

## OFFICIAL STATEMENT

**NEW ISSUE—FULL BOOK ENTRY**

**RATINGS: S&P: SP-1+  
Fitch: F1+  
(See “RATINGS” herein)**

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. See “TAX MATTERS.”*

### COUNTY OF NASSAU, NEW YORK

#### General Obligations

#### **\$230,000,000 REVENUE ANTICIPATION NOTES**

##### **\$155,000,000 REVENUE ANTICIPATION NOTES, 2011 SERIES A**

**\$35,000,000 Purchased by Citi at a coupon of 2% reoffered to yield .80%**

**\$120,000,000 Purchased by BofA Merrill Lynch at a coupon of 3% reoffered to yield .83%**

**Dated: Date of Delivery**

**Due: March 30, 2012**

##### **\$75,000,000 REVENUE ANTICIPATION NOTES, 2011 SERIES B**

**Purchased by JP Morgan Securities LLC at a coupon of 3.50% reoffered to yield .80%**

**Dated: Date of Delivery**

**Due: April 30, 2012**

The Notes are general obligations of the County of Nassau, New York (the “County”), for the payment of which the County has pledged its faith and credit. All of the taxable real property within the County is subject to the levy of ad valorem taxes without limitation as to rate or amount to pay both the principal of and interest on the Notes.

Interest on the Notes is payable at maturity and shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Notes are payable from amounts provided by the County. See “THE NOTES” herein.

The Notes will be issued in registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Notes. Purchases will be made in book-entry-only form in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive physical certificates representing their ownership interest in the Notes. Principal and interest will be paid by the County to DTC which will in turn remit same to its Participants as described herein, for subsequent distribution to the beneficial owner of the Notes. The Notes are not subject to redemption prior to maturity.

*The Notes are offered when, as and if issued and received by the Purchasers and subject to the approval of the legality thereof by Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the County by the Law Offices of Joseph C. Reid, P.A., New York, New York, Disclosure Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC in New York, New York on or about June 2, 2011.*

THIS OFFICIAL STATEMENT IS IN A FORM “DEEMED FINAL” BY THE COUNTY FOR THE PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12.

May 25 2011

**COUNTY OF NASSAU, NEW YORK**

**COUNTY EXECUTIVE**

Edward P. Mangano

**COUNTY LEGISLATURE**

*Presiding Officer*

Peter J. Schmitt

Kevan M. Abrahams  
Francis X. Becker, Jr.  
Joseph V. Belesi  
Judi Bosworth  
John J. Ciotti  
David W. Denenberg  
Dennis Dunne, Sr.  
Denise Ford  
Norma L. Gonsalves

Judith A. Jacobs  
Howard J. Kopel  
Vincent T. Muscarella  
Richard J. Nicoletto  
Joseph K. Scannell  
Robert Troiano  
Rose Marie Walker  
Wayne H. Wink, Jr.  
Diane Yatauro

**COUNTY COMPTROLLER**

George Maragos

**DEPUTY COUNTY EXECUTIVE FOR FINANCE**

Timothy P. Sullivan

**COUNTY TREASURER**

John A. Mastromarino

**BUDGET DIRECTOR**

Jeffrey Nogid

**COUNTY ATTORNEY**

John Ciampoli, Esq.

**FINANCIAL ADVISOR**

Public Financial Management, Inc.

**BOND COUNSEL**

Orrick, Herrington & Sutcliffe LLP

**DISCLOSURE COUNSEL**

Law Offices of Joseph C. Reid, P.A.

No dealer, broker, salesman or other person has been authorized by the County to give any information or to make any representations other than those contained in this Official Statement; and if given or made, such other information or representations must not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the County from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

Public Financial Management, Inc. as Financial Advisor has not been engaged to and has not made any independent investigation of the accuracy or completeness of any financial information respecting the County which is included in this Official Statement or which was otherwise examined by the Financial Advisor. All such information was supplied by the County and its other professionals and has not been verified by the Financial Advisor. The Financial Advisor's exclusive engagement has been to advise the County on the likely financial consequences under present market circumstances of various financial actions based exclusively upon assumptions and data furnished by the County and its other professionals, and the Financial Advisor has assumed no responsibility with respect to the reasonableness or accuracy of any such assumptions or information. The Financial Advisor disclaims any implication that the Financial Advisor can be deemed to represent that the narrative and financial information in this Official Statement is complete or accurate.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE NOTES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAVE THE ORDINANCES OR OTHER PROCEEDINGS OF THE COUNTY BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. ADDITIONALLY, WHILE THE NOTES MAY BE EXEMPT FROM THE REGISTRATION AND QUALIFICATION PROVISIONS OF THE SECURITIES LAWS OF THE VARIOUS STATES, SUCH EXEMPTION CANNOT BE REGARDED AS A RECOMMENDATION OF THE NOTES. NEITHER THE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE NOTES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

## TABLE OF CONTENTS

INTRODUCTION.....	1
THE NOTES .....	1
Revenues Available for the Payment of Notes .....	2
County May Not File For Bankruptcy Protection .....	3
Contract Remedies .....	3
Book-Entry-Only System.....	3
Certificated Notes.....	6
THE COUNTY .....	6
CASH FLOW STATEMENTS.....	6
LITIGATION .....	6
OTHER INFORMATION .....	7
COVENANT TO MAKE CONTINUING DISCLOSURE .....	7
RISK FACTORS.....	9
LEGAL MATTERS .....	10
TAX MATTERS .....	10
RATINGS.....	11
FINANCIAL ADVISOR .....	12
MISCELLANEOUS .....	12
APPENDIX A	
INFORMATION ABOUT THE COUNTY .....	A-1
APPENDIX B	
GENERAL PURPOSE AUDITED FINANCIAL STATEMENTS FOR FISCAL YEARS ENDED DECEMBER 31, 2009 AND 2008 .....	B-1
APPENDIX C	
FORM OF BOND COUNSEL OPINION.....	C-1
APPENDIX D	
OUTSTANDING OBLIGATIONS.....	D-1
APPENDIX E	
UNDERLYING INDEBTEDNESS OF POLITICAL SUBDIVISIONS WITHIN THE COUNTY .....	E-1
APPENDIX F	
COUNTY WORKFORCE.....	F-1
APPENDIX G	
ECONOMIC AND DEMOGRAPHIC PROFILE.....	G-1
APPENDIX H	
CASH FLOW STATEMENTS .....	H-1

**OFFICIAL STATEMENT**  
**of the**  
**COUNTY OF NASSAU, NEW YORK**

**Relating to**

**\$230,000,000 REVENUE ANTICIPATION NOTES**

**\$155,000,000 REVENUE ANTICIPATION NOTES, 2011 SERIES A**

**Dated: Date of Delivery**

**Due: March 30, 2012**

**\$75,000,000 REVENUE ANTICIPATION NOTES, 2011 SERIES B**

**Dated: Date of Delivery**

**Due: April 30, 2012**

**INTRODUCTION**

This Official Statement, which includes the cover page and appendices, has been prepared by the County of Nassau (the “County”), in the State of New York (the “State”), and provides certain information in connection with the sale by the County of \$230,000,000 aggregate principal amount of Revenue Anticipation Notes, consisting of \$155,000,000 principal amount of Revenue Anticipation Notes, 2011 Series A, dated the date of delivery and due on March 30, 2012 (the “Series A Notes”) and \$75,000,000 principal amount of Revenue Anticipation Notes, 2011 Series B, dated the date of delivery and due on April 30, 2012 (the “Series B Notes” with the Series A Notes, collectively the “Notes”).

**THE NOTES**

The Notes are being issued to provide monies to meet a cash flow deficit expected to occur during the period the Notes are outstanding. See “CASH FLOW STATEMENTS” herein.

The Notes will be issued in anticipation of receipt by the County of net allocable sales taxes for County purposes for the County’s fiscal year commencing January 1, 2011 and ending December 31, 2011. The total amount of sales taxes estimated to be allocated and paid to the County for County purposes for its 2011 fiscal year is approximately \$827.4 million (net of NIFA set-asides). (See “STATEMENT OF REVENUES AND EXPENDITURES – Revenues – *Sales Tax*” in “APPENDIX A – INFORMATION ABOUT THE COUNTY” herein for a description thereof.) The County has not previously issued any notes or bonds in anticipation of its 2011 fiscal year sales tax revenues.

The Notes have been authorized and are to be issued pursuant to the Constitution and laws of the State including the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York, an ordinance adopted by the Board of Supervisors, the predecessor legislative body to the County Legislature and approved by the County Executive pursuant to the Local Finance Law, the County Charter (the "County Charter"), the County Administrative Code and other related proceedings and determinations. In addition, the Nassau County Interim Finance Authority ("NIFA"), created pursuant to the Nassau County Interim Finance Authority Act, codified as Title I of Article 10-D of the State Public Authorities Law (the "NIFA Act"), has approved the issuance of the Notes, as required by the NIFA Act during the control period declared by NIFA on January 26, 2011. It is not, however, within NIFA's powers to restrict the County's obligation to pay debt service on the Notes or other County debt. For further information regarding NIFA's declaration of a control period, see "LITIGATION and APPENDIX A – INFORMATION ABOUT THE COUNTY– MONITORING AND OVERSIGHT – External – NIFA" herein.

The Notes will be general obligations of the County, and will be issued, bear interest, mature and be payable as described on the cover page of this Official Statement and herein. Interest on the Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Notes have been duly authorized and, when executed and delivered, will constitute legal, valid and binding obligations of the County. The County has pledged its faith and credit for the payment of the principal of, and interest on, the Notes, and, unless paid from other sources, the County is authorized to levy on all taxable real property such as ad valorem taxes as may be necessary to pay the Notes and the interest thereon without limitation as to rate or amount.

Each Note, when duly issued and paid for, will constitute a contract between the County and the holder thereof. Whenever the principal amount of the Notes equals the amount of revenues estimated to be received for the fiscal year for which the revenue was or is to be received, all such revenue, as thereafter received, must be set aside in a separate account to be used only for the payment of the Notes, unless other provision is made by budgetary appropriation for the redemption of the Notes.

On May 17, 2011, it was reported that a State lawmaker has indicated that she intended to block State authorization for the extension of part (equal to 1¼% out of 4¼%) of the local sales tax in the County beyond November 30, 2011. For further details, see "APPENDIX A – INFORMATION ABOUT THE COUNTY – STATEMENT OF REVENUES AND EXPENDITURES – Revenues – Sales Tax" herein. While the County views this action as unlikely, it cannot provide any assurance that it will not occur and will take such possibility into account as necessary to assure that sufficient revenues are set aside in the separate account for repayment of the Notes as described in the prior paragraph.

### **Revenues Available for the Payment of Notes**

The County's anticipated revenues for fiscal year 2011 include allocation of sales taxes paid to the County by NIFA in various amounts approximately two to three times per month, pursuant to Section 1261 of the State Tax Law. Section 1261 specifically provides that all sales taxes, other than (i) amounts payable to towns, cities and villages in the County pursuant to a local government assistant program established by the County and (ii) amounts which the State Comptroller has reserved for refunds of taxes and the State's reasonable costs in administering, collecting and distributing such taxes, are paid by the State Comptroller to NIFA as long as NIFA bonds are outstanding. These monies are applied by NIFA in the following order of priority: first pursuant to NIFA's contracts with bondholders to pay debt service on NIFA bonds and notes, second to pay NIFA's operating expenses not otherwise provided for and then to the County as frequently as practicable. See "STATEMENT OF REVENUES AND EXPENDITURES – Revenues – Sales Tax" in "APPENDIX A - INFORMATION ABOUT THE COUNTY" herein for a description thereof.

The total amount of sales taxes received by the County in fiscal year 2010 was approximately \$816.6 million (net of NIFA set-asides). The County projects its sales tax revenues for its 2011 fiscal year will be approximately \$827.4 million (net of NIFA-set asides).

The amount of sales taxes received by the County net of amounts paid by the State Comptroller to NIFA (as set forth above) for each of the last four fiscal years are set forth in Figure A.

FIGURE A  
NET SALES TAXES RECEIVED BY THE COUNTY

<u>Fiscal Year</u>	<u>Amount</u>
2010	\$816,649,287
2009	769,441,932
2008	820,665,218
2007	841,254,616

**County May Not File For Bankruptcy Protection**

Under the NIFA Act, the County is prohibited from filing any petition with any United States district court or bankruptcy court for the composition or adjustment of municipal indebtedness without the approval of NIFA and the State Comptroller and no such petition may be filed while NIFA bonds or notes remain outstanding.

**Contract Remedies**

The General Municipal Law (“GML”) of the State provides that it shall be the duty of the governing board (in the case of the County, the County Legislature) to assess, levy and cause to be collected a sum of money sufficient to pay a final judgment which has been recovered against the County and remains unpaid. The GML further provides that the rate of interest to be paid by a municipal corporation upon any judgment against a municipal corporation shall not exceed the rate of nine per centum per annum. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of principal of and interest on the Notes. Execution or attachment of County property cannot be obtained to satisfy a judgment by holders of the Notes.

Under the Constitution of the State, the County is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the County to levy taxes on real property thereof for the purpose of funding such payment.

No principal or interest payment on County indebtedness is past due. To the best of the knowledge of current officials, the County has never defaulted on the payment of principal of, and interest on, any indebtedness.

**Book-Entry-Only System**

The Depository Trust Company, New York, New York (“DTC”) will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative

of DTC. One fully-registered Note certificate will be issued for each series of Notes bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has S&P's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain



steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption proceeds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Notes held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

Source: DTC

The information in the above section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

THE COUNTY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE NOTES; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO NOTEHOLDERS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS NOTEOWNER.

THE COUNTY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO DIRECT PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (I) PAYMENTS OF THE PRINCIPAL OF, OR INTEREST OR PREMIUM, IF ANY, ON THE NOTES, (II) CONFIRMATION OF THEIR OWNERSHIP INTEREST IN THE NOTES; OR (III) NOTICES SENT TO DTC OR CEDE & CO., AS NOMINEE, AS REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SO SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

## **Certificated Notes**

DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the County and discharging its responsibilities with respect thereto under applicable law, or the County may terminate its participation in the book-entry-only system of transfers through DTC (or a successor securities depository) at any time. In the event that such book-entry-only system is discontinued the Notes will be issued in bearer or registered form in denominations of \$5,000 or integral multiples thereof.

## **THE COUNTY**

The County is located in New York State on Long Island and has a population of over 1.3 million. For a description of the County, its financial condition and projections, and certain economic factors affecting the County, see “APPENDIX A – INFORMATION ABOUT THE COUNTY” and other appendices herein.

## **CASH FLOW STATEMENTS**

Appendix H shows (i) the actual cash flows of the County for the period January 2010 through December 2010, (ii) the actual cash flows of the County for the period January 2011 through April 2011, (iii) preliminary pro forma projected cash flows of the County for the period May 2011 through December 2011 and (iv) preliminary pro forma projected cash flows of the County for the period January 2012 through December 2012, assuming 2011 budget assumptions are carried forward. Such cash flow statements have been prepared by the County and relate solely to the Major Operating Funds.

Neither the County’s independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the projected cash flows contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the projected cash flows.

The cash flows set forth in Appendix H, in view of the County’s management, were prepared on a reasonable basis and reflect the best currently available estimates and judgments and present, to the best of management’s knowledge and belief, the expected course of events and the expected future financial condition of the County.

The assumptions and estimates underlying the projected cash flows are inherently uncertain and, though considered reasonable by the management of the County as of the date hereof, are subject to a wide variety of significant business, economic and political risks and uncertainties that could cause actual results to differ materially from those contained in the projected cash flows. See “RISK FACTORS” herein. Accordingly there can be no assurance that the projected results are indicative of the future performance of the County or that actual results will not be materially higher or lower than those contained in the projected cash flows. Inclusion of the projected cash flows in this Official Statement should not be regarded as a representation by any person that the results contained in the projected cash flows will be achieved.

## **LITIGATION**

The County, its officers and employees are defendants in a number of lawsuits. Such litigation includes, but is not limited to, actions commenced and claims asserted against the County arising out of alleged torts, civil rights violations, breaches of contracts including union and employee disputes, condemnation proceedings, medical malpractice actions and other alleged violations of law. The County

intends to defend itself vigorously against all claims and actions. See “APPENDIX A – INFORMATION ABOUT THE COUNTY” herein.

On January 31, 2011 the County filed a lawsuit in Nassau Supreme Court challenging NIFA's declaration of a control period (as such term is defined in the NIFA Act) on January 26, 2011. In response, NIFA opposed the County's motion for a preliminary injunction and filed a cross-motion to dismiss the County's claims. In a decision dated March 11, 2011, Nassau Supreme Court Justice Arthur M. Diamond dismissed all but one of the County's claims, and converted NIFA's motion to dismiss the County's remaining claim to a motion for summary judgment by NIFA against the County. The remaining claim maintained that NIFA's determination that there existed a substantial likelihood and imminence of the County incurring a major operating funds deficit of one percent or more in the aggregate results of operations during its fiscal year 2011 assuming all revenues and expenditures are reported in accordance with generally accepted accounting principles was arbitrary and capricious. On March 29, 2011, the County informed the Court that the County would not pursue further proceedings in the matter, thereby ending the litigation. For further information regarding NIFA's declaration of a control period, see “APPENDIX A – INFORMATION ABOUT THE COUNTY – MONITORING AND OVERSIGHT – External – *NIFA*” herein.

### **OTHER INFORMATION**

The County is authorized to spend money for the objects or purposes for which the Notes are to be issued by the General Municipal Law, the County Law, the County Charter, the County Administrative Code or other applicable State law.

The County has no past due principal or interest on any of its indebtedness.

This Official Statement does not include either the debt or the tax collection record of the several cities, towns, villages, school districts or other municipal corporations or public corporations within the County, except as herein set forth.

### **COVENANT TO MAKE CONTINUING DISCLOSURE**

At the time of the issuance and delivery of the Notes, the County will covenant for the benefit of the Beneficial Owners (as hereinabove defined) of the Notes to provide in accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule") promulgated by the Securities and Exchange Commission (“Commission”) not later than ten (10) business days after occurrence, notices of the occurrence of certain “Listed Events” (as defined by the Rule), as enumerated below. The notices of material events will be provided by the County to the Electronic Market Access System of the Municipal Securities Rulemaking Board or any other entity designated by or authorized by the Commission to receive such notices.

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties. It should be noted that the County is not legally authorized to establish, nor has it established a debt service reserve securing the Notes;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;

5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances. It should be noted that neither the Notes, the proceedings authorizing the Notes, the Local Finance Law, nor any other law makes any provision for the legal defeasance of the Notes;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the County;\*
10. Unless described in paragraph 5 above, adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Notes or other material events affecting the tax status of the Notes;
11. Modifications to rights of Beneficial Owners or holders of the Notes;
12. Unscheduled or contingent Note calls;
13. Release, substitution, or sale of property securing repayment of the Notes. It should be noted that the Notes are general obligations of the County and are not secured by any collateral, but rather are entitled to the pledge of the faith and credit of the County;
14. Non-payment related defaults. It should be noted that the Notes, the proceedings of the County authorizing the Notes, the Local Finance Law, nor any other law, makes any provision for non-payment related defaults on the Notes, or other general obligations of the County;
15. The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
16. Appointment of a successor or additional trustee or the change of name of a trustee. It should be noted that there is no trustee for the Notes.

---

\* For the purposes of the event identified in this subparagraph, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

The sole remedy of a Beneficial Owner of the Notes under this covenant will be to bring an action to compel specific performance in a court in the State having appropriate jurisdiction. A default by the County of its obligations under the covenant shall not be deemed a default on the Notes.

The County may amend its obligations under the provisions of the covenant without the consent of any holder of the Notes or Beneficial Owner of the Notes provided that the County shall first obtain an opinion of nationally recognized bond counsel to the effect that the proposed amendment would not in and of itself cause the covenant to violate the requirements of the Rule if such amendment had been effective at the time of issuance of the Notes, but taking into account any subsequent change in or official interpretation of the Rule. The County is in compliance with the Rule as it relates to prior disclosure filings.

## **RISK FACTORS**

The following description summarizes some of the risk factors associated with the Notes and does not purport to be complete. This Official Statement should be read in its entirety.

The financial condition of the County as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the County's control. There can be no assurance that adverse events in the State and in other jurisdictions of the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the federal Bankruptcy Code or otherwise, will not occur which might affect the market price of, and the market for, the Notes. If a significant default or other financial crisis should occur in the affairs of the State or any of its agencies or political subdivisions or in other jurisdictions of the country thereby further impacting the acceptability of obligations issued by borrowers within the State, both the ability of the County to arrange for additional borrowings, and the market for and market price of outstanding debt obligations, including the Notes, could be adversely affected.

The County is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the County, in any year, the County may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the County. See "STATEMENT OF REVENUES AND EXPENDITURES – Revenues - *State and Federal Aid*" in "APPENDIX A – INFORMATION ABOUT THE COUNTY" herein.

In addition, adverse events within the County could affect the market for the Notes. These include, but are not limited to, events which impact the County's ability to reduce expenditures and raise revenues, economic trends, the willingness and ability of the State to provide aid and to enact various other legislation and the County's ability to market its securities in the public credit markets. It is anticipated that the various news media will report on events which occur in the County and that such media coverage, as well as such events, could have an impact on the market for, and the market price of, the Notes.

A major portion of the County's annual expenditures is utilized in the administration of various federal and State mandated aid programs, including Medicaid, Temporary Assistance to Needy Families, and community services. Although a substantial portion of these expenditures (other than Medicaid) is reimbursed by the State and federal governments, typically at the rate of 75% of program costs, expenditures fluctuate in response to overall economic conditions and are difficult to predict. Given recent overall economic conditions, these expenditures are likely to increase.

Furthermore, following from NIFA's declaration of a control period on January 26, 2011, NIFA may seek, among other things, to restrict in whole or in part the County's ability to issue debt to finance expenditures, including, but not limited to, the payment of property tax refunds. For further information regarding NIFA's declaration of a control period, see "APPENDIX A – INFORMATION ABOUT THE COUNTY – MONITORING AND OVERSIGHT – External – *NIFA*" herein.

From time to time, legislation is introduced on the federal and State levels, which, if enacted into law, could affect the County and its operations. The County is not able to represent whether such bills will be introduced in the future or become law.

## **LEGAL MATTERS**

The legality of the authorization and issuance of the Notes will be covered by the final approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. The proposed form of such opinion is set forth in APPENDIX C hereto. Certain legal matters will be passed upon for the County by the Law Offices of Joseph C. Reid, P.A., New York, New York, Disclosure Counsel.

## **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

Notes purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Notes") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of notes, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The County has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Notes. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Notes may adversely affect

the value of, or the tax status of interest on, the Notes. Accordingly, the opinion of Bond Counsel is not intended to, and may not be, relied upon in connection with any actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York), the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law or clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposal or clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisers regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The County has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the Beneficial Owners regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, parties other than the County and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the County legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of notes or bonds presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the County or the Beneficial Owners to incur significant expense.

## **RATINGS**

Standard & Poor's Ratings Services ("S&P") and Fitch Ratings ("Fitch") have assigned the Notes ratings of SP-1+ and F1+, respectively.

Moody's Investors Service Inc., S&P and Fitch have assigned ratings of A1, A+ and AA-, respectively, to the County's long-term obligations. Such ratings are not applicable to the Notes.

Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; Standard & Poor's Ratings Services, 55 Water Street, New York, New

York 10041; Fitch Ratings, One State Street Plaza, New York, New York 10004. The ratings assigned by Moody's and Fitch reflect their recalibration of U.S. Public Finance credit ratings to a single global scale rating system. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any of such ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of, or the availability of a secondary market for the Notes.

### **FINANCIAL ADVISOR**

The County has retained Public Financial Management, Inc. of New York, New York, as Financial Advisor in connection with the issuance and sale of its obligations, including the Notes. Although Public Financial Management, Inc. has assisted in the preparation of the Official Statement, Public Financial Management, Inc. is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. Public Financial Management, Inc. is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

### **MISCELLANEOUS**

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the County management's beliefs, as well as assumptions made by, and information currently available to, the County's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the County files with the repositories. When used in County documents or oral presentations, the words "anticipate," "estimate," "expect," "objective," "projection," "forecast," "goal," or similar words are intended to identify forward-looking statements.

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, such matters of opinion and estimates are set forth as such and not as representations of fact. Neither this Official Statement nor any statement which may have been made verbally or in writing in connection therewith is to be construed as a contract with the holders of the Notes.

Neither the County's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the County, express no opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the County for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.



References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Upon delivery of the Notes the County Treasurer shall furnish a certificate stating (i) to his knowledge the Official Statement did not contain any untrue statements of material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, subject to the condition that while information in said Official Statement obtained from sources other than the County is not guaranteed as to accuracy, completeness or fairness, he has no reason to believe and does not believe that such information is materially inaccurate or misleading, (ii) to his knowledge, since the date of said Official Statement, there have been no material transactions not in the ordinary course of affairs entered into by the County and no material adverse changes in the general affairs of the County or in its financial condition as shown in the Official Statement other than as disclosed or contemplated by said Official Statement, and (iii) that no litigation is pending, or to the knowledge of the County, threatened affecting the Notes.

Periodic public reports relating to the financial condition of the County, its operations and the balances, receipts and disbursements of the various funds of the County are prepared by the various departments of the County, and in certain instances examined by independent certified public accountants. In addition, the County regularly receives reports from consultants, commissions, and special task forces relating to various aspects of the County's financial affairs, including capital projects, County services, taxation, revenue estimates, pensions, and other matters.

Information pertaining to the Official Statement may be obtained upon request from the Office of the County Treasurer, County Office Building, 240 Old Country Road, Mineola, New York 11501, telephone (516) 571-2090.

The Official Statement is submitted only in connection with the sale of the Notes by the County and may not be reproduced or used in whole or in part for any other purpose.

The execution and delivery of this Official Statement have been duly authorized by the County Treasurer on behalf of the County.

COUNTY OF NASSAU, NEW YORK

By: /s/John A. Mastromarino  
County Treasurer

May 25, 2011

[THIS PAGE INTENTIONALLY LEFT BLANK]

**APPENDIX A**

**INFORMATION ABOUT THE COUNTY**

[THIS PAGE INTENTIONALLY LEFT BLANK]

## INFORMATION ABOUT THE COUNTY

The information below provides comprehensive information on the County, its financial management, current financial condition, litigation and other information and factors affecting the County.

### THE COUNTY

The County is located on Long Island and has a population of over 1.3 million. It is bordered to the west by the New York City borough of Queens, to the east by Suffolk County, to the north by Long Island Sound and to the south by the Atlantic Ocean. The County was formed on January 1, 1899 and since 1938 has operated under the County Charter. The County Charter was the first of its type in the State and established a form of government headed by a County Executive and a Board of Supervisors.

The County Executive heads the executive branch of County government. The legislative power of the County is vested in the 19-member County Legislature, which superseded the Board of Supervisors in 1996. The County Comptroller has the authority to audit the records of the County departments and special districts, to examine and approve all payment vouchers including payroll, to ascertain that funds to be paid are both appropriated and available and to report the financial status of the County to the County Legislature. The County Treasurer, the County's chief fiscal officer, receives and has custody of all County funds (unless otherwise provided by law) including County taxes, collects most revenues and is responsible for the issuance of all County debt.

The County Executive and the County Comptroller are each elected for four-year terms and the members of the County Legislature are elected for two-year terms. On January 1, 2010, Edward Mangano was inaugurated as County Executive, and George Maragos as County Comptroller. The County Treasurer is appointed by the County Executive and confirmed by the County Legislature.

#### County Officials

##### *County Executive – Edward P. Mangano*

Edward P. Mangano was elected as County Executive on November 3, 2009 and sworn into office on January 1, 2010. Prior to becoming County Executive, Mr. Mangano gained extensive experience as a County Legislator, where he served the 17th Legislative District for seven terms until leaving the position in 2009. Notable among Mr. Mangano's many accomplishments as Legislator were helping revitalize the former Grumman property, attracting more than 15,000 jobs to the site, establishing a Senior Citizen and Community Center, and preserving and protecting open space in the County.

A graduate of Hofstra University and Hofstra Law School, Mr. Mangano was admitted to the New York State Bar in 1988. He went on to have a successful career in printing and publishing newspapers, as well as serving as counsel to the law firm of Rivkin Radler LLP.

Mr. Mangano also has been active in many charitable and fraternal organizations.

*County Legislators*

Kevan M. Abrahams	Judith A. Jacobs
Francis X. Becker, Jr.	Howard J. Kopel
Joseph V. Belesi	Vincent T. Muscarella
Judi Bosworth	Richard J. Nicoletto
John J. Ciotti	Joseph K. Scannell
David W. Denenberg	Peter J. Schmitt
Dennis Dunne, Sr.	Robert Troiano
Denise Ford	Rose Marie Walker
Norma L. Gonsalves	Wayne H. Wink, Jr
	Diane Yatauro

*Presiding Officer, County Legislature – Peter J. Schmitt*

Peter J. Schmitt, a Republican, was elected to the first Nassau County Legislature on November 5, 1995. He represents the 12th Legislative District, which encompasses Massapequa, Massapequa Park, portions of Seaford and portions of North Massapequa. Legislator Schmitt was re-elected by wide margins in subsequent elections. He served as the Legislature's Deputy Presiding Officer from 1996 through 1999, Minority Leader from 2000 through 2009, and as of January 2010, the Presiding Officer and Majority Leader.

Long active in volunteer service to the Massapequas, Legislator Schmitt is Trustee of the Massapequa Historical Society, Past President of the Treehaven Civic Association, Past Chairman of the Massapequa Heart Fund, member and Past President of the Kiwanis Club of Massapequa, member and past Officer of the B.P.O. Elks 2162 and a member of Ancient Order of Hibernians, Division 15. He has received awards and been cited for his community and civic contributions by several organizations including the American Cancer Society, the Village of Massapequa Park and the Massapequa Chamber of Commerce. He is also a recipient of the Estabrook Award from Hofstra University.

Legislator Schmitt received his Bachelor of Arts degree from Hofstra University.

*County Comptroller – George Maragos*

George Maragos was elected as County Comptroller on November 3, 2009 and sworn into office on January 1, 2010. Mr. Maragos has over 35 years of senior management positions and accomplishments with leading organizations in banking, consulting and information systems. Mr. Maragos is the founder of SDS Financial Technologies, an organization providing financial information and online trading services to the financial industry. As president of SDS Technologies, he guided the firm's growth for 20 years.

Prior to SDS Technologies, Mr. Maragos was a Vice President of Citicorp and the Director of Telecommunications for Treasury Systems. Prior to Citibank, Mr. Maragos was a Vice President at the Chase Manhattan Bank. Earlier positions held by Mr. Maragos were with Booz Allen and Hamilton, as an Associate, and with Bell-Northern Research, as Manager of Communications Planning.

Mr. Maragos holds an M.B.A. from Pace University, and a Bachelor of Electrical Engineering Degree from McGill University.

*Deputy County Executive for Finance – Timothy P. Sullivan*

Timothy P. Sullivan was appointed Deputy County Executive for Finance in January 2010. Mr. Sullivan has over twenty years of progressive financial analysis and control background with municipalities, large corporations, and "think tank" academic research organizations. Prior to his current position he was Director of Financial Planning for the Long Island Power Authority ("LIPA"). His responsibilities included the administration of LIPA's long-term financial planning, including oversight of financial modeling and economic forecasting. In addition, Mr. Sullivan was responsible for the financial implementation of one of the most ambitious energy efficiency programs in the country.

