursement type grants are recorded as intergovernmental receivables and revenues when the related expenditures or expenses are incurred. The County sustained significant damage in 2012 as a result of Super-storm Sandy ("Storm"), with repair and recovery efforts continuing into 2014. The County's costs for emergency protective measures, debris removal and other recovery efforts since the Storm total approximately \$192.7 million as of the year ended December 31, 2014, of which \$33.6 million was recorded in 2014, \$46.6 million in 2013 and \$112.4 million in 2012, with repair efforts continuing. Through 2014, the County recorded a total of \$172.8 million (\$29.7 million in 2014) of anticipated aid from FEMA, which represents 90% of the costs. The County has reported the remaining 10%, totaling \$19.9 million, as expense to the operating funds of \$3.4 million in 2014, \$4.7 million in 2013 and \$11.8 million in 2012. Currently, the 10% match for 2014, representing \$3.4 million, is comprised of \$0.4 million, recorded in the operating funds of the County, and \$3.0 million recorded in the Sewer and Storm Water Fund.

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

Through the Governor's action, this allocation of CDBG-DR funds may be applied towards the County's 10% obligation. The County's 10% share of these expenditures has been recorded in the 2012, 2013 and 2014 financial statements. This anticipated reimbursement is not reflected in the 2014 financial statements as it is not deemed measurable and available as of year end. Funds received from New York State will be recognized as revenue in the fiscal year they are received.

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. At year-end, adjustments are made for taxes that are estimated to be uncollectible, or collectible but not available soon enough in the next year to finance current period expenditures. The town receivers of taxes likewise collect real property taxes for all towns, school districts and special districts in the County, and return to the County after June 1 any uncollected taxes receivable. Pursuant to the Nassau County Administrative Code ("Administration Code"), the County assumes the burden of such uncollected taxes, and has the responsibility for their collection from the taxpayers. In October 2010, the Legislature repealed the provisions of this section of the Administrative Code to require that the jurisdiction that received the benefit of the taxes (or other levies or assessments) bear the cost of refunds, cancellations or credits of such taxes, levies or assessments.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

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

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

The New York State constitutional limit of real property taxation for counties is set at two percent of the average full valuation of real estate for the five years preceding the current year for general government services other than the payment of principal and interest on its long-term debt. The maximum taxing authority controlling the levy of County real property taxes for 2014 was \$4.5 billion. The constitutional tax margin was \$3.99 billion or approximately 88.5% of the maximum taxing authority in 2014 (see Exhibit T-10).

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

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

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

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 operating transfers. The General Fund provides administrative and other services to other funds. Amounts charged to the users for these services are based on the County's cost allocation plan and are treated as revenues in the General Fund and as expenditures or operating expenses in the user funds.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

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

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

S. LONG-TERM LIABILITIES

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

T. CLAIMS AND CONTINGENCIES

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

U. USE OF ESTIMATES

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

2. DEPOSITS AND INVESTMENTS

At December 31, 2014, the carrying amount of the County's deposits was approximately \$878.3 million, and the bank balance was \$1,035.6 million. At December 31, 2014, total cash and cash equivalents amounted to \$939.8 million (including fiduciary funds), which consisted of cash in money market interest bearing bank accounts at rates averaging 0.22% annually. As of December 31, 2014, the County's bank balances were fully covered with FDIC and/or pledged collateral held by third party financial institutions acting as agent for the County, in the name of the County. The third party collateral consists of U.S. Treasuries, GNMA, and other obligations of the U.S. government.

As of December 31, 2014, total investments amounted to \$70.3 million. The investments consisted of U.S. Treasury Notes and other obligations of the U.S. government, which are explicitly guaranteed by the U.S. government and therefore not considered to have credit risk, and shares of an investment fund, held by NCTSC, which invests in short-term U.S. Treasury securities paying a fixed, variable or floating interest rate and in repurchase agreements backed by U.S. Treasury securities.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

2. DEPOSITS AND INVESTMENTS

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

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

As of December 31, 2014, the County did not have any investments subject to credit risk or interest rate risk.

The following table summarizes the County's cash (including fiduciary funds) and investment position at December 31, 2014 (dollars in thousands):

	Cash and Cash Equivalents	Investments	Total
Cash and Cash Equivalents	\$ 939,830	\$	\$ 939,830
Treasury notes and investments		70,319	70,319
Totals	\$ 939,830	\$ 70,319	\$ 1,010,149
Governmental Funds	\$ 878,272	\$ 70,319	\$ 948,591
Fiduciary Funds	61,558		61,558
Totals	\$ 939,830	\$ 70,319	\$ 1,010,149

The County maintains a consolidated disbursement account with a financial institution on behalf of the College. At August 31, 2014, the College had a cash balance of \$61.6 million, of which \$26.1 million was held by the County on behalf of the College, and the bank balance was \$26.0 million. The bank balance is covered by Federal Depository Insurance or by collateral consisting of obligations of the United States Government held by the County's agent in the County's name.

At August 31, 2014, the carrying amount (fair value) of the College's investments was \$2.7 million.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

3. DUE FROM OTHER GOVERNMENTS

Due from Other Governments at December 31, 2014 represents aid, grants, and other amounts receivable from the State and Federal governments. The following summarizes such receivables (dollars in thousands):

Fund	Federal	State/Other*	Total
General Fund	\$ 68,084	\$ 76,655	\$ 144,739
NIFA Fund		116,942	116,942
Police District Fund	3,286		3,286
Sewer and Storm Water District Fund	625	4,503	5,128
Capital Fund	8,530	2,471	11,001
Nonmajor Funds	83,831	4,641	88,472
Totals	\$ 164,356	\$ 205,212	\$ 369,568

* Sales tax receivable of \$128,344 (both General and NIFA funds) due from NYS, is reported separately in the financial statements as sales tax receivable.

4. TAX SALE CERTIFICATES

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

5. 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, 2014

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Receivables, Payables and Transfers

The individual fund Interfund Receivables and Interfund Payables as of December 31, 2014 are reconciled as follows (dollars in thousands):

December 31, 2014	General Fund	NIFA Fund	Police District Fund	Sewer & Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
INTERFUND RECEIVABLE							
General Fund	\$	\$	\$ 3,008	\$	\$ 70,161	\$ 518	\$ 73,687
NIFA Fund	86,413					15,157	101,570
Police District Fund	25,463				386	5	25,854
Sewer & Storm District Fund	24,897				188	2,990	28,075
Capital Fund	156,613					267	156,880
Nonmajor Funds	89,227		797	1,133			91,157
TOTAL RECEIVABLE	\$ 382,613	\$	\$ 3,805	\$ 1,133	\$ 70,735	\$ 18,937	\$ 477,223
INTERFUND PAYABLE							
General Fund	\$	\$ (86,413)	\$ (25,463)	\$ (24,897)	\$ (156,613)	\$ (89,227)	\$ (382,613)
Police District	(3,008)					(797)	(3,805)
Sewer & Storm District						(1,133)	(1,133)
Capital Fund	(70,161)		(386)	(188)			(70,735)
Nonmajor Funds	(518)	(15,157)	(5)	(2,990)	(267)		(18,937)
TOTAL PAYABLE	\$ (73,687)	\$ (101,570)	\$ (25,854)	\$ (28,075)	\$ (156,880)	\$ (91,157)	\$ (477,223)
Transfers In:							
December 31, 2014	General Fund	Police District	Sewer & Storm District	Nonmajor Funds	Total		
Transfers Out:							
General Fund	\$	\$ 5,135	\$ 839	\$ 187	\$ 6,161		
Police District Fund	2,127				2,127		
Sewer & Storm District Fund	17,688				17,688		
Capital Fund	8,459		1,079		9,538		
Nonmajor Funds	9,632				9,632		
TOTAL	\$ 37,906	\$ 5,135	\$ 1,918	\$ 187	\$ 45,146		

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.

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

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

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

The total amounts shown as Due to Primary Government and Due from/to Component Units (discretely presented) at December 31, 2014 do not offset each other as they include accounts of the College at the end of their fiscal year on August 31, 2014, and the NHCC, which has timing differences with the County. The following reconciles the December 31, 2014 amount by carrying forward the College transactions affecting these accounts from September 1, 2014 through December 31, 2014 and the NHCC for the timing differences.

<u>Dollars in Thousands</u>	<u>2014</u>
Due from Primary Government (Exhibit X-1), Component Units	\$ 8,232
Due to Primary Government (Exhibit X-1), Component Units	(9,089)
Net Due from Primary Government, Component Units	<u>\$ (857)</u>
Nassau Community College Transactions from September 1, to December 31:	
Increase in due from Capital Fund	\$ 18,358
Decrease in due from Fiduciary Fund	(1,540)
Increase in due from General Fund	2,429
Increase in other due from	<u>5</u>
Subtotals	<u>19,252</u>
Nassau Health Care Corporation	
Net Change in Encumbrances	<u>(16,816)</u>
Due from Component Units - Fiduciary per Balance Sheet: (Exhibit X-10)	1,557
Due From Component Units - Governmental per Balance Sheet (Exhibit X-1)	15,858
Due To Component Units - Governmental per Balance Sheet (Exhibit X-1)	<u>(18,994)</u>
Due to Component Units - Fiduciary and Governmental	<u>\$ 857</u>

7. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

7. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

NIFA’s and NHCC’s derivative instruments, which consist of interest rate swap agreements, have been determined to be an effective hedge, are reported at fair value as of December 31, 2014. The recording of the derivative instrument is not expected to be recognized in investment income and therefore a corresponding deferred outflow of resources has been reported.

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 five items that qualify for reporting in this category; deferred gain on refundings, property taxes, property taxes - part County sales tax offset, Mitchell Field – purchase of future lease revenue and service concession agreements.

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

Unavailable property taxes are reported in the governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the governmental-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 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 18H for further discussion of the County’s service concession arrangements.

8. CAPITAL ASSETS

The 2014 capital assets are reconciled to the 2014 amounts reported on Exhibit X-1 in the table below (dollars in thousands):

	Governmental Activities
Capital assets not being depreciated	\$ 709,432
Depreciable capital assets	3,781,656
Accumulated depreciation	<u>(1,817,213)</u>
Capital assets - net	2,673,875
Outstanding related debt	<u>(955,575)</u>
Net investment in capital assets	<u><u>\$ 1,718,300</u></u>

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

8. CAPITAL ASSETS (Continued)

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 2014, no impairment losses were recognized related to the County.

Activity for capital assets, reconciled to the 2014 amount reported in Exhibit X-1, is summarized below (dollars in thousands):

Primary Government	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 238,976	\$	\$	\$ 238,976
Intangible - land dev rights	8,804			8,804
Construction in progress	420,235	148,841	107,424	461,652
Total capital assets, not being depreciated:	668,015	148,841	107,424	709,432
Capital assets, being depreciated:				
Land improvements	78,103	1,006		79,109
Buildings	1,105,598	75,481	225	1,180,854
Equipment	569,080	15,121	86,004	498,197
Infrastructure	1,924,999	98,497		2,023,496
Total capital assets, being depreciated	3,677,780	190,105	86,229	3,781,656
Total capital assets	4,345,795	338,946	193,653	4,491,088
Less accumulated depreciation:				
Land improvements	53,334	3,243		56,577
Buildings	425,186	31,556	211	456,531
Equipment	435,164	21,747	80,547	376,364
Infrastructure	863,566	64,175		927,741
Total accumulated depreciation	1,777,250	120,721	80,758	1,817,213
Total capital assets, being depreciated, net	1,900,530	69,384	5,471	1,964,443
Governmental activities capital assets, net	\$ 2,568,545	\$ 218,225	\$ 112,895	\$ 2,673,875

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

8. CAPITAL ASSETS (Continued)

In November 2014, pursuant to the new agreement between the County and NCSSWF, the capital assets originally owned and operated by the County, then transferred to NCSSWFA in March 2004, were transferred back to the County. As a result, the NCSSWFA transferred \$911,686 of capital assets to the County. This transfer had no effect on the total capital assets for governmental activities due to NCSSWFA being a blended component unit of the County.

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

	<u>County</u>
Transfer from construction in progress	<u>\$ 107,424</u>
Additions to capital assets:	
Land improvements	\$ 1,006
Buildings	7,921
Infrastructure	98,497
	<u>\$ 107,424</u>

Depreciation expense was charged to functions of the primary government for the fiscal year ended December 31, 2014 as follows (dollars in thousands):

	<u>Land</u>				<u>Total</u>
	<u>Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	
Functions:					
Legislative	\$	\$ 6	\$ 5	\$	\$ 11
Judicial	80	1,201	414		1,695
General administration	60	4,316	1,367		5,743
Protection of persons		1,952	5,659	1,270	8,881
Health		111	143		254
Public works	54	8,573	4,616	60,812	74,055
Recreation and parks	2,984	7,732	180	2,093	12,989
Social services	60	189	19		268
Corrections		4,579	426		5,005
Other expenditures/MSBA		660	8,918		9,578
Other	5	2,237			2,242
Total depreciation expense	<u>\$ 3,243</u>	<u>\$ 31,556</u>	<u>\$ 21,747</u>	<u>\$ 64,175</u>	<u>\$ 120,721</u>

Total capital assets of the County, as of December 31, 2014, is \$4.5 billion with accumulated depreciation of \$1.8 billion.

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

8. CAPITAL ASSETS (Continued)

The total bonds issued by the City to finance its sewer system was \$5.1 million. As of December 31, 2014, the total principal outstanding related to the City’s bonds issued to finance the sewer system was \$2.2 million. The bonds have maturity dates ranging from July 2015 to June 2023 and annual interest rates from 3.28% to 4.30%. Total estimated debt service (including interest) as of December 31, 2014 through maturity is approximately \$2.5 million. For the year ended December 31, 2014, the County made payments of \$472,547 for such debt service. The County has not included this contractual expense in its long-term obligations as it will be paid from current resources as contractually obligated.

The annual requirements to amortize the City of Glen Cove’s bond issuances for the sewer fund, including interest as of December 31, 2014, are as follows (dollars in thousands):

Year Ending	Principal	Interest	Total
2015	\$ 388	\$ 87	\$ 475
2016	404	71	475
2017	421	54	475
2018	274	40	314
2019	287	27	314
2020 - 2023	453	22	475
	<u>\$ 2,227</u>	<u>\$ 301</u>	<u>\$ 2,528</u>

NCSSWFA Capital Assets

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

	Balance January 1, 2014	Additions	Deletions	Assets Released	Balance December 31, 2014
Capital assets					
Buildings	\$ 306,114	\$	\$	\$ 306,114	\$ -0-
Equipment	3,725	39	32	3,732	
Infrastructure	1,036,508	6		1,036,514	
Total capital asset	<u>1,346,347</u>	<u>45</u>	<u>32</u>	<u>1,346,360</u>	
Less accumulated depreciation:					
Buildings	82,918	7,387		90,305	
Equipment	1,785	348	29	2,104	
Infrastructure	308,885	33,380		342,265	
Total accumulated depreciation	<u>393,588</u>	<u>41,115</u>	<u>29</u>	<u>434,674</u>	
Total capital assets - net	<u>\$ 952,759</u>	<u>\$ (41,070)</u>	<u>\$ 3</u>	<u>\$ 911,686</u>	<u>\$ -0-</u>

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

8. CAPITAL ASSETS (Continued)

NCSSWFA Capital Assets (Continued)

On November 18, 2014, a new agreement was entered into which released the System and the County Bonds back to the County.

The NCSSWFA reported the release to the County of \$578,524, consisting of capital assets released during the year, net of related debt. During the year ended December 31, 2014, the County released to the Authority \$45 of capital improvements made to the system, and as per the new agreement the Authority released to the County \$911,686 of capital assets resulting in a net release of \$911,641. Additionally, during 2014 the Authority released to the County \$333,117 of its obligation for County Bonds.

Capital Assets	\$	(911,641)
Due to the County for acquisition of the System		<u>333,117</u>
	\$	<u>(578,524)</u>

Nassau Community College Capital Assets

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

	Balance at August 31, 2013	Additions	Deletions	Balance at August 31, 2014
Capital assets, not being depreciated:				
Land	\$ 2,733	\$	\$	\$ 2,733
Library*	1,071	39		1,110
Total capital assets, not being depreciated	<u>3,804</u>	<u>39</u>		<u>3,843</u>
Capital assets, being depreciated:				
Land improvements	13,240	803		14,043
Infrastructure	12,612	1,751		14,363
Buildings	206,964	811		207,775
Building improvements	42,735	1,923		44,658
Equipment	9,671	839	324	10,186
Total capital assets, being depreciated	<u>285,222</u>	<u>6,127</u>	<u>324</u>	<u>291,025</u>
Total capital assets	<u>289,026</u>	<u>6,166</u>	<u>324</u>	<u>294,868</u>
Less accumulated depreciation:				
Land improvements	1,858	649		2,507
Infrastructure	3,048	730		3,778
Buildings	97,164	3,935		101,099
Building improvements	22,687	1,884		24,571
Equipment	7,134	700	324	7,510
Total accumulated depreciation	<u>131,891</u>	<u>7,898</u>	<u>324</u>	<u>139,465</u>
Net capital assets being depreciated	<u>153,331</u>	<u>(1,771)</u>		<u>151,560</u>
Total capital assets, net	<u>\$ 157,135</u>	<u>\$ (1,732)</u>	<u>\$</u>	<u>\$ 155,403</u>

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

8. 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, 2014 consisted of the following (dollars in thousands):

	<u>Balance</u> <u>August 31, 2014</u>
Furniture and equipment	\$ 384
Vans	276
	<u>660</u>
Less accumulated depreciation	(552)
Total capital assets (net)	<u>\$ 108</u>

Total depreciable capital assets of the College and Faculty-Student Association, the component unit of the College as of August 31, 2014, was \$291.7 million with accumulated depreciation of \$140.0 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):

	<u>Balance</u> <u>January 1, 2014</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balance</u> <u>December 31,</u> <u>2014</u>
Capital assets, not being depreciated:				
Land	\$ 12,498	\$	\$	\$ 12,498
Construction in progress	20,682	13,524	(9,361)	24,845
Total capital assets, not being depreciated	<u>33,180</u>	<u>13,524</u>	<u>(9,361)</u>	<u>37,343</u>
Capital assets, being depreciated:				
Land improvements	14,527	14	2,492	17,033
Buildings and improvements	226,731	334	2,423	229,488
Fixed equipment	110,552	482		111,034
Movable equipment	171,034	5,012	4,446	180,492
Total capital assets, being depreciated	<u>522,844</u>	<u>5,842</u>	<u>9,361</u>	<u>538,047</u>
Total capital assets	<u>556,024</u>	<u>19,366</u>		<u>575,390</u>
Less accumulated depreciation for:				
Land improvements	12,250	298		12,548
Buildings and improvements	126,059	7,597		133,656
Fixed equipment	103,810	827		104,637
Movable equipment	125,265	11,910		137,175
Total accumulated depreciation	<u>367,384</u>	<u>20,632</u>		<u>388,016</u>
Net capital assets being depreciated	<u>155,460</u>	<u>(14,790)</u>	<u>9,361</u>	<u>150,031</u>
Total capital assets, net	<u>\$ 188,640</u>	<u>\$ (1,266)</u>	<u>\$</u>	<u>\$ 187,374</u>

Net interest capitalized for the year ended December 31, 2014 was approximately \$887.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

9. LEASES

The County leases some property and equipment. Leased property having elements of ownership is recorded as a capital lease in the government-wide financial statements. The related obligations, in amounts equal to the present value of minimum lease payments payable during the remaining term of the leases, are also recorded in the government-wide financial statements. Other leased property, not having elements of ownership, are classified as operating leases. Both capital and operating lease payments are recorded as expenditures when payable in governmental funds. Total expenditures on such leases for the fiscal year ending December 31, 2014 were approximately \$7.9 million.

As of December 31, 2014, the County (excluding discretely presented component units) had future minimum lease payments under capital and operating leases with a remaining term in excess of one year as follows (dollars in thousands):

		<u>Capital Lease</u>	<u>Operating Leases</u>	<u>Total Capital & Operating Leases</u>
Governmental Activities				
Years ending December 31,	2015	\$ 822	\$ 7,714	\$ 8,536
	2016	834	7,714	8,548
	2017	846	214	1,060
	2018	860		860
	2019	873		873
	2020 - 2024	4,579		4,579
	2025 - 2029	557		557
	Future minimum payments	9,371	<u>\$ 15,642</u>	<u>\$ 25,013</u>
	Less: interest	4,390		
	Present value of future minimum lease payments	<u>\$ 4,981</u>		

The County recorded a building lease as a capital lease because when the lease term ends in 2029, the ownership of the building transfers to the County. The County also leases County-owned property to others and the leases are classified as operating leases. Total rental revenue on these leases for 2014 was \$3.2 million.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

9. LEASES (Continued)

As of December 31, 2014, the following future minimum rentals are provided for by the leases (dollars in thousands):

		Operating Leases
		(in Thousands)
Years ending December 31,	2015	\$ 3,099
	2016	2,028
	2017	1,579
	2018	1,579
	2019	1,448
	2020 - 2024	5,271
	2025 - 2029	3,170
	2030 - 2034	2,846
	2035 - 2039	2,846
	2040 - 2044	1,023
		<u>\$ 24,889</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, 2014.

10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS

County of Nassau Notes Payable and Long-Term Obligations

In June 2014, the County issued Series A Bond Anticipation Notes (“BANS”) of \$114.4 million with an interest rate of 2.0% which matured February 2, 2015. The BANS were issued to renew, in part, the County’s Series B BANs which matured on July 1, 2014, issued to finance various costs related to the remediation and restoration of County facilities and infrastructure from Super-Storm Sandy related damage, to pay additional costs related thereto and to pay costs of issuance related to the Series A BANS.

In June 2014, the County issued Series A and Series B Revenue Anticipation Notes in the amount of \$130.0 million and \$69.9 million, respectively, to finance cash flow needs within the County. The Series A Notes bore interest at 2.0% and matured on March 16, 2015. The Series B Notes bore interest at 2.0% and matured on April 15, 2015.

The County issued Series A General Obligation Bonds in December 2014 in the amount of \$237.8 million. The bonds bear an interest rate of 5.0%, with maturity dates ranging from April 2016 to April 2030. The bonds maturing on or after April 1, 2025 are subject to optional redemption on April 1, 2024 or any date thereafter. The bonds were issued to fund various public purposes, including capital projects, judgments and settlements, termination pay and property tax refunds, and to pay costs of issuance related to the bonds.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

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

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

In December 2014, the County issued Series A and Series B Tax Anticipation Notes (“TANS”) in the amount of \$138.6 million and \$59.3 million, respectively, to provide monies to meet cash flow deficit expected to occur during the period that the TANS are outstanding and to pay costs of issuance related to the TANS. The TANS were issued in anticipation of the collection by the County of real property taxes levied for County purposes for the fiscal year commencing on January 1, 2015. The TANS bear interest at 2.0% and mature on September 15, 2015 and October 15, 2015, respectively.

County of Nassau Notes Payable

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

	<u>Balance</u> <u>January 1, 2014</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance</u> <u>December 31, 2014</u>
General Fund:				
Tax anticipation notes - (2.0% issued 2014,* maturity dates in 2015)	\$ 225,000	\$ 197,925	\$ 225,000	\$ 197,925
Revenue anticipation notes - (2.0% issued in 2014,* maturity dates in 2015)	208,150	199,900	208,150	199,900
Total General Fund	<u>\$ 433,150</u>	<u>\$ 397,825</u>	<u>\$ 433,150</u>	<u>\$ 397,825</u>
County Capital Projects Fund:				
Bond anticipation notes - (2.0% issued 2014,* matured February 2, 2015) Sewer and storm water projects	\$ 307,570	\$ 114,425	\$ 307,570	\$ 114,425

*Such interest rates were the same in 2013.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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

Long – Term Obligations

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

	Balance January 1, 2014	Issued	Redeemed	Balance December 31, 2014	Due Within One Year
General Long-Term Obligations					
Debt:					
General Obligation County Bonds - (0.75% to 8.0%, issued in 1985 through 2014, maturity dates 2015 through 2043)	\$ 1,657,435 *	\$ 237,756	\$ 62,690	\$ 1,832,501	\$ 69,065
Sewage purpose bonds - (3.50% to 6.00%, issued in 1993 through 2009, maturity dates 2015 through 2039) - County	54,735		5,820	48,915	5,020
State Water Pollution Control Revolving Fund revenue bonds - (0.263% to 6.186%, issued in 2002 through 2014, maturity dates 2017 through 2043) - County	97,682		8,062	89,620	7,973
Total Serial Bonds - County	1,809,852	237,756	76,572	1,971,036	82,058
Sales Tax Secured Bonds -NIFA, various interest rates % and maturity dates	1,228,158		140,642	1,087,516	235,460
Nassau County Sewer and Storm Water Finance Authority System Revenue Bonds, Series 2014A & Series 014B (various interest rates, 2015-2034)	138,840	157,200	138,840	157,200	2,940
Tobacco Settlement Asset-Backed Bonds, Series 2006 (various interest rates % and maturity dates)	420,129		1,467	418,662	
Total Serial Bonds - NIFA, NCSSWFA, NCTSC	1,787,127	157,200	280,949	1,663,378	238,400
Total Serial Bonds	3,596,979	394,956	357,521	3,634,414	320,458
Accreted interest - Tobacco Settlement Asset Backed Bonds	42,632	6,014		48,646	
Total Serial Bonds and Accreted Interest	3,639,611	400,970	357,521	3,683,060	320,458
Deferred Bond Premium/Discount (net of amortization)	129,936	72,135	18,537	183,534	12,453
Total Serial Bonds and accreted interest, net of deferred bond premium/discount	\$ 3,769,547	\$ 473,105	\$ 376,058	\$ 3,866,594	\$ 332,911
* The beginning balance has been adjusted for the change in application of accounting principle. See Note 21.					
Other:					
Derivative instruments - interest rate swaps	\$ 52,971	\$	\$ 592	\$ 52,379	\$
Accrued Vacation and Sick Pay	520,730	55,881	45,174	531,437	36,463
Deferred Payroll	63,918	10,253	16,180	57,991	6,771
Estimated Liability for Workers' Compensation	250,908	16,623	26,588	240,943	27,579
Estimated Tax Certiorari Payable	293,554	97,785	95,383	295,956	66,000
Estimated Liability for Litigation & Malpractice Claims	295,000	154,371	12,371	437,000	1,353
Capital Lease Obligations	5,132		151	4,981	184
Due to New York State Retirement System	147,524	63,330	15,755	195,099	20,761
Postemployment Retirement Benefits Liability	4,722,147	312,572	150,132	4,884,587	
Total Other	6,351,884	710,815	362,326	6,700,373	159,111
Total General Long-Term Obligations	\$ 10,121,431	\$ 1,183,920	\$ 738,384	\$ 10,566,967	\$ 492,022

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

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

Long – Term Obligations (Continued)

The proceeds from the issuance of long-term serial bonds by the County and its blended component units are used to fund various purposes including, capital asset purchases, tax certiorari and, other suits and damages claims, termination pay disbursements and non-capitalizable project expenditures. As of December 31, 2014, total serial bonds outstanding were \$3.6 billion of which \$3.0 billion were utilized to pay approximately: \$1.0 billion in tax certiorari claims; \$0.4 billion for bonded operating expenses; \$62.1 million for debt on capital assets of NCC; \$1.6 billion for non-capitalizable project expenditures and \$117.3 million for debt on capital assets of the NHCC and its affiliates that are no longer the County’s assets. The remaining outstanding debt of approximately \$0.4 billion is related to capitalizable assets.

Revenues from the Special Revenue Sewer Funds will be utilized to finance the debt service for the sewer and storm water purpose bonds and a portion of the State Water Pollution Control Revolving Fund revenue bonds. 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.

The annual requirements and sources to amortize the County’s General Obligation serial bonds payable as of December 31, 2014 are as follows (dollars in thousands):

Years Ending December 31,	Debt Service Requirements			Sources		
	Principal	Interest	Total	General County Budgets	Sewer District Budgets	Total
2015	\$ 82,058	\$ 91,836	\$ 173,894	\$ 153,994	\$ 19,900	\$ 173,894
2016	88,709	90,363	179,072	162,375	16,697	179,072
2017	92,537	86,187	178,724	163,355	15,369	178,724
2018	94,641	88,204	182,845	167,788	15,057	182,845
2019	98,929	77,635	176,564	161,624	14,940	176,564
2020 - 2024	526,222	312,980	839,202	776,330	62,872	839,202
2025 - 2029	456,924	193,496	650,420	623,689	26,731	650,420
2030 - 2034	280,495	100,580	381,075	364,612	16,463	381,075
2035 - 2039	168,330	38,731	207,061	201,265	5,796	207,061
2040 - 2043	82,191	7,465	89,656	89,081	575	89,656
Total	\$ 1,971,036	\$ 1,087,477	\$ 3,058,513	\$ 2,864,113	\$ 194,400	\$ 3,058,513

The County’s legal debt margin was approximately \$18.5 billion and total long-term obligation bonds authorized but unissued for general County and sewage district purposes were approximately \$1.5 billion at December 31, 2014. Authorized but unissued long-term obligation bonds for general County purposes include approximately \$40.8 million to finance property tax refunds. Under the current NIFA control period, all unissued County borrowings require NIFA approval. In connection with this authorization for borrowing to finance property tax refunds, the County legislature must also authorize the spending of these proceeds.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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

NIFA Long-Term Debt

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

	Balance January 1, 2014	Issued	Redeemed	Balance December 31, 2014	Due Within One Year
Bonds payable:					
Sales tax secured bonds payable	\$ 1,228,158	\$	\$ 140,642	\$ 1,087,516	\$ 235,460
Premiums	58,276		5,040	53,236	5,040
Total bonds payable	<u>1,286,434</u>		<u>145,682</u>	<u>1,140,752</u>	<u>240,500</u>
OPEB liability	1,665	185	35	1,815	
Compensated absences	291		28	263	
Total long term debt	<u>\$ 1,288,390</u>	<u>\$ 185</u>	<u>\$ 145,745</u>	<u>\$ 1,142,830</u>	<u>\$ 240,500</u>

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

As of December 31, 2014, NIFA had outstanding sales tax secured bonds in the amount of \$1.1 billion, maturing through the year 2025, of which \$563.9 million are fixed rate and \$523.6 million are hedged variable rate. Other than a possible refunding of its debt if market conditions permit, NIFA has no plans or authority to issue additional bonds, except to cover the costs of issuance incurred in connection with the refunding of its bonds.

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

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

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

NIFA Long-Term Debt (Continued)

Variable Rate Bonds — Interest rates on the variable rate bonds are currently reset weekly by remarketing agents at the minimum rate necessary for the bonds to have a market value equal to the principal amount. Interest rates are set separately for each series of variable rate bonds. The variable rate bonds are in most circumstances subject to tender at the option of the bondholder. Payment of the purchase price of eligible Series 2008 A-E bonds are subject to optional or mandatory tender for purchase and if not remarketed by the remarketing agent, payment will be made under and pursuant to, and subject to the terms, conditions and provisions of liquidity facility agreements. The liquidity facility agreements currently in effect are slated to expire between November 15, 2015 and November 15, 2021 and are subject to extension or early termination. Bonds that are purchased by financial institutions under the liquidity facility and not remarketed, if any, must be paid over periods varying between three and five years. If this was to occur, annual NIFA debt service expense would increase substantially. A debt service account has been established under the indenture to provide for the payment of principal of bonds outstanding under the indenture. The Trustee makes monthly deposits to the debt service account for principal debt service requirements. Additionally, the Trustee makes monthly interest payments.

The aggregate debt service to retire bonds outstanding at December 31, 2014, in the table below, reflects final 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. As NIFA has two liquidity facilities agreements that will expire during the year ending December 31, 2015, the amount of outstanding bonds associated with these two agreements has been included in the 2015 amortization amounts in the event, however unlikely, that such bonds will be unable to be remarketed and these agreements are not renewed or replaced. Accordingly, an additional \$91.9 million and \$2.9 million has been included in the 2015 principal and interest amortization amounts, respectively. The aggregate debt service to maturity, providing for the above scenario, as of December 31, 2014, is as follows (dollars in thousands):

<u>Years Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest*</u>	<u>Total</u>
2015	\$ 235,460	\$ 41,276	\$ 276,736
2016	78,151	31,931	110,082
2017	99,066	27,944	127,010
2018	118,505	24,861	143,366
2019	125,270	20,821	146,091
2020 - 2024	409,224	45,465	454,689
2025	21,840	896	22,736
	<u>\$ 1,087,516</u>	<u>\$ 193,194</u>	<u>\$ 1,280,710</u>

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

If the remaining liquidity facility agreements set to expire in 2016 through 2021 expired, and the related bonds were unable to be remarketed, and these agreements are not renewed or replaced, principal due would increase by \$150.0 million and \$125.0 million in 2016 and 2019, respectively.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

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

NIFA Long-Term Debt (Continued)

Aggregate debt service to maturity, pursuant to the bond indenture agreements and assuming the variable rate bonds are remarketed, as of December 31, 2014, is as follows (dollars in thousands):

Years Ending December 31,	Principal	Interest*	Total
2015	\$ 143,585	\$ 38,331	\$ 181,916
2016	139,426	33,895	173,321
2017	129,666	28,925	158,591
2018	118,505	24,861	143,366
2019	125,270	20,821	146,091
2020 - 2024	409,224	45,465	454,689
2025	21,840	896	22,736
Total	<u>\$ 1,087,516</u>	<u>\$ 193,194</u>	<u>\$ 1,280,710</u>

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

Prior year defeasance of debt. In prior years, NIFA defeased sales-tax secured bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in NIFA’s financial statements. At December 31, 2014, \$34.0 million of defeased bonds remains outstanding.

DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS

Derivative instruments, which consist of interest rate swap agreements, have been reported at fair value as of December 31, 2014. As the interest rate swap agreements qualify as a hedging derivative instrument, the fair value has been recorded as a deferred outflow of resources.

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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)***NIFA Long-Term Debt (Continued)*****DERIVATIVE INSTRUMENTS - 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 UBS AG
- \$72.5 million notional amount (2004 Series F - swap agreement) with UBS AG
- \$80.0 million notional amount (2004 Series G - swap agreement) with UBS AG

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

Fair Value — Replacement interest rates on the swaps, as of December 31, 2014, 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, 2014, the swaps had negative fair values. In the event there is a positive fair value, NIFA would be exposed to the credit risk of the counterparties in the amount of the swaps' fair value should the swap be terminated.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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

NIFA Long-Term Debt (Continued)

DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS (Continued)

The total value of each swap, including accrued interest, is provided in the chart. The total value of each swap listed represents the theoretical value/ (cost) to NIFA if it terminated the swap as of the date indicated, assuming that a termination event occurred on that date. Negative fair values may be offset by reductions in total interest payments required under the related variable interest rate bonds. The market value is calculated at the mid-market for each of the swaps. Fair values were estimated using the zero coupon methodology. This methodology calculates the future net settlement payments under the swap agreement, assuming the current forward rates implied by the yield curve correctly anticipate future spot rates. These payments are then discounted using rates derived from the same yield curve. As of December 31, 2014, the total market-to-market valuation of NIFA’s swaps, including accrued interest, was negative \$52.4 million. In the event that both parties continue to perform their obligations under the swap, there is not a risk of termination and neither party is required to make a termination payment to the other. NIFA is not aware of any event that would lead to a termination event with respect to any of its swaps.

