

NASSAU COUNTY  
NEW YORK



COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT  
OF THE  
COMPTROLLER

FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2012

GEORGE MARAGOS  
COMPTROLLER



NASSAU COUNTY  
NEW YORK



COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT  
OF THE  
COMPTROLLER

FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2012

GEORGE MARAGOS  
*COMPTROLLER*

STEVEN L. LABRIOLA  
*CHIEF DEPUTY COMPTROLLER*

JAMES A. GARNER  
*DEPUTY COMPTROLLER FOR  
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*DIRECTOR OF ACCOUNTING*





George Maragos  
*NASSAU COUNTY COMPTROLLER*



# COUNTY OF NASSAU, NEW YORK

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## **INTRODUCTORY SECTION**



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



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

**James A. Garner**  
*Deputy Comptroller for  
Claims, Payroll/Health  
Benefits & Administration*

**Paul L. Meli**  
*Deputy Comptroller for  
Audits & Special Projects*

July 12, 2013

**TO THE PEOPLE OF NASSAU COUNTY**

I am pleased to submit the Comprehensive Annual Financial Report (“the report”) for the year ended December 31, 2012, as required by New York State County Law 577[1] (j)-(k). This letter of transmittal is designed to complement Management’s Discussion and Analysis (“MD&A”) and should be read in conjunction with it.

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

The County ended the year with a budgetary surplus of \$41.5 million in its County defined primary operating funds. This year-end surplus will increase the fund balance of these primary funds to \$82.0 million.

Additionally, the structural deficit related to these primary funds was reduced for the third consecutive year from \$251.6 million in 2009 year-end to \$115.6 million in 2012, a 54% improvement. The structural deficit is the difference between recurring revenues and expenses, excluding “one-shots,” and traditionally has been an important indicator of the County’s long-term fiscal health. Furthermore, the amount of borrowings for general County purposes during 2012 has been reduced by approximately 40% to \$192.1 million from \$324.1 million (net of refinancings) in 2009.

Continuing the broad fundamental fiscal improvements will present major challenges to the County going forward. State mandates will continue to present increasing burdens to the County and all other counties within the State unless Albany takes action to control the ever-growing costs associated with Medicaid, pensions and unfunded mandates. The improving economy will help but it is not expected to generate sufficient additional sales tax revenues to offset these rising costs. Additionally, the legal challenges to the wage freeze, the growing tax certiorari liability, and the ability to bond for such tax certiorari liabilities in the future are additional risks that may have an impact to the County’s operations going forward and must be addressed in the 2014 Multi-Year Plan. The fund reserve, although replenished by the \$41.5 million budgetary surplus to approximately \$82.0 million, is about 3% of prior year expenditures and below the County’s established policy of 4%, which still leaves the County vulnerable to unanticipated expenditures and adverse court judgments.

[www.nassaucountyny.gov/Comptroller](http://www.nassaucountyny.gov/Comptroller)  
[facebook.com/NCComptroller](https://www.facebook.com/NCComptroller) • [twitter.com/NCComptroller](https://twitter.com/NCComptroller) • [youtube.com/NCComptroller](https://www.youtube.com/NCComptroller)

The liability for property tax refunds requires immediate attention. This liability has increased to approximately \$335 million at year-end 2012 because of lower payouts. On a positive note, however, the estimated new property tax liabilities added in 2012 were \$58 million, the lowest since 2008, and highlights the improvements in the Assessment System introduced with the Four Year Cycling Assessment Formula.

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

The independent accounting firm of Deloitte & Touche LLP performed an audit of the County’s financial statements as of, and for the year ended, December 31, 2012. Their audit opinion on the basic financial statements, and combined and individual fund statements and schedules is located on pages 10 through 12 of this report.

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

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

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

### **Profile of the Government**

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

**OFFICE OF THE COMPTROLLER**

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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. 14, as amended by GASB Statement No. 39 (The Financial Reporting Entity), 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 Superstorm 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**

Superstorm Sandy was a major event during 2012 causing considerable damage to the local economy, loss of sales tax revenues and unanticipated recovery costs. Despite the additional costs from Superstorm Sandy and loss of sales tax revenues, the County was still able to end fiscal 2012 with a budgetary surplus in its primary operating funds of \$41.5 million. The budgetary results for the primary funds include \$9.7 million in unanticipated costs representing the County's 10% portion of Superstorm Sandy related expenditures. The 90% remaining balance of eligible County Superstorm Sandy expenditures is expected to be reimbursed by FEMA as a result of the recent Presidential Declaration.

Under Generally Accepted Accounting Principles ("GAAP") as required for governmental financial reporting, the County's results for the fiscal year were a surplus of \$27.5 million in its primary operating funds as reported in accordance with the Governmental Accounting Standards Board ("GASB") Statement No. 54. The Mangano Administration was able to achieve these results by controlling expenses, refinancing debt, imposing a nonessential hiring and wage freeze, and litigating property tax grievances, while holding the line on property taxes.

The amount of debt issuances by the County during 2012 (excluding debt issued for Nassau Community College purposes) of \$192.1 million was approximately 40% less than in 2009. These borrowing were used primarily for termination pay and capital projects.

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In fiscal 2012, the County generated a budgetary surplus of \$41.5 million in its primary operating funds. The primary components that added to the budgetary surplus were the result of higher sales tax revenues (\$21.9 million), lower debt service costs due to fewer borrowings and lower borrowing rates (\$43.6 million), lower Early Intervention and Pre-School Costs (\$24.1 million), and the recovery of prior year appropriations plus the sale of property (\$39.4 million). Offsetting these were lower State Aid (\$27.6 million), a shortfall in Fine and Forfeiture revenues (\$7.1 million), and personnel costs that exceeded the budget such as, Payroll (\$48.2 million) which was primarily due to unbudgeted termination pay and the timing of staff reductions, and Police and Corrections overtime costs (\$27.4 million). These payroll costs were partially offset by use of \$25.0 million in contingencies.

**Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (“GFOA”) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the year ended December 31, 2011. This is the twenty-eighth consecutive year in which the County’s Comprehensive Annual Financial Report has been so honored. In order to be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

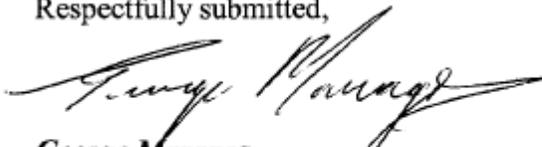
A Certificate of Achievement is valid for a period of one year only. We believe that this current report continues to conform to the program requirements, and we plan to submit it to the GFOA to determine its eligibility for a Certificate of Achievement.

The County has also earned GFOA’s Distinguished Budget Presentation Awards for its 2011 budget submissions. 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 best, however, was a \$5.0 million award received from Governor Andrew Cuomo in recognition of the County’s successful efforts in reducing expenditures in 2012 without affecting services. The award was from the New York State competitive grant program intended to reward local government efforts that reduce costs and ease the burden on local property taxpayers. The awards were given to only two municipalities on Long Island (Nassau County and the Town of East Hampton). Nassau County received the maximum award amount possible under the program.

The preparation of the 2012 Comprehensive Annual Financial Report could not have been accomplished without the invaluable assistance of the efficient and dedicated staff of the offices of the County Comptroller, the County Executive, the County Treasurer, Albrecht, Viggiano, Zureck & Company, P.C. and our independent auditors, Deloitte & Touche LLP. I would like to express my appreciation to all those who assisted and contributed to its preparation.

Respectfully submitted,



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

# 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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Morill*

President

*Jeffrey R. Emer*

Executive Director

# COUNTY OF NASSAU, NEW YORK

## PRINCIPAL OFFICIALS

DECEMBER 31, 2012

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### Executive

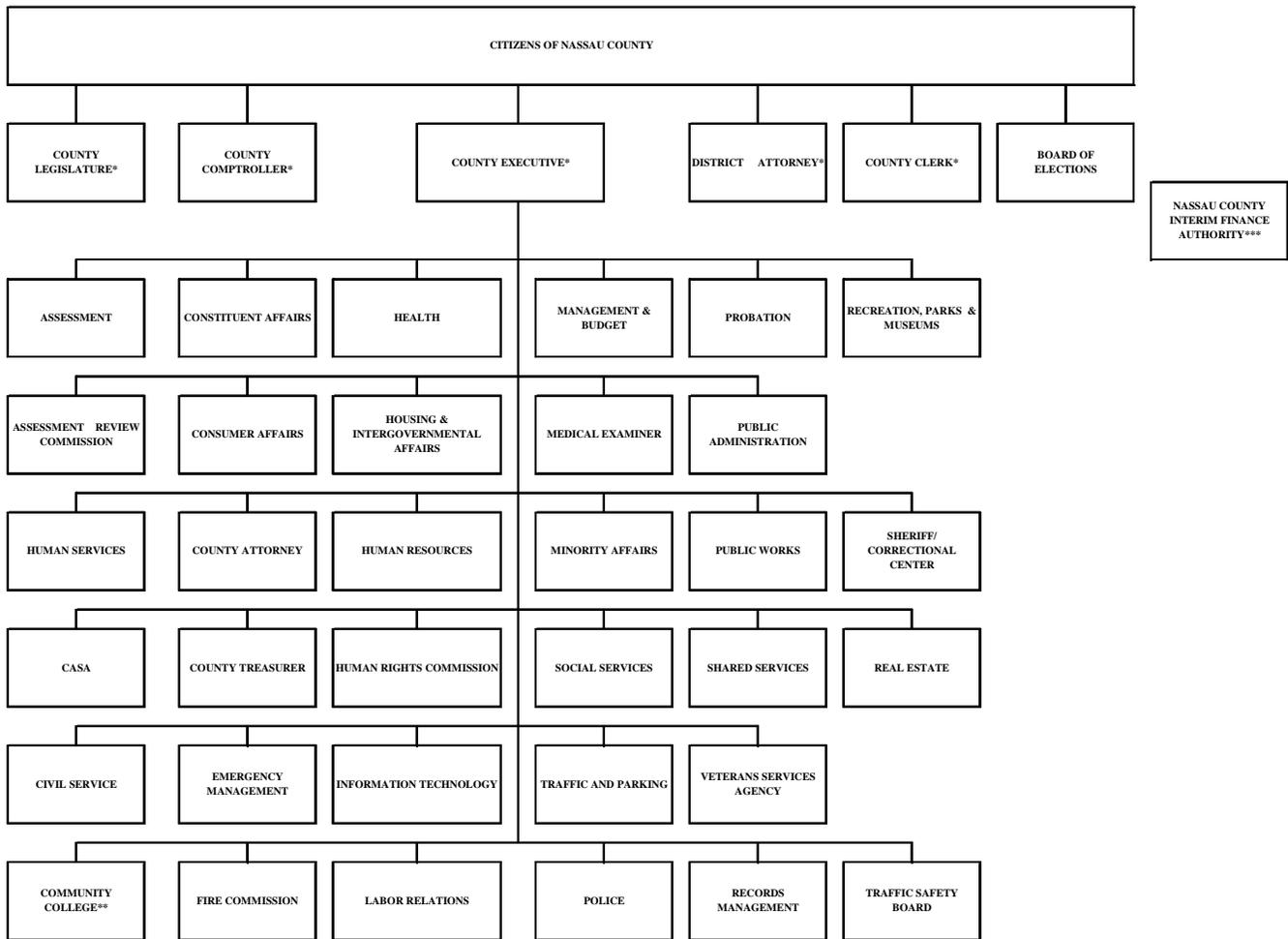
County Executive	Edward P. Mangano
County Comptroller	George Maragos
Chief Deputy County Executive	Rob Walker
Deputy County Executive for Finance	Timothy Sullivan
Acting County Treasurer	Beaumont Jefferson
County Attorney	John Ciampoli
Acting Budget Director	Roseann D'Alleva
District Attorney	Kathleen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

### Legislative

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

COUNTY OF NASSAU, NEW YORK

COUNTY DEPARTMENTS AND OFFICES  
DECEMBER 31, 2012



\* Offices Elected by Voters of Nassau County

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

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

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## **FINANCIAL SECTION**



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Fax: +1 516 827 3980  
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## **INDEPENDENT AUDITORS' REPORT**

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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Nassau, New York, (the "County"), as of and for the year ended December 31, 2012, (with the Nassau Community College for the year ended August 31, 2012), which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of the County's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of December 31, 2012 and for the year then ended, as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Nassau Regional Off-Track Betting Corporation, the Nassau County Industrial Development Agency, Nassau County Local Economic Assistance Corporation, the Nassau County Bridge Authority, and the Nassau Health Care Corporation, all discretely presented component units, which, as combined, represent 9.0 percent, 15.5 percent, and 5.1 percent, respectively, of the assets, revenues, and net position of the County and 66.9 percent, 72.3 percent, and 56.9 percent, respectively, of the assets, revenues, and net position of the Component Units, for the year ended December 31, 2012. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities is based solely on the reports of the other auditors. The report of the independent auditor contained an explanatory paragraph concerning the Nassau Regional Off-Track Betting Corporation's ability to continue as a going concern (See Note 1 within the *Discretely Presented Component Unit*, Section C). We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinion***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Nassau, New York, as of December 31, 2012, and the respective changes in financial position and, where applicable, thereof and the respective budgetary comparison for the applicable major funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of nonmajor governmental and fiduciary funds of the County of Nassau, New York, as of December 31, 2012, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

As described in Note 1, in 2012 the County adopted Governmental Accounting Standards Board ("GASB") Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

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

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

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedule of funding progress on pages 13 through 23, and page 114 be presented to supplement the basic financial statements. Such information, although not a part of the basic

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

#### *Supplementary Information*

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

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

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2013 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.

*Deloitte & Touche LLP*

July 12, 2013

# COUNTY OF NASSAU, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2012

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

Nassau County's Comprehensive Annual Financial Report ("CAFR") complies with the requirements of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 2200 (previously known as Governmental Accounting Standards Board Statement No. 34). This section of the report, required under GASB 34, presents Management's Discussion and Analysis ("MD&A") of Nassau County's (the "County") financial activities and performance for the fiscal years ended December 31, 2012 and 2011. This section should be read in conjunction with the letter of transmittal and the County's financial statements.

### FINANCIAL HIGHLIGHTS

The County generated a budgetary surplus in 2012 of \$41.5 million in its primary operating funds, County defined as the General Operating Fund, Fire Prevention, Safety, Communication and Education Fund, Police Headquarters and Police District Funds. This budgetary surplus primarily resulted from sales tax receipts that exceeded budget estimates due to conservative projections and the recovering economy, lower debt service expenses than budgeted resulting from reduced long-term borrowings, lower employee and retiree health insurance rates that were lower than projected in the budget, lower early intervention / special education costs due to reduced service rates and lower volume of services and cancellation of related prior year encumbrances. The overall surplus is primarily comprised of a surplus of \$26.4 million in the General Fund, in addition to a surplus of \$19.8 million in the Police District Fund offset by a deficit of \$5.4 million in the Police Headquarters Fund. These surplus funds have been added to existing accumulated fund balance. The County has eliminated hundreds of full-time positions, through early retirement incentive programs and layoffs, and held the line on hiring.

The County and its residents sustained substantial property damage as a result of Superstorm Sandy. The related expenditures and reimbursement revenues have been recorded in a new FEMA fund. A ten percent share of these expenditures have been conservatively recognized in the operating funds, however, this amount may ultimately be fully funded by New York State, which would be recognized as revenue in fiscal year 2013.

The County's net worth, on a government-wide basis, declined by \$253.7 million during 2012 to negative \$6.5 billion. The decline was primarily due to an increase in other liabilities (property tax refunds liability and deferment of refunds) along with increases in long-term liabilities primarily due to an increase in other postemployment benefits (OPEB). While the County transitions to structurally balanced budgets over the next several years, the Administration intends to fund the property tax refunds with long-term financing. The requisite approvals, however, were not obtained from the Legislative Minority during 2012, and the related long-term liability has grown.

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("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 on a reporting basis totaled \$84.8 million on a budgetary basis (\$56.1 million is in the General Fund as defined by ASC 1800 (formerly GASB Statement No. 54), and \$28.7 million in the Police District Fund).

# COUNTY OF NASSAU, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2012

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### ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2012

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 – liabilities = 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 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.

#### *The Statement of Net Position*

The Statement of Net Position for the 2012 fiscal year shows that the County has a deficit balance of \$6.5 billion. Table 1 shows that the County's net worth declined by \$253.7 million during 2012 primarily due to increases in other liabilities along with increases in long-term liabilities comprised mainly of an increase in OPEB. The increase in other liabilities reflects the 2012 accrual for property tax refunds, and increases in the current portion of various long-term liabilities such as litigation, and deferred revenue. Total assets increased \$190.6 million, primarily due to receivables from FEMA, and a temporary increase in cash balances at year-end.

# COUNTY OF NASSAU, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2012

### ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2012 (Continued)

*The Statement of Net Position (Continued)*

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

	Total Primary Governmental Activities		Change
	2012	2011	
Current and Other Assets	\$ 1,919.0	\$ 1,731.9 *	\$ 187.1
Capital Assets	2,579.4	2,575.9	3.5
<b>Total Assets</b>	<b>4,498.4</b>	<b>4,307.8</b>	<b>190.6</b>
Total Deferred Outflows of Resources	84.0	84.6 *	(0.6)
Current and Other Liabilities	1,472.1	1,204.7	267.4
Long-Term Liabilities	9,618.8	9,442.5	176.3
<b>Total Liabilities</b>	<b>11,090.9</b>	<b>10,647.2</b>	<b>443.7</b>
Net Position			
Net Investment in Capital Assets	1,675.7	1,681.9	(6.2)
Restricted	75.9	89.7 **	(13.8)
Unrestricted	(8,260.1)	(8,026.4)	(233.7)
<b>Total Net Position</b>	<b>\$ (6,508.5)</b>	<b>\$ (6,254.8)</b>	<b>\$ (253.7)</b>

\* Restatement for GASB 63 Presentation

\*\* Certain reclassifications have been made to the prior year data 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.

Finally, the County's Statement of Net Position shows a deficit balance of \$6.5 billion in net position at December 31, 2012, which represents a \$253.7 million increase in the deficit since the close of the 2011 fiscal year. Unrestricted net position reflect all liabilities that are not related to the County's capital assets and are not expected to be repaid from restricted resources. Accordingly, the County will have to allocate future revenues towards the payment of these liabilities.

As of December 31, 2012, the County and its blended component units had a combined \$3.4 billion in outstanding long-term debt. This is because the County has historically issued long-term debt to finance judgments, settlements, and the payment of real property tax refunds resulting from successful grievances of property tax assessments. As of December 31, 2012, the County had \$1.0 billion of outstanding debt related to tax certiorari settlements.

# COUNTY OF NASSAU, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2012

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### ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2012 (Continued)

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

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. While the County enacted a local law in 2010 to amend the Administrative Code to eliminate this guarantee, the change in law was not to take effect until 2013. In January 2012, the Supreme Court upheld the validity of the local law and plaintiffs appealed that decision. On February 27, 2013, the Appellate Division, Second Department reversed the decision of the lower court, held that the County did not have the authority to enact such local legislation and granted summary judgment to the plaintiffs declaring that the local legislation violated the State Constitution and the State Municipal Home Rule Law. The New York State Court of Appeals has accepted the County's direct appeal.

Prior to a mass property revaluation (pursuant to a consent decree with respect to residential properties), which was completed in 2002, the County had not reassessed residential properties since 1938, nor had it reassessed commercial properties since 1986. Even after the revaluation, over one-hundred thousand grievances have been filed annually by residential and commercial property owners seeking review of the assessments of their properties. A County initiative to resolve challenges prior to the assessment roll being finalized resulted in no residential small claims liability on the 2012 / 2013 final assessment roll.

#### *The Statement of Activities*

The Statement of Activities for the fiscal year that ended December 31, 2012 details the decline in the County's net worth from 2011 to 2012. Table 2 summarizes the changes in the County's net position. Several factors impacted the County's net worth. They include:

- Capital grants decreased by \$116.5 million as a result of the County's recording of the acquisition of certain sewer assets during 2011 (this did not occur in 2012).
- Operating grants increased by \$100.5 million due to FEMA grants that funded much of the County's clean-up effort and emergency response from Superstorm Sandy.
- Sales Tax revenues increased \$42.9 million from 2011, as the County continues to experience a rebound in sales tax revenue due to the recovery from the recession.
- General government expenses decreased by \$730.8 million. The decrease was primarily driven by a smaller annual increase to OPEB. While the OPEB liability increased \$191.2 million, the increase was much less than the increase in the prior year.
- Expenses for protection of persons increased by \$42.2 million, resulting from increased overtime, which was partially funded by a contingency appropriation and termination pay that was not financed at the same level as 2011.

# COUNTY OF NASSAU, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2012

### ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2012 (Continued)

#### The Statement of Activities (Continued)

- Public works expenses increased by \$94.1 million primarily as a result of a \$23.7 million loss recognized on the impairment of assets that were damaged by Superstorm Sandy and \$83.1 million of expenditures related to Superstorm Sandy, which the County expects to be reimbursed 90% by the Federal Emergency Management Agency. These increases were offset by \$15.5 million in lower costs in the Public Works department.

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

	2012	2011	Change
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$ 276.0	\$ 242.7	\$ 33.3
Operating Grants	564.0	463.5	100.5
Capital Grants	42.7	159.2	(116.5)
General Revenues			
Property Taxes	943.6	922.9	20.7
Sales Taxes	1,066.0	1,023.1	42.9
Other Taxes	41.4	40.6	0.8
Tobacco Settlement Revenues	19.2	18.8	0.4
Investment Income	15.1	20.7	(5.6)
Other General Revenues	29.1	28.2	0.9
<b>Total Revenues</b>	<b>2,997.1</b>	<b>2,919.7</b>	<b>77.4</b>
<b>Expenses</b>			
Legislative	10.4	10.3	0.1
Judicial	64.9	61.9	3.0
General Government	755.4	1,486.2	(730.8)
Protection of Persons	784.7	742.5	42.2
Health	238.2	253.1	(14.9)
Public Works	339.9	245.8	94.1
Recreation and Parks	47.4	39.0	8.4
Social Services	559.2	572.8	(13.6)
Corrections	237.6	259.8	(22.2)
Education	5.7	9.8	(4.1)
Interest on Long Term Debt	207.4	186.1	21.3
<b>Total Expenses</b>	<b>3,250.8</b>	<b>3,867.3</b>	<b>(616.5)</b>
Decrease in Net Position	(253.7)	(947.6)	693.9
Net Position Beginning	(6,254.8)	(5,307.2)	(947.6)
Net Position Ending	<b>\$ (6,508.5)</b>	<b>\$ (6,254.8)</b>	<b>\$ (253.7)</b>

# COUNTY OF NASSAU, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2012

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### ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2012

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

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

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

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

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

#### *General Fund Budget Variances*

On a reporting basis, the County ended the 2012 fiscal year with a General Fund (on a GASB 54 basis) budgetary surplus of \$21.7 million. The surplus is comprised of a number of variances from the budget as originally adopted.

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

# COUNTY OF NASSAU, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2012

### ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2012 (Continued)

#### General Fund Budget Variances (Continued)

For financial reporting purposes (modified accrual basis), the County ended the 2012 fiscal year with an operating surplus of \$1.9 million in the General Fund (on a GASB 54 basis). The difference between the General Fund's budgetary surplus of \$21.7 million (on a GASB 54 basis) and the reporting surplus of \$1.9 million is primarily due to adjustments required to eliminate the effect of encumbrances that cross fiscal years and an adjustment to pension contributions to match the actual time period covered. As seen on Exhibit X-7, the adjustments for encumbrances create a number of significant expense budget variances, which reflect the timing of encumbrance and payment of encumbered funds.

- In total, General Fund State and Federal Aid was \$32.0 million under the \$400 million original budget. The State Aid shortfall was primarily attributable to lower Pre-School and Early Intervention program costs, which were also under budget. The Federal Aid shortfall was primarily due to lower than budgeted number of DSS Temporary Assistance for Needy Families (TANF) caseloads. Since these shortfalls were for reimbursement of expenses that did not take place, in total there was not a negative budget impact.
- Health expenditures were \$96.8 million under the \$290.1 million original budget. This resulted from lower Pre-School and Early Intervention program costs due to lower than projected volume of services and service provider rates reduced by New York State. Additionally, the positive budget variance was driven by the timing of encumbrances described above.
- On a reporting basis, Social Services costs were \$46.9 million under the original budget and Corrections costs were \$25.9 million under the original budget. These variances were also primarily driven by the timing of encumbrances described above.
- Judicial expenditures were \$53.5 million under the \$113.6 million original budget. The budgeted expenditures included interfund transfers for both the Department of Traffic and Parking Violations and the Red Light Camera Fund. The Red Light Camera Fund was eliminated by local law during 2012. In total, there was no budgetary impact since there was a corresponding budget shortfall with Interdepartmental Revenues.

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

	General Fund	Police District Fund	Capital Fund	Sewer and Storm Water District Fund	Total Nassau County Major Funds*
<b>Fund Equity, as of December 31, 2010</b> (restated for GASB 54)	\$ 165.5	\$ 3.7	\$ 226.9	\$ 102.6	\$ 498.7
Add: 2011 Revenues	2,041.6	374.3	32.0	123.2	2,571.1
Less: 2011 Expenses	2,213.0	376.1	133.9	112.7	2,835.7
2011 Other financing sources, net	85.8	2.1	18.7	(23.2)	83.4
<b>Fund Equity, as of December 31, 2011</b>	79.9	4.0	143.7	89.9	317.5
Add: 2012 Revenues	2,116.3	384.7	40.5	123.0	2,664.5
Less: 2012 Expenses	2,227.9	359.0	163.3	114.0	2,864.2
2012 Other financing sources, net	113.5	(0.1)	120.2	(15.1)	218.5
<b>Fund Equity, as of December 31, 2012</b>	<u>\$ 81.8</u>	<u>\$ 29.6</u>	<u>\$ 141.1</u>	<u>\$ 83.8</u>	<u>\$ 336.3</u>

\* not including blended component units

# COUNTY OF NASSAU, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2012

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### ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2012 (Continued)

#### *General Fund Budget Variances (Continued)*

Table 3 shows accumulated fund balance in the County's major funds (excluding the blended component units) totaled \$336.3 million at the end of 2012. Of this fund balance, \$143.7 million is categorized as non-spendable, \$8.0 million is restricted, primarily as it is earmarked for debt service and \$134.0 million is committed to capital projects. The remaining fund balance is available for future general operations of the County.

Total fund balance in the Police District Fund increased \$25.6 million, from \$4.0 million to \$29.6 million. The increase was primarily comprised of employee and retiree health insurance and pension contribution costs that were less than budgeted and federal reimbursement of certain Superstorm Sandy operating costs recorded in the Police District Fund.

The County implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54). As detailed in Footnote 1, fund balance in the financial statements is now broken down into the new categories of Non-spendable, Restricted, Committed, Assigned, and Unassigned. GASB No. 54 is intended to improve the usefulness of amounts reported as fund balance by demonstrating the extent to which governments are bound by constraints on financial resources.

### CAPITAL INVESTMENTS

The County completed a number of capital projects during the 2012 fiscal year, including \$41.9 million in sewer district improvements (designated with an \* in Table 4 below) and upgrades, and \$25.3 million in infrastructure related improvements. The County made capital improvements during 2012 in the following areas:

**Table 4**  
**Capital Improvements**  
**January 1, 2012 to December 31, 2012**  
**(dollars in millions)**

<u>Project Category</u>	<u>Amount</u>
Building Consolidation Plan	\$ 8.6
Buildings	21.7
Environmental Bond Act	10.0
Equipment	7.9
Infrastructure	25.3
Parks	12.6
Property	0.3
Public Safety	10.2
Roads	21.1
Technology	11.5
Traffic	16.2
Transportation	3.7
Collection *	8.0
Disposal *	26.3
Storm Water *	7.6
	<u>\$ 191.0</u>

# COUNTY OF NASSAU, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2012

### CAPITAL INVESTMENTS (continued)

As previously indicated, the County sustained substantial property damage as a result of Superstorm Sandy. Consequently, the County recognized asset impairments for the primary government (including blended component units) of \$26.2 million in 2012. Detailed information on capital asset activity is available in the Notes to the Financial Statements Exhibit X-13, Footnote 8.

### DEBT

The County and its blended component units - Nassau County Interim Finance Authority ("NIFA"), Nassau County Tobacco Settlement Corporation ("NCTSC"), and the Nassau County Sewer and Storm Water Finance Authority ("NCSSWFA") - had approximately a combined \$3.4 billion in outstanding long-term debt as of December 31, 2012, representing a net decrease of \$32.9 million under the combined long-term debt outstanding as of December 31, 2011. The County also provides a direct-pay guarantee of \$251.8 million outstanding from the refunding and new money debt issued in October 2004 and refunded in April 2009 by the Nassau Health Care Corporation and \$11.6 million outstanding from the refunding and new money debt issued in June 2005 by the Nassau Regional Off-Track Betting Corporation. General Obligation Bonds issued by the County for various Nassau Community College ("NCC") capital projects total \$42.2 million as of December 31, 2012. Since the two corporations are discretely-presented component units of the County, their debt is not itemized in Table 5 below. NCC, also a discretely-presented component unit, reports the outstanding obligations issued by the County on its financial statements, and thus is also not itemized in Table 5 below. The component units' long-term debt obligations are presented in Footnote 10.

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

	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012
General Obligation County Bonds	\$ 1,165,745	\$ 192,147	\$ 56,588	\$ 1,301,304
Sewage Purpose Bonds	68,760		7,455	61,305
SRF Revenue Bonds	112,085		9,223	102,862
Total County Long-Term Debt	1,346,590	192,147	73,266	1,465,471
NIFA Sales Tax Secured Bonds	1,528,440	317,713	467,030	1,379,123
Tobacco Settlement Asset-Backed Bonds	451,788	5,318		457,106
Sewer Financing Authority	154,595		7,800	146,795
Total Long Term Debt	\$ 3,481,413	\$ 515,178	\$ 548,096	\$ 3,448,495

# COUNTY OF NASSAU, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2012

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### DEBT (Continued)

During 2012, the County issued a total of \$196.6 million of long-term debt of which, \$192.1 million was used to fund its capital program, certain judgments, and employee separation pay for unused accumulated time off and \$4.5 million to fund various NCC capital projects; the \$4.5 million appear as obligations of NCC in its financial statements. The County did not issue any new debt through the State Revolving Loan Fund ("SRF") during 2012. The SRF is administered by the New York State Environmental Facilities Corporation, which provides interest-subsidized loans to local governments for eligible environmental projects (e.g., sewer and storm water improvement initiatives).

Offsetting new issuances was a decrease in NIFA's long-term debt of \$149.3 million during 2012. This decrease reflects the maturation and run-off of the existing NIFA debt, netted against \$317.7 million of new refunding bond issuances.

The net amount of outstanding debt of the NCTSC increased by \$5.3 million due to the accretion in the value of its capital appreciation bonds.

During 2012, the NCSSWFA had \$7.8 million of bonds mature.

The County issued short-term borrowings during 2012, Revenue Anticipation Notes ("RANS") and Tax Anticipation Notes ("TANS"), which were used to finance the cash flow of the County's operations and \$34.6 million of Bond Anticipation Notes ("BANS") used to fund sewer related projects. RANS are issued in anticipation of receipt by the County of allocable sales tax receipts, while TANS are issued in anticipation of receipt by the County of real property taxes to be levied in the following year. The BANS were issued in advance of the issuance of long-term obligations for capital projects, and were redeemed with the proceeds of the bonds issued in 2013. Management anticipates issuing RANS and TANS in 2013.

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

The County implemented GASB Statement No. 53, "Accounting and Reporting for Derivative Instruments" (GASB 53) during 2010. A key provision of GASB 53 is that certain derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, are reported at fair value by governments in their government-wide financial statements. The financial reporting impact resulting from the implementation of GASB 53 is the recognition within the government-wide financial statements of a liability for 'hedging' derivative instruments whose negative fair value at December 31, 2012 totaled \$84.0 million with a corresponding amount being reported as deferred outflows of resources in the assets section of the government-wide financial statements and no net impact on the County's net position.

# COUNTY OF NASSAU, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2012

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### NASSAU COUNTY'S CREDIT RATING

The County's current debt ratings are as follows: Moody's Investors Service: A2 (stable outlook); Standard & Poor's: A+ (stable outlook); Fitch Ratings: A (negative outlook). In October 2012, Moody's Investors Service changed the rating on the County's general obligation debt to A2 from A1, and changed the outlook to stable. In May 2012, Fitch Ratings changed its outlook to negative. As a result of the change in the long-term rating outlook, Fitch changed the rating on the County's short-term debt to "F1". In June 2013, Fitch changed the County's rating to A from A+ and retained the negative outlook. The County's short-term debt is rated SP-1+ by Standard and Poor's.

### CONCLUSION

The County's net worth declined by \$253.7 million during 2012, to a negative \$6.5 billion. This decline was primarily driven by an increase in the actuarially determined estimated liability for retiree health insurance, reflecting annual cost increases, and an increase in the liability for property tax refunds. 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 2012, the County generated a budgetary surplus of \$41.5 million across its primary operating funds. This surplus resulted from a number of budget variances, which included sales tax revenues that exceeded the budget, and were offset by debt service, employee and retiree health insurance, and special education costs that were less than budgeted. At the end of 2012, fund balance in the County's primary operating funds were \$82.0 million on a budgetary basis.

The County faces difficult challenges, as do other municipalities around the country. As presented in the Subsequent Events footnote, the County's financial position may be negatively impacted by the outcome of lawsuits related to NIFA's imposition of a wage freeze and the County's local law eliminating the guarantee to pay refunds of town, school and special district property taxes. In addition, the County lost its appeal on the Metropolitan Transportation Authority ("MTA") lawsuit and consequently, the liability is reflected in the government-wide financial statements. The Administration continues to be committed to pursuing recurring cost reduction and revenue maximization strategies, and not relying on taxpayers to bear any additional burden.

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## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT X-1****COUNTY OF NASSAU, NEW YORK****STATEMENT OF NET POSITION  
DECEMBER 31, 2012 (Dollars in Thousands)**

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component</u> <u>Units</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents	\$ 698,525	\$ 88,200
Investments		2,805
Restricted Cash	9	27,805
Restricted Investments	49,823	
Sales Tax Receivable	126,001	
Interest Receivable	54	
Student Accounts and Loans Receivable		9,988
Less Allowance for Doubtful Amounts		(5,775)
Due from Other Governments	326,653	963
Due from Primary Government		20,308
Other Receivables		22,410
Accounts Receivable	42,940	293,554
Less Allowance for Doubtful Accounts	(5,566)	(220,881)
Real Property Taxes Receivable	75,526	
Less Allowance for Doubtful Accounts	(4,642)	
Due from Component Unit	8,398	
Inventories		5,770
Prepays	146,448	
Other Assets - Current	375	23,682
Total Current Assets	<u>1,464,544</u>	<u>268,829</u>
<b>NON CURRENT ASSETS:</b>		
Restricted Cash and Investments	23,344	31,851
Deferred Financing Costs	184,754	4,635
Less Accumulated Amortization	(79,593)	(2,386)
Deferred Charges	318,077	
Capital Assets Not Being Depreciated	610,113	37,899
Depreciable Capital Assets	3,632,871	867,510
Less Accumulated Depreciation	(1,663,612)	(526,489)
Deposits Held by Trustees		837
Deposits Held in Custody for Others		1,666
Tax Sale Certificates	3,182	
Tax Real Estate Held for Sale	4,658	
Other Assets		21,352
Total Non Current Assets	<u>3,033,794</u>	<u>436,875</u>
Total Assets	<u>4,498,338</u>	<u>705,704</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ 83,976	\$

(Continued)

**EXHIBIT X-1****COUNTY OF NASSAU, NEW YORK****STATEMENT OF NET POSITION  
DECEMBER 31, 2012 (Dollars in Thousands)**

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component</u> <u>Units</u>
<b><u>LIABILITIES</u></b>		
CURRENT LIABILITIES:		
Accounts Payable	\$ 150,326	\$ 88,681
Accrued Liabilities	177,672	25,603
Accrued Vacation and Sick Pay		48,248
Accrued Pension Benefits		38,371
Bond Anticipation Notes Payable	34,600	
Tax Anticipation Notes Payable	257,725	
Revenue Anticipation Notes Payable	218,445	
Property Tax Refund Payable	37,951	
Due to Primary Government		375
Due to Component Units	10,333	
Due to Other Governments	73	
Accrued Interest Payable	21,621	1,238
Unearned Revenue - Current	62,381	17,960
Current Portion of Long Term Liabilities	500,888	10,251
Other Liabilities - Current	133	30,504
	<u>1,472,148</u>	<u>261,231</u>
NON CURRENT LIABILITIES:		
Notes Payable		841
Derivative Instruments - Interest Rate Swaps	83,976	
Bonds Payable, Net of Deferred Bond Premium/Discount (Net of Amortization)	3,329,274	331,094
Accrued Vacation and Sick Pay	508,723	51,960
Deferred Payroll	63,676	
Estimated Workers' Compensation Liability	258,196	
Estimated Tax Certiorari Payable	123,088	
Estimated Liability for Litigation and Malpractice	260,286	37,748
Liability for Future Pension Expense		1,067
Capital Lease	5,132	
Unearned Revenue - Non Current	62,562	
Other Liabilities - Non Current	23,726	
Deposits Held in Custody for Others		1,666
Insurance Reserve Liability		1,994
Postemployment Retirement Benefits Liability	4,900,111	618,091
Derivative Instruments		43,496
	<u>9,618,750</u>	<u>1,087,957</u>
Total Liabilities	<u>11,090,898</u>	<u>1,349,188</u>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	1,675,710	174,779
Restricted:		
Nassau Health Care Corporation		2,066
Nassau County Bridge Authority		2,000
Nassau Community College Foundation Fund		
Restricted Scholarships		2,587
Capital Acquisition Fund		10,553
Capital Projects	7,091	15,105
Debt Service	55,365	2,837
Grants	12,533	
Open Space	933	
Student Loans		517
Unrestricted	<u>(8,260,216)</u>	<u>(853,928)</u>
Total Net Position	<u>\$ (6,508,584)</u>	<u>\$ (643,484)</u>

See accompanying notes to financial statements.

(Concluded)

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**EXHIBIT X-2****COUNTY OF NASSAU, NEW YORK****STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants	Capital Grants	Primary Government	Component Units
					Governmental Activities	
Primary Government:						
Legislative	\$ 10,419	\$	\$	\$	\$ (10,419)	\$
Judicial	64,895	44,374	5,443		(15,078)	
General Administration	755,425	93,752	104,949		(556,724)	
Protection of Persons	784,711	46,824	38,027		(699,860)	
Health	238,232	31,646	99,822		(106,764)	
Public Works	339,924	9,910	83,143	42,715	(204,156)	
Recreation and Parks	47,413	19,852	1,601		(25,960)	
Social Services	559,177	17,370	209,986		(331,821)	
Corrections	237,604	8,633	20,993		(207,978)	
Education	5,692	3,656			(2,036)	
Debt Service Interest	207,353				(207,353)	
Total Primary Government	\$ 3,250,845	\$ 276,017	\$ 563,964	\$ 42,715	(2,368,149)	
Component Units	\$ 865,730	\$ 634,368	\$ 163,128	\$ 2,735		(65,499)
General Revenues:						
Taxes:						
Property Taxes					\$ 943,624	
Sales Taxes					1,066,012	
Other Taxes					41,352	
Tobacco Settlement Revenue and Tobacco Receipts					19,222	
Investment Income					15,058	3,079
Other					29,134	7,495
Total General Revenues					2,114,402	10,574
Change in Net Position					(253,747)	(54,925)
Net Position - Beginning					(6,254,837)	(588,559) *
Net Position - Ending					\$ (6,508,584)	\$ (643,484)

\* In 2012, the Nassau County Bridge Authority was determined, for the first time, to be a discretely presented component unit. Accordingly, the net position at the beginning of the year was adjusted to include the beginning net position balance for \$31,179.

See accompanying notes to financial statements.

**EXHIBIT X-3****COUNTY OF NASSAU, NEW YORK****GOVERNMENTAL FUNDS****BALANCE SHEET****DECEMBER 31, 2012 (Dollars in Thousands)**

<b>ASSETS</b>	<b>General Fund</b>	<b>NIFA General Fund</b>	<b>Police District Fund</b>	<b>Sewer and Storm Water District Fund</b>	<b>Capital Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and Cash Equivalents	\$ 262,417	\$ 522	\$ 264	\$ 92,501	\$ 242,906	\$ 99,915	\$ 698,525
Restricted Cash						9	9
Restricted Investments						73,167	73,167
Sales Tax Receivable		126,001					126,001
Interest Receivable						54	54
Due from Other Governments	189,683	84	5,512	2,382	18,245	110,747	326,653
Accounts Receivable	42,283		19	186	2	450	42,940
Less Allowance for Doubtful Accounts	(5,566)						(5,566)
Real Property Taxes Receivable	75,526						75,526
Less Allowance for Doubtful Accounts	(4,642)						(4,642)
Tax Sale Certificates	3,182						3,182
Tax Real Estate Held for Sale	4,658						4,658
Interfund Receivables	230,020		6,314	24,000	29,927	20,525	310,786
Prepays	101,287		40,167	2,211		2,783	146,448
Due from Component Units	8,398						8,398
Other Assets	7	57			206	105	375
<b>TOTAL ASSETS</b>	<b>\$ 907,253</b>	<b>\$ 126,664</b>	<b>\$ 52,276</b>	<b>\$ 121,280</b>	<b>\$ 291,286</b>	<b>\$ 307,755</b>	<b>\$ 1,806,514</b>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>LIABILITIES:</b>							
Accounts Payable	104,959		585	7,135	20,849	16,798	150,326
Accrued Liabilities	80,846	170	6,964	1,838	1,523	117,876	209,217
Bond Anticipation Notes Payable					34,600		34,600
Tax Anticipation Notes Payable	257,725						257,725
Revenue Anticipation Notes Payable	218,445						218,445
Deferred Revenue	72,644					49,140	121,784
Property Tax Refund Payable	37,951						37,951
Interfund Payables	30,011	108,882	14,042	28,313	84,411	45,127	310,786
Due to Component Units	226		44	59	8,801	1,203	10,333
Due to Other Governments						73	73
Other Liabilities	22,618		1,021	133		87	23,859
<b>Total Liabilities</b>	<b>825,425</b>	<b>109,052</b>	<b>22,656</b>	<b>37,478</b>	<b>150,184</b>	<b>230,304</b>	<b>1,375,099</b>
<b>FUND BALANCE:</b>							
Fund Balances:							
Nonspendable	101,287	57	40,167	2,211		2,783	146,505
Spendable							
Restricted	933	16,916			7,091	50,982	75,922
Committed					134,011	17,151	151,162
Assigned				81,591			81,591
Unassigned	(20,392)	639	(10,547)			6,535	(23,765)
<b>Total Fund Balance</b>	<b>81,828</b>	<b>17,612</b>	<b>29,620</b>	<b>83,802</b>	<b>141,102</b>	<b>77,451</b>	<b>431,415</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 907,253</b>	<b>\$ 126,664</b>	<b>\$ 52,276</b>	<b>\$ 121,280</b>	<b>\$ 291,286</b>	<b>\$ 307,755</b>	<b>\$ 1,806,514</b>

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

See accompanying notes to financial statements.