Prior to that position, Mr. Sullivan was the head of revenue and economic analysis for NIFA. In this role, he played a key role in the development of the County's first Multi-Year Financial Plan. In 1996 Mr. Sullivan served as the initial director of the budget office for the newly-created County Legislature. He has also performed research for Wharton Econometric Forecasting Associates.

Mr. Sullivan has a B.A. in History and an M.A. in International Economics from Fordham University.

*County Treasurer – John A. Mastromarino*

John A. Mastromarino was appointed Nassau County Treasurer on July 19, 2010. Prior to his appointment as Treasurer, Mr. Mastromarino served as Deputy County Comptroller in charge of Accounting, Payroll, and Claims. From 1994 to 2010, Mr. Mastromarino was Comptroller of the Town of Hempstead, responsible for all aspects of finances, including budget preparation, payroll, cash flow management, investments, capital borrowing and financial statement preparation. Prior to 1994, Mr. Mastromarino served as a partner in a CPA firm providing auditing and management advisory services.

Mr. Mastromarino earned a B.B.A. degree in Accounting and Economics from St. John's University and is a Certified Public Accountant.

*County Budget Director – Jeffrey Nogid*

Jeffrey Nogid was appointed Budget Director in March 2010. Prior to this position, he served as the County's Debt Manager beginning in March 2003. Prior to his appointment as Debt Manager, Mr. Nogid worked for Enron Corp., for its Treasurer managing the firm's commercial paper and receivable sales programs and issuing long term debt, and in the Commodities Group overseeing the risk management of the interest rate and currency exposures of the commodity portfolios. From 1986 to 1996 Mr. Nogid worked for a variety of money center banks performing back and middle office functions.

Mr. Nogid earned a B.A. from the University at Stony Brook.

*County Attorney – John Ciampoli*

John Ciampoli was appointed County Attorney in January 2010. The County Attorney is the chief legal officer of the County, leading a large team of lawyers plus support staff. A graduate of the Loyola School, Pace University and Hofstra Law School, he is admitted to the practice of law before the Federal and State of New York courts.

Mr. Ciampoli has been a prominent practitioner of election law and constitutional law in the New York State Courts. A seasoned litigator and appellate attorney, he has regularly appeared before the Court of Appeals (the highest Court in the State) and the four Appellate Divisions of the Supreme Court. He previously served as Counsel to the New York State Board of Elections and has also held various staff positions in the State Legislature, including most recently Special Counsel to the New York State Senate Republican Conference.

## **County Government**

### *County Executive*

The County Executive is the chief administrator of County government, supervising the performance of all County agencies and departments including, but not limited to, OMB, law enforcement, economic development, planning, social services, public works and parks. The County Executive appoints department heads, commissioners, and other employees. In addition, the County Executive proposes to the County Legislature the County's operating budget and capital budget and multi-year financial plans.

### *County Legislature*

Pursuant to the County Charter, the County Legislature meets to consider the approval of County laws, ordinances and resolutions, including those relating to multi-year financial plans, budgets, capital plans and capital budgets, certain contracts, the appointment of department heads and tax rates and levies. See "Budget Process and Controls" within this section. The County Legislature is also empowered to hold public investigative hearings. Ordinances, resolutions and local laws require at least ten affirmative votes for passage, except that bond ordinances and certain other actions require at least thirteen votes.

## **County Financial Management**

The Deputy County Executive for Finance is responsible for all budget and finance matters in the County - overseeing OMB, the Office of the County Treasurer, the Purchasing Department and the Department of Assessment - and is the County Executive's principal liaison with the County Comptroller and the Assessment Review Commission ("ARC").

### *Key Departments*

OMB. OMB is primarily responsible for developing the County's operating budgets, capital plans and budgets and multi-year financial plans, as well as quarterly financial reports. OMB also works with departments to develop smart government initiatives, the status of which budget examiners review monthly. OMB assigns a deputy budget director to each key County operational area to serve as its chief financial officer, providing expertise on budget and finance matters such as capital planning and revenue management. OMB is also responsible for financial reporting and performance measurement used by the County's management, departments, fiscal monitors, investors and the public.

County Treasurer. The Office of the County Treasurer is responsible for managing the County's cash receipts and disbursements, maintaining the County's bank accounts and investing County funds on a daily basis. The office also coordinates with the County Comptroller's Office to ensure that all transactions are recorded in a timely fashion and the County's books and records are accurate and complete. The County Treasurer is responsible for the issuance of all County debt obligations. The Office of the County Treasurer also tracks the use of bond and note proceeds, and the investment of unexpended funds, to monitor potential arbitrage rebate liability.



Purchasing Department. The Purchasing Department purchases all materials, supplies, and equipment for the County, except for the Board of Elections, pursuant to applicable procurement procedures, and is responsible for price and vendor selections, placement of purchase orders and contract administration.

### *Financial Policies*

Debt Policy. The goals and objectives of the County's debt management policy are as follows: (1) to guide the County and its managers in policy and debt issuance decisions; (2) to maintain appropriate capital assets for present and future needs; (3) to promote sound financial management; (4) to protect and enhance the County's credit rating; (5) to ensure the legal and prudent use of the County's debt issuance authority; and (6) to evaluate debt issuance options.

The policy provides that debt issuance will be planned to achieve relatively level debt service while matching debt service to the useful life of facilities. The policy also states that the County will avoid the use of bullet or balloon maturities except in those instances where these maturities serve to make existing overall debt service level (to the extent permissible under the Local Finance Law). The County may elect a more rapid or other debt service structure, such as declining debt service (i.e., equal principal amortization), at its discretion.

Fund Balance Policy. The County Executive's fund balance and reserve policy draws upon the recommendations of the Government Finance Officers Association, the National Advisory Council on State and Local Government Budgeting and the credit rating agencies. The policy outlines an approach to the accumulation and use of unreserved fund balance and reserve funds that takes into consideration issues that are specific to the County. It identifies an array of reserve funds that helps the County stabilize its budget and finance important policy objectives. The policy sets recommended levels of unreserved fund balance of no less than 4% and no more than 5% of normal prior-year expenditures made from the general fund and the County-wide special revenue funds. Additionally, the policy calls for maintaining a combined level of financial resources in unreserved fund balance and reserve funds of no less than 5% and a target of 7.5% of normal prior-year expenditures. The policy outlines the conditions under which the County's unreserved fund balance ought to be replenished, and identifies the appropriate uses for unreserved fund balance, reserve funds, and any projected operating surpluses. As of December 31, 2010 (unaudited), the County's unreserved fund balance totaled \$82.5 million or 3.24% of the County's prior-year expenditures. The County also maintains various reserves created pursuant to GML; these reserves totaled approximately \$14.4 million as of December 31, 2010 (unaudited). See "COUNTY FINANCIAL CONDITION – Financial Projections and 2011 Budget and 2011-2014 Multi-Year Financial Plan" herein. These reserves may be utilized with the approval of the County Legislature.

Investment Policy. Under the law of the State, the County is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State (or public authorities of the State as may be provided by law); (5) with the approval of the State Comptroller, tax anticipation notes and revenue anticipation notes issued by any municipality (other than the County), school district or district corporation in the State; (6) certain certificates of participation issued on behalf of political subdivisions of the State; and (7) in the case of County monies held in certain reserve funds established pursuant to law, obligations issued by the County. The law further requires that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by a pledge of eligible securities (or a pro rata portion of a pool of eligible securities), an eligible surety bond or an eligible letter of credit, as those terms are defined in the law. The County's investment policy authorizes the County to

enter into repurchase agreements, subject to certain restrictions. From time to time, the County Legislature adopts resolutions setting forth the County's investment policy in accordance with the above statutory limitations, which policy currently substantially mirrors (1) through (7) above. The primary objectives of the County's investment program are to: (1) comply with all applicable provisions of law; (2) safeguard the principal of all investments; (3) provide sufficient liquidity to ensure that monies invested are available to meet expenditures and fulfill obligations as they come due; and (4) obtain the maximum rate of return that is consistent with the preceding objectives.

Swap Policy. State law does not empower the County to enter into interest rate exchange agreements, i.e., swaps. NIFA and the Nassau Health Care Corporation ("NHCC"), respectively, are statutorily empowered, under certain circumstances, to enter into swaps. NIFA and NHCC, respectively, have executed several LIBOR-based swaps to hedge their variable rate debt exposure and to enhance the savings expected to be generated by various refundings of outstanding debt, which conform to the County's swap policy described below.

To the extent that the swaps into which NIFA has entered do not perform as expected, the County's financial position will be positively or negatively affected. Pursuant to the Stabilization Agreement and the Successor Agreement (each as described herein), the interest and net swap payments are made by the County on behalf of NHCC and are netted against the service and other payments the County makes to NHCC. Accordingly, NHCC bears the exposure for swaps that under-perform expectations and benefits in the event the swaps outperform expectations.

The County utilizes a swap policy to guide its decisions regarding swaps. The policy identifies six reasons for entering into swaps: optimize the County's capital structure; achieve appropriate asset/liability match; actively manage or reduce interest rate risk; provide greater financial flexibility; generate interest rate savings; and enhance investment yields.

The County's swap policy puts forth a series of recommended terms for swap agreements. The policy recommends the use of ISDA swap documentation, including the Schedule to the Master Agreement, the Credit Support Annex, and a Swap Confirmation. The policy recommends that swaps should provide for optional termination at market at any time and in the event of a counterparty credit downgrade. The policy also recommends that swap agreements should only be made with qualified swap counterparties, and that the County should seek to diversify counterparty credit risk.

LIBOR-based interest rate swaps carry certain risks, notably basis risk, counterparty risk, rollover risk, tax risk, and termination risk. Working with NIFA and NHCC, respectively, the County has made efforts to mitigate these risks. As recommended by the swap policy, the County regularly monitors these risks.

### *Risk Management*

The County is exposed to various risks of loss related to torts, property loss, employee injuries, motor vehicle accidents and errors and omissions of its employees. The County's Risk Management Unit monitors and directs policies and procedures to reduce and control the County's overall risk exposures. The County self-insures for most risk exposures. The County has transferred some of its risk by means of both property and liability insurance coverage for all police helicopters. The County also maintains a blanket fidelity bond covering all County employees. The County has established minimum insurance requirements for all contractors and vendors providing services to the County.

The County has centralized all risk management responsibilities to provide improved control and management of the cost of risk for the County. As part of this process the County's claims management procedures have been revised to accelerate the investigation of claims and increase subrogation efforts. A dedicated Fraud Prevention Program with a Special Investigation Unit has been established for further investigation of some claims. A safety inspection and investigation program has been implemented. A full review of all insurance programs has been completed.

The County continues to focus on the management of its workers' compensation program. The Risk Management Unit is actively working with the third-party administrator for the workers' compensation claims management program to find ways to reduce and control losses. Improved claims management programs, including early investigations of workers' compensation claims, have been introduced. Detailed reports have been developed to target safety improvements needed and areas requiring further management of loss exposures. Subrogation efforts and the transfer of losses to the State second injury fund have been increased resulting in significant savings. The use of lump sum settlements has been increased. Improved procedures and preparation for workers compensation hearings has resulted in a significant increase in favorable decisions.

Risk management policies and procedures for key risk-related areas are being developed to further reduce losses. Since implementing its Motor Vehicle Risk Management Policy and Procedure, the County has experienced a significant reduction in the number of accidents involving County-owned motor vehicles. A Work Place Violence Policy and Procedure has been developed to conform to new State regulations. Efforts have been expanded to increase subrogation recoveries.

### **Budget Process and Controls**

The County Charter requires the County Executive to submit, no later than September 15<sup>th</sup> of each year, to the County Legislature for its review an annual operating budget for the ensuing fiscal year (January 1<sup>st</sup> through December 31<sup>st</sup>) and a multi-year financial plan. Each year during a control period (as described herein), the NIFA Act requires the County to submit the proposed budget to NIFA, which must be consistent with the accompanying multi-year financial plan that the County must submit for NIFA's approval. For further information regarding NIFA's powers and responsibilities upon its declaration of a control period on January 26, 2011, see "MONITORING AND OVERSIGHT – External – NIFA" herein.

The County Legislature holds budget hearings after the County Executive submits his proposed budget. After the conclusion of the public hearings, the County Legislature may reduce, increase or strike out any item of appropriation in the proposed budget. Prior to any increase, however, another public hearing is necessary. The County Executive has the power to veto any item that constitutes an addition or increase in the proposed budget. The County Legislature has the power to override such a veto by affirmative vote of at least thirteen out of its nineteen members and then approve by ordinance the final budget. Within ten days of the final approval of the budget by the County Legislature, the County Executive may veto any item that constitutes a change from the proposed budget, while at the same time approving the remainder of the budget. The County Legislature may override any such vetoed item

within seven days by an affirmative vote of at least thirteen members. Upon final adoption of the budget, the County Legislature must pass an appropriation ordinance for such budget and levy taxes for the ensuing year not later than October 30th.

During the year, the County Executive may recommend changes to the adopted budget. Transfers of spending authority between departments and certain transfers within departments require approval by majority vote of the County Legislature. The County Executive may also recommend appropriating revenues not recognized in the adopted budget. Such supplemental appropriations require approval by thirteen affirmative votes of the County Legislature.

The County has established controls to ensure compliance with adopted budgets. OMB and the County Comptroller supervise and control the expenditure and encumbrance of appropriations, and monitor revenues. The County's financial management system provides for on-line inquiries of budgeted and actual obligations and revenues, which are used to analyze current activity and historical trends, and to formulate forecasts of future operating results. Appropriations that have not been expended or encumbered lapse at the end of the year.

## **COUNTY FINANCIAL CONDITION**

### **Financial Projections**

The County ended Fiscal Year 2010 with an operating surplus of \$17.2 million. All 2010 amounts are unaudited. The County projects to end Fiscal Year 2011 with an operating surplus of approximately \$400,000.

### **2011 Budget and 2011-2014 Multi-Year Financial Plan**

The County Executive submitted the proposed 2011 Budget to the County Legislature on September 15, 2010. The County Legislature adopted the budget on October 30, 2010, which included legislative amendments totaling \$56.5 million. The adopted 2011 Budget includes \$2.7 billion in appropriations, excluding interdepartmental transfers, to support the Major Operating Funds. The 2011 Budget growth is 5.5% over the 2010 Budget. The 2011 Budget includes a modest sales tax growth rate of 3.75%. The County's 2011 Budget is balanced according to the budgetary basis of accounting. On January 26, 2011, however, NIFA adopted a resolution declaring a control period upon its determination that there exists a substantial likelihood and imminence of the County incurring a major operating funds deficit of one percent or more (\$176 million) in the aggregate results of operations during its fiscal year 2011 assuming all revenues and expenditures are reported in accordance with generally accepted accounting principles ("GAAP"). See "Revised Fiscal Year 2011 Financial Plan Delivered to NIFA" within this section and "MONITORING AND OVERSIGHT – External – NIFA" herein.

Figure 1 below shows the gap projections contained in the 2011-2014 Multi-Year Financial Plan.

FIGURE 1  
SUMMARY OF GAP PROJECTIONS  
2011-2014 MULTI-YEAR FINANCIAL PLAN  
MAJOR OPERATING FUNDS (IN MILLIONS)

	2012	2013	2014
<b>Projected Baseline Gap</b>	(\$162.2)	(\$220.1)	(\$271.0)
<b>Gap Closing Measures</b>			
<b><u>Financing Options/Asset Sales</u></b>			
Public-Private Partnerships	125.0	125.0	125.0
Privatization of LI Bus	9.6	9.6	9.6
Debt Restructuring	5.0	5.0	10.0
Surplus Land Sales		10.0	15.0
<b><u>Expense Reductions</u></b>			
Department Efficiencies	20.0	25.0	30.0
Headcount Reductions	5.0	10.0	20.0
Workers Compensation	3.0	3.0	4.0
<b><u>Revenue Initiatives</u></b>			
Value of New Construction	3.0	6.0	9.0
Increased Departmental Revenues	3.0	3.0	3.0
Shared Services - Improved Accounts Receivable Processing	3.0	3.0	3.0
Cedar Creek Driving Range	3.0	3.0	3.0
Hub Revenues		20.0	30.0
GIS Map Usage		10.0	10.0
<b><u>Assessment Reform</u></b>			
Debt Service on Assessment Reform	2.0	8.0	14.0
	<b>\$19.4</b>	<b>\$20.5</b>	<b>\$14.6</b>

FIGURE 2  
RESERVED FOR FUTURE USE

As described in the 2011-2014 Multi-Year Financial Plan, the County is projecting a budget gap of \$162.2 million in 2012, \$220.1 million in 2013 and \$271.0 million in 2014.

As indicated in Figure 1, the County's gap closing plan is grouped into four areas: (1) assessment reform; (2) expense reductions; (3) revenue initiatives; and (4) financing options and asset sales.

The County plans to implement some or all of the gap-closing measures described above in this section to produce savings and/or generate revenues in order to close the projected gaps during the 2011-2014 Multi-Year Financial Plan period. One or more of these items may require State legislation, agreement by collective bargaining units, actions by the County legislature, and/or other actions beyond the control of the administration of the County. No assurance can be made that any such actions will be taken and/or necessary agreement will be achieved.

The County has identified a number of potential risks to its future financial performance. Such risks include, but are not limited to, a decline in County sales tax revenues, a decline in the real estate market, the inability to achieve various gap closing measures, the County's exposure to potentially adverse legal judgments, the continued commitment to institutionalization of financial and managerial reforms, the stability of NHCC, the future of the New York Racing Association and Off-Track Betting Corporations in the State, and the recognition of the liability associated with retiree health insurance required by GASB Statement No. 45 ("GASB 45") issued by the Government Accounting Standards Board ("GASB"). GASB 45 requires municipalities and school districts to account for other post-employment benefits ("OPEB") much like they account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. The County is in compliance with the requirements of GASB 45 and as of December 31, 2010, the County's unfunded accrued liability for OPEB is \$3.855 billion.

The 2011-2014 Multi-Year Financial Plan identifies a number of contingencies the County could exercise in the event that risks emerge which threaten the County's financial performance. For example, the County may continue using surplus current-year resources, if any, to defray non-recurring expenses in the out-years of the Multi-Year Financial Plan. The County has established various restricted reserve funds pursuant to the GML. The Employee Accrued Liability Reserve Fund had reserves of approximately \$14.4 million as of December 31, 2010. These reserves may be utilized with the approval of the County Legislature.

As discussed herein, the County is required to close substantial future budgetary gaps in order to maintain balanced operating results. There can be no assurance that the County will continue to maintain balanced operating results as required by State law without revenue increases or reductions in County services or entitlement programs.

Following from NIFA's declaration of a control period on January 26, 2011, NIFA may seek, among other things, to restrict in whole or in part the County's ability to issue debt to finance expenditures, including, but not limited to, the payment of property tax refunds. For further information regarding NIFA's declaration of a control period, see "MONITORING AND OVERSIGHT – External – NIFA" herein.

For its normal operations, the County depends on aid from the State both to enable the County to balance its budget and to meet its cash flow requirements. There can be no assurance that there will not be reductions in State aid to the County from amounts currently projected, that State budgets will be adopted by the April 1 statutory deadline, that interim appropriations will be enacted or that any such reductions or delays will not have adverse effects on the County's cash flow or revenues. In addition, the

annual federal budget negotiation process could result in a reduction or a delay in the receipt of federal reimbursements that could have adverse effects on the County's cash flow or revenues.

The County's projections in its multi-year financial plans are based on various assumptions which are uncertain and may not materialize. Such assumptions are described throughout this Official Statement and include the condition of the regional and local economies, the provision of State and federal aid and the impact on County revenues and expenditures of any future federal or State policies affecting the County.

Actual revenues and expenditures may be different from those forecasted in the multi-year financial plans.

Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the County from its records. The presentation of such information is intended to show recent historical data and is not intended to indicate future or continuing trends in the financial position or other affairs of the County.

The factors affecting the County's financial condition described throughout the Official Statement, including but not limited to those in this "APPENDIX A – INFORMATION ABOUT THE COUNTY", are complex and are not intended to be summarized in this section. The Official Statement, including the Appendices, should be read in its entirety.

#### **Revised Fiscal Year 2011 Financial Plan Delivered to NIFA**

As required by the January 26, 2011 NIFA resolution declaring a control period, on March 22, 2011 (which date was determined pursuant to a stipulation between the County and NIFA) the County submitted a financial plan to NIFA for fiscal year 2011. For further information regarding NIFA's declaration of a control period, see "LITIGATION" in the front part of this Official Statement and "MONITORING AND OVERSIGHT – External – NIFA" herein. In order to address the GAAP-based deficit projected by NIFA, among other things the County has instituted or is instituting the following actions: a hiring freeze on non-essential personnel; furloughs for a one day per pay period beginning July 1, 2011 for all personnel not represented by collective bargaining units, and personnel represented by certain collective bargaining units; a voluntary separation incentive program; layoffs beginning July 1, 2011; reduced hiring of part-time and seasonal personnel; redeployment of Police and Correctional Center officers due to program reductions targeted to decrease the amount of overtime; outsourcing medical care for Nassau County Correctional Center inmates; and the sale of various land leases and excess County-owned land. Furthermore, the County requested and NIFA imposed a wage freeze for all County employees as authorized under NIFA's governing legislation. See "MONITORING AND OVERSIGHT – External – NIFA" and "Appendix F – COUNTY WORKFORCE" herein for further information regarding NIFA's imposition of a wage freeze.

#### **MONITORING AND OVERSIGHT**

In addition to the oversight role of OMB within the administration, various entities monitor and review the County's finances pursuant to State or local law, including the County Comptroller, the County Office of Legislative Budget Review, NIFA, independent auditors and the State Comptroller.

## **Internal**

### *County Comptroller*

In accordance with the County Charter, the County Comptroller maintains and audits the County's accounts. His powers include: auditing County departments and contractors to identify and prevent waste, fraud and abuse; reviewing contract payment terms, determining that funds are available for payment, and that payment of vendor claims are appropriate; monitoring the County's budget and financial operations; preparing the County's year-end financial statements; and issuing fiscal impact statements on matters that significantly affect the financial health of the County.

### Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada ("GFOA") has awarded a Certificate of Achievement for Excellence in Financial Reporting (a "Certificate") to the County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2009. A Certificate is valid for a period of one year only. The County believes that its current comprehensive annual financial report continues to meet the Certificate program's requirements and intends to submit it to GFOA to determine its eligibility for another Certificate.

### *Office of Legislative Budget Review*

The non-partisan Office of Legislative Budget Review, established by the County Charter, analyzes financial data such as budgets, Multi-Year Financial Plans (as defined herein) and capital plans on behalf of the County Legislature. The Office of Legislative Budget Review publishes reports from time to time on budgets, Multi-Year Financial Plans and the operations of select County departments. Such reports are available at the Office of Legislative Budget Review, 1550 Franklin Avenue, Mineola, New York 11501.

## **External**

### *NIFA*

Since enactment in 2000 of the Nassau County Interim Finance Authority Act, codified as Title I of Article 10-D of the State Public Authorities Law (the "NIFA Act"), creating NIFA, the County's finances have been subject to oversight by NIFA, a corporate governmental agency and instrumentality of the State constituting a public benefit corporation. Under the NIFA Act, NIFA has both limited authority to oversee the County's finances, including covered organizations as defined in the NIFA Act ("Covered Organizations") and discussed further below, and upon the declaration of a control period (described below), additional oversight authority. The interim finance period under the NIFA Act expired at the end of 2008.

Pursuant to the NIFA Act, NIFA performs ongoing monitoring and review of the County's financial operations, including, but not limited to: recommending to the County and the Covered Organizations measures related to their operation, management, efficiency and productivity; consulting with the County in preparation of the County's budget; reviewing and commenting on proposed borrowings by the County (in the absence of a control period, as more fully described below); determining whether to make transitional State aid available; and performing audits and reviews of the County, any of its agencies and any Covered Organization.



As part of its oversight responsibilities, in the absence of a control period (described herein) NIFA is required to review the terms of and comment on the prudence of each issuance of bonds or notes proposed to be issued by the County, and no such borrowing may be made unless first reviewed and commented upon by NIFA.

NIFA is further empowered to impose a control period, as defined in the NIFA Act, upon its determination that any of the following events has occurred or that there is a substantial likelihood and imminence of its occurrence: (1) the County shall have failed to pay the principal of or interest on any of its bonds or notes when due or payable; (2) the County shall have incurred a major operating funds deficit of 1% or more in the aggregate in the results of operations during its fiscal year assuming all revenues and expenditures are reported in accordance with GAAP; (3) the County shall have otherwise violated any provision of the NIFA Act and such violation substantially impairs the marketability of the County's bonds or notes; or (4) the County Treasurer certifies at any time, at the request of NIFA or on the County Treasurer's initiative, that on the basis of facts existing at such time, the County Treasurer cannot certify that securities sold by or for the benefit of the County in the general public market during the fiscal year immediately preceding such date and the then current fiscal year are satisfying the financing requirements of the County during such period and that there is a substantial likelihood of a similar result from such date through the end of the next succeeding fiscal year. The NIFA act lists another event that could have triggered a control period had it occurred during the interim finance period (which, as noted, has expired).

On January 26, 2011 NIFA adopted a resolution declaring a control period upon its determination that there exists a substantial likelihood and imminence of the County incurring a major operating funds deficit of one percent or more in the aggregate results of operations during its fiscal year 2011 assuming all revenues and expenditures are reported in accordance with GAAP. In its determination NIFA stated, among other things, that the County under GAAP, and thus the NIFA Act, could not count as revenues in fiscal year 2011 the proceeds of borrowings to pay property tax refunds, nor fund balance, despite having done so in prior years. See "LITIGATION" in the front part of this Official Statement for a summary of the litigation, now withdrawn, brought by the County challenging NIFA's declaration of a control period.

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; 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.

As required by the January 26, 2011 NIFA resolution, on March 22, 2011 (which date was determined pursuant to a stipulation between the County and NIFA) the County submitted to NIFA a financial plan for fiscal year 2011. See "COUNTY FINANCIAL CONDITION – Revised Fiscal Year 2011 Financial Plan Delivered to NIFA" herein. On March 24, 2011, by resolution NIFA adopted Contract Approval Guidelines establishing parameters for approval of certain County contracts, including a dollar threshold for contracts of \$50,000 or more which must be approved by NIFA. Pursuant to the Contract Approval Guidelines, contracts will be submitted to NIFA for approval following the County's internal approval process. Also on March 24, 2011, by respective resolutions NIFA (i) found that a wage freeze as authorized by the NIFA Act is essential to the County's adoption and maintenance of a fiscal year 2011 budget that is in compliance with such legislation and (ii) declared a fiscal crisis; ordered that 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, other analogous contracts or interest arbitration awards, then in existence or thereafter entered into, requiring such salary increases as of any date thereafter were suspended; and ordered that all increased payments for holiday and vacation differentials, shift differentials, salary adjustments according to plan, and step-ups and increments for 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 arbitration awards requiring such increased payments as of any date thereafter were, in the same manner, suspended. Various collective bargaining units of the County have brought suits in federal court against the County and NIFA challenging the actions described in the prior sentence. The County intends to defend itself vigorously against such action(s).

NIFA has approved the issuance of the Notes, as required by the NIFA Act during the control period declared by NIFA on January 26, 2011. It is not, however, within NIFA's powers to restrict the County's obligation to pay debt service on the Notes or other County debt.

Under the NIFA Act, the County and the Covered Organizations are prohibited from filing any petition with any United States district court or court of bankruptcy for the composition or adjustment of municipal indebtedness without the approval of NIFA and the State Comptroller, and no such petition may be filed while NIFA bonds remain outstanding. Under the NIFA Act, the term Covered Organizations includes NHCC and any other governmental agency, public authority or public benefit corporation which receives or may receive monies directly, indirectly or contingently from the County, with certain statutory exceptions. In addition, pursuant to Chapter No. 685 of the Laws of 2003, the Nassau County Sewer and Storm Water Finance Authority is a Covered Organization under the NIFA Act. See "SEWER AND STORM WATER RESOURCES SERVICES" herein.

#### *Independent Auditors*

The County retains independent certified public accountants to audit the County's financial statements. The current audit opinion covers the years ended December 31, 2009 and 2008. An excerpt from the financial statements for such years may be found attached as APPENDIX B to this Official Statement. The County's financial statements are prepared in accordance with GAAP.

#### *State Comptroller*

The Department of Audit and Control of the State Comptroller's office periodically undertakes performance audits and is also authorized to perform compliance reviews to ascertain whether the County has complied with the requirements of various State and federal laws.

### **STATEMENT OF REVENUES AND EXPENDITURES**

#### **Major Operating Funds**

The 2011 Budget contains five major operating funds (the "Major Operating Funds") - the General Fund, the Police Headquarters Fund, the Police District Fund, the Fire Prevention Fund and the Debt Service Fund - that support the primary operations of the County. The Police Headquarters Fund and the Fire Prevention Fund are special revenue funds with the same tax base as the General Fund. The Police District Fund does not have the same tax base as the General Fund.

The General Fund contains revenues and expenses for all County departments and offices other than the Fire Commission and the Police Department. The County frequently transfers funds between departments and offices in the General Fund to address needs as they arise. Revenues in this fund come primarily from County sales tax collections and a designated portion of the County property tax. Other sources of revenue include departmental fees, permits and licenses and investment income.

The Police Headquarters Fund contains revenues and expenses for services the Police Department provides to all County residents, including crime investigations, ambulance services, traffic safety,

highway patrol and administrative/support services. Revenues in this fund come primarily from a designated portion of the County property tax, special taxes, and various fines, permits and fees.

The Police District Fund contains revenues and expenses for the crime prevention services the Police Department’s eight precincts provide to a portion of the County’s residents. Revenues in this fund come primarily from a designated portion of the County property tax and various fines, permits and fees. Of the Major Operating Funds, the Police District Fund is the only one that does not fund County-wide services. Only areas of the County receiving such services pay the Police District property tax.

The Fire Prevention Fund contains revenues and expenses for the Fire Commission, which ensures compliance with County fire safety codes and coordinates the operations of the various local fire districts. Revenues in this fund come primarily from a designated portion of the County property tax and various fees, fines, permits and licenses.

The Debt Service Fund contains all interest and principal payments for the County’s debt obligations, including administrative costs in connection with such borrowings, and accounts for NIFA sales tax set-asides. Because the County charges debt service payments to specific projects in departments, the Debt Service Fund is entirely supported by revenues transferred from other funds.

**Revenues**

The County derives its revenues from a variety of sources. The largest of these are the sales tax, the property tax, and federal and State aid and departmental revenues. Figure 3 shows Major Operating Funds revenues. All 2010 amounts are unaudited.