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

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

Under the swap agreements, neither party has to collateralize its termination exposure unless its ratings, or that of the insurer, fall below certain triggers. For 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 counter party 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 89. The table shows the diversification, by percentage of notional amount outstanding at December 31, 2014, among the various counterparties that have entered into agreements with NIFA.

Counterparty	Dollars in Millions	Notional Percentage
GSMMDP	\$ 237	45.23%
UBS AG	237	45.23%
MSCS	50	9.54%
	\$ 524	100.0%

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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

NIFA Long-Term Debt (Continued)

DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS (Continued)

Risks Associated with the Swap Agreements (Continued)

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

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

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

At December 31, 2014, the aggregate fair value of all hedging derivative instrument agreements whose terms contain such collateral provisions is \$52.4 million. Because NIFA's credit rating is Aa1/AAA, no collateral has been required or posted.

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

- A3/A-
\$12.7 million in collateral to UBS AG.
- Baa1/BBB+
\$22.7 million in collateral to UBS AG and \$7.0 million in collateral to MSCS.
- Baa2/BBB
\$12.7 million in collateral to GSMMDP, \$22.7 million in collateral to UBS AG and \$7.0 million in collateral to MSCS.
- Baa3/BBB-
\$22.7 million collateral to GSMMDP, \$22.7 million in collateral to UBS AG, and \$7.0 million in collateral to MSCS.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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

NIFA Long-Term Debt (Continued)

DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS (Continued)

As of December 31, 2014, NIFA's Derivative Instrument - Interest Rate Swap Valuation is as follows:

(Dollars in Thousands)

Swap Agreements	2004 Series B	2004 Series C	2004 Series D	2004 Series E	2004 Series F	2004 Series G	2004 Series I	2004 Series J	2004 Series K	Total
Notional Amount										
Original Amount	\$ 72,500	\$ 72,500	\$ 80,000	\$ 72,500	\$ 72,500	\$ 80,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 600,000
At December 31, 2014	\$ 72,500	\$ 72,500	\$ 41,875	\$ 72,500	\$ 72,500	\$ 41,725	\$ 50,000	\$ 50,000	\$ 50,000	\$ 523,600
Counterparty	GSMMDP	GSMMDP	GSMMDP	UBS AG	UBS AG	UBS AG	GSMMDP	UBS AG	MSCS	
Counterparty Rating (1)	Aa2/AAA/NA	Aa2/AAA/NA	Aa2/AAA/NA	A2/A/A	A2/A/A	A2/A/A	Aa2/AAA/NA	Baa2/A-/A	A2/A/A	
Effective Date	April 8, 2004	April 8, 2004	April 8, 2004	April 8, 2004	April 8, 2004	April 8, 2004	December 9, 2004	December 9, 2004	December 9, 2004	
Maturity Date	November 15, 2024	November 15, 2024	November 15, 2016	November 15, 2024	November 15, 2024	November 15, 2016	November 15, 2025	November 15, 2025	November 15, 2025	
NIFA Pays	3.146%	3.146%	3.002%	3.146%	3.146%	3.003%	3.432%	3.432%	3.432%	
Replacement Rate	1.551%	1.154%	0.605%	1.155%	1.154%	0.618%	1.396%	1.396%	1.396%	
NIFA Receives	60% of LIBOR plus 16 basis points weekly (Tuesday)	60% of LIBOR plus 16 basis points weekly (Friday)	60% of LIBOR plus 26 basis points monthly (4th Monday)	60% of LIBOR plus 16 basis points weekly (Tuesday)	60% of LIBOR plus 16 basis points weekly (Friday)	60% of LIBOR plus 26 basis points monthly (5th Thursday)	61.5% of LIBOR plus 20 basis points	61.5% of LIBOR plus 20 basis points	61.5% of LIBOR plus 20 basis points	
Change in Fair Value	\$ 96	\$ 98	\$ 1,550	\$ 96	\$ 98	\$ 1,570	\$ (972)	\$ (972)	\$ (972)	\$ 592
Net Accrued	\$ (291)	\$ (289)	\$ (151)	\$ (291)	\$ (289)	\$ (147)	\$ (213)	\$ (213)	\$ (213)	\$ (2,097)
Net Present Value	(6,779)	(6,783)	(1,466)	(6,779)	(6,783)	(1,457)	(6,746)	(6,746)	(6,746)	(50,285)
Total Fair Value of Swap	\$ (7,070)	\$ (7,072)	\$ (1,617)	\$ (7,070)	\$ (7,072)	\$ (1,604)	\$ (6,959)	\$ (6,959)	\$ (6,959)	\$ (52,382)

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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

NIFA Long-Term Debt (Continued)

DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS (Continued)

Swap Payments and Associated Debt - Using rates as of December 31, 2014, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, is shown below. As rates change over time, variable-rate bond interest payments and net swap payments will change.

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

Years Ending December 31,	Variable-Rate Bonds		Interest Rate Swaps Net	Total Payments
	Principal	Interest		
2015	\$ 31,725	\$ 130	\$ 15,138	\$ 46,993
2016	61,275	120	14,198	75,593
2017	57,675	101	12,560	70,336
2018	58,100	84	10,889	69,073
2019	90,875	65	9,058	99,998
2020 - 2024	215,100	109	16,741	231,950
2025	8,850	1	242	9,093
Total	\$ 523,600	\$ 610	\$ 78,826	\$ 603,036

NCSSWFA Long-Term Debt

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

	Balance 1/1/2014	Additions	Reductions	Release to County	Balance 12/31/2014	Due within One Year
Revenue bonds payable:						
Series 2008A	\$ 120,840		\$ (120,840)			
Series 2004B	18,000		(18,000)			
Series 2014A		155,765			155,765	2,940
Series 2014B		1,435			1,435	
Subtotal	138,840	157,200	(138,840)		157,200	2,940
Premiums	1,718	28,504	(1,967)		28,255	1,987
Total bonds payable	140,558	185,704	(140,807)		185,455	4,927
Due to the County for acquisition of the System	353,453		(20,336)	(333,117)		
	\$ 494,011	\$ 185,704	\$ (161,143)	\$ (333,117)	\$ 185,455	\$ 4,927

On November 18, 2014, the NCSSWFA issued \$155.8 million in System Revenue Bonds, 2014 Series A, at various rates of 2.000% to 5.000%, and a final maturity date of October 1, 2034 and \$1.4 million in System Revenue Bonds, 2014 Series B (Federally Taxable), at a rate of 0.700%, and a final maturity date of October 1, 2016, to advance refund \$113.7 million of 2008 Series A Serial Bonds with rates ranging from 4.000% - 5.375% through 2028, to current refund \$16.7 million of 2004 Series B Serial Bonds with rates of 5.000% through 2024, and fund certain capital improvements to the system of \$37.8 million.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

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

NCSSWFA Long-Term Debt (Continued)

The net proceeds of \$184.3 million (the par amount of the bonds plus a premium of \$28.5 million, less underwriter’s fees and other issuance costs of \$1.4 million) were used to fund certain capital improvements to the system of \$37.8 million, and to fund the escrow of \$146.4 million. The excess proceeds of \$92,000 is restricted in the debt service fund and will be used during 2015 for debt service.

The escrow funds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2008 Series A and 2004 Series B Serial Bonds. As a result, the 2008 Series A and 2004 Series B bonds are considered to be defeased and the liability for those bonds removed from the non-current government liabilities. Of the refunded issues, \$16.7 million were called in 2014. The remaining \$113.7 million in outstanding bonds are considered defeased.

The NCSSWFA’s advance and current refunding refunded the 2008 Series A and 2004 Series B Serial Bonds to reduce its total debt service payments over the next fourteen years by \$8.7 million and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$8.1 million.

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

Aggregate debt service to maturity as of December 31, 2014, excluding premiums is as follows (dollars in thousands):

Years Ending December 31,	Principal	Interest	Total
2015	\$ 2,940	\$ 6,703	\$ 9,643
2016	10,205	7,651	17,856
2017	10,345	7,203	17,548
2018	10,815	6,686	17,501
2019	11,370	6,145	17,515
2020 - 2024	60,755	21,709	82,464
2025 - 2029	39,235	8,150	47,385
2030 - 2034	11,535	1,787	13,322
	\$ 157,200	\$ 66,034	\$ 223,234

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.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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

NCTSC Long-Term Debt (Continued)

NCTSC used the proceeds from the Series 2006 Bonds, along with other funds, to: (i) refund all of the 1999 Bonds then-currently outstanding in the aggregate principal amount of \$272.1 million; (ii) fund a Senior Liquidity Reserve for the Series 2006 Senior Bonds of \$24.0 million; (iii) pay the costs of issuance of the Series 2006 Bonds; (iv) fund certain projected requirements for the Operating Account; (v) fund interest on the Series 2006 Bonds through the December 1, 2007 payment; and (vi) pay certain amounts to the NCTSC Residual Trust as registered owner of the Residual Certificate. Pursuant to the Indenture, TSRs received on or after April 1, 2008, are subject to the lien of the Indenture. Interest and principal paid on these bonds in 2014 totaled \$19.3 million and \$1.5 million, respectively.

Any additional revenues received above the required debt service payments are required to fund sinking fund installments and/or Turbo Redemptions. NCTSC received sufficient TSRs to fund the required debt service payment on its Series 2006 Bonds during 2014. NCTSC transferred \$858,000 to the Senior Liquidity Reserve Account to increase the balance to the required level.

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 future TSR's, the Senior Liquidity Reserve Account, and the other funds and accounts as provided in the Indenture and are payable through 2060. NCTSC has no other assets available for the payment of the Series 2006 Bonds. The total principal and interest remaining to be paid on the bonds is \$2.2 million, with annual payments expected to require 96 percent of net revenues. Principal and interest paid for the current year and net system revenues were \$20.7 million and \$21.6 million, respectively.

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.

Bonds outstanding and amounts including accretion since issuance at December 31, 2014, 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	\$ 30,273	\$ 30,273
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	17,587
2006C	4/5/2006	9,867	6.00%	6/1/2046	9,867	16,542
2006D	4/5/2006	37,604	6.40%	6/1/2060	37,604	65,219
2006E	4/5/2006	802	7.35%	6/1/2060	802	1,507
					\$ 418,662	\$ 467,308
Unamortized Bond Discount						(6,476)
						\$ 460,832

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

10. 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, 2014 (dollars in thousands):

Years Ending December 31,	Principal	Interest	Total
2015	\$	\$ 19,231	\$ 19,231
2016		19,231	19,231
2017		19,231	19,231
2018		19,231	19,231
2019		19,231	19,231
2020 - 2024	30,273	88,920	119,193
2025 - 2029	37,906	84,351	122,257
2030 - 2034		74,101	74,101
2035 - 2039	97,005	52,275	149,280
2040 - 2044		49,850	49,850
2045 - 2049	215,072	206,383	421,455
2050 - 2054			
2055 - 2059			
2060	38,406	1,141,809	1,180,215
	<u>\$ 418,662</u>	<u>\$ 1,793,844</u>	<u>\$ 2,212,506</u>

Nassau Community College Long-Term Debt

Long-term liability activity for the year ended August 31, 2014 follows (dollars in thousands):

	Balance September 1, 2013	Issued	Redeemed	Balance August 31, 2014	Current Portion
General obligation bonds	\$ 50,390	\$	\$ 50,390	\$	
Dormitory Authority-State of NY bonds (DASNY)	42,741		42,741		
Endo note payable	841		27	814	30
Litigation liability	550		400	150	
Postemployment retirement benefits payable	312,270	26,584	8,796	330,058	
Insurance reserve liability	1,999	3		2,002	
Deposits held in custody for others	1,677		1,677		
Deferred bond premium	1,589		1,589		
Liability for future pension expense	800		266	534	267
Accrued compensated absences	53,901	4,823	1,271	57,452	3,032
Total long-term liabilities	<u>\$ 466,758</u>	<u>\$ 31,410</u>	<u>\$ 107,157</u>	<u>\$ 391,010</u>	<u>\$ 3,329</u>

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

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

Nassau Community College Long-Term Debt (Continued)

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

No revenues or assets of the College or the County have been pledged or will be available to pay the debt service on the bonds. The County has not pledged its full faith and credit to the payments of principal and interest on the bonds. DASNY will not have title to, a lien on, or a security interest in any of the projects being financed by the bonds or in other property of the County or College.

County of Nassau - The County has issued general obligation serial bonds for various College construction projects. This debt is the obligation of the County. No revenues or assets of the College have been pledged or will be available to pay debt service on the bonds. The County has pledged its full faith and credit to the payment of principal and interest on the bonds.

In fiscal year 2014, the College changed its method of revenue recognition for capital assets contributed by the State and County. Contributions of capital assets are now recognized when the assets are purchased by the State and County, as opposed to when the State and County make debt service payments on related borrowings. The College believes that this is a preferable method of revenue recognition and that it more accurately depicts the nature of the transaction. The change in accounting policy resulted in a decrease in the College’s bonds payable and deferred bond premium in the amount of approximately \$93.1 million and \$1.6 million, respectively. Furthermore, the intercompany due from the County balance of approximately \$12.6 million for bond proceeds received by the County and not yet disbursed for College capital projects was written off. The net impact was an overall increase to net investment in capital assets of approximately \$81.5 million as of September 1, 2013.

The College recognized approximately \$2.6 million in both State and local appropriations for contributions of fixed assets in fiscal year 2014.

As of August 31, 2014, principal and interest payments for the Endo note payable are as follows (dollars in thousands):

Years Ending August 31,	Principal	Interest	Total
2015	\$ 30	\$ 64	\$ 94
2016	32	62	94
2017	35	59	94
2018	38	56	94
2019	41	53	94
2020 - 2024	262	207	469
2025 - 2029	376	78	454
Total	\$ 814	\$ 579	\$ 1,393

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

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

Nassau Health Care Corporation Long-Term Debt

A schedule of changes in the NHCC's long-term debt and noncurrent liabilities for 2014 is as follows (dollars in thousands):

	Balance January 1, 2014 *	Issued	Redeemed	Balance December 31, 2014	Due within one year
Interest rate swap agreements	\$ 24,880	\$ 7,282	\$	\$ 32,162	
Bonds payable, net	247,488		4,538	242,950	13,005
Third party liabilities	38,801	14,513	12,497	40,817	
Accrued vacation and sick pay	49,731	10,500	2,690	57,541	2,690
Self-insurance liability	48,645	11,779	4,080	56,344	4,000
Accrued pension benefits	56,041	31,066	26,840	60,267	33,578
Postemployment health insurance	280,818	41,177	7,988	314,007	
Total noncurrent liabilities	<u>\$ 746,404</u>	<u>\$ 116,317</u>	<u>\$ 58,633</u>	<u>\$ 804,088</u>	<u>\$ 53,273</u>

* Beginning balance have been restated. See note 20

The NHCC's long-term debt at December 31, 2014 consisted of the following (dollars in thousands):

2009 Series A (taxable) Bonds payable at varying dates through August 1, 2022; variable rate demand bonds bearing interest at taxable variable rates with an effective average of approximately 0.12% in 2014	\$ 22,110
2009 Series B, C and D Bonds payable at varying dates through August 1, 2029; variable rate demand bonds bearing interest at tax-exempt variable rates with an effective average of approximately 0.07% in 2014	<u>220,840</u>
Current portion	<u>242,950</u> <u>(13,005)</u>
Total long term debt	<u>\$ 229,945</u>

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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

Nassau Health Care Corporation Long-Term Debt (Continued)

In April 2009, Series 2009 A (taxable), B, C and D bonds were issued as variable rate demand bonds (“VRDBs”) secured by letters of credit (“LOCs”) to redeem the 2004 Series A and 2004 Series C outstanding bank bonds. The bonds are subject to purchase on demand of the holder at a price equal to principal plus accrued interest on seven days’ notice and delivery to the NHCC’s remarketing agent. The remarketing agent is authorized to use its best efforts to sell the repurchased bonds at a price equal to 100 percent of the principal amounts by adjusting the interest rate. Under irrevocable letters of credit issued by JP Morgan Chase Bank, N.A., Wells Fargo Bank, N.A and TD Bank, N.A. the trustee or the remarketing agent is entitle to draw an amount sufficient to pay the purchase price of bonds delivered to it. If the remarketing agent is unable to resell any bonds that are “put” after 180 days (Wells Fargo and TD Bank LOCs) or 13 months (JP Morgan LOC) of the “put” date, the NHCC has reimbursement agreements with the letter of credit providers to convert the bonds to an installment loan payable over a certain period bearing an adjustable interest rate. Significant terms of the LOCs and reimbursement agreements are below.

Provider	Expiration Date	Facility Amount	Base Interest Rate	Interest Rate of LOC Draws	Maximum loan period (Years)	Loan Interest Rate	Annual Fee
Wells Fargo	July 6, 2018	\$ 73,205	Greater of Providers bank prime rate plus 2% or Federal Fund rate plus 2% or 8%	Days 1-30 = Base Rate Days 31-180 = Base Rate plus 1%	2.5	Base rate plus 2%	90 basis points
TD Bank	June 30, 2018	\$ 83,000	Greater of WSJ Prime rate or Federal Funds Rate plus 2%	Days 1-45 = Base Rate Days 46-90 = Base Rate plus 1% Days 91-135 = Base Rate plus 1.25% Days 136-180 = Base Rate plus 1.5% However, rate may never be below 6%	5	Greater of base rate plus 2% or 6%	70 basis points
J.P. Morgan	May 15, 2017	\$ 86,745	Greater of Prime Rate or 1-month LIBOR plus 2.5% or 7.5%	For A Series Bonds Days 1-120 = Base Days 121 - thereafter = Base Rate plus 1% For D Series Bonds: Day 1-60 = Base Rate plus 1% Day 60 - thereafter = Base Rate plus 2%	4	Same terms as interest rate on LOC draws	108 basis points

If the reimbursement agreement were to be exercised because the entire issue of demand bonds was “put” and not remarketed before 180 days with respect to the Series B & C bonds, or 13 months with respect to the Series A & D bonds, the NHCC would be required to pay the following estimated annual amounts (principal and interest) assuming the interest rates that would be in effect at December 31, 2014.

	Wells Fargo Series 2009 C	TD Bank Series 2009 B	JP Morgan Series 2009 A&D	Total
2015	\$ 1,509	\$ 1,147	\$ 1,552	\$ 4,208
2016	27,688	21,185	12,035	60,908
2017	27,282	20,153	30,523	77,958
2018	24,960	18,996	28,205	72,161
2019		17,839	19,633	37,472
2020		16,682		16,682
	<u>\$ 81,439</u>	<u>\$ 96,002</u>	<u>\$ 91,948</u>	<u>\$ 269,389</u>

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

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

Nassau Health Care Corporation Long-Term Debt (Continued)

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 2014 approximated \$1.97 million.

The County guarantees to the Trustee and the owners of Series 2009 Bonds the full and prompt payment of the principal and interest of the Series 2009 Bonds for the entire term of these bond series. The County has not been called upon to make payments under the guaranty. The County guaranty may be amended without consent of the bond owners.

In connection with the issuance of the 2009 Bonds, the NHCC incurred a loss of approximately \$31.5 million. The loss on refunding (the difference between the reacquisition price and the net carrying amount of the old debt) is carried as a deferred outflow of resources in the accompanying statement of net position. Amortization of the deferred loss is \$2.2 million for the year ended December 31, 2014.

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

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%) contemplated as part of the interest swap agreements. Payments applicable to long-term debt for years subsequent to December 31, 2014 are as follows (dollars in thousands):

	<u>Principal</u>	<u>Estimated Interest</u>
2015	\$ 13,005	\$ 8,654
2016	13,545	8,179
2017	14,115	7,685
2018	14,695	7,168
2019	15,290	6,630
2020 - 2024	82,980	24,308
2025 - 2029	89,320	9,413
	<u>\$ 242,950</u>	<u>\$ 72,037</u>

In January 2014, the NHCC issued \$40.0 million of taxable 2014 Revenue Anticipation Notes (RANs) that were due in January 2015 and secured by scheduled IGT payments and other New York State payments. The 2014 RANs were repaid in full in December 2014.

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.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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

Nassau Health Care Corporation Long-Term Debt (Continued)

Interest Rate Swap Agreements (Continued)

The NHCC derivative contract was evaluated pursuant to GASB 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 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 fair value of a hedging derivative instrument are reported as a deferred inflow or deferred outflow on the statement of net position until the contract is settled or terminated.

In April 2009, the NHCC undertook a current refunding of the 2004 Series C bonds. As part of the refunding, the three interest rate swap agreements (“Swaps”) were re-assigned to the new underlying 2009 Series B, C and D bonds with essential identical terms except for a change in interest rate mode from auction rate to weekly variable rate demand bonds. The three Swaps associated with the 2004 Series C bonds was determined to be an effective hedging relationship and, as such, the changes in fair value of the swap through the refunding date totaling \$30.0 million were include in the deferred loss on refunding calculation and amortized over the life of the new bonds. The new association of the three swaps and the 2009 Series B, C and D bonds are considered an effective hedging relationship at December 31, 2014.

All settlement payments or receipts for hedging derivative instruments are recorded as a component of interest expense in the period settled and amounted to approximately \$6.8 million for the year ended December 31, 2014.

The NHCC’s hedging derivative instruments at December 31, 2014 are as follows:

Swap ID	Fair Value December 31, 2014	Net Change In Fair Value	Fair Value December 31, 2013	Type of Hedge	Financial Statement Classification for Changes in Fair Value
1	\$ (10,738)	\$ (2,430)	\$ (8,308)	Cash Flow	Deferred Outflow
2	(10,712)	(2,426)	(8,286)	Cash Flow	Deferred Outflow
3	(10,712)	(2,426)	(8,286)	Cash Flow	Deferred Outflow
	<u>\$ (32,162)</u>	<u>\$ (7,282)</u>	<u>\$ (24,880)</u>		

The terms of the NHCC’s financial derivative instrument that was outstanding at December 31, 2014 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%	\$ 73,357
Merrill Lynch	October 14, 2004	August 1, 2029	3.4570%	62.6% of 1-Month LIBOR + .23%	\$ 73,127
UBS AG	October 14, 2004	August 1, 2029	3.4570%	62.6% of 1-Month LIBOR + .23%	\$ 73,127

The amount of outstanding debt covered by the three interest rate swap agreements total \$220.8 million and mature on August 1, 2029.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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

Nassau Health Care Corporation Long-Term Debt (Continued)

Interest Rate Swap Agreements (Continued)

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.

Credit Risk – As of December 31, 2014, the NHCC was not exposed to credit risk on the swaps with a \$32.2 million negative fair value. Since changes in interest rates affect the fair value of the swap agreement, it is possible that the swap agreement with a negative fair value becomes positive which would expose the NHCC to credit risk. Should the fair value of the swap become positive, to minimize its exposure to loss related to credit risk, the NHCC has collateral posting provisions included in the Credit Support Annex to the ISDA Agreements. The terms require that the Counterparties post collateral for an amount by which the swap fair value exceeds collateral credit threshold levels which range from \$50.0 million (A1 Moody’s and A+ S&P) to \$0 (Baa1 Moody’s BBB+ S&P or lower).

The unsecured long term debt credit ratings for the Counterparties at December 31, 2014 were as follows:

Counterparty	Moody's	Standard and Poors
JP Morgan Chase	Aa3	A+
Merrill Lynch (Bank of America)	Baa1	A
UBS AG	A2	A

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

Termination Risk – The NHCC uses the International Swap Dealers Association Master Agreement (Master Agreement), which includes standard termination events, such as failure to pay and bankruptcy. The NHCC or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The NHCC may also terminate the swaps at its option. Further, a termination event occurs if the Counterparties credit ratings fall below Baa1 by Moody’s and BBB+ by Standard and Poor’s or the Counterparties have their ratings withdrawn or suspended. A Swap termination is also triggered if: 1) the swap insurer is rate below A3 by Moody’s or below A- by Standard and Poor’s and the County is rated below A3 by Moody’s or below A- by Standard and Poor’s or 2) the County is rated below Baa2 by Moody’s or below BBB by Standard and Poor’s. If the Swap is terminated, the variable-rate mortgage note would no longer carry a synthetic fixed interest rate and the NHCC’s interest payment will be based solely upon the rate required by the related debt as issued. When a termination event occurs, a mark-to-market (or fair market value) calculation is performed to determine whether the NHCC is owed money or must pay money to close out a swap position. A negative fair value means the NHCC would incur a loss and need to make a termination payment to settle the swap position. A positive fair value means the NHCC would realize a gain and receive a termination payment to settle the swap position. 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, 2014

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

OTB Long-Term Debt

In June 2005, OTB issued 2005 Revenue Bonds. The proceeds were used to redeem prior notes, finance the acquisition and rehabilitation of the Race Palace, pay issuance costs, provide funds that were deposited into an acquisition fund for future capital purchases, and provide funds for deposit to a debt service reserve fund. The Series 2005 Revenue Bonds are general obligations of OTB and are secured by a pledge directly by the County pursuant to a support agreement that is described in the following paragraph. Rates on this obligation range from 3.4% to 4.0%.

Under the support agreement with the County, OTB is obligated to deposit required debt service payments due into a capital reserve fund. This transfer of funds must occur no later than 15 days prior to the due date of such payment. In addition, as consideration for entering into this support agreement and in recognition of the benefits anticipated to be derived, OTB is required to pay the County \$620,000 on each February 15th until the Series 2005 Revenue Bonds are paid in full.

Mortgages and bonds payable at December 31, 2014, consisted of the following (dollars in thousands):

Mortgage note – payable in 120 monthly installments of \$8.1 thousand including interest at 4.25% per annum with a balloon payment of \$1.1 million. A final payment is due on January 1, 2024. The mortgage is secured by the underlying real property with a net book value of \$2.2 million at December 31, 2014 and the cash accounts held by financial institution.	\$ 1,450
Bond payable - due in 15 annual installments of \$1.5 million plus semi-annual interest payments ranging from 3.4% to 4.0% per annum. A final payment is due on July 1, 2020. The bond is secured by the underlying real property with a net book value of \$8.8 million at December 31, 2014.	<u>8,708</u>
	<u>\$ 10,158</u>

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

	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,490	\$ 405
2016	1,491	349
2017	1,493	291
2018	1,490	231
2019	1,492	171
2020 - 2024	2,702	264
	<u>\$ 10,158</u>	<u>\$ 1,711</u>

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

11. REFINANCING OF LONG-TERM OBLIGATIONS

Prior to December 31, 2014, 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, 2014, approximately \$147.6 million of outstanding bonds (including NIFA and NCSSWFA) are considered defeased.

12. PENSION PLANS**Plan Description**

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

Funding Policy

The NYSLRS are noncontributory for those ERS members who joined the New York State and Local Employees' Retirement System prior to July 27, 1976 and for those PFRS members in Tiers 1 through 4. ERS employees who joined the NYSLRS after that date must contribute 3% of their salary, however, NYS legislation passed in 2000, suspending the 3% contribution for those employees who have 10 or more years of credited service. In addition, members who meet certain eligibility requirements will receive one month's additional service credit for each completed year of service up to a maximum of two additional years of service credit. In December 2009, the Governor signed a bill requiring ERS and PFRS members hired January 2010 and later to contribute 3% of their salary for all their years of public service, increasing the numbers of years required to vest for retirement benefits from 5 to 10 years, and placing a limitation on the annual amount of overtime credited as retirement earnings. Employees who joined the system on or after April 1, 2012 are required to contribute between 3% and 6% depending upon their salary for their entire career.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

12. PENSION PLANS (Continued)

Funding Policy (Continued)

The Common Retirement Fund (“Fund”) was established to hold all the assets and income of the NYSLRS in a single unified investment program. The overall methodology for ensuring that the Fund maintains adequate assets is determined by the NYSRSSL. The Fund’s assets come from three main sources: employee or member contributions, investment income and participating employer contribution. The value of the Fund and the rate of return on the investments directly affect the employer’s annual contribution rates. Each year, the State evaluates the Fund’s assets and compares the value of those assets to the funds needed to pay current and future benefits. The difference between these two amounts is spread over the future working lifetimes of active members to actuarially determine the annual contribution rates. Under the authority of the NYSRSSL, the State Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions based on salaries paid during the NYSLRS’ fiscal year ending March 31. 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.

The County, NIFA and NHCC are required to contribute at an actuarially determined rate. NIFA’s actual contributions were equal to the actuarially required amounts 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. The required contributions for the current plan year ended March 31 and two preceding plan years, expense amortized and the amounts actually contributed to the cost-sharing multiple-employer defined benefit retirement plan for the County’s ERS and PFRS members, and NCC’s ERS members, were as follows (in thousands of dollars):

Employees Retirement System							
	Annual Required Contribution	Credit & Miscellaneous Adjustments	Prepayment Discount	Amortization/ Deferral	2010 Incentive Installment	2010 Past Service Credit 553B	Total Payment
2014	\$ 101,671	\$ (6,817)	\$ (914)	\$ 7,652	\$ 4,201	\$ 69	\$ 105,862
2013	97,217	3,122	(875)	(37,458)	4,201	69	66,276
2012	79,591	(2,998)	(726)	(23,977)	4,240	69	56,199

Police and Fire Retirement System					
	Annual Required Contribution	Credit & Miscellaneous Adjustments	Prepayment Discount	Amortization/ Deferral	Total Payment
2014	\$ 102,615	\$ 2,754	\$ (924)	\$ 3,820	\$ 108,265
2013	87,337	(2,819)	(786)	(15,404)	68,328
2012	75,838	4,944	(730)	(14,808)	65,244

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

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

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the NYSLRS's fiscal years when the County opted to participate in the program. Because the County's fiscal year differs from the NYSLRS's fiscal year, the County's liability for the unpaid amounts and the annual expense for the amortization of that liability will differ in the County's financial statements to the amounts reported in the previously presented tables. The total unpaid pension amortization liability reported in the Primary Government's Statement of Net Position at the end of the fiscal year attributable to Chapter 57, Laws of 2010 was \$78.4 million, of which \$3.5 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)

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2015	\$ 3,613	\$ 1,110	\$ 4,723
2016	3,748	975	4,723
2017	3,889	834	4,723
2018	4,035	688	4,723
2019	4,187	536	4,723
2020-2022	10,118	644	10,762
Totals	\$ 29,590	\$ 4,787	\$ 34,377

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

12. 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, 2015	\$ 5,285	\$ 1,465	\$ 6,750
2016	5,444	1,306	6,750
2017	5,607	1,143	6,750
2018	5,775	975	6,750
2019	5,949	801	6,750
2020-2023	20,787	1,370	22,157
Totals	<u>\$ 48,847</u>	<u>\$ 7,060</u>	<u>\$ 55,907</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 percent 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 percent.
- The interest rate for repayment of the amounts amortized in New York State Fiscal Year Ending 2014 was 3.76 percent over 12 years. The interest rate for repayment of amounts amortized in New York State Fiscal Year Ending 2015 is 3.50 percent over 12 years.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

12. PENSION PLANS (Continued)

Funding Policy (Continued)

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the NYSLRS's fiscal years when the County opted to participate in the program. Because the County's fiscal year differs from the NYSLR'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 \$111.6 million, of which \$2.5 million was attributable to NCC's ERS members. Amortization contributions will be paid in twelve equal installments, one per year, but may be prepaid at any time. The County has elected to amortize over the twelve-year period. The interest rate will be established annually for each year's amortization and paid out of current resources in that year. Future principal and interest payments to maturity for the amortization installments for the County (including NCC) are as follows:

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

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2015	\$ 4,954	\$ 2,556	\$ 7,510
2016	5,140	2,370	7,510
2017	5,333	2,177	7,510
2018	5,534	1,976	7,510
2019	5,742	1,768	7,510
2020-2025	41,026	5,845	46,871
2026-2031	252	10	262
Totals	<u>\$ 67,981</u>	<u>\$ 16,702</u>	<u>\$ 84,683</u>

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

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2015	\$ 2,985	\$ 1,525	\$ 4,510
2016	3,089	1,421	4,510
2017	3,198	1,312	4,510
2018	3,309	1,201	4,510
2019	3,425	1,085	4,510
2020-2025	23,221	3,841	27,062
2026-2031	4,358	152	4,510
Totals	<u>\$ 43,585</u>	<u>\$ 10,537</u>	<u>\$ 54,122</u>

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

12. PENSION PLANS (Continued)

Funding Policy (Continued)

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

2010 Chapter 105, Laws of 2010
 Early Retirement Incentive -
 includes College
 (in thousands of dollars)

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2015	\$ 3,881	\$ 358	\$ 4,239
2016	887	66	953
Totals	<u>\$ 4,768</u>	<u>\$ 424</u>	<u>\$ 5,192</u>

In addition to the amortizations above, the County is amortizing 2010 prior service credits for ERS members of \$0.5 million over ten years, beginning in 2011 at an interest rate of 8%. The total unpaid liability reported in the Primary Government's Statement of Net Position at the end of the fiscal year was \$0.3 million, and \$69.0 thousand (including interest) was charged to the Primary Government's governmental funds in the current fiscal year. Future principal and interest payments to maturity for the remaining installments to be paid out of current resources are as follows:

Prior Service Credits 553B
 (in thousands of dollars)

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2015	\$ 43	\$ 26	\$ 69
2016	46	23	69
2017	50	19	69
2018	54	15	69
2019	58	11	69
2020	77	8	85
Totals	<u>\$ 328</u>	<u>\$ 102</u>	<u>\$ 430</u>

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

12. PENSION PLANS (Continued)

NHCC

The NHCC’s amount outstanding for current NYSRSSL contributions as of December 31, 2014 was approximately \$30.0 million and is included in current portion of accrued pension benefits in the Statement of Net Position.

NYSRSSL Chapter 57 of the Laws of 2010 authorized the New York State and local employers to amortize over ten years, at 3.67 percent (2014), 3.00 percent (2013), and 3.75 percent (2012) interest, and the portion of their annual bill that exceeded 12.5 percent, 11.5 percent, 10.5 percent of payroll for its 2014, 2013, and 2012 pension bills respectively. The outstanding pension amount being amortized at December 31, 2014 is \$30.2 million.

NHCC’s annual pension expense amounted to approximately \$39.8 million, \$33.4 million and \$30.3 million in 2014, 2013 and 2012, respectively, based on a percentage (which varies with length of service) of the salaries of covered employees.