**EXHIBIT X-4**

**COUNTY OF NASSAU, NEW YORK**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2012 (Dollars in Thousands)**

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

Total fund balances - governmental funds	\$ 431,415
Revenue recorded in the Statement of Net Position is recorded as deferred revenue in the governmental funds	(3,159)
Premium on debt issued is recorded in the governmental funds as revenue. In the Statement of Activities, the premium is amortized over the lives of the debt	(111,270)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	2,579,372
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	423,238
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds:	
Bonds payable	(3,218,004)
Postemployment retirement benefits liability	(4,900,111)
Other long term liabilities	(1,219,101)
Current portion of long term liabilities	(500,888)
Accrued expenses and interest payable	<u>9,924</u>
Net position of governmental activities	<u>\$ (6,508,584)</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, 2012 (Dollars in Thousands)**

	General Fund	NIFA General Fund	Police District Fund	Sewer and Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>							
Interest and Penalties on Taxes	\$ 27,988	\$	\$	\$	\$	\$	\$ 27,988
Licenses and Permits	9,902		3,630	806			14,338
Fines and Forfeits	43,271		788			2,762	46,821
Interest Income	458		50	208	1,092	412	2,220
Rents and Recoveries	30,265		34	716	5	716	31,736
Tobacco Receipts						19,222	19,222
Departmental Revenue	162,582		2,996	1,595		3,239	170,412
Interdepartmental Revenue	85,235		280			11,789	97,304
Interfund Revenue	40,223					235	40,458
Intergovernmental Charges				2,251	109		2,360
Federal Aid	161,100		5,161		23,234	171,673	361,168
State Aid	206,795	265	351		15,342	18,622	241,375
Sales Tax	783,162	209,544					992,706
Preempted Sales Tax in Lieu of Property Taxes	73,305						73,305
Property Taxes	445,412		369,988	117,282		11,252	943,934
Payments in Lieu of Taxes	8,583						8,583
Special Taxes	29,602					3,166	32,768
Other Revenues	8,405		1,404	183	701	17	10,710
<b>Total Revenues</b>	<b>2,116,288</b>	<b>209,809</b>	<b>384,682</b>	<b>123,041</b>	<b>40,483</b>	<b>243,105</b>	<b>3,117,408</b>
<b>EXPENDITURES:</b>							
Current:							
Legislative	10,441					1	10,442
Judicial	60,127					3,221	63,348
General Administration	304,930	1,860				29,780	336,570
Protection of Persons	423,394		359,036			31,448	813,878
Health	193,296					50,911	244,207
Public Works	100,272			90,876		84,106	275,254
Recreation and Parks	25,835					7,428	33,263
Social Services	565,741					11,895	577,636
Corrections	228,056					2,154	230,210
Education	4,749						4,749
Bonded Payments for Tax Certiorari and Other Judgments	34,377						34,377
Other	143,144						143,144
Capital Outlay:							
General					123,371		123,371
Sewage Districts					39,932		39,932
Debt Service:							
Principal	57,530			16,678		152,380	226,588
Interest	71,344			6,435		108,093	185,872
Financing Costs	4,673					7,126	11,799
<b>Total Expenditures</b>	<b>2,227,909</b>	<b>1,860</b>	<b>359,036</b>	<b>113,989</b>	<b>163,303</b>	<b>488,543</b>	<b>3,354,640</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(111,621)	207,949	25,646	9,052	(122,820)	(245,438)	(237,232)
<b>OTHER FINANCING SOURCES (USES):</b>							
Premium on Bonds	8,409				10,435	28,251	47,095
Transfers In	38,995		1,907	674		187	41,763
Transfers Out	(2,768)		(1,958)	(11,917)	(16,591)	(8,529)	(41,763)
Transfers In of Investment Income	1,084			8			1,092
Transfers Out of Investment Income					(1,092)		(1,092)
Transfers In from NIFA		2,628				211,376	214,004
Transfers Out to NIFA		(211,376)				(2,628)	(214,004)
Transfers In from SFA					3,126	161,777	164,903
Transfers Out to SFA				(4,236)		(160,667)	(164,903)
Transfers In from TSC						150	150
Transfers Out to TSC						(150)	(150)
Issuance of Bonds	67,814				124,333		192,147
Refunding Bonds Issued						317,713	317,713
Payment to Refunded Bonds Escrow Agent						(314,390)	(314,390)
Debt Service - Current Refunding NIFA						(8,060)	(8,060)
Capital Resources				340			340
<b>Total Other Financing Sources (Uses)</b>	<b>113,534</b>	<b>(208,748)</b>	<b>(51)</b>	<b>(15,131)</b>	<b>120,211</b>	<b>225,030</b>	<b>234,845</b>
NET CHANGE IN FUND BALANCE	1,913	(799)	25,595	(6,079)	(2,609)	(20,408)	(2,387)
TOTAL FUND BALANCE AT BEGINNING OF YEAR	79,915	18,411	4,025	89,881	143,711	97,859	433,802
TOTAL FUND BALANCE AT END OF YEAR	\$ 81,828	\$ 17,612	\$ 29,620	\$ 83,802	\$ 141,102	\$ 77,451	\$ 431,415

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, 2012 (Dollars in Thousands)**

---

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

Net change in fund deficit - total governmental funds \$ (2,387)

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	\$ 154,342	
Depreciation expense	(123,751)	
Other	<u>(27,185)</u>	3,406

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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The following amounts are net effect of these differences in the treatment of long-term debt and related items:

Effect of GASB 45 and GASB 48 (net)	(201,199)	
Proceeds from sales of bonds	(515,178)	
Principal payments of bonds and payments for refunded bonds	548,096	
Accrued interest payable	(4,151)	
Additions to and amortization of debt issuance costs	(6,772)	
Amortized deferred liabilities	(28,458)	
Change in long-term liabilities	<u>(47,104)</u>	
		<u>(254,766)</u>

Change in net position - governmental activities \$ (253,747)

See accompanying notes to financial statements.

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TOTAL BUDGETARY AUTHORITY AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 13)	Actual on a Budgetary Basis	Variance Positive (Negative)
<b>Revenues:</b>						
Interest and Penalties on Taxes	\$ 28,500	\$ 28,500	\$ 27,988	\$	\$ 27,988	\$ (512)
Licenses and Permits	9,201	9,201	9,902		9,902	701
Fines and Forfeits	49,500	49,500	43,271		43,271	(6,229)
Interest Income	3,355	3,355	458		458	(2,897)
Rents and Recoveries	16,694	16,694	30,265	(916)	29,349	12,655
Departmental Revenue	168,694	169,025	162,582		162,582	(6,443)
Interdepartmental Revenue	155,082	155,082	85,235		85,235	(69,847)
Interfund Revenue	45,663	45,663	40,223		40,223	(5,440)
Federal Aid	165,064	169,880	161,100		161,100	(8,780)
State Aid	234,816	239,557	206,795		206,795	(32,762)
Sales Tax	752,819	752,819	783,162		783,162	30,343
Preempted Sales Tax in Lieu of Property Taxes	85,386	85,386	73,305		73,305	(12,081)
Property Taxes	434,347	434,347	445,412		445,412	11,065
Payments in Lieu of Taxes	8,662	8,662	8,583		8,583	(79)
Special Taxes	31,007	31,007	29,602		29,602	(1,405)
Other Revenues	20,524	20,588	8,405	(5,934)	2,471	(18,117)
<b>Total Revenues</b>	<b>2,209,314</b>	<b>2,219,266</b>	<b>2,116,288</b>	<b>(6,850)</b>	<b>2,109,438</b>	<b>(109,828)</b>
<b>Expenditures:</b>						
Current:						
Legislative	12,587	12,232	10,441	528	10,969	1,263
Judicial	113,592	114,194	60,127	327	60,454	53,740
General Administration	310,898	332,597	304,930	7,140	312,070	20,527
Protection of Persons	395,076	403,125	423,394	(28,996)	394,398	8,727
Health	290,137	285,884	193,296	23,238	216,534	69,350
Public Works	109,541	113,473	100,272	59	100,331	13,142
Recreation and Parks	27,427	26,767	25,835	258	26,093	674
Social Services	612,679	604,877	565,741	19,012	584,753	20,124
Corrections	253,969	245,395	228,056	5,848	233,904	11,491
Education	13,229	11,766	4,749		4,749	7,017
Bonded Payments for Tax Certiorari and Other Judgments			34,377	(34,377)		
Other	155,114	164,915	143,144	(2,151)	140,993	23,922
<b>Total Expenditures</b>	<b>2,294,249</b>	<b>2,315,225</b>	<b>2,094,362</b>	<b>(9,114)</b>	<b>2,085,248</b>	<b>229,977</b>
Debt Service:						
Principal	69,011	69,011	57,530		57,530	11,481
Interest	93,863	93,863	71,344		71,344	22,519
Financing Costs	4,235	4,235	4,673		4,673	(438)
<b>Total Debt Service</b>	<b>167,109</b>	<b>167,109</b>	<b>133,547</b>		<b>133,547</b>	<b>33,562</b>
<b>Total Expenditures</b>	<b>2,461,358</b>	<b>2,482,334</b>	<b>2,227,909</b>	<b>(9,114)</b>	<b>2,218,795</b>	<b>263,539</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(252,044)	(263,068)	(111,621)	2,264	(109,357)	153,711
<b>Other Financing Sources (Uses):</b>						
Premium on Bonds	6,438	6,438	8,409		8,409	1,971
Transfers In	124,502	133,592	38,995		38,995	(94,597)
Transfers In of Investment Income			1,084		1,084	1,084
Transfers Out			(2,768)		(2,768)	(2,768)
Capital Resources	9,888	9,888				(9,888)
Issuance of Bonds			67,814	(65,046)	2,768	2,768
<b>Total Other Financing Sources (Uses)</b>	<b>140,828</b>	<b>149,918</b>	<b>113,534</b>	<b>(65,046)</b>	<b>48,488</b>	<b>(101,430)</b>
<b>Net Change in Fund Balance (Deficit)</b>	<b>(111,216)</b>	<b>(113,150)</b>	<b>1,913</b>	<b>(62,782)</b>	<b>(60,869)</b>	<b>52,281</b>
<b>Fund Balance at Beginning of Year</b>	<b>111,216</b>	<b>113,150</b>	<b>79,915</b>	<b>37,062</b>	<b>116,977</b>	<b>3,827</b>
<b>Fund Balance at End of Year</b>	<b>\$</b>	<b>\$</b>	<b>\$ 81,828</b>	<b>\$ (25,720)</b>	<b>\$ 56,108</b>	<b>\$ 56,108</b>

See accompanying notes to financial statements.

**EXHIBIT X-8****COUNTY OF NASSAU, NEW YORK**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TOTAL BUDGETARY AUTHORITY AND ACTUAL**  
**POLICE DISTRICT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 13)	Actual on a Budgetary Basis	Variance Positive (Negative)
<b>Revenues:</b>						
Licenses and Permits	\$ 2,829	\$ 2,829	\$ 3,630	\$	\$ 3,630	\$ 801
Fines and Forfeits	1,750	1,750	788		788	(962)
Interest Income	271	271	50		50	(221)
Rents and Recoveries	200	200	34		34	(166)
Departmental Revenue	4,912	4,912	2,996		2,996	(1,916)
Interdepartmental Revenue	354	354	280		280	(74)
Federal Aid			5,161		5,161	5,161
State Aid			351		351	351
Property Taxes	369,985	369,985	369,988		369,988	3
Other Revenue	1,460	1,460	1,404	(1,404)		(1,460)
<b>Total Revenues</b>	<b>381,761</b>	<b>381,761</b>	<b>384,682</b>	<b>(1,404)</b>	<b>383,278</b>	<b>1,517</b>
<b>Expenditures:</b>						
Current:						
Protection of Persons	382,613	382,388	359,036	(2,360)	356,676	25,712
<b>Total Expenditures</b>	<b>382,613</b>	<b>382,388</b>	<b>359,036</b>	<b>(2,360)</b>	<b>356,676</b>	<b>25,712</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(852)	(627)	25,646	956	26,602	27,229
<b>Other Financing Sources (Uses):</b>						
Transfers In			1,907	(1,907)		
Transfer Out	(1,733)	(1,958)	(1,958)		(1,958)	
Capital Resources	2,407	2,407				(2,407)
<b>Total Other Financing Sources (Uses)</b>	<b>674</b>	<b>449</b>	<b>(51)</b>	<b>(1,907)</b>	<b>(1,958)</b>	<b>(2,407)</b>
Net Change in Fund Balance (Deficit)	(178)	(178)	25,595	(951)	24,644	24,822
Fund Balance at Beginning of Year	178	178	4,025		4,025	3,847
Fund Balance at End of Year	\$	\$	\$ 29,620	\$ (951)	\$ 28,669	\$ 28,669

See accompanying notes to financial statements.

**EXHIBIT X-9****COUNTY OF NASSAU, NEW YORK****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TOTAL BUDGETARY AUTHORITY AND ACTUAL  
SEWER & STORM WATER DISTRICT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 13)	Actual on a Budgetary Basis	Variance Positive (Negative)
<b>Revenues:</b>						
Licenses and Permits	\$ 735	\$ 735	\$ 806	\$	\$ 806	\$ 71
Interest Income	110	110	208		208	98
Rents and Recoveries	71	71	716	4	720	649
Departmental Revenue	40,004	40,004	1,595		1,595	(38,409)
Interdepartmental Revenue	650	650				(650)
Intergovernmental Charges	2,251	2,251	2,251		2,251	
Property Taxes			117,282		117,282	117,282
Other Revenues	165	165	183	(183)		(165)
Total Revenues	43,986	43,986	123,041	(179)	122,862	78,876
<b>Expenditures:</b>						
Current:						
Public Works	130,808	130,808	90,876	12,138	103,014	27,794
Debt Service:						
Principal	16,678	16,678	16,678		16,678	
Interest	9,143	9,143	6,435		6,435	2,708
Total Expenditures	156,629	156,629	113,989	12,138	126,127	30,502
Excess (Deficiency) of Revenues Over (Under) Expenditures	(112,643)	(112,643)	9,052	(12,317)	(3,265)	109,378
<b>Other Financing Sources (Uses):</b>						
Transfers In			674		674	674
Transfers Out	(16,400)	(16,400)	(11,917)		(11,917)	4,483
Transfers In of Investment Income	1,032	1,032	8		8	(1,024)
Transfer In from SFA	100,872	100,872	(4,236)		(4,236)	(105,108)
Capital Resources			340		340	340
Total Other Financing Sources (Uses)	85,504	85,504	(15,131)		(15,131)	(100,635)
Net Change in Fund Balance (Deficit)	(27,139)	(27,139)	(6,079)	(12,317)	(18,396)	8,743
Fund Balance at Beginning of Year	27,139	27,139	89,881		89,881	62,742
Fund Balance at End of Year	\$	\$	\$ 83,802	\$ (12,317)	\$ 71,485	\$ 71,485

See accompanying notes to financial statements.

**EXHIBIT X-10**

**COUNTY OF NASSAU, NEW YORK**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**

**FIDUCIARY FUNDS**

**DECEMBER 31, 2012 (Dollars in Thousands)**

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**Agency Fund**

**ASSETS:**

Cash	\$ 49,840
TOTAL ASSETS	<u>\$ 49,840</u>

**LIABILITIES:**

Accounts Payable	1,195
Due To Component Unit	2,190
Other Liabilities	<u>46,455</u>
TOTAL LIABILITIES	<u>\$ 49,840</u>

**Nassau County Tobacco Securitization Corporation Residual Trust**

**ASSETS:**

Cash	<u>\$ 17,891</u>
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**LIABILITIES:**

Other Liabilities	<u>\$ 17,891</u>
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See accompanying notes to financial statements.

**EXHIBIT X-11****COUNTY OF NASSAU, NEW YORK****STATEMENT OF NET POSITION****ALL DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY****DECEMBER 31, 2012 (WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2012)****(Dollars in Thousands)**

	Nassau Community College	Nassau Health Care Corporation	Nassau County Bridge Authority	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Nassau County Local Economic Assistance Corporation	Total
<b>ASSETS</b>							
<b>CURRENT ASSETS:</b>							
Cash and Cash Equivalents	\$ 59,043	\$ 16,978	\$ 5,572	\$ 4,637	\$ 1,371	\$ 599	\$ 88,200
Restricted Cash and Cash Equivalents		27,141		664			27,805
Investments	2,805						2,805
Student Accounts and Loans Receivable	9,988						9,988
Less Allowance for Doubtful Accounts	(5,775)						(5,775)
Due from Primary Government	7,608	12,700					20,308
Due from Other Governments	963						963
Other Receivables	1,494	20,464	452				22,410
Accounts Receivable		292,998		454	102		293,554
Less Allowance for Doubtful Accounts		(220,881)					(220,881)
Inventories		5,757	13				5,770
Other Assets - Current	219	22,631	127	577	126	2	23,682
<b>Total Current Assets</b>	<b>76,345</b>	<b>177,788</b>	<b>6,164</b>	<b>6,332</b>	<b>1,599</b>	<b>601</b>	<b>268,829</b>
<b>NON CURRENT ASSETS:</b>							
Restricted Cash and Cash Equivalents		17,779	12,108	1,964			31,851
Deferred Financing Costs	2,787	1,006	310	532			4,635
Less Accumulated Amortization	(2,092)		(28)	(266)			(2,386)
Capital Assets Not Being Depreciated	3,789	25,408	8,505	197			37,899
Depreciable Capital Assets	275,231	507,116	42,890	42,176	97		867,510
Less Accumulated Depreciation	(124,850)	(354,461)	(20,981)	(26,116)	(81)		(526,489)
Deposits Held by Trustees	837						837
Deposits Held in Custody for Others	1,666						1,666
Other Assets - Non Current		21,352					21,352
<b>Total Non Current Assets</b>	<b>157,368</b>	<b>218,200</b>	<b>42,804</b>	<b>18,487</b>	<b>16</b>		<b>436,875</b>
<b>Total Assets</b>	<b>233,713</b>	<b>395,988</b>	<b>48,968</b>	<b>24,819</b>	<b>1,615</b>	<b>601</b>	<b>705,704</b>
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES:</b>							
Accounts Payable	18,280	57,318	5,301	7,474	275	33	88,681
Accrued Liabilities		20,372		5,231			25,603
Accrued Interest Payable		1,238					1,238
Accrued Vacation and Sick Pay		48,248					48,248
Accrued Pension Benefits		38,371					38,371
Due To Primary Government				375			375
Deferred Revenue	17,780		180				17,960
Current Portion of Long Term Liabilities	4,152	4,360	267	1,466	6		10,251
Other Liabilities - Current	2,837	26,059		1,519		89	30,504
<b>Total Current Liabilities</b>	<b>43,049</b>	<b>195,966</b>	<b>5,748</b>	<b>16,065</b>	<b>281</b>	<b>122</b>	<b>261,231</b>
<b>NON CURRENT LIABILITIES:</b>							
Notes Payable	841						841
Bonds Payable	85,678	225,141	10,105	10,170			331,094
Accrued Vacation and Sick Pay	51,358		489		113		51,960
Estimated Liability for Litigation	280	37,468					37,748
Deposits Held in Custody for Others	1,666						1,666
Insurance Reserve Liability	1,994						1,994
Liability for Future Pension Expense	1,067						1,067
Postemployment Retirement Benefits Liability	325,745	247,539	1,825	42,792	190		618,091
Derivative Instrument		43,496					43,496
<b>Total Non Current Liabilities</b>	<b>468,629</b>	<b>553,644</b>	<b>12,419</b>	<b>52,962</b>	<b>303</b>		<b>1,087,957</b>
<b>Total Liabilities</b>	<b>511,678</b>	<b>749,610</b>	<b>18,167</b>	<b>69,027</b>	<b>584</b>	<b>122</b>	<b>1,349,188</b>
<b>NET POSITION</b>							
Net Investment in Capital Assets	66,578	95,063	13,122		16		174,779
Restricted:							
Nassau Health Care Corporation		2,066					2,066
Nassau County Bridge Authority			2,000				2,000
Nassau Community College Scholarships	2,587						2,587
Capital Acquisition Fund				10,553			10,553
Capital Projects	6,997		8,108				15,105
Debt Service	837		2,000				2,837
Student Loans	517						517
Unrestricted	(355,481)	(450,751)	5,571	(54,761)	1,015	479	(853,928)
<b>Total Net Position</b>	<b>\$ (277,965)</b>	<b>\$ (353,622)</b>	<b>\$ 30,801</b>	<b>\$ (44,208)</b>	<b>\$ 1,031</b>	<b>\$ 479</b>	<b>\$ (643,484)</b>

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, 2012****(WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2012)****(Dollars in Thousands)**

	Nassau Community College	Nassau Health Care Corporation	Nassau County Bridge Authority	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Nassau County Local Economic Assistance Corporation	Total
<b>Expenses</b>	\$ 230,712	\$ 565,937	\$ 6,853	59,930	\$ 1,999	\$ 299	\$ 865,730
<b>Program Revenues:</b>							
Charges for Services	55,269	517,011	6,422	54,295	760	611	634,368
Operating Grants and Contributions	163,128						163,128
Capital Grants and Contributions		2,735					2,735
Total Program Revenues	218,397	519,746	6,422	54,295	760	611	800,231
Net Program Revenues (Expenses)	(12,315)	(46,191)	(431)	(5,635)	(1,239)	312	(65,499)
<b>General Revenues</b>							
Investment Income	2,529	534	11		5		3,079
Other	4,008	1,045	42	2,400			7,495
Net General Revenues	6,537	1,579	53	2,400	5		10,574
Change in Net Position	(5,778)	(44,612)	(378)	(3,235)	(1,234)	312	(54,925)
Net Position - Beginning of Year	(272,187)	(309,010)	31,179 *	(40,973)	2,265	167	(588,559)
Net Position - End of Year	\$ (277,965)	\$ (353,622)	\$ 30,801	(44,208)	\$ 1,031	\$ 479	\$ (643,484)

\* In 2012, the Nassau County Bridge Authority was determined, for the first time, to be a discretely presented component unit. Accordingly, the net position at the beginning of the year was adjusted to include the beginning net position balance for \$31,179.

See accompanying notes to financial statements.

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**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** - The County of Nassau (the “County”), incorporated in 1899, contains three towns, two cities and 64 incorporated villages. In conformance with the Governmental Accounting Standards Board (“GASB”) Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity*, these financial statements present the County (the primary government) which includes all funds, elected offices, departments and agencies of the County, as well as boards and commissions, since the County is financially accountable for these and its legally separate component units. A primary government is financially accountable for a component unit if its officials appoint a voting majority of the organization’s governing body, and it is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or the organization is fiscally dependent upon the primary government as defined by GASB Statement No. 14. Although legally separate from the County, the Nassau County Interim Finance Authority (“NIFA”) is a financing instrumentality of the County and, accordingly, is included in the County’s financial statements as a blended component unit in accordance with GASB Statement No. 14, as amended. The County continuously assesses the need to include various organizations within the County whose status as a component unit may change due to financial dependence, legislative developments or level of influence the County may exercise over such entity.

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

- (a) *The Nassau Community College* (the “College”) - provides educational services under New York State Education Law. It is reported as a component unit as the County appoints its governing body, the County approves its budget, issues debt for College purposes and provides approximately 39% of the College’s 2012 budgeted revenues through a County-wide real property tax levy. Therefore, the College is discretely presented. The College has authority to enter into contracts under New York State Education Law and to sue and be sued. The College is presented in accordance with policies prescribed by GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis for Public Colleges and Universities*, and in accordance with New York State Education Law. This component unit is presented as of, and for its fiscal year ended, August 31, 2012.

These financial statements present the College (the primary government) 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. 39, component units are legally separate entities that are included in the College’s reporting entity because of the significance of their operating or financial relationships with the College. The College has elected to include the financial statements of the component units, even though the amounts reported in the component units’ financial statements are not significant to the reporting entity. Each component unit is reported separately to emphasize that they are legally separate from the primary government. Each of the College’s discretely presented component units has a fiscal year end of August 31<sup>st</sup>, the same as that of the College.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

- (b) *Nassau Health Care Corporation* (d/b/a NuHealth) (“NHCC”) is a public benefit corporation created in 1997 by an act of the New York State Legislature for the purpose of acquiring and operating the health facilities of Nassau County, State of New York. Effective September 29, 1999 (the “Transfer Date”), a transaction was executed which transferred ownership of the County health facilities to the NHCC which included Nassau University Medical Center, A. Holly Patterson Extended Care Facility, Faculty Practice Plan, Nassau Health Care Foundation (“NHCF”), and the Health Centers. Concurrent with the transaction, \$259.7 million of Nassau Health Care Corporation Health System Revenue Bonds, Series 1999 were issued. During 2004, \$303.4 million of Nassau Health Care Corporation Bonds, Series 2004 were issued to refund the NHCC’s Revenue Bond Series 1999, fund certain capital projects and provide working capital. In 2009, a portion of the Series 2004 Bonds were redeemed with the issuance of the Series 2009 bonds. The bonds are insured and guaranteed by the County. The NHCC is fiscally dependent on the County should certain NHCC debt service reserve funds fall below their requirements. The NHCC is considered to be a component unit of the County and is presented as a proprietary type component unit on the accrual basis of accounting. NHCC, Ltd., a wholly-owned subsidiary of the NHCC (the “Captive”) was incorporated as an exempted company on September 24, 1999 under laws of the Cayman Islands and operates under the terms of an unrestricted Cayman Islands Class B Insurer’s license. The license allows the Captive to conduct insurance business, other than domestic business, from the Cayman Islands. The NHCC accounts for its investment in the limited liability company using the equity method. Long Island Federally Qualified Health Center (“LIFQHC”) is an independent not-for-profit corporation formed on May 14, 2009 and established by NYSDOH on June 15, 2010, as a co-operator of the four treatment centers and a school-based clinic, previously operated solely by NHCC, in order to meet federal governance requirements and obtain designation from the Health Resources and Services Administration (“HRSA”) as a public entity federally qualified health center (“FQHC”) “Look-Alike” organization.

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

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

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

- (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. These revenues are recorded in the County's General Fund. The OTB is shown as a proprietary type component unit, and is presented on the accrual basis of accounting for its fiscal year ended December 31, 2012. At the close of 2012, there were twenty operational facilities.

The County has a support agreement with OTB, which guarantees OTB's Series 2005 Revenue Bonds. Under the support agreement with the County, OTB is obligated to deposit required debt service payments due into a capital reserve fund. As consideration for entering into this support agreement and in recognition of the benefits anticipated to be derived, OTB makes an annual payment to the County. Over the past several years, OTB has experienced continuing mandated expenses in personnel benefits and other costs and increases in the statutory distribution requirements of New York State laws. These factors, coupled with the uncertain conditions in the general economy and the inability to gain relief on statutory payments to the racing industry, create an uncertainty as to the OTB's ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

- (d) The Nassau County Industrial Development Agency (the "NCIDA") is a public benefit corporation established pursuant to the New York State General Municipal Law. The NCIDA's purpose is to arrange long-term low interest financing for private firms and companies with the intent of developing commerce and industry in the County. It is reported as a component unit as the County appoints its governing body and may remove the NCIDA Board at will. The County has at times provided support to the NCIDA in the form of employees and facilities. Support expenditures would be included in the County's General Fund under personal services. The NCIDA has sole authority for establishing administrative and fiscal policy in the pursuit of its objectives. The County is not liable for any obligations or deficits the NCIDA may incur, nor does it share in any surpluses. The NCIDA is shown as a proprietary type component unit and is presented on the accrual basis of accounting for its fiscal year ended December 31, 2012.
- (e) The Nassau County Local Economic Assistance Corporation (the "NCLEAC") was created as a local development corporation. On September 20, 2010, the County Legislature adopted a resolution authorizing the formation of NCLEAC pursuant to Section 1411 of the New York Not-for-Profit Corporation Law. The mission of NCLEAC is to operate exclusively for the public purpose and charitable purpose of benefiting and furthering the activities of the County by serving as a conduit financing entity issuing taxable and tax-exempt revenue debt and providing other assistance to support the growth, expansion, on-going operations and continued viability of the non-profit sector in the County.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

The County appoints the governing board of NCLEAC, which results in the interdependency with the County. Accordingly, NCLEAC has been determined to be a proprietary type component unit of the County and is presented on the accrual basis of accounting for its fiscal year ended December 31, 2012. The County is not liable for any obligations or deficits NCLEAC may incur, nor does it share in any surpluses. NCLEAC entered into a sublicense and cooperation agreement with NCIDA to use office space and storage space, as well as provide administrative services for NCLEAC as it has officers but no employees. The officers and some of the directors of NCLEAC serve in similar positions for the NCIDA. NCLEAC is charged accordingly for the rental and services provided by NCIDA.

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

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

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

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

**Blended Component Units**

- (a) Nassau County Interim Finance Authority ("NIFA") is included as a blended component unit of the County's primary government pursuant to GASB Statement No. 14 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 general funds and as part of the County's non-major funds (NIFA Debt Service Fund).

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

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

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

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

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

Subsequent to the resolution imposing the Control Period, NIFA adopted a resolution on March 24, 2011, March 22, 2012 and again on March 14, 2013, declaring a fiscal crisis and ordered the suspension of all increases in salary or wages of employees of the County which were to take effect after the date of the order pursuant to collective bargaining agreements, and other analogous contracts or interest arbitrations awards then in existence or thereafter entered into. All increased payments for holiday and vacation differentials, shift differentials, salary adjustments according to plan, and step-ups and increments are also suspended.

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

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

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. 39, *Determining Whether Certain Organizations are Component Units* and reported as a blended component unit of the County for County financial reporting purposes and, accordingly, is included in the County’s financial statements.

The NCTSC Board of Directors has three members, one of whom must meet certain requirements of independence: (i) one elected by a majority vote of the County Legislature, (ii) one, who must be the County Treasurer, *ex officio*, designated by the County Executive and (iii) one selected by (i) and (ii). As of December 31, 2012, one position was vacant.

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

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

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

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

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

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

NCSSWFA did not issue any debt in 2012.

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Nassau Community College  
One Education Drive  
Garden City, NY 11530

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

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is effective for financial statements for periods beginning after December 31, 2011. The objective of this Statement is to incorporate certain pronouncements issued on or before November 30, 1989 that do not contradict or conflict with GASB pronouncements. The County has determined that there is no impact on the financial statement presentation for the year ended December 31, 2012. GASB Statement No. 62 supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, which the County had previously implemented. In conformance with GASB Statement No. 20 all applicable GASB pronouncements and only Financial Accounting Standards Board (“FASB”) Statements and Interpretations issued on or before November 30, 1989 that did not conflict with GASB pronouncements were applied.

The County prepares its financial statements in accordance with FASB Accounting Standards Codification (“ASC”) 2200 (previously known as GASB Statement No. 34 *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments* (as amended by Statement No. 37 *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments: Omnibus – an amendment of GASB Statements No. 21 and No. 34*). Statement No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the County’s governmental activities and activities of its discretely presented component units on the Statement of Net Position and Statement of Activities. The County’s Statement of Net Position includes both noncurrent assets and noncurrent liabilities of the County, which were previously recorded in the General Fixed Assets Account Group and the General Long-term Obligations Account Group. In addition to the capital assets previously recorded in the General Fixed Assets Account Group, the County retroactively capitalized infrastructure assets that were acquired beginning with fiscal year ended December 31, 1980. In addition, the government-wide statement of activities reflects depreciation expenses on the County’s capital assets, including infrastructure.

In addition to the government-wide financial statements, fund financial statements continue to be reported using the modified accrual basis of accounting and the current financial resources measurement focus. Accordingly, the accounting and financial reporting for the County’s General Fund, NIFA General Fund, Police District Fund, Capital Fund, and Sewer and Storm Water District Fund is similar to that previously presented in the County’s financial statements, although the format of financial statements has been modified by Statement No. 34. The issuance of ASC 1800 (previously known as GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*), further modifies the format of the governmental fund financial statements. The implementation of this Statement by the County as of December 31, 2011, resulted in the consolidation of several major and non-major funds, previously reported separately, into the General Fund or the Capital Fund.

Statement No. 34 also requires supplementary information. Management’s Discussion and Analysis includes an analytical overview of the County’s financial activities. In addition, a budgetary comparison statement is presented that compares the adopted and modified General Funds’, major Special Revenue Funds’ and non-major Special Revenue Funds’ budgets with actual results.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

The College prepares its financial statements in accordance with ASC 960 (previously known as GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis - for Public Colleges and Universities - an amendment of GASB Statement No. 34*).

ASC P50 (formally known as GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*), establishes standards for the measurement, recognition, and display of Other Postemployment Benefits ("OPEB") expense and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (e.g., life insurance) when provided separately from a pension plan. The approach followed in the Statement generally is consistent with the approach adopted in Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, with modifications to reflect differences between pension benefits and OPEB. Statement No. 45 improves the relevance and usefulness of financial reporting by: (i) recognizing the cost of benefits in periods when the related services are received by the employer; (ii) providing information about the actuarial accrued liabilities for promised benefits associated with past services and whether and to what extent those benefits have been funded; and (iii) providing information useful in assessing potential demands on the employer's future cash flows. The requirement applies to any state or local government employer that provides OPEB. Prior to the implementation of GASB Statement No. 45, the County's postretirement benefits were accounted for on a pay-as-you-go basis. GASB Statement No. 50, *Pension Disclosures - an amendment of GASB Statements No. 25 and No. 27*, requires reporting changes to amend applicable note disclosures and required supplemental information requirements as previously defined in Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 27 *Accounting for Pensions by State and Local Governmental Employers* to conform with requirements of Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 45.

In February 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, (superseded by ASC 1800), which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. It establishes fund balance classifications, such as nonspendable, restricted, committed, assigned and unassigned, that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Several special revenue funds were consolidated into the General Fund as a result of this pronouncement. See Footnote 1 A, Basis of Presentation.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The requirement of Statement No. 60 improves financial reporting by establishing recognition, measurement and disclosure requirements for service concession arrangements (SCAs), which are a type of public-private or public-public partnership, for both transferors and governmental operators. The Statement requires governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. Statement No. 60 is effective for financial statements for periods beginning after December 15, 2011. The County has determined that there is no impact on the financial statement presentation for the year ended December 31, 2012.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, (superseded by ASC 530) to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The effect of this statement on the County’s financial statements was to change the presentation of the Statement of Net Position.

In June 2011, the GASB issued Statement No. 64, *Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*. As a result of GASB Statement No. 62, this was superseded by ASC D40. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. This Statement is effective for financial statements for periods beginning after June 15, 2011. The County has determined that there is no impact on the financial statement presentation for the year ended December 31, 2012.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

The accounting policies of the County of Nassau conform to accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governments. The following is a summary of the more significant policies:

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

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

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

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

The County reports the following major governmental funds:

**General Fund** - The General Fund is the general 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 General Fund** - The NIFA General Fund accounts for sales tax revenues received by NIFA and for general operating expenses, as well as distributions to Nassau County. The NIFA Debt Service Fund accounts for the accumulation of resources that are restricted committed or assigned to expenditures for payment of principal and interest on NIFA’s bonds.

**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.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

*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.

*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. Three non-major capital projects funds have been consolidated into the Capital Fund as a result of the County's implementation of GASB Statement No. 54. Those funds are the Sewer and Storm Water District Construction Fund, the Sewage Disposal District Construction Funds and the Sewage Collection Districts Construction Fund.

Additionally, the County reports the following fund type:

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

**New Accounting Standards**

GASB issued Statement No. 61, (ASC 2100), *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14, as amended by GASB Statement No. 39, (The Reporting Entity) and No. 34 (Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments)*. The objective of Statement No. 61 is to improve financial reporting for a governmental financial reporting entity. Statement No. 61 is effective for financial statements for periods beginning after June 15, 2012. The County has not completed the process of evaluating the impact that will result from implementing this Statement and is therefore unable to determine the impact that adopting this Statement will have on its financial position and results of operations.

In April 2012, GASB issued Statement No. 65, (ASC D20), *Items Previously reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The County has not completed the process of evaluating the impact that will result from implementing this and is therefore unable to determine the impact that adopting this Statement will have on its financial position and results of operation when such statement is adopted.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

In April 2012, GASB issued Statement No. 66 (ASC C50), *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The County has not completed the process of evaluating the impact that will result from implementing this and is therefore unable to determine the impact that adopting this Statement will have on its financial position and results of operation when such statement is adopted.

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 has not completed the process of evaluating the impact that will result from implementing this and is therefore unable to determine the impact that adopting this Statement will have on its financial position and results of operation when such statement is adopted.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions-amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is effective for fiscal years beginning after June 15, 2014. The County has not completed the process of evaluating the impact that will result from implementing this and is therefore unable to determine the impact that adopting this Statement will have on its financial position and results of operation when such statement is adopted.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

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

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

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

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

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

*Nassau Community College* - The College reports as a special purpose government engaged only in business type activities as defined in ASC 960 (previously known as 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 Governmental Accounting Standards Board ("GASB"). In addition, the NHCC has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board ("FASB"), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

**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.

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

During the fiscal year ended December 31, 2012, supplemental appropriations for the General Fund and appropriation budgets for the Grant and FEMA Funds were adopted and are included in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budgeted Funds as follows (dollars in thousands):

Supplemental Appropriations:	
General Fund	\$ 21,939
Grant Fund appropriated budgets	207,714
FEMA Fund appropriated budgets	<u>213,721</u>
Total Supplemental Appropriations and Grant Fund and FEMA Appropriated Budgets	<u>\$ 443,374</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.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

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

1. The proposed budget must be presented to the County Legislature and NIFA not later than September 15. (For the College, the proposed budget is submitted on or before the second Monday in July for the fiscal year commencing the following September 1). The proposed budgets include proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain public comments.
3. Budgets must be adopted by the County Legislature no later than October 30 of the prior year. (For the College, the budget is legally enacted on or before the third Monday in August).
4. The appropriated budget can be legally amended by the County Legislature subsequent to its initial adoption. Proposed amendments can be submitted by the County Executive to the Legislature at any time during the fiscal year. These proposed amendments are then voted on by the Legislature at the next available meeting. Amendments, which are legally approved by the Legislature, are immediately reflected in the operating appropriated budget.
5. Formal budgetary integration is employed as a management control device during the year for the governmental funds. The legal level of budgetary control is exercised at the object appropriation level within a fund's departmental control center. The County Legislature must approve all transfers and supplemental appropriations at this level.

**D. ENCUMBRANCES**

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

**E. CASH AND CASH EQUIVALENTS**

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

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****E. CASH AND CASH EQUIVALENTS (Continued)**

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

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

**F. INVESTMENTS**

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

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

**G. CAPITAL ASSETS**

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

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

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

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

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

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

*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* - For capital improvement assets, depreciation and amortization are recorded over the assets' estimated useful lives using the straight-line method (5 to 20 years) and are charged directly against the assets. No charge to operations is recorded. For all other assets, depreciation and amortization are computed on the straight-line method and charged to operations over the assets' estimated useful lives (5 to 10 years). 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 Sewer and Storm Water Finance Authority* - Capital assets are depreciated over their economic useful life, ranging from 5 to 40 years, depending on the type of asset, using straight-line method.

*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.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****I. INVENTORIES AND PREPAID EXPENSES**

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

Prepaid expenses represent amounts paid as of year-end, which will benefit future operations and are accounted for using the consumption method.

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

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

**K. FUND EQUITY CLASSIFICATIONS**

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

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

*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, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****K. 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. Department Heads have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Funds, that are not classified as nonspendable and are neither restricted nor committed.

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

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

The County has a policy to set recommended levels of unreserved fund balance (now Assigned and Unassigned) of no less than four percent and no more than five percent of normal prior-year expenditures made from its internally defined General Fund and County-wide Special Revenue Funds. The policy stipulates that use of unreserved fund balance is restricted to: (i) non-recurring expenses that promote important policy objectives; or (ii) extraordinary operating and capital purposes that could not be anticipated and which otherwise cannot be financed with current revenues in the annual Operating Budget. At the year ended 2012, the fund balance level is 2.58% of 2011 normal, recurring expenditures. This is well below the County's self-imposed policy.