FIGURE 3  
REVENUES (MAJOR OPERATING FUNDS)

<b>REVENUE CATEGORY</b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b>Projected <u>2011</u></b>
Sales Tax	\$1,010,508,507	\$1,000,687,790	\$951,152,888	\$1,001,441,745	\$1,028,864,510
Property Tax	762,485,720	776,248,828	803,322,733	802,901,506	800,315,632
State Aid	193,583,548	202,687,268	204,446,835	171,045,976	209,284,731
Federal Aid	112,112,114	110,045,026	161,886,184	209,401,010	150,095,208
Departmental Revenues	92,087,472	86,930,037	96,027,120	94,416,532	122,587,220
Other Revenues	370,510,796	323,877,637	286,863,609	281,816,484	439,805,507
<b>Sub-total</b>	<b>2,541,288,157</b>	<b>2,500,476,586</b>	<b>2,503,699,369</b>	<b>2,561,023,253</b>	<b>2,750,952,808</b>
Interdepartmental Revenues	322,426,180	343,423,974	370,297,725	358,955,706	426,438,175
<b>Total</b>	<b>\$2,863,714,337</b>	<b>\$2,843,900,560</b>	<b>\$2,873,997,094</b>	<b>\$2,919,978,959</b>	<b>\$3,177,390,983</b>

Note: Sales tax totals reflect collections prior to NIFA set-asides.

*Sales Tax*

The largest source of revenues for the County in the Major Operating Funds is the sales and compensating use tax (referred to herein as the “sales tax”), which constitutes approximately 37.0% of the

total revenues in the 2011 Budget (excluding interdepartmental revenues). Figure 4 shows budgeted and actual (if available) sales tax revenues compared to budgeted and actual total revenues for the Major Operating Funds. See “COUNTY FINANCIAL CONDITION”.

FIGURE 4  
BUDGETED AND ACTUAL SALES TAX REVENUES COMPARED TO BUDGETED  
AND ACTUAL TOTAL REVENUES  
(MAJOR OPERATING FUNDS)

<u>Fiscal Year</u>	<u>Budgeted</u>			<u>Actual</u>		
	<u>Total Revenues</u>	<u>Sales Tax Revenues</u>	<u>Sales Tax as % of Total Revenues</u>	<u>Total Revenues</u>	<u>Sales Tax Collected</u>	<u>Sales Tax Collected as % of Total Revenues</u>
2011	\$2,762,249,456	\$1,023,336,134	37.0%	N/A	N/A	N/A
2010	2,617,423,860	1,003,083,023	38.3%	\$2,561,023,253	\$1,001,441,745	39.1%
2009	2,602,022,962	1,037,778,713	39.9%	2,503,699,369	951,152,888	38.0%
2008	2,558,521,448	1,042,557,825	40.7%	2,500,476,586	1,000,687,790	40.0%
2007	2,494,439,260	1,030,913,922	41.3%	2,541,288,157	1,010,508,507	39.8%

Note: Sales tax totals reflect collections prior to NIFA set-asides. All data excludes interdepartmental revenues.

The County’s sales tax is collected by the State. The total current sales tax rate in the County is 8-5/8%, of which (i) 4-3/8% is the State’s share (including a 3/8% component that is imposed within the Metropolitan Commuter Transportation District pursuant to Section 1109 of the State Tax Law) and (ii) 4-1/4% is the County’s share, out of which the County (a) must allocate a 1/4% component to towns and cities within the County under a local government assistance program established by the County and authorized pursuant to Section 1262-e of the State Tax Law and (b) is authorized to allocate up to a 1/12% component to the villages within the County under a local government assistance program.

The County has enacted legislation to implement a local government assistance program with the villages for its 2011 fiscal year, allocating \$1.25 million of sales tax to the villages.

Pursuant to Section 1261 of the State Tax Law, all sales taxes, other than (i) amounts payable to towns, cities and villages in the County pursuant to a local government assistance program established by the County and (ii) amounts which the State Comptroller has reserved for refunds of taxes and the State’s reasonable costs in administering, collecting and distributing such taxes, are paid by the State Comptroller to NIFA as long as NIFA bonds are outstanding. These monies are applied by NIFA in the following order of priority: first pursuant to NIFA’s contracts with bondholders to pay debt service on NIFA notes and bonds, second to pay NIFA’s operating expenses not otherwise provided for, and third pursuant to NIFA’s agreements with the County to the County as frequently as practicable.

The State has authorized the County to continue to impose the 4¼% local sales tax until November 30, 2011, and the County Legislature has implemented this authorization. On May 17, 2011, it was reported in the press that the Deputy Speaker of the State Assembly intended to block State legislative approval of the extension of the ¾% and ½% components of the County portion of the sales tax beyond November 30, 2011 (the current limit of State authorization of said incremental components) allegedly in response to certain unrelated actions or proposed actions by the County, including redistricting of County legislative districts and other matters. If State authorization for the County to impose the incremental components is not extended, the County portion of the sales tax would be reduced to 3% on November 30, 2011. If that occurs, the total amount of sales taxes to be allocated and paid to the County for County purposes would be reduced by 29.4%, or approximately \$301 million on an annual basis (using the 2011 budgeted amount, prior to NIFA set-asides, for comparison). While the County views this action as unlikely, it cannot provide any assurance that it will not occur. At the same time, legislation has been introduced in the State Assembly to allocate a large percentage of sales tax revenues to villages in the County instead of the County. While the County views enactment of such legislation as unlikely, it cannot guarantee that will not occur.

The State has, in the past, enacted amendments to the State Tax Law to exempt specified goods and services from the imposition of sales taxes, or to reduce the rate of such taxes on such goods and services. There can be no assurance that future proposals will not result in additional exemptions or reductions.

*Real Property Tax*

The County’s second largest source of revenues in the Major Operating Funds is the real property tax, which constitutes approximately 29.0% of total revenues in the 2011 Budget (excluding interdepartmental revenues). The levy of the property tax is at the sole discretion of the County, subject to constitutional and statutory limitations. On May 24, 2011, the Governor and State legislative leaders announced agreement on a proposal to limit property tax levy increases by most municipalities in the State, including the County, to 2% over the prior year, with certain exceptions. The County is only at approximately 15.54% of its constitutional tax limit. See “REAL PROPERTY ASSESSMENT AND TAX COLLECTION – Real Property Tax Limit” herein. Figure 5 shows property tax levies in the Major Operating Funds.

FIGURE 5  
PROPERTY TAX LEVY  
(MAJOR OPERATING FUNDS)

<b>Fund</b>	<b>2008 Levy</b>	<b>2009 Levy</b>	<b>2010 Levy</b>	<b>2011 Levy</b>
Police District Fund	\$332,325,833	\$345,035,890	\$343,354,134	\$364,488,774
Police Headquarters Fund	279,632,013	289,073,953	279,980,342	245,665,677
General Fund	145,858,384	156,498,471	162,838,578	174,506,692
Fire Prevention Fund	<u>15,554,824</u>	<u>15,465,535</u>	<u>15,400,795</u>	<u>15,654,489</u>
<b>Total</b>	<b>\$773,371,054</b>	<b>\$806,073,849</b>	<b>\$801,573,849</b>	<b>\$800,315,632</b>

The percentage of Major Operating Funds revenues derived from the property tax has varied in recent years depending on the size of the annual property tax levy. Figure 6 shows budgeted and actual (if available) property tax revenues compared to budgeted and actual total revenues for the Major Operating Funds.

FIGURE 6  
BUDGETED AND ACTUAL PROPERTY TAX REVENUES  
(MAJOR OPERATING FUNDS)

<b>Fiscal Year</b>	<b><u>Budget</u></b>			<b><u>Actual</u></b>		
	<b><u>Total Revenues</u></b>	<b><u>Property Tax Revenues</u></b>	<b>Property Tax as % of Total Revenues</b>	<b><u>Total Revenues</u></b>	<b><u>Property Tax Collected</u></b>	<b>Property Tax Collected as % of Total Revenues</b>
2011	\$2,762,249,456	\$800,315,632	29.0 %	N/A	N/A	N/A
2010	2,617,423,860	801,573,849	30.6 %	\$2,561,023,253	\$802,901,506	31.4%
2009	2,602,022,962	806,073,849	31.0%	2,503,699,369	803,322,733	32.1%
2008	2,558,521,448	773,371,054	30.2 %	2,500,476,586	776,248,828	31.0%
2007	2,494,439,260	758,371,054	30.4%	2,541,288,157	762,485,720	30.0%

Note: All data excludes interdepartmental revenues.

The County typically collects approximately 97% of its levy in the fiscal year in which it is due. Most of the remaining 3% is collected within two years, as shown in Figure 7.

FIGURE 7  
PROPERTY TAX COLLECTIONS VERSUS LEVY  
(IN THOUSANDS)  
(MAJOR OPERATING FUNDS)

<b><u>Fiscal Year Beginning</u></b>	<b><u>Total Real Property Tax</u></b>	<b><u>Uncollected at End of Fiscal Year</u></b>	<b><u>Percentage Uncollected at End of Fiscal Year</u></b>	<b><u>Uncollected as of March 31, 2011</u></b>	<b><u>Percentage Uncollected as of March 31, 2011</u></b>
January 1, 2011	\$800,316	N/A	N/A	N/A	NA
January 1, 2010	801,574	\$23,041	2.87%	\$13,355	1.67%
January 1, 2009	806,074	25,910	3.21%	1,106	0.14%
January 1, 2008	773,371	19,306	2.50%	544	0.07%
January 1, 2007	758,371	18,205	2.40%	683	0.09%

See “REAL PROPERTY ASSESSMENT AND TAX COLLECTION” herein.

*State and Federal Aid*

Approximately 13.5% of the total revenues in the 2011 Budget (excluding interdepartmental revenues) come from federal and State reimbursement, mainly for human services and other mandated entitlement programs. Consequently, changes in the amount of County revenues derived from federal and State aid result from the levels of payments in connection with public assistance, day care, foster care, early intervention and special education.

### *Departmental Revenues*

Departmental revenues include a variety of receipts generated by County departments, including parks usage fees, inspection fees, registration and licensing fees, data sales and permit fees.

### *Other Revenues*

The remainder of the County's revenues comes from several sources, among which are prior-year recoveries, contract disencumbrances, interest and penalties on delinquent taxes, investment income, miscellaneous revenues and special taxes. These include the off-track betting tax, the hotel/motel occupancy tax, the entertainment surcharge and the motor vehicle registration surcharge.

### **Expenditures**

The County charges expenditures to the Major Operating Funds to fund personnel-related costs, Medicaid, other social services entitlement programs, contractual services, debt service and a variety of other expenditures. All 2010 amounts are unaudited. Figure 8 shows annual expenditures by category.

FIGURE 8  
EXPENDITURES BY CATEGORY  
(MAJOR OPERATING FUNDS)

<u>EXPENDITURE CATEGORY</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 Projections</u>
SALARIES & WAGES	\$850,523,710	\$840,753,123	\$789,728,959	\$814,434,390	\$801,959,862
FRINGE BENEFITS	403,805,624	393,413,771	388,332,836	383,207,944	438,241,296
MEDICAID	218,991,351	225,227,469	227,852,906	234,903,480	242,344,540
DSS ENTITLEMENT PROGRAMS	146,071,410	150,846,234	167,570,552	186,175,048	192,415,792
CONTRACTUAL SERVICES	129,142,585	121,876,191	118,732,603	118,418,518	113,032,193
ADMINISTRATIVE EXPENSES	72,679,227	69,405,902	65,211,548	68,566,374	70,205,932
DEBT SERVICE (Interest & Principal) <sup>(1)</sup>	122,447,059	106,761,315	109,476,407	121,665,883	150,096,395
LOCAL GOVERNMENT ASSISTANCE	60,603,147	60,474,022	56,091,788	59,413,817	61,857,330
MASS TRANSPORTATION	46,933,855	47,581,487	47,818,616	47,080,836	43,340,036
OTHER EXPENSES	<u>466,606,952</u>	<u>482,031,495</u>	<u>531,704,245</u>	<u>510,236,527</u>	<u>637,002,174</u>
SUB-TOTAL	2,517,804,920	2,498,371,009	2,502,520,460	2,544,102,817	2,750,495,550
INTERDEPARTMENTAL CHARGES	<u>322,133,378</u>	<u>343,423,974</u>	<u>370,215,544</u>	<u>358,684,417</u>	<u>426,438,176</u>
TOTAL	\$2,839,938,298	\$2,841,794,983	\$2,872,736,004	\$2,902,787,234	\$3,176,933,726

(1) Does not include value of NIFA set-asides which are included in Other Expenses.

Figure 9 shows annual expenditures by fund, excluding interdepartmental expenses, in the Major Operating Funds.

FIGURE 9  
EXPENDITURES BY FUND  
(MAJOR OPERATING FUNDS)

<u>Fund</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 Projections</u>
GENERAL FUND	\$1,569,234,707	\$1,530,442,586	\$1,553,787,129	\$1,579,790,748	\$1,712,830,448
DEBT SERVICE FUND	292,695,316	292,006,903	303,933,020	312,075,980	355,461,424
POLICE DISTRICT FUND	322,405,353	334,883,228	314,854,612	335,180,096	348,378,416
POLICE HEADQUARTERS FUND	315,462,357	321,724,781	311,535,648	299,093,980	315,019,708
FIRE COMMISSION FUND	18,007,187	19,313,511	18,410,051	17,962,013	18,805,554
<b>Total</b>	<b>\$2,517,804,920</b>	<b>\$2,498,371,009</b>	<b>\$2,502,520,460</b>	<b>\$2,544,102,817</b>	<b>\$2,750,495,550</b>

Note: The General Fund includes the Red Light Camera Fund and the Nassau County Public Utility Agency Fund in 2010. In 2011, the General Fund includes the Red Light Camera Fund.

*Personnel-Related Expenditures*

The largest category of expenditures in the Major Operating Funds is for personnel-related costs, including salaries, wages and fringe benefits and workers compensation expenses, which comprise approximately 46.1% of total Major Operating Funds expenditures in the 2011 Budget (excluding interdepartmental expenses). Figure 10 shows the County's personnel-related expenditures.

FIGURE 10  
PERSONNEL-RELATED EXPENDITURES

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Projection 2011</u>
Salaries & Wages	\$840,753,123	\$789,728,959	\$814,434,390	\$801,959,862
Fringe Benefits	393,413,771	388,332,836	383,207,944	438,241,296
Workers Compensation	<u>21,992,191</u>	<u>21,982,773</u>	<u>23,938,312</u>	<u>27,819,990</u>
Total	\$1,256,159,085	\$1,200,044,568	\$1,221,580,646	\$1,268,021,148

Employee Earnings

Employee earnings include base wages, overtime, termination pay and other payments made to employees. Growth relates primarily to annual step increases and cost of living increases pursuant to collective bargaining agreements (see Appendix F - COUNTY WORKFORCE, for details of wage agreements and staffing levels).



### Health Insurance Contributions

Currently, the County pays the entire cost of health insurance coverage for all active employees and retirees other than non-union employees hired since January 1, 2002, for whom it pays 90% of the cost for family coverage and 95% of the cost for individual coverage. The vast majority of County employees are enrolled in the State's Empire Plan, though the County offers several other plans to its employees.

Health insurance rates are set by the State with respect to employees enrolled in the Empire Plan. Figure 11 displays the growth in the County's health insurance costs.

FIGURE 11  
HEALTH INSURANCE COSTS

<b>Health Insurance Category</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011 Projections</b>
Active Employees	\$108,138,677	\$113,409,154	\$112,177,159	\$110,247,648	\$126,428,485
Retirees	<u>96,680,561</u>	<u>102,926,601</u>	<u>104,495,861</u>	<u>109,831,459</u>	<u>122,816,167</u>
<b>Total Health Insurance</b>	<b>\$204,819,238</b>	<b>\$216,335,755</b>	<b>\$216,673,020</b>	<b>\$220,079,107</b>	<b>\$249,244,652</b>

### Pension Contributions

The majority of County employees are members of the New York State and Local Employees' Retirement System (the "ERS"), a defined benefit plan. Sworn County police officers are members of the New York State and Local Police and Fire Retirement System (the "PFRS"), also a defined benefit plan. Faculty members at Nassau Community College ("NCC") have the option, within 30 days of appointment, of choosing between membership in the ERS; the New York State Teachers Retirement System (the "TRS"), a defined benefit plan; and the Teachers Insurance Annuity Association/College Retirement Equities Fund (the "TIAA/CREF"), a defined contribution plan. Personnel employed prior to July 27, 1976, except those selecting the TIAA/CREF option, do not contribute to ERS or TRS, as the County fully funds their pension costs. The Community College Fund is not one of the Major Operating Funds (see "Other Funds" within this section); therefore, employees of NCC are not defined as full-time County employees.

The County is required to make contributions on behalf of its employees into the pension system (employees hired on or after July 27, 1976 who worked less than ten years are required to contribute 3% of their gross salaries). The County's expenses are funded on an actuarial basis determined by the State, and the County is assessed on an annual basis for its share of the State retirement system's pension costs. The County's local pension contributions have risen dramatically since fiscal year 2000. In particular, in fiscal year 2000 the County's average contribution was 0.1% of payroll for ERS members and 8.3% for PFRS members. In fiscal year 2011, the contribution rate will average 12.6% of payroll for ERS members and 18.6% for PFRS members. This has resulted in substantial increases in the County's pension costs, as shown in Figure 12.

The County used \$26.4 million, \$24.5 million and \$0.5 million of the Retirement Contribution Reserve Fund in 2007, 2008 and 2009, respectively, to pay part of its 2007, 2008 and 2009 pension bills

from the State. No amounts from the Retirement Contribution Reserve Fund were used for this purpose in 2010 and none are projected to be used in 2011.

FIGURE 12  
PENSION COSTS

<u>Pension System</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 Projections</u>
Employees Retirement System (ERS)	\$31,812,324	\$31,295,828	\$40,860,838	\$37,536,621	\$51,963,000
Police and Fire Retirement System (PFRS)	<u>49,942,580</u>	<u>45,619,445</u>	<u>55,241,155</u>	<u>51,641,088</u>	<u>55,807,000</u>
<b>Sub-total</b>	<b>\$81,754,904</b>	<b>\$76,915,273</b>	<b>\$96,101,993</b>	<b>\$89,177,709</b>	<b>\$107,770,000</b>
Draw from reserve fund	<u>26,400,000</u>	<u>24,500,000</u>	<u>494,452</u>	<u>0</u>	<u>0</u>
<b>Total Pension Payments</b>	<b>\$108,154,904</b>	<b>\$101,415,273</b>	<b>\$96,596,445</b>	<b>\$89,177,709</b>	<b>\$107,770,000</b>

### *Medicaid*

Under the State Medicaid cap law, certain of the County's Medicaid expenses are capped at a formula-derived base amount, which is a percentage increase from certain actual 2005 local share expenses, less certain 2005 Medicaid-related revenues (the Medicaid base). The County's required local share of Medicaid disproportionate share payments to NHCC are not subject to the cap.

The County projects that its 2011 Medicaid expenditures, other than its required local share of Medicaid disproportionate share payments to NHCC, will be \$242.3 million. The County's required local share of Medicaid disproportionate share payments to NHCC is expected to be approximately \$59 million in 2011. The County expects to fund its disproportionate share payments through inter-governmental transfer payments from NHCC. The 2011-2014 Multi-Year Financial Plan reflects Medicaid expenses (excluding the County's required local share of Medicaid disproportionate share payments to NHCC) of \$245.8 million in 2012, \$248.8 million in 2013 and \$251.8 million in 2014.

### *Other Social Services Entitlement Programs*

Other County Department of Social Services entitlement programs comprise approximately 7.1% of the 2011 Budget, such as payments for public assistance, foster care, day care and preventive services, the majority of which are partially reimbursed by the federal government or the State. In recent years, this expenditure category has remained relatively flat, primarily due to declining public assistance and day care caseloads and State-mandated rate increases.

### *Contractual Services*

Contractual services total 4.6% of the 2011 Budget. This category covers payments to outside vendors for a variety of services, including community-based human services programming, consulting services and legal services.

### *Debt Service*

Debt service expenditures, which include interest and principal payments and NIFA set-asides, total \$355.5 million in the 2011 Budget. See "COUNTY INDEBTEDNESS AND DEBT LIMITATIONS" herein.

### *Other Expenses*

The remainder of the County's expenditures falls into several categories including: special education; the local government assistance program to cities, towns and villages; mass transportation subsidies; and other-than-personal services costs for utilities and administrative expenses.

### **Other Funds**

In addition to the Major Operating Funds, the County allocates revenues and expenditures into several other special revenue funds. Among these are:

The Community College Fund supports the County's financial obligations with respect to NCC, which receives approximately 26% of its operating revenues from a dedicated property tax levied County-wide.

The Sewer and Storm Water Resources District Fund is self-supporting and contains funding for the County's sewage disposal and collection system as well as the storm water resources system. It covers expenses related to County Department of Public Works employees assigned to these functions, associated debt service and other costs.

The Capital Fund contains expenses associated with the County's infrastructure improvement program and bonded judgments and settlements. The bulk of revenue supporting the Capital Fund comes from the proceeds of debt issued by or on behalf of the County. A lesser amount originates from non-County sources such as the federal government and the State. Other amounts come from County operating funds.

The County receives outside funding, primarily from the federal government and the State, that completely funds the cost of certain programs, most of which are for health and human services and public safety, which it allocates to the Grant Fund. Because generally accepted accounting principles preclude the County from assuming grant revenues in the budget before receipt is assured, outside reimbursements and expenses are recognized in the Grant Fund by supplemental appropriation only after the fiscal year has started and receipt of the funds is assured.

The Open Space Fund contains revenues generated from County real estate sales, private gifts and grants to preserve undeveloped land in the County.

## **COUNTY INDEBTEDNESS AND DEBT LIMITATIONS**

### **Computation of County Debt Limit**

The Constitutional limit of total indebtedness that can be incurred by the County is 10% of the average full valuation of real estate for the latest five years. See "COUNTY INDEBTEDNESS AND DEBT LIMITATION – Constitutional Provisions." Figure 13 sets forth the debt limit of the County and its debt contracting margin. As shown in Figure 13, the County has substantial additional debt issuance capacity.

FIGURE 13  
STATEMENT OF CONSTITUTIONAL DEBT MARGIN  
(AS OF MARCH 31, 2011)  
(IN THOUSANDS)

Average Full Valuation of Real Estate for the Fiscal Years Ended in 2007 Through 2011

2011 Full Valuation	\$ 217,337,393
2010 Full Valuation	252,854,423
2009 Full Valuation	257,054,119
2008 Full Valuation	261,249,503
2007 Full Valuation	<u>244,238,960</u>
<b>Total</b>	\$1,232,734,398
Average Full Valuation	\$246,546,880
<b>Constitutional Debt Margin</b>	
<b>Constitutional Limit of Total Indebtedness, 10% Average Full Valuation</b>	\$24,654,688
<b>Outstanding Indebtedness</b>	
General Improvement	\$1,175,135
NIFA Bonds	1,648,185
Sewer and Storm Water Resources District	73,925
Environmental Facilities Corporation	118,822
Notes	300,000
Real Property Liabilities	8,670
Guarantees	273,610
Contract Liabilities	<u>235,138</u>
<b>Total Outstanding Indebtedness</b>	\$3,833,485
<b>Less: Constitutional Exclusions</b>	
Cash and Investments - Capital Projects Funds	\$253,898
Tax and Revenue Anticipation Notes Payable	<u>300,000</u>
<b>Less: Total Exclusions</b>	\$553,898
<b>Net Outstanding Indebtedness (13.30%)</b>	\$3,279,587
<b>Constitutional Debt Margin (86.70%)</b>	\$21,375,101

## Bonded Indebtedness

Figure 14 shows outstanding County and NIFA bonds and the purposes for which such debt was issued.

FIGURE 14  
BONDED INDEBTEDNESS  
(AS OF MARCH 31, 2011)

General Purposes: <sup>1</sup>	
County Debt	\$1,116,871,291
NIFA Debt <sup>3</sup>	<u>1,602,258,887</u>
Sub-total	\$2,719,130,178
Sewer and Storm Water Resources District Purposes: <sup>2</sup>	
County Debt	\$251,051,209
NIFA Debt <sup>3</sup>	<u>45,926,113</u>
Sub-total	\$296,977,322
Total	\$3,016,107,500

<sup>1</sup> Includes debt issued for certain County-wide projects to EFC.

<sup>2</sup> Includes debt issued for Nassau County Sewer and Storm Water Resources District purposes to EFC.

<sup>3</sup> Based on actual payment dates, without regard to NIFA set-asides.

See the appendices herein for a list of outstanding County and NIFA obligations.

The County has historically funded substantially all of its capital expenditures with bond proceeds. See “CAPITAL PLANNING AND BUDGETING” herein. Prior to 2006, the County funded all payments of property tax refunds with bond proceeds. See “REAL PROPERTY ASSESSMENT AND TAX COLLECTION – Real Property Assessment – *Administrative Review of Assessments*”, “LITIGATION – Property Tax Litigation” and “COUNTY FINANCIAL CONDITION – 2011 Projected Budget and 2011-2014 Multi-Year Financial Plan” herein. See “LITIGATION” herein. Following from NIFA’s declaration of a control period on January 26, 2011, NIFA may seek, among other things, to restrict in whole or in part the County’s ability to issue debt to finance expenditures, including, but not limited to, the payment of property tax refunds. For further information regarding NIFA’s declaration of a control period, see “MONITORING AND OVERSIGHT – External – *NIFA*” herein.

Figure 15 sets forth the amount of County debt that has been authorized but unissued by purpose.

FIGURE 15  
SUMMARY OF BONDS AUTHORIZED BUT UNISSUED  
(AS OF MARCH 31, 2011)  
(IN THOUSANDS)

Purpose	Amount Authorized but Unissued
Community College	\$22,488
Health	6,255
Information Technology	62,569
Infrastructure	227,317
Land Acquisition	19,283
Mass Transportation	45,298
Parks & Recreation	58,641
Public Safety	60,395
Sewer & Storm Water	295,985
Special Equipment	20,279
Property Tax Refunds & Other- Judgments & Settlements	<u>2,858</u>
<b>TOTAL</b>	<b>\$821,368</b>

The authorized amounts in Figure 15 refer to amounts for which the County has adopted ordinances authorizing the issuance of debt for capital projects and other purposes pursuant to the Local Finance Law, but has not yet issued debt pursuant to such authority. Such authorization expires ten years after adoption of the approving bond ordinance if it has not been used, encumbered or rescinded prior to that time. See “CAPITAL PLANNING AND BUDGETING” herein.

**Debt Service Requirements**

Figure 16, Figure 17 and Figure 18 set forth the principal and interest payments on various categories of outstanding County bonds and NIFA bonds.

Figure 16  
Total County and NIFA Debt Service  
(As of March 31, 2011)

Date	County Bonds <sup>1,2</sup>			NIFA Bonds <sup>3</sup>			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
12/31/2011	\$64,757,000	\$64,615,065	\$129,372,065	\$118,044,583	\$67,135,054	\$185,179,637	\$182,801,583	\$131,750,119	\$314,551,702
12/31/2012	73,957,500	62,470,524	136,428,024	146,708,333	67,583,798	214,292,131	220,665,833	130,054,322	350,720,155
12/31/2013	70,669,000	59,336,605	130,005,605	152,926,667	60,703,161	213,629,828	223,595,667	120,039,766	343,635,432
12/31/2014	66,823,000	56,270,092	123,093,092	152,090,000	53,615,810	205,705,810	218,913,000	109,885,901	328,798,901
12/31/2015	68,919,000	53,527,776	122,446,776	140,431,667	46,639,794	187,071,461	209,350,667	100,167,570	309,518,237
12/31/2016	63,521,000	50,622,819	114,143,819	133,050,000	40,140,166	173,190,166	196,571,000	90,762,984	287,333,984
12/31/2017	64,810,000	47,697,721	112,507,721	123,518,333	34,164,369	157,682,702	188,328,333	81,862,090	270,190,423
12/31/2018	65,505,000	44,597,585	110,102,585	119,360,000	28,488,805	147,848,805	184,865,000	73,086,390	257,951,390
12/31/2019	67,168,000	42,054,482	109,222,482	122,945,000	23,131,657	146,076,657	190,113,000	65,186,140	255,299,140
12/31/2020	70,113,000	38,873,754	108,986,754	110,611,667	17,726,670	128,338,336	180,724,667	56,600,424	237,325,090
12/31/2021	71,881,000	35,443,078	107,324,078	88,308,333	12,785,322	101,093,656	160,189,333	48,228,400	208,417,733
12/31/2022	75,144,000	32,021,779	107,165,779	75,753,333	8,741,539	84,494,872	150,897,333	40,763,318	191,660,651
12/31/2023	63,860,000	28,582,189	92,442,189	59,053,333	5,213,922	64,267,255	122,913,333	33,796,110	156,709,444
12/31/2024	61,985,000	25,704,839	87,689,839	40,923,333	2,514,764	43,438,098	102,908,333	28,219,604	131,127,937
12/31/2025	59,030,000	22,800,744	81,830,744	14,566,667	651,488	15,218,155	73,596,667	23,452,232	97,048,898
12/31/2026	48,755,000	20,109,061	68,864,061	0	0	0	48,755,000	20,109,061	68,864,061
12/31/2027	51,010,000	17,695,729	68,705,729	0	0	0	51,010,000	17,695,729	68,705,729
12/31/2028	38,020,000	15,071,985	53,091,985	0	0	0	38,020,000	15,071,985	53,091,985
12/31/2029	29,830,000	13,199,193	43,029,193	0	0	0	29,830,000	13,199,193	43,029,193
12/31/2030	25,760,000	11,574,743	37,334,743	0	0	0	25,760,000	11,574,743	37,334,743
12/31/2031	27,320,000	9,987,767	37,307,767	0	0	0	27,320,000	9,987,767	37,307,767
12/31/2032	22,155,000	8,285,662	30,440,662	0	0	0	22,155,000	8,285,662	30,440,662
12/31/2033	23,530,000	6,892,341	30,422,341	0	0	0	23,530,000	6,892,341	30,422,341
12/31/2034	23,690,000	5,436,588	29,126,588	0	0	0	23,690,000	5,436,588	29,126,588
12/31/2035	24,080,000	3,939,889	28,019,889	0	0	0	24,080,000	3,939,889	28,019,889
12/31/2036	15,275,000	2,371,698	17,646,698	0	0	0	15,275,000	2,371,698	17,646,698
12/31/2037	16,165,000	1,457,123	17,622,123	0	0	0	16,165,000	1,457,123	17,622,123
12/31/2038	9,455,000	744,975	10,199,975	0	0	0	9,455,000	744,975	10,199,975
12/31/2039	4,735,000	248,588	4,983,588	0	0	0	4,735,000	248,588	4,983,588
12/31/2040	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$1,367,922,500	\$781,634,393	\$2,149,556,893	\$1,598,291,250	\$469,236,317	\$2,067,527,567	\$2,966,213,750	\$1,250,870,710	\$4,217,084,460

1. Payments under County guarantees in connection with NHCC debt are not included in the chart.

2. Includes debt service payable on the bonds issued to EFC without regard to the subsidy provided by the State. Such subsidy is expected to be at least 33 1/3% of interest for the life of the obligations.

3. Based on a monthly 1/6th interest, 1/12th principal payment basis for a fiscal year ending February 28, and the interest rate on the NIFA 2008 Series A-E variable rate bonds is calculated using the fixed rate swap plus 100 basis points. Total NIFA principal amount is net of the NIFA debt service set asides.