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

The following reconciles fund balances at December 31, 2014 as prepared on a GAAP basis to the budgetary basis of reporting (dollars in thousands):

	General	Police District Fund	Sewer & Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds
Fund Balances at December 31, 2014, Prepared in accordance with GAAP	\$ 64,789	\$ (10,375)	\$ 53,022	\$ 287,109	\$ 148,519
Add:					
Funding for Tax Certiorari and Other Judgments	133,858				
Funding for Termination Pay	13,988	5,135	839		
Pension Benefits - Modified Accrual Basis Only	70,867	32,426	2,007		
Sale of Mitchel Field Leases	33,646				
EPA funding			4,187		
Less:					
Encumbrances	(66,063)	(1,265)	(16,910)		
Payments for Tax Certiorari and Other Judgments	(133,858)				
Payments for Termination Pay	(13,988)	(5,135)	(839)		
Unbudgeted FEMA Fund					(93)
Unbudgeted Grant Fund					(43,327)
Unbudgeted NCTSC					(221)
Unbudgeted Capital Project Fund				(287,109)	
Unbudgeted NCSSWFA					(126)
Unbudgeted NCTSC Debt Service Fund					(24,013)
Unbudgeted NCSSWFA Debt Service Fund					(92)
Unbudgeted NIFA Debt Service Fund					(61,190)
Fund Balances at December 31, 2014, Prepared on the Budgetary Basis of Reporting	<u>\$ 103,239</u>	<u>\$ 20,786</u>	<u>\$ 42,306</u>	<u>\$</u>	<u>\$ 19,457</u>

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

14. FUND BALANCES

Fund Balance classifications for the governmental funds at December 31, 2014 were (dollars in thousands):

FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2014 (Dollars in Thousands)

	General	NIFA Fund	Police District Fund	Sewer & Storm Water Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Prepays and other	\$ 42,156	\$ 66	\$ 10,809	\$ 669	\$	\$ 646	\$ 54,346
Spendable:							
Restricted for:							
Capital projects					2,912		2,912
Debt service		15,160				85,295	100,455
Open space	1,194						1,194
Judicial						406	406
General Administration						13,139	13,139
Protection of Persons						973	973
Health						24,357	24,357
Public Works						3,370	3,370
Recreation and Parks						192	192
Social Services						167	167
Corrections						188	188
Total Restricted	1,194	15,160			2,912	128,087	147,353
Committed to:							
Capital projects					284,197		284,197
Technology	1,871						1,871
Environmental Protection						19,457	19,457
Total Committed	1,871				284,197	19,457	305,525
Assigned to:							
General Administration	19,568	854				329	20,751
Public Works				52,353			52,353
Total Assigned	19,568	854		52,353		329	73,104
Unassigned			(21,184)				(21,184)
Total Fund Balance	\$ 64,789	\$ 16,080	\$ (10,375)	\$ 53,022	\$ 287,109	\$ 148,519	\$ 559,144

15. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

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

Eligibility for health benefits upon retirement are governed by Ordinance bargaining unit, age, and years of service. Non-union employees hired after August 2008 are required to have 10 years of governmental service, 5 years of which must be with the County to be eligible for post retirement health insurance benefits. CSEA employees hired after August 2003 are required to have 10 years of County employment. All other employees are eligible after 5 years of service. The County contributes 100% of the health insurance costs for the Government Employees Health Insurance program for all police officers and County employees who retired after December 31, 1975, with the exception of Ordinance employees hired after January 1, 2002 who are required to contribute either 5% or 10% of the cost depending on coverage. For employees who retired prior to December 31, 1975, the County's contribution is reduced in accordance with the union agreement applicable to their respective retirement dates. Nassau County is not required by law to provide funding other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. The County recognizes the expenditure of providing current and postretirement health care benefits in the year to which the insurance premiums apply. The total cost of providing health care benefits was \$284.3 million in 2014, of which approximately \$150.1 million was for retirees and approximately \$134.2 million was for active employees and other eligible individuals. Starting in 2013, the Medicare Reform Act of 2003 no longer provides a subsidy to employers who continued prescription drug coverage for its Medicare eligible retirees but instead is reflected in the premium rates.

Annual OPEB Cost and Net OPEB Obligation

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

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

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

The County elected to record the entire amount of the Unfunded Actuarial Accrued Liability ("UAAL"), totaling approximately \$3.5 billion in the fiscal year ended December 31, 2007, and not to fund the UAAL in excess of the pay-as-you-go amounts necessary to provide current benefits to retirees and eligible beneficiaries/dependents. The UAAL, including accrued interest relating to postemployment benefits is approximately \$4.6 billion as of December 31, 2014 which included both the County and an allocation of the Nassau Health Care Corporation's cost as of December 31, 2014. The County is not required by law or contractual agreement to provide funding for postemployment retirement benefits other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. During the fiscal year ended December 31, 2014, the County paid \$150.1 million on behalf of the Plan, exclusive of component units.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

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

The following table shows the elements of the County’s annual OPEB cost for the year, the amount actually paid, and changes in the County’s net OPEB obligation to the plan for the year ended December 31, 2014 (dollars in thousands):

Calculation of ARC and Annual OPEB Cost

	Primary Government			Major Discretely Presented Components	
	Nassau County Interim Finance Authority		Total	*Nassau Community College	**Nassau Health Care Corporation
	Nassau County				
Amortization of UAAL	\$ 4,804,001	\$ 1,704	\$ 4,805,705	\$ 317,825	N/A
Service Cost at the Beginning of year	136,239	112	136,351	14,793	N/A
Interest	92,629	34	92,663	6,237	N/A
Annual Required Contribution	5,032,869	1,850	5,034,719	338,855	40,057
Interest on net OPEB Obligations	177,018	62	177,080	11,710	11,935
Adjustment to ARC	(4,897,500)	(1,727)	(4,899,227)	(323,980)	(10,815)
Total Annual OPEB cost	312,387	185	312,572	26,585	41,177
Actual Contributions	150,097	35	150,132	8,797	7,988
Increase in net OPEB obligation	162,290	150	162,440	17,788	33,189
Net OPEB Obligation 2013	4,720,482	1,665	4,722,147	312,270	280,818
Net OPEB Obligation 2014	\$ 4,882,772	\$ 1,815	\$ 4,884,587	\$ 330,058	\$ 314,007

* Nassau Community College data as of fiscal year ended August 31, 2014

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

As of January 1, 2013, the original valuation date, the County’s actuarial accrued liability was approximately \$4.6 billion and the 2014 payroll cost (i.e. covered payroll) was \$843.0 million or 551.5% of the unfunded liability amount. The County’s annual OPEB cost, exclusive of blended component units, the actual annual OPEB amount contributed to the plan, and the net OPEB obligation for the fiscal years ended December 31, 2014, 2013 and 2012, were as follows (dollars in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual		
		Actual Annual OPEB Cost Paid	OPEB Cost Contributed	Net OPEB Obligation
12/31/14	\$ 312,387	\$ 150,097	48.0%	\$ 4,882,772
12/31/13	\$ (30,617)	\$ 147,813	-482.8%	\$ 4,720,482
12/31/12	\$ 339,825	\$ 148,587	43.7%	\$ 4,898,912

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions

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

Valuation date:	January 1, 2013
Actuarial cost method:	Projected Unit Credit Method
Discount rate:	3.75% per annum, 4.25% for NHCC

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

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

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

HCCTR Assumptions:

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

*Trend not applicable as actual 2014 premiums were valued.

NHCC used an annual health care cost trend rate of 7.77% in 2014 and grading down to an ultimate rate of 4.25%

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (Continued)

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

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

Monthly premium rates for the projected January 1, 2014 valuation are shown in the following table:

Pre-65 Non Medicare		
Single	\$	771.54
Family		1,714.19
Post-65 Medicare		
Single		408.77
Family – 1 Medprime		1,351.42
Family – 2 Medprime		988.69
Medicare (Part B) – per person		104.90

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

Mortality - Mortality rates are those recommended by the actuary:

Preretirement

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

Postretirement

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

Postretirement Disabled Lives

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

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (Continued)

The schedule of funding progress, found below and immediately following the notes to the financial statements, presents the results of OPEB valuations as of January 1, 2013, for the fiscal year ending December 31, 2014. The schedule provides trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits (dollars in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)* (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
1/1/2014**	\$ 0	\$ 4,649,542	\$ 4,649,542	0.0%	\$ 843,034	551.5%

* Based on the Projected Unit Credit Actuarial Cost Method.

**The last full actuarial valuation was performed in 2013. The actuarial liability was not projected for January 1, 2014.

16. 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 \$531.2 million, exclusive of blended components units at December 31, 2014. At August 31, 2014, NCC’s vacation leave and sick leave liability was \$57.5 million.

17. DEFERRED PAYROLL

In 2009, the County entered into agreements with the Civil Service Employees’ Association (“CSEA”), the Police Benevolent Association, (“PBA”), Superior Officers Association, (“SOA”), Detective Association, Inc. (“DAI”), and the Sheriff’s Corrections Officers Benevolent Association (“COBA”) and certain Ordinance employees, to defer 10 days’ pay, which shall be paid to the employee on separation of service at the salary rate then in effect. The County also entered into bargaining agreements with CSEA, PBA, SOA, DAI, and COBA that include deferrals of wages and longevity that cover various periods of time during 2007 through 2016. In 2011, these deferred wages began to be paid to the employee and additional payments are scheduled to be paid through 2016 depending on the bargaining unit, or at termination at the rate earned. The amount deferred at December 31, 2014 was approximately \$58.0 million. The non-current component of this deferral is reported as a long-term liability in the government-wide Statement of Net Position, as certain contractual arrangements to provide for the payment of these commitments at specific dates in future fiscal periods.

NCC entered into a similar agreement in 1992 originally to be paid to eligible employees on September 1, 2002, but continues to be deferred in accordance with their current contractual agreement. The amount deferred at NCC’s fiscal year close of August 31, 2014 was approximately \$0.8 million and is also reported in the government-wide Statement of Net Position. In addition, termination pay for accumulated leave in excess of \$5,000 for CSEA and Ordinance members shall be paid by the County in three equal installments of accumulated days on the three consecutive Januarys following termination. The amount deferred at December 31, 2014 was approximately \$11.5 million, and is also reported in the government-wide Statement of Net Position.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

18. CONTINGENCIES AND COMMITMENTS

A. Claims and Litigation

The County, its officers and employees are defendants in litigation. Such litigation includes, but is not limited to, actions commenced and claims asserted against the County arising out of alleged torts, alleged breaches of contracts (which include union and employee disputes), condemnation proceedings, medical malpractice actions and other alleged violations of law. The County self-insures for everything except for: property insurance on its police helicopters and selected leased facilities; a blanket fidelity bond covering all County employees; and the following coverage for the summer recreation program: accident insurance, umbrella liability and general liability. Settlements have not exceeded insurance coverage in any of the last three years. Essentially all other risks are assumed directly by the County. All malpractice occurrences prior to September 29, 1999 are the responsibility of the County of which there are no active cases. Subsequent malpractice occurrences arising from events in connection with NHCC are the responsibility of NHCC, (See Footnote 18E for further discussion).

The County annually appropriates sums for the payment of judgments and settlements of claims and litigation, which appropriations may be financed, in whole or in part, pursuant to the Local Finance Law by the issuance of County debt. The County intends to defend itself vigorously against all claims and in all litigation. Estimated liabilities of approximately \$437.0 million for claims and litigation (excluding tax certiorari claims) have been recorded as a liability in the government-wide financial Statement of Net Position as of December 31, 2014. Approximately \$240.9 million has been recorded as a liability in the government-wide financial Statement of Net Position, at December 31, 2014, 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 and Malpractice	
	2014	2013	2014	2013
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 250,908	\$ 284,279	\$ 295,000	\$ 305,000
Incurred claims and claim adjustment Expenditures:				
Provision for insured events of the current year and increases or decreases in provision for insured of prior years	16,623	11,616	154,371	19,161
Total incurred claims and claim adjustment expenditures	16,623	11,616	154,371	19,161
Payments:				
Claims expenditures attributable to insured events of the current and prior years	26,588	44,987	12,371	29,161
Total payments	26,588	44,987	12,371	29,161
Total unpaid claims and claim adjustment expenditures at the end of the year	\$ 240,943	\$ 250,908	\$ 437,000	\$ 295,000

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

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

In fiscal 2014, there were approximately 151,802 taxpayers' claims (residential and commercial) filed against the Board of Assessors, for the incorrect determination of assessed valuation (certiorari proceedings) for the 2014 (May 1, 2015) assessment roll. The total amount of bonds issued by the County and NIFA and still outstanding for property tax refunds was approximately \$1.0 billion at December 31, 2014. This amount has been included with serial bonds reported in the government-wide financial Statement of Net Position. An amount estimated for future settlements and judgments of \$296.0 million has also been recorded as a long-term liability in the government-wide financial Statement of Net Position at December 31, 2014, of which approximately \$66.0 million have been recorded as current liabilities in the government-wide Statement of Net Position. In 2014, an additional \$10.6 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 liability is a synopsis of all unpaid refund claims as of December 31. This includes Writs, Small Claims, Assessor Petitions, Unpaid Refunds, and Projected Refunds on Settlements. Not all components have liability every year, but many do. Liability reporting is segregated by "new" liability – those claims that have been added for the current tax year; and "old" liability which are all unsettled claims from past years. The liability is estimated differently depending on the type of liability. Each year open liabilities are revalued to adjust for interest accrued and settlements.

For the year-ended December 31, 2014, tax certiorari expenditures recorded in the governmental funds were \$95.4 million, comprised of, a \$4.0 million financed with operating funds, in addition to \$91.4 million paid with borrowed funds. In addition, \$25.4 million in tax certiorari payments were made in 2014 for amounts expensed and reported as accrued liabilities in the governmental funds and the Statement of Net Position in prior years.

In an order dated December 27, 2012, Nassau Supreme Court Justice Adams directed that the County shall satisfy certain property tax refund judgments in 2013 (*i.e.*, not in 2012), and prohibited such petitioners from commencing any collection proceedings prior to January 15, 2013. The total tax certiorari judgments affected by the order were estimated in 2012 to be approximately \$88.0 million and resulted in the deferral of this tax certiorari expense to 2013. In 2013, the actual amount was determined to be \$76.0 million. Of these judgments, \$70.1 million were paid in 2013, \$4.6 million were paid in 2014 and the remainder of \$1.3 million was accrued as a current liability in the governmental fund statements and the statement of net position as of December 31, 2014.

Superstorm Sandy Assessment Relief payments

In October 2013, the New York State Governor signed into law, the Superstorm Sandy Assessment Relief Act, which permits local governments to pass laws to allow retroactive downward adjustments of property tax assessments to account for losses in value due to Superstorm Sandy. In November 2013, the Nassau County Legislature passed a local law to adopt the Superstorm Sandy Assessment Relief Act. In order to fund the property tax refunds due to property owners under this law, the County Legislature approved \$35.0 million of borrowing to be used to pay the refunds. In 2014, approximately \$9.0 million of Sandy tax refunds checks were issued to property owners and approximately \$26.0 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 2015.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

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

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

Provisions for certain expected disallowances, where considered necessary, have been made as of December 31, 2014. 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. Insurance

The County carries property insurance on its police helicopters, 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. Essentially all other risks are assumed directly by the County.

Nassau Health Care Corporation Insurance

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

The Captive is subject to minimum capital requirements as established by the Cayman Islands Monetary Authority (the "Monetary Authority"). The NHCC has committed to fund any shortfalls of capital relative to the minimum statutory requirements and to provide any necessary financial support to the Captive as may be deemed necessary. The Captive's ability to operate is dependent upon such support. In April 2015, the NHCC funded approximately \$3.5 million to meet the Captive's minimum capital requirements at December 31, 2014.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

18. CONTINGENCIES AND COMMITMENTS (Continued)

E. Insurance (Continued)

Nassau Health Care Corporation Insurance (Continued)

In 2006, the Captive loaned the NHCC \$10.0 million. The loan is re-payable on demand and has been renewed until December 31, 2015. The loan bears interest at a rate of 5% per annum, payable semiannually. At December 31, 2014, the full loan amount of \$10.0 million remains outstanding. Additionally, in January 2012, the Captive loaned the NHCC an additional \$10.0 million. The loan is repayable on demand and matures on December 31, 2015. The loan bears interest at a rate of 4% per annum and is payable semiannually. At December 31, 2014, the full loan amount of \$10.0 million remains outstanding.

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

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

	<u>2014</u>	<u>2013</u>
Balance at beginning of year	\$ 46,649	\$ 41,968
Incurred related to:		
Current year	9,927	9,184
Prior year	<u>1,851</u>	<u>3,970</u>
Total incurred	11,778	13,154
Paid relating to:		
Current year	(198)	(186)
Prior year	<u>(3,882)</u>	<u>(8,287)</u>
Total paid	<u>(4,080)</u>	<u>(8,473)</u>
Balance at end of year	<u>\$ 54,347</u>	<u>\$ 46,649</u>

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

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

18. CONTINGENCIES AND COMMITMENTS (Continued)

E. Insurance (Continued)

Nassau Health Care Corporation Insurance (Continued)

Insurance reserves and the related insurance losses and loss adjustment expenses, recorded through the Captive, have been discounted based on an assumed interest rate of 4.0% at December 31, 2014 and 2013.

In addition to the insurance coverage purchased from the Captive, the NHCC purchases umbrella and other coverage from commercial insurers. For the year ended December 31, 2014 and 2013, insurance expense totaled \$10.2 million and \$11.8 million, respectively.

F. Capital Commitments

At December 31, 2014, there were capital project contract commitments of \$494.6 million, some of which may require future funding sources.

G. Material Encumbrances

Material encumbrances (greater than \$5 million) as of the year ended December 31, 2014 were as follows (dollars in thousands):

General Fund

Pre-School/Special Education contracts with the Health Department	\$	7,168
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Capital Fund

Construction:

Buildings	69,330
Disposal	182,160
Protection of Persons	6,789
Roads	9,754

Component Unit - Discretely Presented

Nassau Community College Buildings	7,865
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There were no material encumbrances as of December 31, 2014 in the non-major funds.

H. Service Concession Arrangements

The County has determined there are three service concession arrangements which are reported in the County's Statement of Net Position as of December 31, 2014; (1) Carlton on the Park LTD, (2) Christopher Morley Tennis LLC and (3) Twin Rinks at Eisenhower LLC. The County has recorded receivables of \$5.8 million, capital assets of \$62.3 million, current liabilities of \$70,000, non-current liabilities of \$238,000 and deferred inflows of \$67.8 million in the Statement of Net Position. See details below.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

18. CONTINGENCIES AND COMMITMENTS (Continued)**H. Service Concession Arrangements (Continued)****Carlton on the Park LTD**

The County's agreement with Carlton on the Park, LTD ("the Carlton") grants the Carlton the use of an existing Eisenhower Parks structure, which houses a restaurant and catering facility. The original agreement dates back to 1990 and the current agreement runs from January 1, 2013 through December 31, 2019 with an option to extend the term for an additional two (2) year period upon the reasonable agreement of the Licensee and the County. There were no up-front payments. The Carlton pays a minimum license fee of \$371.0 thousand per year, in monthly installments, with annual increases based on the Consumer Price Index ("CPI"). The Licensee also pays a percentage of its gross revenues, calculated at 18.5% of gross receipts (13% for tax exempt entities), and an annual utility fee of \$70.0 thousand, with increases based on the CPI. The Licensee is responsible for the greater of the minimum license fee payment or the percentage of gross receipts amount. The Carlton is responsible for all improvements and maintenance of the premises. The revenue received by the County is used to fund General Fund expenditures. The County has no financial contractual obligations respecting this agreement. The agreement calls for a bond or security deposit of up to \$250,000 at the County's discretion. The County currently has a \$250,000 bond on file which expires on 1/1/2016 and is renewable annually. The County reported in its Statement of Net Position a receivable of \$1.6 million, capital assets of \$1.6 million, a utility liability of \$308,000 and a deferred inflow of resources in the amount of \$2.9 million as of December 31, 2014, pursuant to the service concession arrangement.

Christopher Morley Tennis LLC

The County entered into an agreement with Christopher Morley Tennis, LLC ("Morley Tennis") which was approved by the County Legislature's Rules Committee in 2009. The intent of the County was to provide a place for the public to play tennis year-round at reasonable rates. The agreement has a term of twenty years with an additional five-year option upon the agreement of Morley Tennis and County. There were no up-front payments. Morley Tennis erected a new facility. Pursuant to the agreement, Morley Tennis currently pays an annual flat fee of \$113.0 thousand, which increases yearly pursuant to the agreement. A percentage of the gross receipts is paid to the County, beginning at 1% and rising over the term of the agreement to 4.6% in year twenty. Morley Tennis is required to pay for all utilities, capital improvements and maintenance of the premises. The County has no financial contractual obligations respecting this agreement. The facility was completed and occupancy taken by Morley Tennis in November 2013. Pursuant to the agreement, ownership of the facility becomes the County's, at the County's option, at the end of the agreement. Morley Tennis has provided a \$150 thousand performance bond to cover the faithful performance for the life of the agreement. The bond is in effect until May 20, 2016 and is renewable yearly. The County reported in its Statement of Net Position a receivable with a carrying amount of \$1.8 million, capital assets of \$9.2 million and a corresponding deferred inflow of resources of \$11.0 million as of December 31, 2014, pursuant to the service concession arrangement.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

18. CONTINGENCIES AND COMMITMENTS (Continued)**H. Service Concession Arrangements (Continued)****Twin Rinks at Eisenhower LLC**

The County entered into an agreement with Twin Rinks at Eisenhower LLC (“Twin Rinks”), which was approved by the Rules Committee in late 2012, to provide a local venue for the public’s increasing interest in the sport of hockey. The agreement has a term of thirty (30) years with an additional two ten-year options upon the agreement of the Licensee and County. There were no up-front payments. The Licensee constructed a new facility. Beginning in 2015, the annual base license fee will be \$100.0 thousand, which will increase to \$125.0 thousand upon the commencement of operating year 5. Thereafter, it will increase by 2.5% per year until the base fee is \$150.0 thousand. The increase will then be 1.5% per year until the end of the 30 year term. The County has no financial contractual obligations respecting this License. The facility was completed and occupancy taken by the Licensee in February 2014. 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 May 26, 2016, 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. The County reported in the Statement of Net Position a receivable with a carrying amount of \$2.4 million, capital assets of \$51.5 and a corresponding deferred inflow of resources of \$53.9 million as of December 31, 2014, pursuant to the service concession arrangement.

19. NASSAU HEALTH CARE CORPORATION (“NHCC”)

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

NHCC routinely strives to improve its net position by continuing to progress with Revenue Cycle initiatives, and through cash flows provided by government grants and programs, and funding of capital projects. NHCC has undertaken a number of initiatives to continue positive cash flows. Such actions include, renegotiation of all commercial managed care contracts, changes to medical management practices, improved supply chain, inventory management and, rightsizing of personnel and further cost reductions from the major modernization program undertaken over the past several years. The modernization program included significant investments in real estate consolidation, facility improvements, clinical equipment and information technology, and enhancements to the community health centers.

The Successor Agreement, which commenced in November 2007 and is in effect to 2029, clarifies the services provided by NHCC to the County and establishes the mechanism for payments to the Corporation. The Successor Agreement also provided NHCC with capital funding.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

20. RESTATEMENTS

Management of NIFA and NCTSC, two of the County’s blended component units and NHCC and NCC, the County’s two major discretely presented component units determined that there were errors on a governmental fund and government-wide reporting basis. Beginning balances have been restated to correct these errors in the County’s current year financial statements. The nature and effects of the errors and resulting corrections are described in the following paragraphs.

Governmental Fund Statements:

Primary Government

NIFA

A prior period adjustment is reported in the NIFA Debt Service fund in the amount of \$46.0 million. Previously, NIFA’s practice was to accrue three months of debt service set asides. As the debt service is not considered currently due and payable at the governmental fund level, no accrual is to be recorded. This resulted in an overstatement of accrued liabilities and understatement of the NIFA Debt Service fund’s beginning fund balance. Accordingly, the County has restated the beginning of the year NIFA Debt Service fund’s fund balance in the governmental funds – Statement of Revenues, Expenditures, and Changes in Fund Balance to correct these errors.

The effect of the restatement on fund balance are as follows (in thousands):

NIFA Debt Service Fund		
Fund Balance, as originally reported	\$	15,519
Adjust for overstatement of accrued liabilities		<u>46,046</u>
Fund balance beginning of year, as restated	\$	<u><u>61,565</u></u>
Total Governmental Funds		
Fund Balance, as originally reported	\$	555,284
Adjust for overstatement of accrued liabilities		<u>46,046</u>
Fund balance beginning of year, as restated	\$	<u><u>601,330</u></u>

Government-wide Statements

Primary Government

NIFA

A prior period adjustment is reported in the entity-wide statements in the amount of \$6.7 million. The accrued interest liability in the statement of net position was previously based on the three months of interest set asides versus the amount of accrued but unpaid interest that has been accumulated since the last interest payment. This resulted in an overstatement of accrued liabilities of \$6.7 million and an understatement of beginning net position of \$6.7 million.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

20. RESTATEMENTS (Continued)

Government-wide Statements (continued)

Primary Government (continued)

NCTSC

NCTSC has determined a correction of an error in previously issued financial statements was necessary to eliminate the deferral of cost from the purchase of future TSRs previously reported to be consistent with the prospective adoption of the provisions of GASB Statement No. 48 *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* (GASB 48) by the County. In 2007, the County elected to apply the deferral provisions of GASB 48 prospectively and NCTSC, therefore, determined it should not have recognized the deferral of cost from the purchase of TSRs (\$308.2 million as of December 31, 2013) as a deferred outflow of resources. The impact of this on the prior year State of Activities is a change in the increase in net deficit from \$6,683.2 million to \$6,673.4 million. This resulted in an overstatement of deferred outflows of resources – purchase of future tobacco revenue of \$308.2 million and an overstatement of beginning net position of \$308.2 million.

In addition, NCTSC has determined a correction of an error in previously issued financials statements was necessary to reclassify amounts historically recorded to net position (deficit) balances to properly conform with GAAP. The reclassification restatement allocates the restricted balance to unrestricted. The restricted investment balance was funded by debt proceeds and, therefore, the asset is offset by the related debt and has no net position effect. The restatement has no effect on the statement of activities or other financial statements in prior years.

Overall, the County has restated the beginning of year net position in the statement of activities to correct these errors (NIFA and NCTSC) and restated net position (deficit) as follows (in thousands).

Government-wide Statements	
Net Position (Deficit), as originally reported	\$ (6,520,991)
Adjust for correction of adoption of GASB 48 (NCTSC)	(308,181)
Adjust for correction of accrued interest (NIFA)	<u>6,705</u>
Net Position (Deficit) at beginning of year, as restated	<u><u>\$ (6,822,467)</u></u>

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

20. RESTATEMENTS (Continued)

Discretely Presented Component Units

NHCC

During the 2014 closing process, the NHCC determined that financial statements issued in 2013 and prior were misstated. The 2013 net position was overstated by \$27.0 million related to over reported patient accounts receivable, under reported FICA and other payroll liabilities associated with accrued payroll. Also, the NHCC and the Medicare Administrative Contractor (MAC) misreported payments in settlement documents. Also, the NHCC determined that 2013 net position was understated by \$27.4 million due to improperly classified amounts for its interest rate swap agreements (GASB 53), and the NHCC did not include two component units that are part of its reporting entity. Consequently, beginning net position for the NHCC has been restated as follows (in thousands):

Net Position (Deficit), as reported	\$ (387,348)
Cumulative effect related to:	
Third party liability analysis (2013 and prior)	(15,919)
Patient accounts receivable analysis (2013 and prior)	(6,266)
Addition of FICA and other payroll accruals (2013 and prior)	(4,790)
Subtotal	<u>(26,975)</u>
Adoption of GASB 53 (2013 and prior)	24,882
Addition of NMA and LIMF to financial reporting entity (2013 and prior)	2,476
Subtotal	<u>27,358</u>
Net Position (Deficit) at beginning of year, as restated	<u>\$ (386,965)</u>

Additionally, cash and cash equivalents as previously reported at December 31, 2013 has been restated to reflect \$20,000 thousand in cash that was reclassified from assets restricted as to use to unrestricted cash and cash equivalents as there are not external restrictions placed on the use of those funds.

NCC

Management of NCC's component unit, Nassau Community College Foundation, Inc. has determined a correction of an error in previously issued financial statements was necessary to correct agency transactions historically recorded as revenue and expense to a liability to properly conform with GAAP. An agency transaction does not meet the definition of a contribution. Such amounts should have been recorded as cash and a liability when received, and then a reduction in the liability and cash when paid out. The restatement had an effect on the overall beginning net position balance of NCC as follows (in thousands):

Net Position (Deficit), as reported	\$ (267,442)
Restatement of balance	<u>(115)</u>
Net Position (Deficit) at beginning of year, as restated	<u>\$ (267,557)</u>

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

20. RESTATEMENTS (Continued)

Discretely Presented Component Units (Continued)

NCC (Continued)

Overall, the County has restated the beginning of year net position in the statement of activities for discretely presented component units, (inclusive of non-major component units) to correct these errors and restated net position (deficit) as follows (in thousands):

Government-wide Statements	
Net Position (Deficit), as originally reported	\$ (674,791)
Adjust for corrections of errors (NHCC)	383
Adjust for correction of errors (NCC)	<u>(115)</u>
Net Position (Deficit) at beginning of year, as restated	<u>\$ (674,523)</u>

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

Governmental Fund Statements

Primary Government

In October 2014, the New York State Office of the State Comptroller issued an Accounting Bulletin with regard to the accounting for retained percentages. According to the State, retained percentages should not be expensed at the time that the invoice is paid, but rather, when the retainage is paid. As a result, the County revised its accounting effective with the financial statements for the year ended December 31, 2014.

The effect of this change in accounting principle on the governmental funds was an increase to beginning Capital Fund fund balance of \$4.5 million representing the accumulated retainage liability to vendors prior to 2014.

Government-wide Statements

The reporting of retained percentages also affected beginning net position in the government-wide financial statements. The effect on the primary government’s opening net position in the Statement of Activities was an increase of \$4.5 million and a \$4.5 million decrease in the primary government’s beginning liabilities in the Statement of Net Position.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

21. EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE ON CURRENT-PERIOD FINANCIAL STATEMENTS (Continued)

Government-wide Statements (Continued)

In 2014, NCC changed its method of revenue recognition for capital assets contributed by the State and County. Contributions of capital assets are now recognized when the assets are purchased by the State and County, as opposed to when the State and County make debt service payments on related borrowings. As a result of NCC's changes, the County recorded an increase to beginning general obligation bonds payable of \$51.0 million for the year ended December 31, 2014 and a decrease to beginning net position of \$51.0 million. The effects of these changes on net position (deficit) are as follows (in thousands of dollars):

Government-Wide Financial Statements	
Net position (deficit), beginning, as restated*	\$ (6,822,467)
Adjust retainage payable	4,525
Adjust for general obligation bonds payable	(50,961)
Cumulative effect of accounting principle	(46,436)
Net position (deficit) at beginning of year	\$ (6,868,903)

* See Note 20 on restatement

Discretely Presented Component Units

NCC

In 2014, NCC changed its method of revenue recognition for capital assets contributed by the State and County. Contributions of capital assets are now recognized when the assets are purchased by the State and County, as opposed to when the State and County make debt service payments on related borrowings. NCC believes that this is a preferable method of revenue recognition and that it more accurately depicts the nature of the transaction. The change in accounting policy resulted in a decrease in NCC's bonds payable and deferred bond premium in the amount of approximately \$93.1 million and \$1.6 million, respectively. Furthermore, the due from Nassau County balance of approximately \$12.6 million for bond proceeds received by the County and not yet disbursed for NCC capital projects was written off. The net impact was an overall increase to net investment in capital assets of approximately \$81.5 million as of September 1, 2013 and an overall increase to beginning net position of \$82.1 million.

22. SUBSEQUENT EVENTS

Debt Issuance

In January 2015, the County issued Series A and Series B Bond Anticipation Notes ("BANS") of \$25.5 million and \$26.6 million, respectively. The Series A Notes bear interest of 2.0% and mature on June 15, 2015. The Series B Notes bear interest of 3.0% and mature on June 15, 2016. The BANS were issued to refinance, in part, the County's Bond Anticipation Notes, 2014 Series A, which matured on February 2, 2015, issued to refinance notes that originally financed various costs related to the remediation and restoration of County facilities and infrastructure from Superstorm Sandy related damage, to pay additional costs related thereto and to pay costs of issuance related to the BANS.

In January 2015, the County issued Series A General Obligation Bonds in the amount of \$29.6 million to fund various capital projects and to pay costs of issuance related to the Bonds. The Bonds bear interest at varying rates from 2.0% to 5.0%, with maturity dates ranging from October 2015 to October 2033.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

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

In May 2015, the County issued Series C BANs of \$40.8 million with an interest rate of 1.125% due December 15, 2016. The BANs were issued to finance various sewer system improvements and to pay costs of issuance related to the 2015 Series C BANs.

In May 2015, the County issued Series A Revenue Anticipation Notes in the amount of \$178.5 million to finance cash flow needs within the County. The Series A Notes bear interest at 2.0% and mature on March 15, 2016.

In May 2015, the County issued Series B General Obligation Bonds in the amount of \$168.9 million to fund various public purposes, including capital projects, employee separation payments, Superstorm Sandy assessment relief payments and tax certiorari payments, and to pay costs of issuance related to the Bonds. The Bonds bear interest at 5.0%, with maturity dates ranging from April 2017 to April 2035.

In January 2015, the NHCC issued \$40.8 million of taxable 2015 Revenue Anticipation Notes due in January 2016. The RANs were issued in anticipation of receipt by the Corporation of Federal IGT payments. The Corporation has pledged certain Medicaid related program payments to be received from the State of New York and certain other funds for the payment of the principal and interest on the RANs.