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

**L. ACCUMULATED UNPAID VACATION, SICK PAY, AND OTHER EMPLOYEE BENEFITS**

County employees receive vacation time, sick leave, and other benefits pursuant to the labor contract or County ordinance covering their terms of employment. The cash value of these accumulated unpaid employee benefits and the related employer costs (e.g., Social Security) has been accrued and reported with other long-term liabilities in the government-wide Statement of Net Position. The compensated absences for the governmental funds are treated as long-term as they will not be liquidated with expendable available financial resources. For those employees who have retired prior to December 31, 2012, any accumulated and unpaid benefits as of that date have been recorded in the government-wide Statement of Net Position.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

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

During 2012, as a result of Superstorm Sandy (the "Storm"), the County sustained damage, mainly from downed trees and floodwaters. Many County roads had numerous large trees fall, damaging sidewalks and obstructing the right-of-ways. Fallen trees and debris were removed by County workforce and outside contractors. Several County Parks also incurred damage. There was damage to various recreational facilities, due to flooding issues. The County employees undertook various emergency protective measures to prepare and respond to the needs of residents. The County's costs for emergency protective measures, debris removal and other recovery efforts totaled approximately \$112.4 million through December 31, 2012, with the work to continue for several months. The County has assessed most of the damage from the Storm. The County has recorded \$100.7 million in anticipated aid from FEMA, which represents 90% of the costs. The other 10% will either be reimbursed by New York State, borne by the County, or some combination. Currently, the 10%, representing \$11.8 million is comprised of \$9.7 million, recorded in the operating funds of the County, and \$2.1 million recorded in the Sewer and Storm Water Fund.

**N. REAL PROPERTY TAX**

County real property taxes are levied on or before the third Monday in December and recorded as a receivable on January 1, the first day of the 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. However, 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. 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. The County has not yet charged the cost of the property tax refunds to the affected jurisdiction pending the final outcome of 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 2012 was \$4.9 billion. The constitutional tax margin was \$4.4 billion or approximately 89.9% of the maximum taxing authority in 2012 (see Exhibit T-10).

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

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 so available is presented as deferred revenue for the fund financial statements. Additionally, the government-wide financial statements recognize real estate tax revenue, which is not available to the governmental fund type in the fiscal year for which the taxes are levied.

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

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

**O. INTERFUND TRANSACTIONS**

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

**P. NOTES PAYABLE**

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

**Q. LONG-TERM LIABILITIES**

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

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****R. ISSUANCE COSTS**

In the governmental fund types, issuance costs are recognized as expenditures in the period incurred. Issuance costs recorded in the government-wide financial statements units are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

**S. CLAIMS AND CONTINGENCIES**

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

**T. 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, and depreciation. Actual results could differ from these estimates.

**2. DEPOSITS AND INVESTMENTS**

At December 31, 2012, the carrying amount of the County's deposits was approximately \$698.5 million, and the bank balance was \$735.9 million. At December 31, 2012, total cash and cash equivalents amounted to \$766.3 million in 2012, which consisted of approximately \$766.3 million in money market interest bearing bank accounts at rates averaging 0.35% annually.

As of December 31, 2012, total investments amounted to \$73.2 million. The investments consisted of U.S. Treasury Notes and other obligations of the U.S. government, which are explicitly guaranteed by the U.S. government and therefore not considered to have credit risk, and shares of an investment fund, held by NCTSC, which invests in short-term U.S. Treasury securities paying a fixed, variable or floating interest rate and in repurchase agreements backed by U.S. Treasury securities.

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

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

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

As of December 31, 2012, the County did not have any investments subject to credit risk or interest rate risk.

The following table summarizes the County’s cash (including Agency and Trust cash) and investment position at December 31, 2012; all investments mature in less than one year (dollars in thousands):

	<b>Cash and Cash Equivalents</b>	<b>Investments</b>	<b>Total</b>
Cash	\$ 766,265	\$	\$ 766,265
Treasury notes and investments		73,167	73,167
<b>Totals</b>	<b>\$ 766,265</b>	<b>\$ 73,167</b>	<b>\$ 839,432</b>
Governmental Funds	\$ 698,534	\$ 73,167	\$ 771,701
Fiduciary Funds	67,731		67,731
<b>Totals</b>	<b>\$ 766,265</b>	<b>\$ 73,167</b>	<b>\$ 839,432</b>

The County maintains a consolidated disbursement account with a financial institution on behalf of the College. At August 31, 2012, the College had a cash balance of \$36.9 million, and the bank balance was \$28.0 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, 2012, the carrying amount (fair value) of the College’s investments was \$2.8 million.

**3. DUE FROM OTHER GOVERNMENTS**

The account “Due from Other Governments” at December 31, 2012 represents aid, grants, and other amounts receivable from the State and Federal governments. The following summarizes such receivables (dollars in thousands):

<b>Fund</b>	<b>Federal</b>	<b>State/Other*</b>	<b>Total</b>
General	\$ 84,123	\$ 105,560	\$ 189,683
NIFA		84	84
Police District	5,161	351	5,512
Sewer and Storm Water	112	2,270	2,382
Capital Fund	17,685	560	18,245
Nonmajor Governmental	107,130	3,617	110,747
<b>Totals</b>	<b>\$ 214,211</b>	<b>\$ 112,442</b>	<b>\$ 326,653</b>

\* Included \$12,004 of sales tax receivable at December 31, 2012

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**4. TAX REAL ESTATE**

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

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

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

**5. TAX SALE CERTIFICATES**

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

**6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

**A. Interfund Receivables, Payables and Transfers**

The individual fund Interfund Receivables and Interfund Payables as of December 31, 2012 are reconciled as follows (dollars in thousands):

December 31, 2012	General Fund	NIFA General Fund	Police Districts Fund	Sewer & Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>INTERFUND RECEIVABLE</b>							
General Fund	\$ 91,968	\$ 12,387	\$ 26,735	\$ 84,404	\$ 27,747	\$ 2,264	\$ 30,011
NIFA General	12,387				1,655	16,914	108,882
Police District	26,735				525	1,053	28,313
Sewer & Storm District	84,404					7	84,411
Capital Fund	14,526		6,314	24,000		287	45,127
Nonmajor Funds							
<b>TOTAL RECEIVABLE</b>	<b>\$ 230,020</b>	<b>\$ 12,387</b>	<b>\$ 26,735</b>	<b>\$ 84,404</b>	<b>\$ 29,927</b>	<b>\$ 20,525</b>	<b>\$ 310,786</b>
<b>INTERFUND PAYABLE</b>							
General Fund	\$ (2,264)	\$ (16,914)	\$ (1,053)	\$ (7)	\$ (84,411)	\$ (14,526)	\$ (230,020)
Police District						(6,314)	(6,314)
Sewer & Storm District						(24,000)	(24,000)
Capital Fund	(27,747)		(1,655)	(525)			(29,927)
Nonmajor Funds	(2,264)	(16,914)	(1,053)	(7)		(287)	(20,525)
<b>TOTAL PAYABLE</b>	<b>\$ (30,011)</b>	<b>\$ (108,882)</b>	<b>\$ (14,042)</b>	<b>\$ (28,313)</b>	<b>\$ (84,411)</b>	<b>\$ (45,127)</b>	<b>\$ (310,786)</b>
<b>December 31, 2012 Transfers In:</b>							
	<b>General Fund</b>	<b>Police District</b>	<b>Sewer &amp; Storm District</b>	<b>Nonmajor Funds</b>	<b>Total</b>		
<b>Transfers Out:</b>							
General Fund	\$ 1,958	\$ 1,907	\$ 674	\$ 187	\$ 2,768		
Police District	11,917				11,917		
Sewer & Storm District	16,591				16,591		
Capital Fund	8,529				8,529		
Nonmajor Funds							
<b>TOTAL</b>	<b>\$ 38,995</b>	<b>\$ 1,907</b>	<b>\$ 674</b>	<b>\$ 187</b>	<b>\$ 41,763</b>		

\* Interfund transactions are described in Note 1(O).

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012

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6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

A. Interfund Receivables, Payables and Transfers (Continued)

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.

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, 2012 do not offset each other as they include accounts of the College at the end of their fiscal year on August 31, 2012, and the NHCC, which has timing differences with the County. The following reconciles the December 31, 2012 amount by carrying forward the College transactions affecting these accounts from September 1, 2012 through December 31, 2012 and the NHCC for the timing differences.

<u>Dollars in Thousands</u>	<u>2012</u>
Due from Primary Government (Exhibit X-1), Component Units	\$ 20,308
Due to Primary Government (Exhibit X-1), Component Units	(375)
Net Due from Primary Government, Component Units	<u>\$ 19,933</u>
Nassau Community College Transactions from September 1, to December 31:	
Increase in due from Capital Fund	1,143
Increase in due from Fiduciary Fund	3,964
Decrease in due from General Fund	(3,900)
Increase in other due froms	<u>1,136</u>
Subtotals	<u>2,343</u>
Nassau Health Care Corporation	
Net Change in Encumbrances	<u>(18,151)</u>
Due From Component Units - Fiduciary per Balance Sheet: (Exhibit X-10)	(2,190)
Due From Component Units - Governmental per Balance Sheet (Exhibit X-1)	8,398
Due To Component Units - Governmental per Balance Sheet (Exhibit X-1)	<u>(10,333)</u>
Due to Component Units - Fiduciary and Governmental	<u>\$ (19,933)</u>

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**7. DEFERRED CHARGES**

**NCTSC Deferred Charges**

Deferred charges, created as a result of the issuance of the NCTSC's 2006 Serial Bonds and the deferral of cost from purchase of the future TSRs, as of December 31, 2012 are as follows (dollars in thousands):

Cost of issuance	\$	1,519
Original issue discount		9,011
Underwriter's discount		3,836
Loss on defeasance		18,869
Total cost of issuance		<u>33,235</u>
Less: related amortization		(7,270)
Deferred charges, net - cost of issuance	\$	<u>25,965</u>
Purchase of TSRs	\$	387,765
Less: related amortization		(69,688)
Deferred charges, net - purchase of TSRs	\$	<u>318,077</u>

Total amortization for the cost of issuance and purchase of TSRs for the year ended December 31, 2012 totaled \$1,039 and \$9,896, respectively, of which \$590 is recorded as interest expense.

**8. CAPITAL ASSETS**

The following schedule for the 2012 capital assets is reconciled to the 2012 amounts reported on Exhibit X-1 in the table below:

**Summary of Capital Asset Balances and Net Investment in Capital Assets  
(Dollars in Thousands)**

	<u>Primary Government</u>		<u>Total per X-1</u>
	<u>County</u>	<u>NCSSWFA</u>	
Capital assets not being depreciated	\$ 610,113		\$ 610,113
Depreciable capital assets	2,287,826	\$ 1,345,045	3,632,871
Accumulated depreciation	<u>(1,316,395)</u>	<u>(347,217)</u>	<u>(1,663,612)</u>
Capital assets - net	1,581,544	997,828	2,579,372
Outstanding related debt	<u>(756,867)</u>	<u>(146,795)</u>	<u>(903,662)</u>
Net investment in capital assets	<u>\$ 824,677</u>	<u>\$ 851,033</u>	<u>\$ 1,675,710</u>

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**8. CAPITAL ASSETS (Continued)**

The County and NCSSWFA evaluates capital assets for prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The County’s and NCSSWFA’s practice is to record an impairment loss in the period when it is determined that the carrying amount of the assets will not be recoverable. At December 31, 2012, the NCSSWFA evaluated its capital assets and realized a loss from impairment of \$26.2 million.

Activity for capital assets, reconciled to the 2012 amount reported in Exhibit X-1, is summarized below (dollars in thousands):

<b>Primary Government</b>	<b>Balance January 1, 2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2012</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 232,553	\$ 6,701	\$ 170	\$ 239,084
Intangible - land dev rights	8,804			8,804
Construction in progress	400,669	116,409	154,853	362,225
Total capital assets, not being depreciated:	642,026	123,110	155,023	610,113
Capital assets, being depreciated:				
Land improvements	80,558	24	2,525	78,057
Buildings	1,021,833	98,145	22,741	1,097,237
Equipment	531,695	37,488	15,324	553,859
Infrastructure	1,867,124	50,428	13,834	1,903,718
Total capital assets, being depreciated	3,501,210	186,085	54,424	3,632,871
Total capital assets	4,143,236	309,195	209,447	4,242,984
Less accumulated depreciation:				
Land improvements	48,134	3,485	1,566	50,053
Buildings	378,633	25,733	5,307	399,059
Equipment	394,681	32,419	14,231	412,869
Infrastructure	745,822	62,114	6,305	801,631
Total accumulated depreciation	1,567,270	123,751	27,409	1,663,612
Total capital assets, being depreciated, net	1,933,940	62,334	27,015	1,969,259
Governmental activities capital assets, net	\$ 2,575,966	\$ 185,444	\$ 182,038	\$ 2,579,372

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**8. CAPITAL ASSETS (Continued)**

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

<b>Primary Government</b>	<b>Balance January 1, 2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2012</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 232,553	\$ 6,701	\$ 170	\$ 239,084
Intangible - land dev rights	8,804			8,804
Construction in progress	400,669	116,409	154,853	362,225
Total capital assets, not being depreciated	642,026	123,110	155,023	610,113
Capital assets, being depreciated:				
Land improvements	80,558	24	2,525	78,057
Buildings	695,382	98,127	2,386	791,123
Equipment	529,143	37,053	15,218	550,978
Infrastructure	847,456	28,338	8,126	867,668
Total capital assets, being depreciated	2,152,539	163,542	28,255	2,287,826
Total capital assets	2,794,565	286,652	183,278	2,897,939
Less accumulated depreciation:				
Land improvements	48,134	3,485	1,566	50,053
Buildings	308,673	16,570	780	324,463
Equipment	393,655	32,023	14,143	411,535
Infrastructure	511,439	24,645	5,740	530,344
Total accumulated depreciation	1,261,901	76,723	22,229	1,316,395
Total capital assets, being depreciated, net	890,638	86,819	6,026	971,431
Governmental activities capital assets, net	\$ 1,532,664	\$ 209,929	\$ 161,049	\$ 1,581,544

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012

8. CAPITAL ASSETS (Continued)

The table below presents the reconciliation of the reduction of Construction in Progress to the additions to Capital Assets.

Reconciliation of Reductions of Construction In Progress to Additions to Capital Assets  
 (dollars in thousands)

	Primary Government		
	County	NCSSWFA	Total
<b>Transfer from construction in progress</b>	\$ 154,853	\$	\$ 154,853
<b>Additions to capital assets:</b>			
Land improvements	\$ 24	\$	\$ 24
Land	6,256		6,256
Buildings	98,127	18	98,145
Infrastructure	28,338	22,090	50,428
	<u>\$ 132,745</u>	<u>\$ 22,108</u>	<u>\$ 154,853</u>

Depreciation expense was charged to functions of the primary government for the fiscal year ended December 31, 2012 as follows (dollars in thousands):

	Land Improvements	Buildings	Equipment	Infrastructure	Total
<b>Functions:</b>					
Legislative	\$	\$ 6	\$ 1	\$	\$ 7
Judicial	80	1,231	267		1,578
General administration	60	2,945	841	1	3,847
Protection of persons	9	1,890	6,183		8,082
Health		112	183		295
Public works	55	9,423	3,471	60,421	73,370
Recreation and parks	3,216	2,415	204	1,693	7,528
Social services	60	189	32		281
Corrections		4,582	405		4,987
Other expenditures/MSBA		660	9,748		10,408
Metropolitan transportation authority			11,083		11,083
Other	5	2,280			2,285
Total depreciation expense	<u>\$ 3,485</u>	<u>\$ 25,733</u>	<u>\$ 32,418</u>	<u>\$ 62,115</u>	<u>\$ 123,751</u>

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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**8. CAPITAL ASSETS (Continued)**

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

Sources of funding of the general capital assets at December 31, 2012 were as follows (dollars in thousands):

Long term serial bonds	\$ 2,447,124
Temporary financing and bond anticipation notes	58,942
Federal grants	47,917
New York State grants	99,163
General fund revenues	120,492
Special revenue fund revenues	56,700
Gifts	28,200
Acquisitions prior to December 31, 1985	33,944
Capitalized lease	5,457
Total funding sources	<u>\$ 2,897,939</u>

General capital assets of the County by function at December 31, 2012 were as follows (dollars in thousands):

Legislative	\$ 361
Judicial	81,889
General administration	333,957
Protection of persons	168,277
Health	8,413
Public Works	2,253,896
Recreation and parks	257,087
Social services	25,554
Corrections	193,766
Other expenditures/MSBA	223,894
Metropolitan transportation authority	140,040
Misc. unclassified	193,625
Construction in progress	362,225
Total	<u>4,242,984</u>
Less: accumulated depreciation	1,663,612
Total net capital assets	<u>\$ 2,579,372</u>

Total combined capital assets of the County (in thousands), including its blended component unit, NCSSWFA, as of December 31, 2012, is \$4.2 billion with accumulated depreciation of \$1.7 billion.

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012

8. CAPITAL ASSETS (Continued)

NCSSWFA Capital Assets

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

**Property, Plant and Equipment**  
**Nassau County Sewer and Storm Water Finance Authority Fixed Assets**  
 (Dollars in Thousands)

	<u>Balance</u> <u>January 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31,</u> <u>2012</u>
<b>Capital assets</b>				
Buildings	\$ 326,451	\$ 18	\$ 20,355	\$ 306,114
Equipment	2,552	435	106	2,881
Infrastructure	1,019,668	22,090	5,708	1,036,050
Total capital asset	<u>1,348,671</u>	<u>22,543</u>	<u>26,169</u>	<u>1,345,045</u>
<b>Less accumulated depreciation:</b>				
Buildings	69,960	9,163	4,527	74,596
Equipment	1,026	396	88	1,334
Infrastructure	234,383	37,469	565	271,287
Total accumulated depreciation	<u>305,369</u>	<u>47,028</u>	<u>5,180</u>	<u>347,217</u>
<b>Capital assets - net</b>	<u>\$ 1,043,302</u>	<u>\$ (24,485)</u>	<u>\$ 20,989</u>	<u>\$ 997,828</u>

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012

8. CAPITAL ASSETS (Continued)

Nassau Community College Capital Assets

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

	<u>Balance at</u> <u>August 31, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>August 31, 2012</u>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 2,733	\$	\$	\$ 2,733
Library	1,008	48		1,056
Total capital assets, not being depreciated	<u>3,741</u>	<u>48</u>		<u>3,789</u>
<b>Capital assets, being depreciated:</b>				
Land improvements	4,075	5,908		9,983
Infrastructure	9,208	2,503		11,711
Buildings	194,499	10,778	791	204,486
Building improvements	36,548	3,532		40,080
Equipment	7,449	1,108	224	8,333
Total capital assets, being depreciated	<u>251,779</u>	<u>23,829</u>	<u>1,015</u>	<u>274,593</u>
Total capital assets	<u>255,520</u>	<u>23,877</u>	<u>1,015</u>	<u>278,382</u>
<b>Less accumulated depreciation:</b>				
Land improvements	1,017	318		1,335
Infrastructure	1,831	563		2,394
Buildings	89,932	3,526	198	93,260
Building improvements	19,131	1,739		20,870
Equipment	6,157	571	224	6,504
Total accumulated depreciation	<u>118,068</u>	<u>6,717</u>	<u>422</u>	<u>124,363</u>
Net capital assets being depreciated	<u>133,711</u>	<u>17,112</u>	<u>593</u>	<u>150,230</u>
Capital Assets, net	<u>\$ 137,452</u>	<u>\$ 17,160</u>	<u>\$ 593</u>	<u>\$ 154,019</u>

Capital assets of the Faculty-Student Association, the Component unit of the College as of August 31, 2012 consisted of the following (dollars in thousands):

	<u>Balance</u> <u>August 31, 2012</u>
Furniture and equipment	\$ 395
Vans	243
	638
Less accumulated depreciation	(487)
Total capital assets (net)	<u>\$ 151</u>

Total depreciable capital assets of the College and Faculty-Student Association, the component unit of the College as of August 31, 2012, was \$274.6 million with accumulated depreciation of \$124.4 million.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**9. LEASES**

The County leases some property and equipment. Leased property having elements of ownership is recorded in the government-wide financial statements. The related obligations, in amounts equal to the present value of minimum lease payments payable during the remaining term of the leases, are also recorded in the government-wide financial statements. Other leased property, not having elements of ownership, are classified as operating leases. Both capital and operating lease payments are recorded as expenditures when payable. Total expenditures on such leases for the fiscal year ending December 31, 2012 were approximately \$8.1 million.

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):

		Capital Lease	Operating Leases	Total Capital & Operating Leases
Governmental Activities				
Fiscal year ending December 31:	2013	\$ 799	\$ 7,824	\$ 8,623
	2014	810	7,127	7,937
	2015	822	7,169	7,991
	2016	834	7,555	8,389
	2017	846	200	1,046
	2018 - 2022	4,435		4,435
	2023 - 2025	2,433		2,433
		<u>10,979</u>	<u>\$ 29,875</u>	<u>\$ 40,854</u>
	Future minimum payments			
	Less: interest	<u>5,725</u>		
	Present value of future minimum lease payments	<u>\$ 5,254</u>		

The County recorded a building lease as a capital lease because when the lease term ends in 2025, the ownership of the building transfers to the County. The County also leases County-owned property to others and the leases are classified as operating leases. Total rental revenue on these leases for 2012 was \$2.6 million.

As of December 31, 2012, the following future minimum rentals are provided for by the leases (dollars in thousands):

		Operating Leases (in Thousands)
Fiscal year ending December 31:	2013	\$ 2,590
	2014	2,525
	2015	2,347
	2016	1,354
	2017	1,062
	2018 - 2022	2,894
	2023 - 2026	1,157
		<u>\$ 13,929</u>

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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**9. LEASES (continued)**

These 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, 2012.

**10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS**

***County of Nassau Notes Payable***

On April 25, 2012, the County issued Series A Bond Anticipation Notes in the amount of \$34.6 million, to finance various sewer system improvements within the County. The Bond Anticipation Notes bear interest at 1.5% and matured April 1, 2013.

On June 7, 2012, the County issued Series A and Series B Revenue Anticipation Notes in the amount of \$158.9 million and \$59.6 million, respectively, to finance cash flow needs within the County. The Series A notes bear interest at 2% and matured March 29, 2013. The Series B notes bear interest at 2% and matured April 30, 2013.

On December 6, 2012, the County issued Series A, Series B and Series C Tax Anticipation Notes in the amount of \$19.8 million, \$168.5 million and \$69.4 million, respectively, to finance cash flow needs within the County. The Series A notes bear interest at 2%, and matured April 1, 2013. The Series B notes bear interest at 2% and mature September 30, 2013. The Series C notes bear interest at 2% and mature October 31, 2013.

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 January 1, 2012</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance December 31, 2012</u>
General Fund:				
Tax anticipation notes - (2.0% issued 2012, maturity dates in 2013)	\$ 230,000	\$ 257,725	\$ 230,000	\$ 257,725
Revenue anticipation notes - (2.0% issued in 2012, maturity dates in 2013)	230,000	218,445	230,000	218,445
Total General Fund	<u>\$ 460,000</u>	<u>\$ 476,170</u>	<u>\$ 460,000</u>	<u>\$ 476,170</u>
County Capital Projects Fund:				
Bond anticipation notes - (1.5% issued 2012, matured April 1, 2013)				
Sewer and storm water projects	<u>\$</u>	<u>\$ 34,600</u>	<u>\$</u>	<u>\$ 34,600</u>

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012

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, 2012	Issued	Redeemed	Balance December 31, 2012	Due Within One Year
General Long-Term Obligations					
Debt:					
General Obligation County Bonds - (2.00% to 11.50%, issued in 1981 through 2011, maturity dates 2011 through 2039)	\$ 1,165,745	\$ 192,147	\$ 56,588	\$ 1,301,304	\$ 57,137
Sewage purpose bonds - (3.50% to 6.00%, issued in 1993 through 2009, maturity dates 2013 through 2039) - County	68,760		7,455	61,305	6,570
State Water Pollution Control Revolving Fund revenue bonds - (2.70% to 7.10%, issued in 1991 through 2005, maturity dates 2011 through 2034) - County	112,085		9,223	102,862	7,864
Total Serial Bonds - County	1,346,590	192,147	73,266	1,465,471	71,571
Sales Tax Secured Bonds -NIFA, various interest rates % and maturity dates	1,528,440	317,713	467,030	1,379,123	150,965
Nassau County Sewer and Storm Water Finance Authority System Revenue Bonds, Series 2004B & Series 2008A (various interest rates, 2012-2028)	154,595		7,800	146,795	7,955
Tobacco Settlement Asset-Backed Bonds, Series 2006 (various interest rates % and maturity dates)	451,788	5,318		457,106	
Total Serial Bonds - NIFA, NCSSWFA, NCTSC	2,134,823	323,031	474,830	1,983,024	158,920
Total Serial Bonds	3,481,413	515,178	548,096	3,448,495	230,491
Other:					
Derivative instruments - interest rate swaps	84,636		660	83,976	
Deferred Bond Premium/Discount (net of amortization)	103,918	47,095	39,743	111,270	
Deferred Revenue	89,503	16,460		105,963	62,381
Accrued Vacation and Sick Pay	547,199	31,272	56,613	521,858	13,135
Deferred Payroll	83,195	15,313	22,593	75,915	12,239
Estimated Liability for Workers' Compensation	288,756	21,366	25,843	284,279	26,083
Estimated Tax Certiorari Payable	222,893	83,830	9,531	297,192	174,104
Estimated Liability for Litigation & Malpractice Claims	295,000	34,189	24,189	305,000	44,714
Capital Lease Obligations	5,351		97	5,254	122
Other Liabilities	14,334		10,371	3,963	
Postemployment Retirement Benefits Liability	4,708,808	191,303		4,900,111	
Total Other	6,443,593	440,828	189,640	6,694,781	332,778
Total General Long-Term Obligations	\$ 9,925,006	\$ 956,006	\$ 737,736	\$ 10,143,276	\$ 563,269

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012

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 the purchase of non-capitalizable equipment. For the year-ended December 31, 2012, total serial bonds outstanding were \$3.4 billion of which \$2.7 billion were utilized to pay approximately: \$1.0 billion in tax certiorari claims; \$0.4 billion for bonded operating expenses; \$1.2 billion for the purchase of non-capitalizable equipment; and \$57 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 \$0.7 billion is related to capitalizable assets.

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

The annual requirements and sources to amortize the County’s General Obligation serial bonds payable as of December 31, 2012 are as follows (dollars in thousands):

Year Ending	Debt Service Requirements			Sources		
	Principal	Interest	Total	General County Budgets	Sewer District Budgets	Total
2013	\$ 71,571	\$ 69,080	\$ 140,651	\$ 118,003	\$ 22,648	\$ 140,651
2014	73,432	65,864	139,296	118,014	21,282	139,296
2015	75,899	62,784	138,683	118,933	19,750	138,683
2016	71,650	59,539	131,189	114,651	16,538	131,189
2017	73,515	56,229	129,744	114,535	15,209	129,744
2018 - 2022	400,521	234,889	635,410	564,776	70,634	635,410
2023 - 2027	343,258	138,187	481,445	443,272	38,173	481,445
2028 - 2032	210,426	69,729	280,155	261,033	19,122	280,155
2033 - 2037	131,478	21,250	152,728	144,281	8,447	152,728
2038 - 2039	13,721	961	14,682	12,690	1,992	14,682
Total	\$ 1,465,471	\$ 778,512	\$ 2,243,983	\$ 2,010,188	\$ 233,795	\$ 2,243,983

The County’s legal debt margin was approximately \$21.0 billion and total long-term obligation bonds authorized but unissued for general County and sewage district purposes were approximately \$1.1 billion at December 31, 2012. Authorized but unissued long-term obligation bonds for general County purposes include approximately \$192.8 million to finance property tax refunds. Under the current NIFA control period, all unissued County borrowings require NIFA approval. In connection with this authorization for borrowing to finance property tax refunds, the County legislature must also authorize the spending of these proceeds.

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012

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, 2012	Issued	Redeemed	Balance December 31, 2012	Due Within One Year	Non Current Portion
Bonds payable:						
Sales tax secured bonds payable	\$ 1,528,440	\$ 317,713	\$ 467,030	\$ 1,379,123	\$ 150,965	\$ 1,228,158
Premiums	62,769	28,251	27,704	63,316	4,473	58,843
Total bonds payable	<u>1,591,209</u>	<u>345,964</u>	<u>494,734</u>	<u>1,442,439</u>	<u>155,438</u>	<u>1,287,001</u>
OPEB liability	1,134	82	17	1,199		1,199
Compensated absences	<u>280</u>	<u>11</u>	<u></u>	<u>291</u>		<u>291</u>
Total long term debt	<u>\$ 1,592,623</u>	<u>\$ 346,057</u>	<u>\$ 494,751</u>	<u>\$ 1,443,929</u>	<u>\$ 155,438</u>	<u>\$ 1,288,491</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, 2012, NIFA had outstanding sales tax secured bonds in the amount of \$1.4 billion, maturing through the year 2025, of which \$779.0 million are fixed rate and \$600 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, 2012

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

NIFA Long-Term Debt (Continued)

**Variable Rate Bonds** — Interest rates on the variable rate bonds are currently reset weekly by remarketing agents at the minimum rate necessary for the bonds to have a market value equal to the principal amount. Interest rates are set separately for each series of variable rate bonds. The variable rate bonds are in most circumstances subject to tender at the option of the bondholder. Payment of the purchase price of eligible Series 2008 A-E bonds are subject to optional or mandatory tender for purchase and if not remarketed by the remarketing agent, payment will be made under and pursuant to, and subject to the terms, conditions and provisions of liquidity facility agreements. The liquidity facility agreements currently in effect are slated to expire between April 30, 2013 and November 16, 2015 and are subject to extension or early termination. Bonds that are purchased by financial institutions under the liquidity facility and not remarketed, if any, must be paid over periods varying between three and five years. If this was to occur, annual NIFA debt service expense would increase substantially. A debt service account has been established under the indenture to provide for the payment of principal of bonds outstanding under the indenture. The Trustee makes monthly deposits to the debt service account for principal debt service requirements. Additionally, the Trustee makes monthly interest payments.

Aggregate debt service to maturity as of December 31, 2012, is as follows (dollars in thousands):

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest*</u>	<u>Total</u>
2013	\$ 150,965	\$ 51,171	\$ 202,136
2014	140,642	43,542	184,184
2015	143,585	38,331	181,916
2016	139,426	33,895	173,321
2017	129,666	28,925	158,591
2018 - 2022	539,050	82,932	621,982
2023 - 2025	135,789	9,112	144,901
	<u>\$ 1,379,123</u>	<u>\$ 287,908</u>	<u>\$ 1,667,031</u>

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

Refunding

During the year ended December 31, 2012, NIFA issued \$317.7 million of sales-tax secured bonds with interest rates ranging from 0.688% to 5.0%. The proceeds were used to currently refund \$8.1 million of Series 2001 A and advance refund \$314.4 million of outstanding Series 2003A, Series 2003B, Series 2004H, and Series 2005D, which had interest rates ranging from 3.5% to 5.25%. The net proceeds of \$351.3 million (including \$7.1 million of NIFA’s resources, \$28.3 million premium and after payment of \$1.8 million in underwriting and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the aforementioned bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

NIFA advance refunded the aforementioned bonds to reduce its total debt service payments by \$34.8 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 \$33.4 million.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

*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, 2012, \$318,865,000 of defeased bonds remains outstanding.

In 2012, the only other major transactions that affected NIFA's bonds were the replacement of the standby bond purchase agreements with JPMorgan Chase Bank, National Association in connection with NIFA's Series 2008D-2 and Series 2008E Bonds, and Sumitomo Mitsui Banking Corporation in connection with NIFA's 2008B Bonds. The new agreements expire on November 15, 2015, November 15, 2014 and March 6, 2015, respectively.

**DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS**

Derivative instruments, which consist of interest rate swap agreements, have been reported at fair value as of December 31, 2012. 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** — To protect against the potential of rising interest rates, to achieve a lower net cost of borrowing, to reduce exposure to changing interest rates on a related bond issue or in some cases where Federal tax law prohibits an advance refunding, and to achieve debt service savings through a synthetic fixed rate. In an effort to hedge against rising interest rates, NIFA entered into nine separate pay-fixed, receive-variable interest rate Swap Agreements during FY 2004 (the "Swaps").

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

- \$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

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

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

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

**Fair Value** — Replacement interest rates on the swaps, as of December 31, 2012, 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, 2012, 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.

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, 2012, the total market-to-market valuation of NIFA's swaps, including accrued interest, was negative \$84.0 million. In the event that both parties continue to perform their obligations under the swap, there is not a risk of termination and neither party is required to make a termination payment to the other. NIFA is not aware of any event that would lead to a termination event with respect to any of its swaps.

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

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

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012

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

*NIFA Long-Term Debt (Continued)*

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

**Risks Associated with the Swap Agreements (Continued)**

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

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

Counterparty	Dollars in Millions	Notional Percentage
GSMMDP	\$ 275	45.8%
UBS AG	275	45.8%
MSCS	50	8.4%
	\$ 600	100.0%

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.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

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

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

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

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

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

- *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.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

- *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, 2012, the aggregate fair value of all hedging derivative instrument agreements whose terms contain such collateral provisions is \$84.0 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-  
\$27.1 million in collateral to UBS AG.
- Baa1/BBB+  
\$12.1 million in collateral to GSMMDP, \$37.1 million in collateral to UBS AG and \$9.7 million in collateral to MSCS.
- Baa2/BBB  
\$27.1 million in collateral to GSMMDP, \$37.1 million in collateral to UBS AG and \$9.7 million in collateral to MSCS.
- Baa3/BBB-  
\$37.1 million collateral to GSMMDP, \$37.1 million in collateral to UBS AG, and \$9.7 million in collateral to MSCS.

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012

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

*NIFA Long-Term Debt (Continued)*

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

As of December 31, 2012, 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
National Amount	\$ 72,500	\$ 72,500	\$ 80,000	\$ 72,500	\$ 72,500	\$ 80,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 600,000
Counterparty	GSMMDP	GSMMDP	GSMMDP	UBS	UBS	UBS	GSMMDP	UBS	MSCS	
Counterparty Rating (1)	Aa2/AAA/NA	Aa2/AAA/NA	Aa2/AAA/NA	A2/A/A	A2/A/A	A2/A/A	Aa2/AAA/NA	A2/A/A	Baa1/A-/A	
Effective Date	April 8, 2004	April 8, 2004	April 8, 2004	April 8, 2004	April 8, 2004	April 8, 2004	December 9, 2004	December 9, 2004	December 9, 2004	
Maturity Date	November 15, 2024	November 15, 2024	November 15, 2016	November 15, 2024	November 15, 2024	November 15, 2016	November 15, 2025	November 15, 2025	November 15, 2025	
NIFA Pays	3.146%	3.146%	3.002%	3.146%	3.146%	3.003%	3.432%	3.432%	3.432%	
Replacement Rate	0.919%	0.918%	0.511%	0.919%	0.918%	0.499%	1.220%	1.220%	1.220%	
NIFA Receives	60% of LIBOR plus 16 basis points weekly (Tuesday)	60% of LIBOR plus 16 basis points weekly (Friday)	60% of LIBOR plus 26 basis points weekly (4th Monday)	60% of LIBOR plus 16 basis points weekly (Tuesday)	60% of LIBOR plus 16 basis points weekly (Friday)	60% of LIBOR plus 26 basis points monthly (5th Thursday)	61.5% of LIBOR plus 20 basis points	61.5% of LIBOR plus 20 basis points	61.5% of LIBOR plus 20 basis points	
Change in Fair Value	\$ (246)	\$ (244)	\$ 1,133	\$ (246)	\$ (244)	\$ 1,126	\$ (207)	\$ (207)	\$ (207)	\$ 660
Net Accrued	\$ (289)	\$ (290)	\$ (289)	\$ (289)	\$ (290)	\$ (304)	\$ (212)	\$ (212)	\$ (212)	\$ (2,385)
Net Present Value	(10,790)	(10,794)	(4,964)	(10,790)	(10,794)	(4,965)	(9,498)	(9,498)	(9,498)	(81,591)
Total Fair Value of Swap	\$ (11,078)	\$ (11,084)	\$ (5,252)	\$ (11,078)	\$ (11,084)	\$ (5,269)	\$ (9,710)	\$ (9,710)	\$ (9,710)	\$ (83,976)

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

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

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

**Swap Payments and Associated Debt** - Using rates as of December 31, 2012, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, is shown below. As rates change over time, variable-rate bond interest payments and net swap payments will change.

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

Years Ending December 31,	Variable-Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2013	\$ 31,100	\$ 702	\$ 17,009	\$ 48,811
2014	45,300	664	16,150	62,114
2015	31,725	614	15,011	47,350
2016	61,275	571	14,080	75,926
2017	57,675	495	12,457	70,627
2018 - 2022	303,825	1,251	33,321	338,397
2023 - 2025	69,100	116	3,307	72,523
Total	\$ 600,000	\$ 4,413	\$ 111,335	\$ 715,748

***NCSSWFA Long-Term Debt***

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

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

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

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

During the year ended December 31, 2012, the County issued \$2.1 million of Series 2012A bonds for the purpose of capital improvements to the System, the total of which was effectively transferred to the NCSSWFA.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

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

*2004B and 2008A Bonds*

Aggregate debt service to maturity as of December 31, 2012 is as follows (dollars in thousands):

<u>Years Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 7,955	\$ 7,310	\$ 15,265
2014	8,425	6,956	15,381
2015	8,545	6,607	15,152
2016	8,980	6,252	15,232
2017	9,210	5,841	15,051
2018 - 2022	52,690	21,794	74,484
2023 - 2027	42,805	8,531	51,336
2028	8,185	440	8,625
	<u>\$ 146,795</u>	<u>\$ 63,731</u>	<u>\$ 210,526</u>

Aggregate amounts due to the County for debt issued on behalf of NCSSWFA have debt service to maturity as of December 31, 2012 of the following (dollars in thousands):

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Payments to be made by NIFA</u>	<u>Cash Requirements of NCSSWFA</u>
2013	\$ 20,145	\$ 13,541	\$ 33,686	\$ (5,081)	\$ 28,605
2014	19,521	12,534	32,055	(4,856)	27,199
2015	18,377	11,640	30,017	(4,386)	25,631
2016	16,414	10,860	27,274	(5,067)	22,207
2017	15,452	10,110	25,562	(4,675)	20,887
2018 - 2022	80,386	38,811	119,197	(20,034)	99,163
2023 - 2027	51,028	20,434	71,462	(4,271)	67,191
2028 - 2032	30,722	10,599	41,321		41,321
2033 - 2037	20,561	3,371	23,932		23,932
Thereafter	2,420	185	2,605		2,605
	<u>\$ 275,026</u>	<u>\$ 132,085</u>	<u>\$ 407,111</u>	<u>\$ (48,370)</u>	<u>\$ 358,741</u>

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

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

NCTSC used the proceeds from the Series 2006 Bonds, along with other funds, to: (i) refund all of the 1999 Bonds then-currently outstanding in the aggregate principal amount of \$272.1 million; (ii) fund a Senior Liquidity Reserve for the Series 2006 Senior Bonds of \$24.0 million; (iii) pay the costs of issuance of the Series 2006 Bonds; (iv) fund certain projected requirements for the Operating Account; (v) fund interest on the Series 2006 Bonds through the December 1, 2007 payment; and (vi) pay certain amounts to the NCTSC Residual Trust as registered owner of the Residual Certificate. Pursuant to the Indenture, TSRs paid on or after April 1, 2008, are subject to the lien of the Indenture. Interest paid on these bonds in 2012 totaled \$19.3 million.

Any additional revenues received above the required debt service payments are required to fund sinking fund installments and/or Turbo Redemptions. NCTSC did not receive sufficient TSRs to make the required debt service payment of \$19.3 million against its Series 2006 Bonds during 2012. NCTSC withdrew \$55 thousand from the Senior Liquidity Reserve Account to pay a portion of the interest payment on the Bonds due December 1, 2012.

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

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

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

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012

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

*NCTSC Long-Term Debt (Continued)*

Bonds outstanding at December 31, 2012, are as follows (dollars in thousands):

Description	Original Date Issued	Original Amount	Interest Rate	Maturity Date	Amount Outstanding	Amount Outstanding Including Acc. Interest
2006A1	4/5/2006	\$ 42,645	6.83%	6/1/2021	\$ 31,740	\$ 31,740
2006A2	4/5/2006	37,906	5.25%	6/1/2026	37,906	44,640
2006A3(2035)	4/5/2006	97,005	5.00%	6/1/2035	97,005	97,005
2006A3(2046)	4/5/2006	194,535	5.13%	6/1/2046	194,535	194,535
2006B	4/5/2006	10,670	5.80%	6/1/2046	10,670	15,686
2006C	4/5/2006	9,867	6.00%	6/1/2046	9,867	14,698
2006D	4/5/2006	37,604	6.40%	6/1/2060	37,604	57,498
2006E	4/5/2006	802	7.35%	6/1/2060	802	1,304
					\$ 420,129	\$ 457,106

The following table summarizes NCTSC's minimum future debt service requirements as of December 31, 2012 (dollars in thousands):

Year Ending	Principal	Interest	Total Debt Service
2013	\$	\$ 19,332	\$ 19,332
2014		19,332	19,332
2015		19,332	19,332
2016		19,332	19,332
2017		19,332	19,332
2018 - 2022	31,739	93,406	125,145
2023 - 2027	37,906	89,038	126,944
2028 - 2032		74,101	74,101
2033 - 2037	97,005	61,975	158,980
2038 - 2042		49,850	49,850
2043 - 2047	215,072	226,322	441,394
2048 - 2052			
2053 - 2057			
2058 - 2060	38,407	1,141,808	1,180,215
	\$ 420,129	\$ 1,833,160	\$ 2,253,289

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012

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

Nassau Community College Long-Term Debt

Long-term liability activity for the year ended August 31, 2012 follows (dollars in thousands):

	Balance September 1, 2011	Issued	Redeemed	Balance August 31, 2012	Current Portion
General obligation bonds	\$ 38,536	\$ 4,618	\$ 940	\$ 42,214	\$ 1,005
Dormitory Authority-State of NY bonds (DASNY)	34,906	11,319	1,709	44,516	1,773
Endo note payable	890		24	866	25
Litigation liability	325		45	280	
Postemployment retirement benefits payable	317,197	17,641	9,093	325,745	
Insurance reserve liability	1,988	6		1,994	
Deposits held in custody for others	1,661	5		1,666	
Deferred bond premium	1,865		139	1,726	
Liability for future pension expense	1,334		267	1,067	
Accrued compensated absences	52,259	448		52,707	1,349
Total long-term liabilities	<u>\$ 450,961</u>	<u>\$ 34,037</u>	<u>\$ 12,217</u>	<u>\$ 472,781</u>	<u>\$ 4,152</u>

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

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

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

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

*County of Nassau* - The County has issued general obligation serial bonds for various College construction projects. The amount of serial bonds outstanding at August 31, 2012 is \$42.2 million and principal is scheduled to mature from 2013 to 2041. 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.