**Figure 17**  
**County and NIFA Debt Service on Self-Supporting Debt Issued for County Sewer and Storm Water Resources Purposes**  
**(As of March 31, 2011)**

<u>Date</u>	<u>County Bonds</u> <sup>1,2</sup>			<u>NIFA Bonds</u> <sup>3</sup>			<u>Total</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
12/31/2011	\$14,090,909	\$12,575,832	\$26,666,741	\$3,076,209	\$1,843,924	\$4,920,133	\$17,167,118	\$14,419,756	\$31,586,874
12/31/2012	19,495,863	11,722,533	31,218,395	3,765,523	1,861,173	5,626,696	23,261,386	13,583,706	36,845,092
12/31/2013	16,785,731	10,788,816	27,574,547	3,633,804	1,684,500	5,318,304	20,419,535	12,473,317	32,892,851
12/31/2014	16,160,959	9,945,885	26,106,844	3,655,413	1,520,567	5,175,980	19,816,372	11,466,453	31,282,824
12/31/2015	15,430,854	9,170,066	24,600,920	3,346,236	1,357,785	4,704,021	18,777,091	10,527,851	29,304,942
12/31/2016	12,679,399	8,475,876	21,155,275	3,740,688	1,208,107	4,948,795	16,420,086	9,683,984	26,104,070
12/31/2017	11,928,854	7,861,189	19,790,044	3,647,407	1,044,121	4,691,529	15,576,262	8,905,311	24,481,573
12/31/2018	11,902,310	7,250,521	19,152,831	3,884,743	880,298	4,765,041	15,787,053	8,130,819	23,917,872
12/31/2019	12,327,341	6,666,066	18,993,407	4,082,103	707,865	4,789,969	16,409,444	7,373,932	23,783,376
12/31/2020	12,843,397	6,000,986	18,844,383	3,585,924	530,746	4,116,670	16,429,320	6,531,733	22,961,053
12/31/2021	12,080,429	5,299,783	17,380,212	2,727,412	372,581	3,099,993	14,807,840	5,672,364	20,480,205
12/31/2022	12,601,057	4,637,195	17,238,252	2,194,962	249,382	2,444,344	14,796,019	4,886,577	19,682,596
12/31/2023	10,565,575	3,972,369	14,537,944	1,787,137	148,698	1,935,835	12,352,712	4,121,067	16,473,779
12/31/2024	9,434,844	3,431,268	12,866,111	1,129,440	68,176	1,197,616	10,564,283	3,499,444	14,063,727
12/31/2025	7,468,076	2,909,917	10,377,993	401,460	17,917	419,377	7,869,536	2,927,834	10,797,370
12/31/2026	4,799,156	2,583,648	7,382,803	0	0	0	4,799,156	2,583,648	7,382,803
12/31/2027	5,009,726	2,340,989	7,350,716	0	0	0	5,009,726	2,340,989	7,350,716
12/31/2028	5,175,742	2,085,474	7,261,215	0	0	0	5,175,742	2,085,474	7,261,215
12/31/2029	4,513,338	1,832,768	6,346,106	0	0	0	4,513,338	1,832,768	6,346,106
12/31/2030	4,593,024	1,597,803	6,190,827	0	0	0	4,593,024	1,597,803	6,190,827
12/31/2031	4,830,845	1,349,832	6,180,677	0	0	0	4,830,845	1,349,832	6,180,677
12/31/2032	4,117,525	1,087,582	5,205,107	0	0	0	4,117,525	1,087,582	5,205,107
12/31/2033	4,325,196	870,599	5,195,795	0	0	0	4,325,196	870,599	5,195,795
12/31/2034	3,242,638	669,001	3,911,639	0	0	0	3,242,638	669,001	3,911,639
12/31/2035	2,315,632	509,537	2,825,169	0	0	0	2,315,632	509,537	2,825,169
12/31/2036	2,291,327	366,837	2,658,163	0	0	0	2,291,327	366,837	2,658,163
12/31/2037	2,424,518	227,146	2,651,664	0	0	0	2,424,518	227,146	2,651,664
12/31/2038	1,249,849	123,366	1,373,215	0	0	0	1,249,849	123,366	1,373,215
12/31/2039	1,099,988	57,749	1,157,738	0	0	0	1,099,988	57,749	1,157,738
12/31/2040	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>\$245,784,099</b>	<b>\$126,410,635</b>	<b>\$372,194,733</b>	<b>\$44,658,461</b>	<b>\$13,495,843</b>	<b>\$58,154,304</b>	<b>\$290,442,560</b>	<b>\$139,906,478</b>	<b>\$430,349,037</b>

1. Payments under County guarantees in connection with NHCC debt are not included in the chart.

2. Includes debt service payable on the bonds issued to EFC without regard to the subsidy provided by the State. Such subsidy is expected to be at least 33 1/3% of interest for the life of the obligations.

3. Based on a monthly 1/6th interest, 1/12th principal payment basis for a fiscal year ending February 28, and the interest rate on the NIFA 2008 Series A-E variable rate bonds is calculated using the fixed rate swap plus 100 basis points. Total NIFA principal amount is net of the NIFA debt service set asides.



**Figure 18**  
**County and NIFA Debt Service on Debt Issued for County General Purposes**  
**(As of March 31, 2011)**

<u>Date</u>	<u>County Bonds</u> <sup>1,2</sup>			<u>NIFA Bonds</u> <sup>3</sup>			<u>Total</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
12/31/2011	\$50,666,091	\$52,039,233	\$102,705,324	\$114,968,375	\$65,291,130	\$180,259,504	\$165,634,465	\$117,330,363	\$282,964,828
12/31/2012	54,461,637	50,747,991	105,209,629	142,942,810	65,722,624	208,665,434	197,404,448	116,470,615	313,875,063
12/31/2013	53,883,269	48,547,789	102,431,058	149,292,863	59,018,660	208,311,523	203,176,132	107,566,449	310,742,581
12/31/2014	50,662,041	46,324,207	96,986,247	148,434,587	52,095,242	200,529,829	199,096,628	98,419,449	297,516,077
12/31/2015	53,488,146	44,357,710	97,845,856	137,085,430	45,282,009	182,367,439	190,573,576	89,639,719	280,213,295
12/31/2016	50,841,601	42,146,942	92,988,544	129,309,312	38,932,058	168,241,371	180,150,914	81,079,001	261,229,914
12/31/2017	52,881,146	39,836,532	92,717,677	119,870,926	33,120,248	152,991,173	172,752,071	72,956,779	245,708,851
12/31/2018	53,602,690	37,347,064	90,949,754	115,475,257	27,608,507	143,083,764	169,077,947	64,955,571	234,033,518
12/31/2019	54,840,659	35,388,416	90,229,075	118,862,897	22,423,792	141,286,689	173,703,556	57,812,208	231,515,764
12/31/2020	57,269,603	32,872,768	90,142,371	107,025,743	17,195,923	124,221,666	164,295,346	50,068,691	214,364,037
12/31/2021	59,800,571	30,143,295	89,943,866	85,580,922	12,412,741	97,993,663	145,381,493	42,556,036	187,937,529
12/31/2022	62,542,943	27,384,584	89,927,527	73,558,371	8,492,157	82,050,528	136,101,314	35,876,741	171,978,055
12/31/2023	53,294,425	24,609,820	77,904,245	57,266,196	5,065,223	62,331,420	110,560,621	29,675,044	140,235,665
12/31/2024	52,550,156	22,273,572	74,823,728	39,793,894	2,446,588	42,240,482	92,344,050	24,720,160	117,064,210
12/31/2025	51,561,924	19,890,827	71,452,751	14,165,207	633,571	14,798,778	65,727,131	20,524,397	86,251,528
12/31/2026	43,955,844	17,525,414	61,481,258	0	0	0	43,955,844	17,525,414	61,481,258
12/31/2027	46,000,274	15,354,740	61,355,014	0	0	0	46,000,274	15,354,740	61,355,014
12/31/2028	32,844,258	12,986,511	45,830,770	0	0	0	32,844,258	12,986,511	45,830,770
12/31/2029	25,316,662	11,366,425	36,683,087	0	0	0	25,316,662	11,366,425	36,683,087
12/31/2030	21,166,976	9,976,940	31,143,916	0	0	0	21,166,976	9,976,940	31,143,916
12/31/2031	22,489,155	8,637,935	31,127,090	0	0	0	22,489,155	8,637,935	31,127,090
12/31/2032	18,037,475	7,198,080	25,235,555	0	0	0	18,037,475	7,198,080	25,235,555
12/31/2033	19,204,804	6,021,742	25,226,546	0	0	0	19,204,804	6,021,742	25,226,546
12/31/2034	20,447,362	4,767,587	25,214,949	0	0	0	20,447,362	4,767,587	25,214,949
12/31/2035	21,764,368	3,430,352	25,194,720	0	0	0	21,764,368	3,430,352	25,194,720
12/31/2036	12,983,673	2,004,861	14,988,534	0	0	0	12,983,673	2,004,861	14,988,534
12/31/2037	13,740,482	1,229,977	14,970,459	0	0	0	13,740,482	1,229,977	14,970,459
12/31/2038	8,205,151	621,609	8,826,760	0	0	0	8,205,151	621,609	8,826,760
12/31/2039	3,635,012	190,838	3,825,850	0	0	0	3,635,012	190,838	3,825,850
12/31/2040	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>\$1,122,138,401</b>	<b>\$655,223,758</b>	<b>\$1,777,362,160</b>	<b>\$1,553,632,789</b>	<b>\$455,740,474</b>	<b>\$2,009,373,263</b>	<b>\$2,675,771,190</b>	<b>\$1,110,964,232</b>	<b>\$3,786,735,423</b>

1. Payments under County guarantees in connection with NHCC debt are not included in the chart.

2. Includes debt service payable on the bonds issued to EFC without regard to the subsidy provided by the State. Such subsidy is expected to be at least 33 1/3% of interest for the life of the obligations.

3. Based on a monthly 1/6th interest, 1/12th principal payment basis for a fiscal year ending February 28, and the interest rate on the NIFA 2008 Series A-E variable rate bonds is calculated using the fixed rate swap plus 100 basis points. Total NIFA principal amount is net of the NIFA debt service set asides.

Prior to July of 2000, the County's debt issuance policy produced rapidly declining debt service and accelerating principal amortization. These practices produced large debt service payments in the first five to ten years after the bonds were issued. The consistent utilization of these amortization structures created a high near-term debt service burden, which rapidly declined. NIFA has issued debt (on behalf of the County) based on a level annual debt service amortization structure with a 20-year term. This practice creates substantially equal annual payments of debt service for each series of bonds and has effectively extended the weighted average life of the County's total outstanding debt and has created an almost level debt service burden in the future.

The County was involved in a number of interest rate exchange transactions in 2004. During that year, NIFA issued \$600 million in auction rate securities (which were subsequently converted to variable-rate bonds) that were hedged through a series of LIBOR-based interest rate swaps and NHCC, backed by a guaranty by the County, entered into three LIBOR-based interest rate swaps with a notional amount of \$219.6 million that hedged a like amount of variable rate demand obligations. Though the County is not a counter-party to any of these interest rate exchange agreements, the County's financial position may be affected in certain instances by their performance. The County understands and regularly monitors these risks. See "THE COUNTY – County Financial Management – *Financial Policies* – Swap Policy" and "NASSAU HEALTH CARE CORPORATION" herein.

### **Refunded Bonds**

Various outstanding County serial bond issues have been refunded for present value debt service savings, in addition to County bonds restructured by NIFA. The County anticipates the refinancing of outstanding indebtedness whenever the present value savings of such transactions, taking into account costs of issuance, so warrant, provided that the refinancing opportunity meets the criteria established in the County's debt policy. See "THE COUNTY – County Financial Management – *Financial Policies* – Debt Policy" herein.

### **Capital Leases**

The County has entered into various capital leases, installment sales contracts and lease purchase agreements. Figure 19 shows the future minimum lease payments due on such obligations and the present value of these minimum payments.

FIGURE 19  
 MINIMUM LEASE PAYMENTS  
 CAPITAL LEASES (IN THOUSANDS)  
 (AS OF DECEMBER 31, 2009)

Fiscal Year Ending December 31:	
2010	\$766
2011	777
2012	787
2013	799
2014	810
2015-2019	4,235
2020-2024	4,579
2025-2026	<u>557</u>
Future Minimum Payments	\$13,310
Less Interest	<u>7,828</u>
Present Value of Future Minimum Lease Payments	\$5,482

**Short-Term Indebtedness**

The County expects from time to time to issue bond anticipation notes (“BANs”), tax anticipation notes (“TANs”) and revenue anticipation notes (“RANs”).

*Bond Anticipation Notes*

The County utilizes BANs for short-term financing of capital expenditures with the expectation that the principal amount thereof will be refinanced with the proceeds of long-term bonds or repaid with State or federal funds. Figure 20 shows recent and expected issuance of BANs by the County.

FIGURE 20  
 SHORT-TERM INDEBTEDNESS  
 BOND ANTICIPATION NOTES (IN MILLIONS)

<b>Obligation</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011<sup>1</sup></b>	<b>2012<sup>1</sup></b>
Bond Anticipation Notes	\$125.0	\$0.0	\$0.0	\$0.0	\$0.0

<sup>1</sup> Projected

*Cash Flow Notes*

The County has periodically issued RANs and TANs to fund the County’s short-term cash flow needs. Figure 21 shows recent and expected issuance of RANs and TANs by the County.

FIGURE 21  
CASH FLOW NOTES (IN MILLIONS)

<u>Obligation</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u> <sup>1</sup>	<u>2012</u> <sup>1</sup>
Revenue Anticipation Notes	\$105	\$190	\$210	\$230	\$220
Tax Anticipation Notes	<u>132</u>	<u>150</u>	<u>270</u>	<u>230</u>	<u>240</u>
<b>Total</b>	\$237	\$340	\$480	\$460	\$460

<sup>1</sup> Projected.

The County expects to continue to undertake one or more cash flow borrowings annually.

### Recent and Projected Bond Issuances

The following table shows the County’s recent and projected bond issuance.

FIGURE 22  
COUNTY BONDS (IN MILLIONS)

<u>2009</u>	<u>2010</u>	<u>2011</u> <sup>1</sup>
\$515	\$362.1	\$165

<sup>1</sup> Projected. On May 11, 2011 the County Executive announced a proposal for the County to issue up to \$400 million in bonds to finance the construction of a new building to replace the Nassau County Veterans Memorial Coliseum (\$350 million), home of the National Hockey League’s New York Islanders, and a minor-league baseball stadium (\$50 million). It is anticipated that this financing would be undertaken pursuant to revenue-sharing agreement(s) with the Islanders in connection with the operation of the Coliseum and with the operator of the minor-league stadium, respectively. A referendum on a local law to create a program to facilitate development and financing of these projects is expected to occur on or about August 1, 2011. If the referendum is approved, said bonds would be issued (upon approval of bond ordinance(s) by a two-thirds vote of the County Legislature, and further upon approval by NIFA during the control period) to finance design costs in 2011 and construction costs beginning in 2012, with completion of the projects expected by 2015.

See “CAPITAL PLANNING AND BUDGETING” herein for additional information concerning the County’s projected borrowings.

### Constitutional Provisions

Limitations on indebtedness (some of which apply to guarantees by the County of NHCC debt as hereinafter described below under the heading “NASSAU HEALTH CARE CORPORATION”) are found in Article VIII of the State Constitution and are implemented by the Local Finance Law. The provisions of Article VIII referred to in the following summaries are generally applicable to the County and the obligations authorized by its County Legislature. There is no constitutional limitation on the amount that may be raised by the County by tax upon real estate in any fiscal year to pay principal of and interest on County indebtedness.

#### *Article VIII, Section 1*

The County shall not give or loan any money or property to or in aid of any individual or private corporation, association or private undertaking nor shall the County give or loan its credit to or in aid of any of the foregoing or a public corporation. This provision does not prevent the County from contracting indebtedness for the purpose of advancing to a town or school district pursuant to law the amount of

unpaid taxes returned to the County. Notwithstanding the provisions of Article VIII, Section 1 of the State Constitution, Article 17, Section 7 provides that the State Legislature may authorize a municipality to lend its money or credit to or in aid of any corporation or association, regulated by law as to its charges, profits, dividends, and disposition of its property or franchises, for the purpose of providing hospital or other facilities for the prevention, diagnosis or treatment of human disease, pain, injury, disability, deformity or physical condition, and for facilities incidental or appurtenant thereto as may be prescribed by law.

*Article VIII, Section 2*

The County shall not contract indebtedness except for a County purpose. No such indebtedness shall be contracted for longer than the period of probable usefulness of the purpose or, in the alternative, the weighted average period of probable usefulness of the several purposes, for which it is contracted and in no event may this period exceed forty years. The County must pledge its faith and credit for the payment of the principal of and the interest on any of its indebtedness. Except for certain short-term indebtedness contracted in anticipation of the collection of taxes and indebtedness to be paid within one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, all indebtedness shall be paid in annual installments. Indebtedness must be paid in annual installments commencing not more than two years after the debt was contracted and no installment shall be more than 50% in excess of the smallest prior installment unless the governing body of the County provides for and utilizes substantially level or declining annual debt service payments. Provision shall be made annually by appropriation by the County for the payment of interest on all indebtedness and for the amounts required for the amortization and redemption of serial bonds.

*Article VIII, Section 4*

The County shall not contract indebtedness which including existing indebtedness shall exceed 10% of the five-year average full valuation of taxable real estate therein. The average full valuation of taxable real estate of the County is determined pursuant to Article VIII, Section 10 of the State Constitution by taking the assessed valuations of taxable real estate on the last completed assessment roll and the four preceding rolls and applying to such rolls the ratio as determined by the State Office of Real Property Tax Services or such other State agency or official as the State Legislature shall direct which such assessed valuation bears to the full valuation. The Local Finance Law requires that the face value of the principal amount of guarantees by the County of NHCC debt, as executed and delivered, be deemed indebtedness for the purpose of this constitutional provision. See "NASSAU HEALTH CARE CORPORATION" herein. Article VIII, Section 5 and Article VIII, Section 2-a, of the State Constitution enumerate exclusions and deductions from the Constitutional debt limit. Such deductions include indebtedness incurred for water and certain sewer facilities.

**Statutory Provisions**

Title 8 of the Local Finance Law contains the statutory limitations on the power to contract indebtedness. Section 104.00 limits, in accordance with Article VIII, Section 4 of the Constitution, the ability of the County to contract indebtedness to 10% of the five-year average full valuation of taxable real estate. The statutory provisions implementing constitutional provisions authorizing deductions and excluding indebtedness from the debt limits are found in Title 9 and Title 10 of the Local Finance Law. In addition to the constitutionally enumerated exclusions and deductions, deductions are allowed for cash or appropriations for debt service pursuant to the authority of a decision of the State Court of Appeals. NIFA is not subject to the provisions of the Local Finance Law; however, obligations issued by NIFA on behalf of the County count toward the County's debt limit.

## **Statutory Procedure**

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the power and procedure for the County to borrow and incur indebtedness subject, of course, to the constitutional and statutory provisions set forth above. The power to spend money, however, generally derives from other law, including but not limited to the County Charter and the County Law.

Pursuant to the Local Finance Law, the County Charter and the County Law, the County authorizes the issuance of bonds by the adoption of an ordinance, approved by a super-majority vote of the voting strength of the members of the County Legislature, the finance board of the County. Customarily, the County Legislature has delegated to the County Treasurer, as chief fiscal officer of the County, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds. The Local Finance Law also provides that where a bond ordinance is published with a statutory form of estoppel notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

1. such obligations are authorized for a purpose for which the County is not authorized to expend money; or
2. (a) there has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations; and (b) an action, suit, or proceeding contesting such validity, is commenced within twenty days after the date of such publication; or
3. such obligations are authorized in violation of the provisions of the State Constitution.

Each bond ordinance usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (State Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto. Historically, the County has authorized bonds for a variety of County objects or purposes.

The Local Finance Law permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such renewals do not extend five years beyond the original date of borrowing.

In general, the Local Finance Law also contains provisions providing the County with power to issue certain other short-term general obligation indebtedness including budget notes, capital notes, revenue anticipation notes and tax anticipation notes.

## **CAPITAL PLANNING AND BUDGETING**

The County Charter requires the County to have a four-year capital plan and an annual capital budget. The Charter sets forth deadlines for the County Executive to submit a proposed capital plan and capital budget to the County Legislature, describes the minimum informational requirements to be contained therein, and contains a schedule and structure for the legislative review, modification and approval process.

## Capital Plan(s) and Capital Budget(s)

The County Legislature has approved the capital budget for fiscal year 2010 (as it may be amended from time to time, the “2010 Capital Budget”) and the capital plan for fiscal years 2010-2013 (as it may be amended from time to time, the “2010-2013 Capital Plan”). The 2010 Capital Budget is approximately \$208.2 million, the revenue for which is a combination of long-term debt (or bond anticipation notes) and local, State or federal aid. The amount of such debt projected to be issued by or on behalf of the County for objects or purposes in the 2010 Capital Budget is approximately \$186.7 million. The amount of debt issued by the County each year will vary depending upon capital expenditure requirements. County financings often include prior-year approved capital items. The major components of the 2010 Capital Budget and the 2010-2013 Capital Plan are listed in Figure 23.

FIGURE 23  
2010-2013 CAPITAL PLAN

Category	2010 <sup>1</sup>	2011	2012	2013
Buildings	\$22,600,000	\$29,800,000	\$33,400,000	\$71,000,000
Equipment	4,610,000	3,250,000	2,500,000	2,400,000
Infrastructure	19,830,000	33,500,000	9,500,000	7,550,000
Parks	17,533,000	9,450,000	21,850,000	6,550,000
Property	0	1,000,000	0	0
Public Safety	28,015,000	10,325,000	7,650,000	15,600,000
Roads	26,560,000	32,201,000	25,985,000	23,500,000
Technology	15,510,122	20,440,000	21,180,000	1,600,000
Traffic	19,762,000	5,633,500	17,480,000	0
Transportation	2,937,500	5,368,800	5,257,000	0
BCP	7,500,000	0	0	0
Sewer and Storm Water	43,179,653	46,550,000	54,325,000	13,400,000
Environmental Bond Act	<u>200,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$208,237,275	\$197,518,300	\$199,127,000	\$141,600,000
Non Debt Financed	\$21,561,000	\$36,003,000	\$36,628,000	\$28,000,000
Debt Financed	\$186,676,275	\$161,515,300	\$162,499,000	\$113,600,000
<sup>(1)</sup> As amended.				

## REAL PROPERTY ASSESSMENT AND TAX COLLECTION

### Real Property Assessment

The County Assessor assesses all real property within the County to support the County’s property tax levy and the tax levies for the three towns, all but one of the 56 school districts, and approximately 225 County and town special districts. The County is one of only two county assessing units in the State.

### *Property Tax Refunds*

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 does not charge the cost of such refunds to the towns, special districts and school districts, as would otherwise be required by the State Real Property Tax Law (“RPTL”). See “LITIGATION - Property Tax Litigation” herein. Local legislation has been enacted to repeal said Code provision beginning with assessment rolls finalized in April 2012 and thereafter. A number of school districts and other jurisdictions in the County have 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; the County intends to defend itself vigorously against all such actions.

### *Administrative Review of Assessments*

Administrative review of assessments in the County is the responsibility of ARC, which is headed by a chairman appointed by the County Executive. During the tentative roll period, corrections of assessments by ARC do not generate refund liability for the County. In addition to its ability to correct the tentative assessment roll, ARC is authorized to resolve administratively up to three years of pending litigation. See “LITIGATION – Property Tax Litigation” herein.

### **Real Property Tax Limit**

The amount that may be raised by the County tax levy on real estate in any fiscal year for purposes other than for debt service on County indebtedness is limited to two per centum (2.0%) of the average five-year full valuation of real estate of the County in accordance with the provisions of Article VIII of the State Constitution (1-1/2%) and the County Law (additional 1/2%), less certain deductions as prescribed therein. There is no constitutional limitation on the amount that may be raised by the County by tax upon real estate in any fiscal year to pay principal of and interest on County indebtedness.

Figure 24 sets forth the real property taxing limit of the County.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]



FIGURE 24  
 COMPUTATION OF CONSTITUTIONAL TAXING POWER  
 (IN THOUSANDS)

Year Roll Completed	Full Valuation of Real Estate <sup>(d)</sup>
2011	\$217,337,393
2010	252,854,423
2009	257,054,119
2008	261,249,503
2007	<u>244,238,960</u>
Total	\$1,232,734,398
Five-Year Average Full Valuation	\$246,546,880
Tax Limit <sup>(a)</sup>	\$4,930,937
Total Exclusions <sup>(b)</sup>	\$553,898
Total Taxing Power for 2011 Levy	\$5,484,835
Total Levy for 2011 <sup>(c)</sup>	\$852,523
Tax Margin	\$4,549,415
Percentage of Taxing Power Exhausted	15.54%

- (a) The State Constitution limits the tax on real estate to one and one-half per centum of the average five-year full valuation, and provides that the State Legislature may prescribe a method to increase this limitation to not to exceed two per centum. The tax limit was raised to two per centum by provisions of the County Law and a resolution adopted by the County Board of Supervisors, predecessor to the County Legislature.
- (b) Interest on and principal of all indebtedness for fiscal year 2011 is excluded from the calculation of real estate taxes limited under the provisions of Article VIII, Section 10 of the State Constitution.
- (c) Includes the tax levies for the General Fund, the Police District Fund, the Police Headquarters Fund, the Fire Prevention Fund, and the Community College Fund.
- (d) Full valuation figures are computed by the State Office of Real Property Tax Services.

## Largest Real Property Taxpayers

Figure 25 shows the largest real property taxpayers in the County.

FIGURE 25  
LARGEST REAL PROPERTY TAXPAYERS  
2011

Taxpayer	Taxable Assessed Value <sup>1</sup>	Taxable Assessed Value (%)
LIPA	\$17,887,115	2.32%
KEYSPAN GAS EAST	15,504,523	2.01%
VERIZON NEW YORK	6,770,477	0.88%
RETAIL PROPERTY TRUST	4,520,686	0.59%
CLK-HP	2,755,136	0.36%
GREEN ACRES MALL	1,933,053	0.25%
REXCORP PLAZA SPE LLC	1,776,656	0.23%
1 PARK LAKE SUCCESS LLC	1,532,052	0.20%
BROADWAY MALL EAT II LLC	1,431,941	0.19%
SUNRISE MALL LLC	1,431,376	0.19%
RECKSON ASSOCIATION	1,420,875	0.18%
PEOPLE OF THE STATE OF NEW YORK	1,308,234	0.17%
FEIGA-OLIVE TREE/MARCUS AVE LLC	1,189,078	0.15%
JQ ASSOCIATES	1,105,433	0.14%
ONE-TWO JERICHO PLAZA OWNER LLC	1,102,496	0.14%
WE'RE ASSOCIATES INC	1,085,785	0.14%
FIFTH AVENUE OF LONG ISLAND REALTY	963,079	0.12%
TREELINE FRANKLIN AVENUE PLAZA LLC	918,314	0.12%
W & S ASSOCIATES LP	885,300	0.11%
TREELINE 100-400 GCP LLC	756,442	0.10%
EQUITY 1 WESTBURY LLC	751,861	0.10%
NORTHROP GRUMMAN SYSTEMS CORP.	697,553	0.09%
JMM RACEWAY INC MATTONE GROUP	683,790	0.09%
COUNTRY GLEN LLC	673,436	0.09%
E Q K GREEN ACRE L P	645,957	0.08%
TOTAL (TOP 25)	\$69,730,648	9.04%
TOTAL TAX BASE	\$771,314,783	100%

<sup>1</sup> The amounts reflect a level of assessment of 1% of full value.

## Collection

### *County, Town and Special District Taxes*

General taxes are billed on January 1 for the fiscal year January 1 through December 31, with semi-annual payments due by February 10 and August 10. Unpaid general taxes become delinquent on March 1 and September 1, respectively. Tax statements are mailed and taxes are collected by the receivers of taxes for each of the three towns and the two cities within the County. General taxes include taxes for the County, towns, special districts, and any other special assessments.

The receivers of taxes take the total tax proceeds they collect, deduct the amount of the levies for town and special districts and any other special assessments and then pay the difference to the County. Thus the County bears the responsibility for collection of delinquent general taxes. See “*Delinquency Procedure*” within this section.

The receivers of taxes are required to pay to the County Treasurer on the fifteenth day of each month all County taxes they have collected prior to the first day of such month.

#### *School District Taxes*

School district taxes for the school fiscal year of July 1 through June 30 are billed on October 1, with semi-annual payments due by November 10 and May 10. Unpaid school district taxes become delinquent on December 1 and June 1, respectively.

Uncollected taxes are returned by the town receivers to the County after December 1 and June 1. The County pays the school districts the amounts billed and uncollected by the receivers. Thus the County bears the responsibility for collection of delinquent school district taxes. See “*Delinquency Procedure*” within this section. This procedure covers all but one of the school districts in the County.

The County is authorized to pay monies due to the school districts from funds on hand or may borrow monies for such purpose pursuant to the provisions of the Local Finance Law.

#### *Delinquency Procedure*

In the event taxes are not paid when due, the following occurs:

(a) General taxes due on January 1 and not paid by February 10 or August 10 are charged a 2% penalty. During the “late periods” of February 11 through February 28 and August 11 through August 31, principal and the 2% penalty may be paid at the town or city. If payment is made during this “late period,” the town or city keeps the 2% penalty. After the late period, commencing September 1, payments may be made only to the County.

On September 1, the County imposes a 5% penalty on the total amount then due (the original principal plus the 2% penalty), and a \$90 listing fee. Thereafter, a 1% compounded penalty is imposed on the first day of each subsequent month on the total amount then owing. For example, after August 31, if unpaid, the amount owed is principal plus the 2% penalty, plus 5% of that total, plus 1% interest compounded per month, plus \$90. On April 1, another 1% of that total amount is added to the balance owed.

After the third Monday in December, an advertising fee of \$90 is imposed in addition to all other fees; this compensates the County for advertising the uncollected tax receivable which will be offered for sale at a tax lien auction in the subsequent February.

(b) School taxes due on October 1 and not paid by November 10 or May 10 are charged a 2% penalty. During the “late periods” of November 11 through November 30 and May 11 through May 31, principal and the 2% penalty may be paid at the town or city. If payment is made during this “late period,” the town or city keeps the 2% penalty. After the late period, commencing June 1, payments may be made only to the County.

On June 1, the County imposes a 5% penalty on the total amount then due (the original principal plus the 2% penalty) and a \$90 listing fee. Thereafter, a 1% compounded penalty is imposed on the first day of each subsequent month on the total amount then owing. For example, after May 31, if unpaid, the amount owed is principal plus the 2% penalty, plus 5% of that total, plus 1% interest compounded per month, plus \$90.

After the third Monday in December, an advertising fee of \$90 is imposed in addition to all other fees; this compensates the County for advertising the uncollected tax receivable which will be offered for sale at a tax lien auction in the subsequent February.

(c) The County holds an annual tax lien sale. This sale commences on the third Tuesday of each February. The taxpayer is charged an additional statutory 10% interest per each six month period, for a maximum of 24 months if he pays his taxes after the tax lien sale. The liens are sold at public auction to a bidder offering to accept the lowest rate of interest; bidding begins at 10% and moves downward. The most desirable properties have their liens purchased for less than 10% interest because the property owners will likely pay off their taxes quickly to avoid losing their property to foreclosure. The successful bidder only receives the amount bid, for example 4%. The differential, in this case 6%, accrues to the County. Uncollected tax receivables which are not sold at auction become tax liens owned by the County at the highest rate (10%).