Utilities Litigations 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 have determined that special ad valorem levies may not be imposed upon mass properties of the utilities (Verizon, American Water and others) for garbage and refuse collection services because such properties do not benefit from these services and ordered the towns and garbage districts to refund the payment of the levies. The towns and garbage districts seek to have the County indemnify these judgments on the basis that the County is allegedly a guarantor for any claim for an illegal assessment for non-benefitted properties. 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. The County appealed to the Appellate Division concerning the application of the so-called County guaranty in these matters. In June 2014, the Appellate Division denied the County's appeal and in September 2014 the Court of Appeals denied the County's application for leave to appeal the Appellate Division's decision. The County has subsequently made additional motions regarding the application of the so-called County Guaranty in these matter with respect to whether interest can be applied in these cases and if so, the amount of any such interest. In addition, County has made a motions contending that the application of the so-called guaranty in these cases would be a violation of the Gift and Loan Clause of the State Constitution as well as violations the statute of limitations as set forth in the Real Property Tax Law. In May 2015 State Supreme Court Judge Marano denied the County's motions regarding the Gift and Loan Clause and the statute of limitations, reserving decision on the interest issue. Certain other State Supreme Court Judges also have denied the County's motions with regard to constitutional violations of Gift and Loan Clause and the statute of limitations application in these proceedings. The County intends to appeal these rulings and continue to defend itself vigorously in these actions. It is not possible to predict the outcome of these actions and proceedings or their ultimate impact on the County's financial condition. As third-party claims in these non-benefitted garbage district cases continue to be filed against the County it is difficult to predict the total outstanding liability should a court determine the County is ultimately responsible to reimburse the towns and special districts; however, at present the estimated refunds amount could be as high as \$185.0 million. At present the estimated liability of \$185.0 million is included in the Statement of Net Position.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014**

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

In July 2013, the County was served with a summons and complaint by Looks Great Services, Inc. (“Looks Great”) for alleged breach of contract surrounding the services it provided to the County for tree and debris removal related to Super-Storm Sandy damage and tortious interference with contracts. Looks Great sought \$13.8 million from the County. For fiscal year 2012, the County accrued expenses and reserved for, as a liability, an amount equal to the estimated cost of services incurred in 2012 and obligated in its FEMA fund an amount equal to the expected cost of services under its contract with Looks Great. In 2014, the County resolved the contractual claims and paid the principal amounts owed pursuant to the contract which was approximately \$13.0 million. Looks Great claims it is entitled to interest in addition to the principal amount paid, which the County disputes. The amount of interest that Looks Great is seeking is approximately \$500,000, however, the dispute over interest, after negotiation, has been resolved and a stipulation of settlement was finalized on July 15, 2015 with no further payment above the contract amount which has already been paid.

Restivo et al

In *Restivo v. County of Nassau, et al. and Kogut v. County of Nassau, et al. and Halstead v. County of Nassau, et al.*, plaintiffs are suing in their own behalf for compensatory and punitive damages arising out of their 1985 arrests and 1986 convictions in the rape and murder of Theresa Fusco. In 2003, the Nassau County District Attorney’s Office joined plaintiffs’ (then defendants’) counsel in a motion to vacate the judgment of conviction against them because DNA technology disclosed that John Kogut, John Restivo and Dennis Halstead were not the sources of the DNA found in the victim’s body. Based upon Mr. Kogut’s prior confession, he was re-tried in 2005. After a bench trial, the County Court Judge acquitted Mr. Kogut. Shortly thereafter (in 2005), the indictment against Mr. Restivo and Mr. Halstead was dismissed. In 2006, plaintiffs commenced the present federal civil rights actions. In November 2012, the jury found the County and the other defendants not liable in these actions. In July 2013, Judge Joanna Seybert denied Mr. Kogut’s motion to set aside the jury verdict and granted in part Mr. Halstead’s and Mr. Restivo’s motions to set aside the verdict due to the possibility the jury did not understand the court’s charge with respect to their claim of malicious prosecution, which the Judge nonetheless deemed “legally correct”. The County moved for reconsideration of the decision granting Mr. Halstead and Mr. Restivo a new trial, or, in the alternative, for permission to appeal the decision. In October 2013, Judge Seybert denied the County’s motion and in a re-trial that concluded in April 2014 the jury found only one defendant, a now- deceased County police officer, liable for violations of the plaintiffs’ civil rights. A subsequent trial for damages was held in April 2014 and the jury set damages at \$36.0 million. In November 2014, Judge Seybert denied the County’s post-trial motion to set aside the verdict from the re-trial as well as the original underlying determination to grant the re-trial after the County and the other defendants were found not liable in November 2012. The estate of the former police officer has filed a notice of appeal of the re-trial verdict and the determination to grant the re-trial. The plaintiffs have filed a cross appeal against the County alleging that there was judicial error in dismissing the County from the trials. The County will respond to this cross appeal. In March 2015 Plaintiffs began proceedings to enforce of the \$36.0 million judgment including having the court impose the judgment against the County. In March 2015 Judge Seybert ordered that the County and the estate of the former county police officer obtain separate counsel due to potential conflict(s). Pursuant to the stipulation of the parties, the enforcement of judgement is stayed pending the outcome of the appeal in Second Circuit. The County will continue to defend itself vigorously in these proceedings. It is not possible to predict the outcome of these actions and proceedings or their ultimate impact on the County’s financial condition.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT X-14

COUNTY OF NASSAU, NEW YORK

**SCHEDULE OF FUNDING PROGRESS - NASSAU COUNTY PORTION
POSTEMPLOYMENT RETIREMENT HEALTHCARE BENEFIT PLAN
DECEMBER 31, 2014 (Dollars in Thousands)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Accrued Percentage of Covered Payroll (b-a)/c
1/1/14 *	\$ 0	\$ 4,649,542	\$ 4,649,542	0.0%	\$ 843,034	551.5%
1/1/13	0	4,649,542	4,649,542	0.0%	843,034	551.5%
1/1/12	0	4,803,521	4,803,521	0.0%	906,847	529.7%

* The last full actuarial valuation was performed in 2013. The actuarial accrued liability was not projected for January 1, 2014.

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

EXHIBIT A-1**COUNTY OF NASSAU, NEW YORK****COMBINING BALANCE SHEET****NONMAJOR GOVERNMENTAL FUNDS****DECEMBER 31, 2014 (Dollars in Thousands)**

	Nonmajor Special Revenue Funds					Nonmajor Debt Service Funds			Total Nonmajor Governmental Funds
	Environmental Protection Fund	Tobacco Settlement Corp	Sewer Financing Authority	Grant Fund	FEMA Fund	Tobacco Settlement Corp	Sewer Financing Authority	NIFA	
ASSETS									
Cash and Cash Equivalents	\$ 26,801	\$ 207	\$ 1,233	\$ 76,287	\$ 18,483	\$	\$ 212	\$	\$ 123,223
Restricted Cash								86	86
Restricted Investments						24,013		46,306	70,319
Interest Receivable								54	54
Due from Other Governments				24,791	63,681				88,472
Accounts Receivable				232					232
Interfund Receivables			26	428	3,326			15,157	18,937
Prepays		18		628					646
Due from Component Unit				1					1
Other Assets				774					774
TOTAL ASSETS	\$ 26,801	\$ 225	\$ 1,259	\$ 103,141	\$ 85,490	\$ 24,013	\$ 212	\$ 61,603	\$ 302,744
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts Payable	\$	\$ 4	\$	\$ 6,136	\$ 2,658	\$	\$	\$	\$ 8,798
Accrued Liabilities				6,483	2,073		120	396	9,072
Unearned Revenues				44,409	789				45,198
Interfund Payables	7,344		1,133	2,786	79,877			17	91,157
Total Liabilities	7,344	4	1,133	59,814	85,397		120	413	154,225
Fund Balance:									
Nonspendable		18		628					646
Spendable									
Restricted				42,699	93	24,013	92	61,190	128,087
Committed	19,457								19,457
Assigned		203	126						329
Total Fund Balance	19,457	221	126	43,327	93	24,013	92	61,190	148,519
TOTAL LIABILITIES AND FUND BALANCE	\$ 26,801	\$ 225	\$ 1,259	\$ 103,141	\$ 85,490	\$ 24,013	\$ 212	\$ 61,603	\$ 302,744

EXHIBIT A-2**COUNTY OF NASSAU, NEW YORK****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014 (Dollars in Thousands)**

	Nonmajor Special Revenue Funds				Nonmajor Debt Service Funds			Total Nonmajor Governmental Funds	
	Environmental Protection Fund	Tobacco Settlement Corp	Sewer Financing Authority	Grant Fund	FEMA Fund	Tobacco Settlement Corp	Sewer Financing Authority		NIFA
Revenues:									
Fines and Forfeits	\$	\$	\$	\$ 1,508	\$	\$	\$	\$ 1,508	
Interest Income			3	119		3	488	613	
Rents and Recoveries				76				76	
Tobacco Receipts						21,733		21,733	
Departmental Revenue				3,689				3,689	
Interdepartmental Revenue					3,432			3,432	
Interfund Revenue				230				230	
Federal Aid				65,250	29,676			94,926	
State Aid				38,993				38,993	
Property Taxes	9,651							9,651	
Special Taxes				975				975	
Total Revenues	9,651		3	110,840	33,108	21,736	488	175,826	
Expenditures:									
Current:									
Judicial				4,292				4,292	
General Administration		122	66	28,787	116		125	29,216	
Protection of Persons				10,658	7			10,665	
Health				52,475	1,381			53,856	
Public Works				377	31,869			32,246	
Recreation and Parks				3,999	138			4,137	
Social Services				14,761				14,761	
Corrections				1,406	53			1,459	
Total Current		122	66	116,755	33,564		125	150,632	
Debt Service:									
Principal						1,467	25,160	167,269	
Interest						19,282	7,096	71,783	
Bond Issuance Costs							1,419	1,419	
Total Debt Service						20,749	33,675	240,471	
Total Expenditures		122	66	116,755	33,564	20,749	33,800	391,103	
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,651	(122)	(63)	(5,915)	(456)	987	(33,800)	(185,559)	(215,277)
Other Financing Sources (Uses):									
Transfers In				187				187	
Transfers Out	(9,632)							(9,632)	
Transfers In from NIFA							186,093	186,093	
Transfers Out to NIFA							(909)	(909)	
Transfers In from SFA			117,271			44,217		161,488	
Transfers Out to SFA			(125,471)			(66,494)		(191,965)	
Transfers In from TSC		125						125	
Transfers Out to TSC						(125)		(125)	
Refunding Bonds Issued							157,200	157,200	
Premium on Bonds							28,504	28,504	
Payment to Bond Escrow Agent							(129,535)	(129,535)	
Total Other Financing Sources (Uses)	(9,632)	125	(8,200)	187		(125)	33,892	185,184	201,431
Net Change in Fund Balance	19	3	(8,263)	(5,728)	(456)	862	92	(375)	(13,846)
Fund Balance Beginning of Year, as Restated, See Note 20	19,438	218	8,389	49,055	549	23,151	61,565	162,365	
Fund Balance End of Year	\$ 19,457	\$ 221	\$ 126	\$ 43,327	\$ 93	\$ 24,013	\$ 92	\$ 61,190	\$ 148,519

EXHIBIT A-3**COUNTY OF NASSAU, NEW YORK****COMBINING STATEMENT OF NET POSITION****NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY****DECEMBER 31, 2014 (Dollars in Thousands)**

	Nassau County Bridge Authority	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Nassau County Local Economic Assistance Corporation	Total Nonmajor Discretely Presented Component Units
ASSETS					
CURRENT ASSETS:					
Cash and Cash Equivalents	\$ 9,797	\$ 1,200	\$ 2,461	\$ 856	\$ 14,314
Restricted Cash and Cash Equivalents		557			557
Other Receivables	6				6
Accounts Receivable		413	70		483
Inventories	16				16
Prepays	136		38	3	177
Other Assets - Current		467	28		495
Total Current Assets	9,955	2,637	2,597	859	16,048
NON CURRENT ASSETS:					
Restricted Cash and Cash Equivalents	5,524	1,853			7,377
Capital Assets Not Being Depreciated	9,898	567			10,465
Depreciable Capital Assets	43,026	44,389	44		87,459
Less Accumulated Depreciation	(24,358)	(30,187)	(21)		(54,566)
Total Non Current Assets	34,090	16,622	23		50,735
Total Assets	44,045	19,259	2,620	859	66,783
LIABILITIES					
CURRENT LIABILITIES:					
Accounts Payable and Accrued Liabilities	1,282	9,414	347	12	11,055
Notes Payable - Current		6,000			6,000
Due To Primary Government		326			326
Due to Other Governments		2,281			2,281
Current Portion of Long Term Liabilities	275	1,490			1,765
Other Liabilities - Current		597		28	625
Total Current Liabilities	1,557	20,108	347	40	22,052
NON CURRENT LIABILITIES:					
Notes Payable		1,415			1,415
Bonds Payable	9,675	7,252			16,927
Due to Other Governments, net		2,310			2,310
Accrued Vacation and Sick Pay	429		240		669
Postemployment Retirement Benefits Liability	2,853	47,852	395		51,100
Total Non Current Liabilities	12,957	58,829	635		72,421
Total Liabilities	14,514	78,937	982	40	94,473
DEFERRED INFLOWS OF RESOURCES					
Fee Income	214				214
NET POSITION					
Net Investment in Capital Assets	18,671	4,612	23		23,306
Restricted:					
Nassau County Bridge Authority Capital Projects and Acquisitions	10,646	11,399			22,045
Unrestricted		(75,689)	1,615	819	(73,255)
Total Net Position (Deficit)	\$ 29,317	\$ (59,678)	\$ 1,638	\$ 819	\$ (27,904)

EXHIBIT A-4**COUNTY OF NASSAU, NEW YORK****COMBINING STATEMENT OF ACTIVITIES
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY
FOR THE YEAR ENDED DECEMBER 31, 2014 (Dollars in Thousands)**

	Nassau County Bridge Authority	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Nassau County Local Economic Assistance Corporation	Total Nonmajor Discretely Presented Component Units
Expenses	\$ 6,576	\$ 56,891	\$ 1,876	\$ 404	\$ 65,747
Program Revenues:					
Charges for Services	6,179	47,351	2,324	752	56,606
Total Program Revenues	6,179	47,351	2,324	752	56,606
Net Program Revenues (Expenses)	(397)	(9,540)	448	348	(9,141)
General Revenues					
Investment Income	19		6	2	27
Other	45	1,166			1,211
Net General Revenues	64	1,166	6	2	1,238
Change in Net Position	(333)	(8,374)	454	350	(7,903)
Net Position (Deficit) - Beginning of Year	29,650	(51,304)	1,184	469	(20,001)
Net Position (Deficit) - End of Year	\$ 29,317	\$ (59,678)	\$ 1,638	\$ 819	\$ (27,904)

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OTHER SUPPLEMENTARY INFORMATION

EXHIBIT B-1**COUNTY OF NASSAU, NEW YORK****COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
INTEREST AND PENALTIES ON TAXES	\$ 29,100	\$ 29,100	\$ 30,978	\$	\$ 30,978	\$ 1,878
LICENSES AND PERMITS						
Pistol Permit	900	900	467		467	(433)
Day Camp Permits	10	10	11		11	1
Food Establishments	3,361	3,361	3,364		3,364	3
Hazardous Materials Registration Fees	1,198	1,198	1,239		1,239	41
Benchmark Book	90	90	1		1	(89)
Home Improvements	2,200	2,200	2,198		2,198	(2)
Manufacturing Frozen Desserts	11	11	19		19	8
Realty Subdivision Filing	60	60	180		180	120
Road Openings	350	350	552		552	202
Swimming Pools and Bathing Beaches	260	260	278		278	18
Temporary Residence Inspection Permit	92	92	118		118	26
Weights & Measures	1,015	1,015	1,066		1,066	51
Cross Connections	60	60	60		60	
Water Supply Plan Review	151	151	181		181	30
Tattoo Parlor / Piercing	20	20	14		14	(6)
Predemolition Inspection	114	114	157		157	43
Day Camp Inspections	143	143	137		137	(6)
Taxi and Limo Registration Fees	250	250	274		274	24
ATM Registration Fees	100	100	96		96	(4)
Maps - Sewers	90	90	8		8	(82)
Hauling Permits	90	90	43		43	(47)
Licensing	90	90	171		171	81
Total Licenses and Permits	10,655	10,655	10,634		10,634	(21)
FINES AND FORFEITS	65,152	65,152	84,286		84,286	19,134
INTEREST INCOME	1,847	1,847	534		534	(1,313)
RENTS AND RECOVERIES						
Rental of Mitchell Field	2,392	2,392	3,686	(1,250)	2,436	44
Coliseum Concessions	435	435	528		528	93
Coliseum Rental	283	283	382		382	99
Coliseum Utilities	1,893	1,893	2,209		2,209	316
Coliseum Parking Revenue	180	180	398		398	218
Coliseum Advertising Revenue	150	150	77		77	(73)
Marriott Lighthouse Heating and Chilling	437	437	348		348	(89)
Landmark Property Rental	660	660				(660)
Cash Recoveries	710	710				(710)
Audit Recoveries	250	250	109		109	(141)
Grant fund Recoveries			(1)		(1)	(1)
Police Vehicle Recovery	300	300	271		271	(29)
NHCC Reimbursement	138	138	72		72	(66)
Vendor Recoveries	470	470				(470)
Revenue Recovery Account			47		47	47
Settlement Reimbursement	500	500	(2)		(2)	(502)
Recovery of Damage to County Property	400	400	218		218	(182)
Recovery of Prior Year Appropriations	7,694	7,694	546		546	(7,148)
Recovery of Workers' Compensation	1,015	1,015	1,890		1,890	875
Rental of County Property	1,138	1,138	1,041		1,041	(97)
Rental of Voting Machines	120	120	89		89	(31)
Sale of County Property	3,200	3,200	2,076		2,076	(1,124)
Proceeds from Online Auction			343		343	343
Recoveries from Enterprise Funds	2	2	1		1	(1)
Other Recoveries			1,922		1,922	1,922
Total Rents and Recoveries	22,367	22,367	16,250	(1,250)	15,000	(7,367)

(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, 2014 (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						
Assessment	\$ 1,615	\$ 1,615	\$ 73	\$	\$ 73	\$ (1,542)
Board of Elections	35	35	48		48	13
CASA	15	15	35		35	20
Civil Service	325	325	280		280	(45)
Correctional Center	2,670	2,670	2,349		2,349	(321)
County Attorney	125	125	158		158	33
County Clerk	36,451	36,451	30,561		30,561	(5,890)
County Comptroller	16	16	11		11	(5)
District Attorney	12	12	12		12	
Fire Commission	7,476	7,476	7,503		7,503	27
Health						
Administration	3	3	2		2	(1)
Children's Early Intervention	80	80	1,099		1,099	1,019
Pre School Education	1,219	1,219	1,922		1,922	703
Laboratory Research	10	10	11		11	1
Personal Health	2	2				(2)
Information Technology	40	40				(40)
Medical Examiner	25	25	27		27	2
Miscellaneous	620	620	620		620	
Parks and Recreation						
Administration	28	28	13		13	(15)
Recreation Services	10,623	10,623	9,786		9,786	(837)
Museums	387	387	428		428	41
Golf Operations	8,477	8,477	7,495		7,495	(982)
Police Ambulance Fees	24,900	24,900	24,088		24,088	(812)
Police Fees	683	683	383		383	(300)
Probation	1,780	1,780	1,545		1,545	(235)
Public Administrator	400	400	1,067		1,067	667
Public Works - Administration	359	359	451		451	92
Public Works - Highway and Engineering	47,513	47,822	47,974		47,974	152
Purchasing	529	529	18		18	(511)
Social Services						
Administration	205	205	4,013		4,013	3,808
Aid to Dependent Children	3,940	3,940	3,168		3,168	(772)
Burials	13	13	4		4	(9)
Children in Foster Homes	280	280	333		333	53
Home Energy Assistance Program	125	125	228		228	103
Children in Institutions	250	250	139		139	(111)
Education of Handicapped Children	5,711	5,711	6,176		6,176	465
Home Relief	2,700	2,700	2,181		2,181	(519)
Juvenile Delinquents	250	250				(250)
Medicaid MMIS	1,300	1,300	562		562	(738)
Title XX	200	200	111		111	(89)
Treasurer	525	525	493		493	(32)
Total Departmental Revenue	161,917	162,226	155,367		155,367	(6,859)
INTERDEPARTMENTAL REVENUES						
Office of Budget and Management	55,937	55,937	48,220		48,220	(7,717)
Constituent Affairs	1,274	1,274	331		331	(943)
Correctional Center	150	150	63		63	(87)
County Attorney	713	713	570		570	(143)

(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, 2014 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
INTERDEPARTMENTAL REVENUES (Continued)						
District Attorney	\$ 372	\$ 372	\$ 269	\$	\$ 269	\$ (103)
Human Services	379	379	258		258	(121)
Information Technology	4,956	4,956	4,763		4,763	(193)
Police Department	9,874	9,874	13,533		13,533	3,659
Public Works - Administration	9,819	9,819	9,744		9,744	(75)
Public Works - Roads and Bridge Maintenance	7,472	7,472	8,811		8,811	1,339
Public Works - Groundwater Remediation	254	254				(254)
Revenue from Capital Fund	100	100				(100)
Parks			66		66	66
Social Services	277	277	170		170	(107)
Veterans Service Agency	346	346				(346)
Total Interdepartmental Revenues	91,923	91,923	86,798		86,798	(5,125)
INTERFUND REVENUES						
Revenues from Indirect Cost Chargebacks	1,657	1,657	1,633		1,633	(24)
Revenues from Grant Closeouts			145		145	145
Interfund Revenue	23,311	23,311	20,146		20,146	(3,165)
Interfund Revenue from Sewer & Stormwater Fund	100	100				(100)
Interfund Revenue from Capital Match	700	700	2		2	(698)
NHCC Reimbursement on Guaranteed Debt	18,454	18,454	13,430		13,430	(5,024)
OTB Reimbursement	1,853	1,853	1,825		1,825	(28)
Stop DWI Grant Revenue	514	514	140		140	(374)
Total Interfund Revenue	46,589	46,589	37,321		37,321	(9,268)
FEDERAL AID						
Constituent Affairs			26		26	26
Correctional Center	10,712	10,712	3,904		3,904	(6,808)
County Attorney	300	300	204		204	(96)
Budget	92	92	16		16	(76)
Debt Service	5,163	5,163	4,792		4,792	(371)
District Attorney	31	31	34		34	3
Emergency Management	779	779	485		485	(294)
Housing and Minority Affairs	436	436	650		650	214
Human Services	5,544	5,577	5,604		5,604	27
Miscellaneous General Fund Aid			(1)		(1)	(1)
Police Department	1,065	1,065	1,011		1,011	(54)
Probation	16	16	184		184	168
Public Works	6,133	6,133	6,145		6,145	12
Senior Citizen Affairs			(23)		(23)	(23)
Real Estate			(264)		(264)	(264)
Social Services						
Administration	10,696	10,696	10,044		10,044	(652)
Aid to Dependent Children	28,060	28,060	23,592		23,592	(4,468)
Children in Foster Homes	1,263	1,263	1,324		1,324	61
Children in Institutions	7,500	7,500	4,113		4,113	(3,387)
Division of Services	10,242	10,242	9,096		9,096	(1,146)
Home Energy Assistance Program	500	500	317		317	(183)
Juvenile Delinquents	2,975	2,975	1,329		1,329	(1,646)
Medicaid MMIS	400	400	341		341	(59)
Public Financial Assistance	19,556	19,556	18,003		18,003	(1,553)
Subsidized Adoptions	2,600	2,600	1,396		1,396	(1,204)
Title XX	33,000	33,000	39,545		39,545	6,545
Total Federal Aid	147,063	147,096	131,867		131,867	(15,229)

(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, 2014 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
STATE AID						
Consumer Affairs	\$ 45	\$ 45	\$ 70	\$	\$ 70	\$ 25
Correctional Center	250	250	(14)		(14)	(264)
County Attorney	75	75				(75)
Court Facility Aid	1,507	1,507	1,395		1,395	(112)
District Attorney	63	63	77			14
Fire Prevention, Safety, Communication and Education	145	145	174		174	29
Health						
Administration	900	900	633		633	(267)
Children's Early Intervention	13,700	13,700	10,114		10,114	(3,586)
Pre School Education	63,789	63,789	47,094		47,094	(16,695)
Environmental Health	1,750	1,750	1,097		1,097	(653)
Laboratory Research	540	540	458		458	(82)
Personal Health	2,020	2,020	2,545		2,545	525
Housing and Intergovernmental Affairs	235	235	177		177	(58)
Human Services						
Administration	10,315	10,754	10,177		10,177	(577)
Information Technology						
Miscellaneous General Fund Aid	770	770	653		653	(117)
Police Department	589	589	879		879	290
Probation	4,858	4,910	5,209		5,209	299
Public Works						
Administration	140	140	218		218	78
Highway and Bridge Maintenance	62,309	63,539	63,541		63,541	2
Recreation			42		42	42
Social Services						
Administration	5,765	5,765	5,977		5,977	212
Aid to Dependent Children			4,830		4,830	4,830
Burials	5	5	2		2	(3)
Children in Foster Homes	690	690	489		489	(201)
Children in Institutions	3,675	3,675	2,293		2,293	(1,382)
Division of Services	8,118	8,118	9,764		9,764	1,646
Education of Handicapped Children	2,856	2,856	2,632		2,632	(224)
Home Relief	10,698	10,698	9,790		9,790	(908)
Juvenile Delinquents	1,215	1,215	809		809	(406)
Medicaid MMIS	500	500	579		579	79
Public Financial Assistance	13,983	13,983	9,307		9,307	(4,676)
Subsidized Adoptions	1,784	1,784	1,783		1,783	(1)
Title XX	7,250	7,250	6,035		6,035	(1,215)
Veterans Service Agency	33	33				(33)
Youth Board			(34)		(34)	(34)
Total State Aid	220,572	222,293	198,795		198,795	(23,498)
SALES TAX *	1,072,930	1,072,930	819,495		819,495	(253,435)
PREEMPTED SALES TAX IN LIEU OF PROPERTY TAXES						
Towns and City of Glen Cove	92,933	92,933	84,436		84,436	(8,497)
Total Preempted Sales Tax in Lieu of Property Taxes	92,933	92,933	84,436		84,436	(8,497)

(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, 2014 (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	\$ 445,322	\$ 445,322	\$ 446,420	\$	\$ 446,420	\$ 1,098
PAYMENTS IN LIEU OF TAXES	9,424	9,424	10,006		10,006	582
SPECIAL TAXES						
Admission Tax - Belmont Park	75	75	102		102	27
Emergency Phone Tax	7,448	7,448	6,927		6,927	(521)
Entertainment Tax	2,300	2,300	2,072		2,072	(228)
Motor Vehicle Tax	16,454	16,454	16,806		16,806	352
Off-Track Betting Surtax	2,999	2,999	2,923		2,923	(76)
Hotel-Motel Room Tax	3,825	3,825	3,784		3,784	(41)
Total Special Taxes	33,101	33,101	32,614		32,614	(487)
OTHER REVENUES						
Miscellaneous	11,199	11,199	13,012		13,012	1,813
Total Other Revenues	11,199	11,199	13,012		13,012	1,813
Total Revenues	2,462,094	2,464,157	2,158,813	(1,250)	2,157,563	(306,594)
OTHER FINANCING SOURCES						
Bond Premium	7,186	7,186	7,096		7,096	(90)
Transfers In	33,139	50,596	37,906	(1)	37,905	(12,691)
Transfer in from NIFA			161		161	161
Transfers in of Investment Income			867		867	867
Proceeds from Borrowing			154,821	(154,821)		
Total Other Financing Sources	40,325	57,782	200,851	(154,822)	46,029	(11,753)
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 2,502,419	\$ 2,521,939	\$ 2,359,664	\$ (156,072)	\$ 2,203,592	\$ (318,347)

* Paid to County \$63,955; paid to NIFA \$1,026,856

** Total revenues and other financing sources, estimates per the 2014 County budget as adopted	\$ 2,835,274
Less: Intrafund Budget Eliminations	(322,855)
Less: Appropriated Fund Balance	(10,000)
Original Budget per above	2,502,419
Add: Supplemental Appropriations	13,315
Add: Intrafund Modified Budget Eliminations	6,205
Budget Estimates, Total Revenues and Other Financing Sources	\$ 2,521,939

(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, 2014 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
CURRENT:						
LEGISLATIVE						
Legislature						
Legislators						
Salaries	\$ 4,776	\$ 4,536	\$ 4,119	\$	\$ 4,119	\$ 417
Fringe Benefits	2,059	1,967	1,976	(20)	1,956	11
Equipment	13	13				13
General Expenses	24	24	12		12	12
Contractual Services	250	90	65		65	25
Legislative Central Staff						
Salaries	623	663	654		654	9
Fringe Benefits	280	312	314	(3)	311	1
Equipment	45	45	45		45	
General Expenses	1,688	2,158	2,063		2,063	95
Contractual Services	1,700	1,590	461	813	1,274	316
Legislative Budget Review						
Salaries	850	850	660		660	190
Fringe Benefits	302	315	316	(3)	313	2
Equipment	3	3				3
General Expenses	7	7	4		4	3
Contractual Services	5	5				5
Total Legislative	12,625	12,578	10,689	787	11,476	1,102
JUDICIAL						
Court Administration						
Fringe Benefits	1,546	1,546	1,435		1,435	111
District Attorney						
Salaries	29,055	30,431	30,256	(164)	30,092	339
Fringe Benefits	12,852	13,052	13,107	(131)	12,976	76
Equipment	100	100	74	4	78	22
General Expenses	1,060	1,060	1,005	25	1,030	30
Contractual Services	1,519	1,519	1,076	110	1,186	333
District Attorney Total	44,586	46,162	45,518	(156)	45,362	800
Public Administrator						
Salaries	506	506	499		499	7
Fringe Benefits	297	302	303	(3)	300	2
General Expenses	9	9	3		3	6
Contractual Services	15	15	7		7	8
Public Administrator Total	827	832	812	(3)	809	23
Traffic and Parking Violations						
Salaries	3,020	3,162	3,129	(16)	3,113	49
Fringe Benefits	1,502	1,507	1,513	(15)	1,498	9
Equipment	9	9	3	3	6	3
General Expenses	510	7,933	218	46	264	7,669
Contractual Services	12,176	12,176	17,934	1,591	19,525	(7,349)
Traffic and Parking Violations Total	17,217	24,787	22,797	1,609	24,406	381
Total Judicial	64,176	73,327	70,562	1,450	72,012	1,315
GENERAL ADMINISTRATION						
Assessment						
Salaries	9,414	9,414	9,303	(167)	9,136	278

(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, 2014 (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)						
Fringe Benefits	\$ 5,759	\$ 5,626	\$ 5,649	\$ (56)	\$ 5,593	\$ 33
Equipment	5	5				5
General Expenses	411	411	336	40	376	35
Contractual Services	3,552	3,552	45	27	72	3,480
Assessment Total	<u>19,141</u>	<u>19,008</u>	<u>15,333</u>	<u>(156)</u>	<u>15,177</u>	<u>3,831</u>
Board of Assessment Review						
Salaries	2,137	2,217	2,165		2,165	52
Fringe Benefits	1,072	1,033	1,037	(10)	1,027	6
General Expenses	36	36	27	3	30	6
Contractual Services	1,052	1,052	49	432	481	571
Board of Assessment Review Total	<u>4,297</u>	<u>4,338</u>	<u>3,278</u>	<u>425</u>	<u>3,703</u>	<u>635</u>
Board of Elections						
Administration						
Salaries	3,330	3,330	3,071		3,071	259
Fringe Benefits	1,398	1,302	1,307	(13)	1,294	8
Equipment	62	62	26	4	30	32
General Expenses	93	93	44		44	49
General Elections						
Salaries	9,532	9,532	9,108		9,108	424
Fringe Benefits	3,782	3,861	3,877	(39)	3,838	23
Equipment	132	132	29	29	58	74
General Expenses	1,449	1,449	1,162	57	1,219	230
Contractual Services	593	593	249	21	270	323
Primary Elections						
Salaries	1,667	1,725	1,736		1,736	(11)
Fringe Benefits	399	736	739	(7)	732	4
General Expenses	814	814	675	3	678	136
Contractual Services	356	356	267		267	89
Board of Elections Total	<u>23,607</u>	<u>23,985</u>	<u>22,290</u>	<u>55</u>	<u>22,345</u>	<u>1,640</u>
Civil Service						
Salaries	4,569	4,569	4,510	(79)	4,431	138
Fringe Benefits	2,149	2,193	2,202	(22)	2,180	13
General Expenses	303	303	229	18	247	56
Contractual Services	35	35	4	(8)	(4)	39
Interdepartmental Charges	10	10				10
Civil Service Total	<u>7,066</u>	<u>7,110</u>	<u>6,945</u>	<u>(91)</u>	<u>6,854</u>	<u>256</u>
County Attorney						
Salaries	9,021	8,121	7,589	(84)	7,505	616
Fringe Benefits	4,201	4,108	4,125	(41)	4,084	24
Equipment	30	30	14	1	15	15
General Expenses	511	711	679	18	697	14
Contractual Services	8,805	9,505	4,935	3,047	7,982	1,523
Workers' Compensation Expense						
Fringe Benefits	9,114	9,114	7,461	(814)	6,647	2,467
County Attorney Total	<u>31,682</u>	<u>31,589</u>	<u>24,803</u>	<u>2,127</u>	<u>26,930</u>	<u>4,659</u>
County Clerk						
Salaries	5,170	5,170	5,132	(33)	5,099	71
Fringe Benefits	3,447	3,363	3,378	(34)	3,344	19
Equipment	73	73	51	3	54	19
General Expenses	310	310	122	107	229	81
Contractual Services	611	611	217	328	545	66
County Clerk Total	<u>9,611</u>	<u>9,527</u>	<u>8,900</u>	<u>371</u>	<u>9,271</u>	<u>256</u>
County Comptroller						
Salaries	6,427	6,427	6,018	(213)	5,805	622
Fringe Benefits	3,453	3,428	3,442	(34)	3,408	20

(Continued)

EXHIBIT B-2

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
VS. TOTAL BUDGETARY AUTHORITY**