As of August 31, 2012, principal and interest payments relating to the DASNY and General Obligation bonds are as follows (dollars in thousands):

<b>Principal</b>			<b>General</b>		<b>Endo</b>		
<b>Year Ending August 31,</b>		<b>DASNY</b>		<b>Obligations</b>		<b>Note</b>	<b>Total</b>
2013	\$	1,773	\$	1,005	\$	25	\$ 2,803
2014		1,841		819		28	2,688
2015		2,575		827		30	3,432
2016		2,681		776		32	3,489
2017		2,412		816		35	3,263
2018 - 2022		14,724		4,349		224	19,297
2023 - 2027		6,331		6,476		492	13,299
2028 - 2032		5,861		14,933			20,794
2033 - 2037		4,295		11,434			15,729
2038 - 2041		2,023		779			2,802
<b>Total</b>	<b>\$</b>	<b>44,516</b>	<b>\$</b>	<b>42,214</b>	<b>\$</b>	<b>866</b>	<b>\$ 87,596</b>

<b>Interest</b>			<b>General</b>		<b>Endo</b>		
<b>Year Ending August 31,</b>		<b>DASNY</b>		<b>Obligations</b>		<b>Note</b>	<b>Total</b>
2013	\$	2,242	\$	2,418	\$	68	\$ 4,728
2014		2,180		2,394		66	4,640
2015		2,111		2,360		64	4,535
2016		1,997		2,323		62	4,382
2017		1,861		2,291		59	4,211
2018 - 2022		7,350		10,893		227	18,470
2023 - 2027		4,431		9,787		111	14,329
2028 - 2032		2,670		6,562			9,232
2033 - 2037		1,285		1,867			3,152
2038 - 2041		182		53			235
<b>Total</b>	<b>\$</b>	<b>26,309</b>	<b>\$</b>	<b>40,948</b>	<b>\$</b>	<b>657</b>	<b>\$ 67,914</b>

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012

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

Nassau Community College Long-Term Debt (Continued)

Interest on the DASNY and general obligation bonds range from 2.5% to 6% and from 3.0% to 5.0%, respectively. The current amortization expense for the deferred financing costs for these bonds is \$227.2 thousand.

During fiscal 2012, DASNY reallocated State of NY Personal Income Tax Bonds, Series 2003A, 2004A, 2005D, 2005F, 2006A, 2006D, 2007A, 2008B, 2009F, 2010E and 2010H between various colleges in the system, cumulative result of reallocation is a net increase in the amount allocated to the College of \$11.3 million.

In April 2012, the County issued \$196.6 million General Improvement Bonds Series A, of which \$4.9 million were earmarked for the various College construction projects. During fiscal 2012, the County reallocated various general improvement bonds between various County construction projects cumulative result of this reallocation is a net increase in the amount allocated to the College of \$134.4 thousand.

Nassau Health Care Corporation

The NHCC’s long-term debt at December 31, 2012 consisted of the following (dollars in thousands):

2004 Series B Bonds payable at varying dates through August 1, 2014 at tax-exempt fixed interest rates ranging from 3.0% to 5.0%	\$ 4,997
2009 Series A bonds payable at varying dates through August 1, 2022; variable rate demand bonds bearing interest at taxable variable rates with an average of approximately 4.86% in 2012	25,995
2009 Series B, C and D bonds payable at varying dates through August 1, 2029; variable rate demand bonds bearing interest at tax-exempt variable rates with an average of approximately 3.71% in 2012	220,840
	<u>251,832</u>
Deferred loss on refunding	(22,396)
Net unamortized bond premium	65
Current portion	(4,360)
Total long term debt	<u>\$ 225,141</u>

In October 2004, the Series 2004 A, B and C Bonds were issued to refund the NHCC’s Series 1999 Revenue Bonds, finance capital projects and pay the costs of issuance, including the required premium of the Bond Insurer. The transaction resulted in the NHCC receiving approximately \$41.0 million of cash, of which \$26.0 million was available for working capital and \$15.0 million for new capital project financing.

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

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

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

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

In connection with the issuance of the Series 2004 and 2009 Bonds, the NHCC incurred a loss of approximately \$38.0 million and \$3.7 million, respectively. The loss (the difference between the reacquisition price and the net carrying amount of the old debt) is carried as a deferred item, net in long-term debt, in the accompanying consolidated balance sheets. The total deferred loss to be amortized has not been adjusted for the prepayment in 2008 of a portion of outstanding debt and the issuance of the Series 2009 Bonds; however, future amortization of the deferred loss was so adjusted. Amortization of the deferred loss is \$2.3 million for the year ended December 31, 2012. Pursuant to the Stabilization Agreement and, subsequently, the Successor Agreement, the County deposits subsidies, payable to the NHCC monthly, in an escrow account reserved for payment of the Series 2009 Bonds.

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

The NHCC also entered into a cancelable swap agreement with a commercial bank to effectively convert interest payments on the variable interest rate for the Series 2004 A Bonds to a fixed interest rate based on an initial notional amount of \$65.0 million that declines as debt is repaid. The fixed interest rate paid by the NHCC under the swap agreement is 4.61% and the variable rate received is based on LIBOR. Subsequent to the redemption of the Series 2004 A Bonds through the issuance of the Series 2009 Bonds, the swap agreement for the Series 2009 bonds expired on August 1, 2012.

The swap agreements expose the NHCC to market risk, in the event of changes in interest rates, and credit risk, in the event of nonperformance by the counterparty. However, the NHCC believes that the risk of a material impact to its financial condition arising from such events is low. The County guarantees payments to the swap contract counterparties. The fair value of the derivative instruments was a liability of approximately \$43.5 million at December 31, 2012.

Principal payments on long-term debt are due annually on August 1st. Interest payments are due semiannually on February 1 and August 1. Estimated interest is based on the original amortization schedules. Payments applicable to long-term debt for years subsequent to December 31, 2012 are as follows (dollars in thousands):

	<u>Principal</u>	<u>Estimated Interest</u>
2013	\$ 4,360	\$ 9,700
2014	4,522	9,484
2015	13,005	9,261
2016	13,545	8,754
2017	14,115	8,226
2018 - 2022	80,185	32,370
2023 - 2027	85,075	16,479
2028 - 2031	37,025	2,067
	<u>\$ 251,832</u>	<u>\$ 96,341</u>

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

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

In February 2012, the Corporation issued \$40.0 million of taxable 2012 Revenue Anticipation Notes that were due in December 2012 and secured by scheduled IGT payments. The 2012 RANs were repaid in full in December 2012.

**OTB Long-Term Debt**

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

Under the support agreement with the County, OTB is obligated to deposit required debt service payments due into a capital reserve fund. This transfer of funds must occur no later than 15 days prior to the due date of such payment. In addition, as consideration for entering into this support agreement and in recognition of the benefits anticipated to be derived, OTB is currently required to pay the County \$620 thousand on each February 15th until the Series 2005 Revenue Bonds are paid in full. OTB paid the County \$620 thousand in 2012.

Mortgage and bond payable at December 31, 2012, consisted of the following (dollars in thousands):

Mortgage note – payable in 120 monthly installments of \$5.5 thousand including interest at 6.2%. A final payment is due on February 1, 2013. The mortgage is secured by the underlying real property.	\$ 11
Bond payable - due in 15 annual installments of \$1.455 million plus semi-annual interest payments ranging from 3.4% to 4.0%. A final payment is due on July 1, 2020. The bond is secured by the underlying real property with a net book value of \$10,750.	11,625
	<u>\$ 11,636</u>

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012

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

OTB Long-Term Debt (Continued)

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

	<u>Principal</u>	<u>Interest</u>
2013	\$ 1,466	\$ 452
2014	1,455	398
2015	1,455	343
2016	1,455	289
2017	1,455	232
2018 - 2020	4,350	348
	<u>\$ 11,636</u>	<u>\$ 2,062</u>

Nassau County Bridge Authority

A summary of changes in long-term debt for the Bridge Authority is as follows (dollars in thousands):

	<u>Balance January 1, 2012</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance December 31, 2012</u>	<u>Due Within One Year</u>
Bonds payable	\$ 10,510	\$	\$ 200	\$ 10,310	\$ 205

In April 2010, The Nassau Bridge Authority issued \$11.1 million in Series 2010 Bonds, fixed rate bonds with level debt service and a final maturity of 2040. Proceeds of the Series 2010 Bonds, together with an equity contribution in the amount of \$1.6 million was issued to: a) finance the costs of certain structural, mechanical and electrical improvements to the Atlantic Beach Bridge, b) fund a debt service reserve fund, and c) pay the costs of issuance. As part of the plan of finance, the Bridge Authority defeased its outstanding Series 1997A and 1997B bonds with a combination of cash and restricted funds. The 2010 Bonds are special obligations of the Bridge Authority and secured by a pledge of toll revenues. As additional security for the bondholders, the Bridge Authority has covenanted that it will establish tolls in order to produce revenues in each fiscal year in an amount not less than 100% of maximum annual debt service (MADS). The Bridge Authority has further covenanted that on each June 30th and December 31st, the Bridge Authority shall maintain cash and unrestricted investments in the amount of at least \$2.0 million. If the cash and unrestricted investments on any June 30th and December 31st is below \$2.0 million the Bridge Authority will establish tolls in order to produce net revenues in such fiscal year, in an amount not less than 115% of the MADS. The Bridge Authority has also covenanted that this will not affect any reductions in toll rates for any motor vehicles which will reduce the total gross revenues for any fiscal year by more than five percent (5%) of the prior fiscal year.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

**Nassau County Bridge Authority (Continued)**

The Bond Resolution permits the issuance of additional bonds on parity with the Series 2010 Bonds for the purpose of (a) raising funds to pay any part of the cost of completing the project or the costs of another project, (b) refunding any outstanding bonds, or (c) any combination of these purposes. Written certificates of both the consulting engineer and the accountant, among other things, must be obtained for the issuance of additional bonds for any purpose other than the refunding of bonds.

The Bridge Authority is obligated to pay principal and interest on the Series 2010 bonds as follows (dollars in thousands):

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 205	\$ 467	\$ 672
2014	210	460	670
2015	220	454	674
2016	225	448	673
2017	230	441	671
Thereafter	<u>9,220</u>	<u>6,243</u>	<u>15,463</u>
	<u>\$ 10,310</u>	<u>\$ 8,513</u>	<u>\$ 18,823</u>

The series 1997 bonds were authorized and issued pursuant to the Nassau County Bridge Authority Act, and a bond resolution adopted by the Bridge Authority on June 19, 1990 as supplement, by supplemental resolutions adopted by the Bridge Authority on August 5, 1997 (collectively, the “Resolution” or the “Bond Resolution”).

The Series 1997 A Bonds were issued to:

- (1) refund the Bridge Authority’s outstanding bonds
- (2) pay to costs of issuance of the 1997 A Bonds.

The Series B Bonds were issued to:

- (1) finance the cost of certain improvements to certain facilities of the Bridge Authority and related fees
- (2) fund a debt service reserve fund
- (3) fund a portion of the maintenance reserve fund
- (4) pay the costs of issuance of the 1997 B Bonds

The Series 1997 B Bonds constituted special obligations of the Bridge Authority and were payable from and secured by the pledge of funds and accounts held by the trustee and the Bridge Authority under the Bond Resolution (except for the rebate fund) and by a pledge of the gross revenues for payment of the 1997 bonds is subject and subordinate to the prior right of the Bridge Authority to apply gross revenues to pay the expenses of operating and maintaining the facilities as provided in the bond resolution.

The Bridge Authority has no taxing power. Neither the members of the Bridge Authority nor any person executing the Series 1997 bonds nor any other bonds of the Bridge Authority were personally liable thereon by reason of issuance thereof.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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**11. REFINANCING OF LONG-TERM OBLIGATIONS**

Prior to December 31, 2012, 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, 2012, approximately \$6.6 million of outstanding bonds (including NIFA) are considered defeased.

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

The County participates in the New York State and Local Retirement System ("Retirement System"), which is comprised of the following plans, the Employees' Retirement System ("ERS"), the Police and Fire Retirement System ("PFRS") and the Public Employees' Group Life Insurance Plan. These are cost-sharing multiple-employer defined benefit retirement plans. The Retirement System provides retirement benefits as well as death and disability benefits to members. Obligations of employers and employees to contribute, and benefits paid to retirees 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 Retirement System. The State Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Retirement System and for the custody and control of its funds. The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

**Funding Policy**

The Retirement System is noncontributory for those ERS members who joined the retirement system prior to July 27, 1976 and for those PFRS members in Tiers 1 through 4. ERS employees who joined the Retirement System after that date must contribute 3% of their salary, however, NYS legislation passed in 2000, suspended 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, increased the numbers of years required to vest for retirement benefits from 5 to 10 years, and placed a limitation on the annual amount of overtime credited as retirement earnings. As of December 31, 2012, the County did not have any PFRS employees who were Tier 5 members.

The Common Retirement Fund ("Fund") was established to hold all the assets and income of the Retirement System 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 is annually required to certify these contribution rates. The State calculates the County's required annual contribution payment using these contribution rates and the projected retirement earnings of the County's current employees.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**12. PENSION PLANS (Continued)**

***Funding Policy (Continued)***

The required contributions for the current year and two preceding years (dollars in thousands) and the percentage of the required contribution that was actually contributed to a cost-sharing multiple-employer defined benefit postemployment benefit plan were:

	<u>ERS</u>	<u>PFRS</u>	<u>Contribution Percentage</u>
2012	\$ 80,902	\$ 80,783	100%
2011	57,765	56,347	100%
2010	42,637	52,555	100%

**13. RECONCILIATION OF GAAP FUND BALANCES TO BUDGETARY BASIS**

The following reconciles fund balances at December 31, 2012 as prepared on a GAAP basis to the budgetary basis of reporting (dollars in thousands):

	<u>General</u>	<u>Police District Fund</u>	<u>Sewer &amp; Storm Water District Fund</u>	<u>Capital Fund</u>	<u>Nonmajor Governmental Funds</u>
Fund Balances at December 31, 2012, Prepared in accordance with GAAP	\$ 81,828	\$ 29,620	\$ 83,802	\$ 141,102	\$ 77,451
Add:					
Funding for Tax Certiorari and Other Judgments	34,714				
Funding for Termination Pay	30,331	1,907	674		
Pension Benefits - Accrual Basis Only	10,218	(408)	339		
Sale of Mitchel Field Leases	37,062				
Less:					
Encumbrances	(72,084)	(543)	(12,656)		
Payments for Tax Certiorari and Other Judgments	(34,714)				
Payments for Termination Pay	(30,331)	(1,907)	(674)		
Sale of Mitchel Field Leases	(916)				
Unbudgeted Sewer and Storm Water District Fund					
Unbudgeted FEMA Fund					(63)
Unbudgeted Grant Fund					(15,235)
Unbudgeted NCTSC General Fund					(266)
Unbudgeted Capital Project Fund				(141,102)	
Unbudgeted NCTSC Debt Service Fund					(23,344)
Unbudgeted SFA General Fund					(6,287)
Unbudgeted NIFA Debt Service Fund					(15,105)
Fund Balances at December 31, 2012, Prepared on the Budgetary Basis of Reporting	<u>\$ 56,108</u>	<u>\$ 28,669</u>	<u>\$ 71,485</u>	<u>\$</u>	<u>\$ 17,151</u>

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012

14. FUND BALANCES

Fund Balance classifications for the governmental funds at December 31, 2012 were (dollars in thousands):

FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars to Thousands)

	General	NIFA General Fund	Police District Fund	Sewer & Storm Water Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>							
Prepaid expenditures	\$ 101,287	\$ 57	\$ 40,167	\$ 2,211	\$	\$ 2,783	\$ 146,505
<b>Spendable:</b>							
Restricted for:							
Capital projects					7,091		7,091
Debt service		16,916				38,449	55,365
Open space	933						933
Legislative						106	106
Judicial						6,040	6,040
General Administration						872	872
Protection of Persons						5,174	5,174
Health						15	15
Public Works						138	138
Sewage						119	119
Social Services						69	69
Total Restricted	933	16,916			7,091	50,982	75,922
Committed to:							
Capital projects					134,011		134,011
Environmental Protection						17,151	17,151
Total Committed					134,011	17,151	151,162
Assigned to:							
Health							
Public Works				81,591			81,591
Total Assigned				81,591			81,591
Unassigned	(20,392)	639	(10,547)			6,535	(23,765)
Total Fund Balance	\$ 81,828	\$ 17,612	\$ 29,620	\$ 83,802	\$ 141,102	\$ 77,451	\$ 431,415

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, 2012**

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

Eligibility for health benefits upon retirement are governed by Ordinance bargaining unit, age, and years of service. Non-union employees hired after August 2008 are required to have 10 years of governmental service, 5 of which must be with the County to be eligible for post retirement health insurance benefits. CSEA employees hired after August 2003 are required to have 10 years of County employment. All other employees are eligible after 5 years of service. The County contributes 100% of the health insurance costs for the Government Employees Health Insurance program for all police officers and County employees who retired after December 31, 1975, with the exception of Ordinance employees hired after January 1, 2002 who are required to contribute either 5% or 10% of the cost depending on coverage. For employees who retired prior to December 31, 1975, the County's contribution is reduced in accordance with the union agreement applicable to their respective retirement dates. Nassau County is not required by law to provide funding other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. The County recognizes the expenditure of providing current and postretirement health care benefits in the year to which the insurance premiums apply. NYSHIP plan insurance premiums are billed in advance and therefore the County has recorded a prepaid asset for this amount at December 31, 2012. The total cost for providing health care benefits was \$275.6 million in 2012, of which approximately \$148.6 million was for retirees and approximately \$127.0 million was for active employees and other eligible individuals. In 2012, the subsidy provided by the Medicare Reform Act of 2003 to employers who continued prescription drug coverage for its Medicare eligible retirees of \$7.5 million was recorded as income.

**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. The UAAL, including accrued interest relating to postemployment benefits is approximately \$4.8 billion as of December 31, 2012 which included both the County and an allocation of the Nassau Health Care Corporation's cost as of December 31, 2012. 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, 2012, the County paid \$148.6 million on behalf of the Plan, exclusive of component units.

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012

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, 2012 (dollars in thousands):

Calculation of ARC and Annual OPEB Cost

	Primary Government		Discretely Presented Components					Total
	Nassau County	Nassau County Industrial Development Agency	*Nassau Community College	**Nassau Health Care Corporation	Nassau County Bridge Authority	National Regional Off-Track Betting Corp.	Nassau County Interim Finance Authority	
Amortization of UAAL	\$ 4,803,521	\$ 8	\$ 317,197	\$ 12,756	N/A***	\$ 42,989	\$ 1,134	
Service Cost at the Beginning of year	138,950	90	10,691	25,476	N/A***	1,207	57	
Interest	105,028	4	6,950	812	N/A***	26	25	
Annual Required Contribution	<u>5,047,499</u>	<u>102</u>	<u>334,838</u>	<u>39,044</u>	<u>678</u>	<u>44,222</u>	<u>1,216</u>	
Interest on net OPEB Obligations	200,076	4	13,481	9,092	55	1,789	48	
Adjustment to ARC	(4,907,750)	(4)	(330,678)	(8,239)	(49)	(43,884)	(1,182)	
Total Annual OPEB cost	<u>339,825</u>	<u>102</u>	<u>17,641</u>	<u>39,897</u>	<u>684</u>	<u>2,127</u>	<u>82</u>	
Actual Contributions	148,587		9,093	6,288	234	1,430	17	
Increase in net OPEB obligation	<u>191,238</u>	<u>102</u>	<u>8,548</u>	<u>33,609</u>	<u>450</u>	<u>697</u>	<u>65</u>	
Net OPEB Obligation 2011	4,707,674	88	317,197	213,930	1,375	42,095	1,134	
Net OPEB Obligation 2012	<u>\$ 4,898,912</u>	<u>\$ 190</u>	<u>\$ 325,745</u>	<u>\$ 247,539</u>	<u>\$ 1,825</u>	<u>\$ 42,792</u>	<u>\$ 1,199</u>	<u>\$ 5,518,202</u>

\* Nassau Community College data as of fiscal year ended August 31, 2012

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

\*\*\*Components of the annual required contribution are not available

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

**Annual OPEB Cost and Net OPEB Obligation (Continued)**

As of December 31, 2012, the County’s actuarial accrued liability was approximately \$4.8 billion and the 2012 payroll cost (i.e. covered payroll) was \$906.8 million or 529.7% of the unfunded liability amount. The County’s annual OPEB cost, the actual annual OPEB amount contributed to the plan, and the net OPEB obligation for the fiscal years ended December 31, 2012, 2011 and 2010, were as follows (dollars in thousands):

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Annual OPEB Cost Paid</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/12	\$ 339,825	\$ 148,587	43.7%	\$ 4,898,912
12/31/11	996,281	143,690	14.4%	4,707,674
12/31/10	353,539	112,521	31.8%	3,855,083

**Actuarial Methods and Assumptions**

The OPEB-specific actuarial assumptions used (which is required at least biennially) in the January 1, 2011, and projected for the January 1, 2012 OPEB actuarial valuations are as follows:

Valuation date:	January 1, 2011
Actuarial cost method:	Projected Unit Credit Method
Discount rate:	4.25% per annum

Plan sponsors are allowed to utilize the results of an actuarial valuation for multiple years if no significant changes have occurred since the prior valuation was performed. Accordingly, the County’s OPEB valuation for the year ending December 31, 2012 is based on the employee data, plan provisions, methods and assumptions described in the actuarial valuation for the year ended December 31, 2011 with the exception of an adjustment to reflect an increase in the NYSHIP premiums as of January 1, 2012.

**Healthcare Inflation Rate** – The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 11.1 utilizing the baseline assumptions included in the model for medical and pharmacy benefits. Further adjustments are made for aging, percentage of costs associated with administrative expenses, trend on administrative costs and potential excise taxes due to healthcare reform. 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.

Medicare Part B reimbursements were assumed to have a separate annual trend of 5.5%. Vision benefit costs are limited by contract and no trend was applied. For medical benefits, actual 2012 Empire premiums were used.

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012

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15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

*Actuarial Methods and Assumptions (Continued)*

**Health Care Cost Trend Rate (“HCCTR”)** - Covered medical expenses are assumed to increase by the following percentages:

HCCTR Assumptions:

<u>Fiscal Year</u>	<u>Prior to Medicare Eligibility</u>	<u>After Medicare Eligibility</u>
2012	7.8 %	7.8 %
2013	8.3	8.3
2014	6.8	6.8
2015	6.6	6.6
2016	6.4	6.4
2021	5.9	5.9
2026	6.0	5.8
2031	6.8	6.1
2036	6.3	6.4
2041	5.9	6.0
2046	5.6	5.7
2095	4.4	4.5

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, 2012 valuation are shown in the following table:

Pre-65 Non Medicare	
Single	\$ 712.75
Family	1,562.80
Post-65 Medicare	
Single	419.24
Family – 1 Medprime	1,269.28
Family – 2 Medprime	975.77
Medicare (Part B) – per person	99.90

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

NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012

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15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (Continued)

**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.

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.

The schedule of funding progress presents the results of OPEB valuations as of January 1, 2012, 2011 and 2010 for the fiscal year ending December 31, 2012. 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
1/1/12	\$ 0	\$ 4,803,521	\$ 4,803,521	0.0%	\$ 906,847	529.7%
1/1/11	0	4,618,696	4,618,696	0.0%	880,434	524.6%
1/1/10	0	3,854,422	3,854,422	0.0%	857,856	449.3%

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

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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**16. CONTINGENCIES AND COMMITMENTS****A. Claims and Litigation**

The County, its officers and employees are defendants in litigation. Such litigation includes, but is not limited to, actions commenced and claims asserted against the County arising out of alleged torts, alleged breaches of contracts (which include union and employee disputes), condemnation proceedings, medical malpractice actions and other alleged violations of law. The County self-insures for everything except 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. Essentially all other risks are assumed directly by the County. All malpractice occurrences prior to September 29, 1999 are the responsibility of the County of which there are no active cases. Subsequent malpractice occurrences arising from events in connection with NHCC are the responsibility of NHCC.

The County annually appropriates sums for the payment of judgments and settlements of claims and litigation, which appropriations may be financed, in whole or in part, pursuant to the Local Finance Law by the issuance of County debt. The County intends to defend itself vigorously against all claims and in all litigation. Estimated liabilities of approximately \$305.0 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, 2012. Approximately \$284.3 million has been accrued as a liability at December 31, 2012, related to workers' compensation claims where the County Attorney can reasonably estimate the ultimate outcome. The liability for certain other asserted and unasserted malpractice claims cannot be estimated as of December 31, 2012.

**B. Tax Certioraris**

In fiscal 2012, there were approximately 130,808 taxpayers' claims (residential and commercial) filed against the Board of Assessors, for the incorrect determination of assessed valuation (certiorari proceedings) for the 2012 (May 1, 2013) assessment roll. The total amount of tax certiorari bonds issued and outstanding by both the County and NIFA was approximately \$1.0 billion at December 31, 2012. 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 \$297.2 million has also been recorded as a long-term liability in the government-wide financial statement of Net Position at December 31, 2012. Additional accrued liabilities for tax certioraris of \$38.0 million have been recorded to reflect as current liabilities in the government-wide Statement of Net Position.

For the year-ended December 31, 2012, tax certiorari expenditures recorded in the governmental funds were \$10.1 million comprised of, \$8.1 million reversal of the prior year's expense accrual, \$3.0 million financed by the operating funds in addition to the \$14.7 million of borrowed funds.

In an order dated December 27, 2012, Nassau Supreme Court Justice Adams directed that the County shall satisfy certain property tax refund judgments in 2013 (*i.e.*, not in 2012), and prohibited such petitioners from commencing any collection proceedings prior to January 15, 2013. In making the order, the Court found, among other things, that the County and the other parties reserve all of their rights, remedies and defenses to any action to compel payment of the judgments by commencing legal proceedings for collection. The total tax certiorari judgments affected by the order totaled \$88.0 million and resulted in the deferral of this tax certiorari expense to 2013. \$8.1 million of those judgments had already been included in the 2011 expense accrual and were reversed in the governmental funds in 2012 due to the judge's order because they became due and payable in 2013. However, the \$88.0 million of tax certiorari liabilities are included in the current portion of long term liabilities on the statement of net position.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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**16. 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, 2012. 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 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.

**F. Accumulated Vacation and Sick Leave Entitlements**

County employees are entitled to accumulate unused vacation leave and sick leave up to certain contractual amounts. At current salary levels, the County's liability for the payment of these accumulations is approximately \$521.6 million exclusive of blended components units at December 31, 2012. At August 31, 2012, the College's vacation leave and sick leave liability was \$52.7 million.

**G. Deferred Payroll**

In 2009, the County entered into agreements with the Civil Service Employees' Association ("CSEA"), the Police Benevolent Association, ("PBA"), Superior Officers Association, ("SOA"), Detective Association, Inc. ("DAI"), and the Sheriff Officers Association, Inc ("ShOA") 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 ShOA that include deferrals of wages and longevity that cover various periods of time during 2007 through 2011. In 2011, these deferred wages began to be paid to the employee and additional payments are scheduled to be paid through 2015 depending on the bargaining unit, or at termination at the rate earned. The amount deferred at December 31, 2012 was approximately \$75.9 million. The non-current component of this deferral is reported as a long-term liability in the government-wide Statement of Net Position, as certain contractual arrangements to provide for the payment of these commitments at specific dates in future fiscal periods.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

**G. Deferred Payroll (Continued)**

The College, a component unit of the County, entered into a similar agreement in 1992 originally to be paid to eligible employees on September 1, 2002, but continues to be deferred in accordance with their current contractual agreement. The amount deferred at the College’s fiscal year close of August 31, 2012 was approximately \$0.9 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, 2012 was approximately \$20.5 million, and is also reported in the government-wide Statement of Net Position.

**H. Capital Commitments**

At December 31, 2012, there were capital project contract commitments of \$190.3 million.

**I. Material Encumbrances**

Material encumbrances (greater than \$5 million) as of the year ended December 31, 2012 were as follows (dollars in thousands):

General Fund

Pre-School/Special Education contracts with the Health Department	\$	13,613
Early Intervention contracts with the Health Department		6,985

Capital Fund

Construction:

Protection of Persons	13,115
Public Works	6,991
Roads	7,978
NHCC contracts	8,034

There were no material encumbrances as of December 31, 2012 in the non-major funds.

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

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

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

At December 31, 2012, the NHCC had total net position deficiency of \$354 million. The deficiency arose from operating losses and postemployment benefits other than pension liability. NHCC is continuously striving to improve its net position by returning to profitability before other operating items, by continuing to progress with collecting on patient accounts, and through cash flows provided by government subsidies and funding of capital projects. NHCC has undertaken a number of initiatives to return to positive cash flows. Such actions include continued revenue cycle enhancements, renegotiation of all commercial managed care contracts, changes to medical management practices, improved supply chain, inventory management and, further cost reductions from the major modernization program undertaken over the past several years. The modernization program included significant investments in real estate consolidation, facility improvements, clinical equipment and information technology, and enhancements to the community health centers. The Successor Agreement, which commenced in November 2007 and is in effect to 2029, clarifies the services provided by NHCC to the County and establishes the mechanism for payments to the Corporation. The Successor Agreement also provided NHCC with capital funding.

**18. SUBSEQUENT EVENTS****Debt Issuance**

In February 2013, the County issued Series A Bond Anticipation Notes (“BANS”) of \$185.5 million with an interest rate of 2.0% and are due February 5, 2014.

The County issued Series A General Obligation Bonds in February 2013 in the amount of \$152.4 million. The bonds bear interest at varying rates from 3.0% to 5%, with maturity dates varying from April 2014 to April 2028. The bonds maturing on or after April 1, 2023 are subject to optional redemption on April 1, 2022 or any date thereafter.

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

**MTA Litigation**

In a contract action between the County and Metropolitan Transportation Authority (the “MTA”), the County sought rescission and invalidation of the Mass Transportation Funding Agreement (the “Agreement”) dated as of December 30, 1996 between the County and the MTA (and a similar 1999 mass transportation funding agreement). The MTA moved to dismiss the County’s Complaint and counterclaimed for breach of contract and conversion, seeking damages of approximately \$13.6 million plus interest, along with approximately \$7.4 million in additional capital funding. The County opposed the counterclaims on various grounds including the statute of limitations and the MTA’s failure to meet a condition precedent to payment under the 1996 agreement. The motion court issued a decision on December 22, 2010 dismissing the County’s Complaint and granting the MTA summary judgment on its counterclaims. The County moved for reargument of the ruling for the MTA on the counterclaims and the court denied this motion in a one-sentence decision on December 5, 2011. The Appellate Division, First Department affirmed this ruling on October 25, 2012, and the Court of Appeals denied a motion for leave to appeal on May 2, 2013, thus ending the litigation.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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**18. SUBSEQUENT EVENTS (Continued)****MTA Litigation (Continued)**

The Governmental Accounting Standards Board's (GASB) Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants (AICPA) auditing literature into the GASB's accounting and financial reporting literature for state and local governments. The Statement addresses three issues from the AICPA's literature—related party transactions, going concern considerations, and subsequent events. The adjudication of the MTA litigation resulted in a “type one” subsequent event. This type of subsequent event provides additional evidence with respect to conditions that existed at the date of the financial statements and affects the estimates that were used in the preparation of the financial statements (e.g., the settlement of a lawsuit related to an event that occurred prior to the date of the financial statements). Therefore, in accordance with the accounting literature, an entry was recorded in the government-wide Statement of Net Position and the Statement of Activities to record the liability and recognize an expense, respectively.

**Property Tax “Guarantee” Litigation**

The County pays refunds of property taxes levied or imposed by the County Legislature, which, in addition to County taxes, includes those of the towns, special districts and all but one of the school districts in the County. Based on a provision of the County Administrative Code, the County had not charged the cost of such refunds to the towns, special districts and school districts, as would otherwise be required by the New York State Real Property Tax Law. Local legislation repealed that Code provision beginning with assessment rolls finalized in April 2012 and thereafter. A number of school districts and other jurisdictions in the County brought lawsuits against the County in Nassau Supreme Court challenging the validity of the County's enactment of the local legislation repealing the Code provision. In January 2012, the Supreme Court upheld the validity of the local law and plaintiffs appealed that decision. On February 27, 2013, the Appellate Division, Second Department reversed the decision of the lower court, held that the County did not have the authority to enact such local legislation and granted summary judgment to the plaintiffs declaring that the local legislation violated the New York State Constitution and the New York State Municipal Home Rule Law. The State Court of Appeals has accepted the County's direct appeal “of right” under a provision of the State Civil Practice Law & Rules allowing for such automatic appeals in cases involving the State Constitution, even though it often rejects such direct appeals and requires the filing of an application for permission to appeal instead. It is not possible to predict the ultimate outcome of this case or its ultimate impact on the County's financial condition, however, the County estimates that, in the event that the decision is not reversed on appeal, the amount of its liability for paying the refunds of the towns, school districts and special districts would be approximately \$60.0 million annually, which amount is not included in the 2013-2016 Multi-Year Financial Plan.

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

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

On February 14, 2013, the U.S. District Court for the Eastern District of New York issued an opinion in Carver, et al. v. Nassau County Interim Finance Authority, et al. granting the plaintiffs' (law enforcement unions) motion for summary judgment seeking to nullify NIFA's imposition of a wage freeze in 2011. Although the matter was brought by plaintiffs in federal court, the court resolved the summary judgment motion on exclusively New York State law grounds, i.e., an interpretation of the N.Y. Public Authorities Law Section 3669. The court stated that its decision shall be stayed pending an appeal to the United States Court of Appeals for the Second Circuit. NIFA and the County have appealed the decision. It is not possible to predict the ultimate outcome of this and related cases or their ultimate impact on the County's financial condition, however, the County estimates that, in the event that the decision is not reversed on appeal, the amount of its retroactive liability for this and related cases would be approximately \$101.0 million through 2012, including ancillary costs such as payroll taxes and pension contributions, among others. The potential liability for 2013 is projected to be approximately \$131.0 million.

**NIFA Wage Freeze**

On March 14, 2013, NIFA adopted a resolution similar to those adopted on March 24, 2011, and again on March 22, 2012, imposing successive wage freezes of one year each on County employees. The wage freeze suspends all increases in salary or wages of employees of the County which were to take effect after the date of the order pursuant to collective bargaining agreements, and other analogous contracts or interest arbitrations awards then in existence or thereafter entered into. All increased payments for holiday and vacation differentials, shift differentials, salary adjustments according to plan, and step-ups and increments are also suspended.

**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 Superstorm Sandy damage and tortious interference with contracts. Looks Great is seeking \$13.8 million from the County. For fiscal year 2012, the County has accrued expenses and reserved for, as a liability, an amount equal to the estimated cost of services incurred in 2012 and has obligated in its FEMA fund an amount equal to the expected cost of services under its contract with Looks Great. Therefore, it is expected that no additional liability will arise as a result of this litigation.

**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, 2012 (Dollars in Thousands)**

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<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>Accrued Percentage of Covered Payroll (b-a)/c</b>
1/1/12	\$ 0	\$ 4,803,521	\$ 4,803,521	0.0%	\$ 906,847	529.7%
1/1/11 *	0	4,618,696	4,618,696	0.0%	880,434	524.6%
1/1/10	0	3,854,422	3,854,422	0.0%	857,856	449.3%

\* The last full actuarial valuation was performed in 2011.