Successful bidders at the time of sale are required to deposit with the County Treasurer 10% of the amount of the tax lien (the total amount owed to the County the day of the lien sale) and the remaining 90% within thirty days of the sale. The holder of a tax lien for a property other than those classified as Class One or as a Class Two condominium pursuant to section 1802 of the RPTL, if it has not been satisfied within 24 months of the sale date, may obtain a deed of conveyance from the County Treasurer or foreclose his tax lien. The holder of a tax lien for a property classified as Class One or as a Class Two condominium pursuant to section 1802 of the RPTL, if it has not been satisfied within 24 months of the sale date, may commence a foreclosure action provided the property owner has not been granted a one-year extension, which may be renewed, through hardship designation, or provided that the property owner has not been granted a 24-month extension through an alternate designation on all said liens sold on or before June 30, 1994.

The County Treasurer has at times sold groups of County owned tax liens in bulk.

### **NASSAU HEALTH CARE CORPORATION**

Nassau Health Care Corporation (“NHCC”) is a public benefit corporation that provides health care primarily to the County’s uninsured and underinsured population. Pursuant to State authorizing legislation (hereinafter referred to as the “NHCC Act”), the County transferred its hospital, nursing home and health centers and clinics to NHCC effective September 29, 1999 as provided in the Acquisition Agreement between the County and NHCC dated as of September 24, 1999. The County and NHCC subsequently entered into the Stabilization Agreement dated as of September 22, 2004 in order to stabilize the financial condition of NHCC. The County and NHCC then entered into the Successor Agreement dated as of November 1, 2007 to clarify the relationship between the parties. The NHCC Act also permits the County (i) to enter into contracts with NHCC for services; (ii) to appropriate sums of money to defray NHCC’s project costs or other expenses; (iii) to lend its money or credit to NHCC; and (iv) to issue County notes and bonds for NHCC objects or purposes.

Under the NHCC Act, NHCC is governed by a board of fifteen directors, eight of whom are appointed by the Governor (two on recommendation of the County Executive, three on recommendation of the majority leader of the County Legislature, one on recommendation of the minority leader of the County Legislature, one on recommendation of the Speaker of the State Assembly and one on recommendation of the Temporary President of the State Senate), four by the County Legislature and three by the County Executive.

### **County-guaranteed NHCC Bonds**

In 1999 NHCC issued approximately \$259.7 million of its Series 1999 Bonds, which bonds were guaranteed by the County. The proceeds of the Series 1999 Bonds were used to fund the acquisition price, working capital, reserves, capitalized interest and cost of issuance.

In 2004 NHCC issued approximately \$303.4 million of its Series 2004 Bonds, and used a portion of the proceeds of such bonds, together with other available funds (including the release of reserve funds), to refund the Series 1999 Bonds. At that time, the County ceased to be obligated under its guaranty of the Series 1999 Bonds. The County provided a guaranty on said Series 2004 Bonds.

There were three components to the Series 2004 Bonds: approximately \$18.3 million in tax-exempt fixed-rate bonds; approximately \$65.5 million of taxable auction rate bonds; and approximately \$219.6 million in synthetic fixed-rate debt, in which tax-exempt variable rate bonds were hedged with a percentage of LIBOR swap. Approximately \$39.7 million of the auction rate bonds were defeased in 2008 and the balance of such auction rate bonds were converted to variable rate.

As a result of higher than expected remarketing rates for the Series 2004 variable rate bonds, in 2009 NHCC issued its Series 2009 A Bonds and Series 2009 B, C and D Bonds, respectively, to refund all outstanding Series 2004 variable rate bonds. The Series 2009 A Bonds and Series 2009 B, C and D Bonds are variable rate bonds secured by letters of credit. The County has also provided a guaranty on such bonds.

LIBOR-based interest rate swaps carry certain risks. See “COUNTY INDEBTEDNESS AND DEBT LIMITATIONS – Debt Service Requirements” and “THE COUNTY – County Financial Management – *Financial Policies* – Swap Policy” herein. The Successor Agreement provides that the County offset all debt service related payments, including payments to swap counterparties, against any payments it makes to NHCC.

## **SEWER AND STORM WATER RESOURCES SERVICES**

### **Nassau County Sewer and Storm Water Finance Authority**

The Nassau County Sewer and Storm Water Finance Authority (the “SSWFA”) exercises its powers through a seven-member governing board appointed by the County Executive. The presiding officer and the minority leader of the County Legislature each nominate two of the appointees, and the County Comptroller nominates one of the appointees. Vote by a supermajority of the SSWFA board is required to approve all borrowing and to approve contracts for more than \$50,000.

The SSWFA is not authorized to hire employees. Also, by its terms, the SSWFA enabling legislation is not intended to alter or modify the County’s responsibility to provide sewerage services and storm water services. As a result, County employees continue to operate and maintain all County sewer and storm water resources facilities. In addition, the legislation prohibits the County from transferring to the SSWFA any real property upon which County sewer or storm water resources facilities are located.

Further, the SSWFA is a Covered Organization under the NIFA Act. See “MONITORING AND OVERSIGHT – External – *NIFA*” herein.

The SSWFA became operational in 2004 and entered into a financing and acquisition agreement with the County establishing the respective rights and obligations of the parties with respect to the terms of SSWFA financing, including the transfer of County sewer and storm water resources assets to the SSWFA as part of such financing. Pursuant to the County Charter, the County Legislature approved the financing and acquisition agreement in 2004. The SSWFA began issuing debt in 2004.

### **Nassau County Sewer and Storm Water Resources District**

Upon the affirmative vote of the County Legislature in 2003, the County’s prior 27 sewage collection and three sewage disposal districts (the “Prior Districts”) were abolished, dissolved and merged into the Nassau County Sewer and Storm Water Resources District (the “District”). At such time, all of the rights, privileges, duties, responsibilities and obligations of the Prior Districts became the rights, privileges, duties, responsibilities and obligations of the District. The County budget adopted for each fiscal year contains a separate section for the District and is thus subject to the approval of the County Legislature.

Upon dissolution of the Prior Districts, such districts’ fund balance was transferred to the SSWFA for the limited purposes of supporting necessary capital investments, debt service, debt service-related expenses and reserve requirements in a manner consistent with the rate stabilization program contained in the legislation creating the District.

The County annually assesses, levies and collects from the several lots and parcels of land within the District, the expenses of the District, including the annual amount needed to pay the remaining principal of and interest on debt issued by the County, or by NIFA on the County’s behalf, or both, that were charged to the Prior Districts, and any amounts needed to pay to the SSWFA the cost of any services, including but not limited to financing and refinancing, provided by the SSWFA to the District by agreement between the SSWFA and the County. Assessments levied pursuant to the provisions of the legislation are collected by each city and town receiver of taxes in the County, and required to be maintained in a segregated account until distributed to the County or its designee as directed by the County. The County has directed each receiver of taxes to distribute such assessments to the SSWFA or its designee. The enabling legislation also establishes a framework for the transition to uniform assessments for recipients of sewer and storm water resources services in the County. Previously, the County had maintained separate budgets on behalf of each of the Prior Districts and levied separate assessments on behalf of each. Pursuant to the legislation the District is divided into zones of assessment that mirror the boundaries of the Prior Districts, except for certain areas that were not receiving sewerage services, which are now excluded. Through 2007, assessments for sewerage services could not exceed the 2003 level for their respective Prior Districts, and no separate assessment for storm water resources services could be assessed until after 2007. Between 2007 and the end of 2013, the legislation requires that the County transition to three zones of assessment: one zone of assessment for areas of the District receiving storm water resources services, one zone of assessment for areas of the District receiving sewage collection and disposal services, and one zone of assessment for areas of the District receiving sewage disposal, but not sewage collection, services.

The County has enacted an ordinance, effective as of July 1, 2011, imposing charges for sewer services in the District upon certain users of the system who are exempt from the payment of *ad valorem* assessments or who place a disproportionate burden on the sewer system. Subsequently, it is the County’s expectation to transition all of the users of the sewer system from assessments to services charges. Various school districts and others in the County have brought lawsuits against the County in Nassau

Supreme Court challenging the validity of its enactment of the ordinance imposing service charges; the County intends to defend itself vigorously against all such actions.

### LITIGATION

The County, its officers and employees are defendants in a number of lawsuits. Such litigation includes, but is not limited to, actions commenced and claims asserted against the County arising out of alleged torts, civil rights violations, breaches of contracts including union and employee disputes, condemnation proceedings, medical malpractice actions and other alleged violations of law. The County intends to defend itself vigorously against all claims and actions.

The County self-insures for all significant risks (everything except helicopter accidents and employee bonding). See “THE COUNTY – County Financial Management – *Risk Management*” herein. The County annually appropriates sums for the payment of judgments and settlements relating to such actions, which appropriations may be financed, in whole or in part, pursuant to the Local Finance Law by the issuance of County bonds or notes. Estimated liabilities of approximately \$225 million for settlement of litigation and malpractice claims (excluding tax certiorari claims) were recorded as a long-term liability in the County’s government-wide financial statement of net assets at December 31, 2009 and 2008. Approximately \$275.2 and \$248.9 million has been accrued as a liability at December 31, 2009 and 2008, respectively, related to workers’ compensation claims where the County Attorney can reasonably estimate the ultimate outcome. In 2008 the methodology used to estimate the long-term liability for workers’ compensation claims was changed from valuations discounted by 6% (compounded) to full values. The liability for certain other asserted and unasserted malpractice claims cannot be estimated as of December 31, 2009. All malpractice occurrences prior to September 29, 1999 are the responsibility of the County; subsequent malpractice occurrences in connection with NHCC are the responsibility of NHCC. Such amounts are only estimates, and no assurance can be given that additional claims will not be made or that the ultimate liability on existing and future claims will not be greater.

The County is a party to numerous claims and legal actions for refunds of real property taxes asserted by taxpayers seeking review of assessments. See “Property Tax Litigation – *Assessments*” within this section.

See “LITIGATION” in the front part of this Official Statement for a summary of the litigation, now withdrawn, brought by the County challenging NIFA’s declaration of a control period.

#### Property Tax Litigation

##### *Assessments*

The County is a party to numerous claims and legal actions for refunds of real property taxes asserted by taxpayers seeking review of assessments. The County intends to defend itself vigorously against all such claims and actions.

The amount for all such claims in each of the fiscal years 2006 to 2010, inclusive, is shown below (in millions):

2010.....	\$ 79.4
2009 .....	114.5
2008.....	98.8
2007.....	87.1
2006.....	70.5

The County Comptroller recorded a long-term liability of approximately \$152 million (unaudited) for estimated future property tax refunds in the County’s government-wide financial statement of net assets as of December 31, 2010. In 2011, the County Attorney’s Office and the Assessment Review

Commission have undertaken a settlement program with representatives of taxpayers to expedite settlement of challenges to assessments on the 2011/2012 tentative roll and on final rolls from prior years. The revised 2011 Budget will include \$70 million in operating funds to pay for property tax refunds. Following from NIFA's declaration of a control period on January 26, 2011, NIFA may seek, among other things, to restrict in whole or in part the County's ability to issue debt to finance expenditures, including, but not limited to, the payment of property tax refunds. For further information regarding NIFA's declaration of a control period, see "APPENDIX A – INFORMATION ABOUT THE COUNTY – MONITORING AND OVERSIGHT – External – NIFA" herein. The County has proposed to NIFA that it permit the County to use unspent County bond proceeds (borrowed to finance property tax refunds) to pay a portion of the refund amount in 2011 and/or later years. See "COUNTY FINANCIAL CONDITION – 2011 Budget and 2011-2014 Multi-Year Financial Plan" herein.

No assurance can be given as to the County's ultimate liability on existing and future refund claims. Furthermore, these amounts do not include litigation relating to real estate taxation other than challenges to assessments. For a discussion of such other litigation, see "Other Pending Property Tax Litigation" within this section.

#### *Other Pending Property Tax Litigation*

New York Telephone Company, New York Water Service Corporation, Long Island Water Corporation and KeySpan (the "Utilities") have each filed actions and proceedings in the State Supreme Court, Nassau County, challenging the determination of their taxes in 1997, 1998, 1999, and 2000 in the non-County-wide special districts such as police, fire, water and library districts. The Utilities allege that the County erroneously placed all parcels in classes pursuant to the RPTL in calculating their assessed values for the payment of special district taxes. The Supreme Court, Nassau County declared that the assessments violated the RPTL and constitutional requirements of equal protection. The court directed that discovery be conducted and a trial held to determine the amount of tax refunds, if any, to be awarded to the Utilities. The Appellate Division, Second Department, in 2002 determined that the County violated the RPTL, but granted the County summary judgment dismissing the complaints on the grounds that no refunds should be awarded because of the fiscal impact on the special districts. In 2004 the Court of Appeals remitted the case to the Supreme Court for a trial on both the amount of the refunds due and whether those damages would have such an adverse impact on the County that no refunds should be ordered. The County moved for partial summary judgment on the methodology for calculating the refunds and the trial Court decided the motion against the County. The County moved to dismiss all claims and the trial court ruled against the County. The County has also moved to dismiss the separate but related proceedings brought by KeySpan alleging the same violations of the RPTL. The KeySpan matter and the Utilities cases were stayed pending the County's application for leave to appeal to the State Court of Appeals a decision in a different case which raised a legal issue which may be dispositive of the Keyspan and Utilities cases. On May 3, 2011 the County's application for leave to appeal that decision was denied, and as a result the County must now serve its opposition to the plaintiffs' cross motion for summary judgment within 45 days from the service of the order/decision with notice of entry. The County intends to continue to defend itself vigorously in these actions and proceedings. It is not possible to predict the outcome of these actions and proceedings or their ultimate impact on the County's financial condition. The County cannot state with certainty the amount of a refund if the court were to order one, but has estimated, depending on the methodology of calculation, that such refund could be as high as \$200 million.

#### **Other Litigation**

(i) In *Restivo et al. v. County of Nassau, et al. and Kogut v. County of Nassau, et al.*, plaintiffs are suing in their own behalf for compensatory and punitive damages arising out of their 1985 arrests and 1986 convictions in the rape and murder of Theresa Fusco. In 2003 the Nassau County District Attorney's Office joined plaintiffs' (then defendants') counsel in a motion to vacate the judgment of



conviction against them because DNA technology disclosed that John Kogut, John Restivo and Dennis Halstead were not the sources of the DNA found in the victim's body. Based upon Mr. Kogut's prior confession, he was re-tried in 2005. After a bench trial, the County Court Judge acquitted Mr. Kogut. Shortly thereafter (in 2005), the indictment against Mr. Restivo and Mr. Halstead was dismissed. In 2006 plaintiffs commenced the present federal civil rights actions, which the County filed motions to dismiss. The U.S. District Court granted much of the relief sought by the County and dismissed many of the claims in the respective complaints. All plaintiffs made motions asking the Judge to reconsider her decision. Upon reconsideration, the Court reinstated many of the plaintiffs' claims. In a subsequent ruling, the Court denied the County's request to certify a question to the Second Circuit. The stay on discovery, which had been pending until determination of the motions to dismiss, has been lifted. Depositions and document discovery continue. The County will continue to defend itself vigorously in these proceedings. It is not possible to predict the outcome of these actions and proceedings or their ultimate impact on the County's financial condition.

(ii) *In re: Nassau County Strip Search Cases* is a class action lawsuit concerning the County's former policy of strip searching non-felony arrestees upon their admission to the County Correctional Center even if there was no suspicion that they were secreting drugs, weapons or other contraband. These searches were ended in 1999 as a result of another lawsuit. Three cases that were later consolidated into this class action were then filed seeking damages for arrestees searched during the last three years that the policy was in effect. (Claims for searches before this were barred by the statute of limitations.) Key rulings by the U.S. Second Circuit Court of Appeals in August 2006 and the District Court in March 2008 "certified" the case as a class action on behalf of approximately 17,000 non-felony arrestees admitted to the correctional center between May 20, 1996 and June 1, 1999, and allowed it to go forward based on a theory that everyone searched suffered a common "injury to human dignity." A non-jury trial to determine the amount of this common injury was held on November 30 through December 16, 2009, and on September 22, 2010 Judge Denis Hurley issued a decision awarding each of these class members \$500 per strip search. A key question now to be determined is whether the County must pay this amount for each of approximately 23,000 searches sustained by the 17,000 class members, regardless of how many actually file claims (with unclaimed awards to be distributed in an undetermined manner), or must only pay those who file claims. The resolution of this issue is of financial significance since the average claim rate in strip search class actions has been only about 20%. Therefore, it will mean the difference between the County being responsible for approximately \$2 million to \$3 million in expected claims or for approximately \$11.5 million. In addition, a second trial stage is contemplated in which individual class members could seek additional compensation for any actual injuries they could document. Pending motions by the plaintiffs to broaden this trial to include all class members, and by the County to preclude it as improper in a class action, and a likely appeal of the novel "human dignity" theory on which the first award was based, make it difficult to approximate what the ultimate financial impact of the case, if any, will be.

With the exception of the litigation discussed above, based on historical precedent, no litigation is pending by or against the County which will be finally determined so as to result individually or in the aggregate in final judgments against the County which would materially adversely affect the financial condition of the County.

## **TAX RATES**

Figures 26 and 27 show County tax rates. The tables do not include local, town, city, school, village or special district tax rates for the respective political subdivisions in the County.

FIGURE 26  
GENERAL COUNTY TAX RATES  
COUNTY-WIDE PURPOSES BY FUND AND CLASS (I-IV)  
PER \$100 OF ASSESSED VALUATION - FISCAL YEAR BEGINNING AS SHOWN

	1/1/2011	1/1/2010	Town of Hempstead			Town of North Hempstead					Town of Oyster Bay			1/1/2008	1/1/2007
			1/1/2009	1/1/2008	1/1/2007	1/1/2011	1/1/2010	1/1/2009	1/1/2008	1/1/2007	1/1/2011	1/1/2010	1/1/2009		
General County (a)															
I	29.716	23.168	22.067	21.106	18.965	29.718	23.158	22.067	21.108	18.968	29.711	23.161	22.068	21.100	18.961
II	13.357	15.475	15.777	17.577	15.990	13.359	15.465	15.776	17.578	15.993	13.352	15.468	15.778	17.570	15.986
III	20.457	20.360	23.256	22.340	19.896	20.459	20.350	23.256	22.342	19.898	20.452	20.354	23.257	22.333	19.892
IV	11.360	12.796	13.731	14.559	14.085	11.362	12.786	13.730	14.561	14.088	11.356	12.790	13.732	14.553	14.081
Community College															
I	8.154	6.965	6.911	6.852	6.957	8.154	6.965	6.911	6.852	6.957	8.154	6.965	6.911	6.852	6.957
II	4.757	5.201	5.463	6.034	6.212	4.757	5.201	5.463	6.034	6.212	4.757	5.201	5.463	6.034	6.212
III	6.231	6.321	7.184	7.138	7.190	6.231	6.321	7.184	7.138	7.190	6.231	6.321	7.184	7.138	7.190
IV	4.342	4.587	4.992	5.334	5.734	4.342	4.587	4.992	5.334	5.734	4.342	4.587	4.992	5.334	5.734
Police Headquarters															
I	38.723	37.703	38.662	38.532	41.706	38.723	37.703	38.662	38.532	41.706	38.723	37.703	38.662	38.532	41.706
II	22.588	28.154	30.560	33.931	37.238	22.588	28.154	30.560	33.931	37.238	22.588	28.154	30.560	33.931	37.238
III	29.591	34.218	40.194	40.140	43.103	29.591	34.218	40.194	40.140	43.103	29.591	34.218	40.194	40.140	43.103
IV	20.618	24.831	27.924	29.997	34.377	20.618	24.831	27.924	29.997	34.377	20.618	24.831	27.924	29.997	34.377
Fire Prevention															
I	2.481	2.091	2.088	2.162	2.300	2.481	2.091	2.088	2.162	2.300	2.481	2.091	2.088	2.162	2.300
II	1.448	1.561	1.650	1.904	2.054	1.448	1.561	1.650	1.904	2.054	1.448	1.561	1.650	1.904	2.054
III	1.896	1.898	2.171	2.252	2.377	1.896	1.898	2.171	2.252	2.377	1.896	1.898	2.171	2.252	2.377
IV	1.321	1.377	1.508	1.683	1.896	1.321	1.377	1.508	1.683	1.896	1.321	1.377	1.508	1.683	1.896
County Parks															
I															
II	Part of General County for 2011	Part of General County for 2010	Part of General County for 2009	Part of General County for 2008	Part of General County for 2007	Part of General County for 2011	Part of General County for 2010	Part of General County for 2009	Part of General County for 2008	Part of General County for 2007	Part of General County for 2011	Part of General County for 2010	Part of General County for 2009	Part of General County for 2008	Part of General County for 2007
III															
IV															
Environmental Bond															
I	1.789	1.233	0.678	1.042	0.631	1.789	1.233	0.678	1.042	0.631	1.789	1.233	0.678	1.042	0.631
II	1.044	0.921	0.536	0.918	0.564	1.044	0.921	0.536	0.918	0.564	1.044	0.921	0.536	0.918	0.564
III	1.367	1.119	0.705	1.085	0.652	1.367	1.119	0.705	1.085	0.652	1.367	1.119	0.705	1.085	0.652
IV	0.953	0.812	0.49	0.811	0.520	0.953	0.812	0.49	0.811	0.520	0.953	0.812	0.49	0.811	0.520

(a) The County Legislature determines the general County tax rate for each of the towns and cities in the County after allocation of certain sales and compensating use tax revenues in the County.

**FIGURE 27**  
**GENERAL COUNTY TAX RATES**  
**COUNTY-WIDE PURPOSES, BY FUND AND CLASS (I-IV)**  
**PER \$100 OF ASSESSED VALUATION - FISCAL YEAR BEGINNING AS SHOWN**

	<u>City of Glen Cove</u>					<u>City of Long Beach</u>				
	1/1/2011	1/1/2010	1/1/2009	1/1/2008	1/1/2007	1/1/2011	1/1/2010	1/1/2009	1/1/2008	1/1/2007
General County (a)										
I	29.718	23.161	22.085	21.125	18.979	39.251	30.374	30.000	29.545	27.766
II	13.360	15.467	15.795	17.595	16.004	22.892	22.680	23.709	26.015	24.792
III	20.459	20.353	23.274	22.358	19.909	29.992	27.566	31.189	30.779	28.697
IV	11.363	12.789	13.748	14.578	14.099	20.895	20.002	21.663	22.998	22.887
Community College										
I	8.154	6.965	6.911	6.852	6.957	8.154	6.965	6.911	6.852	6.957
II	4.757	5.201	5.463	6.034	6.212	4.757	5.201	5.463	6.034	6.212
III	6.231	6.321	7.184	7.138	7.190	6.231	6.321	7.184	7.138	7.190
IV	4.342	4.587	4.992	5.334	5.734	4.342	4.587	4.992	5.334	5.734
Police Headquarters										
I	38.723	37.703	38.662	38.532	41.706	38.723	37.703	38.662	38.532	41.706
II	22.588	28.154	30.560	33.931	37.238	22.588	28.154	30.560	33.931	37.238
III	29.591	34.218	40.194	40.140	43.103	29.591	34.218	40.194	40.140	43.103
IV	20.618	24.831	27.924	29.997	34.377	20.618	24.831	27.924	29.997	34.377
Fire Prevention										
I	2.481	2.091	2.088	2.162	2.300	2.481	2.091	2.088	2.162	2.300
II	1.448	1.561	1.650	1.904	2.054	1.448	1.561	1.650	1.904	2.054
III	1.896	1.898	2.171	2.252	2.377	1.896	1.898	2.171	2.252	2.377
IV	1.321	1.377	1.508	1.683	1.896	1.321	1.377	1.508	1.683	1.896
County Parks										
I										
II	Part of General County for 2011	Part of General County for 2010	Part of General County for 2009	Part of General County for 2008	Part of General County for 2007	Part of General County for 2011	Part of General County for 2010	Part of General County for 2009	Part of General County for 2008	Part of General County for 2007
III										
IV										
Environmental Bond										
I	1.789	1.233	0.678	1.042	0.631	1.789	1.233	0.678	1.042	0.631
II	1.044	0.921	0.536	0.918	0.564	1.044	0.921	0.536	0.918	0.564
III	1.367	1.119	0.705	1.085	0.652	1.367	1.119	0.705	1.085	0.652
IV	0.953	0.812	0.49	0.811	0.520	0.953	0.812	0.49	0.811	0.520

(a) The County Legislature determines the general County tax rate for each of the towns and cities in the County after allocation of certain sales and compensating use tax revenues in the County.

Figure 28 shows tax rates for special districts in the County. Beginning in 2004, County sewage collection and disposal districts became zones of assessment within the consolidated Nassau County Sewer and Storm Water Resources District.

FIGURE 28  
TAX RATES FOR SPECIAL DISTRICTS/ZONES OF ASSESSMENT  
BY FUND AND CLASS (I-IV)  
PER \$100 OF ASSESSED VALUATION-FISCAL YEAR BEGINNING AS SHOWN

	1/1/2011	1/1/2010	1/1/2009	1/1/2008	1/1/2007
Police District					
I	61.859	49.552	49.561	49.521	52.412
II	46.827	46.156	49.182	50.476	55.049
III	124.882	123.505	138.637	146.549	160.156
IV	53.868	52.113	55.504	55.626	61.009
Sewage Districts:					
Disposal District No. 1					
I	15.483	12.833	12.212	12.212	19.886
II	3.277	3.256	3.280	6.031	10.143
III	54.885	98.619	47.926	41.085	64.429
IV	14.747	14.487	13.866	13.195	22.663
Disposal District No. 2					
I	15.509	12.826	12.212	12.212	14.173
II	11.848	11.993	119.480	12.200	14.833
III	31.316	31.598	34.658	36.365	44.280
IV	13.394	13.564	13.846	13.987	16.855
Disposal District No. 3					
I	15.483	12.788	12.212	12.212	15.177
II	11.124	11.420	11.913	12.075	15.392
III	29.957	31.387	33.197	36.120	45.809
IV	13.035	13.057	13.243	13.118	16.901
Collection District No. 1					
I	6.484	5.505	5.204	5.204	19.578
II	1.373	1.397	1.398	2.571	9.985
III	22.984	42.305	20.423	17.509	63.428
IV	6.176	6.215	5.909	5.623	22.311
Collection District No. 2 <sup>(a)</sup>					
I	6.484	5.188	4.648	3.779	6.605
II	5.156	5.236	4.879	4.096	7.278
III	12.712	12.617	12.746	11.429	22.395
IV	5.333	5.269	4.941	4.051	5.819
Collection District No. 3 <sup>(a)</sup>					
I	6.484	5.099	5.204	4.832	5.999
II	4.450	4.529	5.194	4.992	6.069
III	13.019	13.080	14.425	14.681	18.494
IV	5.605	5.294	5.886	5.389	7.008

<sup>(a)</sup> Rate shown is the average rate of all former districts/zones of assessment within each listed district.

## Property Tax Levies

Figure 29 below lists the percentage of the total tax levy of all political subdivisions (by category) that real property taxes bear in relation to each other.

FIGURE 29  
COUNTY OF NASSAU, NEW YORK  
PROPERTY TAX LEVIES  
COUNTY, TOWN, CITY, VILLAGE GOVERNMENTS AND SPECIAL DISTRICTS  
2005 THROUGH 2008  
(\$ IN THOUSANDS)

	2008		2007		2006		2005	
	Tax Levy	% of Total	Tax Levy	% of Total	Tax Levy	% of Total	Tax Levy	% of Total
Nassau County Government	823,620	15.35%	806,732	15.59%	785,257	15.76%	783,512	16.41%
Sewer & Storm Water Consolidated	103,932	1.94%	118,932	2.30%	138,932	2.79%	138,932	2.91%
Environmental Bond Fund	7,375	0.14%	4,128	0.08%		0.00%	-	0.00%
Town & City Governments	231,735	4.32%	220,779	4.27%	206,090	4.14%	208,654	4.37%
Incorporated Villages	383,097	7.14%	367,733	7.11%	367,408	7.37%	344,668	7.22%
School Districts	3,309,803	61.70%	3,167,626	61.20%	3,010,688	60.43%	2,833,955	59.34%
Special Districts:								
Fire	101,065	1.88%	96,001	1.85%	97,873	1.96%	88,558	1.85%
Fire Protection	17,524	0.33%	16,882	0.33%	15,853	0.32%	15,292	0.32%
Garbage, Refuse & Sanitary	207,014	3.86%	201,869	3.90%	191,776	3.85%	174,235	3.65%
Lighting	15,972	0.30%	15,358	0.30%	14,525	0.29%	14,194	0.30%
Park	68,345	1.27%	67,036	1.30%	64,291	1.29%	80,837	1.69%
Parking & Improvement	44,294	0.83%	43,807	0.85%	42,116	0.85%	49,159	1.03%
Sewer Special	14,809	0.28%	13,776	0.27%	12,866	0.26%	12,015	0.25%
Water	35,546	0.66%	34,975	0.68%	34,295	0.69%	31,739	0.66%
Total Special Districts	504,569	9.41%	489,704	9.46%	473,595	9.51%	466,029	9.76%
Totals	5,364,131	100.00%	5,175,634	100.00%	4,981,970	100.00%	4,775,750	100.00%

Data extracted from County of Nassau, Comprehensive Annual Financial Report of the Comptroller for the Fiscal Years ended December 31, 2009 and 2008.

[THIS PAGE INTENTIONALLY LEFT BLANK]

## **APPENDIX B**

### **GENERAL PURPOSE AUDITED FINANCIAL STATEMENTS FOR FISCAL YEARS ENDED DECEMBER 31, 2009 AND 2008**

**THE FINANCIAL STATEMENTS OF THE COUNTY AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008, INCLUDED IN APPENDIX B, HAVE BEEN AUDITED BY THE COUNTY'S INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS. THE FOLLOWING IS AN EXCERPT FROM SUCH AUDIT. THE AUDITED FINANCIAL STATEMENTS AND OPINION WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT. THE COUNTY'S INDEPENDENT AUDITOR HAS NOT BEEN ASKED TO AND HAS NOT REVIEWED OR COMMENTED UPON THE OFFICIAL STATEMENT.**

[THIS PAGE INTENTIONALLY LEFT BLANK]



## MANAGEMENT DISCUSSION AND ANALYSIS

Nassau County's Comprehensive Annual Financial Report ("CAFR") complies with the requirements of Governmental Accounting Standards Board Statement No. 34 ("GASB 34"). This section of the report, required under GASB 34, presents Management's Discussion and Analysis ("MD&A") of the County's financial activities and performance for the fiscal years ended December 31, 2009 and 2008. This section should be read in conjunction with the letter of transmittal and the County's financial statements.

## FINANCIAL HIGHLIGHTS

- The County's net worth declined by \$290.6 million during 2009 to negative \$5.0 billion. The decline was due to increases in estimated long-term liabilities for workers compensation, post employment benefits, and property tax refunds. The total increase in Long-Term Liabilities was partially offset by a slight increase in Capital Assets.
- The County generated a budgetary surplus of \$1.2 million in its primary operating funds (General, Police Headquarters, Police Districts and Fire Safety) in 2009.
- In 2009, the County paid \$114.5 million in refund payments to residential and commercial property taxpayers who successfully challenged their assessments. The Administration funded the tax certiorari payments by using \$50 million from the operating budget and \$64.5 million by the issuance of debt.
- These financial statements are presented in accordance with Generally Accepted Accounting Principles ("GAAP"). In addition, certain statements present GAAP to budgetary basis conversion columns to present actual results on a budgetary basis. Unreserved fund balance in the County's primary operating funds total \$64.2 million on a budgetary basis (\$50.9 million is in the General Fund and \$13.3 million in the Police District Fund). Unreserved and undesignated fund balance in the Sewer and Storm Water District Fund totals \$55.1 million on a GAAP basis.

## ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2009

GASB 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 assets* and the *statement of activities*. The statement of net assets reports everything the County owns (its assets) and owes (its liabilities) as of the end of the year. Net assets are what remain 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 assets*. 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 assets. 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 Assets*

The statement of net assets for the 2009 fiscal year shows that Nassau County has a deficit balance of \$5 billion. Table 1 shows that the County's net worth declined by \$290.6 million during 2009 primarily due to increases in the estimated long-term liability for workers compensation, post employment benefits, and property tax refunds. The increase in workers compensation was primarily the result of a prior year change in the methodology used to estimate the liability. Property tax refund accruals resulted from the inclusion of the Assessment Review Commission's estimate of the additional liability associated with use of more current data.

**Table 1**  
**Summary of Net Assets (Deficit)**  
(dollars in millions)

	<b>Total Primary Governmental Activities</b>		<b>Change</b>
	<b>2009</b>	<b>2008</b>	
Current and Other Assets	\$ 1,647.9	\$ 1,593.0	\$ 54.9
Capital Assets	2,464.5	2,389.3	75.2
<b>Total Assets</b>	<b>4,112.4</b>	<b>3,982.3</b>	<b>130.1</b>
Long-Term Liabilities	8,164.9	7,671.0	493.9
Other Liabilities	957.4	1,030.6	(73.2)
<b>Total Liabilities</b>	<b>9,122.3</b>	<b>8,701.6</b>	<b>420.7</b>
Net Assets			
Invested in Capital Assets, Net of Related Debt	1,503.4	1,356.9	146.5
Restricted	143.1	56.7	86.4
Unrestricted	(6,656.4)	(6,132.9)	(523.5)
<b>Total Net Assets (Deficit)</b>	<b>\$ (5,009.9)</b>	<b>\$ (4,719.3)</b>	<b>\$ (290.6)</b>

The County's total assets increased by \$130.1 million in 2009 from \$4.0 billion to \$4.1 billion. The increase in Capital Assets of \$75.2 million was primarily due to the completion of general capital improvements, sewer and storm water improvements, and open space purchases.

Table 1 also shows that total liabilities increased in 2009 by \$420.7 million. This was primarily due to the increases in Long-Term Liabilities partially offset by a decrease in Other Liabilities from the conversion of short term notes to bonds.

The County has \$1.5 billion invested in its capital assets, recorded at acquisition cost, net of 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 Assets shows a deficit balance of \$5 billion in net assets at December 31, 2009, which represents an increase in the deficit of \$290.6 million since the close of the 2008 fiscal year. Unrestricted net assets reflect all liabilities that are not related to the County's capital assets and which 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, 2009, Nassau County and its blended component units had a combined \$3.5 billion in

outstanding long-term debt. The County's debt indicators and ratios are disproportionately high. 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.

Nassau County is responsible under State law for guaranteeing the tax levy of the three towns within the County, all but one of the 56 school districts, and approximately 200 special districts. Prior to the court ordered mass property revaluation which was completed in 2002, the County had not reassessed its residential properties since 1938, nor had it reassessed its commercial properties since 1986. Even after the revaluation, over one-hundred thousand grievances have been filed annually by residential and commercial property owners protesting the accuracy of the assessed values assigned to their properties.

### *The Statement of Activities*

The Statement of Activities for the fiscal year that ended December 31, 2009 details the decline in the County's net worth from 2008 to 2009. Table 2 summarizes the changes in the County's net assets. Several factors impacted the County's net worth. They include:

- Revenue from operating grants increased by \$50.4 million primarily due to increased Federal Aid related to the Federal Medicaid Assistance Program, State Aid in the Departments of Social Services and Mental Health and Chemical Dependency and Developmental Disabilities. The increases were primarily driven by three factors; incremental reimbursement in federal and state aid due to higher social services caseloads, revenue maximization efforts in Social Services and increases in grants to Mental Health and Chemical Dependency and Developmental Disabilities and Social Services.
- Sales Tax revenues decreased \$48.9 million from 2008, as the County experienced a decline in sales tax revenue due to the recession. For the region, lower sales tax growth is projected, due to slowing economic activity from higher unemployment and a declining regional housing market.
- Capital Grants increased by \$48.4 million, primarily because of an increase in receipts from New York State for the purchase of new buses and an increase in federal aid of \$12.8 million.
- Investment Income declined by \$34.9 million due to the lower level of interest rates as compared to 2008.
- Revenue from Property taxes increased due to a levy increase of \$30.2 million.

- Revenue from Tobacco Settlements increased in 2009 by \$8.1 million. Those funds are disbursed by the County to the Nassau Health Care Corporation.
- Corrections costs increased by \$41.5 million principally due to salary increases resulting from labor agreements.
- Social Services expense increased by \$20.5 million due to higher TANF and Safety Net caseloads and increases in the cost of Medicaid. This was partially offset by the increased state aid discussed above.

**Table 2**  
**Change in Net Assets**  
(dollars in millions)

	2009	2008	Change
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$ 178.2	\$ 174.0	\$ 4.2
Operating Grants	463.4	413.0	50.4
Capital Grants	63.5	15.1	48.4
General Revenues			
Property Taxes	919.7	889.5	30.2
Sales Taxes	949.7	998.6	(48.9)
Other Taxes	41.1	39.0	2.1
Tobacco Settlement Revenues	82.2	74.1	8.1
Investment Income	13.8	48.7	(34.9)
Other General Revenues	26.0	26.4	(0.4)
<b>Total Revenues</b>	<u>2,737.6</u>	<u>2,678.4</u>	<u>59.2</u>
<b>Expenses</b>			
Legislative	10.1	10.1	
Judicial	51.0	53.0	(2.0)
General Government	752.1	759.2	(7.1)
Protection of Persons	725.8	719.0	6.8
Health	268.2	259.5	8.7
Public Works	218.2	224.6	(6.4)
Recreation and Parks	33.4	43.1	(9.7)
Social Services	539.8	519.3	20.5
Corrections	253.6	212.1	41.5
Education	11.5	10.7	0.8
Interest on Long Term Debt	164.5	159.6	4.9
<b>Total Expenses</b>	<u>3,028.2</u>	<u>2,970.2</u>	<u>58.0</u>
Decrease in Net Assets	(290.6)	(291.8)	1.2
Net Assets - (Deficit) Beginning	<u>(4,719.3)</u>	<u>(4,427.5)</u>	<u>(291.8)</u>
<b>Net Assets - (Deficit) Ending</b>	<u>\$ (5,009.9)</u>	<u>\$ (4,719.3)</u>	<u>\$ (290.6)</u>

**ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2009**

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 devices 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 balance)* tell how the general governmental services were financed in the short term as well as what money remains for future spending. These statements present the government's current financial resources (which include its cash and assets that will become cash in the next year) and the current liabilities that these assets will be used to retire.

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. In 2007, the County Parks and Recreation Fund was merged into the General 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 Nassau County. The County also has a Technology Fund, an Open Space Fund, as well as a series of other non-major operating and capital project funds.

#### *The Governmental Fund Statements*

Nassau County ended the 2009 fiscal year with a budgetary surplus of \$1.2 million aggregated across its primary operating funds. This surplus resulted from the County's ability to meet the unprecedented budgetary challenges from the national credit crisis. This aforementioned crisis led to lower sales tax revenue and lower investment income. Key measures taken to reduce expenses included limiting hiring of personnel to key positions, implementation of an inventory management initiative, and negotiated pay deferrals.

**Table 3**  
**Summary of Changes in Unreserved Fund Balance**  
**Major Operating Funds and Sewer and Storm Water District Fund**  
(dollars in millions)

	2009	2008	Change
<b>Primary Operating Funds</b>			
General Fund	\$ 52.1	\$ 57.9	\$ (5.8)
Fire Commission	0.1		0.1
Police Headquarters	1.8	1.6	0.2
Police District	14.5	(6.4)	20.9
<b>Total Primary Operating Funds</b>	<u>\$ 68.5</u>	<u>\$ 53.1</u>	<u>\$ 15.4</u>
<b>Sewer and Storm Water District Fund</b>	<u>\$ 107.8</u>	<u>\$ 129.5</u>	<u>\$ (21.7)</u>

As Table 3 shows, accumulated unreserved, undesignated fund balance in the primary operating funds totaled \$68.5 million at the end of 2009 on a financial reporting basis. On a budgetary basis, the County ended 2009 with accumulated unreserved and undesignated fund balance totaling \$64.2 million. Unreserved fund balance in the Sewer and Storm Water District declined by \$21.7 million on a GAAP basis, reflecting the use of fund balance to pay down debt and to cushion the effects of the rate harmonization of the old sewer districts into the new zones of assessments.

Specific factors that contributed to the County’s fiscal performance were as follows:

- The County’s workforce management program limited new hiring primarily to essential and/or emergency functional areas, and throughout the year, full-time staffing levels were below budgeted levels. For example, on December 31, 2009, full-time staffing in the primary operating funds was 734 positions below the budget allotment of 9,235.
- By controlling spending on contracts and restricting purchasing via better inventory management, the County achieved a \$16.5 million favorable variance to budget, primarily in the General Fund.
- Due to borrowing for capital improvements later in the year than projected, lower debt service costs resulted in a budgetary surplus of \$6.5 million.
- Partially offsetting these positive results were negative factors including an \$86.7 million budgetary shortfall in sales tax revenues and a \$14.7 million budgetary shortfall in investment income due to lower interest rates. These negative variances are primarily a result of slower economic activity due to the negative effects of the credit crisis, higher unemployment, and lower consumer confidence.



## CAPITAL INVESTMENTS

The County completed a number of capital projects during the 2009 fiscal year, including \$12.3 million in park improvements and upgrades and \$27.2 million in road improvements. The Police and Fire Communication Center in Westbury continues to undergo structural expansion and improvements and is expected to be completed in 2010.

The County made capital improvements during 2009 in the following areas:

**Table 4**  
**Capital Improvements**  
**January 1, 2009 to December 31, 2009**  
**(dollars in millions)**

Project Category	Amount
Building Consolidation Plan	\$ 32.5
Building Improvements	7.2
Environmental Bond Act	3.9
Equipment	1.9
Infrastructure and Economic Development	12.7
Open Space Property Purchases	26.6
Parks	12.3
Property Acquisition	0.2
Public Safety	14.8
Roads	27.2
Sewer and Storm Water	37.1
Technology	14.0
Traffic	12.7
Miscellaneous	<u>0.7</u>
<b>Total</b>	<b><u>\$ 203.8</u></b>

Detailed information on capital asset activity is available in the Notes to the Financial Statements Exhibit X-15, Note 7.

## DEBT

Nassau County and its blended component units – Nassau 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 \$3.5 billion in outstanding long-term debt as of December 31,

2009, representing a net increase of \$216 million over the combined long-term debt outstanding as of December 31, 2008. The County also provides a direct-pay guarantee of \$261.5 million outstanding from the refunding and new money debt issued in October of 2004 by the Nassau Health Care Corporation and \$16 million outstanding from the refunding and new money debt issued in June of 2005 by the Nassau Regional Off-Track Betting Corporation. Since the two corporations are discretely-presented component units of the County, their debt is not itemized in Table 5 below.

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

	<u>Balance</u> <u>31-Dec-08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>31-Dec-09</u>
General Obligation County Bonds	\$ 539,492	\$ 475,405	\$ 127,163	\$ 887,734
Sewage Purpose Bonds	79,065	29,700	18,030	90,735
SRF Revenue Bonds	138,810		8,725	130,085
Total county Long -Term Debt	<u>757,367</u>	<u>505,105</u>	<u>153,918</u>	<u>1,108,554</u>
NIFA Sales Tax Secured Bonds	<u>1,875,075</u>	<u>303,100</u>	<u>425,575</u>	<u>1,752,600</u>
Tobacco Settlement Asset-Backed Bonds	<u>426,351</u>		<u>5,820</u>	<u>420,531</u>
Sewer Financing Authority	<u>175,795</u>		<u>6,545</u>	<u>169,250</u>
<b>Total Long Term Debt</b>	<u>\$ 3,234,588</u>	<u>\$ 808,205</u>	<u>\$ 591,858</u>	<u>\$ 3,450,935</u>

In 2009, the County issued \$505.1 million of long-term debt to fund its capital program and to repay \$125 million of BANs and refund \$51.3 million of outstanding debt. The County did not issue any new debt through the State Revolving Loan Fund (“SRF”) during 2009. 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 \$122.5 million during the 2009 fiscal year. This decrease reflects the maturation and run-off of the existing NIFA debt.

The amount of outstanding debt of the NCTSC was reduced due to \$5.8 million of maturities.

During fiscal year 2009, the NCSSWFA had \$6.5 million of bonds mature.

The County issued two cash flow notes during the 2009 fiscal year. Management anticipates issuing one or more

cash flow notes in 2010.

Detailed information on long-term debt activity is available in the Notes to the Financial Statements Exhibit X-15, Note 9.

## **NASSAU COUNTY'S CREDIT RATING**

In May 2010, Fitch IBCA and Moody's Investor Services released their new recalibrated ratings. Both Agencies changed their ratings for the County as part of their recalibrations. In June 2010, Fitch IBCA, and Standard and Poor's reaffirmed the County's ratings, with no change from ratings while, at the same time Moody's Investors Services changed their outlook for the County's ratings to negative.

## **CONCLUSION**

The County's net worth declined by \$290.6 million during 2009 to negative \$5 billion. This decline was primarily driven by the increases in long-term liabilities for Workers Compensation, Other Post Employment Benefits, and Tax Certiorari refund claims. The negative balance in total net worth is principally driven by borrowing for real property tax refunds, the liability for health insurance for retirees, and other liabilities for which there are no corresponding assets.

During 2009, the County generated a slight positive budgetary surplus of \$1.2 million across its primary operating funds. This surplus resulted from the County's ability to meet the budgetary challenges and revenue shortfalls during 2009 by limiting hiring of personnel, implementation of spending controls, and negotiating pay deferrals.. At the end of 2009, unreserved, undesignated fund balance in the County's primary operating funds stood at \$64.2 million on a budgetary basis.

Nassau County faces difficult challenges as do other municipalities around the Country. The administration is committed to pursuing recurring cost reduction and revenue maximization before relying on taxpayers to bear any additional burden.

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT X-1**

**COUNTY OF NASSAU, NEW YORK**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2009 (Dollars in Thousands)**

	<b>Primary Government</b>	
	<b>Governmental Activities</b>	<b>Component Units</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents	\$ 501,707	\$ 86,099
Investments, Including Accrued Interest (Note 2)	98,480	
Assets Whose Use is Limited- Current		22,685
Sales Tax Receivable	101,854	
Interest Receivable	2,760	
Student Accounts and Loans Receivable		7,222
Less Allowance for Doubtful Amounts		(2,821)
Due from Other Governments (Note 3)	195,593	8,257
Less Allowance for Doubtful Accounts	(1,752)	
Other Receivables		7,470
Accounts Receivable	46,563	329,367
Less Allowance for Doubtful Accounts		(221,603)
Real Property Taxes Receivable	82,897	
Less Allowance for Doubtful Accounts	(9,463)	
Due from Component Unit (Note 6)	17,041	
Inventories		5,585
Prepays	99,658	
Other Assets - Current	13,258	7,762
<b>Total Current Assets</b>	<b>1,148,596</b>	<b>250,023</b>
<b>NON CURRENT ASSETS:</b>		
Deferred Financing Costs	189,437	6,186
Less Accumulated Amortization	(54,446)	(3,100)
Deferred Charges	351,890	
Assets Whose Use is Limited		73,311
Capital Assets Not Being Depreciated (Note 7)	822,486	18,064
Depreciable Capital Assets (Note 7)	2,976,579	719,358
Less Accumulated Depreciation	(1,334,634)	(454,213)
Deposits Held by Trustees		19,076
Deposits Held in Custody for Others		1,656
Tax Sale Certificates (Note 5)	5,434	
Tax Real Estate Held for Sale (Note 4)	6,998	
Other Assets		9,638
<b>Total Non Current Assets</b>	<b>2,963,744</b>	<b>389,976</b>
<b>Total Assets</b>	<b>4,112,340</b>	<b>639,999</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable	83,325	43,130
Accrued Liabilities	137,976	26,214
Tax Anticipation Notes Payable	150,000	
Revenue Anticipation Notes Payable	190,000	
Accrued Interest Payable	19,574	1,712
Notes Payable - Current		56
Due to Primary Government (Note 6)		1,455
Deferred Revenue - Current	29,032	19,125
Current Portion of Long Term Liabilities (Note 9)	332,313	9,190
Other Liabilities - Current	15,103	27,015
<b>Total Current Liabilities</b>	<b>957,323</b>	<b>127,897</b>
<b>NON CURRENT LIABILITIES:</b>		
Notes Payable		1,045
Serial Bonds Payable (Notes 9 and 10)	3,240,625	294,162
Deferred Bond Premium (Net of Amortization)	106,682	2,132
Deferred Revenue	16,055	
Accrued Vacation and Sick Pay (Note 9 and 15)	513,565	91,719
Deferred Payroll	68,478	
Estimated Workers' Compensation Liability (Notes 9 and 15)	251,012	
Estimated Tax Certiorari Payable (Notes 9 and 15)	114,313	
Estimated Liability for Litigation and Malpractice (Notes 9 and 15)	219,418	33,100
Liability for Future Pension Expense		2,235
Capital Lease (Note 8)	5,426	
Other Liabilities - Non Current	14,366	32,960
Deposits Held in Custody for Others		1,656
Insurance Reserve Liability		1,973
Postemployment Retirement Benefits Liability	3,614,983	436,470
<b>Total Non Current Liabilities</b>	<b>8,164,923</b>	<b>897,452</b>
<b>Total Liabilities</b>	<b>9,122,246</b>	<b>1,025,349</b>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	1,503,411	134,407
Restricted:		
General		1,675
Special Revenue		
Nassau Community College Foundation Fund		
Donor Imposed Stipulations		1,274
Direct Scholarships		111
Restricted Scholarships		1,132
Capital Projects	143,133	707
Debt Service		19,076
Student Loans		496
Unrestricted Deficit	(6,656,450)	(544,228)
<b>Total Deficit</b>	<b>\$ (5,009,906)</b>	<b>\$ (385,350)</b>

See accompanying notes to financial statements.

EXHIBIT X-1

COUNTY OF NASSAU, NEW YORK

STATEMENT OF NET ASSETS  
DECEMBER 31, 2008 (Dollars in Thousands)

	Primary Government	
	Governmental Activities	Component Units
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents	\$ 468,078	\$ 69,281
Investments, Including Accrued Interest (Note 2)	110,466	
Assets Whose Use is Limited- Current		18,246
Sales Tax Receivable	91,212	
Interest Receivable	3,177	
Student Accounts and Loans Receivable		7,802
Less Allowance for Doubtful Amounts		(2,557)
Due from Other Governments (Note 3)	168,070	4,148
Less Allowance for Doubtful Accounts	(1,751)	
Other Receivables		5,434
Accounts Receivable	29,383	327,226
Less Allowance for Doubtful Accounts		(217,806)
Real Property Taxes Receivable	67,525	
Less Allowance for Doubtful Accounts	(6,995)	
Due from Component Unit (Note 6)	39,257	
Inventories		5,579
Prepays	103,414	
Other Assets - Current	17,257	18,658
<b>Total Current Assets</b>	<b>1,089,093</b>	<b>236,011</b>
<b>NON CURRENT ASSETS:</b>		
Deferred Financing Costs	174,588	8,475
Less Accumulated Amortization	(45,180)	(2,827)
Deferred Charges	363,848	
Assets Whose Use is Limited		58,149
Capital Assets Not Being Depreciated (Note 7)	713,595	18,427
Depreciable Capital Assets (Note 7)	2,905,825	673,662
Less Accumulated Depreciation	(1,230,127)	(430,048)
Deposits Held by Trustees		11,027
Deposits Held in Custody for Others		1,638
Tax Sale Certificates (Note 5)	4,162	
Tax Real Estate Held for Sale (Note 4)	6,481	
Other Assets		8,344
<b>Total Non Current Assets</b>	<b>2,893,192</b>	<b>346,847</b>
<b>Total Assets</b>	<b>3,982,285</b>	<b>582,858</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable	86,587	40,647
Accrued Liabilities	179,289	24,361
Tax Anticipation Notes Payable	132,000	
Bond Anticipation Notes Payable	122,616	
Revenue Anticipation Notes Payable	105,000	
Accrued Interest Payable	11,370	1,923
Notes Payable - Current		52
Due to Primary Government (Note 6)		6,185
Deferred Revenue - Current	22,869	18,179
Current Portion of Long Term Liabilities (Note 9)	341,161	8,479
Other Liabilities - Current	29,647	10,602
<b>Total Current Liabilities</b>	<b>1,030,539</b>	<b>110,428</b>
<b>NON CURRENT LIABILITIES:</b>		
Notes Payable		189
Serial Bonds Payable (Notes 9 and 10)	3,019,613	287,233
Deferred Bond Premium (Net of Amortization)	62,943	2,270
Deferred Revenue	11,796	
Accrued Vacation and Sick Pay (Note 9 and 15)	532,827	85,247
Deferred Payroll	38,567	
Estimated Workers' Compensation Liability (Notes 9 and 15)	231,414	
Estimated Tax Certiorari Payable (Notes 9 and 15)	88,982	
Estimated Liability for Litigation and Malpractice (Notes 9 and 15)	219,469	40,856
Liability for Future Pension Expense		2,386
Capital Lease (Note 8)	5,482	
Other Liabilities - Non Current	3,366	46,867
Deposits Held in Custody for Others		1,638
Insurance Reserve Liability		1,944
Postemployment Retirement Benefits Liability	3,456,529	399,335
<b>Total Non Current Liabilities</b>	<b>7,670,988</b>	<b>867,965</b>
<b>Total Liabilities</b>	<b>8,701,527</b>	<b>978,393</b>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	1,356,866	124,373
Restricted:		
General		1,651
Special Revenue		
Nassau Community College Foundation Fund		
Donor Imposed Stipulations		1,124
Direct Scholarships		82
Restricted Scholarships		982
Capital Projects	56,742	2,883
Debt Service		11,027
Student Loans		508
Unrestricted Deficit	(6,132,850)	(538,165)
<b>Total Deficit</b>	<b>\$ (4,719,242)</b>	<b>\$ (395,535)</b>

See accompanying notes to financial statements.

EXHIBIT X-2

COUNTY OF NASSAU, NEW YORK

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009 (Dollars in Thousands)

Functions/Programs						Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Program Revenues			Capital Grants	Primary Government	Component Units
		Charges for Services	Operating Grants			Governmental Activities	
Primary Government:							
Legislative	\$ 10,108	\$ 274	\$	\$	\$	(9,834)	\$
Judicial	51,142	19,705	6,373			(25,064)	
General Government	752,102	45,522	34,097			(672,483)	
Protection of Persons	725,762	37,462	19,305			(668,995)	
Health	268,204	22,245	142,760			(103,199)	
Public Works	218,257	9,146	193	63,479		(145,439)	
Recreation and Parks	33,369	19,665				(13,704)	
Social Services	539,817	17,903	242,455			(279,459)	
Corrections	253,576	5,300	18,255			(230,021)	
Education	11,457	1,011				(10,446)	
Debt Service Interest	164,498					(164,498)	
Total Primary Government	\$ 3,028,292	\$ 178,233	\$ 463,438	\$ 63,479		(2,323,142)	
Component Units	\$ 856,850	\$ 671,729	\$ 149,755	\$ 42,768			7,402
General Revenues:							
Taxes:							
Property Taxes					\$	919,653	
Sales Taxes						949,710	
Other Taxes						41,149	
Tobacco Settlement Revenue and Tobacco Receipts						82,210	
Investment Income						13,757	2,783
Other						25,999	
Total General Revenues						2,032,478	2,783
Change in Net Assets						(290,664)	10,185
Subtotal						(290,664)	10,185
Net Assets (Deficit) - Beginning						(4,719,242)	(395,535)
Net Assets (Deficit) - Ending						\$ (5,009,906)	\$ (385,350)

See accompanying notes to financial statements.

**EXHIBIT X-2**

**COUNTY OF NASSAU, NEW YORK**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2008 (Dollars in Thousands)**

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Program Revenues			Primary Government	Component Units
		Charges for Services	Operating Grants	Capital Grants	Governmental Activities	
Primary Government:						
Legislative	\$ 10,126	\$ 233	\$	\$	\$ (9,893)	\$
Judicial	52,998	17,953	6,722		(28,323)	
General Government	759,162	43,712	32,824		(682,626)	
Protection of Persons	718,984	33,285	11,304		(674,395)	
Health	259,517	22,208	153,913		(83,396)	
Public Works	224,577	7,612	436	15,106	(201,423)	
Recreation and Parks	43,125	19,775			(23,350)	
Social Services	519,326	19,227	188,826		(311,273)	
Corrections	212,124	7,420	18,940		(185,764)	
Education	10,741	2,579			(8,162)	
Debt Service Interest	159,632				(159,632)	
Total Primary Government	\$ 2,970,312	\$ 174,004	\$ 412,965	\$ 15,106	(2,368,237)	
Component Units	\$ 897,352	\$ 646,894	\$ 141,717	\$ 75,499		(33,242)
General Revenues:						
Taxes:						
Property Taxes					\$ 889,519	
Sales Taxes					998,733	
Other Taxes					38,991	
Tobacco Settlement Revenue and Tobacco Receipts					74,078	
Investment Income					48,701	5,328
Other					26,423	
Total General Revenues					2,076,445	5,328
Change in Net Assets					(291,792)	(27,914)
Subtotal					(291,792)	(27,914)
Net Assets (Deficit) - Beginning					(4,427,450)	(367,621)
Net Assets (Deficit) - Ending					\$ (4,719,242)	\$ (395,535)

See accompanying notes to financial statements.



EXHIBIT X-3

COUNTY OF NASSAU, NEW YORK

GOVERNMENTAL FUNDS  
BALANCE SHEET  
DECEMBER 31, 2009 (Dollars in Thousands)

	General Fund	NIFA General Fund	Debt Service Fund	Fire Prevention, Safety, Communication and Education Fund	Police District Fund	Police Headquarters Fund	Sewer and Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>										
Cash	\$ 66,734	\$ 701	\$ 3,692	\$ 1,809	\$ 14,015	\$ 15,388	\$ 145,999	\$ 171,649	\$ 81,720	\$ 501,707
Investments (Note 2)									98,480	98,480
Sales Tax Receivable		101,854								101,854
Interest Receivable									164	164
Due from Other Governments (Note 3)	173,260			4		2,944		5,756	13,629	195,593
Less Allowance for Doubtful Accounts	(1,752)									(1,752)
Accounts Receivable	16,230				50	3,976	341	10	25,956	46,563
Real Property Taxes Receivable	82,897									82,897
Less Allowance for Doubtful Accounts	(9,463)									(9,463)
Tax Sale Certificates (Note 5)	5,434									5,434
Tax Real Estate Held for Sale (Note 4)	6,998									6,998
Interfund Receivables (Note 6)	277,472	144	147,868	189	16,760	36,857	419	96,048	39,500	615,257
Prepays	39,136			743	31,020	25,536	1,761		1,462	99,658
Due from Component Units (Note 6)	21,743									21,743
Other Assets	6,933	35		115	3,001	2,951		204	19	13,258
<b>TOTAL ASSETS</b>	<b>\$ 685,622</b>	<b>\$ 102,734</b>	<b>\$ 151,560</b>	<b>\$ 2,860</b>	<b>\$ 64,846</b>	<b>\$ 87,652</b>	<b>\$ 148,520</b>	<b>\$ 273,667</b>	<b>\$ 260,930</b>	<b>\$ 1,778,391</b>
<b>LIABILITIES AND FUND EQUITY</b>										
<b>LIABILITIES:</b>										
Accounts Payable	\$ 54,236	\$ 13	\$ 3	\$ 188	\$ 1,180	\$ 4,650	\$ 11,999	\$ 11,069	\$ 83,325	\$ 83,325
Accrued Liabilities	67,331			172	4,616	1,599	2,940		61,354	138,025
Tax Anticipation Notes Payable (Note 9)	150,000									150,000
Revenue Anticipation Notes Payable (Note 9)	190,000									190,000
Deferred Revenue	32,928								33,401	66,329
Interfund Payables (Note 6)	55,447	102,055	151,560	2,586	45,201	81,398	26,497	137,701	12,812	615,257
Due to Component Units (Note 6)							63	3,001	1,638	4,702
Other Liabilities	15,103								14,366	29,469
<b>Total Liabilities</b>	<b>565,045</b>	<b>102,068</b>	<b>151,560</b>	<b>2,761</b>	<b>50,005</b>	<b>84,177</b>	<b>34,150</b>	<b>152,701</b>	<b>134,640</b>	<b>1,277,107</b>
<b>FUND EQUITY:</b>										
Fund Balances:										
Reserved for Retirement of Temporary Financing								4,648	4,187	8,835
Reserved for Encumbrances	68,459			43	310	1,639	6,531	191,337	140,116	408,435
Restricted - Senior Liquidity Reserve									24,009	24,009
Unreserved and Designated for Ensuing Year's Budget (Note 13):										
Special Revenue							52,785			52,785
Unreserved Nonmajor Fund Balances (Deficits):										
Special Revenue									(11,348)	(11,348)
Capital Projects									(48,728)	(48,728)
Debt Service									18,054	18,054
Unreserved Major Fund Balances (Deficits) (Note 13)	52,118	666		56	14,531	1,836	55,054	(75,019)		49,242
<b>Total Fund Equity</b>	<b>120,577</b>	<b>666</b>		<b>99</b>	<b>14,841</b>	<b>3,475</b>	<b>114,370</b>	<b>120,966</b>	<b>126,290</b>	<b>501,284</b>
Commitments and Contingencies (Note 15)										
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 685,622</b>	<b>\$ 102,734</b>	<b>\$ 151,560</b>	<b>\$ 2,860</b>	<b>\$ 64,846</b>	<b>\$ 87,652</b>	<b>\$ 148,520</b>	<b>\$ 273,667</b>	<b>\$ 260,930</b>	<b>\$ 1,778,391</b>

The reconciliation of the fund balances of governmental funds to the net assets of governmental activities in the Statement of Net Assets is presented in an accompanying statement.

See accompanying notes to financial statements.