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2014 (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	\$	\$	\$	\$ 5
General Expenses	131	131	41	8	49	82
Contractual Services	958	1,031	431	314	745	286
County Comptroller Total	<u>10,974</u>	<u>11,022</u>	<u>9,932</u>	<u>75</u>	<u>10,007</u>	<u>1,015</u>
County Executive						
Salaries	1,733	1,733	1,561		1,561	172
Fringe Benefits	1,056	1,013	1,017	(10)	1,007	6
General Expenses	101	101	35	4	39	62
Contractual Services	233	233	219	6	225	8
County Executive Total	<u>3,123</u>	<u>3,080</u>	<u>2,832</u>	<u>6</u>	<u>2,832</u>	<u>248</u>
County Treasurer						
Salaries	2,161	2,161	2,048		2,048	113
Fringe Benefits	1,358	1,335	1,340	(13)	1,327	8
Equipment	11	11	9		9	2
General Expenses	344	344	261		261	83
Contractual Services	356	356	173	33	206	150
Other Suits and Damages	10,000	10,000	4,139		4,139	5,861
County Treasurer Total	<u>14,230</u>	<u>14,207</u>	<u>7,970</u>	<u>20</u>	<u>7,990</u>	<u>6,217</u>
Office of Constituent Affairs						
Salaries	761	761	691		691	70
Fringe Benefits	391	402	403	(4)	399	3
Office of Constituent Affairs Printing & Graphics						
Salaries	1,550	1,550	1,382		1,382	168
Fringe Benefits	848	803	807	(8)	799	4
Equipment	1	1	1		1	1
General Expenses	1,667	1,667	1,366	55	1,421	246
Contractual Services	3	3	3	3	3	3
Office of Constituent Affairs Total	<u>5,221</u>	<u>5,187</u>	<u>4,649</u>	<u>46</u>	<u>4,695</u>	<u>492</u>
Office of Emergency Management						
Salaries	828	828	673		673	155
Fringe Benefits	208	271	272	(3)	269	2
General Expenses	17	17	1	1	2	15
Office of Emergency Management Total	<u>1,053</u>	<u>1,116</u>	<u>946</u>	<u>(2)</u>	<u>944</u>	<u>172</u>
Information Technology						
Administration						
Salaries	7,103	7,143	7,017	(74)	6,943	200
Fringe Benefits	3,279	3,467	3,482	(35)	3,447	20
General Expenses	422	422	305	3	308	114
Contractual Services	13,158	12,868	8,391	2,757	11,148	1,720
Utilities	3,990	4,240	4,082	141	4,223	17
Information Technology Total	<u>27,952</u>	<u>28,140</u>	<u>23,277</u>	<u>2,792</u>	<u>26,069</u>	<u>2,071</u>
Housing and Intergovernmental Affairs:						
Salaries	749	1,231	1,231		1,231	
Fringe Benefits	922	810	813	(8)	805	5
General Expenses	2	2	2		2	2
Interdepartmental Charges	138	143	143		143	
Housing and Intergovernmental Affairs Total	<u>1,811</u>	<u>2,186</u>	<u>2,187</u>	<u>(8)</u>	<u>2,179</u>	<u>7</u>
Labor Relations						
Salaries	315	325	322		322	3
Fringe Benefits	127	112	112	(1)	111	1

(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, 2014 (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)						
General Expenses	\$ 6	\$ 6	\$	\$	\$	\$ 6
Contractual Services	428	428	329	25	354	74
Labor Relations Total	876	871	763	24	787	84
Management and Budgets						
Salaries	3,191	5,009	4,108		4,108	901
Fringe Benefits	1,026	1,083	1,436	(392)	1,044	39
Equipment	5	5				5
General Expenses	121	121	65	1	66	55
Contractual Services	3,784	3,784	1,870	894	2,764	1,020
Contingency Reserve	10,000	100				100
Management and Budgets Total	18,127	10,102	7,479	503	7,982	2,120
Personnel						
Salaries	739	739	651		651	88
Fringe Benefits	282	262	263	(3)	260	2
General Expenses	39	39	9	1	10	29
Contractual Services	102	102		89	89	13
Personnel Total	1,162	1,142	923	87	1,010	132
Purchasing						
Salaries	878	935	1,005	(77)	928	7
Fringe Benefits	774	726	729	(7)	722	4
General Expenses	18	27	19	1	20	7
Contractual Services	2	2	1		1	1
Purchasing Total	1,672	1,690	1,754	(83)	1,671	19
Office of Real Estate Services						
Salaries	149	149	117		117	32
Fringe Benefits		29	29		29	
General Expenses	139	139	98	1	99	40
Contractual Services	167	232	29	174	203	29
Insurance on Buildings	811	811	261	290	551	260
Repairs		114	(2,391)	2,391		114
Rent	16,558	16,533	14,701	1,455	16,156	377
Mass Transportation						
Pt. Lookout/Lido Beach Bus Route	150	150	75	75	150	
Metropolitan Suburban Bus Authority	2,413	2,413	2,091	161	2,252	161
LIRR Station Maintenance	29,388	28,753	28,752		28,752	1
MTA-LIRR Operating Assistance	11,583	11,583	11,494		11,494	89
Intermodal Center	65					
Physically Challenged Transportation	762	762	661	50	711	51
Office of Real Estate Services Total	62,185	61,668	55,917	4,597	60,514	1,154
Public Utility Authority						
General Expenses	390	390		390	390	
Public Utility Authority Total	390	390		390	390	
Office of Records Management						
Salaries	879	879	707		707	172
Fringe Benefits	667	637	639	(6)	633	4
Equipment	5	5				5
General Expenses	288	288	61	108	169	119
Contractual Services	276	276	51	206	257	19
Office of Records Management Total	2,115	2,085	1,458	308	1,766	319
Total General Administration	246,295	238,443	201,636	11,480	213,116	25,327

(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, 2014 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
PROTECTION OF PERSONS						
Commission on Human Rights						
Salaries	\$ 549	\$ 549	\$ 545	\$	\$ 545	\$ 4
Fringe Benefits	434	465	467	(5)	462	3
General Expenses	5	5	1		1	4
Contractual Services	17	17		6	6	11
Commission on Human Rights Total	<u>1,005</u>	<u>1,036</u>	<u>1,013</u>	<u>1</u>	<u>1,014</u>	<u>22</u>
Commissioner of Accounts						
Fringe Benefits	109	105	105	(1)	104	1
Contractual Services	5	5				5
Commissioner of Accounts Total	<u>114</u>	<u>110</u>	<u>105</u>	<u>(1)</u>	<u>104</u>	<u>6</u>
Consumer Affairs						
Salaries	1,687	1,687	1,673	(16)	1,657	30
Fringe Benefits	1,168	1,108	1,113	(11)	1,102	6
Equipment	3	5	3		3	2
General Expenses	18	24	17		17	7
Consumer Affairs Total	<u>2,876</u>	<u>2,824</u>	<u>2,806</u>	<u>(27)</u>	<u>2,779</u>	<u>45</u>
Fire Commission						
Salaries	10,196	10,104	10,268	(164)	10,104	
Fringe Benefits	5,042	4,720	4,782	(62)	4,720	
Equipment	29	10	8	2	10	
General Expenses	303	279	137	140	277	2
Contractual Services	5,700	4,949	4,811	86	4,897	52
Interdepartmental Charges	2,159	1,992	1,992		1,992	
Fire Commission Total	<u>23,429</u>	<u>22,054</u>	<u>21,998</u>	<u>2</u>	<u>22,000</u>	<u>54</u>
Police Headquarters						
Salaries	224,637	232,746	241,091	(8,345)	232,746	
Fringe Benefits	125,533	122,985	123,355	(370)	122,985	
Workers' Compensation	3,831	3,481	3,481		3,481	
Equipment	427	585	556	16	572	13
General Expenses	4,007	4,134	3,586	435	4,021	113
Contractual Services	13,129	11,239	9,276	1,263	10,539	700
Utilities	2,635	3,138	2,635	501	3,136	2
Other Suits	250	61	61		61	
Interdepartmental Charges	24,622	21,629	21,629		21,629	
Police Headquarters Total	<u>399,071</u>	<u>399,998</u>	<u>405,670</u>	<u>(6,500)</u>	<u>399,170</u>	<u>828</u>
Medical Examiner						
Salaries	6,687	6,642	6,595	(3)	6,592	50
Fringe Benefits	2,698	2,905	2,917	(29)	2,888	17
Equipment	46	46	38		38	8
General Expenses	659	718	578	49	627	91
Contractual Services	147	148	52	56	108	40
Medical Examiner Total	<u>10,237</u>	<u>10,459</u>	<u>10,180</u>	<u>73</u>	<u>10,253</u>	<u>206</u>
Total Protection of Persons	<u>436,732</u>	<u>436,481</u>	<u>441,772</u>	<u>(6,452)</u>	<u>435,320</u>	<u>1,161</u>

HEALTH

Health Department Administration						
Salaries	1,811	1,711	1,604	(37)	1,567	144

(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, 2014 (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 (Continued)						
Fringe Benefits	\$ 1,088	\$ 1,082	\$ 1,087	\$ (11)	\$ 1,076	\$ 6
General Expenses	273	273	76	56	132	141
Interdepartmental Charges	5,228	5,228	4,323		4,323	905
Environmental Health						
Salaries	6,493	6,748	6,870	(159)	6,711	37
Fringe Benefits	4,564	4,635	4,654	(46)	4,608	27
Equipment	3	3	1		1	2
General Expenses	123	123	45	8	53	70
Contractual Services	192	192	47	85	132	60
Interdepartmental Charges	280	280	261		261	19
Laboratory Research						
Salaries	831	851	857	(20)	837	14
Fringe Benefits	640	578	581	(6)	575	3
Equipment	20	20	13		13	7
General Expenses	693	693	398	51	449	244
Contractual Services	(3)	(3)	6	(12)	(6)	3
Interdepartmental Charges	170	363	363		363	
Public Health						
Salaries	1,124	1,189	958	(22)	936	253
Fringe Benefits	622	646	649	(6)	643	3
Equipment	7	7	5		5	2
General Expenses	149	149	35	3	38	111
Contractual Services	169	138	51	68	119	19
Various Direct Expenses	5,000	5,000	5,000		5,000	
Interdepartmental Charges	288	347	347		347	
Early Intervention						
Salaries	3,300	3,450	3,506	(81)	3,425	25
Fringe Benefits	2,379	2,365	2,376	(24)	2,352	13
Equipment	26	26	1		1	25
General Expenses	426	426	87		87	339
Contractual Services	9	9	5		5	4
Early Intervention Charges	28,000	27,600	22,650		22,650	4,950
Interdepartmental Charges		33	33		33	
Preschool Education						
Salaries	314	324	329	(8)	321	3
Fringe Benefits	222	222	221	(2)	219	3
General Expenses	2	2	1		1	1
Contractual Services	256	287	183	61	244	43
Early Intervention Charges	142,288	142,288	98,338	18,857	117,195	25,093
Health Department Total	<u>206,987</u>	<u>207,285</u>	<u>155,961</u>	<u>18,755</u>	<u>174,716</u>	<u>32,569</u>
Mental Health, Chemical Dependency and Disabled Services						
Administration						
Salaries	2,922	2,797	2,450	(284)	2,166	631
Fringe Benefits		1,878	1,895	(28)	1,867	11
General Expenses	477	942	947		947	(5)
Contractual Services	14	14	109	156	265	(251)
Interdepartmental Charges	1,681	1,681	1,548		1,548	133
Contractual Services	7,022	7,022	3,489	2,917	6,406	616
Direct Services						
Fringe Benefits			18	(18)		
Contractual Services	(23)	(23)		(25)	(25)	2
and Disabled Services	<u>12,093</u>	<u>14,311</u>	<u>10,456</u>	<u>2,718</u>	<u>13,174</u>	<u>1,137</u>
Total Health	<u>219,080</u>	<u>221,596</u>	<u>166,417</u>	<u>21,473</u>	<u>187,890</u>	<u>33,706</u>

(Continued)

EXHIBIT B-2**COUNTY OF NASSAU, NEW YORK****COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2014 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<u>PUBLIC WORKS</u>						
Administration						
Salaries	\$ 2,301	\$ 2,451	\$ 2,500	\$ (111)	\$ 2,389	\$ 62
Fringe Benefits	1,620	1,952	1,960	(20)	1,940	12
Workers' Compensation	2,229	2,229	1,531		1,531	698
General Expenses	278	278	266	4	270	8
Contractual Services	577	577	53	534	587	(10)
Highway and Engineering						
Salaries	5,519	7,519	5,831	(247)	5,584	1,935
Fringe Benefits	5,052	3,770	3,787	(38)	3,749	21
Equipment	18	18	4		4	14
General Expenses	45	45	32		32	13
Contractual Services	136,008	140,198	120,290	5,816	126,106	14,092
Utility Costs	2,170	2,183	2,127	(63)	2,064	119
Interdepartmental Charges	566	566				566
Highway and Bridge Maintenance						
Salaries	17,523	19,890	20,083	(850)	19,233	657
Fringe Benefits	13,556	12,851	12,906	(129)	12,777	74
Equipment	96	96	79		79	17
General Expenses	2,669	4,269	3,918	217	4,135	134
Contractual Services	4,804	5,424	3,564	1,435	4,999	425
Utility Costs	27,892	28,311	27,873	(1,085)	26,788	1,523
Interdepartmental Charges	8,140	8,140	8,137		8,137	3
Groundwater Remediation						
Salaries	2,265	2,365	2,321	(98)	2,223	142
Fringe Benefits	1,459	1,484	1,490	(15)	1,475	9
Equipment	4	4				4
General Expenses	4,199	4,199	3,031	411	3,442	757
Contractual Services	410	410	221	132	353	57
Interdepartmental Charges	944	944	944		944	
Total Public Works	240,344	250,173	222,948	5,893	228,841	21,332
<u>RECREATION AND PARKS</u>						
Administration						
Salaries	2,287	1,887	1,911	(26)	1,885	2
Fringe Benefits	780	772	776	(8)	768	4
Equipment	11	11	10		10	1
General Expenses	377	377	322	12	334	43
Contractual Services	3,296	3,296	2,904	74	2,978	318
Technical Service						
Salaries	3,759	4,814	4,809		4,809	5
Fringe Benefits	2,077	1,970	1,979	(20)	1,959	11
Equipment	247	247	143	10	153	94
General Expenses	750	750	549	59	608	142
Contractual Services	2,449	2,449	1,713	474	2,187	262
Recreation Service						
Salaries	5,702	8,452	8,570	(118)	8,452	
Fringe Benefits	2,794	3,463	3,478	(35)	3,443	20
Equipment	92	92	29		29	63
General Expenses	141	141	81	(1)	80	61
Contractual Services	358	358	241	40	281	77

(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, 2014 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
RECREATION AND PARKS (Continued)						
Museum						
Salaries	\$ 609	\$ 814	\$ 822	\$ (11)	\$ 811	\$ 3
Fringe Benefits	329	332	333	(3)	330	2
Equipment	15	15	14		14	1
General Expenses	42	42	37		37	5
Contractual Services	(288)	(288)	16	(306)	(290)	2
Golf Operations						
Salaries	3,443	3,993	4,031	(56)	3,975	18
Fringe Benefits	1,813	1,629	1,635	(16)	1,619	10
Equipment	125	125	114		114	11
General Expenses	642	642	449	111	560	82
Contractual Services	622	622	452	61	513	109
Total Recreation and Parks	32,472	37,005	35,418	241	35,659	1,346
SOCIAL SERVICES						
Bar Association - Public Defender	7,757	8,064	8,024	41	8,065	(1)
CASA						
Salaries	227	227	218		218	9
Fringe Benefits	151	134	134	(1)	133	1
General Expenses	3	3	2		2	1
Contractual Services	13	13	7		7	6
CASA Total	394	377	361	(1)	360	17
Human Services						
Salaries	2,579	2,579	2,608		2,608	(29)
Fringe Benefits	5,766	3,642	3,630	(8)	3,622	20
General Expenses	236	196	92	4	96	100
Contractual Services	27,969	28,391	21,507	3,112	24,619	3,772
Interdepartmental Charges	1,890	1,890	1,852		1,852	38
Human Services Total	38,440	36,698	29,689	3,108	32,797	3,901
Legal Aid Society	6,206	6,206	6,206		6,206	
Minority Affairs						
Salaries	475	475	450		450	25
Fringe Benefits	246	258	260	(3)	257	1
General Expenses	27	27	16		16	11
Contractual Services	36	36	16	5	21	15
Minority Affairs Total	784	796	742	2	744	52
Social Services Department						
Administration						
Salaries	4,403	4,403	4,232	(56)	4,176	227
Fringe Benefits	2,658	2,437	2,447	(24)	2,423	14
Equipment	118	403	387	12	399	4
General Expenses	342	342	301	8	309	33
Contractual Services	1,550	1,550	918	404	1,322	228
Interdepartmental Charges	18,345	18,345	17,108		17,108	1,237
Public Financial Assistance						
Salaries	19,941	19,941	19,918	(263)	19,655	286
Fringe Benefits	11,859	11,469	11,518	(115)	11,403	66
Equipment	36	36	31	3	34	2
General Expenses	389	389	297	11	308	81
Contractual Services	10,825	10,825	5,036	3,922	8,958	1,867

(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, 2014 (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	\$ 19,764	\$ 20,564	\$ 20,432	\$ (269)	\$ 20,163	\$ 401
Fringe Benefits	11,640	11,766	11,816	(118)	11,698	68
General Expenses	212	212	134	8	142	70
Contractual Services	159	159	89	46	135	24
Juvenile Detention Center						
Salaries	50	50	2		2	48
Fringe Benefits	89					
General Expenses	3	3				3
Contractual Services	44	44				44
General Expenses	1	1				1
Handicapped Children Education						
Emergency Vendor Payments	15,648	17,148	17,744	(782)	16,962	186
Aid to Dependent Children						
Recipient Grants	24,500	21,590	20,668		20,668	922
Emergency Vendor Payments	7,559	6,384	6,011	47	6,058	326
Home Relief						
Recipient Grants	32,000	32,300	32,299		32,299	1
Emergency Vendor Payments	7,590	7,590	7,160		7,160	430
Children in Institutions						
Emergency Vendor Payments	19,363	19,363	10,363	258	10,621	8,742
Children in Foster Homes						
Recipient Grants	1,400	1,400	1,102		1,102	298
Purchased Services	1	1	1		1	
Emergency Vendor Payments	650	650	403		403	247
Juvenile Delinquents						
Emergency Vendor Payments	14,828	13,528	2,616	574	3,190	10,338
Training Schools						
Emergency Vendor Payments	5,500	5,500	5,412		5,412	88
Children in Institutions - Title 4E						
Emergency Vendor Payments	622	622	537	38	575	47
Children in Foster Homes - Title 4E						
Recipient Grants	500	500	471		471	29
Emergency Vendor Payments	255	255	222		222	33
Subsidized Adoptions						
Recipient Grants	5,200	5,200	4,784		4,784	416
Burials						
Emergency Vendor Payments	275	275	225		225	50
Medicaid						
Medicaid	253,258	251,258	248,230		248,230	3,028
Home Energy Assistance						
Recipient Grants	500	500	150		150	350
Title-XX						
Purchased Services	63,138	67,638	63,794	2,453	66,247	1,391
Social Services Department Total	<u>555,215</u>	<u>554,641</u>	<u>516,858</u>	<u>6,157</u>	<u>523,015</u>	<u>31,626</u>
Veterans Service Agency						
Salaries	386	418	418	(24)	394	24
Fringe Benefits	275	298	299	(3)	296	2
General Expenses	11	11	9		9	2
Contractual Services	1	1				1
Interdepartmental Charges	1	1				1
Veterans Service Agency Total	<u>674</u>	<u>729</u>	<u>726</u>	<u>(27)</u>	<u>699</u>	<u>30</u>

(Continued)

EXHIBIT B-2**COUNTY OF NASSAU, NEW YORK****COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2014 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<u>SOCIAL SERVICES (continued)</u>						
Total Social Services	\$ 609,470	\$ 607,511	\$ 562,606	\$ 9,280	\$ 571,886	\$ 35,625
<u>CORRECTIONS</u>						
Correctional Center						
Salaries	111,439	110,630	104,868	(1,079)	103,789	6,841
Fringe Benefits	54,970	53,484	53,710	(536)	53,174	310
Workers' Compensation	5,907	6,352	6,352		6,352	
Equipment	128	128	21		21	107
General Expenses	3,583	3,583	2,997	66	3,063	520
Contractual Services	23,537	23,537	16,303	6,911	23,214	323
Utility Costs	3,393	3,393	1,736	(31)	1,705	1,688
Correctional Center Total	202,957	201,107	185,987	5,331	191,318	9,789
Sheriff						
Salaries	5,826	6,519	6,490	(67)	6,423	96
Fringe Benefits	3,870	3,804	3,820	(38)	3,782	22
General Expenses	30	30	21	1	22	8
Sheriff Total	9,726	10,353	10,331	(104)	10,227	126
Correctional Center and Sheriff Total	212,683	211,460	196,318	5,227	201,545	9,915
Probation						
Administration						
Salaries	16,752	16,790	16,357	(668)	15,689	1,101
Fringe Benefits	10,612	10,225	10,269	(102)	10,167	58
Equipment	42	42	31	7	38	4
General Expenses	345	350	278	56	334	16
Contractual Services	873	873	483	174	657	216
Utility Costs	1	1		1	1	
Interfund Charges	1,536	1,536	1,403		1,403	133
Probation Total	30,161	29,817	28,821	(532)	28,289	1,528
Total Corrections	242,844	241,277	225,139	4,695	229,834	11,443
<u>EDUCATION</u>						
Payment to Long Beach Schools	106	106	106		106	
State School Tuition	8,712	10,574	10,574		10,574	
Total Education	8,818	10,680	10,680		10,680	
<u>BONDED PAYMENTS FOR TAX CERTIORARI AND OTHER JUDGMENTS</u>						
			133,858	(133,858)		
<u>OTHER EXPENDITURES</u>						
Nassau Health Care Corporation	13,000	13,000	13,000		13,000	
Aid to Towns and Cities	69,573	69,733	65,482		65,482	4,251
FEMA Match			441		441	(441)
Interdepartmental Charges	25,456	26,792	21,741		21,741	5,051
Lido-Point Lookout Fire District	6	6	6		6	
HIPPA Payments	25	25				25

(Continued)

EXHIBIT B-2**COUNTY OF NASSAU, NEW YORK****COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
VS. TOTAL BUDGETARY AUTHORITY
GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2014 (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	\$ 32,132	\$ 31,903	\$ 27,438	\$ (8)	\$ 27,430	\$ 4,473
NYS Association of Counties	64	64	62		62	2
NIFA Expenditures	1,960	1,960				1,960
Suits and Damages	2,000	4,032	4,032		4,032	
Total Other Expenditures	144,216	147,515	132,202	(8)	132,194	15,321
Debt Service:						
Principal	69,235	69,235	62,690		62,690	6,545
Interest	98,452	98,452	88,645		88,645	9,807
Financing Costs	7,186	7,186	2,741		2,741	4,445
Total Debt Service	174,873	174,873	154,076		154,076	20,797
Total Expenditures	2,431,945	2,451,459	2,368,003	(85,019)	2,282,984	168,475
<u>TRANSFERS OUT</u>						
Debt Service Fund			6,161	(6,161)		
Other	193,473	193,479				193,479
Total Transfers Out	193,473	193,479	6,161	(6,161)		193,479
TOTAL EXPENDITURES AND TRANSFERS OUT	\$ 2,625,418	\$ 2,644,938	\$ 2,374,164	\$ (91,180)	\$ 2,282,984	\$ 361,954
*Appropriations per the 2014 budget as adopted						\$ 2,835,274
Intrafund Budget Elimination						(322,855)
Outstanding encumbrances, January 1, 2014						112,999
Original Budget per above						2,625,418
Add: Supplemental appropriations						13,315
Add: Intrafund Modified Budget eliminations						6,205
Total Budgetary Authority						<u>\$ 2,644,938</u>

(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, 2014 (Dollars in Thousands)

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:						
Licenses and Permits	\$ 2,829	\$ 2,829	\$ 4,483	\$	\$ 4,483	\$ 1,654
Fines and Forfeits	2,750	2,750	1,536		1,536	(1,214)
Interest Income	271	271	13		13	(258)
Rents and Recoveries			300		300	300
Departmental Revenue	3,883	3,883	2,464		2,464	(1,419)
Interdepartmental Revenue	554	554	514		514	(40)
Federal Aid			11		11	11
Property Taxes	361,727	361,727	361,320		361,320	(407)
Total Revenues	372,014	372,014	370,641		370,641	(1,373)
Expenditures:						
Protection of Persons:						
Salaries	212,598	225,843	230,978	(5,135)	225,843	
Fringe Benefits	118,244	114,291	115,235	(945)	114,290	1
Workers' Compensation	6,941	7,173	7,173		7,173	
Equipment	285	101	94	4	98	3
General Expenses	5,709	5,289	4,372	894	5,266	23
Contractual Services	1,254	617	170	307	477	140
Utility Costs	1,446	1,342	1,270	9	1,279	63
Interdepartmental Charges	21,241	21,241	20,514		20,514	727
Other	2,750	826	773	53	826	
Total Expenditures	370,468	376,723	380,579	(4,813)	375,766	957
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,546	(4,709)	(9,938)	4,813	(5,125)	(416)
Other Financing Sources (Uses):						
Transfers In			5,135	(5,135)		
Transfers Out	(2,240)	(2,185)	(2,127)		(2,127)	58
Total Other Financing Sources (Uses)	(2,240)	(2,185)	3,008	(5,135)	(2,127)	58
Net Change in Fund Equity (Deficit)	(694)	(6,894)	(6,930)	(322)	(7,252)	(358)
Fund Balance (Deficit) Beginning of Year	694	6,894	(3,445)	31,483	28,038	21,144
Fund Balance (Deficit) End of Year	\$	\$	\$ (10,375)	\$ 31,161	\$ 20,786	\$ 20,786

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY, ACTUAL, AND BUDGETARY BASIS
SEWER & STORM WATER DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:						
Licenses and Permits	\$ 810	\$ 810	\$ 960	\$	\$ 960	\$ 150
Interest Income	170	170	59		59	(111)
Rents and Recoveries	2,071	2,071	65		65	(2,006)
Departmental Revenue	14,114	14,114	1,799		1,799	(12,315)
Intergovernmental Charges	2,251	2,251				(2,251)
Federal Aid			1,577		1,577	1,577
Property Taxes			117,271		117,271	117,271
Other Revenues	180	180				(180)
Total Revenues	19,596	19,596	121,731		121,731	102,135
Expenditures:						
Public Works:						
Salaries	19,875	19,875	20,167	(839)	19,328	547
Fringe Benefits	12,466	12,466	12,089	(189)	11,900	566
Equipment	428	428	43	7	50	378
General Expenses	23,007	23,007	8,608	4,479	13,087	9,920
Contractual Services	41,680	41,962	22,002	11,229	33,231	8,731
Utility Costs	13,167	13,167	8,529	968	9,497	3,670
Interdepartmental Charges	18,470	18,470	15,421		15,421	3,049
FEMA Match			2,990		2,990	(2,990)
Other	27,462	27,101	24	226	250	26,851
Debt Service:						
Principal	13,803	13,882	13,882		13,882	
Interest	7,479	7,479	4,425		4,425	3,054
Total Expenditures	177,837	177,837	108,180	15,881	124,061	53,776
Excess (Deficiency) of Revenues Over (Under) Expenditures	(158,241)	(158,241)	13,551	(15,881)	(2,330)	155,911
Other Financing Sources (Uses):						
Transfer In	300	300	1,918	3,348	5,266	4,966
Transfer Out	(21,228)	(21,228)	(17,688)		(17,688)	3,540
Transfer In of Investment Income	50	50	31		31	(19)
Transfers In/(Out) to SFA	100,999	100,999	(7,307)		(7,307)	(108,306)
Total Other Financing Sources (Uses)	80,121	80,121	(23,046)	3,348	(19,698)	(99,819)
Net Change in Fund Balances	(78,120)	(78,120)	(9,495)	(12,533)	(22,028)	56,092
Fund Balance Beginning of Year	78,120	78,120	62,517	1,817	64,334	(13,786)
Fund Balance End of Year	\$	\$	\$ 53,022	\$ (10,716)	\$ 42,306	\$ 42,306

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

**SCHEDULE OF EXPENDITURES BY COUNTY DEPARTMENTS AND OFFICES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014 (Dollars in Thousands)
(INCLUDING LIFETIME ACTIVITY THROUGH DECEMBER 31, 2014)**

County Departments, Offices and Boards	Budgetary Authority as of December 31, 2014	Expenditures through December 31, 2013	Available Budgetary Authority for 2014	2014 Expenditures	Remaining Budgetary Authority December 31, 2014
Affirmative Action	\$ 1,240	\$ 1,140	\$ 100	\$	\$ 100
Assessment	13,000	11,363	1,637		1,637
Behavioral Health	371,640	233,699	137,941	39,929	98,012
Budget and Management	3,994	41	3,953	549	3,404
CASA	735	466	269		269
Consumer Affairs	250	237	13	(8)	21
Correctional Center	13,847	12,300	1,547	346	1,201
County Attorney	295	295			
County Clerk	321	244	77		77
County Comptroller	805	446	359		359
Criminal Justice Coordinating Council	60,613	55,613	5,000	731	4,269
Cultural Development	441	437	4		4
District Attorney	44,649	25,790	18,859	3,561	15,298
Drug and Alcohol	693,474	527,186	166,288		166,288
Board of Election	1,378	794	584	1	583
Emergency Management	28,304	17,642	10,662	4,145	6,517
Fire Commission	4,220	2,915	1,305	494	811
General Services	415	315	100		100
Health	290,546	228,935	61,611	12,539	49,072
Housing and Inter- governmental Affairs	767,914	680,896	87,018	20,192	66,826
Human Rights	1,897	1,702	195		195
Human Services	829		829	7	822
Information Technology	198	198			
Labor	50	46	4		4
Medical Center	5,119	188	4,931		4,931
Medical Examiner	11,613	8,282	3,331	1,122	2,209
Mental Health	213,875	169,654	44,221		44,221
Miscellaneous	91,127	72,570	18,557		18,557
Planning	29,640	22,050	7,590	232	7,358
Police	132,571	95,511	37,060	7,230	29,830
Probation	42,551	35,637	6,914	1,060	5,854
Public Works	17,703	13,866	3,837	145	3,692
Real Estate Services	168,437	19,463	148,974	3,768	145,206
Records Management	114	113	1		1
Recreation and Parks	37,612	29,241	8,371	3,999	4,372
Senior Citizen Affairs	63,161	60,291	2,870		2,870
Sheriff	66	55	11		11
Shared Services	318		318	132	186
Social Services	113,685	76,015	37,670	14,691	22,979
Traffic Safety Board	66,490	60,684	5,806	1,820	3,986
Veterans Services	458	424	34		34
Women's Services	194	148	46		46
Youth Board	39,081	31,568	7,513	70	7,443
Total	\$ 3,334,870	\$ 2,498,460	\$ 836,410	\$ 116,755	\$ 719,655

EXHIBIT B-6

COUNTY OF NASSAU, NEW YORK

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY, ACTUAL, AND BUDGETARY BASIS
ENVIRONMENTAL PROTECTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2014 (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	\$ 9,671	\$ 9,671	\$ 9,651	\$	\$ 9,651	\$ (20)
Total Revenues	9,671	9,671	9,651		9,651	(20)
<u>Other Financing Uses:</u>						
Transfer Out	(9,671)	(9,671)	(9,632)		(9,632)	39
Total Other Financing Uses	(9,671)	(9,671)	(9,632)		(9,632)	39
Net Change in Fund Balance			19		19	19
Fund Balance Beginning of Year			19,438		19,438	19,438
Fund Balance End of Year	\$	\$	\$ 19,457	\$	\$ 19,457	\$ 19,457

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

**SCHEDULE OF EXPENDITURES BY COUNTY DEPARTMENTS AND OFFICES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
FEMA FUND
FOR THE YEAR ENDED DECEMBER 31, 2014 (Dollars in Thousands)
(INCLUDING LIFETIME ACTIVITY THROUGH DECEMBER 31, 2014)**

County Departments, Offices and Boards	Budgetary Authority as of December 31, 2014	Expenditures through December 31, 2013	Available Budgetary Authority for 2014	2014 Expenditures	Remaining Budgetary Authority December 31, 2014
Budget and Management	\$ 27	\$ 18	\$ 9	\$ 9	\$
Correctional Center	216	109	107	53	54
County Attorney	24	24		(1)	1
County Comptroller	135	135			
Office of Constituent Affairs	80	50	30		30
County Executive	62	41	21	21	
District Attorney	206	100	106		106
Board of Election	294	183	111		111
Emergency Management	1,646	1,313	333	80	253
Fire Commission	1,018	572	446	3	443
Health	1,129	824	305		305
Human Services	145	18	127		127
Information Technology	298	280	18	5	13
Labor Relations	2	2			
Legislature	2	1	1		1
Medical Examiner	8	3	5		5
Personnel	28	27	1	1	
Police	11,135	10,671	464	(54)	518
Police Headquarters	10,032	9,937	95	58	37
Probation	388	388			
Public Administrator	1		1		1
Public Works	168,797	125,317	43,480	31,869	11,611
Shared Services	16	12	4	1	3
Recreation and Parks	3,186	2,389	797	138	659
Social Services	83	48	35		35
STEP Program	14,766	6,531	8,235	1,381	6,854
Total	\$ 213,724	\$ 158,993	\$ 54,731	\$ 33,564	\$ 21,167

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EXHIBIT C-1**COUNTY OF NASSAU, NEW YORK****CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2014 (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	\$ 176	\$	\$ 430
Judicial	2,593		1,933	73,629	5,244		83,399
General Administration	122,603	8,804	1,197	175,234	28,806		336,644
Protection of Persons	5,254		190	78,111	93,513	40,975	218,043
Health	475			4,672	3,459		8,606
Public Works	13,492		1,522	317,591	71,632	1,935,837	2,340,074
Recreation and Parks	35,653		69,711	167,401	13,631	46,684	333,080
Social Services	545		3,840	19,967	1,329		25,681
Corrections				183,147	9,666		192,813
Other Expenditures/MSBA				26,409	130,701		157,110
Metropolitan Transportation Authority					140,040		140,040
Other	58,361		716	134,439			193,516
Total	<u>238,976</u>	<u>8,804</u>	<u>79,109</u>	<u>1,180,854</u>	<u>498,197</u>	<u>2,023,496</u>	<u>4,029,436</u>
Less: Accumulated Depreciation			<u>56,577</u>	<u>456,531</u>	<u>376,364</u>	<u>927,741</u>	<u>1,817,213</u>
	<u>\$ 238,976</u>	<u>\$ 8,804</u>	<u>\$ 22,532</u>	<u>\$ 724,323</u>	<u>\$ 121,833</u>	<u>\$ 1,095,755</u>	<u>2,212,223</u>
Construction in Progress							461,652
Total Net Capital Assets							<u>\$ 2,673,875</u> *

* Land and Intangible Capital Assets are not depreciated.