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

**EXHIBIT A-1****COUNTY OF NASSAU, NEW YORK****NONMAJOR GOVERNMENTAL FUNDS****COMBINING BALANCE SHEET****DECEMBER 31, 2012 (Dollars in Thousands)**

	Nonmajor Special Revenue Funds				Nonmajor Debt Service Funds			Total Nonmajor Governmental Funds
	Environmental Protection Fund	Tobacco Settlement Corp General Fund	Sewer Financing Authority General Fund	Grant Fund	FEMA Fund	Tobacco Settlement Corp Debt Service Fund	NIFA Debt Service Fund	
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 25,680	\$ 248	\$ 30,287	\$ 43,300	\$ 400	\$	\$	\$ 99,915
Restricted Cash							9	9
Restricted Investments						23,344	49,823	73,167
Interest Receivable							54	54
Due From Other Governments				25,948	84,799			110,747
Accounts Receivable				450				450
Interfund Receivables				1,597	2,014		16,914	20,525
Prepays		18		2,765				2,783
Other Assets				105				105
<b>TOTAL ASSETS</b>	<b>\$ 25,680</b>	<b>\$ 266</b>	<b>\$ 30,287</b>	<b>\$ 74,165</b>	<b>\$ 87,213</b>	<b>\$ 23,344</b>	<b>\$ 66,800</b>	<b>\$ 307,755</b>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>Liabilities:</b>								
Accounts Payable	\$	\$	\$	\$ 5,650	\$ 11,148	\$	\$	\$ 16,798
Accrued Liabilities				1,302	64,985		51,589	117,876
Deferred Revenue				49,140				49,140
Interfund Payables	8,529		24,000	1,548	11,017		33	45,127
Due to Component Unit				1,203				1,203
Due to Other Governments							73	73
Other Liabilities				87				87
<b>Total Liabilities</b>	<b>8,529</b>		<b>24,000</b>	<b>58,930</b>	<b>87,150</b>		<b>51,695</b>	<b>230,304</b>
<b>Fund Balance:</b>								
Nonspendable		18		2,765				2,783
Spendable								
Restricted				12,470	63	23,344	15,105	50,982
Committed	17,151							17,151
Unassigned		248	6,287					6,535
<b>Total Fund Balance</b>	<b>17,151</b>	<b>266</b>	<b>6,287</b>	<b>15,235</b>	<b>63</b>	<b>23,344</b>	<b>15,105</b>	<b>77,451</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 25,680</b>	<b>\$ 266</b>	<b>\$ 30,287</b>	<b>\$ 74,165</b>	<b>\$ 87,213</b>	<b>\$ 23,344</b>	<b>\$ 66,800</b>	<b>\$ 307,755</b>

**EXHIBIT A-2****COUNTY OF NASSAU, NEW YORK****NONMAJOR GOVERNMENTAL FUNDS****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

	Nonmajor Special Revenue Funds				Nonmajor Debt Service Funds			Total Nonmajor Governmental Funds	
	Environmental Protection Fund	Tobacco Settlement Corp General Fund	Sewer Financing Authority General Fund	Grant Fund	FEMA Fund	Sewer Financing Authority Debt Service Fund	Tobacco Settlement Corp Debt Service Fund		NIFA Debt Service Fund
<b>Revenues:</b>									
Fines and Forfeits	\$ 6		\$ 20	\$ 2,762	\$	\$	\$ 3	\$ 330	\$ 2,762
Interest Income				53					412
Rents and Recoveries				716					716
Tobacco Receipts							19,222		19,222
Departmental Revenue				3,239					3,239
Interdepartmental Revenue					11,789				11,789
Interfund Revenue				235					235
Federal Aid				70,956	100,717				171,673
State Aid				18,622					18,622
Property Taxes	11,252								11,252
Special Taxes				3,166					3,166
Other Revenues				17					17
<b>Total Revenues</b>	<b>11,258</b>		<b>20</b>	<b>99,766</b>	<b>112,506</b>		<b>19,225</b>	<b>330</b>	<b>243,105</b>
<b>Expenditures:</b>									
Current:									
Legislature					1				1
Judicial				3,121	100				3,221
General Administration		106	82	27,913	1,535	144			29,780
Protection of Persons				10,589	20,859				31,448
Health				46,359	4,552				50,911
Public Works				1,019	83,087				84,106
Recreation and Parks				5,649	1,779				7,428
Social Services				11,849	46				11,895
Corrections				1,670	484				2,154
<b>Total Current</b>		<b>106</b>	<b>82</b>	<b>108,169</b>	<b>112,443</b>	<b>144</b>			<b>220,944</b>
Debt Service:									
Principal						7,800		144,580	152,380
Interest						7,679	19,331	81,083	108,093
Advanced Refunding Escrow								7,126	7,126
<b>Total Debt Service</b>						<b>15,479</b>	<b>19,331</b>	<b>232,789</b>	<b>267,599</b>
<b>Total Expenditures</b>		<b>106</b>	<b>82</b>	<b>108,169</b>	<b>112,443</b>	<b>15,623</b>	<b>19,331</b>	<b>232,789</b>	<b>488,543</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,258	(106)	(62)	(8,403)	63	(15,623)	(106)	(232,459)	(245,438)
<b>Other Financing Sources (Uses):</b>									
Premium on Bonds								28,251	28,251
Transfers In				187					187
Transfers Out	(8,529)								(8,529)
Transfers In from NIFA								211,376	211,376
Transfers Out to NIFA								(2,628)	(2,628)
Transfers In from SFA				117,282		44,495			161,777
Transfers Out to SFA				(131,795)		(28,872)			(160,667)
Transfers In from TSC		150							150
Transfers Out to TSC							(150)		(150)
Refunding Bonds Issued								317,713	317,713
Payment to Bond Escrow Agent								(314,390)	(314,390)
Debt Service - Current Refunding NIFA								(8,060)	(8,060)
<b>Total Other Financing Sources (Uses)</b>	<b>(8,529)</b>	<b>150</b>	<b>(14,513)</b>	<b>187</b>		<b>15,623</b>	<b>(150)</b>	<b>232,262</b>	<b>225,030</b>
<b>Net Change in Fund Balance</b>	<b>2,729</b>	<b>44</b>	<b>(14,575)</b>	<b>(8,216)</b>	<b>63</b>		<b>(256)</b>	<b>(197)</b>	<b>(20,408)</b>
<b>Fund Balance Beginning of Year</b>	<b>14,422</b>	<b>222</b>	<b>20,862</b>	<b>23,451</b>			<b>23,600</b>	<b>15,302</b>	<b>97,859</b>
<b>Fund Balance End of Year</b>	<b>\$ 17,151</b>	<b>\$ 266</b>	<b>\$ 6,287</b>	<b>\$ 15,235</b>	<b>\$ 63</b>	<b>\$</b>	<b>\$ 23,344</b>	<b>\$ 15,105</b>	<b>\$ 77,451</b>

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**OTHER SUPPLEMENTARY INFORMATION**

**EXHIBIT B-1****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL REVENUES VS. MODIFIED BUDGET  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<b><u>INTEREST AND PENALTIES ON TAXES</u></b>	\$ 28,500	\$ 28,500	\$ 27,988	\$	\$ 27,988	\$ (512)
<b><u>LICENSES AND PERMITS</u></b>						
Pistol Permit	900	900	1,022		1,022	122
Day Camp Permits	10	10	10		10	
Food Establishments	2,400	2,400	3,013		3,013	613
Hazardous Materials Registration Fees	950	950	1,314		1,314	364
Home Improvements	1,607	1,607	1,885		1,885	278
Manufacturing Frozen Desserts	15	15	12		12	(3)
Realty Subdivision Filing	47	47	84		84	37
Road Openings	1,293	1,293	479		479	(814)
Swimming Pools and Bathing Beaches	190	190	195		195	5
Temporary Residence Inspection Permit	67	67	93		93	26
Weights & Measures	1,015	1,015	1,054		1,054	39
Cross Connections	65	65	41		41	(24)
Water Supply Plan Review	93	93	81		81	(12)
Tattoo Parlor / Piercing	14	14	17		17	3
Predemolition Inspection	58	58	68		68	10
Day Camp Inspections	114	114	112		112	(2)
Taxi and Limo Registration Fees	250	250	284		284	34
Lifeguard Certification	63	63	81		81	18
ATM Registration Fees	50	50	57		57	7
Total Licenses and Permits	9,201	9,201	9,902		9,902	701
<b><u>FINES AND FORFEITS</u></b>	49,500	49,500	43,271		43,271	(6,229)
<b><u>INTEREST INCOME</u></b>	3,355	3,355	458		458	(2,897)
<b><u>RENTS AND RECOVERIES</u></b>						
Rental of Mitchell Field	2,394	2,394	3,363	(916)	2,447	53
Coliseum Concessions	585	585	1,844		1,844	1,259
Coliseum Rental	225	225	337		337	112
Coliseum Utilities	2,576	2,576	2,407		2,407	(169)
Landmark Property Rental	652	652			0	(652)
Stop DWI Grand Revenues	250	250			0	(250)
Cash Recoveries	839	839	19		19	(820)
Audit Recoveries	250	250	1		1	(249)
Grant fund Recoveries			40		40	40
Police Vehicle Recovery	200	200	236		236	36
NHCC Reimbursement	139	139	27		27	(112)
Vendor Recoveries	807	807	(11)		(11)	(818)
Red Light Camera Processing Fee Recoveries			5		5	5
Revenue Recovery Account			233		233	233
Settlement Reimbursement			2,345		2,345	2,345
Recovery of Damage to County Property	400	400	228		228	(172)
Recovery of Prior Year Appropriations			548		548	548
Recovery of Workers' Compensation	1,000	1,000	1,591		1,591	591
Rental of County Property	1,137	1,137	1,386		1,386	249
Rental of Voting Machines	120	120	89		89	(31)
Sale of County Property	5,100	5,100	11,755		11,755	6,655
Proceeds from Online Auction			208		208	208
Recoveries from Enterprise Funds	20	20	3		3	(17)
Other Recoveries			3,611		3,611	3,611
Total Rents and Recoveries	16,694	16,694	30,265	(916)	29,349	12,655

(Continued)

**EXHIBIT B-1****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL REVENUES VS. MODIFIED BUDGET  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<b>DEPARTMENTAL REVENUE</b>						
Assessment	\$ 100	\$ 100	\$ 55	\$	\$ 55	\$ (45)
Board of Elections	35	35	48		48	13
CASA	18	18	14		14	(4)
Civil Service	612	943	1,807		1,807	864
Correctional Center	15,753	15,753	6,677		6,677	(9,076)
County Attorney	95	95	112		112	17
County Clerk	23,952	23,952	27,948		27,948	3,996
County Comptroller	16	16	20		20	4
District Attorney	12	12	38		38	26
Fire Commission	6,147	6,147	5,922		5,922	(225)
Health						
Administration	3	3	4		4	1
Children's Early Intervention	9,389	9,389	10,669		10,669	1,280
Pre School Education	2,026	2,026	1,503		1,503	(523)
Laboratory Research	10	10	11		11	1
Personal Health	2	2			0	(2)
Information Technology	5	5			0	(5)
Medical Examiner	20	20	33		33	13
Mental Health, Chemical Dependency and Disabled Services	17	17				(17)
Miscellaneous	620	620	630		630	10
Parks and Recreation						
Administration	35	35	24		24	(11)
Recreation Services	9,424	9,424	9,885		9,885	461
Museums	506	506	344		344	(162)
Golf Operations	8,464	8,464	8,173		8,173	(291)
Police Ambulance Fees	23,950	23,950	24,565		24,565	615
Police Fees	683	683	421		421	(262)
Probation	1,884	1,884	1,896		1,896	12
Public Administrator	400	400	412		412	12
Public Utility Authority	1,664	1,664	1,115		1,115	(549)
Public Works - Administration	806	806	563		563	(243)
Public Works - Highway and Engineering	973	973	947		947	(26)
Public Works - Roads and Bridge Maintenance			15		15	15
Purchasing	21	21	23		23	2
Real Estate	45,601	45,601	43,717		43,717	(1,884)
Social Services						
Administration	160	160	229		229	69
Aid to Dependent Children	4,175	4,175	3,819		3,819	(356)
Burials	13	13	3		3	(10)
Children in Foster Homes	280	280	302		302	22
Home Energy Assistance Program	100	100	122		122	22
Children in Institutions	175	175	315		315	140
Education of Handicapped Children	5,398	5,398	5,281		5,281	(117)
Home Relief	2,500	2,500	2,458		2,458	(42)
Juvenile Delinquents	100	100	238		238	138
Medicaid MMIS	1,600	1,600	1,685		1,685	85
Title XX	200	200	73		73	(127)
Treasurer	750	750	466		466	(284)
Total Departmental Revenue	168,694	169,025	162,582		162,582	(6,443)
<b>INTERDEPARTMENTAL REVENUES</b>						
Office of Budget and Management	59,583	59,583	53,526		53,526	(6,057)
Constituent Affairs	1,348	1,348	342		342	(1,006)
Correctional Center	290	290	82		82	(208)
County Attorney	3,125	3,125	1,014		1,014	(2,111)

(Continued)

**EXHIBIT B-1****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL REVENUES VS. MODIFIED BUDGET  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<b>INTERDEPARTMENTAL REVENUES (Continued)</b>						
District Attorney	\$ 366	\$ 366	\$ 366	\$	\$ 366	\$
Human Services	18,819	18,819	268		268	(18,551)
Information Technology	4,463	4,463	4,740		4,740	277
Interdepartmental Revenue			5		5	5
Police Department	13,338	13,338	9,714		9,714	(3,624)
Public Works - Roads and Bridge Maintenance	7,963	7,963	5,913		5,913	(2,050)
Public Works - Groundwater Remediation	192	192	5		5	(187)
Real Estate	11,868	11,868	8,992		8,992	(2,876)
Parks			62		62	62
Social Services	101	101	206		206	105
Traffic Violations	32,088	32,088				(32,088)
Veterans Service Agency	1,538	1,538				(1,538)
Total Interdepartmental Revenues	155,082	155,082	85,235		85,235	(69,847)
<b>INTERFUND REVENUES</b>						
Revenues from Indirect Cost Chargebacks	1,704	1,704	1,598		1,598	(106)
Revenues from Grant Closeouts	225	225	175		175	(50)
Interfund Revenue	23,915	23,915	21,210		21,210	(2,705)
Interfund Revenue from Sewer & Stormwater Fund			40		40	40
NHCC Reimbursement on Guaranteed Debt	17,391	17,391	15,128		15,128	(2,263)
OTB Reimbursement	1,932	1,932	1,932		1,932	
Stop DWI Grant Revenue	496	496	140		140	(356)
Total Interfund Revenue	45,663	45,663	40,223		40,223	(5,440)
<b>FEDERAL AID</b>						
Correctional Center	14,973	14,973	14,587		14,587	(386)
County Attorney	300	300	256		256	(44)
Debt Service	5,163	5,163	5,163		5,163	
District Attorney	34	34	29		29	(5)
Emergency Management	492	492	610		610	118
Housing and Minority Affairs		671	432		432	(239)
Information Technology			19		19	19
Mental Health						
Administration	5,633	5,677	5,510		5,510	(167)
Miscellaneous General Fund Aid	118	118	146		146	28
Planning			18		18	18
Police Department	1,665	1,665	1,399		1,399	(266)
Probation			215		215	215
Public Works	25	1,142	1,464		1,464	322
Real Estate	6,000	8,984	7,784		7,784	(1,200)
Social Services						
Administration	8,508	8,508	9,065		9,065	557
Aid to Dependent Children	37,873	37,873	32,181		32,181	(5,692)
Children in Foster Homes	1,653	1,653	183		183	(1,470)
Children in Institutions	11,213	11,213	7,153		7,153	(4,060)
Division of Services	10,915	10,915	9,419		9,419	(1,496)
Home Energy Assistance Program	990	990	189		189	(801)
Juvenile Delinquents	3,938	3,938	3,254		3,254	(684)
Medicaid MMIS	1,400	1,400	212		212	(1,188)
Public Financial Assistance	22,786	22,786	17,296		17,296	(5,490)
Subsidized Adoptions	2,385	2,385	1,873		1,873	(512)
Title XX	29,000	29,000	42,643		42,643	13,643
Total Federal Aid	165,064	169,880	161,100		161,100	(8,780)

(Continued)

**EXHIBIT B-1****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL REVENUES VS. MODIFIED BUDGET  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<b>STATE AID</b>						
Consumer Affairs	\$ 45	\$ 45	\$ 52	\$	\$ 52	\$ 7
Correctional Center	372	372	116		116	(256)
County Attorney	75	75	(5)		(5)	(80)
Court Facility Aid	1,106	1,106	1,506		1,506	400
District Attorney	39	39	63		63	24
Fire Prevention, Safety, Communication and Education	190	190	128		128	(62)
Health						
Administration	677	677	723		723	46
Children's Early Intervention	17,927	17,927	13,388		13,388	(4,539)
Pre School Education	71,527	71,527	50,995		50,995	(20,532)
Environmental Health	1,519	1,519	1,288		1,288	(231)
Laboratory Research	772	772	478		478	(294)
Personal Health	2,600	2,600	2,818		2,818	218
Housing and Intergovernmental Affairs			152		152	152
Human Services						
Administration	13,541	13,557	11,522		11,522	(2,035)
Information Technology	434	434	63		63	(371)
Miscellaneous General Fund Aid	2,405	2,405	2,172		2,172	(233)
Police Department	589	589	912		912	323
Probation	5,306	5,306	3,904		3,904	(1,402)
Public Works						
Administration	100	100	143		143	43
Highway and Bridge Maintenance			6		6	6
Roads and Bridge Maintenance		321	1,503		1,503	1,182
Real Estate	52,400	56,804	57,404		57,404	600
Social Services						
Administration	6,658	6,658	4,158		4,158	(2,500)
Aid to Dependent Children			5,828		5,828	5,828
Burials	5	5	1		1	(4)
Children in Foster Homes	850	850	369		369	(481)
Children in Institutions	4,226	4,226	4,458		4,458	232
Division of Services	10,040	10,040	6,430		6,430	(3,610)
Education of Handicapped Children	2,699	2,699	2,512		2,512	(187)
Home Relief	11,709	11,709	10,398		10,398	(1,311)
Juvenile Delinquents	1,977	1,977	(48)		(48)	(2,025)
Juvenile Detention Center			2,289		2,289	2,289
Medicaid MMIS	2,000	2,000	95		95	(1,905)
Public Financial Assistance	15,375	15,375	11,167		11,167	(4,208)
Subsidized Adoptions	2,120	2,120	1,647		1,647	(473)
Title XX	5,500	5,500	8,100		8,100	2,600
Veterans Service Agency	33	33	60		60	27
Total State Aid	234,816	239,557	206,795		206,795	(32,762)
<b>SALES TAX</b>	752,819	752,819	783,162		783,162	30,343
<b>PREEMPTED SALES TAX IN LIEU OF PROPERTY TAXES</b>						
Towns and City of Glen Cove	85,386	85,386	73,305		73,305	(12,081)
Total Preempted Sales Tax in Lieu of Property Taxes	85,386	85,386	73,305		73,305	(12,081)

(Continued)

**EXHIBIT B-1****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL REVENUES VS. MODIFIED BUDGET  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<b>PROPERTY TAXES</b>	\$ 434,347	\$ 434,347	\$ 445,412	\$	\$ 445,412	\$ 11,065
<b>PAYMENTS IN LIEU OF TAXES</b>	8,662	8,662	8,583		8,583	(79)
<b>SPECIAL TAXES</b>						
Admission Tax - Belmont Park	55	55	72		72	17
Emergency Phone Tax	7,448	7,448	6,633		6,633	(815)
Entertainment Tax	2,495	2,495	1,740		1,740	(755)
Motor Vehicle Tax	16,454	16,454	16,080		16,080	(374)
Off-Track Betting Surtax	3,230	3,230	3,516		3,516	286
Hotel-Motel Room Tax	1,325	1,325	1,561		1,561	236
Total Special Taxes	31,007	31,007	29,602		29,602	(1,405)
<b>OTHER REVENUES</b>						
Miscellaneous	20,524	20,588	8,405	(5,934)	2,471	(18,117)
Total Other Revenues	20,524	20,588	8,405	(5,934)	2,471	(18,117)
Total Revenues	2,209,314	2,219,266	2,116,288	(6,850)	2,109,438	(109,828)
<b>OTHER FINANCING SOURCES</b>						
Bond Premium	6,438	6,438	8,409		8,409	1,971
Transfers In	124,502	133,592	38,995		38,995	(94,597)
Transfers in of Investment Income			1,084		1,084	1,084
Capital Resources	9,888	9,888				(9,888)
Proceeds from Borrowing			67,814	(65,046)	2,768	2,768
Total Other Financing Sources	140,828	149,918	116,302	(65,046)	51,256	(98,662)
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 2,350,142	\$ 2,369,184	\$ 2,232,590	\$ (71,896)	\$ 2,160,694	\$ (208,490)

\* Paid to County \$58,862; paid to NIFA \$1,007,149

** Total revenues and other financing sources, estimates per the 2012 County budget as adopted	\$ 2,911,405
Less: Intrafund Budget Eliminations	(561,263)
Original Budget per above	2,350,142
Less: Appropriated fund balance	(1,934)
Less: Intrafund Modified Budget Eliminations	(963)
Add: Supplemental appropriations	21,939
Budget estimates, total revenues and other financing sources	\$ 2,369,184

(Concluded)

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**EXHIBIT B-2****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES****VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

<b>FUNCTIONS</b>	<b>Original Budget</b>	<b>Total Budgetary Authority</b>	<b>Actual Expenditures</b>	<b>GAAP to Budgetary Basis Conversion</b>	<b>Actual on a Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b>CURRENT:</b>						
<b>LEGISLATIVE</b>						
Legislature						
Legislators						
Salaries	\$ 4,802	\$ 4,737	\$ 4,183	\$	\$ 4,183	\$ 554
Fringe Benefits	2,135	1,867	1,886	(24)	1,862	5
Equipment	13	13				13
General Expenses	24	24	12	3	15	9
Contractual Services	224	289	130		130	159
Legislative Central Staff						
Salaries	587	842	650		650	192
Fringe Benefits	332	290	295	(5)	290	
Equipment	30	30	27		27	3
General Expenses	1,677	1,727	1,630	20	1,650	77
Contractual Services	1,477	1,172	594	539	1,133	39
Legislative Budget Review						
Salaries	909	909	709		709	200
Fringe Benefits	362	317	321	(5)	316	1
Equipment	3	3				3
General Expenses	7	7	4		4	3
Contractual Services	5	5				5
Total Legislative	12,587	12,232	10,441	528	10,969	1,263
<b>JUDICIAL</b>						
Court Administration						
Fringe Benefits	1,755	1,756	1,815	(196)	1,619	137
District Attorney						
Salaries	28,219	30,556	30,862	(306)	30,556	
Fringe Benefits	13,091	11,448	11,710	(266)	11,444	4
Equipment	76	76	70		70	6
General Expenses	1,126	1,126	967	26	993	133
Contractual Services	1,333	1,333	850	233	1,083	250
District Attorney Total	43,845	44,539	44,459	(313)	44,146	393
Public Administrator						
Salaries	453	518	505	(11)	494	24
Fringe Benefits	324	284	293	(11)	282	2
General Expenses	10	10	4		4	6
Contractual Services	21	21	7		7	14
Public Administrator Total	808	833	809	(22)	787	46
Traffic and Parking Violations						
Salaries	2,835	2,925	2,888	(24)	2,864	61
Fringe Benefits	1,656	1,448	1,448	(21)	1,427	21
Equipment	22	22	19		19	3
General Expenses	342	342	178	13	191	151
Contractual Services	11,553	11,553	8,511	890	9,401	2,152
Interfund Charges	50,776	50,776				50,776
Traffic and Parking Violations Total	67,184	67,066	13,044	858	13,902	53,164
Total Judicial	113,592	114,194	60,127	327	60,454	53,740
<b>GENERAL ADMINISTRATION</b>						
Assessment						
Salaries	8,435	9,641	9,519	(119)	9,400	241

(Continued)

**EXHIBIT B-2****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES****VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
<b>GENERAL ADMINISTRATION (Continued)</b>						
Fringe Benefits	\$ 6,408	\$ 5,604	\$ 5,759	\$ (152)	\$ 5,607	\$ (3)
Equipment	5	5				5
General Expenses	323	323	256	44	300	23
Contractual Services	52	52		13	13	39
Assessment Total	<u>15,223</u>	<u>15,625</u>	<u>15,534</u>	<u>(214)</u>	<u>15,320</u>	<u>305</u>
Board of Assessment Review						
Salaries	1,801	2,139	2,126	(5)	2,121	18
Fringe Benefits	1,228	1,074	1,095	(22)	1,073	1
General Expenses	35	35	30	2	32	3
Contractual Services	1,347	1,347	234	1,090	1,324	23
Board of Assessment Review Total	<u>4,411</u>	<u>4,595</u>	<u>3,485</u>	<u>1,065</u>	<u>4,550</u>	<u>45</u>
Board of Elections						
Administration						
Salaries	3,382	3,425	3,415	(7)	3,408	17
Fringe Benefits	1,454	1,271	1,306	(34)	1,272	(1)
Equipment	46	46	15	(1)	14	32
General Expenses	96	96	32		32	64
General Elections						
Salaries	7,844	9,671	8,194	(17)	8,177	1,494
Fringe Benefits	3,488	3,050	3,130	(79)	3,051	(1)
Equipment	101	101	42		42	59
General Expenses	2,438	2,438	1,040	33	1,073	1,365
Contractual Services	503	503	160	3	163	340
Primary Elections						
Salaries	966	2,794	1,603	(4)	1,599	1,195
Fringe Benefits	682	596	610	(14)	596	
General Expenses	1,076	1,076	823	3	826	250
Contractual Services	547	547	177	65	242	305
Board of Elections Total	<u>22,623</u>	<u>25,614</u>	<u>20,547</u>	<u>(52)</u>	<u>20,495</u>	<u>5,119</u>
Civil Service						
Salaries	3,858	4,331	4,319	(126)	4,193	138
Fringe Benefits	2,292	2,005	2,076	(68)	2,008	(3)
General Expenses	333	388	187	14	201	187
Contractual Services	46	197	76	31	107	90
Interdepartmental Charges	10	10				10
Civil Service Total	<u>6,539</u>	<u>6,931</u>	<u>6,658</u>	<u>(149)</u>	<u>6,509</u>	<u>422</u>
County Attorney						
Salaries	7,786	8,788	8,772	(77)	8,695	93
Fringe Benefits	4,546	3,975	4,091	(113)	3,978	(3)
Equipment	15	15	1	1	2	13
General Expenses	438	438	420	12	432	6
Contractual Services	4,621	5,383	3,012	2,255	5,267	116
Worker's Compensation Expense						
Fringe Benefits	12,315	12,315	9,745	(337)	9,408	2,907
County Attorney Total	<u>29,721</u>	<u>30,914</u>	<u>26,041</u>	<u>1,741</u>	<u>27,782</u>	<u>3,132</u>
County Clerk						
Salaries	5,412	5,230	5,003	(206)	4,797	433
Fringe Benefits	3,877	3,390	3,516	(119)	3,397	(7)
Equipment	108	108	99	3	102	6
General Expenses	314	314	286	10	296	18
Contractual Services	497	497	220	255	475	22
County Clerk Total	<u>10,208</u>	<u>9,539</u>	<u>9,124</u>	<u>(57)</u>	<u>9,067</u>	<u>472</u>
County Comptroller						
Salaries	6,410	6,410	6,160	(289)	5,871	539
Fringe Benefits	3,632	3,176	3,330	(140)	3,190	(14)

(Continued)

**EXHIBIT B-2****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES****VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

<b>FUNCTIONS</b>	<b>Original Budget</b>	<b>Total Budgetary Authority</b>	<b>Actual Expenditures</b>	<b>GAAP to Budgetary Basis Conversion</b>	<b>Actual on a Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b>GENERAL ADMINISTRATION (Continued)</b>						
Equipment	\$ 9	\$ 9	\$	\$ 5	\$ 5	\$ 4
General Expenses	80	80	50	2	52	28
Contractual Services	1,099	1,114	809	305	1,114	
County Comptroller Total	11,230	10,789	10,349	(117)	10,232	557
County Executive						
Salaries	1,752	1,713	1,713		1,713	
Fringe Benefits	1,167	1,020	1,084	(57)	1,027	(7)
General Expenses	87	87	57	7	64	23
Contractual Services	293	293	249	5	254	39
County Executive Total	3,299	3,113	3,103	(45)	3,058	55
County Treasurer						
Salaries	2,122	2,121	2,075	(56)	2,019	102
Fringe Benefits	1,539	1,346	1,400	(50)	1,350	(4)
Equipment	8	8	5		5	3
General Expenses	244	247	247		247	
Contractual Services	69	69	57	12	69	
Other Suits and Damages	75,000	(1,863)	(5,142)		(5,142)	3,279
County Treasurer Total	78,982	1,928	(1,358)	(94)	(1,452)	3,380
Office of Constituent Affairs						
Salaries	725	762	767	(6)	761	1
Fringe Benefits	415	362	370	(7)	363	(1)
Office of Constituent Affairs Printing & Graphics						
Salaries	978	1,690	1,676	(14)	1,662	28
Fringe Benefits	905	792	803	(13)	790	2
Equipment	1	1				1
General Expenses	1,212	1,495	1,457	38	1,495	
Contractual Services	3	3		3	3	
Office of Constituent Affairs Total	4,239	5,105	5,073	1	5,074	31
Office of Emergency Management						
Salaries	582	518	477		477	41
Fringe Benefits	214	187	189	(2)	187	
General Expenses	10	10	5	2	7	3
Contractual Services	102	102	67	32	99	3
Office of Emergency Management Total	908	817	738	32	770	47
Information Technology						
Administration						
Salaries	6,904	7,315	7,650	(537)	7,113	202
Fringe Benefits	4,112	3,596	3,550	(149)	3,401	195
General Expenses	370	370	221	5	226	144
Contractual Services	10,249	10,249	7,366	1,769	9,135	1,114
Utilities	4,542	4,542	3,891	84	3,975	567
Interdepartmental Charges	1,342	1,342				1,342
Information Technology Total	27,519	27,414	22,678	1,172	23,850	3,564
Housing and Intergovernmental Affairs:						
Salaries	83	721	694		694	27
Fringe Benefits	746	901	712	(40)	672	229
General Expenses	5	12				12
Contractual Services	590	590		590	590	
Interdepartmental Charges	230	230	145		145	85
Housing and Intergovernmental Affairs Total	1,654	2,454	1,551	550	2,101	353
Labor Relations						
Salaries	227	297	290		290	7
Fringe Benefits	138	121	123	(2)	121	

(Continued)

**EXHIBIT B-2****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES****VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

<b>FUNCTIONS</b>	<b>Original Budget</b>	<b>Total Budgetary Authority</b>	<b>Actual Expenditures</b>	<b>GAAP to Budgetary Basis Conversion</b>	<b>Actual on a Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b>GENERAL ADMINISTRATION (Continued)</b>						
General Expenses	\$ 6	\$ 6	\$ 3	\$	\$ 3	\$ 3
Contractual Services	538	538	166	114	280	258
Labor Relations Total	909	962	582	112	694	268
Management and Budgets						
Salaries	(82,010)	4,867	4,867		4,867	
Fringe Benefits	1,158	1,012	1,310	(298)	1,012	
Equipment	10					
General Expenses	51	61	53	1	54	7
Contractual Services	3,361	3,361	1,514	765	2,279	1,082
Management and Budgets Total	(77,430)	9,301	7,744	468	8,212	1,089
Personnel						
Salaries	708	625	583		583	42
Fringe Benefits	336	294	301	(7)	294	
General Expenses	45	45	8	1	9	36
Contractual Services	112	112	1	89	90	22
Personnel Total	1,201	1,076	893	83	976	100
Purchasing						
Salaries	1,083	961	967	(39)	928	33
Fringe Benefits	911	796	844	(43)	801	(5)
General Expenses	18	18	16	1	17	1
Contractual Services	2	2	1		1	1
Purchasing Total	2,014	1,777	1,828	(81)	1,747	30
Office of Real Estate Services						
Salaries	757	519	352	(50)	302	217
Fringe Benefits	221	193	198	(4)	194	(1)
General Expenses	87	97	87	2	89	8
Contractual Services	104,023	111,541	111,097	127	111,224	317
Insurance on Buildings	1,302	1,302	516	785	1,301	1
Rent	15,175	15,250	13,676	1,357	15,033	217
Mass Transportation						
Pt. Lookout/Lido Beach Bus Route	75	75		75	75	
Metropolitan Suburban Bus Authority	1,930	1,930	1,930		1,930	
LIRR Station Maintenance	28,094	27,879	27,879		27,879	
MTA-LIRR Operating Assistance	11,584	11,584	11,584		11,584	
Physically Challenged Transportation	610	610	609	1	610	
Office of Real Estate Services Total	163,858	170,980	167,928	2,293	170,221	759
Public Utility Authority						
General Expenses	1,859	1,859	791	397	1,188	671
Contractual Services	54	54	8	(8)		54
Interdepartmental Charges	10	10	5		5	
Public Utility Authority Total	1,923	1,923	804	389	1,193	730
Office of Records Management						
Salaries	758	718	672	(4)	668	50
Fringe Benefits	692	605	651	(40)	611	(6)
Equipment	5	5	4		4	
General Expenses	211	211	189	1	190	21
Contractual Services	201	201	112	86	198	3
Office of Records Management Total	1,867	1,740	1,628	43	1,671	69
Total General Administration	310,898	332,597	304,930	7,140	312,070	20,527

(Continued)

**EXHIBIT B-2****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES****VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

<b>FUNCTIONS</b>	<b>Original Budget</b>	<b>Total Budgetary Authority</b>	<b>Actual Expenditures</b>	<b>GAAP to Budgetary Basis Conversion</b>	<b>Actual on a Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b>PROTECTION OF PERSONS</b>						
Commission on Human Rights						
Salaries	\$ 270	\$ 540	\$ 514	\$	\$ 514	\$ 26
Fringe Benefits	1,357	1,186	1,209	(24)	1,185	1
General Expenses	5	5	2		2	3
Contractual Services	12	12		10	10	2
Commission on Human Rights Total	1,644	1,743	1,725	(14)	1,711	32
Commissioner of Accounts						
Fringe Benefits	120	105	121	(14)	107	(2)
Contractual Services	15	15				15
Commissioner of Accounts Total	135	120	121	(14)	107	13
Consumer Affairs						
Salaries	1,691	1,691	1,680	(45)	1,635	56
Fringe Benefits	1,319	1,153	1,211	(53)	1,158	(5)
Equipment	2	2				2
General Expenses	15	15	9		9	6
Consumer Affairs Total	3,027	2,861	2,900	(98)	2,802	59
Fire Commission						
Salaries	9,679	10,441	10,390	(44)	10,346	95
Fringe Benefits	4,676	4,273	4,490	(281)	4,209	64
Equipment	27	27				27
General Expenses	85	85	53	28	81	4
Contractual Services	4,297	4,297	4,215	51	4,266	31
Interdepartmental Charges	2,655	2,655	1,822		1,822	833
Fire Commission Total	21,419	21,778	20,970	(246)	20,724	1,054
Police Headquarters						
Salaries	192,750	217,867	240,513	(23,415)	217,098	769
Fringe Benefits	113,340	105,835	109,359	(6,375)	102,984	2,851
Worker's Compensation	3,520	3,320	3,027		3,027	293
Equipment	277	144	122	21	143	1
General Expenses	3,255	3,443	3,150	252	3,402	41
Contractual Services	8,287	9,758	8,807	917	9,724	34
Utilities	2,432	2,362	2,289	4	2,293	69
Other Suits	11,861	202	202		202	
Interdepartmental Charges	24,252	23,830	21,908		21,908	1,922
Police Headquarters Total	359,974	366,761	389,377	(28,596)	360,781	5,980
Medical Examiner						
Salaries	4,836	5,993	5,630	(15)	5,615	378
Fringe Benefits	2,352	2,057	2,115	(57)	2,058	(1)
Equipment	12	82	67		67	15
General Expenses	456	509	444	2	446	63
Contractual Services	87	87	45	42	87	
Interdepartmental Charges	1,134	1,134				1,134
Medical Examiner Total	8,877	9,862	8,301	(28)	8,273	1,589
Total Protection of Persons	395,076	403,125	423,394	(28,996)	394,398	8,727
<b>HEALTH</b>						
Health Department Administration						
Salaries	146	1,663	1,504	(43)	1,461	202

(Continued)

**EXHIBIT B-2****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES****VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

<b>FUNCTIONS</b>	<b>Original Budget</b>	<b>Total Budgetary Authority</b>	<b>Actual Expenditures</b>	<b>GAAP to Budgetary Basis Conversion</b>	<b>Actual on a Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b>HEALTH (Continued)</b>						
Fringe Benefits	\$ 1,127	\$ 986	\$ 1,035	\$ (44)	\$ 991	\$ (5)
General Expenses	294	294	93	171	264	30
Interdepartmental Charges	5,946	5,946	5,796		5,796	150
Environmental Health						
Salaries	6,714	6,567	6,667	(190)	6,477	90
Fringe Benefits	4,997	4,370	4,587	(198)	4,389	(19)
Equipment	11	11	7		7	4
General Expenses	116	116	108	6	114	2
Contractual Services	205	205	77	105	182	23
Interdepartmental Charges	35	35	35		35	
Laboratory Research						
Salaries	1,367	1,048	948	(27)	921	127
Fringe Benefits	711	621	653	(29)	624	(3)
Equipment	18	18	4		4	14
General Expenses	847	847	409	29	438	409
Contractual Services	150	150			-	150
Interdepartmental Charges	177	177	177		177	
Public Health						
Salaries	1,676	1,043	815	(23)	792	251
Fringe Benefits	611	534	560	(24)	536	(2)
General Expenses	148	148	29	6	35	113
Contractual Services	222	222	52	70	122	100
Various Direct Expenses	5,000	5,000	5,000		5,000	
Interdepartmental Charges	154	154	154		154	
Early Intervention						
Salaries	3,701	3,452	3,428	(98)	3,330	122
Fringe Benefits	2,569	2,247	2,360	(103)	2,257	(10)
General Expenses	526	526	365	1	366	160
Contractual Services	24	24	24		24	
Early Intervention Charges	61,649	61,649	36,287	127	36,414	25,235
Preschool Education						
Salaries	362	329	316	(9)	307	22
Fringe Benefits	237	207	218	(10)	208	(1)
General Expenses	2	2	2		2	
Contractual Services	244	244	108	135	243	1
Early Intervention Charges	167,370	163,943	105,668	20,142	125,810	38,133
Health Department Total	<u>267,356</u>	<u>262,778</u>	<u>177,486</u>	<u>19,994</u>	<u>197,480</u>	<u>65,298</u>
Mental Health, Chemical Dependency and Disabled Services						
Administration						
Salaries	4,564	5,165	4,503	(40)	4,463	702
Fringe Benefits	1,921	1,680	2,041		2,041	(361)
General Expenses	592	592	392		392	200
Contractual Services						
Contractual Services	13,103	13,103	7,048	3,277	10,325	2,778
Direct Services						
Fringe Benefits	275	240	143		143	97
General Expenses	5	5		5	5	
Contractual Services	190	190		2	2	188
Mental Health, Chemical Dependency and Disabled Services	<u>22,781</u>	<u>23,106</u>	<u>15,810</u>	<u>3,244</u>	<u>19,054</u>	<u>4,052</u>
Total Health	<u>290,137</u>	<u>285,884</u>	<u>193,296</u>	<u>23,238</u>	<u>216,534</u>	<u>69,350</u>

(Continued)

**EXHIBIT B-2****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES****VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

<b>FUNCTIONS</b>	<b>Original Budget</b>	<b>Total Budgetary Authority</b>	<b>Actual Expenditures</b>	<b>GAAP to Budgetary Basis Conversion</b>	<b>Actual on a Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b><u>PUBLIC WORKS</u></b>						
Administration						
Salaries	\$ 2,966	\$ 2,691	\$ 2,308	\$ (117)	\$ 2,191	\$ 500
Fringe Benefits	2,295	2,007	2,127	(115)	2,012	(5)
Worker's Compensation	2,040	2,040	1,915		1,915	125
General Expenses	42	42	31	6	37	5
Contractual Services	672	672	110	534	644	28
Rent			1	(1)		
Highway and Engineering						
Salaries	8,245	7,115	6,685	(295)	6,390	725
Fringe Benefits	5,292	4,628	4,734	(241)	4,493	135
Equipment	18	18	11		11	7
General Expenses	28	28	23		23	5
Contractual Services	3,165	5,266	6,803	(1,608)	5,195	71
Utility Costs	2,302	2,302	1,938	11	1,949	353
Interdepartmental Charges	802	802				802
Highway and Bridge Maintenance						
Salaries	13,264	18,054	16,981	(748)	16,233	1,821
Fringe Benefits	13,444	11,803	12,183	(613)	11,570	233
Equipment	114	114	51		51	63
General Expenses	2,017	2,204	1,282	203	1,485	719
Contractual Services	4,641	5,740	3,576	1,250	4,826	914
Utility Costs	28,544	28,469	22,295	1,606	23,901	4,568
Interdepartmental Charges	9,978	9,978	9,258		9,258	720
Groundwater Remediation						
Salaries	2,062	2,107	2,181	(96)	2,085	22
Fringe Benefits	1,727	1,510	1,598	(79)	1,519	(9)
Equipment	8	8	4		4	4
General Expenses	3,084	3,044	2,599	315	2,914	130
Contractual Services	90	130	73	47	120	10
Interdepartmental Charges	2,701	2,701	1,505		1,505	1,196
Total Public Works	109,541	113,473	100,272	59	100,331	13,142
<b><u>RECREATION AND PARKS</u></b>						
Administration						
Salaries	1,339	1,752	1,707	(29)	1,678	74
Fringe Benefits	964	843	877	(31)	846	(3)
Equipment	12	12	2		2	10
General Expenses	87	362	352	1	353	9
Contractual Services	1,449	1,174	906	267	1,173	1
Interdepartmental Charges	80	80	1		1	79
Technical Service						
Salaries	3,012	3,299	3,247		3,247	52
Fringe Benefits	1,865	1,631	1,695	(60)	1,635	(4)
Equipment	250	250	249		249	1
General Expenses	622	622	551	26	577	45
Contractual Services	1,783	1,783	1,482	217	1,699	84
Recreation Service						
Salaries	5,506	4,841	4,925	(84)	4,841	
Fringe Benefits	2,781	2,432	2,530	(91)	2,439	(7)
Equipment	90	90	49	6	55	35
General Expenses	142	142	128	(1)	127	15
Contractual Services	220	220	111	94	205	15

(Continued)

**EXHIBIT B-2****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES****VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

<b>FUNCTIONS</b>	<b>Original Budget</b>	<b>Total Budgetary Authority</b>	<b>Actual Expenditures</b>	<b>GAAP to Budgetary Basis Conversion</b>	<b>Actual on a Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b>RECREATION AND PARKS (Continued)</b>						
Museum						
Salaries	\$ 145	\$ 767	\$ 680	\$ (12)	\$ 668	\$ 99
Fringe Benefits	384	336	349	(12)	337	(1)
Equipment	8	8				8
General Expenses	71	71	45	8	53	18
Contractual Services	93	93	82	6	88	5
Golf Operations						
Salaries	3,500	3,163	3,218	(55)	3,163	
Fringe Benefits	1,817	1,589	1,653	(60)	1,593	(4)
Equipment	120	120	116		116	4
General Expenses	593	593	573	14	587	6
Contractual Services	494	494	307	54	361	133
Total Recreation and Parks	27,427	26,767	25,835	258	26,093	674
<b>SOCIAL SERVICES</b>						
Bar Association - Public Defender	6,689	6,689	6,326		6,326	363
CASA						
Salaries	251	311	301		301	10
Fringe Benefits	176	154	153		153	1
General Expenses	3	3	3		3	
Contractual Services	13	13	4		4	9
CASA Total	443	481	461		461	20
Human Services						
Salaries	2,217	2,065	2,375	(290)	2,085	(20)
Fringe Benefits	2,991	2,614	2,753	(351)	2,402	212
Equipment	1	1				1
General Expenses	63	63	18	2	20	43
Contractual Services	26,416	26,476	21,729	3,490	25,219	1,257
Interdepartmental Charges	2,085	2,085	1,791		1,791	294
Human Services Total	33,773	33,304	28,666	2,851	31,517	1,787
Legal Aid Society	5,904	5,904	2,952		2,952	2,952
Minority Affairs						
Salaries	280	456	438		438	18
Fringe Benefits	282	246	257	(10)	247	(1)
General Expenses	8	8	5	2	7	1
Contractual Services	86	86	38		38	48
Minority Affairs Total	656	796	738	(8)	730	66
Social Services Department						
Administration						
Salaries	1,302	4,461	4,366	(70)	4,296	165
Fringe Benefits	2,976	2,602	2,690	(83)	2,607	(5)
Equipment	14	14	13		13	1
General Expenses	411	411	340	22	362	49
Contractual Services	1,509	1,509	889	349	1,238	271
Interdepartmental Charges	20,083	20,083	15,039		15,039	5,044
Public Financial Assistance						
Salaries	26,634	21,173	19,971	(318)	19,653	1,520
Fringe Benefits	13,613	11,904	12,301	(378)	11,923	(19)
Equipment	15	15	5		5	10
General Expenses	467	467	327	42	369	98
Contractual Services	9,716	10,161	5,002	4,480	9,482	679

(Continued)

**EXHIBIT B-2****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES****VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

<b>FUNCTIONS</b>	<b>Original Budget</b>	<b>Total Budgetary Authority</b>	<b>Actual Expenditures</b>	<b>GAAP to Budgetary Basis Conversion</b>	<b>Actual on a Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b><u>SOCIAL SERVICES (continued)</u></b>						
Division of Services						
Salaries	\$ 21,038	\$ 19,402	\$ 18,678	\$ (298)	\$ 18,380	\$ 1,022
Fringe Benefits	12,731	11,133	11,505	(354)	11,151	(18)
General Expenses	258	258	117	25	142	116
Contractual Services	120	120	73	29	102	18
Juvenile Detention Center						
Salaries		44	44	(1)	43	1
General Expenses	56	56	7	43	50	6
Contractual Services	426	426	38	370	408	18
Real Estate						
General Expenses	1	1				1
Handicapped Children Education						
Emergency Vendor Payments	14,881	16,081	15,351	499	15,850	231
Aid to Dependent Children						
Recipient Grants	30,630	26,630	26,033		26,033	597
Emergency Vendor Payments	10,001	8,001	7,622	(57)	7,565	436
Home Relief						
Recipient Grants	35,750	31,930	31,627		31,627	303
Emergency Vendor Payments	7,125	9,900	9,497		9,497	403
Children in Institutions						
Contractual Services				114	114	(114)
Emergency Vendor Payments	21,078	19,893	15,413	4,412	19,825	68
Children in Foster Homes						
Recipient Grants	1,475	1,475	1,205		1,205	270
Purchased Services	1	1				1
Emergency Vendor Payments	650	650	502		502	148
Juvenile Delinquents						
Emergency Vendor Payments	9,112	7,912	1,765	6,089	7,854	58
Training Schools						
Emergency Vendor Payments	5,002	5,002	5,002		5,002	
Children in Institutions - Title 4E						
Emergency Vendor Payments	530	605	595	10	605	
Children in Foster Homes - Title 4E						
Recipient Grants	500	500	476		476	24
Emergency Vendor Payments	255	255	172		172	83
Subsidized Adoptions						
Recipient Grants	5,300	5,300	5,172		5,172	128
Burials						
Emergency Vendor Payments	275	275	253		253	22
Medicaid						
Medicaid	248,838	248,838	247,935		247,935	903
Home Energy Assistance						
Recipient Grants	990	990	132		132	858
Title-XX						
Purchased Services	59,828	67,538	65,677	1,258	66,935	603
Social Services Department Total	563,591	556,016	525,834	16,183	542,017	13,999
Veterans Service Agency						
Salaries	169	268	268		268	
Fringe Benefits	279	244	260	(14)	246	(2)
General Expenses	9	9	7		7	2
Contractual Services	1	1				1
Interdepartmental Charges	1,165	1,165	229		229	936
Veterans Service Agency Total	1,623	1,687	764	(14)	750	937