EXHIBIT X-3

COUNTY OF NASSAU, NEW YORK

GOVERNMENTAL FUNDS  
BALANCE SHEET  
DECEMBER 31, 2008 (Dollars in Thousands)

	General Fund	NIFA General Fund	Debt Service Fund	Fire Prevention, Safety, Communication and Education Fund	Police District Fund	Police Headquarters Fund	Sewer and Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>										
Cash	\$ 58,280	\$ 264	\$ 1,951	\$ 475	\$ 12,694	\$ 2,075	\$ 138,791	\$ 176,572	\$ 76,976	\$ 468,078
Investments (Note 2)		510							109,956	110,466
Sales Tax Receivable		91,212								91,212
Interest Receivable									563	563
Due from Other Governments (Note 3)	155,665					1,622			10,783	168,070
Less Allowance for Doubtful Accounts	(1,751)									(1,751)
Accounts Receivable	24,580				179	2,149	617		1,858	29,383
Real Property Taxes Receivable	67,525									67,525
Less Allowance for Doubtful Accounts	(6,995)									(6,995)
Tax Sale Certificates (Note 5)	4,162									4,162
Tax Real Estate Held for Sale (Note 4)	6,481									6,481
Interfund Receivables (Note 6)	218,548		28,946		1,227	7,016	8,591		58,100	322,428
Prepays	38,312		189	819	32,816	28,186	1,496		1,596	103,414
Due from Component Units (Note 6)	38,889								1,745	40,634
Other Assets	8,727	35		140	3,860	3,798	456	206	35	17,257
<b>TOTAL ASSETS</b>	<b>\$ 612,423</b>	<b>\$ 92,021</b>	<b>\$ 31,086</b>	<b>\$ 1,434</b>	<b>\$ 50,776</b>	<b>\$ 44,846</b>	<b>\$ 149,951</b>	<b>\$ 176,778</b>	<b>\$ 261,612</b>	<b>\$ 1,420,927</b>
<b>LIABILITIES AND FUND EQUITY</b>										
<b>LIABILITIES:</b>										
Accounts Payable	\$ 59,520	\$	\$	\$ 17	\$ 713	\$ 926	\$ 4,530	\$ 11,709	\$ 9,172	\$ 86,587
Accrued Liabilities	98,492	27		148	14,540	993	3,461		61,659	179,320
Bond Anticipation Notes Payable (Note 9)								57,242	14,617	71,859
Tax Anticipation Notes Payable (Note 9)	132,000									132,000
Revenue Anticipation Notes Payable (Note 9)	105,000									105,000
Deferred Revenue	27,872								27,238	55,110
Interfund Payables (Note 6)	41,511	92,010	31,086	1,258	41,429	39,776	7,227	62,351	5,780	322,428
Due to Component Units (Note 6)						45	63	94	1,175	1,377
Other Liabilities	17,487							625	14,901	33,013
<b>Total Liabilities</b>	<b>481,882</b>	<b>92,037</b>	<b>31,086</b>	<b>1,423</b>	<b>56,682</b>	<b>41,740</b>	<b>15,281</b>	<b>132,021</b>	<b>134,542</b>	<b>986,694</b>
<b>FUND EQUITY :</b>										
<b>Fund Balances:</b>										
Reserved for Retirement of Temporary Financing								4,679		4,679
Reserved for Encumbrances	72,597				542	1,522	5,147	195,388	136,925	412,121
Restricted - Senior Liquidity Reserve									24,009	24,009
Unreserved and Designated for Ensuing Year's Budget (Note 13):										
General	10,000									10,000
Special Revenue							59,496			59,496
Unreserved Nonmajor Fund Balances (Deficits):										
Special Revenue									(31,613)	(31,613)
Capital Projects									(23,728)	(23,728)
Debt Service									21,477	21,477
Unreserved Major Fund Balances (Deficits) (Note 13)	47,944	(16)		11	(6,448)	1,584	70,027	(155,310)		(42,208)
<b>Total Fund Equity</b>	<b>130,541</b>	<b>(16)</b>		<b>11</b>	<b>(5,906)</b>	<b>3,106</b>	<b>134,670</b>	<b>44,757</b>	<b>127,070</b>	<b>434,233</b>
Commitments and Contingencies (Note 15)										
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 612,423</b>	<b>\$ 92,021</b>	<b>\$ 31,086</b>	<b>\$ 1,434</b>	<b>\$ 50,776</b>	<b>\$ 44,846</b>	<b>\$ 149,951</b>	<b>\$ 176,778</b>	<b>\$ 261,612</b>	<b>\$ 1,420,927</b>

The reconciliation of the fund balances of governmental funds to the net assets of governmental activities in the Statement of Net Assets is presented in an 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 ASSETS  
DECEMBER 31, 2009 (Dollars in Thousands)**

---

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

Total fund balances - governmental funds	\$	501,284
Revenue recorded in the statement of net assets is recorded as deferred revenue in the governmental funds		20,445
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		(105,885)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net		2,464,431
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds		486,881
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds:		
Bonds payable		(3,240,625)
GASB 45 liability		(3,614,983)
Other long term liabilities		(1,172,212)
Current portion of long term liabilities and short term notes payable		(332,313)
Accrued expenses and interest payable		<u>(16,929)</u>
Net assets (deficit) of governmental activities	\$	<u>(5,009,906)</u>

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 ASSETS  
DECEMBER 31, 2008 (Dollars in Thousands)**

---

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

Total fund balances - governmental funds	\$	434,233
Revenue recorded in the statement of net assets is recorded as deferred revenue in the governmental funds		20,445
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		(62,943)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net		2,389,293
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds		493,256
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds:		
Bonds payable		(3,070,370)
GASB 45 liability		(3,456,529)
Other long term liabilities		(1,116,741)
Current portion of long term liabilities and short term notes payable		(341,161)
Accrued expenses and interest payable		<u>(8,725)</u>
Net assets (deficit) of governmental activities	\$	<u>(4,719,242)</u>

See accompanying notes to financial statements.

**EXHIBIT X-5**

**COUNTY OF NASSAU, NEW YORK**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2009 (Dollars in Thousands)**

	General Fund	NIFA General Fund	Debt Service Fund	Fire Prevention, Safety, Communication and Education Fund	Police District Fund	Police Headquarters Fund	Sewer and Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>										
Interest and Penalties on Taxes	\$ 25,998									\$ 25,998
Licenses and Permits	8,404				2,432	377	316			11,529
Fines and Forfeits	23,016				1,059				1,718	25,793
Interest Income	2,117	117		1	139	22	355	623	2,001	5,375
Rents and Recoveries	18,650		42		37	(21)	108	4,921	781	24,498
Tobacco Settlement Revenue	15,166									15,166
Tobacco Proceeds									43,155	43,155
Tobacco Receipts									23,889	23,889
Departmental Revenue	68,455			5,602	3,462	19,867	1,566	46	2,782	101,780
Interdepartmental Revenue	153,954				409	9,378	593		296	164,630
Federal Aid	161,509					379		14,855	65,738	242,481
State Aid	202,106			148		2,194		8,108	35,927	248,483
Sales Tax	704,819	182,711								887,530
Preempted Sales Tax in Lieu of Property Taxes	62,180									62,180
Property Taxes	155,190			15,466	345,036	289,074			114,887	919,653
Payments in Lieu of Taxes	6,158									6,158
Special Taxes	9,022					23,601			2,368	34,991
Other Revenues	10,060			29	1,393	1,894	175		72	13,623
<b>Total Revenues</b>	<b>1,626,804</b>	<b>182,828</b>	<b>42</b>	<b>21,246</b>	<b>353,967</b>	<b>346,765</b>	<b>3,113</b>	<b>28,553</b>	<b>293,594</b>	<b>2,856,912</b>
<b>EXPENDITURES:</b>										
Current:										
Legislative	10,100									10,100
Judicial	47,778									51,065
General Administration	226,337	1,161							3,287	260,307
Protection of Parsons	17,263			20,708	349,354	343,784			14,999	746,108
Health	222,934								49,871	272,805
Public Works	113,113						82,090		5	195,208
Recreation and Parks	24,533								1,938	26,471
Capital Outlay - General								162,473		162,473
Capital Outlay - Sewage Districts									30,962	30,962
Social Services	541,844								7,131	548,975
Corrections	247,009								1,669	248,678
Education	9,945									9,945
Payments for Tax Certiorari and Other Judgments	120,180									120,180
Other	116,649								43,155	159,804
<b>Total Current</b>	<b>1,697,685</b>	<b>1,161</b>		<b>20,708</b>	<b>349,354</b>	<b>343,784</b>	<b>82,090</b>	<b>162,473</b>	<b>185,826</b>	<b>2,843,081</b>
Debt Service:										
Principal			78,715				25,300		99,891	203,906
Interest			30,761				8,179		111,041	149,981
Financing Costs			12,091						254	12,345
<b>Total Debt Service</b>			<b>121,567</b>				<b>33,479</b>		<b>211,186</b>	<b>366,232</b>
<b>Total Expenditures</b>	<b>1,697,685</b>	<b>1,161</b>	<b>121,567</b>	<b>20,708</b>	<b>349,354</b>	<b>343,784</b>	<b>115,569</b>	<b>162,473</b>	<b>397,012</b>	<b>3,209,313</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(70,881)</b>	<b>181,667</b>	<b>(121,525)</b>	<b>538</b>	<b>4,613</b>	<b>2,981</b>	<b>(112,456)</b>	<b>(133,920)</b>	<b>(103,418)</b>	<b>(352,401)</b>
<b>OTHER FINANCING SOURCES (USES):</b>										
Other Financing Sources - Premium on Bonds			26,996						24,343	51,339
Transfers In	314,643		276,651	654	16,291	29,410	1,816	1,575	337	641,377
Transfers In of Investment Income	623						1,521			2,144
Transfers Out	(255,079)		(316,963)	(1,104)	(157)	(32,022)	(9,326)	(20,890)	(5,836)	(641,377)
Transfers Out of Investment Income								(623)	(1,521)	(2,144)
Deposited with Escrow Agent for Defeasance			(51,285)						(338,050)	(389,335)
Transfers In from NIFA	730	1,463							181,718	183,911
Transfers Out to NIFA		(182,448)							(1,463)	(183,911)
Transfers In from SFA							98,145		50,841	148,986
Transfers Out to SFA									(148,986)	(148,986)
Issuance of Bonds			236,883					230,067	341,255	808,205
Redemption of Notes			(50,757)							(50,757)
<b>Total Other Financing Sources (Uses)</b>	<b>60,917</b>	<b>(180,985)</b>	<b>121,525</b>	<b>(450)</b>	<b>16,134</b>	<b>(2,612)</b>	<b>92,156</b>	<b>210,129</b>	<b>102,638</b>	<b>419,452</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(9,964)</b>	<b>682</b>		<b>88</b>	<b>20,747</b>	<b>369</b>	<b>(20,300)</b>	<b>76,209</b>	<b>(780)</b>	<b>67,051</b>
<b>TOTAL FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR</b>	<b>130,541</b>	<b>(16)</b>		<b>11</b>	<b>(5,906)</b>	<b>3,106</b>	<b>134,670</b>	<b>44,757</b>	<b>127,070</b>	<b>434,233</b>
<b>TOTAL FUND BALANCES AT END OF YEAR</b>	<b>\$ 120,577</b>	<b>\$ 666</b>	<b>\$ 99</b>	<b>\$ 14,841</b>	<b>\$ 3,475</b>	<b>\$ 114,370</b>	<b>\$ 120,966</b>	<b>\$ 126,290</b>	<b>\$ 501,284</b>	

See accompanying notes to financial statements.

**EXHIBIT X-5**

**COUNTY OF NASSAU, NEW YORK**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2008 (Dollars in Thousands)**

	General Fund	NIFA General Fund	Debt Service Fund	Fire Prevention, Safety, Communication and Education Fund	Police District Fund	Police Headquarters Fund	Sewer and Storm District Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>										
Interest and Penalties on Taxes	\$ 26,423	\$	\$	\$	\$	\$	\$	\$	\$	\$ 26,423
Licenses and Permits	7,515				1,511	884	266			10,176
Fines and Forfeits	21,936				83				2,122	24,141
Interest Income	6,333	841		5	592	35	2,807	3,926	5,105	19,844
Rents and Recoveries	28,757			14	277	147	252	1,474	272	31,193
Tobacco Settlement Revenue	23,000									23,000
Tobacco Proceeds									29,415	29,415
Tobacco Receipts									21,663	21,663
Departmental Revenue	62,246			5,397	3,374	17,697	1,935	24	2,815	93,488
Interdepartmental Revenue	125,872				377	10,989	836		352	138,426
Federal Aid	109,579					466		6,208	51,831	168,084
State Aid	201,007			195		1,485		6,371	48,433	257,491
Sales Tax	754,792	181,512								936,304
Preempted Sales Tax in Lieu of Property Taxes	62,429									62,429
Property Taxes	150,691			15,555	332,326	279,632			111,315	889,519
Payments in Lieu of Taxes	4,154									4,154
Special Taxes	9,831					21,895			3,111	34,837
Other Revenues	9,036			26	1,312	1,800	156	964	1,629	14,923
<b>Total Revenues</b>	<b>1,603,601</b>	<b>182,353</b>		<b>21,192</b>	<b>339,652</b>	<b>335,030</b>	<b>6,252</b>	<b>18,967</b>	<b>278,063</b>	<b>2,785,310</b>
<b>EXPENDITURES:</b>										
Current:										
Legislative	10,116									10,116
Judicial	49,998								3,053	53,051
General Administration	217,187	1,137							33,015	251,339
Protection of Persons	13,238			21,237	352,374	342,709			8,935	738,493
Health	214,808								48,377	263,185
Public Works	93,589						87,519		165	181,273
Recreation and Parks	34,244								1,784	36,028
Capital Outlay								149,533		149,533
Sewage Districts									27,801	27,801
Social Services	518,409								6,424	524,833
Corrections	205,186								2,001	207,187
Education	8,656									8,656
Payments for Tax Certiorari and Other Judgments	115,717									115,717
Other	123,649								29,415	153,064
<b>Total Current</b>	<b>1,604,799</b>	<b>1,137</b>		<b>21,237</b>	<b>352,374</b>	<b>342,709</b>	<b>87,519</b>	<b>149,533</b>	<b>160,970</b>	<b>2,720,278</b>
Debt Service:										
Principal			80,600				29,466		96,893	206,959
Interest			26,162				8,723		119,144	154,029
Financing Costs			4,765						1,954	6,719
<b>Total Debt Service</b>			<b>111,527</b>				<b>38,189</b>		<b>217,991</b>	<b>367,707</b>
<b>Total Expenditures</b>	<b>1,604,799</b>	<b>1,137</b>	<b>111,527</b>	<b>21,237</b>	<b>352,374</b>	<b>342,709</b>	<b>125,708</b>	<b>149,533</b>	<b>378,961</b>	<b>3,087,985</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,198)</b>	<b>181,216</b>	<b>(111,527)</b>	<b>(45)</b>	<b>(12,522)</b>	<b>(7,679)</b>	<b>(119,456)</b>	<b>(130,566)</b>	<b>(100,898)</b>	<b>(302,675)</b>
<b>OTHER FINANCING SOURCES (USES):</b>										
Other Financing Sources - Premium on Bonds			7,719						1,081	8,800
Transfers In	188,720		283,965	832		13,536				487,053
Transfers In of Investment Income	3,926						218			4,144
Transfers Out	(269,778)		(180,157)	(738)	(115)	(3,692)	(6,836)	(23,741)	(1,996)	(487,053)
Transfers Out of Investment Income								(3,926)	(218)	(4,144)
Deposited with Escrow Agent for Defeasance	(21,585)								(768,150)	(789,735)
Transfers In from NIFA	3,109	2,146							184,597	189,852
Transfers Out to NIFA		(184,927)							(4,925)	(189,852)
Transfers In from SFA							103,940		164,088	268,028
Transfers Out to SFA							(13,792)		(254,236)	(268,028)
Issuance of Notes	50,757									50,757
Issuance of Bonds	38,276							223,897	911,170	1,173,343
<b>Total Other Financing Sources (Uses)</b>	<b>(6,575)</b>	<b>(182,781)</b>	<b>111,527</b>	<b>94</b>	<b>(115)</b>	<b>9,844</b>	<b>83,530</b>	<b>196,230</b>	<b>231,411</b>	<b>443,165</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(7,773)</b>	<b>(1,565)</b>		<b>49</b>	<b>(12,637)</b>	<b>2,165</b>	<b>(35,926)</b>	<b>65,664</b>	<b>130,513</b>	<b>140,490</b>
<b>TOTAL FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR</b>	<b>138,314</b>	<b>1,549</b>		<b>(38)</b>	<b>6,731</b>	<b>941</b>	<b>170,596</b>	<b>(20,907)</b>	<b>(3,443)</b>	<b>293,743</b>
<b>TOTAL FUND BALANCES (DEFICITS) AT END OF YEAR</b>	<b>\$ 130,541</b>	<b>\$ (16)</b>	<b>\$</b>	<b>\$ 11</b>	<b>\$ (5,906)</b>	<b>\$ 3,106</b>	<b>\$ 134,670</b>	<b>\$ 44,757</b>	<b>\$ 127,070</b>	<b>\$ 434,233</b>

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, 2009 (Dollars in Thousands)**

---

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

Net change in fund balances - total governmental funds		\$	67,051
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	\$	212,797	
Depreciation expense		(110,680)	
Other		(26,979)	75,138
The issuance of long-term debt (e.g., bonds, 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, however, has any effect on net assets. 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Effect of GASB 45 and GASB 48 (net)		(170,412)	
Proceeds from sales of bonds		(808,205)	
Redemption of notes		50,757	
Principal payments of bonds and payments for refunded bonds		591,860	
Accrued interest payable		(8,204)	
Additions to and amortization of debt issuance costs		5,583	
Amortized deferred liabilities		(42,942)	
Change in long-term liabilities		(51,290)	
			(432,853)
Change in net assets - governmental activities		\$	(290,664)

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, 2008 (Dollars in Thousands)**

---

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

Net change in fund balances - total governmental funds \$ 140,490

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	\$ 195,276	
Depreciation expense	(111,531)	
Other	<u>(13,256)</u>	70,489

The issuance of long-term debt (e.g., bonds, 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, however, has any effect on net assets. 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Effect of GASB 45 and GASB 48 (net)	(113,717)	
Proceeds from sales of bonds	(1,173,343)	
Proceeds from sales of BANs	(50,757)	
Principal payments of bonds and payments for refunded bonds	994,609	
Accrued interest payable	1,930	
Additions to and amortization of debt issuance costs	(1,263)	
Amortized deferred liabilities	20,254	
Change in long-term liabilities	<u>(180,484)</u>	<u>(502,771)</u>

Change in net assets - governmental activities \$ (291,792)

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, 2009 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion (Note 12)</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
<b>Revenues:</b>						
Interest and Penalties on Taxes	\$ 22,500	\$ 25,600	\$ 25,998	\$	\$ 25,998	\$ 398
Licenses and Permits	8,257	8,257	8,404		8,404	147
Fines and Forfeits	27,248	27,248	23,016		23,016	(4,232)
Interest Income	16,000	16,000	2,117		2,117	(13,883)
Rents and Recoveries	30,987	30,987	18,650		18,650	(12,337)
Tobacco Settlement Revenue	15,300	15,300	15,166		15,166	(134)
Departmental Revenue	79,473	79,473	68,455		68,455	(11,018)
Interdepartmental Revenue	180,004	180,124	153,954		153,954	(26,170)
Federal Aid	118,898	121,174	161,509		161,509	40,335
State Aid	227,562	227,648	202,106		202,106	(25,542)
Sales Tax	974,155	974,155	704,819		704,819	(269,336)
Preempted Sales Tax in Lieu of Property Taxes	63,623	63,623	62,180		62,180	(1,443)
Property Taxes	156,498	156,498	155,190		155,190	(1,308)
Payments in Lieu of Taxes	6,130	6,130	6,158		6,158	28
Special Taxes	10,581	10,581	9,022		9,022	(1,559)
Other Revenues	11,290	11,290	10,060	(108,957)	(98,897)	(110,187)
<b>Total Revenues</b>	<u>1,948,506</u>	<u>1,954,088</u>	<u>1,626,804</u>	<u>(108,957)</u>	<u>1,517,847</u>	<u>(436,241)</u>
<b>Expenditures:</b>						
Current:						
Legislative	12,103	12,093	10,100	205	10,305	1,788
Judicial	53,098	53,064	47,778	(1,846)	45,932	7,132
General Administration	252,807	257,826	226,337	2,584	228,921	28,905
Protection of Persons	18,435	18,685	17,263	(1,039)	16,224	2,461
Health	273,136	273,952	222,934	21,028	243,962	29,990
Public Works	137,412	138,036	113,113	211	113,324	24,712
Recreation and Parks	27,921	27,899	24,533	1,083	25,616	2,283
Social Services	574,018	576,356	541,844	16,255	558,099	18,257
Corrections	265,075	267,865	247,009	1,076	248,085	19,780
Education	19,836	10,022	9,945		9,945	77
Payments for Tax Certiorari and Other Judgments	50,000	50,000	120,180	(76,009)	44,171	5,829
Other	114,087	117,712	116,649	(2,872)	113,777	3,935
<b>Total Expenditures</b>	<u>1,797,928</u>	<u>1,803,510</u>	<u>1,697,685</u>	<u>(39,324)</u>	<u>1,658,361</u>	<u>145,149</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>150,578</u>	<u>150,578</u>	<u>(70,881)</u>	<u>(69,633)</u>	<u>(140,514)</u>	<u>(291,092)</u>
<b>Other Financing Sources (Uses):</b>						
Transfers In			314,643		314,643	314,643
Transfers In of Investment Income			623		623	623
Transfers Out	(272,621)	(272,621)	(255,079)		(255,079)	17,542
Transfer In from NIFA			730		730	730
<b>Total Other Financing Sources (Uses)</b>	<u>(272,621)</u>	<u>(272,621)</u>	<u>60,917</u>		<u>60,917</u>	<u>333,538</u>
<b>Net Change in Fund Balance</b>	<u>(122,043)</u>	<u>(122,043)</u>	<u>(9,964)</u>	<u>(69,633)</u>	<u>(79,597)</u>	<u>42,446</u>
<b>Fund Balance (Deficit) at Beginning of Year</b>	<u>122,043</u>	<u>122,043</u>	<u>130,541</u>		<u>130,541</u>	<u>8,498</u>
<b>Fund Balance (Deficit) at End of Year</b>	<u>\$</u>	<u>\$</u>	<u>\$ 120,577</u>	<u>\$ (69,633)</u>	<u>\$ 50,944</u>	<u>\$ 50,944</u>

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, 2008 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	Variance Over (Under)
<b>Revenues:</b>						
Interest and Penalties on Taxes	\$ 22,500	\$ 25,301	\$ 26,423	\$	\$ 26,423	\$ 1,122
Licenses and Permits	7,509	7,509	7,515		7,515	6
Fines and Forfeits	26,571	26,571	21,936		21,936	(4,635)
Interest Income	23,455	23,455	6,333		6,333	(17,122)
Rents and Recoveries	29,031	30,296	28,757	(140)	28,617	(1,679)
Tobacco Settlement Revenue	23,000	23,000	23,000		23,000	
Tobacco Proceeds		91,126				(91,126)
Departmental Revenue	71,119	71,119	62,246		62,246	(8,873)
Interdepartmental Revenue	154,270	154,280	125,872		125,872	(28,408)
Federal Aid	119,969	120,109	109,579		109,579	(10,530)
State Aid	219,954	221,096	201,007		201,007	(20,089)
Sales Tax	978,174	978,174	754,792		754,792	(223,382)
Preempted Sales Tax in Lieu of Property Taxes	64,384	64,384	62,429		62,429	(1,955)
Property Taxes	145,858	145,858	150,691		150,691	4,833
Payments in Lieu of Taxes	6,306	6,306	4,154		4,154	(2,152)
Special Taxes	10,780	10,780	9,831		9,831	(949)
Other Revenues	12,185	12,186	9,036	(11,570)	(2,534)	(14,720)
<b>Total Revenues</b>	<b>1,915,065</b>	<b>2,011,550</b>	<b>1,603,601</b>	<b>(11,710)</b>	<b>1,591,891</b>	<b>(419,659)</b>
<b>Expenditures:</b>						
Current:						
Legislative	11,964	12,085	10,118	448	10,566	1,519
Judicial	52,888	52,399	49,998	394	50,392	2,007
General Administration	254,399	252,056	217,187	9,025	226,212	25,844
Protection of Persons	14,489	14,248	13,238	51	13,289	959
Health	259,517	259,000	214,808	18,382	233,190	25,810
Public Works	112,635	109,966	93,589	3,087	96,676	13,290
Recreation and Parks	40,108	40,057	34,244	2,735	36,979	3,078
Social Services	558,542	559,764	518,409	18,057	536,466	23,298
Corrections	241,277	235,987	205,186	20,330	225,516	10,471
Education	19,922	22,722	8,656		8,656	14,066
Payments for Tax Certiorari and Other Judgments	40,000	40,000	115,717	(75,763)	39,954	46
Other	131,845	222,251	123,649	(14,502)	109,147	113,104
<b>Total Expenditures</b>	<b>1,737,586</b>	<b>1,820,535</b>	<b>1,604,799</b>	<b>(17,756)</b>	<b>1,587,043</b>	<b>233,492</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	177,479	191,015	(1,198)	6,046	4,848	(186,167)
<b>Other Financing Sources (Uses):</b>						
Transfers In			188,720		188,720	188,720
Transfers In of Investment Income			3,926		3,926	3,926
Transfers Out	(286,815)	(300,351)	(269,778)		(269,778)	30,573
Deposited with Escrow Agent for Defeasance			(21,585)		(21,585)	(21,585)
Transfer In from NIFA			3,109		3,109	3,109
Issuance of Notes			50,757	(50,757)		
Issuance of Bonds			38,276	(16,691)	21,585	21,585
<b>Total Other Financing Sources (Uses)</b>	<b>(286,815)</b>	<b>(300,351)</b>	<b>(6,575)</b>	<b>(67,448)</b>	<b>(74,023)</b>	<b>226,328</b>
<b>Net Change in Fund Balance</b>	<b>(109,336)</b>	<b>(109,336)</b>	<b>(7,773)</b>	<b>(61,402)</b>	<b>(69,175)</b>	<b>40,161</b>
Fund Balance (Deficit) at Beginning of Year	109,336	109,336	138,314		138,314	28,978
<b>Fund Balance (Deficit) at End of Year</b>	<b>\$</b>	<b>\$</b>	<b>\$ 130,541</b>	<b>\$ (61,402)</b>	<b>\$ 69,139</b>	<b>\$ 69,139</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  
FIRE PREVENTION, SAFETY, COMMUNICATION AND EDUCATION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	Variance Over (Under)
<b>Revenues:</b>						
Rents and Recoveries	\$	\$	\$	\$	\$	\$
Interest Income	60	60	1		1	(59)
Departmental Revenue	5,797	5,797	5,602		5,602	(195)
State Aid	190	190	148		148	(42)
Property Taxes	15,466	15,466	15,466		15,466	
Other Revenues	25	25	29	(29)		(25)
<b>Total Revenues</b>	<b>21,538</b>	<b>21,538</b>	<b>21,246</b>	<b>(29)</b>	<b>21,217</b>	<b>(321)</b>
<b>Expenditures:</b>						
Current:						
Protection of Persons	21,029	21,030	20,708	70	20,778	252
<b>Total Expenditures</b>	<b>21,029</b>	<b>21,030</b>	<b>20,708</b>	<b>70</b>	<b>20,778</b>	<b>252</b>
Excess of Revenues Over Expenditures	509	508	538	(99)	439	(69)
<b>Other Financing Uses:</b>						
Transfers In		584	654		654	70
Transfers Out	(520)	(1,104)	(1,104)		(1,104)	
<b>Total Other Financing Sources (Uses)</b>	<b>(520)</b>	<b>(520)</b>	<b>(450)</b>		<b>(450)</b>	<b>70</b>
Net Change in Fund Balance	(11)	(12)	88	(99)	(11)	1
Fund Balance (Deficit) at Beginning of Year	11	12	11		11	(1)
Fund Balance (Deficit) at End of Year	<b>\$</b>	<b>\$</b>	<b>\$ 99</b>	<b>\$ (99)</b>	<b>\$</b>	<b>\$</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  
FIRE PREVENTION, SAFETY, COMMUNICATION AND EDUCATION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion (Note 12)</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
<b>Revenues:</b>						
Rents and Recoveries	\$	\$	\$ 14	\$	\$ 14	\$ 14
Interest Income	60	60	5		5	(55)
Departmental Revenue	5,651	5,651	5,397		5,397	(254)
State Aid	150	150	195		195	45
Property Taxes	15,555	15,555	15,555		15,555	
Other Revenues	26	26	26	(26)		(26)
<b>Total Revenues</b>	<b>21,442</b>	<b>21,442</b>	<b>21,192</b>	<b>(26)</b>	<b>21,166</b>	<b>(276)</b>
<b>Expenditures:</b>						
Current:						
Protection of Persons	21,066	21,898	21,237	(15)	21,222	676
<b>Total Expenditures</b>	<b>21,066</b>	<b>21,898</b>	<b>21,237</b>	<b>(15)</b>	<b>21,222</b>	<b>676</b>
Excess of Revenues Over Expenditures	376	(456)	(45)	(11)	(56)	400
<b>Other Financing Uses:</b>						
Transfers In		832	832		832	
Transfers Out	(489)	(489)	(738)		(738)	(249)
<b>Total Other Financing Sources (Uses)</b>	<b>(489)</b>	<b>343</b>	<b>94</b>		<b>94</b>	<b>(249)</b>
Net Change in Fund Balance	(113)	(113)	49	(11)	38	151
Fund Balance (Deficit) at Beginning of Year	113	113	(38)		(38)	(151)
Fund Balance (Deficit) at End of Year	<b>\$</b>	<b>\$</b>	<b>\$ 11</b>	<b>\$ (11)</b>	<b>\$</b>	<b>\$</b>

See accompanying notes to financial statements.

**EXHIBIT X-9**

**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, 2009 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion (Note 12)</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
<b>Revenues:</b>						
Rents and Recoveries	\$ 350	\$ 350	\$ 37	\$	\$ 37	\$ (313)
Licenses and Permits	2,828	2,828	2,432		2,432	(396)
Fines and Forfeits	100	100	1,059		1,059	959
Interest Income	2,120	2,120	139		139	(1,981)
Departmental Revenue	3,912	3,912	3,462		3,462	(450)
Interdepartmental Revenue	527	527	409		409	(118)
Property Taxes	345,036	345,036	345,036		345,036	
Other Revenue	1,090	1,090	1,393	(1,393)		(1,090)
<b>Total Revenues</b>	<b>355,963</b>	<b>355,963</b>	<b>353,967</b>	<b>(1,393)</b>	<b>352,574</b>	<b>(3,389)</b>
<b>Expenditures:</b>						
Current:						
Protection of Persons	367,663	369,634	349,354	111	349,465	20,169
<b>Total Expenditures</b>	<b>367,663</b>	<b>369,634</b>	<b>349,354</b>	<b>111</b>	<b>349,465</b>	<b>20,169</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,700)	(13,671)	4,613	(1,504)	3,109	16,780
<b>Other Financing Sources (Uses):</b>						
Transfers In	11,210	11,210	16,291		16,291	5,081
Transfer Out	(129)	(157)	(157)		(157)	
<b>Total Other Financing Sources (Uses)</b>	<b>11,081</b>	<b>11,053</b>	<b>16,134</b>		<b>16,134</b>	<b>5,081</b>
Net Change in Fund Balance	(619)	(2,618)	20,747	(1,504)	19,243	21,861
Fund Balance (Deficit) at Beginning of Year	619	2,618	(5,906)		(5,906)	(8,524)
Fund Balance (Deficit) at End of Year	<b>\$</b>	<b>\$</b>	<b>\$ 14,841</b>	<b>\$ (1,504)</b>	<b>\$ 13,337</b>	<b>\$ 13,337</b>

See accompanying notes to financial statements.