EXHIBIT C-2**COUNTY OF NASSAU, NEW YORK****STATEMENT OF CHANGES IN CAPITAL ASSETS BY FUNCTION
DECEMBER 31, 2014 (Dollars in Thousands)**

	Capital Assets January 1, 2014	Additions*	Deletions*	Capital Assets December 31, 2014
Legislative	\$ 385	\$ 45	\$	\$ 430
Judicial	82,485	1,006	92	83,399
General Administration	340,873	7,043	11,272	336,644
Protection of Persons	174,256	44,747	960	218,043
Health	8,492	259	145	8,606
Public Works	2,281,860	59,529	1,315	2,340,074
Recreation and Parks	260,452	72,897	269	333,080
Social Services	25,554	199	72	25,681
Corrections	194,095	27	1,309	192,813
Other Expenditures/MSBA	223,552	4,353	70,795	157,110
Metropolitan Transportation Authority	140,040			140,040
Other	193,516			193,516
Construction in Progress	420,235	148,841	107,424	461,652
Total	4,345,795	338,946	193,653	4,491,088
Less: Accumulated Depreciation	1,777,250	120,721	80,758	1,817,213
Total Changes in Net Capital Assets	\$ 2,568,545	\$ 218,225	\$ 112,895	\$ 2,673,875

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

EXHIBIT D-1

COUNTY OF NASSAU, NEW YORK

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

FIDUCIARY FUNDS

DECEMBER 31, 2014 (Dollars in Thousands)

	<u>Balance January 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2014</u>
Agency Fund				
<u>ASSETS:</u>				
Cash	\$ 43,629	\$ 1,218,168	\$ 1,218,194	\$ 43,603
Due From Component Unit	592	104,701	103,736	1,557
TOTAL ASSETS	<u>\$ 44,221</u>	<u>\$ 1,322,869</u>	<u>\$ 1,321,930</u>	<u>\$ 45,160</u>
<u>LIABILITIES:</u>				
Accounts Payable	\$ 589	\$ 494,579	\$ 492,126	\$ 3,042
Other Liabilities	43,632	1,179,258	1,180,772	42,118
TOTAL LIABILITIES	<u>\$ 44,221</u>	<u>\$ 1,673,837</u>	<u>\$ 1,672,898</u>	<u>\$ 45,160</u>
 Nassau County Tobacco Securitization Corporation Residual Trust				
<u>ASSETS:</u>				
Cash	\$ 17,923	\$ 32	\$	\$ 17,955
Interest Receivable		2		2
	<u>\$ 17,923</u>	<u>\$ 34</u>	<u>\$</u>	<u>\$ 17,957</u>
<u>LIABILITIES:</u>				
Other Liabilities	\$ 17,923	\$ 34	\$	\$ 17,957

EXHIBIT D-2**COUNTY OF NASSAU, NEW YORK****STATEMENT OF CHANGES IN OTHER LIABILITIES****FIDUCIARY FUNDS****FOR THE YEAR ENDED DECEMBER 31, 2014 (Dollars in Thousands)**

	<u>Balance January 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2014</u>
Agency Fund				
Cash Bail	\$ 8,767	\$ 7,114	\$ 8,649	\$ 7,232
Coliseum Deferred Revenue	4,684			4,684
Contractors' Cash Bond Escrow	955	15	22	948
Declining Balance Account - Staples		1,265	1,265	
Estate Suspense Account	352	1,063	801	614
Federal Withholding Taxes	123		123	
Flex Benefit Plan		3,539	3,539	
Genuine Parts JIT Account		2,428	2,408	20
Grainger Declining Balance Account		1,365	1,348	17
Health Insurance		311,138	311,138	
Highway Deposits	1,210	585	356	1,439
Medical Assistance Pay In	1,037	1,047	1,059	1,025
Mortgage Taxes	6,929	39,089	39,335	6,683
Nassau County Bridge Authority	188			188
New York City Withholding Taxes	7	1,254	1,248	13
New York State Withholding Taxes	535	59,192	59,129	598
Optical Insurance	32	1,600	1,618	14
Payments in Lieu of Taxes	7,607	42,274	41,740	8,141
Payroll Deferred Compensation		64,044	64,044	
Real Estate Escrow	211	281	3	489
Retirement System	1,591	158,445	159,573	463
Social Service Trust		2,679	2,679	
TIAA/CREF Payroll Deductions	3,077	7,110	7,046	3,141
Traffic Violations Clearing Account	3,173	28,800	28,163	3,810
Triad Worker's Compensation Account	1,469	25,039	26,066	442
Trust Fund Deposits	800	57,129	57,085	844
Trust Fund Deposits - short term		1,380	1,380	
All Other Liabilities	885	361,383	360,955	1,313
Total Other Liabilities	<u>\$ 43,632</u>	<u>\$ 1,179,258</u>	<u>\$ 1,180,772</u>	<u>\$ 42,118</u>

Nassau County Tobacco Securitization Corporation Residual Trust

Other Liabilities - undisbursed bond proceeds	<u>\$ 17,923</u>	<u>\$ 34</u>	<u>\$</u>	<u>\$ 17,957</u>
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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, 2014 (Dollars in Thousands)**

CASH BALANCES BY FUND:

General Fund	\$ 118,881
NIFA Fund	645
Police District	367
Sewer and Storm Water District Fund	80,175
Capital Fund	554,895
Nonmajor Governmental Funds	123,309
Agency Funds	<u>61,558</u>
Total Cash Balances By Funds	<u>\$ 939,830</u> **

CASH BALANCES BY BANK:

The Bank of New York	\$ 2,388
Bank of America	56,469
JP Morgan Chase	380,229
Citibank	6,525
Wells Fargo Bank	134,770
First National Bank	20,000
Capital One Bank	142,286
Signature Bank	175,285
City National Bank of New Jersey	327
HSBC	20,844
Petty Cash	<u>707</u>
Total Cash Balances By Bank	<u>\$ 939,830</u>

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

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

STATISTICAL SECTION

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

Contents

Financial Trends Information

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

Revenue Capacity Information

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

Debt Capacity Information

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

Economic and Demographic Information

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

Operating Information

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

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

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

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FINANCIAL TRENDS INFORMATION

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

Fiscal Year	Net Investment in Capital Assets	Restricted			Capital Projects	Unrestricted	Total Primary Government Net Position
		Statutory	Grants	Debt Service			
2014	\$ 1,718,300	\$ 1,194	\$ 43,420	\$ 100,455	\$ 2,912	\$ (9,170,747)	\$ (7,304,466)
2013	1,620,294	1,087	48,618	54,019	7,099	(8,252,108)	(6,520,991)
2012	1,675,710	933	12,969	55,365	7,091	(8,435,294)	(6,683,226)
2011	1,681,865	2,269	21,512	59,397	7,082	(8,151,403)	(6,379,278)
2010	1,534,318				226,915	(7,068,439)	(5,307,206)
2009	1,503,411				143,133	(6,656,450)	(5,009,906)
2008	1,356,866				56,742	(6,132,850)	(4,719,242)
2007	1,602,186					(6,029,636)	(4,427,450)
2006	1,556,170				32,719	(3,053,438)	(1,464,549)
2005	1,429,730				113,534	(2,973,679)	(1,430,415)

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

	Fiscal Year				
	2014*	2013**	2012	2011	2010
Expenses					
Primary Government:					
Legislative	\$ 10,940	\$ 11,010	\$ 10,722	\$ 10,554	\$ 10,213
Judicial	78,144	67,275	66,479	64,004	65,765
General Government	849,283	231,868	758,742	1,494,399	739,650
Postemployment Retirement Benefits					
Protection of Persons	821,285	806,103	811,733	763,528	771,480
Health	215,975	218,889	239,524	255,959	243,078
Public Works	398,994	425,228	342,764	251,139	238,683
Recreation and Parks	54,943	48,321	48,082	39,768	34,035
Social Services	560,347	567,342	562,832	576,297	564,636
Corrections	240,124	248,781	247,123	271,170	231,627
Education	10,753	11,375	5,692	9,826	12,086
Debt Service Interest	180,197	176,723	207,353	186,056	171,156
Total Primary Government Expenses	3,420,985	2,812,915	3,301,046	3,922,700	3,082,409
Program Revenues					
Primary Government:					
Charges for services:					
Legislative	121				193
Judicial	83,316	59,908	44,374	49,008	33,961
General Government	40,856	57,149	93,752	74,097	61,742
Protection of Persons	47,200	47,199	46,824	42,060	36,495
Health	13,012	21,391	31,646	23,475	22,196
Public Works	52,563	51,436	9,910	6,119	6,060
Recreation and Parks	19,898	19,463	19,852	19,875	19,426
Social Services	25,870	20,833	17,370	19,046	18,497
Corrections	4,070	4,369	8,633	9,014	4,784
Education	13,162	19,149	3,656		
Operating Grants	466,201	534,653	563,964	463,523	485,243
Capital Grants	74,945	13,641	42,715	159,156	42,576
Total Primary Government Program Revenues	841,214	849,191	882,696	865,373	731,173
Net (Expenses)/Revenues	(2,579,771)	(1,963,724)	(2,418,350)	(3,057,327)	(2,351,236)
General Revenues					
Primary Government:					
Taxes:					
Property Taxes	937,709	928,034	943,624	922,894	931,585
Sales Taxes	1,090,809	1,135,245	1,066,012	1,023,128	997,175
Other Taxes	43,595	45,618	41,352	40,601	40,900
Tobacco Settlement Revenue and Tobacco Receipts	21,733	19,210	19,222	18,849	19,881
Investment Income	19,384	1,748	15,058	20,711	13,654
Other	30,978	32,810	29,134	28,165	26,521
Total Primary Government General Revenues	2,144,208	2,162,665	2,114,402	2,054,348	2,029,716
Change in Net Position	(435,563)	198,941	(303,948)	(1,002,979)	(321,520)
Implementation of GASB 48					
Net Position - Beginning, as restated*	(6,822,467)	(6,990,629)	(6,379,278)	(5,376,299)	(4,985,686)
Cumulative effect of accounting principle (See Note 21)	(46,436)	(30,779)			
Net Position - Ending	\$ (7,304,466)	\$ (6,822,467)	\$ (6,683,226)	\$ (6,379,278)	\$ (5,307,206)

* See Note 20 for information on restatement

(Continued)

**Adjustments have been made to the 2013 numbers to show the effects of the prior period adjustments for comparative purposes

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

	Fiscal Year				
	2009	2008	2007	2006	2005
Expenses					
Primary Government:					
Legislative	\$ 10,108	\$ 10,126	\$ 9,789	\$ 8,754	\$ 8,321
Judicial	51,142	52,998	49,995	45,018	42,533
General Government	752,102	759,162	529,185	587,841	493,012
Postemployment Retirement Benefits			3,354,770		
Protection of Persons	725,762	718,984	672,293	633,154	638,393
Health	268,204	259,517	254,856	248,782	239,111
Public Works	218,257	224,577	221,678	226,599	228,119
Recreation and Parks	33,369	43,125	48,833	45,687	41,541
Social Services	539,817	519,326	501,254	490,302	535,021
Corrections	253,576	212,124	225,968	225,334	218,053
Education	11,457	10,741	10,216	10,545	13,621
Debt Service Interest	164,498	159,632	157,439	160,847	150,564
Total Primary Government Expenses	<u>3,028,292</u>	<u>2,970,312</u>	<u>6,036,276</u>	<u>2,682,863</u>	<u>2,608,289</u>
Program Revenues					
Primary Government:					
Charges for services:					
Legislative	274	233	122	18	1
Judicial	19,705	17,953	18,329	20,062	18,065
General Government	45,522	43,712	70,641	71,494	55,543
Protection of Persons	37,462	33,285	35,544	36,127	31,406
Health	22,245	22,208	22,798	19,807	28,209
Public Works	9,146	7,612	5,366	5,245	5,975
Recreation and Parks	19,665	19,775	17,902	17,458	16,623
Social Services	17,903	19,227	14,558	20,364	55,782
Corrections	5,300	7,420	5,483	4,822	5,389
Education	1,011	2,579	3,668		
Operating Grants	463,438	412,965	397,531	382,954	381,293
Capital Grants	63,479	15,106	37,031	32,484	27,269
Total Primary Government Program Revenues	<u>705,150</u>	<u>602,075</u>	<u>628,973</u>	<u>610,835</u>	<u>625,555</u>
Net (Expenses)/Revenues	<u>(2,323,142)</u>	<u>(2,368,237)</u>	<u>(5,407,303)</u>	<u>(2,072,028)</u>	<u>(1,982,734)</u>
General Revenues					
Primary Government:					
Taxes:					
Property Taxes	919,653	889,519	886,691	883,637	884,859
Sales Taxes	949,710	998,733	1,010,566	989,243	952,675
Other Taxes	41,149	38,991	45,037	39,452	40,870
Tobacco Settlement Revenue and Tobacco Receipts	82,210	74,078	59,153	53,661	45,301
Investment Income	13,757	48,701	45,284	49,369	36,622
Other	25,999	26,423	21,865	22,532	21,449
Total Primary Government General Revenues	<u>2,032,478</u>	<u>2,076,445</u>	<u>2,068,596</u>	<u>2,037,894</u>	<u>1,981,776</u>
Change in Net Position	(290,664)	(291,792)	(3,338,707)	(34,134)	(958)
Implementation of GASB 48			375,806		
Net Position - Beginning	(4,719,242)	(4,427,450)	(1,464,549)	(1,430,415)	(1,429,457)
Net Position - Ending	<u>\$ (5,009,906)</u>	<u>\$ (4,719,242)</u>	<u>\$ (4,427,450)</u>	<u>\$ (1,464,549)</u>	<u>\$ (1,430,415)</u>

(Concluded)

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

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Sales Tax</u>	<u>Preempted Sales Tax in Lieu of Property Taxes</u>	<u>Payments in Lieu of Taxes</u>	<u>Special Taxes</u>	<u>Total</u>
2014	\$ 937,709	\$ 1,006,373	\$ 84,436	\$ 10,006	\$ 33,589	\$ 2,072,113
2013	928,034	1,054,095	81,150	10,791	34,827	2,108,897
2012	943,624	992,706	73,305	8,583	32,768	2,050,986
2011	922,894	952,885	70,243	7,369	33,232	1,986,623
2010	931,585	939,610	57,565	6,881	34,019	1,969,660
2009	919,653	887,530	62,180	6,158	34,991	1,910,512
2008	889,519	936,304	62,429	4,154	34,837	1,927,243
2007	886,691	948,937	61,629	7,356	37,681	1,942,294
2006	883,637	929,817	59,426	4,551	34,901	1,912,332
2005	884,859	895,107	57,568	4,298	36,572	1,878,404

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

	Fiscal Year									
	2014	2013	2012	2011 ¹	2010	2009	2008	2007	2006	2005
General Fund (Includes NIFA)										
Nonspendable	\$ 42,222	\$ 41,017	\$ 37,275	\$ 33,860						
Spendable:										
Restricted	16,354	16,436	17,849	19,638						
Committed	1,871									
Assigned	20,422	560								
Unassigned		37,243	(9,535)	(9,182)						
Reserved for Encumbrances					\$ 86,227	\$ 68,459	\$ 72,597	\$ 73,592	\$ 56,324	\$ 65,052
Unreserved, Designated for Ensuing Year's Budget							10,000	10,000	13,075	13,367
Unreserved					93,498	52,784	47,928	56,271	73,342	75,771
Total General Fund	80,869	95,256	45,589	44,316	179,725	121,243	130,525	139,863	142,741	154,190
All Other Governmental Funds										
Nonspendable	12,124	12,103	11,304	11,176						
Spendable:										
Restricted	130,999	95,495	58,509	70,622						
Committed	303,654	296,976	151,162	151,051						
Assigned	52,682	69,393	81,930	88,072						
Unassigned	(21,184)	(13,939)	(4,420)	(13,759)						
Reserved for Retirement of										
Temporary Financing					8,588	8,835	4,679	7,326	25,961	7,816
Reserved for Encumbrances					342,310	339,976	339,524	241,394	266,165	245,489
Reserved for Police Terminations										
Restricted - Senior Liquidity Reserve					24,009	24,009	24,009	24,009	24,009	
Unreserved and Designated for										
Ensuing Year's Budget					35,538	52,785	59,496	53,203		52,087
Unreserved:										
Special Revenue Fund					56,481	71,477	65,174	114,954	123,199	(10,376)
Capital Fund					(11,774)	(75,019)	(155,310) *			
Nonmajor Special Revenue Funds					(10,353)	(11,348)	(31,613)	(41,132)	(29,733)	72,140
Nonmajor Capital Projects Funds					(32,730)	(48,728)	(23,728)	(219,450)	(149,672)	33,923
Nonmajor Debt Service Funds					16,295	18,054	21,477	(26,424)	2,054	3,994
Total All Other Governmental Funds	478,275	460,028	298,485	307,162	428,364	380,041	303,708	153,880	261,983	405,073
Total Governmental Funds	\$ 559,144	\$ 555,284	\$ 344,074	\$ 351,478	\$ 608,089	\$ 501,284	\$ 434,233	\$ 293,743	\$ 404,724	\$ 559,263

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

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

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

EXHIBIT T-5

COUNTY OF NASSAU, NEW YORK

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

	Fiscal Year									
	2014*	2013**	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Major Governmental Funds ¹										
Interest and Penalties on Taxes	\$ 30,978	\$ 32,810	\$ 27,988	\$ 28,165	\$ 26,521	\$ 25,998	\$ 26,423	\$ 21,865	\$ 22,532	\$ 21,369
Licenses and Permits	16,077	18,149	14,338	13,429	10,119	11,529	10,176	10,580	10,525	9,455
Fines and Forfeits	85,822	61,439	44,059	52,542	37,251	24,075	22,019	22,266	23,001	21,237
Interest Income	1,546	1,897	1,808	2,864	3,031	3,374	14,539	29,597	22,733	12,883
Rents and Recoveries	16,615	21,094	31,020	31,440	21,036	23,737	30,921	25,338	43,696	30,796
Tobacco Settlement Revenue						15,166	23,000	23,600	23,000	23,017
Tobacco Proceeds								14,500	10,273	
Departmental Revenue	159,630	171,720	167,173	119,601	97,692	98,998	90,673	94,902	87,795	126,731
Interdepartmental Revenue	87,312	89,430	85,515	135,732	156,320	164,334	138,074	133,402	135,478	129,788
Interfund Revenue	37,321	38,298	40,223							
Intergovernmental Charges	163	2,421	2,360							
Federal Aid	159,781	131,512	189,495	200,864	228,019	176,743	116,253	123,872	115,193	114,519
State Aid	209,024	207,011	222,753	191,768	177,426	212,556	209,058	201,682	187,799	199,715
Sales Tax	1,006,373	1,054,095	992,706	952,885	939,610	887,530	936,304	948,937	929,817	895,107
Preempted Sales Tax in Lieu of Property Taxes	84,436	81,150	73,305	70,243	57,565	62,180	62,429	61,629	59,426	57,568
Property Taxes	925,011	924,818	932,682	915,785	807,167	804,766	882,144	882,563	884,512	884,859
Payments in Lieu of Taxes	10,006	10,791	8,583	7,369	6,881	6,158	4,154	5,656	4,551	4,298
Special Taxes	32,614	31,451	29,602	30,485	31,378	32,623	31,726	33,654	34,901	36,572
Other Revenue	13,012	20,669	10,693	20,158	31,727	13,551	13,294	49,606	25,081	24,830
Total Major Governmental Funds	2,875,721	2,898,755	2,874,303	2,773,330	2,631,743	2,563,318	2,611,187	2,685,349	2,620,313	2,592,744
Nonmajor Governmental Funds										
Unrealized Gain on Investments										80
Fines and Forfeits	1,508	1,583	2,762	1,784	1,798	1,718	2,122	1,330	2,559	1,478
Interest Income	613	249	412	95	365	2,001	5,105	8,500	17,532	17,305
Rents and Recoveries	76	63	716	752	281	761	272	343	169	185
Departmental Revenue	3,689	3,254	3,239	2,998	3,146	2,782	2,815	2,586	2,470	2,219
Interdepartmental Revenue	3,432	4,660	11,789	27	102	296	352	349	710	725
Interfund Revenue	230	234	235							
Federal Aid	94,926	142,312	171,673	75,777	73,858	65,738	51,831	47,955	54,461	50,982
State Aid	38,993	66,068	18,622	29,211	39,383	35,927	48,433	43,955	55,639	31,671
State Aid from NIFA										7,500
Tobacco Proceeds						43,155	29,415			
Tobacco Receipts	21,733	19,210	19,222	18,849	19,881	23,889	21,663	21,053	20,388	22,284
Property Taxes	9,651	11,276	11,252	11,254	125,038	114,887	7,375	4,128		
Special Taxes	975	3,376	3,166	2,747	2,641	2,368	3,111	4,027		
Other Revenues			17	90	4,242	72	1,629	890	2,447	4,236
Total Nonmajor Governmental Funds	175,826	252,285	243,105	143,584	270,735	293,594	174,123	135,116	156,375	138,665
Total Revenues	3,051,547	3,151,040	3,117,408	2,916,914	2,902,478	2,856,912	2,785,310	2,820,465	2,776,688	2,731,409
Expenditures										
Major Governmental Funds										
Current:										
Legislative	10,689	10,685	10,434	10,308	10,207	10,100	10,118	9,781	8,747	8,325
Judicial	70,562	60,269	60,021	58,090	62,677	47,778	49,998	46,304	41,733	39,791
General Administration	203,134	202,542	306,533	230,251	218,252	227,498	218,324	229,056	228,451	232,038
Protection of Persons	822,351	792,598	789,271	772,530	787,104	731,109	729,558	713,778	672,021	674,719
Health	166,417	169,037	193,133	211,840	204,416	222,934	214,808	216,106	215,413	197,873
Public Works	312,821	305,142	190,872	204,370	184,260	195,203	181,108	185,981	182,580	196,478
Recreation and Parks	35,418	29,938	25,779	27,895	23,282	24,533	34,244	40,863	55,919	50,704
Social Services	562,606	567,330	565,557	585,210	585,470	541,844	518,409	516,968	505,817	537,107
Corrections	225,139	230,565	227,718	252,080	225,207	247,009	205,186	218,509	217,830	211,928
Education	10,680	15,051	4,749	10,362	10,483	9,945	8,656	7,325	6,898	6,740
Payments for Tax Certiorari	133,858	101,080	34,377	68,142	106,483	120,180	115,717	87,251	74,670	260,207
Other	132,202	133,977	142,463	125,795	127,608	116,649	123,649	116,683	125,336	120,946
Capital Outlay:										
General	123,535	111,096	123,371	103,275	118,353	162,473	149,533	124,129		
Sewage Districts	59,450	23,224	39,932	30,629						
Education	3,465									
Debt Service:										
Principal	76,572	73,081	74,208	87,699	98,606	104,015	110,066	126,407	146,324	168,495
Interest	93,070	80,871	77,779	69,934	53,304	38,940	34,885	35,947	41,375	48,425
Financing Costs	2,741	5,030	4,673	3,125	7,069	12,091	4,765	994	249	841
Total Major Governmental Funds	3,044,710	2,911,516	2,870,870	2,851,535	2,822,781	2,812,301	2,709,024	2,676,082	2,523,353	2,754,617
Nonmajor Governmental Funds										
Current:										
Legislative			1							
Judicial	4,292	3,756	3,222	2,630	3,816	3,287	3,053	2,968	1,725	1,853
General Administration	29,216	47,297	29,846	33,332	37,116	32,809	33,015	27,125	28,360	29,238
Protection of Persons	10,665	12,632	31,448	11,806	11,009	14,999	8,935	7,951	8,497	8,195
Health	53,856	55,329	51,023	48,880	50,760	49,871	48,377	47,484	42,580	45,706
Public Works	32,246	42,828	84,111	7		5	165	208	223	
Recreation and Parks	4,137	7,163	7,432	3,803	4,467	1,938	1,784	784	458	636
Social Services	14,761	13,889	11,941	8,672	8,481	7,131	6,424	5,802	5,258	6,063
Corrections	1,459	2,060	2,164	1,676	1,487	1,669	2,001	2,799	2,596	3,328
Education										
Other						43,155	29,415			
Capital Outlay:										
General County									125,298	103,055
Sewage Districts					26,008	30,962	27,801	18,456	8,949	5,369
Debt Service:										
Principal	167,269	158,920	152,380	127,105	112,113	99,891	96,893	83,200	94,015	57,906
Interest	71,783	79,467	108,093	100,718	92,514	111,041	119,144	113,487	118,643	94,744
Financing Costs	1,419		7,126			254	1,954		14,389	4,290
Total Nonmajor Governmental Funds	391,103	423,341	488,787	338,629	347,771	397,012	378,961	310,264	450,991	360,383
Total Expenditures	3,435,813	3,334,857	3,359,657	3,190,164	3,170,552	3,209,313	3,087,985	2,986,346	2,974,344	3,115,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(384,266)	(183,817)	(242,249)	(273,250)	(268,074)	(352,401)	(302,675)	(165,881)	(197,656)	(383,591)

(Continued)

EXHIBIT T-5

COUNTY OF NASSAU, NEW YORK

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

	Fiscal Year									
	2014*	2013**	2012	2011	2010	2009	2008	2007	2006	2005
Other Financing Sources (Uses)										
Premium on Bonds	\$ 72,134	\$ 25,025	\$ 47,095	\$ 9,323	\$ 28,748	\$ 51,339	\$ 8,800	\$ 1,055	\$ 912	\$ 17,252
EFC Subsidy		(695)			1,141			356	912	550
Funding of Residual Trust							(21,073)		(140,265)	
Transfer from NIFA for Escrow Agent										
Deposited with Escrow Agent for Defeasance						(389,335)	(789,735)		(248,564)	(130,798)
Transfers In	45,146	27,419	41,763	40,604	604,630	641,377	487,053	448,731	640,408	546,434
Transfers In of Investment Income	898	1,115	1,092	1,063	549	2,144	4,144	6,684	4,938	4,481
Transfers Out	(45,146)	(27,419)	(41,763)	(40,604)	(604,630)	(641,377)	(487,053)	(448,731)	(640,408)	(546,434)
Transfers Out of Investment Income	(898)	(1,115)	(1,092)	(1,063)	(549)	(2,144)	(4,144)	(6,684)	(4,938)	(4,481)
Transfers In from NIFA	187,163	202,047	214,004	201,429	170,044	183,911	189,852	208,350	77,841	224,418
Transfers Out to NIFA	(187,163)	(202,047)	(214,004)	(201,429)	(170,044)	(183,911)	(189,852)	(208,350)	(77,841)	(477,350)
Transfers In from SFA	199,272	159,703	164,903	167,254	49,755	148,986	268,028	330,440	426,510	112,571
Transfers Out to SFA	(199,272)	(159,703)	(164,903)	(167,254)	(49,755)	(148,986)	(268,028)	(330,440)	(426,510)	(112,571)
Transfers In from TSC	125	75	150							
Transfer Out to TSC	(125)	(75)	(150)							
Issuance of Notes							50,757			
Issuance of Bonds	237,756	365,492	192,147	76,409	344,990	808,205	1,173,343	74,562	431,034	392,070
Refunding Bonds Issued	157,200		317,713							
Payment to Bond Escrow Agent	(129,535)		(314,390)							
Debt Service - Current Refunding NIFA			(8,060)							
Redemption of Notes						(50,757)				
Transfers from NIFA - Tax Certiorari and Other										252,932
Judgment Borrowings		502	340							
Other Sources										
Total Financing Sources	337,555	390,324	234,845	85,732	374,879	419,452	443,165	54,900	43,117	279,074
Net Change in Fund Balance	(46,711)	206,507	(7,404)	(187,518)	106,805	67,051	140,490	(110,981)	(154,539)	(104,517)
Total Fund Balances at Beginning of Year, as restated *	601,330	394,823	351,478	538,996	501,284	434,233	293,743	404,724	559,263	663,780
Change in Application of Accounting Principle (Note 21)	4,525									
Total Fund Balances at End of Year	\$ 559,144	\$ 601,330	\$ 344,074	\$ 351,478	\$ 608,089	\$ 501,284	\$ 434,233	\$ 293,743	\$ 404,724	\$ 559,263
Debt Service as a Percentage of Noncapital Expenditures	12.75%	12.03%	12.87%	13.38%	13.18%	13.00%	13.91%	14.48%	14.12%	12.32%

(Concluded)

¹ Beginning in 2007, Capital Projects is a Major Fund

* See Note 20 for information on restatement

**Adjustments have been made to the 2013 numbers to show the effects of the prior period adjustment for comparative purpose

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REVENUE CAPACITY INFORMATION

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

Fiscal Year	Property Taxes	Sales Tax	Preempted Sales Tax in Lieu of Property Taxes	Payments in Lieu of Taxes	Special Taxes	Total
2014	\$ 934,662	\$ 1,006,373	\$ 84,436	\$ 10,006	\$ 33,589	\$ 2,069,066
2013	936,094	1,054,095	81,150	10,791	34,827	2,116,957
2012	943,934	992,706	73,305	8,583	32,768	2,051,296
2011	927,039	952,885	70,243	7,369	33,232	1,990,768
2010	932,205	939,610	57,565	6,881	34,019	1,970,280
2009	919,653	887,530	62,180	6,158	34,991	1,910,512
2008	889,519	936,304	62,429	4,154	34,837	1,927,243
2007	886,691	948,937	61,629	7,356	37,681	1,942,294
2006	884,512	929,817	59,426	4,551	34,901	1,913,207
2005	884,859	895,107	57,568	4,298	36,572	1,878,404

EXHIBIT T-7

COUNTY OF NASSAU, NEW YORK

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

Fiscal Year Ended December 31	Sales Tax Revenue ¹	Sales Tax Rate	Class 1 Assessed Value	Class 2 Assessed Value	Class 3 Assessed Value	Class 4 Assessed Value	Total Taxable Assessed Value	Levied Property Taxes	Total Direct Property Tax Rate per \$100 Assessed Value	Estimated Actual Taxable Full Valuation	Assessed Value as a Percentage of Actual Taxable Full Valuation
2014	\$ 1,090,809	4.25%	\$ 395,694 ****	\$ 32,698 ****	\$ 40,520 ****	\$ 178,843 ****	647,755 ***	\$ 934,662	144.29	\$ 200,331,933	0.32%
2013	1,135,245	4.25%	408,904 ****	32,688 ****	40,378 ****	181,166 ****	663,136 ***	936,094	141.16	205,075,616	0.32%
2012	1,066,011	4.25%	443,291 ****	34,894 ****	41,287 ****	196,533 ****	716,005 ***	943,934	131.83	217,753,867	0.33%
2011	1,023,128	4.25%	467,353 ****	37,798 ****	39,629 ****	226,538 ****	771,318 ***	927,039	120.19	218,338,458	0.35%
2010	997,175	4.25%	543,233 ****	35,924 ****	38,155 ****	220,140 ****	837,452 ***	932,205	111.31	252,854,423	0.33%
2009	949,710	4.25%	542,881 ****	34,202 ****	34,660 ****	207,054 ****	818,797 ***	919,653	112.32	257,054,119	0.32%
2008	998,733	4.25%	523,214 ****	31,036 ****	30,820 ****	193,634 ****	778,704 ***	889,519	114.23	261,031,961	0.30%
2007	1,010,566	4.25%	493,266 ****	28,852 ****	28,680 ****	177,797	728,595 **	886,691	121.70	244,238,974	0.30%
2006	989,243	4.25%	833,629	27,593	24,576	177,379	1,063,177 *	884,512	83.20	212,313,816	0.50%
2005	952,675	4.25%	1,353,982	26,684	24,748	176,878	1,582,292 *	884,859	55.92	193,592,238	0.82%

* In 2004 and 2005, a new Department of Assessment methodology was developed and approved by the State in deriving total taxable assessed valuation by utilizing one percent of market value applicable to each of the four property classes.

** In 2006, a new Department of Assessment methodology was developed and approved by the State in deriving total taxable assessed valuation by utilizing one half of one percent of market value for Class 1 properties and utilizing one percent of market value for the other property classes.

*** Beginning in 2007, a new Department of Assessment methodology was developed and approved by the State in deriving total taxable assessed valuation by utilizing one quarter of one percent of market value for Class 1 properties and utilizing one percent of market value for the other property classes.

**** Additional Source: Nassau County Adopted Budget

¹ This includes preempted sales tax in lieu of property taxes

EXHIBIT T-8

COUNTY OF NASSAU, NEW YORK

**PROPERTY TAX LEVIES AND TAX RATES,
DIRECT AND OVERLAPPING GOVERNMENTS
FOR THE FISCAL PERIODS ENDED IN 2004 THROUGH 2013
(Dollars in Thousands)**

	(Tax Rates per \$100 of Assessed Valuation)									
	2013		2012		2011		2010		2009	
	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range
County of Nassau *										
General County Government (Net)	\$ 117,108	6.81/37.37	\$ 120,039	11.36/39.25	\$ 174,507	11.36/39.25	\$ 162,839	12.69/30.75	\$ 156,498	13.73/31.19
Police District	358,716	56.72/120.4	369,985	46.83/124.88	364,489	46.83/124.88	343,354	46.16/123.51	345,036	49.18/138.64
Police Headquarters	313,707	30.56/56.97	299,057	20.62/38.72	245,666	20.62/38.72	279,980	24.83/37.70	289,074	27.92/40.19
Fire Prevention	15,258	1.50/2.79	15,251	1.32/2.48	15,654	1.32/2.48	15,401	1.38/2.09	15,466	1.51/2.17
Community College	52,207	5.05/9.42	52,207	4.34/8.15	52,207	4.34/8.15	52,207	4.59/6.97	52,207	4.92/7.18
Sewage Disposal Districts										
Sewer & Storm Water District Fund	117,271	1.41/48.61	117,271	1.37/54.89	119,032	1.37/54.89	116,032	1.40/98.62	110,032	1.40/47.93
Parks & Recreation										
Environmental Bond	11,250	1.11/2.07	11,250	.95/1.79	11,250	.95/1.79	9,000	.81/1.23	4,850	.49/0.70
Total County of Nassau	985,517	16.10%	985,060	16.42%	982,805	16.81%	978,813	17.01%	973,163	17.17%
Town and City Governments										
	288,718	.80/51.33	288,795	.78/44.83	268,602	.78/44.83	250,961	.61/42.69	247,128	.55/41.40
	4.72%		4.82%		4.59%		4.36%		4.36%	
Incorporated Village Governments										
	439,677	.003/293.08	428,901	.003/232.85	420,196	.003/232.85	406,839	.003/213.97	423,741	.10/214.35
	7.18 %		7.15 %		7.19 %		7.07 %		7.48 %	
School Districts										
	3,841,766	1.73/1141.66	3,746,069	1.65/880.89	3,619,714	1.65/880.89	3,575,807	1.30/809.20	3,480,489	1.20/893.76
	62.77%		62.46%		61.90%		62.13%		61.41%	
Special Districts										
Fire	111,346	4.78/183.68	108,892	3.47/137.49	106,817	3.47/137.49	104,341	3.10/650.83	109,452	3.78/600.86
Fire Protection	19,579	1.72/193.77	19,113	1.76/132.45	18,989	1.76/132.45	18,183	1.68/131.58	18,291	1.68/128.10
Garbage, Refuse and Sanitary	213,956	6.31/150.28	209,324	.86/138.60	222,634	.86/138.60	225,586	.66/141.84	222,555	.58/156.28
Lighting	16,216	1.52/8.30	17,497	1.34/8.70	17,052	1.34/8.70	16,642	1.30/8.64	17,125	1.30/10.02
Park	90,620	2.25/329.33	86,288	1.83/237.36	87,307	1.83/237.36	78,464	1.65/213.28	78,164	1.74/222.96
Parking and Improvement	50,351	.14/210.46	50,048	.11/203.23	47,406	.11/203.23	46,497	.08/310.03	45,862	.09/273.43
Sewage - Special	16,295	.00/134.86	15,649	.00/150.60	14,812	.00/150.60	14,553	.00/149.46	13,602	.00/189.64
Water	46,363	1.68/131.47	41,837	.05/160.71	41,110	.05/160.71	38,548	.05/78.54	38,095	.05/82.41
Total Special Districts	564,726	9.23%	548,648	9.15%	556,127	9.51%	542,814	9.43%	543,146	9.58%
Totals	\$ 6,120,404	100%	\$ 5,997,473	100%	\$ 5,847,444	100%	\$ 5,755,234	100%	\$ 5,667,667	100%

(Continued)

* Per Approved Legislative Tax Ordinances.