(Continued)

**EXHIBIT B-2****COUNTY OF NASSAU, NEW YORK**

**COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES  
VS. TOTAL BUDGETARY AUTHORITY  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

<b>FUNCTIONS</b>	<b>Original Budget</b>	<b>Total Budgetary Authority</b>	<b>Actual Expenditures</b>	<b>GAAP to Budgetary Basis Conversion</b>	<b>Actual on a Budgetary Basis</b>	<b>Variance Positive Negative</b>
<b><u>SOCIAL SERVICES (continued)</u></b>						
Total Social Services	\$ 612,679	\$ 604,877	\$ 565,741	\$ 19,012	\$ 584,753	\$ 20,124
<b><u>CORRECTIONS</u></b>						
Correctional Center						
Salaries	116,156	114,899	114,389	(1,418)	112,971	1,928
Fringe Benefits	56,347	49,275	50,195	(974)	49,221	54
Worker's Compensation	5,260	5,510	4,918		4,918	592
Equipment	68	43	25	1	26	17
General Expenses	3,170	3,307	3,148	83	3,231	76
Contractual Services	32,645	32,992	17,327	9,151	26,478	6,514
Utility Costs	654	654	424		424	230
Interfund Charges	432	432	5		5	427
Correctional Center Total	214,732	207,112	190,431	6,843	197,274	9,838
Sheriff						
Salaries	5,737	6,239	6,317	(78)	6,239	
Fringe Benefits	3,696	3,232	3,360	(119)	3,241	(9)
Equipment	2	2	3		3	(1)
General Expenses	29	29	20		20	9
Sheriff Total	9,464	9,502	9,700	(197)	9,503	(1)
Correctional Center and Sheriff Total	224,196	216,614	200,131	6,646	206,777	9,837
Probation						
Administration						
Salaries	16,673	17,090	16,739	(573)	16,166	924
Fringe Benefits	11,231	9,822	10,342	(471)	9,871	(49)
Equipment	36	36	13	11	24	12
General Expenses	326	326	195	35	230	96
Contractual Services	641	641	425	200	625	16
Utility Costs	1	1				1
Interfund Charges	865	865	211		211	654
Probation Total	29,773	28,781	27,925	(798)	27,127	1,654
Total Corrections	253,969	245,395	228,056	5,848	233,904	11,491
<b><u>EDUCATION</u></b>						
Payment to Long Beach Schools	106	106	106		106	
Public Library Services	1,463					
State School Tuition	11,660	11,660	4,643		4,643	7,017
Total Education	13,229	11,766	4,749		4,749	7,017
<b><u>BONDED PAYMENTS FOR TAX CERTIORARI AND OTHER JUDGMENTS</u></b>						
			34,377	(34,377)		
<b><u>OTHER EXPENDITURES</u></b>						
Nassau Health Care Corporation	13,000	13,000	16,400	(2,795)	13,605	(605)
Aid to Towns and Cities	62,852	64,299	64,299		64,299	
County Executive Associations			(1)		(1)	1
FEMA Match		8,808	8,808		8,808	
Interdepartmental Charges	25,270	25,270	22,317		22,317	2,953
Lido-Point Lookout Fire District	6	6	6		6	
HIPPA Payments	25	25	(25)		(25)	50

(Continued)

**EXHIBIT B-2****COUNTY OF NASSAU, NEW YORK****COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES****VS. TOTAL BUDGETARY AUTHORITY****GENERAL FUND****FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

<b>FUNCTIONS</b>	<b>Original Budget</b>	<b>Total Budgetary Authority</b>	<b>Actual Expenditures</b>	<b>GAAP to Budgetary Basis Conversion</b>	<b>Actual on a Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b><u>OTHER EXPENDITURES (Continued)</u></b>						
Miscellaneous Expense	\$ 31,842	\$ 31,388	\$ 27,989	\$ 644	\$ 28,633	\$ 2,755
NYS Association of Counties	59	59	59		59	
NIFA Expenditures	2,025	2,025				2,025
Suits and Damages	20,035	20,035	3,292		3,292	16,743
<b>Total Other Expenditures</b>	<b>155,114</b>	<b>164,915</b>	<b>143,144</b>	<b>(2,151)</b>	<b>140,993</b>	<b>23,922</b>
Debt Service:						
Principal	69,011	69,011	57,530		57,530	11,481
Interest	93,863	93,863	71,344		71,344	22,519
Financing Costs	4,235	4,235	4,673		4,673	(438)
<b>Total Debt Service</b>	<b>167,109</b>	<b>167,109</b>	<b>133,547</b>		<b>133,547</b>	<b>33,562</b>
<b>Total Expenditures</b>	<b>2,461,358</b>	<b>2,482,334</b>	<b>2,227,909</b>	<b>(9,114)</b>	<b>2,218,795</b>	<b>263,539</b>
<b><u>TRANSFERS OUT</u></b>						
Debt Service Fund			2,768		2,768	(2,768)
<b>Total Transfers Out</b>			<b>2,768</b>		<b>2,768</b>	<b>(2,768)</b>
<b>TOTAL EXPENDITURES AND TRANSFERS OUT</b>	<b>\$ 2,461,358</b>	<b>\$ 2,482,334</b>	<b>\$ 2,230,677</b>	<b>\$ (9,114)</b>	<b>\$ 2,221,563</b>	<b>\$ 260,771</b>
*Appropriations per the 2012 budget as adopted						
Intrafund Budget Elimination						\$ 2,911,405
Outstanding encumbrances, January 1, 2012						(561,263)
Original Budget per above						111,216
Add: Supplemental appropriations						2,461,358
Less: Intrafund Modified Budget eliminations						21,939
Total Budgetary Authority						(963)
						<b>\$ 2,482,334</b>

(Concluded)

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**TOTAL BUDGETARY AUTHORITY AND ACTUAL**  
**POLICE DISTRICT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>						
Licenses and Permits	\$ 2,829	\$ 2,829	\$ 3,630	\$	\$ 3,630	\$ 801
Fines and Forfeits	1,750	1,750	788		788	(962)
Interest Income	271	271	50		50	(221)
Rents and Recoveries	200	200	34		34	(166)
Departmental Revenue	4,912	4,912	2,996		2,996	(1,916)
Interdepartmental Revenue	354	354	280		280	(74)
Federal Aid			5,161		5,161	5,161
State Aid			351		351	351
Property Taxes	369,985	369,985	369,988		369,988	3
Other Revenue	1,460	1,460	1,404	(1,404)		(1,460)
<b>Total Revenues</b>	<b>381,761</b>	<b>381,761</b>	<b>384,682</b>	<b>(1,404)</b>	<b>383,278</b>	<b>1,517</b>
<b>Expenditures:</b>						
Protection of Persons:						
Salaries	210,050	230,484	229,364	(1,907)	227,457	3,027
Fringe Benefits	120,142	108,841	94,625	(996)	93,629	15,212
Worker's Compensation	7,265	7,265	5,616		5,616	1,649
Equipment	190	190	140	1	141	49
General Expenses	3,851	6,151	5,009	388	5,397	754
Contractual Services	882	882	744	112	856	26
Utility Costs	1,306	1,306	1,195	42	1,237	69
Interdepartmental Charges	22,465	22,240	20,492		20,492	1,748
FEMA Match		935	935		935	
Other	16,462	4,094	916		916	3,178
<b>Total Expenditures</b>	<b>382,613</b>	<b>382,388</b>	<b>359,036</b>	<b>(2,360)</b>	<b>356,676</b>	<b>25,712</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(852)	(627)	25,646	956	26,602	27,229
<b>Other Financing Sources (Uses):</b>						
Transfers In			1,907	(1,907)		
Transfers Out	(1,733)	(1,958)	(1,958)		(1,958)	
Capital Resources	2,407	2,407				(2,407)
<b>Total Other Financing Sources (Uses)</b>	<b>674</b>	<b>449</b>	<b>(51)</b>	<b>(1,907)</b>	<b>(1,958)</b>	<b>(2,407)</b>
Net Change in Fund Equity (Deficit)	(178)	(178)	25,595	(951)	24,644	24,822
Fund Balance Beginning of Year	178	178	4,025		4,025	3,847
Fund Balance End of Year	\$	\$	\$ 29,620	\$ (951)	\$ 28,669	\$ 28,669

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TOTAL BUDGETARY AUTHORITY AND ACTUAL  
SEWER & STORM WATER DISTRICT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>						
Licenses and Permits	\$ 735	\$ 735	\$ 806	\$	\$ 806	\$ 71
Interest Income	110	110	208		208	98
Rents and Recoveries	71	71	716	4	720	649
Departmental Revenue	40,004	40,004	1,595		1,595	(38,409)
Interdepartmental Revenue	650	650				(650)
Intergovernmental Charges	2,251	2,251	2,251		2,251	
Property Taxes			117,282		117,282	117,282
Other Revenues	165	165	183	(183)		(165)
Total Revenues	<u>43,986</u>	<u>43,986</u>	<u>123,041</u>	<u>(179)</u>	<u>122,862</u>	<u>78,876</u>
<b>Expenditures:</b>						
Public Works:						
Salaries	19,332	19,332	18,306		18,306	1,026
Fringe Benefits	11,614	11,614	10,969	(523)	10,446	1,168
Equipment	359	359	101	18	119	240
General Expenses	16,568	14,450	11,460	2,839	14,299	151
Contractual Services	30,057	32,175	24,441	7,439	31,880	295
Utility Costs	11,462	11,462	7,704	2,365	10,069	1,393
Interdepartmental Charges	20,320	18,274	15,774		15,774	2,500
FEMA Match		2,046	2,046		2,046	
Other	21,096	21,096	75		75	21,021
Debt Service:						
Principal	16,678	16,678	16,678		16,678	
Interest	9,143	9,143	6,435		6,435	2,708
Total Expenditures	<u>156,629</u>	<u>156,629</u>	<u>113,989</u>	<u>12,138</u>	<u>126,127</u>	<u>30,502</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(112,643)</u>	<u>(112,643)</u>	<u>9,052</u>	<u>(12,317)</u>	<u>(3,265)</u>	<u>109,378</u>
<b>Other Financing Sources (Uses):</b>						
Transfer In			674		674	674
Transfer Out	(16,400)	(16,400)	(11,917)		(11,917)	4,483
Transfer In of Investment Income	1,032	1,032	8		8	(1,024)
Transfers In/(Out) to SFA	100,872	100,872	(4,236)		(4,236)	(105,108)
Capital Resources			340		340	340
Total Other Financing Sources (Uses)	<u>85,504</u>	<u>85,504</u>	<u>(15,131)</u>		<u>(15,131)</u>	<u>(100,635)</u>
Net Change in Fund Balances	(27,139)	(27,139)	(6,079)	(12,317)	(18,396)	8,743
Fund Balance (Deficit) Beginning of Year	27,139	27,139	89,881		89,881	62,742
Fund Balance (Deficit) End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 83,802</u>	<u>\$ (12,317)</u>	<u>\$ 71,485</u>	<u>\$ 71,485</u>

**EXHIBIT B-5****COUNTY OF NASSAU, NEW YORK****STATEMENT OF EXPENDITURES BY COUNTY DEPARTMENTS AND OFFICES  
TOTAL BUDGETARY AUTHORITY AND ACTUAL  
GRANT FUND****FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)  
(INCLUDING LIFETIME ACTIVITY THROUGH DECEMBER 31, 2012)**

<b>County Departments, Offices and Boards</b>	<b>Budgetary Authority as of December 31, 2012</b>	<b>Expenditures through December 31, 2011</b>	<b>Available Budgetary Authority for 2012</b>	<b>2012 Expenditures</b>	<b>Remaining Budgetary Authority December 31, 2012</b>
Affirmative Action	\$ 1,240	\$ 1,140	\$ 100	\$	\$ 100
Assessment	13,000	11,363	1,637		1,637
Behavioral Health	283,961	164,056	119,905	31,857	88,048
Budget and Management	774		774		774
CASA	735	466	269		269
Consumer Affairs	250	178	72	59	13
Correctional Center	12,436	10,662	1,774	717	1,057
County Attorney	295	295			
County Clerk	321	244	77		77
County Comptroller	805	446	359		359
Criminal Justice Coordinating Council	59,179	54,035	5,144	767	4,377
Cultural Development	441	437	4		4
District Attorney	30,922	20,486	10,436	2,354	8,082
Drug and Alcohol Board of Election	693,474	526,995	166,479		166,479
	1,378	682	696	107	589
Emergency Management	20,395	9,363	11,032	4,494	6,538
Fire Commission	3,365	1,947	1,418	384	1,034
General Services	415	315	100		100
Health	250,787	199,099	51,688	14,502	37,186
Housing and Inter- governmental Affairs	731,676	634,130	97,546	23,312	74,234
Human Rights	1,897	1,702	195		195
Information Technology	198	198			
Labor	50	46	4		4
Medical Center	5,119	188	4,931		4,931
Medical Examiner	8,831	6,079	2,752	1,223	1,529
Mental Health	213,875	169,572	44,303		44,303
Miscellaneous	91,127	72,570	18,557		18,557
Planning	29,101	20,934	8,167	944	7,223
Police	111,620	79,838	31,782	7,028	24,754
Probation	40,769	33,427	7,342	953	6,389
Public Works	17,208	13,340	3,868	75	3,793
Real Estate Services	104,534		104,534		104,534
Records Management	114	113	1		1
Recreation and Parks	27,304	17,012	10,292	5,649	4,643
Senior Citizen Affairs	63,161	60,291	2,870		2,870
Sheriff	66	55	11		11
Social Services	84,274	50,371	33,903	11,675	22,228
Traffic Safety Board	60,370	56,690	3,680	1,895	1,785
Veterans Services	458	424	34		34
Women's Services	194	148	46		46
Youth Board	38,851	31,207	7,644	174	7,470
<b>Total</b>	<b>\$ 3,004,970</b>	<b>\$ 2,250,544</b>	<b>\$ 754,426</b>	<b>\$ 108,169</b>	<b>\$ 646,257</b>

**EXHIBIT B-6**

**COUNTY OF NASSAU, NEW YORK**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TOTAL BUDGETARY AUTHORITY AND ACTUAL  
ENVIRONMENTAL PROTECTION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b><u>Revenues:</u></b>						
Interest Income	\$ 83	\$ 83	\$ 6	\$	\$ 6	\$ (77)
Property Taxes	11,250	11,250	11,252		11,252	2
Total Revenues	11,333	11,333	11,258		11,258	(75)
<b><u>Other Financing Uses:</u></b>						
Transfer Out	(12,076)	(12,076)	(8,529)		(8,529)	3,547
Total Other Financing Uses	(12,076)	(12,076)	(8,529)		(8,529)	3,547
Net Change in Fund Balance	(743)	(743)	2,729		2,729	3,472
Fund Balance Beginning of Year	743	743	14,422		14,422	13,679
Fund Balance End of Year	\$	\$	\$ 17,151	\$	\$ 17,151	\$ 17,151

**EXHIBIT B-7****COUNTY OF NASSAU, NEW YORK****STATEMENT OF EXPENDITURES BY COUNTY DEPARTMENTS AND OFFICES  
TOTAL BUDGETARY AUTHORITY AND ACTUAL  
FEMA FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)  
(INCLUDING LIFETIME ACTIVITY THROUGH DECEMBER 31, 2012)**

<b>County Departments, Offices and Boards</b>	<b>Budgetary Authority as of December 31, 2012</b>	<b>2012 Expenditures</b>	<b>Remaining Budgetary Authority December 31, 2012</b>
Correctional Center	\$ 489	\$ 107	\$ 382
Office of Constituent Affairs	79	34	45
District Attorney	556	100	456
Board of Election	519	228	291
Emergency Management	2,145	1,062	1,083
Fire Commission	1,018	561	457
Health	2,176	777	1,399
Human Services	145	18	127
Information Technology	1,119	205	914
Legislature	2	1	1
Medical Examiner	8	3	5
Police	19,173	10,557	8,616
Police Headquarters	17,290	9,738	7,552
Probation	1,240	377	863
Public Works	147,768	83,087	64,681
Purchasing	16	6	10
Recreation and Parks	4,895	1,779	3,116
Social Services	83	28	55
STEP Program	15,000	3,775	11,225
Total	<u>\$ 213,721</u>	<u>\$ 112,443</u>	<u>\$ 101,278</u>

**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, 2012 (Dollars in Thousands)**

	Land						Total
	Land*	Intangibles*	Improvements	Buildings	Equipment	Infrastructure	
Legislative	\$	\$	\$	\$ 254	\$ 107	\$	\$ 361
Judicial	2,593		1,933	73,629	3,734		81,889
General Administration	122,603	8,804	1,197	165,793	35,560		333,957
Protection of Persons	5,254		190	74,619	88,214		168,277
Health	475			4,672	3,266		8,413
Public Works	13,491		1,522	317,817	59,899	1,861,167	2,253,896
Recreation and Parks	35,653		68,659	96,492	13,732	42,551	257,087
Social Services	545		3,840	19,967	1,202		25,554
Corrections				183,146	10,620		193,766
Other Expenditures/MSBA				26,409	197,485		223,894
Metropolitan Transportation Authority					140,040		140,040
Other	58,470		716	134,439			193,625
Total	239,084	8,804	78,057	1,097,237	553,859	1,903,718	3,880,759
Less: Accumulated Depreciation			50,053	399,059	412,869	801,631	1,663,612
	\$ 239,084	\$ 8,804	\$ 28,004	\$ 698,178	\$ 140,990	\$ 1,102,087	2,217,147
Construction in Progress							362,225
Total Net Capital Assets							<u>\$ 2,579,372</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, 2012 (Dollars in Thousands)**

	<b>Capital Assets** January 1, 2012</b>	<b>Additions*</b>	<b>Deletions*</b>	<b>Capital Assets December 31, 2012</b>
Legislative	\$ 331	\$ 30	\$	\$ 361
Judicial	81,634	287	32	81,889
General Administration	236,197	98,061	301	333,957
Protection of Persons	177,179	4,572	13,474	168,277
Health	8,311	139	37	8,413
Public Works	2,238,763	51,120	35,987	2,253,896
Recreation and Parks	242,545	18,269	3,727	257,087
Social Services	26,205		651	25,554
Corrections	193,599	307	140	193,766
Other Expenditures/MSBA	203,968	20,001	75	223,894
Metropolitan Transportation Authority	140,040			140,040
Other	193,795		170	193,625
Construction in Progress	400,669	116,409	154,853	362,225
Total	4,143,236	309,195	209,447	4,242,984
Less: Accumulated Depreciation	1,567,270	123,751	27,409	1,663,612
Total Changes in Net Capital Assets	<u>\$ 2,575,966</u>	<u>\$ 185,444</u>	<u>\$ 182,038</u>	<u>\$ 2,579,372</u>

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

\*\* Reclassifications have been made to the prior year financial statements where necessary, to conform to the current year's presentation. Such reclassifications have no effect on the overall balance, as previously reported.

**EXHIBIT D-1**

**COUNTY OF NASSAU, NEW YORK**

**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**

**FIDUCIARY FUNDS**

**DECEMBER 31, 2012 (Dollars in Thousands)**

	<u>Balance January 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2012</u>
<b>Agency Fund</b>				
<b><u>ASSETS:</u></b>				
Cash	\$ 41,162	\$ 1,334,558	\$ 1,325,880	\$ 49,840
TOTAL ASSETS	<u>\$ 41,162</u>	<u>\$ 1,334,558</u>	<u>\$ 1,325,880</u>	<u>\$ 49,840</u>
<b><u>LIABILITIES:</u></b>				
Accounts Payable	\$ 1,473	\$ 367,959	\$ 368,237	\$ 1,195
Due To (From) Component Unit	(5,472)	101,532	93,870	2,190
Other Liabilities	<u>45,161</u>	<u>1,115,376</u>	<u>1,114,082</u>	<u>46,455</u>
TOTAL LIABILITIES	<u>\$ 41,162</u>	<u>\$ 1,584,867</u>	<u>\$ 1,576,189</u>	<u>\$ 49,840</u>
<b>Nassau County Tobacco Securitization Corporation Residual Trust</b>				
<b><u>ASSETS:</u></b>				
Cash	<u>\$ 18,448</u>	<u>\$ 32</u>	<u>\$ 589</u>	<u>\$ 17,891</u>
<b><u>LIABILITIES:</u></b>				
Other Liabilities	<u>\$ 18,448</u>	<u>\$ 32</u>	<u>\$ 589</u>	<u>\$ 17,891</u>

**EXHIBIT D-2****COUNTY OF NASSAU, NEW YORK****STATEMENT OF CHANGES IN OTHER LIABILITIES****FIDUCIARY FUNDS****FOR THE YEAR ENDED DECEMBER 31, 2012 (Dollars in Thousands)**

	<b>Balance January 1, 2012</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2012</b>
<b>Agency Fund</b>				
Cash Bail	\$ 9,865	\$ 9,580	\$ 9,124	\$ 10,321
Coliseum Deferred Revenue	4,684			4,684
Contractors' Cash Bond Escrow	1,135	22		1,157
Declining Balance Account - Staples		1,327	1,327	
Dental Insurance	46	5,176	5,199	23
Estate Suspense Account	431	1,337	1,307	461
Federal Withholding Taxes	424	164,219	164,551	92
Flex Benefit Plan	75	3,921	3,996	
Grainger Declining Balance Account		1,221	1,221	
Health Insurance		281,986	281,986	
Highway Deposits	1,149	722	803	1,068
Medical Assistance Pay In	3,005	959	2,076	1,888
Mortgage Taxes	5,793	41,279	40,008	7,064
Nassau County Bridge Authority	1,578		1,390	188
New York City Withholding Taxes	41	1,228	1,227	42
New York State Withholding Taxes	1,928	61,189	61,344	1,773
Optical Insurance	59	1,594	1,606	47
Payments in Lieu of Taxes	6,567	31,806	28,242	10,131
Payroll Deductions - others	67	59,355	59,385	37
Payroll Deferred Compensation		60,134	60,134	
Real Estate Escrow	494	732	1,176	50
Retirement System	47	144,741	144,513	275
Social Security Taxes	73	118,149	118,222	
Social Service Trust		2,204	2,204	
TIAA/CREF Payroll Deductions	882	7,525	5,861	2,546
Traffic Violations Clearing Account	4,244	25,725	27,629	2,340
Triad Worker's Compensation Account	454	22,734	22,521	667
Trust Fund Deposits	1,257	53,352	53,230	1,379
Trust Fund Deposits - short term		1,222	1,222	
Unemployment Insurance		2,852	2,852	
All Other Liabilities	863	9,085	9,726	222
<b>Total Other Liabilities</b>	<b>\$ 45,161</b>	<b>\$ 1,115,376</b>	<b>\$ 1,114,082</b>	<b>\$ 46,455</b>
<b>Nassau County Tobacco Securitization Corporation Residual Trust</b>				
Other Liabilities - undisbursed bond proceeds	\$ 18,448	\$ 32	\$ 589	\$ 17,891

**EXHIBIT E-1**

**COUNTY OF NASSAU, NEW YORK**

**STATEMENT OF CASH IN BANKS\*  
ALL FUNDS OF THE PRIMARY GOVERNMENT  
DECEMBER 31, 2012 (Dollars in Thousands)**

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**CASH BALANCES BY FUND:**

General Fund	\$ 262,417 **
NIFA General Fund	522
Police District	264
Sewer & Storm Water	92,501
Capital	242,906
Nonmajor Governmental Funds	99,924
Agency Fund	67,731
	<hr/>
Total Cash Balances By Funds	\$ 766,265

**CASH BALANCES BY BANK:**

The Bank of New York	\$ 44,576
Bank of America	45,131
JP Morgan Chase	39,516
Citibank	4,500
Wachovia Bank	216,892
TD Bank	32,967
Capital One Bank	145,202
Signature Bank	175,276
City National Bank of New Jersey	312
HSBC	60,782
Petty Cash	1,111
	<hr/>
Total Cash Balances By Bank	\$ 766,265

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

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

## STATISTICAL SECTION

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

### Contents

#### Financial Trends Information

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

#### Revenue Capacity Information

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

#### Debt Capacity Information

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

#### Economic and Demographic Information

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

#### Operating Information

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

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

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

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## **FINANCIAL TRENDS INFORMATION**

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

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Fiscal Year	Net Investment in Capital Assets	Restricted				Unrestricted	Total Primary Government Net Position
		Statutory	Grants	Debt Service	Capital Projects		
2012	\$ 1,675,710	\$ 933	\$ 12,533	\$ 55,365	\$ 7,091	\$ (8,260,216)	\$ (6,508,584)
2011	1,681,865				143,711	(8,080,413)	(6,254,837)
2010	1,534,318				226,915	(7,068,439)	(5,307,206)
2009	1,503,411				143,133	(6,656,450)	(5,009,906)
2008	1,356,866				56,742	(6,132,850)	(4,719,242)
2007	1,602,186					(6,029,636)	(4,427,450)
2006	1,556,170				32,719	(3,053,438)	(1,464,549)
2005	1,429,730				113,534	(2,973,679)	(1,430,415)
2004	1,554,662				136,826	(3,120,945)	(1,429,457)
2003	1,530,864				136,327	(3,136,151)	(1,468,960)

**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				
	2012	2011	2010	2009	2008
<b>Expenses</b>					
Primary Government:					
Legislative	\$ 10,419	\$ 10,288	\$ 10,213	\$ 10,108	\$ 10,126
Judicial	64,895	61,894	65,765	51,142	52,998
General Government	755,425	1,486,306	739,650	752,102	759,162
Postemployment Retirement Benefits					
Protection of Persons	784,711	742,535	771,480	725,762	718,984
Health	238,232	253,059	243,078	268,204	259,517
Public Works	339,924	245,813	238,683	218,257	224,577
Recreation and Parks	47,413	39,010	34,035	33,369	43,125
Social Services	559,177	572,783	564,636	539,817	519,326
Corrections	237,604	259,782	231,627	253,576	212,124
Education	5,692	9,826	12,086	11,457	10,741
Debt Service Interest	207,353	186,056	171,156	164,498	159,632
Total Primary Government Expenses	<u>3,250,845</u>	<u>3,867,352</u>	<u>3,082,409</u>	<u>3,028,292</u>	<u>2,970,312</u>
<b>Program Revenues</b>					
Primary Government:					
Charges for services:					
Legislative			193	274	233
Judicial	44,374	49,008	33,961	19,705	17,953
General Government	93,752	74,097	61,742	45,522	43,712
Protection of Persons	46,824	42,060	36,495	37,462	33,285
Health	31,646	23,475	22,196	22,245	22,208
Public Works	9,910	6,119	6,060	9,146	7,612
Recreation and Parks	19,852	19,875	19,426	19,665	19,775
Social Services	17,370	19,046	18,497	17,903	19,227
Corrections	8,633	9,014	4,784	5,300	7,420
Education	3,656			1,011	2,579
Operating Grants	563,964	463,523	485,243	463,438	412,965
Capital Grants	42,715	159,156	42,576	63,479	15,106
Total Primary Government Program Revenues	<u>882,696</u>	<u>865,373</u>	<u>731,173</u>	<u>705,150</u>	<u>602,075</u>
Net (Expenses)/Revenues	<u>(2,368,149)</u>	<u>(3,001,979)</u>	<u>(2,351,236)</u>	<u>(2,323,142)</u>	<u>(2,368,237)</u>
<b>General Revenues</b>					
Primary Government:					
Taxes:					
Property Taxes	943,624	922,894	931,585	919,653	889,519
Sales Taxes	1,066,012	1,023,128	997,175	949,710	998,733
Other Taxes	41,352	40,601	40,900	41,149	38,991
Tobacco Settlement Revenue and Tobacco Receipts	19,222	18,849	19,881	82,210	74,078
Investment Income	15,058	20,711	13,654	13,757	48,701
Other	29,134	28,165	26,521	25,999	26,423
Total Primary Government General Revenues	<u>2,114,402</u>	<u>2,054,348</u>	<u>2,029,716</u>	<u>2,032,478</u>	<u>2,076,445</u>
<b>Change in Net Position</b>	(253,747)	(947,631)	(321,520)	(290,664)	(291,792)
Implementation of GASB 48					
Net Position - Beginning	(6,254,837)	(5,307,206)	(4,985,686)	(4,719,242)	(4,427,450)
Net Position - Ending	<u>\$ (6,508,584)</u>	<u>\$ (6,254,837)</u>	<u>\$ (5,307,206)</u>	<u>\$ (5,009,906)</u>	<u>\$ (4,719,242)</u>

	Fiscal Year				
	2007	2006	2005	2004	2003
<b>Expenses</b>					
Primary Government:					
Legislative	\$ 9,789	\$ 8,754	\$ 8,321	\$ 6,866	\$ 6,525
Judicial	49,995	45,018	42,533	45,584	42,764
General Government	529,185	587,841	493,012	560,382	788,063
Postemployment Retirement Benefits	3,354,770				
Protection of Persons	672,293	633,154	638,393	620,384	522,711
Health	254,856	248,782	239,111	233,916	230,590
Public Works	221,678	226,599	228,119	222,859	177,691
Recreation and Parks	48,833	45,687	41,541	37,704	46,037
Social Services	501,254	490,302	535,021	627,511	529,093
Corrections	225,968	225,334	218,053	193,434	184,199
Education	10,216	10,545	13,621	14,975	22,649
Debt Service Interest	157,439	160,847	150,564	122,391	186,041
Total Primary Government Expenses	<u>6,036,276</u>	<u>2,682,863</u>	<u>2,608,289</u>	<u>2,686,006</u>	<u>2,736,363</u>
<b>Program Revenues</b>					
Primary Government:					
Charges for services:					
Legislative	122	18	1	23	2
Judicial	18,329	20,062	18,065	13,047	11,121
General Government	70,641	71,494	55,543	55,609	45,211
Protection of Persons	35,544	36,127	31,406	29,379	31,002
Health	22,798	19,807	28,209	17,021	16,712
Public Works	5,366	5,245	5,975	2,764	10,813
Recreation and Parks	17,902	17,458	16,623	16,335	14,229
Social Services	14,558	20,364	55,782	138,304	77,277
Corrections	5,483	4,822	5,389	2,579	2,269
Education	3,668			7,186	7,399
Operating Grants	397,531	382,954	381,293	448,624	397,876
Capital Grants	37,031	32,484	27,269	56,369	29,548
Total Primary Government Program Revenues	<u>628,973</u>	<u>610,835</u>	<u>625,555</u>	<u>787,240</u>	<u>643,459</u>
Net (Expenses)/Revenues	<u>(5,407,303)</u>	<u>(2,072,028)</u>	<u>(1,982,734)</u>	<u>(1,898,766)</u>	<u>(2,092,904)</u>
<b>General Revenues</b>					
Primary Government:					
Taxes:					
Property Taxes	886,691	883,637	884,859	881,934	883,616
Sales Taxes	1,010,566	989,243	952,675	933,863	890,860
Other Taxes	45,037	39,452	40,870	36,027	30,187
Tobacco Settlement Revenue and Tobacco Receipts	59,153	53,661	45,301	45,656	26,186
Investment Income	45,284	49,369	36,622	18,066	13,560
Other	21,865	22,532	21,449	22,723	23,424
Total Primary Government General Revenues	<u>2,068,596</u>	<u>2,037,894</u>	<u>1,981,776</u>	<u>1,938,269</u>	<u>1,867,833</u>
<b>Change in Net Position</b>	(3,338,707)	(34,134)	(958)	39,503	(225,071)
Implementation of GASB 48	375,806				
Net Position - Beginning	(1,464,549)	(1,430,415)	(1,429,457)	(1,468,960)	(1,243,889)
Net Position - Ending	<u>\$ (4,427,450)</u>	<u>\$ (1,464,549)</u>	<u>\$ (1,430,415)</u>	<u>\$ (1,429,457)</u>	<u>\$ (1,468,960)</u>

**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)**

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<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Sales Tax</b>	<b>Preempted Sales Tax in Lieu of Property Taxes</b>	<b>Payments in Lieu of Taxes</b>	<b>Special Taxes</b>	<b>Total</b>
2012	\$ 943,624	\$ 992,706	\$ 73,305	\$ 8,583	\$ 32,768	\$ 2,050,986
2011	922,894	952,885	70,243	7,369	33,232	1,986,623
2010	931,585	939,610	57,565	6,881	34,019	1,969,660
2009	919,653	887,530	62,180	6,158	34,991	1,910,512
2008	889,519	936,304	62,429	4,154	34,837	1,927,243
2007	886,691	948,937	61,629	7,356	37,681	1,942,294
2006	883,637	929,817	59,426	4,551	34,901	1,912,332
2005	884,859	895,107	57,568	4,298	36,572	1,878,404
2004	881,934	883,892	49,971	3,632	32,395	1,851,824
2003	883,616	841,940	48,920	4,205	25,982	1,804,663

**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									
	2012	2011 <sup>1</sup>	2010	2009	2008	2007	2006	2005	2004	2003
General Fund (Includes NIFA General Fund)										
Nonspendable	\$ 101,344	\$ 87,711								
Restricted	17,849	19,638								
Unassigned	(19,753)	(9,023)								
Reserved for Encumbrances			\$ 86,227	\$ 68,459	\$ 72,597	\$ 73,592	\$ 56,324	\$ 65,052	\$ 67,123	\$ 91,483
Unreserved, Designated for Ensuing Year's Budget					10,000	10,000	13,075	13,367		
Unreserved			93,498	52,784	47,928	56,271	73,342	75,771	86,084	76,706
<b>Total General Fund</b>	<b>99,440</b>	<b>98,326</b>	<b>179,725</b>	<b>121,243</b>	<b>130,525</b>	<b>139,863</b>	<b>142,741</b>	<b>154,190</b>	<b>153,207</b>	<b>168,189</b>
All Other Governmental Funds										
Nonspendable	45,161	44,951								
Restricted	58,073	70,092								
Committed	151,162	151,051								
Assigned	81,591	88,122								
Unassigned	(4,012)	(18,740)								
Reserved for Retirement of										
Temporary Financing			8,588	8,835	4,679	7,326	25,961	7,816	64,106	54,642
Reserved for Encumbrances			342,310	339,976	339,524	241,394	266,165	245,489	170,363	136,614
Reserved for Police Terminations										38,500
Restricted - Senior Liquidity Reserve			24,009	24,009	24,009	24,009	24,009			
Unreserved and Designated for Ensuing Year's Budget			35,538	52,785	59,496	53,203		52,087	10,000	44,311
Unreserved:										
Special Revenue Fund			56,481	71,477	65,174	114,954	123,199	(10,376)	4,870	4,870
Capital Fund			(11,774)	(75,019)	(155,310) *					
Nonmajor Special Revenue Funds			(10,353)	(11,348)	(31,613)	(41,132)	(29,733)	72,140	77,362	15,469
Nonmajor Capital Projects Funds			(32,730)	(48,728)	(23,728)	(219,450)	(149,672)	33,923	132,855	92,765
Nonmajor Debt Service Funds			16,295	18,054	21,477	(26,424)	2,054	3,994	51,017	55,999
<b>Total All Other Governmental Funds</b>	<b>331,975</b>	<b>335,476</b>	<b>428,364</b>	<b>380,041</b>	<b>303,708</b>	<b>153,880</b>	<b>261,983</b>	<b>405,073</b>	<b>510,573</b>	<b>443,170</b>
<b>Total Governmental Funds</b>	<b>\$ 431,415</b>	<b>\$ 433,802</b>	<b>\$ 608,089</b>	<b>\$ 501,284</b>	<b>\$ 434,233</b>	<b>\$ 293,743</b>	<b>\$ 404,724</b>	<b>\$ 559,263</b>	<b>\$ 663,780</b>	<b>\$ 611,359</b>

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

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

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

**EXHIBIT T-5**

**COUNTY OF NASSAU, NEW YORK**

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Revenues</b>										
Major Governmental Funds <sup>1</sup>										
Interest and Penalties on Taxes	\$ 27,988	\$ 28,165	\$ 26,521	\$ 25,998	\$ 26,423	\$ 21,865	\$ 22,532	\$ 21,369	\$ 22,682	\$ 22,456
Licenses and Permits	14,338	13,429	10,119	11,529	10,176	10,580	10,525	9,455	6,050	6,776
Fines and Forfeits	44,059	52,542	37,251	24,075	22,019	22,266	23,001	21,237	14,477	13,059
Interest Income	1,808	2,864	3,031	3,374	14,539	29,597	22,733	12,883	6,474	3,661
Rents and Recoveries	31,020	31,440	21,036	23,737	30,921	25,338	43,696	30,796	32,229	13,951
Tobacco Settlement Revenue				15,166	23,000	23,600	23,000	23,017		
Tobacco Proceeds						14,500	10,273			
Departmental Revenue	167,173	119,601	97,692	98,998	90,673	94,902	87,795	126,731	206,459	147,938
Interdepartmental Revenue	85,515	135,732	156,320	164,334	138,074	133,402	135,478	129,788	102,187	123,729
Interfund Revenue	40,223									
Intergovernmental Charges	2,360									
Federal Aid	189,495	200,864	228,019	176,743	116,253	123,872	115,193	114,519	126,208	107,592
State Aid	222,753	191,768	177,426	212,556	209,058	201,682	187,799	199,715	209,019	198,767
Sales Tax	992,706	952,885	939,610	887,530	936,304	948,937	929,817	895,107	883,892	841,940
Preempted Sales Tax in Lieu of Property Taxes	73,305	70,243	57,565	62,180	62,429	61,629	59,426	57,568	49,971	48,920
Property Taxes	932,682	915,785	807,167	804,766	882,144	882,563	884,512	884,859	743,002	741,779
Payments in Lieu of Taxes	8,583	7,369	6,881	6,158	4,154	7,356	4,551	4,298	3,632	4,205
Special Taxes	29,602	30,485	31,378	32,623	31,726	33,654	34,901	36,572	32,395	25,982
Other Revenue	10,693	20,158	31,727	13,551	13,294	49,606	25,081	24,830	11,098	9,922
<b>Total Major Governmental Funds</b>	<b>2,874,303</b>	<b>2,773,330</b>	<b>2,631,743</b>	<b>2,563,318</b>	<b>2,611,187</b>	<b>2,685,349</b>	<b>2,620,313</b>	<b>2,592,744</b>	<b>2,473,457</b>	<b>2,310,677</b>
Nonmajor Governmental Funds										
Unrealized Gain on Investments								80	41	968
Fines and Forfeits	2,762	1,784	1,798	1,718	2,122	1,330	2,559	1,478		
Interest Income	412	95	365	2,001	5,105	8,500	17,332	17,305	6,754	5,539
Rents and Recoveries	716	752	281	761	272	343	169	185	241	263
Departmental Revenue	3,239	2,998	3,146	2,782	2,815	2,586	2,470	2,219	4,116	15,372
Interdepartmental Revenue	11,789	27	102	296	352	349	710	725	2,580	1,494
Interfund Revenue	235									
Federal Aid	171,673	75,777	73,858	65,738	51,831	47,955	54,461	50,982	49,629	61,539
State Aid	18,622	29,211	39,383	35,927	48,433	43,955	55,639	31,671	66,300	38,301
State Aid from NIFA								7,500	7,500	15,000
Tobacco Proceeds				43,155	29,415					
Tobacco Receipts	19,222	18,849	19,881	23,889	21,663	21,053	20,388	22,284	21,974	26,186
Property Taxes	11,252	11,254	125,038	114,887	111,315	4,128			138,932	142,638
Special Taxes	3,166	2,747	2,641	2,368	3,111	4,027				
Other Revenues	17	90	4,242	72	1,629	890	2,447	4,236	7,622	1,357
<b>Total Nonmajor Governmental Funds</b>	<b>243,105</b>	<b>143,584</b>	<b>270,735</b>	<b>293,594</b>	<b>278,063</b>	<b>135,116</b>	<b>156,375</b>	<b>138,665</b>	<b>305,689</b>	<b>308,657</b>
<b>Total Revenues</b>	<b>3,117,408</b>	<b>2,916,914</b>	<b>2,902,478</b>	<b>2,856,912</b>	<b>2,889,250</b>	<b>2,820,465</b>	<b>2,776,688</b>	<b>2,731,409</b>	<b>2,779,146</b>	<b>2,619,334</b>
<b>Expenditures</b>										
Major Governmental Funds										
Current:										
Legislative	10,441	10,282	10,207	10,100	10,118	9,781	8,747	8,325	7,629	6,572
Judicial	60,127	57,687	62,677	47,778	49,998	46,304	41,733	39,791	44,715	42,063
General Administration	306,790	229,286	218,252	227,498	218,324	229,056	228,451	232,038	209,952	226,558
Protection of Persons	782,430	767,388	787,104	731,109	729,558	713,778	672,021	674,719	653,567	562,281
Health	193,296	211,310	204,416	222,934	214,808	216,106	215,413	197,873	190,873	183,073
Public Works	191,148	203,127	184,260	195,203	181,108	185,981	182,580	196,478	87,453	54,430
Recreation and Parks	25,835	27,686	23,282	24,533	34,244	40,863	55,919	50,704	46,440	61,654
Social Services	565,741	584,447	585,470	541,844	518,409	516,968	505,817	537,107	625,213	523,765
Corrections	228,056	250,002	225,207	247,009	205,186	218,509	217,820	211,928	193,390	183,931
Education	4,749	10,362	10,483	9,945	8,656	7,325	6,898	6,740	5,801	4,953
Payments for Tax Certiorari	34,377	68,142	106,483	120,180	115,717	87,251	74,670	260,207	198,663	141,820
Other	143,144	123,488	127,608	116,649	123,649	116,683	125,336	120,946	156,254	106,367
Capital Outlay:										
General	123,371	103,275	118,353	162,473	149,533	124,129				
Sewage Districts	39,932	30,629								
Debt Service:										
Principal	74,208	87,699	98,606	104,015	110,066	126,407	146,324	168,495	171,434	196,314
Interest	77,779	69,934	53,304	38,940	34,885	35,947	41,375	48,425	60,269	96,525
Financing Costs	4,673	3,125	7,069	12,091	4,765	994	249	841	612	1,189
<b>Total Major Governmental Funds</b>	<b>2,866,097</b>	<b>2,838,769</b>	<b>2,822,781</b>	<b>2,812,301</b>	<b>2,709,024</b>	<b>2,676,082</b>	<b>2,523,353</b>	<b>2,754,617</b>	<b>2,652,265</b>	<b>2,391,495</b>
Nonmajor Governmental Funds										
Current:										
Legislative	1									
Judicial	3,221	2,629	3,816	3,287	3,053	2,968	1,725	1,853	749	926
General Administration	29,780	33,253	37,116	32,809	33,015	27,125	28,360	29,238	32,797	23,252
Protection of Persons	31,448	11,806	11,009	14,999	8,935	7,951	8,497	8,195	5,657	7,547
Health	50,911	48,630	50,760	49,871	48,377	47,484	42,580	45,706	45,179	50,585
Public Works	84,106			5	165	208	223	78,453	71,700	
Recreation and Parks	7,428	3,795	4,467	1,938	1,784	784	458	636	422	395
Social Services	11,895	8,591	8,481	7,131	6,424	5,802	5,258	6,063	5,509	6,077
Corrections	2,154	1,637	1,487	1,669	2,001	2,799	2,596	3,328	1,684	711
Education										1,313
Other				43,155	29,415					
Capital Outlay:										
General County							125,298	103,055	70,381	31,360
Sewage Districts			26,008	30,962	27,801	18,456	8,949	5,369	5,840	11,234
Debt Service:										
Principal	152,380	127,105	112,113	99,891	96,893	83,200	94,015	57,906	55,118	22,975
Interest	108,093	100,718	92,514	111,041	119,144	113,487	118,643	94,744	91,294	68,052
Financing Costs	7,126		254	1,954	1,954		14,389	4,290	10,165	5,195
<b>Total Nonmajor Governmental Funds</b>	<b>488,543</b>	<b>338,164</b>	<b>347,771</b>	<b>397,012</b>	<b>378,961</b>	<b>310,264</b>	<b>450,991</b>	<b>360,383</b>	<b>403,248</b>	<b>301,322</b>
<b>Total Expenditures</b>	<b>3,354,640</b>	<b>3,176,933</b>	<b>3,170,552</b>	<b>3,209,313</b>	<b>3,087,985</b>	<b>2,986,346</b>	<b>2,974,344</b>	<b>3,115,000</b>	<b>3,055,513</b>	<b>2,692,817</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(237,232)</b>	<b>(260,019)</b>	<b>(268,074)</b>	<b>(352,401)</b>	<b>(198,735)</b>	<b>(165,881)</b>	<b>(197,656)</b>	<b>(383,591)</b>	<b>(276,367)</b>	<b>(73,483)</b>

(Continued)

**EXHIBIT T-5****COUNTY OF NASSAU, NEW YORK****CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS****LAST TEN FISCAL YEARS****(MODIFIED ACCRUAL BASIS OF ACCOUNTING)****(Dollars in Thousands)**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Other Financing Sources (Uses)</b>										
Premium on Bonds	\$ 47,095	\$ 9,323	\$ 28,748	\$ 51,339	\$ 8,800	\$ 1,055	\$	\$ 17,252	\$ 33,915	\$ 48,013
EFC Subsidy			1,141			356	912	550		4,884
Funding of Residual Trust						(21,073)	(140,265)			
Transfer from NIFA for Escrow Agent				(389,335)	(789,735)		(248,564)	(130,798)	(9,076)	(41,623)
Deposited with Escrow Agent for Defeasance				641,377	487,053	448,731	640,408	546,434	331,873	420,981
Transfers In	41,763	40,604	604,630	2,144	4,144	6,684	4,938	4,481	2,551	3,477
Transfers In of Investment Income	1,092	1,063	549	(2,144)	(4,144)	(6,684)	(4,938)	(4,481)	(2,551)	(3,477)
Transfers Out	(41,763)	(40,604)	(604,630)	(641,377)	(487,053)	(448,731)	(640,408)	(546,434)	(331,873)	(358,750)
Transfers Out of Investment Income	(1,092)	(1,063)	(549)	(2,144)	(4,144)	(6,684)	(4,938)	(4,481)	(2,551)	(3,477)
Transfers In from NIFA	214,004	201,429	170,044	183,911	189,852	208,350	77,841	224,418	494,878	67,943
Transfers Out to NIFA	(214,004)	(201,429)	(170,044)	(183,911)	(189,852)	(208,350)	(77,841)	(477,350)	(693,541)	(271,995)
Transfers In from SFA	164,903	167,254	49,755	148,986	268,028	330,440	426,510	112,571	238,557	
Transfers Out to SFA	(164,903)	(167,254)	(49,755)	(148,986)	(268,028)	(330,440)	(426,510)	(112,571)	(238,557)	
Transfers In from TSC	150									
Transfer Out to TSC	(150)									
Issuance of Notes					50,757					
Issuance of Bonds	192,147	76,409	344,990	808,205	1,173,343	74,562	431,034	392,070	1,023,955	565,511
Refunding Bonds Issued	317,713									
Payment to Bond Escrow Agent	(314,390)								(397,200)	(341,731)
Debt Service - Current Refunding NIFA	(8,060)									
Redemption of Notes				(50,757)						
Transfers from NIFA - Tax Certiorari and Other										
Judgment Borrowings								252,932	198,663	183,444
Other Sources	340									673
<b>Total Financing Sources</b>	<b>234,845</b>	<b>85,732</b>	<b>374,879</b>	<b>419,452</b>	<b>443,165</b>	<b>54,900</b>	<b>43,117</b>	<b>279,074</b>	<b>328,788</b>	<b>250,933</b>
Net Change in Fund Balance	(2,387)	(174,287)	106,805	67,051	140,490	(110,981)	(154,539)	(104,517)	52,421	177,450
Total Fund Balances at Beginning of Year	433,802	608,089	501,284	434,233	293,743	404,724	559,263	663,780	611,359	433,909
Total Fund Balances at End of Year	\$ 431,415	\$ 433,802	\$ 608,089	\$ 501,284	\$ 434,233	\$ 293,743	\$ 404,724	\$ 559,263	\$ 663,780	\$ 611,359
Debt Service as a Percentage of Noncapital Expenditures	12.89%	13.38%	13.18%	13.00%	13.91%	14.48%	14.12%	12.32%	12.83%	14.46%

(Concluded)

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

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## **REVENUE CAPACITY INFORMATION**

**EXHIBIT T-6**

**COUNTY OF NASSAU, NEW YORK**

**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**

**LAST TEN FISCAL YEARS**

**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

**(Dollars in Thousands)**

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<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Sales Tax</b>	<b>Preempted Sales Tax in Lieu of Property Taxes</b>	<b>Payments in Lieu of Taxes</b>	<b>Special Taxes</b>	<b>Total</b>
2012	\$ 943,934	\$ 992,706	\$ 73,305	\$ 8,583	\$ 32,768	\$ 2,051,296
2011	927,039	952,885	70,243	7,369	33,232	1,990,768
2010	932,205	939,610	57,565	6,881	34,019	1,970,280
2009	919,653	887,530	62,180	6,158	34,991	1,910,512
2008	889,519	936,304	62,429	4,154	34,837	1,927,243
2007	886,691	948,937	61,629	7,356	37,681	1,942,294
2006	884,512	929,817	59,426	4,551	34,901	1,913,207
2005	884,859	895,107	57,568	4,298	36,572	1,878,404
2004	881,934	883,892	49,971	3,632	32,395	1,851,824
2003	884,417	841,940	48,920	4,205	25,982	1,805,464

**EXHIBIT T-7****COUNTY OF NASSAU, NEW YORK****SALES TAX, ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
(Dollars in Thousands)**

Fiscal Year Ended December 31	Sales Tax Revenue <sup>1</sup>	Sales Tax Rate	Class 1 Assessed Value	Class 2 Assessed Value	Class 3 Assessed Value	Class 4 Assessed Value	Total Taxable Assessed Value	Levied Property Taxes	Total Direct Property Tax Rate per \$100 Assessed Value	Estimated Actual Taxable Full Valuation	Assessed Value as a Percentage of Actual Taxable Full Valuation
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	111.43	252,854,423	0.33%
2009	949,710	4.25%	542,881 ****	34,202 ****	34,660 ****	207,054 ****	818,797 ***	919,653	112.32	257,054,119	0.32%
2008	998,733	4.25%	523,214 ****	31,036 ****	30,820 ****	193,634 ****	778,704 ***	889,519	114.23	261,031,961	0.30%
2007	1,010,566	4.25%	493,266 ****	28,852 ****	28,680 ****	177,797 ****	728,595 ***	886,691	121.70	244,238,974	0.30%
2006	989,243	4.25%	833,629	27,593	24,576	177,379	1,063,177 **	884,512	83.20	212,313,816	0.50%
2005	952,675	4.25%	1,353,982	26,684	24,748	176,878	1,582,292 *	884,859	55.92	193,592,238	0.82%
2004	933,863	4.25%	1,380,126	28,135	24,590	180,954	1,613,805 *	881,934	54.65	179,807,935	0.90%
2003	890,860	4.25%	2,455,967	142,131	453,775	1,067,207	4,119,080	884,417	21.47	161,160,799	2.56%

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

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

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

\*\*\*\*Additional Source: Nassau County Adopted Budget

<sup>1</sup> This includes preempted sales tax in lieu of property taxes

**EXHIBIT T-8**

**COUNTY OF NASSAU, NEW YORK**

**PROPERTY TAX LEVIES AND TAX RATES,  
DIRECT AND OVERLAPPING GOVERNMENTS  
FOR THE FISCAL PERIODS ENDED IN 2002 THROUGH 2011  
(Dollars in Thousands)**

	(Tax Rates per \$100 of Assessed Valuation)									
	2011		2010		2009		2008		2007	
	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range
<u>County of Nassau *</u>										
General County Government (Net)										
	\$ 174,507	11.36/ 39.25	\$ 162,839	12.69/ 30.75	\$ 156,498	13.73/ 31.19	\$ 145,858	14.53/ 30.78	\$ 123,962	14.08/ 28.70
Police District	364,489	46.83/ 124.88	343,354	46.16/ 123.51	345,036	49.18/ 138.64	332,326	49.52/ 146.55	331,640	52.41/ 160.16
Police Headquarters	245,666	20.62/ 38.72	279,980	24.83/ 37.70	289,074	27.92/ 40.19	279,632	29.96/ 40.14	287,070	34.38/ 43.10
Fire Prevention	15,654	1.32/ 2.48	15,401	1.38/ 2.09	15,466	1.51/ 2.17	15,555	1.68/ 2.25	15,699	1.90/ 2.38
Community College	52,207	4.34/ 8.15	52,207	4.59/ 6.97	52,207	4.92/ 7.18	50,247	5.33/ 7.19	48,361	5.73/ 7.19
Sewage Disposal Districts										
Sewer & Storm Water District Fund	119,032	1.37/ 54.89	116,032	1.40/ 98.62	110,032	1.40/ 47.93	103,932	1.03/ 41.09	118,932	1.03/ 140.70
Sewage Collection Districts										
Parks & Recreation										
Environmental Bond	11,250	.95/ 1.79	9,000	.81/ 1.23	4,850	.49/ 0.70	7,375	.81/ 1.09	4,128	.52/ 0.65
Total County of Nassau	982,805	16.81%	978,813	17.01%	973,163	17.17%	934,925	17.43%	929,792	17.96%
<u>Town and City Governments</u>										
	268,602	.78/ 44.83	250,961	.61/ 42.69	247,128	.55/ 41.40	231,735	.54/ 38.12	220,779	.53/ 36.56
	4.59%		4.36%		4.36%		4.32%		4.27%	
<u>Incorporated Village Governments</u>										
	420,196	.003/ 232.85	406,839	.003/ 213.97	423,741	.10/ 214.35	383,097	.10/ 214.90	367,733	.14/ 203.37
	7.19 %		7.07 %		7.48 %		7.14 %		7.11 %	
<u>School Districts</u>										
	3,619,714	1.65/ 880.89	3,575,807	1.30/ 809.20	3,480,489	1.20/ 893.76	3,309,803	1.18/ 980.37	3,167,626	1.18/ 1005.38
	61.90%		62.13%		61.41%		61.70%		61.20%	
<u>Special Districts</u>										
Fire	106,817	3.47/ 137.49	104,341	3.10/ 650.83	109,452	3.78/ 600.86	101,065	3.93/ 450.52	96,001	4.37/ 421.75
Fire Protection	18,989	1.76/ 132.45	18,183	1.68/ 131.58	18,291	1.68/ 128.10	17,524	2.38/ 131.56	16,882	2.88/ 145.37
Garbage, Refuse and Sanitary	222,634	.86/ 138.60	225,586	.66/ 141.84	222,555	.58/ 156.28	207,014	.59/ 176.34	201,869	.51/ 179.01
Lighting	17,052	1.34/ 8.70	16,642	1.30/ 8.64	17,125	1.30/ 10.02	15,972	1.30/ 10.10	15,358	1.26/ 11.54
Park	87,307	1.83/ 237.36	78,464	1.65/ 213.28	78,164	1.74/ 222.96	68,345	.75/ 85.75	67,036	.89/ 78.40
Parking and Improvement	47,406	.11/ 203.23	46,497	.08/ 310.03	45,862	.09/ 273.43	44,294	.08/ 231.66	43,807	.11/ 268.51
Sewage – Special	14,812	.00/ 150.60	14,553	.00/ 149.46	13,602	.00/ 189.64	14,809	.00/ 218.93	13,776	.00/ 319.84
Water	41,110	.05/ 160.71	38,548	.05/ 78.54	38,095	.05/ 82.41	35,546	.00/ 88.52	34,975	.00/ 154.17
Total Special Districts	556,127	9.51%	542,814	9.43%	543,146	9.58%	504,569	9.41%	489,704	9.46%
Totals	\$ 5,847,444		\$ 5,755,234		\$ 5,667,667		\$ 5,364,129		\$ 5,175,634	
	100%		100%		100%		100%		100%	

\* Per Approved Legislative Tax Ordinances.

Note: Nassau County has elected to keep this schedule since it has been requested for both internal and external agency purposes.  
Fiscal Year 2011 is the most recent data available

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

	2006		2005		2004		2003		2002	
	Tax Levy	Tax Rate/Range								
<u>County of Nassau *</u>										
General County Government (Net)	\$ 80,016	6.09/24.63	\$ 112,770	4.89/33.05	\$ 136,984	5.96/34.02	\$ 126,463	.49/5.47	\$ 105,502	.43/4.61
Police District	333,627	31.05/190.84	309,307	17.69/175.22	301,297	16.93/174.58	299,979	9.20/9.68	270,610	8.39
Police Headquarters	258,050	21.87/43.55	252,898	12.87/47.74	239,071	11.72/42.84	252,173	2.52/7.74	225,364	2.48/6.58
Fire Prevention	15,850	1.35/2.02	15,444	.79/2.93	17,782	.88/3.20	17,012	.17/0.52	14,195	.16/0.42
Community College	46,546	3.91/7.78	44,799	2.26/8.38	43,117	2.10/7.66	41,499	.41/1.30	39,941	.44/1.17
Sewage Disposal Districts							102,422	2.92/4.19	100,131	2.82/3.74
Sewer & Storm Water District Fund	138,932	.71/211.49	138,932	.42/205.18	138,932	.42/210.77				
Sewage Collection Districts							40,217	.22/11.10	39,290	.14/8.46
Parks & Recreation	51,168	4.60/9.15	48,294	2.60/9.64	43,577	2.26/8.28	43,085	.43/1.32		
Environmental Bond										
Total County of Nassau	924,189	18.55%	922,444	19.40%	920,760	20.61%	922,850	21.82%	795,033	20.46%
<u>Town and City Governments</u>										
	206,090	0.47/42.22	208,654	.01/39.20	183,267	.69/38.02	175,251	.13/12.20	165,369	.01/11.42
	-		-		-		-		-	
	4.14%		4.39%		4.10%		4.14%		4.26%	
<u>Incorporated Village Governments</u>										
	367,408	.11/116.09	344,668	.12/68.50	330,851	.14/63.50	311,028	.15/42.09	328,463	.15/38.28
	-		-		-		-		-	
	7.37 %		7.25 %		7.41 %		7.35 %		8.45 %	
School Districts	3,010,688	1.31/1106.35	2,833,955	21.62/1109.50	2,618,054	1.71/697.32	2,431,227	1.69/118.09	2,229,206	1.80/102.84
	-		-		-		-		-	
	60.43%		59.59%		58.60%		57.49%		57.36%	
<u>Special Districts</u>										
Fire	97,873	2.96/505.37	88,558	1.99/164.42	84,143	1.93/152.86	78,685	.92/7.05	76,239	.83/7.05
Fire Protection	15,853	1.16/132.98	15,292	.50/137.46	14,239	.48/144.88	13,595	.41/7.72	12,751	.41/7.30
Garbage, Refuse and Sanitary	191,776	.29/192.98	174,235	.17/220.28	169,131	.17/162.54	160,868	.12/8.41	150,799	.10/7.30
Lighting	14,525	.92/12.72	14,194	.52/12.46	12,643	.50/11.20	12,027	.31/0.56	12,010	.32/0.54
Park	64,291	.49/83.64	60,837	.25/85.97	54,730	.43/85.75	51,548	.22/7.11	47,496	.32/5.72
Parking and Improvement	42,116	.06/299.60	49,159	.04/311.80	38,582	.02/307.14	33,876	.01/12.59	32,528	.01/11.67
Sewage – Special	12,866	.00/224.17	12,015	.00/220.28	11,501	.00/208.83	11,258	.00/12.17	11,051	.00/10.59
Water	34,295	.00/143.57	31,739	.00/95.96	29,405	.00/90.35	27,094	.05/4.62	25,504	.05/2.63
	-		-		-		-		-	
Total Special Districts	473,595	9.51%	446,029	9.37%	414,374	9.28%	388,951	9.20%	368,378	9.47%
Totals	\$ 4,981,970		\$ 4,755,750		\$ 4,467,306		\$ 4,229,307		\$ 3,886,449	
	100%		100%		100%		100%		100%	

**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	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Long Island Power Authority	\$ 17,953	1	2.51%	\$ 232,103	1	5.63%
KEYSPAN	17,450	2	2.44	108,525	2	2.63
Verizon	6,374	3	0.89	84,527	3	2.05
Retail Property Trust	3,808	4	0.53	17,930	5	0.44
CLK-HP	2,019	5	0.28			
E Q K Green Acres LP	1,873	6	0.26			
1 Park Lake Success LLC	1,452	7	0.20			
Rexcorp Plaza Spe LLC (formerly Galaxy LI Assoc LLC)	1,353	8	0.19			
People of the State of New York (formerly Greater NY Assoc & NYRA)	1,304	9	0.18	11,182	7	0.27
Sunrise Mall LLC	1,241	10	0.17			
Long Island Water Corp.				21,461	4	0.52
Reckson Association				13,366	6	
Cablevision				8,937	8	0.22
New York Water Corp				8,560	9	0.21
Northrop Grumman Corp.				8,555	10	0.21
Totals	\$ 54,827		7.66%	\$ 515,146		12.51%

\* 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  
2011 and nine years prior  
For Years Ending in February  
(Dollars in Thousands)**

Industry	2011*			2002		
	Tax Base	Rank	Percentage of Total Tax Base	Tax Base	Rank	Percentage of Total Tax Base
Retail Trade	\$ 11,021,706	1	54.489%	\$ 9,459,343	1	54.752%
Accommodation and Food Services	2,186,516	2	10.810%	1,617,908	2	9.365%
Wholesale Trade	1,458,215	3	7.209%	1,256,275	3	7.272%
Information	1,305,041	4	6.452%	1,161,147	4	6.721%
Ag., Mining, Trans., FIRE, Educ., Govt.	780,514	5	3.859%	756,355	5	4.378%
Administrative/Support Services	760,934	6	3.762%	534,205	6	3.092%
Other Services	586,083	7	2.897%	463,849	8	2.685%
Utilities (excluding residential energy)	565,073	8	2.794%	530,760	7	3.072%
Manufacturing	377,574	9	1.867%	352,763	9	2.042%
Arts, Entertainment, and Recreation	356,033	10	1.760%	315,902	10	1.828%
Construction	352,792	11	1.744%	297,410	11	1.721%
Professional,Scientific, and Technical	335,562	12	1.659%	267,987	12	1.551%
Unclassified by Industry	92,944	13	0.459%	240,356	13	1.391%
Health Care	48,396	14	0.239%	22,424	14	0.130%
Totals	\$ 20,227,383		100.00%	\$ 17,276,684		100.00%

\* 2011 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, 2012**

**(Dollars in Thousands)**

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**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:\*

2012 Full Valuation	\$	217,753,867	
2011 Full Valuation		218,338,458	
2010 Full Valuation		252,854,423	
2009 Full Valuation		257,054,119	
2008 Full Valuation		261,031,961	
		<hr/>	
		1,207,032,828	
		<hr/>	
Average Full Valuation		241,406,566	
		<hr/>	
<u>Constitutional Tax Margin:</u>			
Constitutional Limit of Real Property Taxation, 2% of Average Full Valuation		4,828,131	
<u>Add: Exclusions for Debt Service</u>		118,188	
		<hr/>	
Maximum Taxing Authority			\$ 4,946,319
<u>2012 Tax Levies:</u>			
General County Government	\$	210,245	
<u>Less: Sales Tax Allocation Credit and Other Adjustments</u>		90,206	
		<hr/>	
General County Government - net		120,039	
Police District		299,057	
Fire Prevention, Safety, Communication and Education		15,251	
Community College		52,207	
Environmental Bond Fund		11,250	
		<hr/>	
Total 2012 Tax Levies which are subject to the Maximum Taxing Authority			<hr/> 497,804
Percentage of Taxing Authority Exhausted		10.06%	
Constitutional Tax Margin			<hr/> <hr/> \$ 4,448,515
Constitutional Tax Margin as a Percentage of Maximum Taxing Authority		89.94%	

\* 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)**

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<b>Fiscal Year Beginning January 1</b>	<b>Total Ad Valorem or General Property Tax Levy</b>	<b>Amount Collected at End of Fiscal Year December 31</b>	<b>Percentage Collected at End of Fiscal Year December 31</b>	<b>Amount Collected in Subsequent Years</b>	<b>Amount Collected to Date as of December 31, 2012</b>	<b>Percentage Collected to Date at December 31</b>
2012	\$ 1,764,591	\$ 1,740,789	98.6511%	\$	\$ 1,740,789	98.6511%
2011	1,753,993	1,729,756	98.6182%	24,179	1,753,935	99.9967%
2010	1,719,446	1,696,405	98.6600%	22,844	1,719,249	99.9885%
2009	1,710,828	1,684,918	98.4855%	25,254	1,710,172	99.9617%
2008	1,620,669	1,601,364	98.8088%	19,136	1,620,500	99.9896%
2007	1,592,436	1,574,231	98.8568%	17,780	1,592,011	99.9733%
2006	1,557,392	1,538,101	98.7613%	18,993	1,557,094	99.9809%
2005	1,531,582	1,514,518	98.8859%	16,994	1,531,512	99.9954%
2004	1,478,831	1,465,377	99.0902%	13,399	1,478,776	99.9963%
2003	1,451,342	1,437,849	99.0703%	13,446	1,451,295	99.9968%

**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 (a)	Sewage Purpose Bonds	State Water Pollution Control Revolving Fund Bonds	Bond Anticipation Notes	Tax Anticipation Notes	Revenue Anticipation Notes	Nassau County Sewer and Storm Water Finance Authority Notes Payable	Dormitory Authority State of NY Bonds (DASNY)	NCC Endo Note	Sales Tax Secured Bonds, NIFA	Nassau County Sewer and Storm Water Finance Authority System Revenue Bonds	Tobacco Settlement Asset-Backed Bonds, Series A
2012	\$ 1,343,518	\$ 61,305	\$ 102,862	\$ 34,600	\$ 257,725	\$ 218,445	\$	\$ 44,516	\$ 866	\$ 1,379,123	\$ 146,795	\$ 457,106
2011	1,204,281	68,760	112,085		230,000	230,000		34,906	890	1,528,440	154,595	451,788
2010	1,175,289	77,755	121,169		270,000	210,000		36,607	912	1,648,185	161,955	446,382
2009	901,868	90,735	130,085		150,000	190,000		38,234	932	1,752,600	169,250	442,108
2008	549,918	79,065	138,810	125,000 (g)	132,000	105,000		31,546		1,875,075	175,795	442,389
2007	371,980	83,392	147,379	87,345 (g)	125,000	75,000	69,135	32,072		1,958,525	72,225	440,740
2006	394,333	105,176	155,814		150,000		44,435	29,733		2,038,500	75,450	434,765
2005	509,170	128,308	164,159		120,000		11,885	29,282		2,086,960	78,575	272,125
2004	775,689	148,324	170,584					27,293		1,748,425	81,550	275,295
2003	1,239,234	244,394	174,771		120,000			32,037		1,123,320		278,095

(Continued)

- (a) Includes debt of Nassau Community College as of August 31, a discretely presented component unit.
- (b) Beginning in 2012, the Nassau County Bridge Authority is a discretely presented component unit. Information prior to 2012 is not available.
- (c) 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.
- (d) 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.
- (e) Includes all debt of blended component units stated in footnote (b) above, as well as, the debt for the Sewer and Storm Water Finance Authority
- (f) 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.
- (g) Includes debt of Nassau Community College as of December 31, a discretely presented component unit.
- (h) Includes debt of all total primary government and the discretely presented component units.
- N/A Not available

Fiscal Year	NHCC Bonds	OTB Bonds	Nassau County Bridge Authority Bonds (b)	Total Serial Bonds - NIFA, NCTSC	Capital Leases	Total Outstanding Debt (h)	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
2012	\$ 251,832	\$ 11,625	\$ 10,310	\$ 1,983,024	\$ 5,254	\$ 4,325,882 (e)	\$ 716,005 (f)	604.17%	3,207	N/A	1.99%
2011	256,647	13,080	N/A	2,134,823	5,351	4,290,823 (e)	771,315 (f)	556.30%	3,207	4.73%	1.97%
2010	259,085	14,535	N/A	2,256,522	5,426	4,427,300 (e)	837,452 (f)	528.66%	3,248	4.95%	1.75%
2009	261,505	15,990	N/A	2,363,958	5,482	4,148,789 (e)	818,797 (f)	506.69%	3,057	4.76%	1.61%
2008	262,120	17,445	N/A	2,493,259	5,522	3,939,685 (e)	778,704 (f)	505.93%	2,903	4.21%	1.56%
2007	296,210	18,900	N/A	2,471,490	5,550	3,783,453 (e)	728,595 (f)	519.28%	2,792	4.23%	1.55%
2006	298,591	20,355	N/A	2,548,715	5,567	3,752,719 (e)	1,063,177 (d)	352.97%	2,776	4.55%	1.76%
2005	300,961	21,800	N/A	2,437,660	5,574	3,728,799 (e)	1,582,292 (c)	235.66%	2,766	4.88%	1.93%
2004	303,355		N/A	2,105,270	5,573	3,536,088 (e)	1,613,805 (c)	219.11%	2,629	5.00%	1.97%
2003	261,482		N/A	1,401,415	5,566	3,478,899 (b)	4,119,080	84.46%	2,590	5.17%	2.16%

(Concluded)

**EXHIBIT T-13**

**COUNTY OF NASSAU, NEW YORK**

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

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<b>Fiscal Year</b>	<b>Obligation Bonds (Expressed in Thousands) (a)</b>	<b>Percentage of Estimated Average Full Valuation of Property</b>	<b>Per Capita</b>
2012	\$ 2,722,641	1.25%	2,093
2011	2,732,721	1.25%	2,042
2010	2,823,474	1.12%	2,072
2009	2,654,468	1.03%	1,952
2008	2,424,993	0.93%	1,787
2007	2,330,505	0.95%	1,720
2006	2,432,833	1.15%	1,799
2005	2,596,130	1.34%	1,926
2004	2,524,114	1.40%	1,877
2003	2,362,554	1.47%	1,759

(a) Includes Nassau Community College General Obligation Bonds and NIFA Sales Tax Secured Bonds

**EXHIBIT T-14**

**COUNTY OF NASSAU, NEW YORK**

**COUNTY, TOWNS AND CITIES**

**TAXABLE FULL VALUE CALCULATION FOR 2012\***

**(Dollars in Thousands)**

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	<b>Taxable Assessed Valuation, Real Property</b>	<b>Taxable Assessed Valuation, Special Franchises</b>	<b>Total Taxable Assessed Valuation</b>	<b>State Equali- zation Rate</b>	<b>Estimated Actual Taxable Full Valuation</b>
Town of Hempstead	\$ 311,867	\$ 13,605	\$ 325,472	0.33 %	\$ 98,627,879
Town of North Hempstead	172,659	5,317	177,976	0.33 %	53,932,121
Town of Oyster Bay	175,571	5,770	181,341	0.32 %	56,669,063
City of Long Beach	16,793	614	17,407	0.39 %	4,463,333
City of Glen Cove	13,212	597	13,809	0.34 %	4,061,471
	<u>\$ 690,102</u>	<u>\$ 25,903</u>	<u>\$ 716,005</u>		<u>\$ 217,753,867</u>

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\* Last completed assessed valuation fixed in 2011 on which the 2012 taxes are levied.

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

**EXHIBIT T-15****COUNTY OF NASSAU, NEW YORK****LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(Dollars in Thousands)**

	2012	2011	2010	2009	2008	Fiscal Year 2007	2006	2005	2004	2003
Debt Limit (10% of Average Full Valuation)*	\$ 24,140,657	\$ 24,670,359	\$ 24,549,866	\$ 23,368,973	\$ 21,824,049	\$ 19,822,275	\$ 17,740,092	\$ 16,010,875	\$ 14,440,870	\$ 12,873,258
Total Net Debt Applicable to Limit	3,111,737	3,215,298	3,246,603	3,211,256	3,115,417	3,140,619	3,161,557	3,326,385	3,085,302	3,264,837
Legal Debt Margin	\$ 21,028,920	\$ 21,455,061	\$ 21,303,263	\$ 20,157,717	\$ 18,708,632	\$ 16,681,656	\$ 14,578,535	\$ 12,684,490	\$ 11,355,568	\$ 9,608,421
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.89%	13.03%	13.22%	13.74%	14.28%	15.84%	17.82%	20.78%	21.37%	25.36%

**Legal Debt Margin Calculation for Fiscal Year 2012**

Average Full Valuation	<u>\$ 241,406,566</u>
Debt Limit (10% of Average Full Valuation)	<u>24,140,657</u>
Debt Applicable to Limit:**	
General Government (Including College)***	\$ 1,343,518
NIFA Serial Bonds	1,379,123
Sewer District	61,305
Environmental Facilities Corporation	102,862
Notes Payable	477,036
Real Property Liabilities	8,602
Guarantees	263,455
Contract Liabilities	<u>194,912</u>
Total Debt Applicable to Limit	<u>3,830,813</u>
Less: Legal Exclusions	
Cash and Investments - Capital Funds	242,906
Tax and Revenue Anticipation Notes Payable	<u>476,170</u>
Less: Total Exclusions	<u>719,076</u>
Total Net Debt Applicable to Limit	<u>3,111,737</u>
Legal Debt Margin	<u>\$ 21,028,920</u>

**Calculation of 2012 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 2008 Through 2012.

2012 Full Valuation	\$ 217,753,867
2011 Full Valuation	218,338,458
2010 Full Valuation	252,854,423
2009 Full Valuation	257,054,119
2008 Full Valuation	261,031,961
Total Five Year Valuation	<u>\$ 1,207,032,828</u>

Five Year Average Full Valuation	<u>\$ 241,406,566</u>
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Constitutional Debt Margin: Constitutional Limit of Total Indebtedness, 10% Average Full Valuation	<u>\$ 24,140,657</u>
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\* Full valuation is determined by dividing the total taxable assessed valuation by the average State equalization rate.

\*\* The Tobacco Settlement and the Sewer and Storm Water Finance Authority Serial Bonds Payable are not included in the calculation of the Constitutional Debt Margin.

\*\*\* The Community College Serial Bonds Payable as of December 31, 2012 are unaudited. The last Audit conducted on behalf of the Community College was for the Fiscal Year ended August 31, 2012.

**EXHIBIT T-16**

**COUNTY OF NASSAU, NEW YORK**

**PLEDGED-REVENUE COVERAGE**

**LAST TEN FISCAL YEARS**

**(Dollars in Thousands, Except for Coverage)**

<b>Fiscal Year</b>	<b>Sales Tax Paid to NIFA</b>	<b>NIFA Sales Tax Secured Bonds</b>		<b>Coverage</b>
		<b>Debt Service</b>		
		<b>Principal</b>	<b>Interest</b>	
2012	\$ 1,007,149	\$ 144,580	\$ 81,083	4.46
2011	967,026	119,745	73,394	5.01
2010	950,852	104,415	64,489	5.63
2009	896,601	87,525	84,376	5.22
2008	944,104	88,915	96,501	5.09
2007	952,509	79,975	90,949	5.57
2006	932,573	48,460	94,397	6.53
2005	897,405	51,761	74,577	7.10
2004	884,384	26,260	58,323	10.46
2003	842,881	17,445	49,161	12.65

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**DEMOGRAPHIC AND ECONOMIC INFORMATION**

**EXHIBIT T-17****COUNTY OF NASSAU, NEW YORK****DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

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<b>Year</b>	<b>Population (In Thousands) (a) (b)</b>	<b>Total Personal Income (In Thousands)</b>	<b>Per Capita Personal Income (c)</b>	<b>Unemployment Rate (d)</b>
2012	1,349	\$ N/A	\$ N/A	7.1%
2011	1,338	90,684,288	67,776	6.7%
2010	1,363	89,433,245	65,615	7.1%
2009	1,360	87,208,640	64,124	6.9%
2008	1,357	93,521,726	68,918	4.7%
2007	1,355	89,340,570	65,934	3.6%
2006	1,352	82,531,488	61,044	3.7%
2005	1,348	76,349,372	56,639	4.1%
2004	1,345	70,771,210	52,618	4.5%
2003	1,343	67,332,648	50,136	3.9%

**Sources:**

(a) Census Bureau Estimates being used starting in 2012 since LIPA is no longer gather 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	2012			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Health Care and Social Assistance	113,640	1	19.56%	88,014	1	14.87%
Retail Trade	77,149	2	13.28%	82,286	3	13.90%
Government*	65,948	3	11.35%	84,212	2	14.22%
Accommodation and Food Services	45,677	4	7.86%	38,293	5	6.47%
Professional and Technical Services	35,128	5	6.05%	34,901	6	5.90%
Finance and Insurance	31,094	6	5.35%	41,279	4	6.97%
Administrative and Waste Services	29,897	7	5.15%	29,830	8	5.04%
Other Services	27,535	8	4.74%	25,616	11	4.33%
Wholesale Trade	26,937	9	4.64%	31,191	7	5.27%
Construction	25,730	10	4.43%	26,270	10	4.44%
Manufacturing	19,003	11	3.27%	29,305	9	4.95%
Educational Services	18,722	12	3.22%	18,030	12	3.05%
Transportation and Warehousing	14,526	13	2.50%	13,685	14	2.31%
Information	13,558	14	2.33%	14,315	13	2.42%
Arts, Entertainment, and Recreation	13,462	15	2.32%	11,454	15	1.93%
Real Estate and Rental and Leasing	9,953	16	1.71%	9,931	16	1.68%
Total	<u>567,959</u>		<u>97.78%</u>	<u>578,612</u>		<u>97.75%</u>

\* 2012 Government consists of 57,174 Local Govt, 5,224 Federal, and 3,550 State Employees

2003 Government consists of 71,912 Local Govt, 8,542 Federal, and 3,758 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									
	2012(P)	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Total, All Industries</b>	<b>580,868</b>	<b>586,117</b>	<b>582,551</b>	<b>581,614</b>	<b>600,942</b>	<b>603,860</b>	<b>599,623</b>	<b>594,557</b>	<b>595,369</b>	<b>592,013</b>
<b>Total, All Private</b>	<b>514,920</b>	<b>504,188</b>	<b>499,299</b>	<b>498,048</b>	<b>517,164</b>	<b>521,514</b>	<b>516,498</b>	<b>511,980</b>	<b>512,855</b>	<b>507,801</b>
<b>Agriculture, Forestry, Fishing &amp; Hunting</b>	<b>229</b>	<b>207</b>	<b>209</b>	<b>217</b>	<b>256</b>	<b>243</b>	<b>247</b>	<b>211</b>	<b>206</b>	<b>218</b>
Crop Production	65	65	67	74	74	76	81	41	36	35
Animal Production	63	60	59	54	52	52	49	50	57	59
Fishing, Hunting and Trapping	9	8	6	8	11	11	11	16	18	15
Agriculture & Forestry Support Activity	92	74	77	81	119	104	106	104	95	109
<b>Mining</b>	<b>4</b>	<b>8</b>	<b>6</b>	<b>7</b>	<b>3</b>	<b>4</b>				
Mining	4	8	6	7	3	4				
<b>Utilities</b>	<b>2,485</b>	<b>2,546</b>	<b>2,631</b>	<b>2,654</b>	<b>2,692</b>	<b>2,688</b>	<b>2,815</b>	<b>2,862</b>	<b>2,898</b>	<b>2,991</b>
Utilities	2,485	2,546	2,631	2,654	2,692	2,688	2,815	2,862	2,898	2,991
<b>Construction</b>	<b>25,730</b>	<b>24,614</b>	<b>25,309</b>	<b>27,650</b>	<b>30,844</b>	<b>30,134</b>	<b>28,970</b>	<b>27,121</b>	<b>27,056</b>	<b>26,270</b>
Construction of Buildings	6,220	6,218	6,865	7,512	8,438	7,816	7,470	6,480	6,432	6,047
Heavy and Civil Engineering Construction	1,879	1,699	1,729	1,830	1,677	1,807	1,719	1,851	2,100	1,868
Specialty Trade Contractors	17,631	16,697	16,715	18,308	20,729	20,511	19,781	18,790	18,524	18,355
<b>Manufacturing</b>	<b>19,003</b>	<b>19,002</b>	<b>19,497</b>	<b>21,001</b>	<b>23,417</b>	<b>24,649</b>	<b>26,139</b>	<b>27,438</b>	<b>28,385</b>	<b>29,305</b>
Food Manufacturing	2,775	2,627	2,560	2,539	2,543	2,425	2,064	2,107	2,111	2,095
Beverage & Tobacco Product Manufacturing	90	65	51	28	41	43	57	68	64	80
Textile Mills	80	96	109	116	120	114	123	131	331	307
Textile Product Mills	190	182	190	254	280	294	309	315	356	384
Apparel Manufacturing	293	326	313	338	375	350	381	464	529	595
Leather and Allied Product Manufacturing	44	43	34	34			133	134	123	130
Wood Product Manufacturing	205	233	254	294	337	371	337	293	277	176
Paper Manufacturing	210	210	215	302	404	446	468	445	465	344
Printing and Related Support Activities	1,166	1,228	1,456	1,870	2,102	2,245	2,430	2,515	2,459	2,586
Petroleum & Coal Products Manufacturing	15	29	30	32	31	32	27	-	19	23
Chemical Manufacturing	1,256	891	922	1,091	1,239	1,341	1,341	1,672	2,148	2,770
Plastics & Rubber Products Manufacturing	804	831	954	1,028	996	1,155	1,350	1,310	1,182	1,283
Nonmetallic Mineral Product Mfg	394	262	291	306	319	322	329	298	245	306
Primary Metal Manufacturing	92	92	99	100	164	175	172	211	218	234
Fabricated Metal Product Manufacturing	2,162	2,205	2,326	2,349	2,518	2,720	2,749	2,746	2,879	3,014
Machinery Manufacturing	2,489	2,843	2,778	2,954	3,334	3,316	3,349	3,610	3,787	3,795
Computer and Electronic Product Mfg	2,289	2,279	2,257	2,231	2,626	3,174	3,925	4,254	4,460	4,461
Electrical Equipment and Appliances	360	357	361	440	593	503	496	503	401	420
Transportation Equipment Manufacturing	2,118	2,233	2,201	2,372	2,407	2,475	2,817	2,916	2,808	2,492
Furniture and Related Product Mfg	722	692	738	812	958	1,024	1,066	1,016	926	1,024
Miscellaneous Manufacturing	1,249	1,278	1,358	1,511	2,030	2,149	2,216	2,430	2,597	2,786
<b>Wholesale Trade</b>	<b>26,937</b>	<b>26,874</b>	<b>26,707</b>	<b>26,965</b>	<b>29,102</b>	<b>29,797</b>	<b>29,869</b>	<b>28,299</b>	<b>30,993</b>	<b>31,191</b>
Merchant Wholesalers, Durable Goods	13,194	13,387	13,649	13,832	15,025	15,470	15,508	15,333	17,028	17,043
Merchant Wholesalers, Nondurable Goods	10,754	10,578	10,252	10,256	10,987	10,856	10,882	10,249	10,686	10,977
Electronic Markets and Agents/Brokers	2,989	2,909	2,806	2,877	3,090	3,471	3,479	3,347	3,279	3,171
<b>Retail Trade</b>	<b>77,149</b>	<b>76,742</b>	<b>75,890</b>	<b>75,801</b>	<b>81,075</b>	<b>81,504</b>	<b>81,232</b>	<b>82,528</b>	<b>83,147</b>	<b>82,286</b>
Motor Vehicle and Parts Dealers	6,635	6,354	6,121	6,060	6,887	7,322	7,603	7,604	7,985	7,777
Furniture and Home Furnishings Stores	3,419	3,280	3,226	3,412	4,175	4,004	3,871	4,321	4,329	4,017
Electronics and Appliance Stores	3,301	3,474	3,295	3,148	3,372	2,988	3,327	3,267	3,189	3,122
Building Material & Garden Supply Stores	4,708	4,718	4,716	4,725	5,218	5,427	5,514	5,355	5,080	5,007
Food and Beverage Stores	17,057	16,676	16,181	16,071	15,899	15,990	16,332	17,112	15,815	15,911
Health and Personal Care Stores	6,851	6,638	7,021	7,069	7,358	7,167	7,162	6,878	6,951	6,788
Gasoline Stations	1,570	1,560	1,493	1,488	1,473	1,526	1,636	1,717	1,759	1,824
Clothing and Clothing Accessories Stores	10,085	9,974	10,836	10,701	13,635	13,642	12,838	13,040	13,030	12,525
Sporting Goods/Hobby/Book/Music Stores	3,299	3,294	3,393	3,283	3,522	3,556	3,565	3,746	3,556	3,655
General Merchandise Stores	13,321	14,009	12,746	12,745	11,986	12,031	11,658	11,357	12,343	11,996
Miscellaneous Store Retailers	4,064	3,673	3,704	3,976	4,286	4,542	4,396	4,486	4,568	4,816
Nonstore Retailers	2,839	3,092	3,158	3,123	3,264	3,309	3,330	3,645	4,542	4,848
<b>Transportation and Warehousing</b>	<b>14,526</b>	<b>14,763</b>	<b>14,839</b>	<b>14,856</b>	<b>15,146</b>	<b>15,405</b>	<b>14,166</b>	<b>14,302</b>	<b>14,102</b>	<b>13,685</b>
Air Transportation	488	504	496	415	432	450	428	386	404	402
Water Transportation	622	642	693	604	662	648	597	776	852	852
Truck Transportation	2,115	1,944	1,907	1,867	2,161	2,268	2,306	2,369	2,325	2,194
Transit and Ground Passenger Transport	4,755	4,502	4,670	4,736	4,827	4,612	3,606	3,689	3,667	3,518
Pipeline Transportation	3									
Scenic and Sightseeing Transportation	95	48	33	58	64	69	78	42	46	46
Support Activities for Transportation	3,309	3,247	2,974	2,995	3,366	3,366	3,326	3,467	3,172	3,238
Postal Service Contractors	49									
Couriers and Messengers	2,488	3,307	3,414	3,526	2,769	3,000	2,952	2,889	2,868	2,745
Warehousing and Storage	602	569	652	655	865	992	873	684	768	690
<b>Information</b>	<b>13,558</b>	<b>13,663</b>	<b>14,164</b>	<b>13,908</b>	<b>14,319</b>	<b>14,641</b>	<b>14,894</b>	<b>14,201</b>	<b>14,010</b>	<b>14,315</b>
Publishing Industries	2,249	2,327	2,442	2,262	2,522	2,763	2,990	2,600	2,526	2,971
Motion Picture & Sound Recording Ind	1,886	1,784	1,824	1,664	1,689	1,769	1,829	1,782	1,693	1,789
Broadcasting (except Internet)	4,775	4,595	4,769	4,821	4,654	4,613	4,500	4,243	4,154	3,943
Internet Publishing and Broadcasting	2,879	3,203	3,296	3,242	3,539	3,812	113	86	73	95
Telecommunications	1,104	1,067	1,104	1,275	1,328	1,148	3,737	3,730	3,653	3,524
ISPs, Search Portals, & Data Processing	665	687	729	644	587	536	1,268	1,309	1,501	1,557
Other Information Services							457	451	410	436
<b>Finance and Insurance</b>	<b>31,094</b>	<b>30,451</b>	<b>30,103</b>	<b>31,383</b>	<b>33,603</b>	<b>65,803</b>	<b>33,959</b>	<b>39,827</b>	<b>41,338</b>	<b>41,279</b>
Credit Intermediation & Related Activity	10,792	10,377	9,711	10,077	11,495	13,292	14,671	16,984	17,668	18,177
Financial Investment & Related Activity	3,667	3,910	4,086	4,141	4,359	4,359	4,127	3,882	4,160	3,555
Insurance Carriers & Related Activities	16,092	15,628	15,771	16,624	17,260	47,638	14,674	18,510	19,066	19,085
Funds, Trusts & Other Financial Vehicles	543	536	535	541	489	514	487	451	444	462