Note: Nassau County has elected to keep this schedule since it has been requested for both internal and external agency purposes. Fiscal Year 2013 is the most recent data available.

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

EXHIBIT T-8

COUNTY OF NASSAU, NEW YORK

**PROPERTY TAX LEVIES AND TAX RATES,
DIRECT AND OVERLAPPING GOVERNMENTS
FOR THE FISCAL PERIODS ENDED IN 2004 THROUGH 2013
(Dollars in Thousands)**

	2008		2007		2006		2005		2004	
	Tax Levy	Tax Rate/Range								
County of Nassau *										
General County Government (Net)	\$ 145,858	14.53/30.78	\$ 123,962	14.08/28.70	\$ 80,016	6.09/24.63	\$ 112,770	4.89/33.05	\$ 136,984	5.96/34.02
Police District	332,326	49.52/146.55	331,640	52.41/160.16	333,627	31.05/190.84	309,307	17.69/175.22	301,297	16.93/174.58
Police Headquarters	279,632	29.96/40.14	287,070	34.38/43.10	258,050	21.87/43.55	252,898	12.87/47.74	239,071	11.72/42.84
Fire Prevention	15,555	1.68/2.25	15,699	1.90/2.38	15,850	1.35/2.02	15,444	.79/2.93	17,782	.88/3.20
Community College	50,247	5.33/7.19	48,361	5.73/7.19	46,546	3.91/7.78	44,799	2.26/8.38	43,117	2.10/7.66
Sewage Disposal Districts										
Sewer & Storm Water District Fund	103,932	1.03/41.09	118,932	1.03/140.70	138,932	.71/211.49	138,932	.42/205.18	138,932	.42/210.77
Parks & Recreation					51,168	4.60/9.15	48,294	2.60/9.64	43,577	2.26/8.28
Environmental Bond	7,375	.81/1.09	4,128	.52/0.65						
Total County of Nassau	934,925	17.43%	929,792	17.96%	924,189	18.55%	922,444	19.40%	920,760	20.61%
Town and City Governments										
	231,735	.54/38.12	220,779	.53/36.56	206,090	0.47/42.22	208,654	.01/39.20	183,267	.69/38.02
	4.32%		4.27%		4.14%		4.39%		4.10%	
Incorporated Village Governments										
	383,097	.10/214.90	367,733	.14/203.37	367,408	.11/116.09	344,668	.12/68.50	330,851	.14/63.50
	7.14 %		7.11 %		7.37 %		7.25 %		7.41 %	
School Districts										
	3,309,803	1.18/980.37	3,167,626	1.18/1005.38	3,010,688	1.31/1106.35	2,833,955	21.62/1109.50	2,618,054	1.71/697.32
	61.70%		61.20%		60.43%		59.59%		58.60%	
Special Districts										
Fire	101,065	3.93/450.52	96,001	4.37/421.75	97,873	2.96/505.37	88,558	1.99/164.42	84,143	1.93/152.86
Fire Protection	17,524	2.38/131.56	16,882	2.88/145.37	15,853	1.16/132.98	15,292	.50/137.46	14,239	.48/144.88
Garbage, Refuse and Sanitary	207,014	.59/176.34	201,869	.51/179.01	191,776	.29/192.98	174,235	.17/220.28	169,131	.17/162.54
Lighting	15,972	1.30/10.10	15,358	1.26/11.54	14,525	.92/12.72	14,194	.52/12.46	12,643	.50/11.20
Park	68,345	.75/85.75	67,036	.89/78.40	64,291	.49/83.64	60,837	.25/85.97	54,730	.43/85.75
Parking and Improvement	44,294	.08/231.66	43,807	.11/268.51	42,116	.06/299.60	49,159	.04/311.80	38,582	.02/307.14
Sewage - Special	14,809	.00/218.93	13,776	.00/319.84	12,866	.00/224.17	12,015	.00/220.28	11,501	.00/208.83
Water	35,546	.00/88.52	34,975	.00/154.17	34,295	.00/143.57	31,739	.00/95.96	29,405	.00/90.35
Total Special Districts	504,569	9.41%	489,704	9.46%	473,595	9.51%	446,029	9.37%	414,374	9.28%
Totals	\$ 5,364,129	100%	\$ 5,175,634	100%	\$ 4,981,970	100%	\$ 4,755,750	100%	\$ 4,467,306	100%

(Concluded)

EXHIBIT T-9**COUNTY OF NASSAU, NEW YORK****PRINCIPAL SOURCES OF OWN SOURCE REVENUE****Principal Property Taxpayers
Current and Nine Years Ago
(Dollars in Thousands)**

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Long Island Power Authority	\$ 17,813	1	2.75%	\$ 15,156	1	0.96%
KEYSPAN	16,409	2	2.53%	5,260	3	0.33%
Verizon	5,309	3	0.82%	5,530	2	0.35%
E Q K Green Acres LP	3,815	4	0.59%	1,648	7	0.10%
Retail Property Trust	2,296	5	0.35%	3,395	4	0.21%
Long Island Water Corp.	1,703	6	0.26%			
CLK-HP	1,669	7	0.26%			
People of the State of New York (formerly Greater NY Assoc & NYRA)	1,312	8	0.20%	1,405	9	0.09%
Sunrise Mall LLC	1,199	9	0.19%			
Rexcorp Plaza Spe LLC (formerly Galaxy LI Assoc LLC)	1,165	10	0.18%	1,768	6	0.11%
Reckson Association				2,270	5	0.14%
GG & A Broadway Partners LLC				1,438	8	0.09%
Northrop Grumman Corp.				1,326	10	0.08%
Totals	\$ 52,690		8.13%	\$ 39,196		2.46%

* Beginning in 2007, a new Department of Assessment methodology was developed and approved by the State in deriving total taxable assessed valuation by utilizing one quarter of one percent of market value for Class I properties and utilizing one percent of market value for class II, III and IV property classes.

Source: Department of Assessment

**Taxable Sales by Industry
2013 and nine years prior
For Years Ending in February
(Dollars in Thousands)**

Industry	2013*			2004		
	Tax Base	Rank	Percentage of Total Tax Base	Tax Base	Rank	Percentage of Total Tax Base
Retail Trade	\$ 15,399,605	1	60.968%	\$ 12,610,327	1	60.562%
Accommodation and Food Services	2,556,639	2	10.122%	1,707,337	2	8.200%
Information	1,175,817	3	4.655%	1,402,415	3	6.735%
Wholesale Trade	1,070,165	4	4.237%	1,367,969	4	6.570%
Administrative/Support Services	877,812	5	3.475%	523,204	7	2.513%
Other Services	823,104	6	3.259%	510,228	8	2.450%
Manufacturing	775,453	7	3.070%	311,925	11	1.498%
Ag., Mining, Trans., Fire, Educ., Govt.	723,804	8	2.866%	678,939	5	3.261%
Utilities	603,077	9	2.388%	615,857	6	2.958%
Professional, Scientific, and Technical	422,318	10	1.672%	255,119	12	1.225%
Construction	408,912	11	1.619%	322,298	10	1.548%
Arts, Entertainment, and Recreation	327,730	12	1.298%	355,503	9	1.707%
Health Care	55,581	13	0.220%	25,978	14	0.125%
Unclassified by Industry	38,284	14	0.152%	134,955	13	0.648%
Totals	\$ 25,258,301		100.00%	\$ 20,822,054		100.00%

* 2013 is Most Recent Available Data

Source: New York State Department of Taxation and Finance

EXHIBIT T-10

COUNTY OF NASSAU, NEW YORK

CONSTITUTIONAL TAX MARGIN INFORMATION

December 31, 2014

(Dollars in Thousands)

The Constitutional tax limit is the maximum amount of real property tax that may be levied in any fiscal year. The Constitutional tax margin represents the difference between the tax levy and the tax limit.

The Constitutional limit of real property taxation is 2% of the average full valuation of real estate for the last five years.

Average Full Valuation of Real Estate
for the Last Five Years:*

2014 Full Valuation	\$	200,331,933
2013 Full Valuation		205,075,616
2012 Full Valuation		217,753,867
2011 Full Valuation		218,338,458
2010 Full Valuation		252,854,423
		<u>1,094,354,297</u>
Average Full Valuation		<u>218,870,859</u>

Constitutional Tax Margin:

Constitutional Limit of Real Property Taxation, 2% of Average Full Valuation		4,377,417
Add: Exclusions for Debt Service		<u>128,783</u>

Maximum Taxing Authority \$ 4,506,200

2014 Tax Levies:

General County Government	\$	177,692
Less: Sales Tax Allocation Credit and Other Adjustments		<u>97,182</u>
General County Government - net		80,510
Police District		361,727
Fire Prevention, Safety, Communication and Education		15,945
Community College		52,208
Environmental Bond Fund		<u>9,671</u>

Total 2014 Tax Levies which are subject to the Maximum Taxing Authority 520,061

Percentage of Taxing Authority Exhausted 11.54%

Constitutional Tax Margin \$ 3,986,139

Constitutional Tax Margin as a Percentage of Maximum Taxing Authority 88.46%

* Full valuation is determined by dividing the total taxable assessed valuation by the average State equalization rate.

EXHIBIT T-11**COUNTY OF NASSAU, NEW YORK****PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Dollars in Thousands)**

Fiscal Year Beginning January 1	Total Ad Valorem or General Property Tax Levy	Amount Collected at End of Fiscal Year December 31	Percentage Collected at End of Fiscal Year December 31	Amount Collected in Subsequent Years	Amount Collected to Date as of December 31, 2014	Percentage Collected to Date at December 31
2014	\$ 1,805,047	\$ 1,782,328	98.7414%	\$	\$ 1,782,328	98.7414%
2013	1,781,105	1,758,687	98.7413%	21,542	1,780,229	99.9508%
2012	1,764,591	1,740,789	98.6511%	23,393	1,764,182	99.9768%
2011	1,753,993	1,729,756	98.6182%	24,133	1,753,889	99.9941%
2010	1,719,446	1,696,405	98.6600%	22,873	1,719,278	99.9902%
2009	1,710,828	1,684,918	98.4855%	25,705	1,710,623	99.9880%
2008	1,620,669	1,601,364	98.8088%	19,236	1,620,600	99.9957%
2007	1,592,436	1,574,231	98.8568%	18,030	1,592,261	99.9890%
2006	1,557,392	1,538,101	98.7613%	19,233	1,557,334	99.9963%
2005	1,531,582	1,514,518	98.8859%	17,001	1,531,519	99.9959%

DEBT CAPACITY INFORMATION

EXHIBIT T-12**COUNTY OF NASSAU, NEW YORK****RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS****(Dollars in Thousands, Except Per Capita Amount)**

Fiscal Year	General Obligation Bonds (e)	Sewage Purpose Bonds	State Water Pollution Control Revolving Fund Revenue Bonds	Nassau County Sewer and Storm Water Finance Authority Notes Payable	Sales Tax Secured Bonds, NIFA	Nassau County Sewer and Storm Water Finance Authority System Revenue Bonds	Tobacco Settlement Asset- Backed Bonds, Series A
2014	\$ 1,941,020	\$ 48,915	\$ 89,620	\$	\$ 1,140,752	\$ 185,455	\$ 460,832
2013	1,683,174	54,735	97,682		1,286,434	140,558	456,003
2012	1,347,397	61,305	102,862		1,442,439	148,656	457,106
2011	1,165,745	68,760	112,085		1,528,440	154,595	451,788
2010	1,157,574	77,755	121,169		1,648,185	161,955	446,382
2009	887,734	90,735	130,085		1,752,600	169,250	442,108
2008	539,492	79,065	138,810		1,875,075	175,795	442,389
2007	363,300	83,392	147,379	69,135	1,958,525	72,225	440,740
2006	382,036	105,176	155,814	44,435	2,038,500	75,450	434,765
2005	493,237	128,308	164,159	11,885	2,086,960	78,575	272,125

(Continued)

- (a) In 2004 and 2005, a new Department of Assessment methodology was developed and approved by the State in deriving total taxable assessed valuation by utilizing one percent of market value applicable to each of the four property classes.
- (b) For 2006, a new Department of Assessment methodology was developed and approved by the State in deriving total taxable assessed valuation by utilizing one half of one percent of market value applicable to Class I properties and utilizing one percent of market value for Class II, III, and IV property classes.
- (c) Beginning in 2007, a new Department of Assessment methodology was developed and approved by the State in deriving total taxable assessed valuation by utilizing one quarter of one percent of market value applicable to Class I properties and utilizing one percent of market value for Class II, III, and IV property classes.
- (d) For years prior to 2011, debt amounts do not include premiums and discounts.
- (e) Adjustments have been made to the prior year balances to include the general obligation bonds of the primary government, exclusive of amounts for the discretely presented component units.

N/A Not available

EXHIBIT T-12**COUNTY OF NASSAU, NEW YORK****RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS****(Dollars in Thousands, Except Per Capita Amount)**

Fiscal Year	Total Serial Bonds - NIFA, NCSSWFA, NCTSC	Capital Leases	Total Outstanding Debt	Taxable Assessed Valuation	Percentage of Debt to Taxable Assessed Valuation	Debt Per Capita	Percentage of Debt to Total Personal Income	Percentage of Debt to Estimated Total Full Valuation
2014	\$ 1,787,039	\$ 4,981	\$ 3,871,575	\$ 647,755 (c)	597.69%	2,849	N/A	1.93%
2013	1,882,995	5,132	3,723,718	663,136 (c)	561.53%	2,754	3.80%	1.82%
2012	2,048,201	5,254	3,565,019 (d)	716,005 (c)	497.90%	2,643	3.73%	1.64%
2011	2,134,823	5,351	3,486,764 (d)	771,318 (c)	452.05%	2,606	3.84%	1.60%
2010	2,256,522	5,426	3,618,446 (d)	837,452 (c)	432.08%	2,655	4.05%	1.43%
2009	2,363,958	5,482	3,477,994 (d)	818,797 (c)	424.77%	2,557	3.99%	1.35%
2008	2,493,259	5,522	3,256,148 (d)	778,704 (c)	418.15%	2,400	3.48%	1.25%
2007	2,471,490	5,550	3,140,246 (d)	728,595 (b)	431.00%	2,318	3.51%	1.29%
2006	2,548,715	5,567	3,241,743 (d)	1,063,177 (a)	304.91%	2,398	3.93%	1.53%
2005	2,437,660	5,574	3,240,823 (d)	1,582,292 (a)	204.82%	2,404	4.24%	1.67%

(Concluded)

EXHIBIT T-13

COUNTY OF NASSAU, NEW YORK

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

<u>Fiscal Year</u>	<u>Net General Obligation Bonds (Expressed in Thousands) (a)</u>	<u>Percentage of Estimated Actual Full Valuation of Property</u>	<u>Per Capita</u>
2014	\$ 3,005,422	1.50%	2,211
2013	2,938,740	1.43%	2,174
2012	2,757,815 (b)	1.27%	2,044
2011	2,694,185 (b)	1.23%	2,014
2010	2,805,759 (b)	1.11%	2,059
2009	2,640,334 (b)	1.03%	1,941
2008	2,414,567 (b)	0.93%	1,779
2007	2,321,825 (b)	0.95%	1,714
2006	2,420,536 (b)	1.14%	1,790
2005	2,580,197 (b)	1.33%	1,914

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

(b) Information to calculate net bonded debt amount was unavailable prior to 2012.

EXHIBIT T-14**COUNTY OF NASSAU, NEW YORK****COUNTY, TOWNS AND CITIES
TAXABLE FULL VALUE CALCULATION FOR 2014*
(Dollars in Thousands)**

	Taxable Assessed Valuation, Real Property	Taxable Assessed Valuation, Special Franchises	Total Taxable Assessed Valuation	State Equali- zation Rate	Estimated Actual Taxable Full Valuation**
Town of Hempstead	\$ 282,279	\$ 13,893	\$ 296,172	0.33 %	\$ 89,749,126
Town of North Hempstead	154,058	5,179	159,237	0.32 %	49,761,409
Town of Oyster Bay	157,052	6,010	163,062	0.31 %	52,600,595
City of Long Beach	15,789	591	16,380	0.38 %	4,310,399
City of Glen Cove	12,308	596	12,904	0.33 %	3,910,404
	<u>\$ 621,486</u>	<u>\$ 26,269</u>	<u>\$ 647,755</u>		<u>\$ 200,331,933</u>

* Last completed assessed valuation fixed in 2013 on which the 2014 taxes are levied.
Beginning in 2007, a new Department of Assessment methodology was developed and approved by New York State in deriving total taxable assessed valuation by utilizing one quarter of one percent of market value for Class 1 properties and utilizing one percent of market value for the other property classes.

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

EXHIBIT T-15

COUNTY OF NASSAU, NEW YORK

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

	2014	2013	2012	2011	2010	Fiscal Year				
	2009	2008	2007	2006	2005					
Debt Limit (10% of Average Full Valuation)*	\$ 21,887,086	\$ 23,021,530	\$ 24,140,657	\$ 24,670,359	\$ 24,549,866	\$ 23,368,973	\$ 21,824,049	\$ 19,822,275	\$ 17,740,092	\$ 16,010,875
Total Net Debt Applicable to Limit	3,367,352	3,225,002	3,111,737	3,215,298	3,246,603	3,211,256	3,115,417	3,140,619	3,161,557	3,326,385
Legal Debt Margin	\$ 18,519,734	\$ 19,796,528	\$ 21,028,920	\$ 21,455,061	\$ 21,303,263	\$ 20,157,717	\$ 18,708,632	\$ 16,681,656	\$ 14,578,535	\$ 12,684,490
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	15.39%	14.01%	12.89%	13.03%	13.22%	13.74%	14.28%	15.84%	17.82%	20.78%

Legal Debt Margin Calculation for Fiscal Year 2013

Average Full Valuation	\$ 218,870,859
Debt Limit (10% of Average Full Valuation)	21,887,086
Debt Applicable to Limit:**	
General Government (Including College)***	\$ 1,832,501
NIFA Serial Bonds	1,087,516
Sewer District	48,915
Environmental Facilities Corporation	89,620
Notes Payable	512,250
Real Property Liabilities	8,706
Guarantees	251,665
Contract Liabilities	488,899
Total Debt Applicable to Limit	4,320,072
Less: Legal Exclusions	
Cash and Investments - Capital Funds	554,895
Tax and Revenue Anticipation Notes Payable	397,825
Less: Total Exclusions	952,720
Total Net Debt Applicable to Limit	3,367,352
Legal Debt Margin	\$ 18,519,734

Calculation of 2014 Constitutional limit of total indebtedness
(The Constitutional limit of total indebtedness is 10% of the average full valuation of real estate for the latest five years.)

Average Full Valuation of Real Estate for the Fiscal Years Ended in 2010 Through 2014.

2014 Full Valuation	\$ 200,331,933
2013 Full Valuation	205,075,616
2012 Full Valuation	217,753,867
2011 Full Valuation	218,338,458
2010 Full Valuation	252,854,423
Total Five Year Valuation	\$ 1,094,354,297

Five Year
Average Full Valuation **\$ 218,870,859**

Constitutional Debt Margin:
Constitutional Limit of Total Indebtedness, 10% Average Full Valuation **\$ 21,887,086**

* Full valuation is determined by dividing the total taxable assessed valuation by the average State equalization rate.

** The Tobacco Settlement and the Sewer and Storm Water Finance Authority Serial Bonds Payable are not included in the calculation of the Constitutional Debt Margin.

*** The Community College Serial Bonds Payable as of December 31, 2014 are unaudited. The last audit conducted on behalf of the Community College was for the fiscal year ended August 31, 2014.

EXHIBIT T-16

COUNTY OF NASSAU, NEW YORK

**PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**

(Dollars in Thousands, Except for Coverage)

Fiscal Year	NIFA Sales Tax Secured Bonds			
	Sales Tax Paid to NIFA	Debt Service		Coverage
Principal		Interest		
2014	\$ 1,026,856	\$ 140,642	\$ 45,405	5.52
2013	1,070,922	150,965	48,123	5.38
2012	1,007,149	144,580	81,083	4.46
2011	967,026	119,745	73,394	5.01
2010	950,852	104,415	64,489	5.63
2009	896,601	87,525	84,376	5.22
2008	944,104	88,915	96,501	5.09
2007	952,509	79,975	90,949	5.57
2006	932,573	48,460	94,397	6.53
2005	897,405	51,761	74,577	7.10

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DEMOGRAPHIC AND ECONOMIC INFORMATION

EXHIBIT T-17**COUNTY OF NASSAU, NEW YORK****DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Year	Population (In Thousands) (a) (b)	Total Personal Income (In Thousands)	Per Capita Personal Income (c)	Unemployment Rate (d)
2014	1,359	\$ N/A	\$ N/A	4.8%
2013	1,352	98,086,248	72,549	5.9%
2012	1,349	95,456,589	70,761	7.1%
2011	1,338	90,684,288	67,776	6.7%
2010	1,363	89,433,245	65,615	7.1%
2009	1,360	87,208,640	64,124	6.9%
2008	1,357	93,521,726	68,918	4.7%
2007	1,355	89,340,570	65,934	3.6%
2006	1,352	82,531,488	61,044	3.7%
2005	1,348	76,349,372	56,639	4.1%

Sources:

(a) Census Bureau Estimates being used starting in 2012 since LIPA no longer gathers data

(b) Annual LIPA Long Island Population Survey Estimates

(c) United States Bureau of Economic Analysis

(d) NYS Department of Labor

NA - Not Available

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

Employment Sector	2014			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Health Care and Social Assistance	115,047	1	18.81%	91,054	1	15.31%
Government*	82,687	2	13.52%	82,577	2	13.89%
Retail Trade	78,953	3	12.91%	82,528	3	13.88%
Accommodation and Food Services	48,243	4	7.89%	38,616	5	6.49%
Professional and Technical Services	37,716	5	6.17%	35,738	6	6.01%
Finance and Insurance	31,241	6	5.11%	39,827	4	6.70%
Administrative and Support and Waste Management	30,357	7	4.96%	31,731	7	5.34%
Other Services	29,292	8	4.79%	26,161	11	4.40%
Construction	28,815	9	4.71%	27,121	10	4.56%
Wholesale Trade	27,275	10	4.46%	28,929	8	4.87%
Manufacturing	17,830	11	2.92%	27,438	9	4.61%
Transportation and Warehousing	15,233	12	2.49%	14,302	12	2.41%
Arts, Entertainment, and Recreation	12,491	13	2.04%	11,390	14	1.92%
Information	12,257	14	2.00%	14,201	13	2.39%
Real Estate and Rental and Leasing	10,252	15	1.68%	10,560	15	1.78%
Management of Companies and Enterprises	6,635	16	1.09%	7,090	16	1.19%
Total	584,324		95.55%	569,263		95.75%

* 2014 Government consists of 74,373 Local Govt, 5,153 Federal, and 3,161 State Employees
2005 Government consists of 70,812 Local Govt, 7,971 Federal, and 3,794 State Employees

Data Source: Quarterly Census of Employment and Wages, developed through a cooperative program between the State of New York and the U. S. Bureau of Labor Statistics.

EXHIBIT T-19

COUNTY OF NASSAU, NEW YORK

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

Industry Title	Fiscal Year									
	2014(P)	2013(P)	2012	2011	2010	2009	2008	2007	2006	2005
Total, All Industries	611,487	596,228	580,868	586,117	582,504	581,562	600,942	634,040	596,623	594,557
Total, All Private	528,800	519,095	514,920	504,888	499,252	497,996	517,164	551,644	513,498	511,080
Agriculture, Forestry, Fishing & Hunting	171	170	229	207	209	217	256	243	247	211
Crop Production	21	24	65	65	67	74	76	81	41	41
Animal Production	66	60	63	60	59	54	52	49	50	50
Fishing, Hunting and Trapping	9	6	9	8	6	8	11	11	11	16
Agriculture & Forestry Support Activity	75	80	92	74	77	81	119	104	106	104
Mining	2	3	4	8	6	7	3	4		
Mining	2	3	4	8	6	7	3	4		
Utilities	3,601	2,465	2,485	2,546	2,631	2,654	2,692	2,688	2,815	2,862
Utilities	3,601	2,465	2,485	2,546	2,631	2,654	2,692	2,688	2,815	2,862
Construction	28,815	27,372	25,730	24,614	25,309	27,650	30,844	30,134	28,970	27,121
Construction of Buildings	6,911	6,840	6,220	6,218	6,865	7,512	8,438	7,470	6,480	6,480
Heavy and Civil Engineering Construction	1,953	1,828	1,879	1,699	1,729	1,830	1,677	1,807	1,719	1,851
Specialty Trade Contractors	19,951	18,704	17,631	16,697	16,715	18,308	20,729	20,511	19,781	18,790
Manufacturing	17,830	18,608	19,003	19,002	19,497	21,001	23,417	24,649	26,139	27,438
Food Manufacturing	2,775	2,710	2,775	2,627	2,560	2,539	2,543	2,425	2,664	2,107
Beverage & Tobacco Product Manufacturing	80	84	90	65	51	28	41	43	57	68
Textile Mills	48	70	80	96	109	116	120	114	123	131
Textile Product Mills	190	183	190	182	190	254	280	294	309	315
Apparel Manufacturing	255	251	293	326	313	338	375	350	381	464
Leather and Allied Product Manufacturing			44	43	34	34	34	34	133	134
Wood Product Manufacturing	168	236	205	233	254	294	337	371	337	293
Paper Manufacturing	196	188	210	210	215	302	404	446	468	445
Printing and Related Support Activities	1,107	1,196	1,166	1,228	1,456	1,870	2,102	2,245	2,430	2,515
Petroleum & Coal Products Manufacturing			15	29	30	32	31	32	27	-
Chemical Manufacturing	1,038	1,179	1,256	891	922	1,091	1,339	1,341	1,341	1,672
Plastics & Rubber Products Manufacturing	854	886	804	831	954	1,028	996	1,155	1,350	1,310
Nonmetallic Mineral Product Mfg	433	372	394	262	291	306	319	322	329	298
Primary Metal Manufacturing	100	116	92	92	99	100	164	175	172	211
Fabricated Metal Product Manufacturing	2,094	2,100	2,162	2,205	2,326	2,349	2,518	2,720	2,749	2,746
Machinery Manufacturing	2,194	2,384	2,489	2,843	2,778	2,954	3,334	3,316	3,349	3,610
Computer and Electronic Product Mfg	2,186	2,231	2,289	2,279	2,257	2,231	2,626	3,174	3,925	4,254
Electrical Equipment and Appliances	354	366	360	357	361	440	593	478	496	503
Transportation Equipment Manufacturing	1,746	1,981	2,118	2,233	2,201	2,372	2,407	2,475	2,817	2,916
Furniture and Related Product Mfg	765	814	722	692	738	812	958	1,024	1,066	1,016
Miscellaneous Manufacturing	1,247	1,261	1,249	1,278	1,358	1,511	2,030	2,149	2,216	2,430
Wholesale Trade	27,275	27,476	26,937	26,874	26,707	26,965	29,102	29,797	29,869	28,929
Merchant Wholesalers, Durable Goods	13,707	13,783	13,194	13,387	13,649	13,832	15,025	15,508	15,308	15,310
Merchant Wholesalers, Nondurable Goods	10,856	10,741	10,754	10,578	10,252	10,256	10,987	10,856	10,882	10,249
Electronic Markets and Agents/Brokers	2,712	2,952	2,989	2,909	2,806	2,877	3,090	3,471	3,479	3,347
Retail Trade	78,953	78,731	77,149	76,742	75,890	75,801	81,075	81,504	81,232	82,528
Motor Vehicle and Parts Dealers	6,992	6,727	6,635	6,354	6,121	6,060	6,887	7,322	7,603	7,604
Furniture and Home Furnishings Stores	2,994	3,040	3,419	3,280	3,226	3,412	4,175	4,094	3,871	4,321
Electronics and Appliance Stores	3,273	3,230	3,301	3,474	3,295	3,148	3,372	2,988	3,327	3,267
Building Material & Garden Supply Stores	5,770	5,486	4,708	4,718	4,716	4,725	5,218	5,427	5,514	5,355
Food and Beverage Stores	17,999	16,958	17,057	16,676	16,181	16,071	15,899	15,990	16,332	17,112
Health and Personal Care Stores	6,730	6,969	6,851	6,638	7,021	7,069	7,358	7,167	7,162	6,878
Gasoline Stations	1,465	1,456	1,570	1,560	1,493	1,488	1,473	1,526	1,636	1,717
Clothing and Clothing Accessories Stores	9,678	10,100	10,085	9,974	10,836	10,701	13,635	13,642	12,838	13,040
Sporting Goods/Hobby/Book/Music Stores	3,453	3,394	3,299	3,294	3,393	3,283	3,522	3,556	3,565	3,746
General Merchandise Stores	14,075	14,447	13,321	14,009	12,746	12,745	11,986	12,031	11,658	11,357
Miscellaneous Store Retailers	3,654	3,572	4,064	3,673	3,704	3,976	4,286	4,542	4,396	4,486
Nonstore Retailers	3,270	3,352	2,839	3,092	3,158	3,123	3,264	3,309	3,330	3,645
Transportation and Warehousing	15,233	15,508	14,526	14,763	14,839	14,856	15,146	15,405	14,166	14,302
Air Transportation	445	460	488	504	496	415	432	450	428	386
Water Transportation	493	507	622	642	693	604	662	648	597	776
Truck Transportation	2,298	2,203	2,115	1,944	1,907	1,867	2,161	2,268	2,306	2,369
Transit and Ground Passenger Transport	5,456	5,636	4,755	4,502	4,670	4,736	4,827	4,612	3,606	3,689
Pipeline Transportation			3							
Scenic and Sightseeing Transportation	75	48	95	48	33	58	64	69	78	42
Support Activities for Transportation	3,455	3,372	3,309	3,247	2,974	2,995	3,366	3,366	3,326	3,467
Postal Service Contractors	8	49								
Couriers and Messengers	2,425	2,587	2,488	3,307	3,414	3,526	2,769	3,000	2,952	2,889
Warehousing and Storage	668	695	602	569	652	655	865	873	684	684
Information	12,257	13,424	13,558	13,663	14,164	13,908	14,319	14,641	14,894	14,201
Publishing Industries	1,935	2,083	2,249	2,327	2,442	2,262	2,522	2,763	2,990	2,600
Motion Picture & Sound Recording Ind	877	1,593	1,886	1,784	1,824	1,664	1,689	1,769	1,829	1,782
Broadcasting (except Internet)	644	4,500	4,775	4,595	4,769	4,821	4,654	4,613	4,500	4,243
Internet Publishing and Broadcasting		384	2,879	3,203	3,296	3,242	3,539	3,812	113	86
Telecommunications	7,039	3,001	1,104	1,067	1,104	1,275	1,328	1,148	3,737	3,736
ISPs, Search Portals, & Data Processing	1,013	1,112	665	687	729	644	587	536	1,268	1,309
Other Information Services	749	751							457	451
Finance and Insurance	31,241	31,065	31,094	30,451	30,103	31,383	33,603	65,803	33,959	39,827
Credit Intermediation & Related Activity	10,783	10,798	10,792	10,377	9,711	10,077	11,495	13,292	14,671	16,984
Financial Investment & Related Activity	3,440	3,458	3,667	3,910	4,086	4,141	4,359	4,127	4,127	3,882
Insurance Carriers & Related Activities	16,977	16,763	16,092	15,628	15,771	16,624	17,260	47,638	14,674	18,510
Funds, Trusts & Other Financial Vehicles	41	46	543	530	535	541	489	514	487	451

(Continued)

EXHIBIT T-19

COUNTY OF NASSAU, NEW YORK

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

Industry Title	Fiscal Year									
	2014(P)	2013(P)	2012	2011	2010	2009	2008	2007	2006	2005
Real Estate and Rental and Leasing	10,252	9,748	9,953	9,627	9,489	9,748	10,224	10,425	10,693	10,560
Real Estate	8,554	8,250	8,465	8,317	8,171	8,387	8,640	8,790	8,784	8,493
Rental and Leasing Services	1,566	1,362	1,352	1,191	1,211	1,255	1,470	1,524	1,703	1,904
Lessors, Nonfinancial Intangible Assets	132	127	136	119	107	106	114	111	116	163
Professional and Technical Services	37,716	36,608	35,128	34,173	34,098	34,757	36,513	37,426	36,312	35,738
Professional and Technical Services	37,716	36,608	35,128	34,173	34,098	34,757	36,513	37,426	36,312	35,738
Management of Companies and Enterprises	6,635	6,462	6,976	6,501	6,776	6,891	7,059	6,938	7,552	7,090
Management of Companies and Enterprises	6,635	6,462	6,976	6,501	6,776	6,891	7,059	6,938	7,552	7,090
Administrative and Waste Services	30,357	29,439	29,897	28,819	27,421	29,300	31,691	32,510	32,243	31,731
Administrative and Support Services	28,094	28,122	28,604	27,538	26,109	28,240	30,650	31,502	31,042	30,458
Waste Management and Remediation Service	1,363	1,317	1,293	1,281	1,312	1,060	1,041	1,008	1,201	1,273
Educational Services	20,315	19,900	18,722	19,678	19,651	19,437	19,411	19,107	19,216	18,869
Educational Services	20,315	19,900	18,722	19,678	19,651	19,437	19,411	19,107	19,216	18,869
Health Care and Social Assistance	115,047	113,995	113,640	114,455	111,494	104,276	101,880	99,628	95,303	91,054
Ambulatory Health Care Services	44,642	43,798	43,192	42,156	41,984	40,866	39,830	38,800	38,139	39,122
Hospitals	36,459	37,333	37,888	38,761	36,727	31,716	30,394	29,314	26,906	22,291
Nursing and Residential Care Facilities	13,496	13,437	14,450	14,706	14,854	14,746	14,962	15,395	14,860	14,619
Social Assistance	20,450	19,427	18,110	18,832	17,929	16,948	16,694	16,053	15,391	15,022
Arts, Entertainment, and Recreation	12,491	11,851	13,462	11,199	11,357	11,616	12,077	11,846	11,801	11,390
Performing Arts and Spectator Sports	4,206	4,076	4,233	3,910	4,057	3,959	4,239	4,075	4,129	3,985
Museums, Parks and Historical Sites	317	326	331	317	309	426	425	369	324	322
Amusement, Gambling & Recreation Ind	7,968	7,449	8,898	6,972	6,991	7,231	7,413	7,402	7,318	7,083
Accommodation and Food Services	48,243	45,992	45,677	41,661	40,231	38,591	38,946	39,638	38,341	38,616
Accommodation	2,395	2,472	2,693	2,340	2,341	2,176	2,272	2,400	2,204	2,508
Food Services and Drinking Places	45,848	43,520	42,984	39,321	37,890	36,415	36,674	37,238	36,137	36,108
Other Services	29,292	27,988	27,535	27,460	27,169	26,761	27,061	26,633	25,865	26,161
Repair and Maintenance	6,645	6,398	6,400	6,581	6,610	6,229	6,287	6,295	6,124	6,228
Personal and Laundry Services	11,963	11,187	10,998	10,812	10,566	10,408	10,317	10,092	9,888	9,873
Membership Organizations & Associations	8,820	8,598	8,200	8,224	8,197	8,334	8,590	8,136	7,803	7,903
Private Households	1,864	1,805	1,937	1,843	1,796	1,790	1,867	2,110	2,050	2,157
Total, All Government	82,687	77,133	65,948	81,229	83,252	83,566	83,778	82,396	83,125	82,577
Federal Government	5,153	5,218	5,224	5,468	6,174	6,122	6,258	6,352	7,862	7,931
State Government	3,161	2,220	3,550	3,644	3,770	3,825	3,802	3,777	3,772	3,794
Local Government	74,373	69,695	57,174	72,117	73,308	73,619	73,720	72,267	71,491	70,812
Unclassified	3,074	2,290	3,215	2,445	2,211	2,177	1,845	2,628	3,971	3,352

(P) Data for 2014 is Preliminary 2nd Quarter Data and subject to revision.
(P) Data for 2013 is Preliminary Full Year Data and subject to revision

(Concluded)

Data Source: Quarterly Census of Employment and Wages, developed through a cooperative program between the State of New York and the U S Bureau of Labor Statistics

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OPERATING INFORMATION

EXHIBIT T-20

COUNTY OF NASSAU, NEW YORK

COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year														
	2014			2013			2012			2011			2010		
	F/T	P/T	SEAS	F/T	P/T	SEAS	F/T	P/T	SEAS	F/T	P/T	SEAS	F/T	P/T	SEAS
Legislative															
Legislature	87	3	38	86	1	31	88	2	35	84	3	22	86	3	30
Judicial															
District Attorney	374	5		379	4		373	2		375	3		371	3	
Public Administrator	6			6			6			7			7		
Traffic Violations Bureau	47	40		43	28		43	28		46	33		45	31	
General Administration															
Assessment	147	1		154			157			168			212	1	
Assessment Review Commission	29	1		29	1		29			30	3		43	3	
Board of Elections	166	45	33	160	51	37	148	58	38	146	81	40	130	76	38
Civil Service	53	38	1	53	36	1	54	36	1	56	35	1	55	36	1
County Attorney	92	2		102	2		106	2		112	2		123	2	
County Clerk / Records Management	92	36	2	96	36	2	96	39	6	111	44	16	114	48	1
County Comptroller	76	5		72	4		74	2		72	3		76	3	
County Executive	16	2		18	1	1	20	1	1	20	1		20	2	2
County Treasurer	26	2		30	2		29	1		32	1		35	1	
Office of Constituent Affairs	36	2		37	3		38	5		42	3		41	4	
Office of Emergency Management	10			8	1		10			7			8		
Information Technology	80	1		76	1		80	1		78			116	5	
Housing and Intergovernmental Affairs	68			68			68	1		82	1		110	1	2
Labor Relations	4	1		4			4			4			5		
Office of Management and Budget	24	5		22	4		22	4	1	27	3	1	27	3	1
Personnel / Human Resources	9	2		9	2		9	1		9	1	1	9	1	1
Planning										20	11		22	11	
Purchasing Department	10			10	1		11			16			16		
Real Estate Services										8			7		
Protection of Persons															
Police															
Uniformed Personnel / Officers	2,386	419		2,336	416		2,386	406		2,526	426		2,586	427	
Administrative / Support	590	40		627	38	4	627	38		655	40		630	44	1
Fire Commission															
Fire Commissioners / Inspectors	82	3		84	3		77	27		79	3		80	3	
Administrative / Support	7	33		7	32		18	3		18	27		9	27	
Probation Department															
Uniformed Personnel / Officers	160	5		163	5		169	5		193	7		190	7	
Administrative / Support	33	8		33	9		32	11		20	2		19	4	
Parks Department - Security	8														
Human Rights Commission				8			8	1		8	2		9	2	
Dept of Investigations															
Medical Examiner	68	10		69	10		67	6		58	9		47	9	
Traffic Safety Board															
Consumer Affairs	25			26			27	1		31	1		32	1	
Health															
Behavioral Health***										88	2		103	4	
Drug and Alcohol															
Mental Health															
Health Department	241	16	8	241	20	9	243	20	9	284	22	7	282	26	10
Social Services															
CASA	4			4			5			5			4		
Criminal Justice Coordinating Council	1	1		1	1		1	2		2			2		
Human Services*****	105	11		111	10		113	8							
Minority Affairs	5	2		6	2		5	2		6	2		6	2	
Senior Citizens Affairs*****										27	5		30	6	
Social Services	765	59	5	784	65	5	790	72	5	868	86		862	99	
Office for the Physically Challenged*****										5			4		
Veterans Services	6			7			5			3			7		
Youth Board*****										4			4		
Public Works															
Maintenance / Engineering	668	24	28	704	25	25	680	27	12	727	36	14	749	55	24
Recreation and Parks															
Parks Department	157	137	665	161	145	534	164	154	472	177	201	512	149	184	247
Corrections															
Corrections / Sheriff															
Uniformed Personnel / Officers	942			957			1011			1,069			1,078		
Administrative / Support	116	6		118	9		122	10		128	10		116	11	
Total	7,821	965	780	7,909	968	649	8,015	976	580	8,533	1,109	615	8,676	1,145	358

** Full-Time, Part-Time and Seasonal Employee numbers are shown at 12/31 of each year.

F/T = Full Time, P/T = Part Time, SEAS = Seasonal

*** Starting in 2007 Drug and Alcohol and Mental Health were combined into Behavioral Health

**** Starting in 2012 Traffic Safety Board, Planning and Real Estate Services became part of Public Works

***** Starting in 2012 Behavioral Health, Office for the Physically Challenged, Youth Board, and Senior Citizens Affairs were combined into Human Services

(Continued)

EXHIBIT T-20

COUNTY OF NASSAU, NEW YORK

COUNTY GOVERNMENT EMPLOYEES BY FUNCTION**

LAST TEN FISCAL YEARS

Function	Fiscal Year														
	2009			2008			2007			2006			2005		
	F/T	P/T	SEAS												
Legislative															
Legislature	87	2	36	89	1	21	88	1	59	87	1	17	87	1	35
Judicial															
District Attorney	378	1		384	1		387	1		368			357		
Public Administrator	7			7			7			7			7		
Traffic Violations Bureau	43	35		38	33		37	30		36	30		37	24	
General Administration															
Assessment	224	1		244	2		252	3		258	4		222	4	
Assessment Review Commission	46	6		46	6		45	6		45	7		43	7	
Board of Elections	119	85	34	114	70	36	108	58	8	106	40	8	107	38	20
Civil Service	58	35	1	63	36	1	62	36		62	32		60	32	
County Attorney	154	1		161	1		157	1		153	1		159	4	
County Clerk / Records Management	108	52	2	112	52	3	105	54	5	108	49		110	49	
County Comptroller	80	2		92	3		95	3		89	3		89	2	
County Executive	30			34	2		36	2		48	3		42	4	
County Treasurer	40	1		41	1		41			45			44		
Office of Constituent Affairs	46	5		50	4		52	4		56	7		56	8	
Office of Emergency Management	5			6			7			5			5		
Information Technology	133	6	1	139	6	1	99	1		100	4	1	95	2	3
Housing and Intergovernmental Affairs	102		4	83			75	1		71	1		68		1
Labor Relations	3			7			6			5			6		
Office of Management and Budget	31	3		39	3		41	3		33	1		40	1	
Personnel / Human Resources	15	1		17	1		15	1		12	1	2	12	2	
Planning	26	11		27	10		27	11		27	10		25	10	
Purchasing Department	20			23			22			23			21		
Real Estate Services	9			9	1		8	1		10			12	5	
Protection of Persons															
Police															
Uniformed Personnel / Officers	2,715	442		2,868	446		2,818	469		2,764	458		2,849	477	
Administrative / Support	576	43		654	30	1	675	26		685	15	1	669	19	
Fire Commission															
Fire Commissioners / Inspectors	89	2		93			91			93			97		
Administrative / Support	12	26		16	24		13	26		17	24		15	27	
Probation Department															
Uniformed Personnel / Officers	195	8		213	8		208	9		232	2		214	9	
Administrative / Support	24	4		26	5		29	3		36	1		37	3	
Parks Department - Security															
Human Rights Commission	8	2	1	9	2	1	10	2		10		2	10		
Dept of Investigations	1			1			2			5			4		
Medical Examiner	49	8		52	5		55	6		52	6		52	6	
Traffic Safety Board							2			2			2		
Consumer Affairs	36	2	1	38	3		43	3		41	3		39	3	
Health															
Behavioral Health***	111	4		119	4		124	5							
Drug and Alcohol										100	2		114	2	
Mental Health										21	1		28		
Health Department	302	27	11	330	22	9	314	26	11	333	27	5	326	23	8
Social Services															
CASA	7	1		8	1		8	1		7	2		6	2	
Criminal Justice Coordinating Council	2			1			1			1	1		1		
Human Services*****															
Minority Affairs	6			8			9			10	1		10		
Senior Citizens Affairs*****	33	6		36	8		38	8		35	7		37	8	
Social Services	889	102		904	101		912	130		919	127		899	158	
Office for the Physically Challenged*****	3			7	1		7	1		7			7		
Veterans Services	8			8			9			9			9		
Youth Board*****	5			6			7			5			7		
Public Works															
Maintenance / Engineering	869	46	20	773	32	39	790	31	66	806	30	26	806	40	4
Recreation and Parks															
Parks Department	153	175	246	258	174	357	265	214	299	277	222	225	258	240	193
Corrections															
Corrections / Sheriff															
Uniformed Personnel / Officers	1,130			1,124			1,089			1,120			1,099		
Administrative / Support	119	13		125	14		132	14		133	9		127	8	
Total	9,106	1,158	360	9,502	1,114	470	9,423	1,192	452	9,474	1,133	287	9,426	1,219	265

(Concluded)

EXHIBIT T-21

COUNTY OF NASSAU, NEW YORK

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

Function	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Public Safety										
Police:										
Precincts	6	6	6 (7)	9	9	9	9	9	9	9
Community Centers	3	3	3 (7)							
Patrol Units	205	205	205	205	205	205	205	205	205	205
Highways, Streets, Bridges										
Streets (lane miles)	1,856	1,856	1,963	1,963	1,963	1,963	1,963	1,969	1,969	1,969
Streetlights	581	581	581	581	581	581	581	581	581	581 (2)
Miscellaneous Street Light Devices	22	22	22	22	22	22	22	22	22	22 (2)
Miscellaneous Traffic Control Devices	291	284	279	278	280	275	275	260	260	260 (2)
Traffic Signals	1,576	1,576	1,564	1,561	1,557	1,554	1,548	1,542	1,540	1,540 (2)
Bridges (Vehicle)	80	80 (4)	80 (4)	80 (4)	80 (4)	80 (4)	80 (4)	81 (3)	84 (4)	84 (1)
Bridges (Pedestrian)	26	26	26	26	26	26	27	27	27	27
Culture and Recreation										
Parks Acreage	5,187	5,187	5,187	5,187	5,187	5,187	5,187	5,810	6,116	6,116
Parks	68	68	68	68	68	68	68	70	80	80
Swimming Pools	5	5	5	5	5	5	5	5	7	7
Tennis Courts	75	75	70	70	70	70	70	70	72	72
Sewer and Drainage										
Bay Park Service Area Sanitary Sewers (miles)	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Cedar Creek Service Area Sanitary Sewers (miles)	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550
Glen Cove Service Area Sanitary Sewers (miles)	69	69	69	69 (5)						
Cedarhurst Service Area Sanitary Sewers (miles)	23	23	23 (6)							
Lawrence Service Area Sanitary Sewers (miles)	21	21	21 (6)							
Bay Park Plant Design Flow (MGD)	70	70	70	70	70	70	70	70	70	70
Cedar Creek Plant Design Flow (MGD)	72	72	72	72	72	72	72	72	72	72
Glen Cove Plant Design Flow (MGD)	6	6	6	5.5 (5)						
Cedarhurst Plant Design Flow (MGD)	1	1	1 (6)							
Lawrence Plant Design Flow (MGD)	2	2	2 (6)							
Storm Sewers (lane miles)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Storm Water Basins	559	559	559	560	560	560	560	559	559	559
Storm Water Pump Stations	6	6	6	6	6	6	6	6	6	6
Drainage Stream Corridors (miles)	60	60	60	60	60	60	60	60	60	60

MGD - Millions of Gallons per Day

(1) 41 Bridges solely owned by County and 43 co-owned with other Municipalities

(2) Estimated based on 2006 and relative stability of data.

(3) 40 Bridges solely owned by County and 41 co-owned with other Municipalities

(4) 39 Bridges solely owned by County and 41 co-owned with other Municipalities

(5) Nassau assumed responsibility of Glen Cove Sewer System In 2011

(6) Nassau assumed responsibility of Cedarhurst and Lawrence Sewer System In 2012

(7) There was a reduction of Precincts due to Precinct consolidation that took place

in 2012. The closed Precincts remain open as Community Centers and offer Police assistance to the public.

Sources: Various Nassau County Departments

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EXHIBIT T-22

COUNTY OF NASSAU, NEW YORK

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

Function	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Judicial										
District Attorney										
Felony Conviction Rate ⁽¹⁾	88.7%	91.2%	93.5%	89.6%	90.1%	90.2%	90.0%	91.2%	91.7%	91.1%
Total Number of Cases Handled	33,953	34,550	35,430	34,687	32,463	32,824	34,460	36,399	38,397	36,264
Number of Indicted Cases	858	890	986	994	963	1,003	1,032	900	688	494
General Administration										
Assessment										
Number of Building Permits Issued	31,914	34,724	26,059	21,101	21,527	21,352	20,704	29,915	24,008	28,896
Number of Building Inspections Performed	25,202	20,723	26,327	26,254	26,641	36,022	23,641	22,373	47,169	40,099
Number of Basic STAR Exemptions	268,008 ⁽²⁾	272,178 ⁽²⁾	267,096 ⁽²⁾	275,824 ⁽²⁾	275,888 ⁽²⁾	276,063 ⁽²⁾	264,653 ⁽²⁾	251,746 ⁽²⁾	265,098 ⁽²⁾	260,679 ⁽²⁾
Number of Enhanced STAR Exemptions	36,126 ⁽²⁾	37,972 ⁽²⁾	36,199 ⁽²⁾	35,578 ⁽²⁾	35,282 ⁽²⁾	35,567 ⁽²⁾	49,865 ⁽²⁾	49,238 ⁽²⁾	50,276 ⁽²⁾	51,385 ⁽²⁾
Number of Veterans Exemptions	49,920 ⁽²⁾	47,340 ⁽²⁾	52,125 ⁽²⁾	55,007 ⁽²⁾	56,224 ⁽²⁾	55,007 ⁽²⁾	47,286 ⁽²⁾	59,526 ⁽²⁾	58,758 ⁽²⁾	60,994 ⁽²⁾
Number of Solar Energy Exemptions	16 ⁽²⁾	14 ⁽²⁾	19 ⁽²⁾	24 ⁽²⁾	29 ⁽²⁾	29 ⁽²⁾	37 ⁽²⁾	37 ⁽²⁾	37 ⁽²⁾	37 ⁽²⁾
Assessment Review Commission										
Number of Residential Appeal Applications Reviewed	136,523 ⁽³⁾	129,946 ⁽³⁾	111,133 ⁽³⁾	111,019 ⁽³⁾	107,547 ⁽³⁾	107,287 ⁽³⁾	110,379 ⁽³⁾	114,808 ⁽³⁾	122,027 ⁽³⁾	128,220 ⁽³⁾
Number of Commercial Appeal Applications Reviewed	20,726 ⁽³⁾	20,449 ⁽³⁾	19,868 ⁽³⁾	18,940 ⁽³⁾	19,076 ⁽³⁾	19,077 ⁽³⁾	18,391 ⁽³⁾	18,181 ⁽³⁾	18,370 ⁽³⁾	18,219 ⁽³⁾
Shared Services - Formerly Purchasing Department										
Number of Purchase Orders Processed	6,722	6,819	7,357	9,015 ⁽¹⁹⁾	10,687	10,954	10,232	11,983	11,581	12,401
County Comptroller										
Number of Claims Processed	94,194	71,661	68,910	83,935 ⁽¹⁹⁾	85,137	86,705	91,117	93,033	97,500	101,919
County Treasurer										
Investment Portfolio Return	0.22%	0.30%	0.35%	0.45%	0.63%	0.97%	2.77%	5.28%	5.15%	3.41%
Total number of Tax Liens Sold ⁽⁴⁾	4,480	4,108	4,680	4,155	4,335	4,513	5,330	4,520	3,748	3,498
County Clerk										
Land Records Recorded	111,642	147,164	152,954	129,098	127,954	129,984	123,471	191,121	211,790	273,496
Court Records Recorded	280,478	279,755	273,933	281,733	363,728	347,316	322,025	346,879	309,755	281,772
Miscellaneous Records Recorded	101,279	98,836	99,083	108,381	102,059	97,168	89,702	105,455	100,597	94,665
Certified Copies Issued	33,478	41,510	30,322	28,770	28,953	30,702	30,598	21,529	28,522	27,091
Board of Elections										
Voting Precincts	1,196	1,196	1,165	1,160	1,160	1,160	1,160	1,160	1,160	1,160
Polling Places	376	389	389	389	389	389	389	388	388	388
Voters	947,698	945,611	937,121	913,215	903,102	898,064	906,064	866,978	853,651	888,631
Poll Workers	5,166	5,634	5,684	5,618	5,618	4,749	6,210	5,394	4,560	4,534
Civil Service										
Number of Position Classification Reviews	2,811	2,832	2,455	2,659	3,298	2,911	3,513	3,601	3,222	3,227
Number of Performance Tests Conducted	753	3,332	301	585	3,015	1,675	2,008	2,270	753	903
Number of Psychological Tests Conducted	912	727	77	189	439	390	747	822	896	369
Planning Department										
Number of New Zoning Applications Received	2,153	2,186	2,178	2,585	2,314	2,852	2,938	2,924	2,989	2,623
Number of Subdivision Waiver Applications Approved	64	63	32	38	43	45	72	102	129	108
Number of Bus Shelters	346	344	319	322	342	340	340	340	340	340
Number of Maintenance Checks Performed	185	188	188	493	185	173	203	210	280	277
Protection of Persons										
Police										
Physical Arrests	21,976	22,076	16,548	15,858	15,866	17,298	16,778	16,436	16,860	15,339
Parking Violations	72,114	78,866	70,383	76,151	92,043	99,857	108,975	113,203	118,855	115,013
Moving Violations	150,771	154,956	149,456	157,403	201,688	206,769	200,886	203,180	202,009	183,873
Fire Commission										
Emergency Light Tests	2,342	2,445	2,586	2,601	2,485	2,448	2,413	2,405	2,009	1,577
General Fire Marshal Inspections	5,345	5,072	6,206	6,513	6,304	6,722	4,473	4,823	3,931	2,835
Plans Reviewed ⁽¹⁴⁾	2,752	3,212	2,689	2,701	2,649	2,923	3,035	2,891	2,943	3,043
Fire & Ambulance Calls Dispatched	70,102	64,616	77,996	70,924	73,489	67,658	64,357	63,106	62,396	62,798
Medical Examiner										
Number of Cases Reported to ME Office	5,714	5,676	5,504	5,431	5,124	5,214	6,302	4,966	4,825	5,036
Number of Cases Accepted and Certified by ME Office	1,297	1,303	1,261	1,223	1,275	1,326	1,352	1,289	1,353	1,370
Number of Autopsies Performed	727	772	778	702	772	779	830	830	859	853
Number of Cremation Investigations (Date reported)	2,054	2,052	1,950	1,791	1,642	1,663	1,560	1,458	1,410	1,406
Number of ME Scenes Visited	673	646	571	632	631	585	638	753	737	647
Toxicology Analysis Total Avg Days	53	60	71	56	65	63	47	22.7	27	29
Total Number of DNA Cases Received	619	599	579	611	593	583	617	654	482	412
Total Number of Items Received from DNA cases	1,416	1,450								
Average Number of Days to complete Forensic DNA Cases	66	69	115	108	118	153 ⁽¹⁵⁾	65	63	60	86
Total Number of Latent Print Cases Received	806	814								
Total Number of Latent Print Items Received	5,723	1,687								
Average Number of Days to complete Latent Print Cases	176	112								
Probation Department										
Supervision Caseload (Criminal & Family)	6,481	7,022	7,417	8,040	8,643	8,796	8,453	8,418	8,245	7,975
Adult Intake: Number of Cases Assigned				(16)	(16)	4,657	3,928	3,562	3,778	4,515
Juvenile Intake: Number of Cases Assigned	363	420	567	645	753	782 ⁽¹¹⁾	969 ⁽¹⁰⁾	1,874	1,948	1,963
Pre-trial Cases Interviewed	2,022	2,622	2,777	2,827	2,377	2,232	2,616	2,573	3,464	3,090
Pre-trial Supervision Caseload (Criminal & Family)	1,525	1,144	799	875	895	1,217	1,235	813	627	519
Investigations Assigned (Criminal & Family)	3,400	3,713	3,979	4,395	5,395	6,387	6,532	6,274	6,274	6,323

(Continued)

EXHIBIT T-22

COUNTY OF NASSAU, NEW YORK

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

Function	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Protection of Persons (Continued)										
Consumers Affairs										
Number of Weights and Measures Inspections	4,082	4,353	4,479	4,425	4,101	4,402	4,512	4,439	NA	NA
Number of Weights and Measures Devices Inspected	15,684	16,803	16,891	16,881	16,650	16,228	16,135	16,185	16,898	16,003
Total Number of Stores Participating in Item Price Exemption	216	216	210	189	190	185	190	158	160	170
Number of Home Improvement License Applications Issued	4,368	6,016	4,462	5,462	4,216	5,605	4,038	5,846	4,169	5,645
Total Number of Violations Issued	1,176	1,490	1,424	1,576	1,579	2,144	1,667	1,566	1,445	1,590
Health										
Behavioral Health (Drug & Alcohol)										
Caseload Referred by DSS Screening					4,293 ⁽¹⁷⁾	7,673	6,687	6,778	6,262	6,996
Assessments, Consultations, Support Services					2,288 ⁽¹⁷⁾	4,307	4,459	3,136	3,693	3,775
Referrals to Treatment					1,286 ⁽¹⁷⁾	2,397	2,648	2,539	2,510	2,199
TIPS Treatment Placement Number of Unique Clients Served					158 ⁽¹⁸⁾	582 ⁽¹²⁾	154 ⁽¹²⁾	976	1,194	1,232
EAP Number of Training and Management Consultation Attendees	1,408	1,105	2,312	4,140	2,552	1,372	1,376	930	519	788
Methadone Maintenance Treatment Clinic Number of Clients Served	691	744	747	714	747	735	689	725	717	711
Behavioral Health (Mental Health)										
Average Monthly Assisted Outpatient Treatment (AOT) Caseload	213	175	157	151	149	140	132	111	108	131
Average Monthly AOT Cases Under Court Order	183	146	133	124	117	108	104	84	76	87
Average Monthly AOT Voluntary Cases	8	10	12	11	16	19	15	12	23	31
Average Monthly AOT Cases under Investigation	22	19	12	16	17	13	14	14	9	14
Significant AOT Event Episodes	542	572	478	434	403	307	186	309	338	397
Family Court Number of Individuals Remanded	24	22	32	44	50	71	110	91	109	149
Family Court Number of Diversions	18	25	29	36	36	24	50	42	63	66
Number of Forensic Evaluations	202	152	122	127	179	242	358	255	319	251
Number of Individuals Seen	201	152	116	113	163	227	308	223	283	285
Health Department										
Total Number of Communicable Diseases Reports Received	23,054	20,191	19,406	25,281	25,518	27,786	22,743	21,403	20,983	24,062
Total Number of Communicable Diseases Reports Confirmed	4,716	4,275	3,042	3,667	1,488	8,453	4,162	3,480	3,811	3,443
Number of Immediate Response Investigations	69	36	30	28	71	54	89	21	52	50 ⁽⁶⁾
Number of 72 Hour Response Investigations	1,206	1,113	1,221	1,161	1,074	3,394	1,337	1,025	1,390	1,421 ⁽⁶⁾
Number of 1 Week Response Investigations	3,452	3,123	1,791	2,471	1,416	5,037	2,704	2,103	2,369	1,971 ⁽⁶⁾
Monthly Environmental Nuisances All Cases	NA	NA	NA	NA	NA	3,168	3,674	3,730	3,880	4,872
Community Sanitation Inspections	2,599	2,872	2,002	2,354	2,925	2,915	3,395	3,098	3,100	3,261
Food Protection Inspections	12,604	12,314	15,934	18,410	13,462	17,059	14,734	16,426	14,811	15,667
Social Services										
Senior Citizens Affairs										
Number of Congregate Meals Served at Centers	193,213	202,358	201,409	207,469	219,986	211,888	237,855	247,179	251,675	264,520
Number of Seniors Served Meals	6,741	6,604	4,651	4,690	4,902	4,600	5,634	6,426	6,596	6,769
Number of Home Meals Served	423,731	404,506	412,226	451,941	469,418	387,019	500,203	535,882	506,508	410,734
Total Number of Funded Senior Center Trips	139,075	140,205	148,932	158,255	165,509	152,967	185,953	187,725	208,508	235,673
Number of Senior Passengers Transported	1,595	1,605	1,736	1,719	1,860	1,557	1,722	2,066	1,964	1,872
Social Services⁽⁸⁾										
Medicaid Total Medical Assistance Cases Only	112,107	117,179	102,687	93,777	86,436	75,552	63,908	67,970	75,959	74,346
Medicaid Applications Pending	1,122	2,070	4,257	2,526	2,442	4,233	7,538	4,893	3,393	4,416
Percentage of Applications Processed over 30 Days	10%	6%	28%	16%	18%	33%	54%	49%	37%	41%
Child Protective Investigative Unit Caseload / Per Caseworker	18	16	18	17	22	16	19	17	16	18
Child Protection Total Caseload / Per Caseworker	15	14	15	15	19	17	18	15	14	17
Child Protective Services Primary Open Investigations	808	1,142	1,046	1,086	1,253	1,076	1,189	854	826	810
Child Protective Services Primary Open Investigations / Per Caseworker	13	14	15	14	16	14	15	14	13	14
Active Public Assistance Cases	7,463	6,989	7,608	8,302	8,538	6,932	5,695	4,865	4,754	5,031
Number of Public Assistance Applications Pending Over 30 Days	34	72	243	419	840	1,556	1,001	825	621	633
HEAP Individuals (Clients, HEAP-Only)	4,731	5,034	6,378	7,265	7,658	7,081	5,885	4,948	5,822	5,399
Social Service Applications Disposed	5,807	8,062	7,920	7,530	8,581	7,684	6,408	4,793	4,060	5,037
Emergency Shelter Individuals (Clients, Homeless)	719	564	628	574	805	515	509	380	433	479
Food Stamp Individuals (Clients, Total)	66,130	67,317	68,409	66,039	59,510	45,338	34,143	28,288	27,027	26,877
Services Cases	5,419	5,559	5,855	5,803	5,654	5,111	4,762	4,675	4,885	4,670
Number of Summer Lunches Served ⁽¹³⁾	70,784	62,094	67,000	61,000	71,488	79,000	71,127			
Office for Physically Challenged										
Number of Parking Permits Issued	24,895	27,328	14,891	17,103	14,945	17,087	11,201	13,806	15,511	18,053
Number of Inquiries Responded To	20,250	19,424	19,500	18,250	17,250	18,500	11,201	18,000	17,550	18,970
Number of Institutional Outreach Contacts	4,050	5,882	2,498	2,145	1,400	1,200	1,885 ⁽⁷⁾	285	280	295
Veterans Services										
Number of Clients Helped	18,000	17,126	19,104	10,025	15,079	10,844	12,476	14,383	11,506	12,726
Number of Services Provided	146,466	81,161	98,988	22,519	31,908	27,100	28,784	29,971	19,365	24,856
Number of Claims Opened	1,182	839	724	1,537	2,206	1,904	1,474	1,502	773	761
Veterans Population ⁽⁹⁾	65,000	70,000	85,000	79,000	90,000	90,000	79,146	85,794	87,721	91,269

(Continued)

EXHIBIT T-22

COUNTY OF NASSAU, NEW YORK

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

Function	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Social Services (continued)										
Youth Board										
Number of Contacts for Contract Management and Assessment	475	320	320	446	562	851	783	860	1,379	1,350
Number of Youths Participating within Three Community Service Learning Programs	0	0 ⁽²¹⁾	20	47	66	68	70	54	30	30
Number of Grant Applications Written by Department	0	0		18	18	10	12	4	7	7
Number of Youths Served Through Various Programs	20,395	33,651 ⁽²²⁾	17,441	23,284	22,000	25,078	24,390	25,000	22,000	22,000
Number of Referrals to Other Departments and Other Organizations	NA	NA ⁽²³⁾	270	341	400	415	425	430	422	400
Number of Professional Development Trainings	2	0	7	15	22	12	21	16	15	15
Number of Staff Members Attending Training	3	3	545	946	880	625	1,365	1,159	1,000	1,000
Number of Summer Lunches Served ⁽¹⁾								67,000	72,000	61,362
Public Works										
Maintenance / Engineering										
Lane Miles Resurfaced	114	52	130	85	85.5	83	127.26	120.95	111.11	122.19
Street Sweeping (lane miles)	12,500	10,000	11,395	13,499	8,886	7,313	11,611	25,628	34,172	36,809
Bridge Maintenance (man hours/year)	389		448	1,594	119	52	145	35	97	62
Average Number of Potholes Filled (per month)	3,515	2,171	212	138	1,674	1,607	1,188	1,685	2,653	2,134
Snow Plowing (man hours/year)	2,016.5	903.0	254.5	2,244	1,576	3,270	5,903	2,750	2,277	4,592
Average Flow - Bay Sewage Treatment Plant (MGD)	51.8	47.9	49.8	51	49	49	60.1	60.3	59.4	58.1
Average Flow - Cedar Creek Water Pollution Control Plant (MGD)	53.4	52.0	52.8	55.9	59.3	55.4	55.3	55.4	57.3	61.2
Average Flow - Glen Cove Wastewater Treatment Plant (MGD)	2.8	2.9	3.1							
Average Flow - Cedarhurst Water Pollution Control Plant (MGD)	0.8	0.7	0.8							
Average Flow - Lawrence Sewage Treatment Plant (MGD)	1.4	1.2	1.1							
Recreation and Parks										
Parks Department										
Athletic Field Use Permits Issued	NA	NA	NA	NA	NA	NA	440	653	442	450
Field/Court Reservations	10,816	11,783	9,994	9,008	9,476	8,057	8,258	8,943	8,734	NA
Museum Admissions	NA	1,032,658	764,550	757,631	821,416	921,983	941,608	899,065	909,928	342,365
Pool Admissions	429,553	426,518	393,273	412,584	427,148	374,728	418,842	446,800	447,050	NA
Golf Admissions (rounds played)	237,902	238,761	269,940	257,723	277,035	295,463	273,540	271,641	254,632	245,077
Corrections										
Corrections / Sheriff										
Number of Inmates Transported To Court	23,805	25,757	28,737	31,999	33,573	34,121	34,306	34,278	22,409	21,045
Average Monthly Number of Inmates	1,234	1,294	1,502	1,577	1,637	1,576	1,607	1,717	1,633	1,581
Number of Summonses Issued	2,742	2,432	2,438	2,671	2,827	7,000	5,674	5,939	8,645	10,008
Number of Court Orders Enforced	23,263	25,692	27,081	31,343	20,217	27,841	27,894	26,969	26,015	29,013

NA - data not available

(Concluded)

MCD - Millions of Gallons per Day

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

(2) Exemptions processed in 2005 are for Tax Year 2006/2007, Exemptions processed in 2006 are for Tax Year 2007/2008, Exemptions processed in 2007 are for Tax Year 2008/2009, Exemptions processed in 2008 are for Tax Year 2009/2010, Exemptions processed in 2009 are for Tax Year 2010/2011, Exemptions processed in 2010 are for Tax Year 2011/2012, Exemptions processed in 2011 are for Tax Year 2012/2013, Exemptions processed in 2012 are for Tax Year 2013/2014, Exemptions processed in 2013 are for Tax Year 2014/2015, and Exemptions processed in 2014 are for Tax Year 2015/2016.

(3) Appeals for correction of assessments are filed yearly between January 1 and March 1 with the Assessment Review Commission. The appeals filed in 2014 were for the 2015/16 tax year; ARC reviews the applications and reduces the assessment roll where appropriate. The review process is completed on or around March 10th of the following year. The number of appeals represents the number of parcels appealed, multiple filings on a parcel is not included.

(4) Includes liens sold to Nassau County by Default

(5) Program Start - 7/03

(6) Statistics started to be collected in May 2004

(7) In 2008, Staff Members were increased to 4 that are doing Institutional Outreach.

(8) Data Sources: NYS WST-002, NYS WINR-1240, OCI Summary Report, CCRS/Connections, NCDSS Homeless Report

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

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

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

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

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

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

(15) Methodology of Tracking Case Turnaround was changed in 2009 along with an increase in DNA analysis requests as a result of increased amounts of evidence collected at crime scenes are reasons for the increase in the average number of days to complete DNA Cases

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

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

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

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

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

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

(21) Community Service Projects cut in 2012

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

(23) Referrals not Tracked in 2013

Sources: Various County of Nassau Departments, Office of Management and Budget

For more information about County Departments and Services please visit our website - www.nassaucountyny.gov