(continued)

**EXHIBIT T-19****COUNTY OF NASSAU, NEW YORK****ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY  
LAST TEN FISCAL YEARS**

Industry Title	Fiscal Year									
	2012(P)	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Real Estate and Rental and Leasing</b>	<b>9,953</b>	<b>9,627</b>	<b>9,489</b>	<b>9,748</b>	<b>10,224</b>	<b>10,425</b>	<b>10,603</b>	<b>10,560</b>	<b>10,437</b>	<b>9,931</b>
Real Estate	8,465	8,317	8,171	8,387	8,640	8,790	8,784	8,493	8,340	7,842
Rental and Leasing Services	1,352	1,191	1,211	1,255	1,470	1,524	1,703	1,904	2,020	2,009
Lessors, Nonfinancial Intangible Assets	136	119	107	106	114	111	116	163	77	80
<b>Professional and Technical Services</b>	<b>35,128</b>	<b>34,173</b>	<b>34,098</b>	<b>34,757</b>	<b>36,513</b>	<b>37,426</b>	<b>36,312</b>	<b>35,738</b>	<b>34,878</b>	<b>34,901</b>
Professional and Technical Services	35,128	34,173	34,098	34,757	36,513	37,426	36,312	35,738	34,878	34,901
<b>Management of Companies and Enterprises</b>	<b>6,976</b>	<b>6,501</b>	<b>6,776</b>	<b>6,891</b>	<b>7,059</b>	<b>6,938</b>	<b>7,552</b>	<b>7,090</b>	<b>6,416</b>	<b>6,449</b>
Management of Companies and Enterprises	6,976	6,501	6,776	6,891	7,059	6,938	7,552	7,090	6,416	6,449
<b>Administrative and Waste Services</b>	<b>29,897</b>	<b>28,819</b>	<b>27,421</b>	<b>29,300</b>	<b>31,691</b>	<b>32,510</b>	<b>32,243</b>	<b>31,731</b>	<b>30,793</b>	<b>29,830</b>
Administrative and Support Services	28,604	27,538	26,109	28,240	30,650	31,502	31,042	30,458	29,549	28,872
Waste Management and Remediation Service	1,293	1,281	1,312	1,060	1,041	1,008	1,201	1,273	1,244	958
<b>Educational Services</b>	<b>18,722</b>	<b>19,678</b>	<b>19,651</b>	<b>19,437</b>	<b>19,411</b>	<b>19,107</b>	<b>19,216</b>	<b>18,869</b>	<b>18,285</b>	<b>18,030</b>
Educational Services	18,722	19,678	19,651	19,437	19,411	19,107	19,216	18,869	18,285	18,030
<b>Health Care and Social Assistance</b>	<b>113,640</b>	<b>114,455</b>	<b>111,494</b>	<b>104,276</b>	<b>101,880</b>	<b>99,628</b>	<b>95,303</b>	<b>91,054</b>	<b>89,675</b>	<b>88,014</b>
Ambulatory Health Care Services	43,192	42,156	41,984	40,866	39,830	38,866	38,139	39,122	39,438	39,152
Hospitals	37,888	38,761	36,727	31,716	30,394	29,314	26,906	22,291	22,596	22,595
Nursing and Residential Care Facilities	14,450	14,706	14,854	14,746	14,962	15,395	14,867	14,619	13,177	12,255
Social Assistance	18,110	18,832	17,929	16,948	16,694	16,053	15,391	15,022	14,464	14,012
<b>Arts, Entertainment, and Recreation</b>	<b>13,462</b>	<b>11,199</b>	<b>11,357</b>	<b>11,616</b>	<b>12,077</b>	<b>11,846</b>	<b>11,801</b>	<b>11,390</b>	<b>11,509</b>	<b>11,454</b>
Performing Arts and Spectator Sports	4,233	3,910	4,057	3,959	4,239	4,075	4,159	3,985	4,082	4,059
Museums, Parks and Historical Sites	331	317	309	426	425	369	324	322	321	359
Amusement, Gambling & Recreation Ind	8,898	6,972	6,991	7,231	7,413	7,402	7,318	7,083	7,106	7,036
<b>Accommodation and Food Services</b>	<b>45,677</b>	<b>41,661</b>	<b>40,231</b>	<b>38,591</b>	<b>38,946</b>	<b>39,635</b>	<b>38,341</b>	<b>38,616</b>	<b>39,728</b>	<b>38,293</b>
Accommodation	2,693	2,340	2,341	2,176	2,272	2,400	2,204	2,508	2,473	2,412
Food Services and Drinking Places	42,984	39,321	37,890	36,415	36,674	37,235	36,137	36,108	37,255	35,881
<b>Other Services</b>	<b>27,535</b>	<b>27,460</b>	<b>27,169</b>	<b>26,761</b>	<b>27,061</b>	<b>26,633</b>	<b>25,865</b>	<b>26,161</b>	<b>25,781</b>	<b>25,616</b>
Repair and Maintenance	6,400	6,581	6,610	6,229	6,287	6,295	6,124	6,228	5,854	5,995
Personal and Laundry Services	10,998	10,812	10,566	10,408	10,317	10,092	9,888	9,873	10,132	9,540
Membership Organizations & Associations	8,200	8,224	8,197	8,334	8,590	8,136	7,803	7,903	7,635	7,850
Private Households	1,937	1,843	1,796	1,790	1,867	2,110	2,050	2,157	2,160	2,231
<b>Total, All Government</b>	<b>65,948</b>	<b>81,229</b>	<b>83,252</b>	<b>83,566</b>	<b>83,778</b>	<b>82,396</b>	<b>83,125</b>	<b>82,577</b>	<b>82,514</b>	<b>84,212</b>
Federal Government	5,224	5,468	6,174	6,122	6,256	6,352	7,862	7,971	8,137	8,542
State Government	3,550	3,644	3,770	3,825	3,802	3,777	3,772	3,794	3,772	3,758
Local Government	57,174	72,117	73,308	73,619	73,720	72,267	71,491	70,812	70,605	71,912
<b>Unclassified</b>	<b>3,215</b>	<b>2,445</b>	<b>2,211</b>	<b>2,177</b>	<b>1,845</b>	<b>2,628</b>	<b>3,971</b>	<b>3,352</b>	<b>3,218</b>	<b>3,743</b>

(P) Data for 2012 is Preliminary 3rd Quarter Data and subject to revision.

Data Source: Quarterly Census of Employment and Wages, developed through a cooperative program between the State of New York and the U. S. Bureau of Labor Statistics.

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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														
	2012			2011			2010			2009			2008		
	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	88	2	35	84	3	22	86	3	30	87	2	36	89	1	21
Judicial															
District Attorney	373	2		375	3		371	3		378	1		384	1	
Public Administrator	6			7			7			7			7		
Traffic Violations Bureau	43	28		46	33		45	31		43	35		38	33	
General Administration															
Assessment	157			168			212	1		224	1		244	2	
Assessment Review Commission	29			30	3		43	3		46	6		46	6	
Board of Elections	148	58	38	146	81	40	130	76	38	119	85	34	114	70	36
Civil Service	54	36	1	56	35	1	55	36	1	58	35	1	63	36	1
County Attorney	106	2		112	2		123	2		154	1		161	1	
County Clerk / Records Management	96	39	6	111	44	16	114	48	1	108	52	2	112	52	3
County Comptroller	74	2		72	3		76	3		80	2		92	3	
County Executive	20	1	1	20	1		20	2	2	30			34	2	
County Treasurer	29	1		32	1		35	1		40	1		41	1	
Office of Constituent Affairs	38	5		42	3		41	4		46	5		50	4	
Office of Emergency Management	10			7			8			5			6		
Information Technology	80	1		78			116	5		133	6	1	139	6	1
Housing and Intergovernmental Affairs	68	1		82	1		110	1	2	102		4	83		
Labor Relations	4			4			5			3			7		
Office of Management and Budget	22	4	1	27	3	1	27	3	1	31	3	1	39	3	
Personnel / Human Resources	9	1		9	1	1	9	1	1	15	1		17	1	1
Planning				20	11		22	11		26	11		27	10	
Purchasing Department	11			16			16			20			23		
Real Estate Services				8			7			9		1	9	1	
Protection of Persons															
Police															
Uniformed Personnel / Officers	2,386	406		2,526	426		2,586	427		2,715	442		2,868	446	
Administrative / Support	627	38		655	40	1	630	44	1	576	43	1	654	30	1
Fire Commission															
Fire Commissioners / Inspectors	77	27		79	3		80	3		89	2		93		
Administrative / Support	18	3		18	27		9	27		12	26		16	24	
Probation Department															
Uniformed Personnel / Officers	169	5		193	7		190	7		195	8		213	8	
Administrative / Support	32	11		20	2		19	4		24	4		26	5	
Parks Department - Security															
Human Rights Commission	8	1		8	2		9	2		8	2	1	9	2	1
Dept of Investigations										1			1		
Medical Examiner	67	6		58	9		47	9		49	8		52	5	
Traffic Safety Board															
Consumer Affairs	27	1		31	1		32	1		36	2	1	38	3	
Health															
Behavioral Health***				88	2		103	4		111	4		119	4	
Drug and Alcohol															
Mental Health															
Health Department	243	20	9	284	22	7	282	26	10	302	27	11	330	22	9
Social Services															
CASA	5			5			4			7	1		8	1	
Criminal Justice Coordinating Council	1	2		2			2			2			1	1	
Human Services*****	113	8													
Minority Affairs	5	2		6	2		6	2		6			8		
Senior Citizens Affairs*****				27	5		30	6		33	6		36	8	
Social Services	790	72	5	868	86		862	99		889	102		904	101	
Office for the Physically Challenged*****				5			4			3			7	1	
Veterans Services	5			3			7			8			8		
Youth Board*****				4			4			5			6		
Public Works															
Maintenance / Engineering	680	27	12	727	36	14	749	55	24	869	46	20	773	32	39
Recreation and Parks															
Parks Department	164	154	472	177	201	512	149	184	247	153	175	246	258	174	357
Corrections															
Corrections / Sheriff															
Uniformed Personnel / Officers	1011			1,069			1,078			1,130			1,124		
Administrative / Support	122	10		128	10		116	11		119	13		125	14	
Total	8,015	976	580	8,533	1,109	615	8,676	1,145	358	9,106	1,158	360	9,502	1,114	470

\*\* 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

Function	Fiscal Year														
	2007			2006			2005			2004			2003		
	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	88	1	59	87	1	17	87	1	35	83	1	24	86	1	12
Judicial															
District Attorney	387	1		368			357			340			343	1	
Public Administrator	7			7			7			7			7		
Traffic Violations Bureau	37	30		36	30		37	24		34	17		28	12	
General Administration															
Assessment	252	3		258	4		222	4		172	4		130	4	
Assessment Review Commission	45	6		45	7		43	7		30	8		31	9	
Board of Elections	108	58	8	106	40	8	107	38	20	106	38	20	107	37	18
Civil Service	62	36		62	32		60	32		62	27		60	15	
County Attorney	157	1		153	1		159	4		158	4		146	4	
County Clerk / Records Management	105	54	5	108	49		110	49		96	46		100	24	
County Comptroller	95	3		89	3		89	2		84	2	1	80	1	4
County Executive	36	2		48	3		42	4		39	3	2	16		
County Treasurer	41			45			44			45			45		
Office of Constituent Affairs	52	4		56	7		56	8	1	56	1	10	57	1	4
Office of Emergency Management	7			5			5			5			3		
Information Technology	99	1		100	4	1	95	2	3	93	6	20	97	21	22
Housing and Intergovernmental Affairs	75	1		71	1		68		1	62			59		13
Labor Relations	6			5			6			4			4		
Office of Management and Budget	41	3	1	33	1		40	1		42	3	9	53	1	11
Personnel / Human Resources	15	1	1	12	1	2	12	2		11	1	3	9		3
Planning	27	11		27	10		25	10		22	10		16	10	
Purchasing Department	22			23			21			23			23		
Real Estate Services	8	1		10			12	5		13	4		11		
Protection of Persons															
Police															
Uniformed Personnel / Officers	2,818	469		2,764	458		2,849	477		2,655	485		2,556	485	
Administrative / Support	675	26	1	685	15	1	669	19		651	18	1	605	10	
Fire Commission															
Fire Commissioners / Inspectors	91			93			97			99			97		
Administrative / Support	13	26		17	24		15	27		15	26		16	23	
Probation Department															
Uniformed Personnel / Officers	208	9		232	2		214	9		209	9		180	6	
Administrative / Support	29	3		36	1		37	3		41	4		36	3	
Parks Department - Security															
Human Rights Commission	10	2	1	10	1	2	10	1		10	1		9	1	
Dept of Investigations	2			5			4			4			3		
Medical Examiner	55	6		52	6		52	6		47	6		49	2	
Traffic Safety Board	2			2			2			3			3		
Consumer Affairs	43	3		41	3		39	3		34	3		30	3	
Health															
Behavioral Health***	124	5													
Drug and Alcohol				100	2		114	2		124	2		124	5	
Mental Health				21	1		28			31			31		
Health Department	314	26	11	333	27	5	326	23	8	335	28	22	340	39	
Social Services															
CASA	8	1		7	2		6	2		6	5		6	5	
Criminal Justice Coordinating Council	1	1		1	1		1			2			2		
Human Services*****															
Minority Affairs	9			10	1		10			6			6		
Senior Citizens Affairs*****	38	8		35	7		37	8		34	3		35	3	
Social Services	912	130		919	127		899	158		899	182		893	177	
Office for the Physically Challenged*****	7	1		7			7			6			6		
Veterans Services	9			9			9			8			9		
Youth Board*****	7			5			7			7			7		
Public Works															
Maintenance / Engineering	790	31	66	806	30	26	806	40	4	847	43	1	819	23	53
Recreation and Parks															
Parks Department	265	214	299	277	222	225	258	240	193	221	205	402	267	238	572
Corrections															
Corrections / Sheriff															
Uniformed Personnel / Officers	1,089			1,120			1,099			1,077			1,082		
Administrative / Support	132	14		133	9		127	8		119	8		119	8	
Total	9,423	1,192	452	9,474	1,133	287	9,426	1,219	265	9,077	1,204	515	8,841	1,174	712

**EXHIBIT T-21****COUNTY OF NASSAU, NEW YORK****CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Public Safety</b>										
Police:										
Precincts	6 (7)	9	9	9	9	9	9	9	9	9
Community Centers	3 (7)									
Patrol Units	205	205	205	205	205	205	205	205	205	205
<b>Highways, Streets, Bridges</b>										
Streets (lane miles)	1,963	1,963	1,963	1,963	1,963	1,969	1,969	1,969	1,969	1,970
Streetlights	581	581	581	581	581	581	581	581 (2)	581 (2)	581 (2)
Miscellaneous Street Light Devices	22	22	22	22	22	22	22	22 (2)	22 (2)	22 (2)
Miscellaneous Traffic Control Devices	279	278	280	275	275	260	260	260 (2)	260 (2)	260 (2)
Traffic Signals	1,564	1,561	1,557	1,554	1,548	1,542	1,540	1,540 (2)	1,540 (2)	1,540 (2)
Bridges (Vehicle)	80 (4)	80 (4)	80 (4)	80 (4)	80 (4)	81 (3)	84 (1)	84 (1)	84 (1)	84 (1)
Bridges (Pedestrian)	26	26	26	26	27	27	27	27	27	27
<b>Culture and Recreation</b>										
Parks Acreage	5,187	5,187	5,187	5,187	5,187	5,810	6,116	6,116	6,116	6,116
Parks	68	68	68	68	68	70	80	80	80	80
Swimming Pools	5	5	5	5	5	5	7	7	7	7
Tennis Courts	70	70	70	70	70	70	72	72	72	72
<b>Sewer and Drainage</b>										
Bay Park Service Area Sanitary Sewers (miles)	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Cedar Creek Service Area Sanitary Sewers (miles)	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550
Glen Cove Service Area Sanitary Sewers (miles)	69	69 (5)								
Cedarhurst Service Area Sanitary Sewers (miles)	23 (6)									
Lawrence Service Area Sanitary Sewers (miles)	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	5.5 (5)								
Cedarhurst Plant Design Flow (MGD)	1 (6)									
Lawrence Plant Design Flow (MGD)	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	560	560	560	560	559	559	559	559	559
Storm Water Pump Stations	6	6	6	6	6	6	6	6	6	6
Drainage Stream Corridors (miles)	60	60	60	60	60	60	60	60	60	60

MGD - Millions of Gallons per Day

(1) 41 Bridges solely owned by County and 43 co-owned with other Municipalities

(2) Estimated based on 2006 and relative stability of data.

(3) 40 Bridges solely owned by County and 41 co-owned with other Municipalities

(4) 39 Bridges solely owned by County and 41 co-owned with other Municipalities

(5) Nassau assumed responsibility of Glen Cove Sewer System in 2011

(6) Nassau assumed responsibility of Cedarhurst and Lawrence Sewer System in 2012

(7) There was a reduction of Precincts due to Precinct consolidation that took place in 2012. The closed Precincts remain open as Community Centers and offer Police assistance to the public.

Sources: Various Nassau County Departments

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**EXHIBIT T-22**

**COUNTY OF NASSAU, NEW YORK**

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

Function	Fiscal Year										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	
<b>Judicial</b>											
District Attorney											
Felony Conviction Rate <sup>(1)</sup>	93.5%	89.6%	90.1%	90.2%	90.0%	91.2%	91.7%	91.1%	91.5%	90.6%	
Total Number of Cases Handled	35,430	34,687	32,463	32,824	34,460	36,399	38,397	36,264	35,118	38,015	
Number of Indicted Cases	986	994	963	1,003	1,032	900	688	494	508	490	
<b>General Administration</b>											
<b>Assessment</b>											
Number of Building Permits Issued	26,059	21,101	21,527	21,352	20,704	29,915	24,008	28,896	26,790	NA	
Number of Building Inspections Performed	26,327	26,254	26,641	36,022	23,641	22,373	47,169	40,099	36,657	24,380	
Number of Basic STAR Exemptions	267,096 <sup>(2)</sup>	275,824 <sup>(2)</sup>	275,888 <sup>(2)</sup>	276,063 <sup>(2)</sup>	264,653 <sup>(2)</sup>	251,746 <sup>(2)</sup>	265,098 <sup>(2)</sup>	260,679 <sup>(2)</sup>	259,987 <sup>(2)</sup>	244,400 <sup>(2)</sup>	
Number of Enhanced STAR Exemptions	36,199 <sup>(2)</sup>	35,578 <sup>(2)</sup>	35,282 <sup>(2)</sup>	35,567 <sup>(2)</sup>	49,865 <sup>(2)</sup>	49,238 <sup>(2)</sup>	50,276 <sup>(2)</sup>	51,385 <sup>(2)</sup>	52,014 <sup>(2)</sup>	48,675 <sup>(2)</sup>	
Number of Veterans Exemptions	52,125 <sup>(2)</sup>	55,007 <sup>(2)</sup>	56,224 <sup>(2)</sup>	55,007 <sup>(2)</sup>	47,286 <sup>(2)</sup>	59,526 <sup>(2)</sup>	58,758 <sup>(2)</sup>	60,994 <sup>(2)</sup>	64,618 <sup>(2)</sup>	65,193 <sup>(2)</sup>	
Number of Solar Energy Exemptions	19 <sup>(2)</sup>	24 <sup>(2)</sup>	29 <sup>(2)</sup>	29 <sup>(2)</sup>	37 <sup>(2)</sup>	37 <sup>(2)</sup>	37 <sup>(2)</sup>	37 <sup>(2)</sup>	38 <sup>(2)</sup>	39 <sup>(2)</sup>	
<b>Assessment Review Commission</b>											
Number of Residential Appeal Applications Reviewed	111,133 <sup>(3)</sup>	111,019 <sup>(3)</sup>	107,547 <sup>(3)</sup>	107,287 <sup>(3)</sup>	110,379 <sup>(3)</sup>	114,808 <sup>(3)</sup>	122,027 <sup>(3)</sup>	128,220 <sup>(3)</sup>	106,678 <sup>(3)</sup>	141,043 <sup>(3)</sup>	
Number of Commercial Appeal Applications Reviewed	19,868 <sup>(3)</sup>	18,940 <sup>(3)</sup>	19,076 <sup>(3)</sup>	19,077 <sup>(3)</sup>	18,391 <sup>(3)</sup>	18,181 <sup>(3)</sup>	18,370 <sup>(3)</sup>	18,219 <sup>(3)</sup>	18,336 <sup>(3)</sup>	19,505 <sup>(3)</sup>	
<b>Purchasing Department</b>											
Number of Purchase Orders Processed	7,357 <sup>(19)</sup>	9,015 <sup>(19)</sup>	10,687	10,954	10,232	11,983	11,581	12,401	13,299	12,106	
<b>County Comptroller</b>											
Number of Claims Processed	68,910 <sup>(19)</sup>	83,935 <sup>(19)</sup>	85,137	86,705	91,117	93,033	97,500	101,919	110,072	83,817	
<b>County Treasurer</b>											
Investment Portfolio Return	0.35%	0.45%	0.63%	0.97%	2.77%	5.28%	5.15%	3.41%	1.69%	1.35%	
Total number of Tax Liens Sold <sup>(4)</sup>	4,680	4,155	4,335	4,513	5,330	4,520	3,748	3,498	3,426	3,791	
<b>County Clerk</b>											
Land Records Recorded	152,954	129,098	127,954	129,984	123,471	191,121	211,790	273,496	306,324	236,170	
Court Records Recorded	273,933	281,733	363,728	347,316	322,025	346,879	309,755	281,772	368,037	234,947	
Miscellaneous Records Recorded	99,083	108,381	102,059	97,168	89,702	105,455	100,597	94,665	89,723	85,654	
Certified Copies Issued	30,322	28,770	28,953	30,702	30,598	21,529	28,522	27,091	34,341	28,440	
<b>Board of Elections</b>											
Voting Precincts	1,165	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	
Polling Places	389	389	389	389	389	388	388	388	388	388	
Voters	937,121	913,215	903,102	898,064	906,064	866,978	853,651	888,631	886,352	844,156	
Poll Workers	5,684	5,618	5,618	4,749	6,210	5,394	4,560	4,534	4,783	4,600	
<b>Civil Service</b>											
Number of Position Classification Reviews	2,455	2,659	3,298	2,911	3,513	3,601	3,222	3,227	3,187	NA	
Number of Performance Tests Conducted	301	585	3,015	1,675	2,008	2,270	753	903	2,245	NA	
Number of Psychological Tests Conducted	77	189	439	390	747	822	896	369	505	NA	
<b>Planning Department</b>											
Number of New Zoning Applications Received	2,178	2,585	2,314	2,852	2,938	2,924	2,989	2,623	2,759	2,947	
Number of Subdivision Waiver Applications Approved	32	38	43	45	72	102	129	108	95	65	
Number of Bus Shelters	319	322	342	340	340	340	340	340	341	340	
Number of Maintenance Checks Performed	188	493	185	173	203	210	280	277	264	200	
<b>Protection of Persons</b>											
<b>Police</b>											
Physical Arrests	16,548	15,858	15,866	17,298	16,778	16,436	16,860	15,339	15,595	15,627	
Parking Violations	70,383	76,151	92,043	99,857	108,975	113,203	118,855	115,013	100,218	164,924	
Moving Violations	149,456	157,403	201,688	206,769	200,886	203,180	202,009	183,873	158,533	123,155	
<b>Fire Commission</b>											
Emergency Light Tests	2,586	2,601	2,485	2,448	2,413	2,405	2,009	1,577	1,413	733	
General Fire Marshal Inspections	6,206	6,513	6,304	6,722	4,473	4,823	3,931	2,835	1,508	1,122	
Plans Reviewed <sup>(4)</sup>	2,689	2,701	2,649	2,923	3,035	2,891	2,943	3,043	3,167	4,114	
Fire & Ambulance Calls Dispatched	77,996	70,924	73,489	67,658	64,357	63,106	62,396	62,798	61,031	59,835	
<b>Medical Examiner</b>											
Number of Cases Reported to ME Office	5,504	5,431	5,124	5,214	6,302	4,966	4,825	5,036	4,995	5,124	
Number of Cases Accepted and Certified by ME Office	1,261	1,223	1,275	1,326	1,352	1,289	1,353	1,370	NA	NA	
Number of Autopsies Performed	778	702	772	779	830	830	859	853	795	854	
Number of Cremation Investigations	1,950	1,791	1,642	1,663	1,560	1,458	1,410	1,406	1,373	NA	
Number of ME Scenes Visited	571	632	631	585	638	753	737	647	NA	NA	
Toxicology Analysis Total Avg Days	71	56	65	63	47	22.7	27	29	32	30	
Total Number of DNA Cases Received	579	611	593	583	617	654	482	412	484	NA	
Average Number of Days to complete Forensic DNA Cases	115	108	118	153 <sup>(15)</sup>	65	63	60	86	42	NA	
<b>Probation Department</b>											
Supervision Caseload (Criminal & Family)	7,417	8,040	8,643	8,796	8,453	8,418	8,245	7,975	7,800	7,834	
Adult Intake: Number of Cases Assigned				4,657	3,928	3,562	3,778	4,515	5,707	5,400	
Juvenile Intake: Number of Cases Assigned	567	645	753	782 <sup>(11)</sup>	969 <sup>(10)</sup>	1,874	1,948	1,963	2,376	2,524	
Pre-trial Cases Interviewed	2,777	2,827	2,377	2,232	2,616	2,573	3,464	3,090	NA	NA	
Pre-trial Supervision Caseload (Criminal & Family)	799	875	895	1,217	1,235	813	627	519	NA	NA	
Investigations Assigned (Criminal & Family)	3,979	4,395	5,395	6,387	6,532	6,274	6,274	6,323	6,062	6,341	

(continued)

**EXHIBIT T-22**

**COUNTY OF NASSAU, NEW YORK**

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

Function	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Health</b>										
Behavioral Health (Drug & Alcohol)										
Caseload Referred by DSS Screening			4,293 <sup>(17)</sup>	7,673	6,687	6,778	6,262	6,996	5,432	4,681
Assessments, Consultations, Support Services			2,288 <sup>(17)</sup>	4,307	4,459	3,136	3,693	3,775	2,886	2,374
Referrals to Treatment			1,286 <sup>(17)</sup>	2,397	2,648	2,539	2,510	2,199	2,125	1,760
TIPS Treatment Placement Number of Unique Clients Served			158 <sup>(18)</sup>	582 <sup>(12)</sup>	154 <sup>(12)</sup>	976	1,194	1,232	1,050	415 <sup>(5)</sup>
EAP Number of Training and Management Consultation Attendees	2,312	4,140	2,552	1,372	1,376	930	519	788	679	1,521
Methadone Maintenance Treatment Clinic Number of Clients Serv	747	714	747	735	689	725	717	711	694	691
Behavioral Health (Mental Health)										
Average Monthly Assisted Outpatient Treatment (AOT) Caseload	157	151	149	140	132	111	108	131	130	NA
Average Monthly AOT Cases Under Court Order	133	124	117	108	104	84	76	87	89	NA
Average Monthly AOT Voluntary Cases	12	11	16	19	15	12	23	31	21	NA
Average Monthly AOT Cases under Investigation	12	16	17	13	14	14	9	14	19	NA
Significant AOT Event Episodes	478	434	403	307	186	309	338	397	373	NA
Family Court Number of Individuals Remanded	32	44	50	71	110	91	109	149	146	NA
Family Court Number of Diversions	29	36	36	24	50	42	63	66	79	NA
Number of Forensic Evaluations	122	127	179	242	358	255	319	251	210	195
Number of Individuals Seen	116	113	163	227	308	223	283	285	230	182
Health Department										
Total Number of Communicable Diseases Reports Received	19,406	25,281	25,518	27,786	22,743	21,403	20,983	24,062	22,095	NA
Total Number of Communicable Diseases Reports Confirmed	3,042	3,667	1,488	8,453	4,162	3,480	3,811	3,443	6,004	NA
Number of Immediate Response Investigations	30	28	71	54	89	21	52	50	15 <sup>(6)</sup>	NA
Number of 72 Hour Response Investigations	1,221	1,161	1,074	3,394	1,337	1,025	1,390	1,421	871 <sup>(6)</sup>	NA
Number of 1 Week Response Investigations	1,791	2,471	1,416	5,037	2,704	2,103	2,369	1,971	2,076 <sup>(6)</sup>	NA
Monthly Environmental Nuisances All Cases	NA	NA	NA	3,168	3,674	3,730	3,880	4,872	5,127	NA
Community Sanitation Inspections	2,002	2,354	2,925	2,915	3,395	3,098	3,100	3,261	2,859	NA
Food Protection Inspections	15,934	18,410	13,462	17,059	14,734	16,426	14,811	15,667	14,254	NA
<b>Social Services</b>										
Senior Citizens Affairs										
Number of Congregate Meals Served at Centers	201,409	207,469	219,986	211,888	237,855	247,179	251,675	264,520	250,901	260,368
Number of Seniors Served Meals	4,651	4,690	4,902	4,600	5,634	6,426	6,596	6,769	8,555	7,767
Number of Home Meals Served	412,226	451,941	469,418	387,019	500,203	535,882	506,508	410,734	404,113	400,167
Total Number of Funded Senior Center Trips	148,932	158,255	165,509	152,967	185,953	187,725	208,508	235,673	201,918	243,353
Number of Senior Passengers Transported	1,736	1,719	1,860	1,557	1,722	2,066	1,964	1,872	1,659	2,037
Social Services <sup>(8)</sup>										
Medicaid Total Medical Assistance Cases Only	102,687	93,777	86,436	75,552	63,908	67,970	75,959	74,346	70,391	58,626
Medicaid Applications Pending	4,257	2,526	2,442	4,233	7,538	4,893	3,393	4,416	3,727	9,488
Percentage of Applications Processed over 30 Days	28%	16%	18%	33%	54%	49%	37%	41%	33%	54%
Child Protective Investigative Unit Caseload / Per Caseworker	18	17	22	16	19	17	16	18	20	19
Child Protection Total Caseload / Per Caseworker	15	15	19	17	18	15	14	17	19	18
Child Protective Services Primary Open Investigations	1,046	1,086	1,253	1,076	1,189	854	826	810	895	892
Child Protective Services Primary Open Investigations / Per Casew	15	14	16	14	15	14	13	14	13	14
Active Public Assistance Cases	7,608	8,302	8,538	6,932	5,695	4,865	4,754	5,031	4,704	4,389
Number of Public Assistance Applications Pending Over 30 Days	243	419	840	1,556	1,001	825	621	633	565	453
HEAP Individuals (Clients, HEAP-Only)	6,378	7,265	7,658	7,081	5,885	4,948	5,822	5,399	5,814	5,136
Social Service Applications Disposed	7,920	7,530	8,581	7,684	6,408	4,793	4,060	5,037	5,293	6,129
Emergency Shelter Individuals (Clients, Homeless)	628	574	805	515	509	380	433	479	458	584
Food Stamp Individuals (Clients, Total)	68,409	66,039	59,510	45,338	34,143	28,288	27,027	26,877	27,169	20,156
Services Cases	5,855	5,803	5,654	5,111	4,762	4,675	4,885	4,670	5,024	5,532
Number of Summer Lunches Served <sup>(13)</sup>	67,000	61,000	71,488	79,000	71,127					
Office for Physically Challenged										
Number of Parking Permits Issued	14,891	17,103	14,945	17,087	11,201	13,806	15,511	18,053	19,411	20,280
Number of Inquiries Responded To	19,500	18,250	17,250	18,500	11,201	18,000	17,550	18,970	13,550	18,970
Number of Institutional Outreach Contacts	2,498	2,145	1,400	1,200	1,885 <sup>(7)</sup>	285	280	295	275	195
Veterans Services										
Number of Clients Helped	19,104	10,025	15,079	10,844	12,476	14,383	11,506	12,726	12,395	20,373
Number of Services Provided	98,988	22,519	31,908	27,100	28,784	29,971	19,365	24,856	25,995	40,270
Number of Claims Opened	724	1,537	2,206	1,904	1,474	1,502	773	761	436	1,181
Veterans Population <sup>(9)</sup>	85,000	79,000	90,000	90,000	79,146	85,794	87,721	91,269	94,953	95,582

(continued)

**EXHIBIT T-22****COUNTY OF NASSAU, NEW YORK****OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Fiscal Year										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	
<b>Social Services (continued)</b>											
Youth Board											
Number of Contacts for Contract Management and Assessment	320	446	562	851	783	860	1,379	1,350	1,385	1,323	
Learning Programs	20	47	66	68	70	54	30	30	70	50	
Number of Grant Applications Written by Department		18	18	10	12	4	7	7	5	3	
Number of Youths Serviced Through Various Programs	17,441	23,284	22,000	25,078	24,390	25,000	22,000	22,000	22,000	21,500	
Number of Referrals to Other Departments and Other Organization	270	341	400	415	425	430	422	400	400	375	
Number of Professional Development Trainings	7	15	22	12	21	16	15	15	10	6	
Number of Staff Members Attending Training	545	946	880	625	1,365	1,159	1,000	1,000	800	220	
Number of Summer Lunches Served <sup>(3)</sup>						67,000	72,000	61,362	78,635	98,876	
<b>Public Works</b>											
Maintenance / Engineering											
Lane Miles Resurfaced	130	85	85.5	83	127.26	120.95	111.11	122.19	98.60	66.47	
Street Sweeping (lane miles)	11,395	13,499	8,886	7,313	11,611	25,628	34,172	36,809	NA	NA	
Bridge Maintenance (man hours/year)	448	1594	119	52	145	35	97	62	58	NA	
Average Number of Potholes Filled (per month)	212	138	1,674	1,607	1,188	1,685	2,653	2,134	3,327	NA	
Snow Plowing (man hours/year)	254.5	2,244	1,576	3,270	5,903	2,750	2,277	4,592	2,396	NA	
Average Flow - Bay Sewage Treatment Plant (MGD)	49.8	51	49	49	60.1	60.3	59.4	58.1	57.1	57.4	
Average Flow - Cedar Creek Water Pollution Control Plant (MGD)	52.8	55.9	59.3	55.4	55.3	55.4	57.3	61.2	53.8	55.2	
Average Flow - Glen Cove Wastewater Treatment Plant (MGD)	3.1 <sup>(20)</sup>	3 <sup>(20)</sup>									
Average Flow - Cedarhurst Water Pollution Control Plant (MGD)	0.8										
Average Flow - Lawrence Sewage Treatment Plant (MGD)	1.1										
<b>Recreation and Parks</b>											
Parks Department											
Athletic Field Use Permits Issued	NA	NA	NA	NA	440	653	442	450	440	NA	
Field/Court Reservations	9,994	9,008	9,476	8,057	8,258	8,943	8,734	NA	NA	NA	
Museum Admissions	NA	647,054	821,416	921,983	941,608	899,065	909,928	342,365	681,542	312,403	
Pool Admissions	393,273	412,584	427,148	374,728	418,842	446,800	447,050	NA	NA	NA	
Golf Admissions	269,940	257,723	277,035	295,463	273,540	271,641	254,632	245,077	259,709	245,039	
<b>Corrections</b>											
Corrections / Sheriff											
Number of Inmates Transported To Court	28,737	31,999	33,573	34,121	34,306	34,278	22,409	21,045	23,570	20,069	
Average Monthly Number of Inmates	1,502	1,577	1,637	1,576	1,607	1,717	1,633	1,581	1,646	1,685	
Number of Summonses Issued	2,438	2,671	2,827	7,000	5,674	5,939	8,645	10,008	10,234	8,618	
Number of Court Orders Enforced	27,081	31,343	20,217	27,841	27,894	26,969	26,015	29,013	27,990	26,468	
Consumers Affairs											
Number of Weights and Measures Inspections	4,479	4,425	4,101	4,402	4,512	4,439	NA	NA	NA	NA	
Number of Weights and Measures Devices Inspected	16,891	16,881	16,650	16,228	16,135	16,185	16,898	16,003	13,340	14,510	
Total Number of Stores Participating in Item Price Exemption	210	189	190	185	190	158	160	170	151	73	
Number of Home Improvement License Applications Issued	4,462	5,462	4,216	5,605	4,038	5,846	4,169	5,645	3,852	5,260	
Total Number of Violations Issued	1,424	1,576	1,579	2,144	1,667	1,566	1,445	1,590	1,652	1,094	

NA - data not available

MGD - Millions of Gallons per Day

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

(2) Exemptions processed in 2003 are for Tax Year 2004/2005, Exemptions processed in 2004 are for Tax Year 2005/2006, Exemptions processed in 2004 are for Tax Year 2005/2006, Exemptions processed in 2004 are for Tax Year 2005/2006, Exemptions processed in 2005 are for Tax Year 2006/2007, Exemptions Processed in 2006 are for Tax Year 2007/2008, Exemptions processed in 2007 are for Tax Year 2008/2009, Exemptions processed in 2008 are for Tax Year 2009/2010, Exemptions processed in 2009 are for Tax Year 2010/2011, Exemptions processed in 2010 are for Tax Year 2011/2012, and Exemptions processed in 2011 are for Tax Year 2012/2013, and Exemptions processed in 2012 are for Tax Year 2013/2014.

(3) Appeals for correction of assessments are filed yearly between January 1 and March 1 with the Assessment Review Commission. The appeals filed in 2012 were for the 2013/14 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 &amp; 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

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

## **APPENDIX**



## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 (the "County"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 12, 2013. Our report includes a reference to other auditors who audited the financial statements of the Nassau Regional Off-Track Betting Corporation, the Nassau County Industrial Development Agency, Nassau County Local Economic Assistance Corporation, the Nassau County Bridge Authority, and the Nassau Health Care Corporation, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The report of the independent auditor contained an explanatory paragraph concerning the Nassau Regional Off-Track Betting Corporation's ability to continue as a going concern. In addition, the County's audit opinion contains explanatory paragraphs concerning Nassau County Interim Finance Authority control period over the County; the adoption of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and the Nassau County Tobacco Settlement Corporation receives tobacco settlement revenue that is dependent on many factors and are subject to certain adjustments, which may be material.

### ***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

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

*Deloitte & Touche LLP*

July 12, 2013