**EXHIBIT X-9**

**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, 2008 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion (Note 12)</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
<b>Revenues:</b>						
Rents and Recoveries	\$ 150	\$ 150	\$ 277	\$	\$ 277	\$ 127
Licenses and Permits	2,150	2,150	1,511		1,511	(639)
Fines and Forfeits	475	475	83		83	(392)
Interest Income	120	120	592		592	472
Departmental Revenue	3,188	3,188	3,374		3,374	186
Interdepartmental Revenue	440	440	377		377	(63)
Property Taxes	332,326	332,326	332,326		332,326	
Other Revenue	1,062	1,062	1,312	(1,312)		(1,062)
<b>Total Revenues</b>	<u>339,911</u>	<u>339,911</u>	<u>339,852</u>	<u>(1,312)</u>	<u>338,540</u>	<u>(1,371)</u>
<b>Expenditures:</b>						
Current:						
Protection of Persons	351,048	358,948	352,374	(12,221)	340,153	18,795
<b>Total Expenditures</b>	<u>351,048</u>	<u>358,948</u>	<u>352,374</u>	<u>(12,221)</u>	<u>340,153</u>	<u>18,795</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,137)	(19,037)	(12,522)	10,909	(1,613)	17,424
<b>Other Financing Sources (Uses):</b>						
Transfers In	10,408	10,408				(10,408)
Transfer Out	(119)	(119)	(115)		(115)	4
<b>Total Other Financing Sources (Uses)</b>	<u>10,289</u>	<u>10,289</u>	<u>(115)</u>		<u>(115)</u>	<u>(10,404)</u>
<b>Net Change in Fund Balance</b>	(848)	(8,748)	(12,637)	10,909	(1,728)	7,020
<b>Fund Balance (Deficit) at Beginning of Year</b>	<u>848</u>	<u>8,748</u>	<u>6,731</u>		<u>6,731</u>	<u>(2,017)</u>
<b>Fund Balance (Deficit) at End of Year</b>	<u>\$</u>	<u>\$</u>	<u>\$ (5,906)</u>	<u>\$ 10,909</u>	<u>\$ 5,003</u>	<u>\$ 5,003</u>

See accompanying notes to financial statements.

**EXHIBIT X-10**

**COUNTY OF NASSAU, NEW YORK**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TOTAL BUDGETARY AUTHORITY AND ACTUAL  
POLICE HEADQUARTERS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009 (Dollars in Thousands)**

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	Variance Over (Under)
<b>Revenues:</b>						
Licenses and Permits	\$ 1,345	\$ 1,345	\$ 377	\$	\$ 377	\$ (968)
Rents and Recoveries	200	200	(21)		(21)	(221)
Interest Income	129	129	22		22	(107)
Departmental Revenue	20,267	20,267	19,867		19,867	(400)
Interdepartmental Revenue	14,895	14,895	9,378		9,378	(5,517)
Federal Aid	428	428	379		379	(49)
State Aid	2,589	2,589	2,194		2,194	(395)
Property Taxes	289,074	289,074	289,074		289,074	
Special Taxes	23,453	23,453	23,601		23,601	148
Other Revenues	1,458	1,458	1,894	(1,894)		(1,458)
<b>Total Revenues</b>	<b>353,838</b>	<b>353,838</b>	<b>346,765</b>	<b>(1,894)</b>	<b>344,871</b>	<b>(8,967)</b>
<b>Expenditures:</b>						
Current:						
Protection of Persons	350,623	349,594	343,784	1,581	345,365	4,229
<b>Total Expenditures</b>	<b>350,623</b>	<b>349,594</b>	<b>343,784</b>	<b>1,581</b>	<b>345,365</b>	<b>4,229</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,215	4,244	2,981	(3,475)	(494)	(4,738)
<b>Other Financing Sources (Uses):</b>						
Transfers In		26,375	29,410		29,410	3,035
Transfers Out	(5,247)	(32,022)	(32,022)		(32,022)	
<b>Total Other Financing Sources (Uses)</b>	<b>(5,247)</b>	<b>(5,647)</b>	<b>(2,612)</b>		<b>(2,612)</b>	<b>3,035</b>
Net Change in Fund Balance	(2,032)	(1,403)	369	(3,475)	(3,106)	(1,703)
Fund Balance (Deficit) at Beginning of Year	2,032	1,403	3,106		3,106	1,703
Fund Balance (Deficit) at End of Year	\$	\$	\$ 3,475	\$ (3,475)	\$	\$

See accompanying notes to financial statements.

**EXHIBIT X-10**

**COUNTY OF NASSAU, NEW YORK**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TOTAL BUDGETARY AUTHORITY AND ACTUAL  
POLICE HEADQUARTERS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion (Note 12)</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
<b>Revenues:</b>						
Licenses and Permits	\$ 1,345	\$ 1,345	\$ 884	\$	\$ 884	\$ (461)
Rents and Recoveries	200	200	147		147	(53)
Interest Income	129	129	35		35	(94)
Departmental Revenue	17,452	17,452	17,697		17,697	245
Interdepartmental Revenue	15,643	15,643	10,989		10,989	(4,654)
Federal Aid	428	428	466		466	38
State Aid	862	862	1,485		1,485	623
Property Taxes	279,632	279,632	279,632		279,632	
Special Taxes	23,453	23,453	21,895		21,895	(1,558)
Other Revenues	1,477	1,477	1,800	(1,800)		(1,477)
<b>Total Revenues</b>	<b>340,621</b>	<b>340,621</b>	<b>335,030</b>	<b>(1,800)</b>	<b>333,230</b>	<b>(7,391)</b>
<b>Expenditures:</b>						
Current:						
Protection of Persons	339,561	350,501	342,709	1,306	344,015	6,486
<b>Total Expenditures</b>	<b>339,561</b>	<b>350,501</b>	<b>342,709</b>	<b>1,306</b>	<b>344,015</b>	<b>6,486</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,060	(9,880)	(7,679)	(3,106)	(10,785)	(905)
<b>Other Financing Sources (Uses):</b>						
Transfers In		10,940	13,536		13,536	2,596
Transfers Out	(3,349)	(3,349)	(3,692)		(3,692)	(343)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,349)</b>	<b>7,591</b>	<b>9,844</b>		<b>9,844</b>	<b>2,253</b>
<b>Net Change in Fund Balance</b>	<b>(2,289)</b>	<b>(2,289)</b>	<b>2,165</b>	<b>(3,106)</b>	<b>(941)</b>	<b>1,348</b>
Fund Balance (Deficit) at Beginning of Year	2,289	2,289	941		941	(1,348)
<b>Fund Balance (Deficit) at End of Year</b>	<b>\$</b>	<b>\$</b>	<b>\$ 3,106</b>	<b>\$ (3,106)</b>	<b>\$</b>	<b>\$</b>

See accompanying notes to financial statements.



## 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, 2009 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
<b>Revenues:</b>						
Licenses and Permits	\$ 242	\$ 242	\$ 316	\$	\$ 316	\$ 74
Rents and Recoveries	830	830	108		108	(722)
Interest Income	6,074	6,074	355		355	(5,719)
Departmental Revenue	5,726	5,726	1,566		1,566	(4,160)
Interdepartmental Revenue	496	496	593		593	97
Other Revenues			175	(175)		
Total Revenues	<u>13,368</u>	<u>13,368</u>	<u>3,113</u>	<u>(175)</u>	<u>2,938</u>	<u>(10,430)</u>
<b>Expenditures:</b>						
Current:						
Public Works	<u>176,200</u>	<u>176,200</u>	<u>115,569</u>	<u>6,511</u>	<u>122,080</u>	<u>54,120</u>
Total Expenditures	<u>176,200</u>	<u>176,200</u>	<u>115,569</u>	<u>6,511</u>	<u>122,080</u>	<u>54,120</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(162,832)</u>	<u>(162,832)</u>	<u>(112,456)</u>	<u>(6,686)</u>	<u>(119,142)</u>	<u>43,690</u>
<b>Other Financing Sources (Uses):</b>						
Transfers In of Investment Income		1,236	1,521		1,521	285
Transfers In			99,961		99,961	99,961
Transfers Out	<u>(8,090)</u>	<u>(9,326)</u>	<u>(9,326)</u>		<u>(9,326)</u>	
Total Other Financing Sources (Uses)	<u>(8,090)</u>	<u>(8,090)</u>	<u>92,156</u>		<u>92,156</u>	<u>100,246</u>
Net Change in Fund Balance	(170,922)	(170,922)	(20,300)	(6,686)	(26,986)	143,936
Fund Balance (Deficit) at Beginning of Year	<u>170,922</u>	<u>170,922</u>	<u>134,670</u>		<u>134,670</u>	<u>(36,252)</u>
Fund Balance (Deficit) at End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 114,370</u>	<u>\$ (6,686)</u>	<u>\$ 107,684</u>	<u>\$ 107,684</u>

See accompanying notes to financial statements.

## 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, 2008 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
<b>Revenues:</b>						
Licenses and Permits	\$ 216	\$ 216	\$ 266	\$	\$ 266	\$ 50
Rents and Recoveries	471	471	252		252	(219)
Interest Income	6,000	6,000	2,807		2,807	(3,193)
Departmental Revenue	1,464	1,464	1,935		1,935	471
Interdepartmental Revenue	479	479	836		836	357
Interfund Revenue	12,280	12,280				(12,280)
Other Revenues			156	(156)		
Total Revenues	<u>20,910</u>	<u>20,910</u>	<u>6,252</u>	<u>(156)</u>	<u>6,096</u>	<u>(14,814)</u>
<b>Expenditures:</b>						
Current:						
Public Works	<u>177,450</u>	<u>177,451</u>	<u>125,708</u>	<u>5,114</u>	<u>130,822</u>	<u>46,629</u>
Total Expenditures	<u>177,450</u>	<u>177,451</u>	<u>125,708</u>	<u>5,114</u>	<u>130,822</u>	<u>46,629</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(156,540)</u>	<u>(156,541)</u>	<u>(119,456)</u>	<u>(5,270)</u>	<u>(124,726)</u>	<u>31,815</u>
<b>Other Financing Sources (Uses):</b>						
Transfers In of Investment Income			218		218	218
Transfers In from SFA	103,932	103,932	103,940		103,940	8
Transfers Out	(10,939)		(6,836)		(6,836)	(6,836)
Transfers Out to SFA			(13,792)		(13,792)	(13,792)
Total Other Financing Sources (Uses)	<u>92,993</u>	<u>103,932</u>	<u>83,530</u>		<u>83,530</u>	<u>(20,402)</u>
Net Change in Fund Balance	(63,547)	(52,609)	(35,926)	(5,270)	(41,196)	11,413
Fund Balance (Deficit) at Beginning of Year	<u>63,547</u>	<u>52,609</u>	<u>170,596</u>		<u>170,596</u>	<u>117,987</u>
Fund Balance (Deficit) at End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 134,670</u>	<u>\$ (5,270)</u>	<u>\$ 129,400</u>	<u>\$ 129,400</u>

See accompanying notes to financial statements.

**EXHIBIT X-12**

**COUNTY OF NASSAU, NEW YORK**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
DECEMBER 31, 2009 (Dollars in Thousands)**

---

**AGENCY FUND**

**Balance  
December 31,  
2009**

**ASSETS:**

Cash	\$	76,932
Due From Component Unit		<u>1,339</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>78,271</u></b>

**LIABILITIES:**

Accounts Payable	\$	1,821
Other Liabilities		<u>76,450</u>
<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b><u>78,271</u></b>

See accompanying notes to financial statements.

**EXHIBIT X-12**

**COUNTY OF NASSAU, NEW YORK**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
DECEMBER 31, 2008 (Dollars in Thousands)**

---

**AGENCY FUND**

**Balance  
December 31,  
2008**

**ASSETS:**

Cash	\$	86,770
Due From Component Unit		<u>3,912</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>90,682</u></b>

**LIABILITIES:**

Accounts Payable	\$	208
Other Liabilities		<u>90,474</u>
<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b><u>90,682</u></b>

See accompanying notes to financial statements.

## EXHIBIT X-13

## COUNTY OF NASSAU, NEW YORK

STATEMENT OF NET ASSETS  
 ALL DISCRETELY PRESENTED COMPONENT UNITS  
 DECEMBER 31, 2009 (WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2009)  
 (Dollars in Thousands)

	Nassau Community College	Nassau Health Care Corporation	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and Cash Equivalents	\$ 54,925	\$ 18,528	\$ 9,254	\$ 3,392	\$ 86,099
Assets Whose Use is Limited - Current		22,685			22,685
Student Accounts and Loans Receivable	7,222				7,222
Less Allowance for Doubtful Accounts	(2,821)				(2,821)
Due from Primary Government		1,228			1,228
Due from Other Governments	8,257				8,257
Other Receivables	1,150	6,320			7,470
Accounts Receivable		328,933	134	300	329,367
Less Allowance for Doubtful Accounts		(221,603)			(221,603)
Inventories		5,585			5,585
Other Assets - Current	240	7,112	404	6	7,762
Total Current Assets	68,973	168,788	9,792	3,698	251,251
<b>NON CURRENT ASSETS:</b>					
Deferred Financing Costs	2,787	2,867	532		6,186
Less Accumulated Amortization	(1,412)	(1,528)	(160)		(3,100)
Assets Whose Use is Limited		73,311			73,311
Capital Assets Not Being Depreciated	3,645	12,498	1,921		18,064
Depreciable Capital Assets	215,371	464,514	39,398	75	719,358
Less Accumulated Depreciation	(109,498)	(326,104)	(18,545)	(66)	(454,213)
Deposits Held by Trustees	19,076				19,076
Deposits Held in Custody for Others	1,656				1,656
Other Assets - Non Current		9,638			9,638
Total Non Current Assets	131,625	235,196	23,146	9	389,976
Total Assets	200,598	403,984	32,938	3,707	641,227
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES:</b>					
Accounts Payable	11,444	27,514	4,163	9	43,130
Accrued Liabilities		19,065	7,149		26,214
Accrued Interest Payable		1,712			1,712
Notes Payable - Current			56		56
Due To Primary Government	2,231		452		2,683
Deferred Revenue	19,061			64	19,125
Current Portion of Long Term Liabilities	5,315	2,420	1,455		9,190
Other Liabilities - Current	429	24,962	1,624		27,015
Total Current Liabilities	38,480	75,673	14,899	73	129,125
<b>NON CURRENT LIABILITIES:</b>					
Notes Payable	912		133		1,045
Serial Bonds Payable	49,302	230,325	14,535		294,162
Accrued Vacation and Sick Pay	50,080	41,571		68	91,719
Estimated Liability for Litigation	600	32,500			33,100
Deposits Held in Custody for Others	1,656				1,656
Insurance Reserve Liability	1,973				1,973
Deferred Bond Premium (Net of Amortization)	2,132				2,132
Liability for Future Pension Expense	1,334	901			2,235
Postemployment Retirement Benefits Liability	274,560	115,091	46,819		436,470
Other Liabilities - Non Current		32,960			32,960
Total Non Current Liabilities	382,549	453,348	61,487	68	897,452
Total Liabilities	421,029	529,021	76,386	141	1,026,577
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	56,218	68,908	9,273	8	134,407
Restricted:					
General		1,675			1,675
Special Revenue					
Nassau Community College Foundation Fund					
Donor Imposed Stipulations	1,274				1,274
Direct Scholarships	111				111
Restricted Scholarships	1,132				1,132
Capital Projects	707				707
Debt Service	19,076				19,076
Student Loans	496				496
Unrestricted (deficit)	(299,445)	(195,620)	(52,721)	3,558	(544,228)
Total Net Assets (deficit)	\$ (220,431)	\$ (125,037)	\$ (43,448)	\$ 3,566	\$ (385,350)

See accompanying notes to financial statements.

**EXHIBIT X-13**

**COUNTY OF NASSAU, NEW YORK**

**STATEMENT OF NET ASSETS  
ALL DISCRETELY PRESENTED COMPONENT UNITS  
DECEMBER 31, 2008 (WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2008)  
(Dollars in Thousands)**

	Nassau Community College	Nassau Health Care Corporation	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and Cash Equivalents	\$ 46,430	\$ 4,978	\$ 12,693	\$ 5,180	\$ 69,281
Assets Whose Use is Limited - Current		18,246			18,246
Student Accounts and Loans Receivable	7,802				7,802
Less Allowance for Doubtful Accounts	(2,557)				(2,557)
Due from Other Governments	4,148				4,148
Other Receivables	610	4,823		1	5,434
Accounts Receivable		326,996	204	26	327,226
Less Allowance for Doubtful Accounts		(217,806)			(217,806)
Inventories		5,579			5,579
Other Assets - Current	2,329	15,722	598	9	18,658
<b>Total Current Assets</b>	<b>58,762</b>	<b>158,538</b>	<b>13,495</b>	<b>5,216</b>	<b>236,011</b>
<b>NON CURRENT ASSETS:</b>					
Deferred Financing Costs	2,836	5,107	532		8,475
Less Accumulated Amortization	(1,378)	(1,325)	(124)		(2,827)
Assets Whose Use is Limited		58,149			58,149
Capital Assets Not Being Depreciated	3,641	12,498	2,288		18,427
Depreciable Capital Assets	205,225	430,835	37,530	72	673,662
Less Accumulated Depreciation	(104,214)	(308,277)	(17,495)	(62)	(430,048)
Deposits Held by Trustees	11,027				11,027
Deposits Held in Custody for Others	1,638				1,638
Other Assets - Non Current		8,344			8,344
<b>Total Non Current Assets</b>	<b>118,775</b>	<b>205,331</b>	<b>22,731</b>	<b>10</b>	<b>346,847</b>
<b>Total Assets</b>	<b>177,537</b>	<b>363,869</b>	<b>36,226</b>	<b>5,226</b>	<b>582,858</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES:</b>					
Accounts Payable	4,476	32,834	3,255	82	40,647
Accrued Liabilities		17,487	8,874		24,361
Accrued Interest Payable		1,923			1,923
Notes Payable - Current			52		52
Due To Primary Government	1,784	2,931	1,470		6,185
Deferred Revenue	18,101			78	18,179
Current Portion of Long Term Liabilities	4,959	2,065	1,455		8,479
Other Liabilities - Current	2,129	8,473			10,602
<b>Total Current Liabilities</b>	<b>31,449</b>	<b>65,713</b>	<b>13,106</b>	<b>160</b>	<b>110,428</b>
<b>NON CURRENT LIABILITIES:</b>					
Notes Payable			189		189
Serial Bonds Payable	38,379	232,864	15,990		287,233
Accrued Vacation and Sick Pay	47,971	37,224		52	85,247
Estimated Liability for Litigation	2,500	38,356			40,856
Deposits Held in Custody for Others	1,638				1,638
Insurance Reserve Liability	1,944				1,944
Deferred Bond Premium (Net of Amortization)	2,270				2,270
Liability for Future Pension Expense	1,334	1,052			2,386
Postemployment Retirement Benefits Liability	277,848	75,734	45,753		399,335
Other Liabilities - Non Current		46,188	679		46,867
<b>Total Non Current Liabilities</b>	<b>373,884</b>	<b>431,418</b>	<b>62,611</b>	<b>52</b>	<b>867,965</b>
<b>Total Liabilities</b>	<b>405,333</b>	<b>497,131</b>	<b>75,717</b>	<b>212</b>	<b>978,393</b>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	62,682	53,056	8,625	10	124,373
Restricted:					
General		1,651			1,651
Special Revenue					
Nassau Community College Foundation Fund					
Donor Imposed Stipulations	1,124				1,124
Direct Scholarships	82				82
Restricted Scholarships	982				982
Capital Projects	2,883				2,883
Debt Service	11,027				11,027
Student Loans	508				508
Unrestricted (deficit)	(307,084)	(187,969)	(48,116)	5,004	(538,165)
<b>Total Net Assets (deficit)</b>	<b>\$ (227,796)</b>	<b>\$ (133,262)</b>	<b>\$ (39,491)</b>	<b>\$ 5,014</b>	<b>\$ (395,535)</b>

See accompanying notes to financial statements.

## COUNTY OF NASSAU, NEW YORK

STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY  
FOR THE YEAR ENDED DECEMBER 31, 2009 (WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2009)  
(Dollars in Thousands)

	Nassau Community College	Nassau Health Care Corporation	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Total
<b>Expenses</b>	\$ 203,236	\$ 591,869	\$ 66,955	\$ 1,865	\$ 863,925
<b>Program Revenues:</b>					
Charges for Services	57,525	552,740	61,081	383	671,729
Operating Grants and Contributions	149,755				149,755
Capital Grants and Contributions		42,768			42,768
Total Program Revenues	207,280	595,508	61,081	383	864,252
Net (Expenses) Program Revenues	4,044	3,639	(5,874)	(1,482)	327
<b>General Revenues (Expenses):</b>					
Investment Income	2,181	563	5	34	2,783
Other	1,140	4,023	1,912		7,075
Net General Revenues (Expenses)	3,321	4,586	1,917	34	9,858
Change in Net Assets	7,365	8,225	(3,957)	(1,448)	10,185
Net Assets (Deficits) - Beginning of Year	(227,796)	(133,262)	(39,491)	5,014	(395,535)
Net Assets (Deficits) - End of Year	\$ (220,431)	\$ (125,037)	\$ (43,448)	\$ 3,566	\$ (385,350)

See accompanying notes to financial statements.

## COUNTY OF NASSAU, NEW YORK

STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY  
FOR THE YEAR ENDED DECEMBER 31, 2008 (WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2008)  
(Dollars in Thousands)

	Nassau Community College	Nassau Health Care Corporation	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Total
<b>Expenses</b>	\$ 212,424	\$ 585,966	\$ 73,719	\$ 2,207	\$ 874,316
<b>Program Revenues:</b>					
Charges for Services	58,100	521,627	65,978	1,189	646,894
Operating Grants and Contributions	141,717				141,717
Increase in Net Assets - Foundation		3,611			3,611
Capital Grants and Contributions		71,888			71,888
Total Program Revenues	199,817	597,126	65,978	1,189	864,110
Net (Expenses) Program Revenues	(12,607)	11,160	(7,741)	(1,018)	(10,206)
<b>General Revenues (Expenses):</b>					
Investment Income	2,579	2,396	231	122	5,328
Other	(94)	(25,638)	2,696		(23,036)
Net General Revenues (Expenses)	2,485	(23,242)	2,927	122	(17,708)
Change in Net Assets	(10,122)	(12,082)	(4,814)	(896)	(27,914)
Net Assets (Deficits) - Beginning of Year	(217,674)	(121,180)	(34,677)	5,910	(367,621)
Net Assets (Deficits) - End of Year	\$ (227,796)	\$ (133,262)	\$ (39,491)	\$ 5,014	\$ (395,535)

See accompanying notes to financial statements.



**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

---

**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 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 No. 14. The Nassau County Interim Finance Authority ("NIFA") is included, because exclusion would be misleading. 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 - governmental as the County appoints its governing body, the County approves its budget, issues debt for College purposes and provides approximately 26% of the College's 2009 budgeted revenues through a Countywide real property tax levy. 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 the Governmental Accounting Standards Board ("GASB"): Statement No.35, *Basic Financial Statements – and Management's Discussion and Analysis for Public Colleges and Universities*, and in accordance with the New York State Education Law. Therefore, the College is discretely presented. This component unit is presented as of and for its fiscal years ended August 31, 2009 and 2008.

*Financial Reporting Entity* – GASB Statement No. 39, an amendment of GASB Statement No. 14, was issued and became effective for the year ended August 31, 2006. This statement provided additional guidance in determining whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. As a result of this statement, the College's financial statements include two component units as of August 31, 2009 and 2008.

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.

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

---

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

Discretely Presented Component Units (Continued)

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.

- (b) Nassau Health Care Corporation (the "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 2005 were issued to refund the Corporation'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 Series 2009 bonds. The bonds are insured and guaranteed by the County. NHCC is fiscally dependent on the County should certain NHCC debt service reserve funds fall below their requirements. 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. The Corporation accounts for its investment in the limited liability company using the equity method. A successor agreement (the "Successor Agreement") in 2007 clarifies the services provided by the Corporation to the County and establishes the mechanism for payments to the Corporation by the County and provides the Corporation with capital funding and is in effect until 2029.

In March 2008, the Corporation received approval from the New York State Department to amend the NHCF's certificate of incorporation. The NHCF's purpose was restated to be limited to supporting, maintaining, and otherwise benefiting and being responsive to the needs and objectives of the Corporation. In 2008, the Corporation consolidated the NHCF which increased net assets by approximately \$ 3.6 million.

The Board of the NHCC consists of fifteen voting and three nonvoting Directors. Eight voting Directors are appointed by the Governor, four by the County Legislature and three by the County Executive. The nonvoting Directors are the Chief Executive Officer of NHCC, one individual appointed by the County Executive and one individual appointed by the County Legislature. The directors serve staggered five-year terms. The County Executive selects one of the voting directors as Chairman of the Board.

- (c) The Nassau Regional Off-Track Betting Corporation (the "OTB") was created by the New York State Legislature as a public benefit corporation. It is reported as a component unit as the County Legislature appoints its governing body and receives 4.375% of winning wagers made at Nassau 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 years ended December 31, 2009 and 2008, respectively. Over the past several years the OTB has experienced continuing mandated expenses in personnel 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. In addition, the 2008 financial statements have been restated to correct the accounting for its

NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Units (Continued)

postemployment retirement benefit plan resulting in a net assets (deficit) increase of approximately \$795 thousand as of December 31, 2008 and to correct the classification of amounts due to various governmental units and the accounting for certain items affecting its capital acquisition fund, resulting in an increase in net assets (deficit) of approximately \$1.5 million as of December 31, 2008.

- (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 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 years ended December 31, 2009 and 2008, respectively.

Blended Component Units

- (a) Nassau County Interim Finance Authority (the “Authority” or “NIFA”) is included as a blended component unit of the County’s primary government pursuant to GASB No. 14 because exclusion would be misleading. 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, debt service funds and capital projects funds.

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, the Authority is a component unit of the County for County financial reporting purposes and, accordingly, is included in the County’s financial statements.

The Authority 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 one Director’s position is vacant and the vice chairperson has not been designated.

The Authority 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 the Authority may no longer issue new bonds or notes, other than to retire or otherwise refund Authority debt, the Authority 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 the Authority

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

---

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

Blended Component Units (Continued)

may mature later than January 31, 2036, or more than 30 years from its date of issuance.

Revenues of the Authority ("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 Authority accounts. Sales tax revenues collected by the State Comptroller for transfer to the Authority are not subject to appropriation by the State or County. Revenues of the Authority that are not required to pay debt service, operating expenses, and other costs of the Authority are payable to the County.

- (b) The Nassau County Tobacco Settlement Corporation ("NCTSC") is a special purpose local development corporation organized under the Not-for-Profit Corporation Law of the State of New York and is an instrumentality of, but separate and apart from Nassau County. Although legally separate and independent of Nassau County, NCTSC is considered an affiliated organization under Governmental Accounting Standards Board Statement No. 39 "*Determining whether Certain Organizations are Component Units*" and reported as a 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 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, 2009, one position was vacant.

On November 23, 1999, NCTSC entered into a Purchase and Sale 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 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 \$247,500,000 cash (of which \$77,500,000 was paid into escrow for the benefit of the County) and the sole beneficial interest in NCTSC Residual Trust, a Delaware business trust to which NCTSC has conveyed a residual interest in all the Tobacco Settlement Revenues, annually received in excess of those required to pay debt service on the Series A Bonds (the "Residual"). NCTSC's right to receive Tobacco Settlement Revenues is its most significant asset and is expected to produce funding for all its obligations.

On March 31, 2006, NCTSC, issued \$431,034,246 of Nassau County Tobacco Settlement Corporation Tobacco Settlement Asset-Backed bonds, Series 2006. Proceeds were used to refund all of NCTSC's 1999 Bonds and 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.

- (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, 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.

NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Units (Continued)

The NCSSWFA may issue debt in an amount up to \$350,000,000 for such purposes (exclusive of debt issued to refund or otherwise repay the NCSSWFA debt).

The NCSSWFA has acquired all of the sewer and storm water resources facilities, buildings, equipment and related assets other than land 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 is to pay for the assets acquired in installments by undertaking to pay debt service on outstanding bonds issued by or 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. 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 “District”). The District is responsible for the operations of the County’s sewer and storm water resources services.

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

Nassau Community College  
 One Education Drive  
 Garden City, New York 11530

Nassau Regional Off-Track Betting Corp.  
 220 Fulton Avenue  
 Hempstead, New York 11550

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

Nassau Health Care  
 Corporation  
 2201 Hempstead Turnpike  
 East Meadow, New York 11554

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

Nassau County Tobacco  
 Settlement Corporation  
 240 Old Country Road  
 Mineola, New York 11501

Nassau County Sewer and Storm Water  
 Finance Authority  
 240 Old Country Road  
 Mineola, New York 11501

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

---

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

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the County applies all applicable GASB pronouncements and only Financial Accounting Standards Board ("FASB") Statements and Interpretations issued on or before November 30, 1989 that do not conflict with GASB pronouncements.

The County prepares its financial statements in accordance with GASB Statement No. 34 (as amended by Statement No. 37), which represents a very significant change in the financial reporting model used by state and local governments. 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 Assets and Statement of Activities. Significantly, the County's Statement of Net Assets 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, Debt Service Fund, Fire Prevention, Safety, Communication and Education Fund, Police District Fund, Police Headquarters 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.

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 Fund's, Major Special Revenue Funds' and Nonmajor Special Revenue Funds' budgets with actual results.

The Nassau Community College prepares its financial statements in accordance with GASB No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*.

Statement No. 38 requires certain disclosures to be made in the notes to the financial statements concurrent with the implementation of Statement No. 34. While this Statement did not affect amounts reported in the financial statements of the County, certain note disclosures have been added and or amended including descriptions of activities of major funds, violations of legal or contractual provisions, future debt service and lease obligations in five year increments, short-term obligations, interest rates, and interfund balances and transactions.

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

---

**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 Assets 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 (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 Countywide services. Its principal sources of revenue are sales tax, the Countywide 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 for payment of principal and interest on the Authority's bonds. Only that portion of bonds payable expected to be financed from expendable available resources is reported as a liability of the NIFA Debt Service Fund. The NIFA Capital Projects Fund accounts for the financial resources to be transferred to the County for its Financeable Costs.

NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION (Continued)

Debt Service Fund - The debt service fund is established to account for the payment of the principal of and interest on outstanding bonds and other long-term obligations of the County.

Fire Prevention, Safety, Communication and Education Fund - This fund is used to enforce the Nassau County Fire Prevention Ordinance, coordinate services to the County's Volunteer Fire Departments, investigate arson and provide education at the Fire/Police Emergency Medical Service (EMS) Academy. Revenues are raised primarily through a special property tax levied on a County-wide basis.

Sewer and Storm Water District Fund - This fund consists of the sewage treatment and collection districts and is responsible for the operation and repair of the County sewage collection areas and maintaining and enhancing the region's water environment.

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. This fund does not include Police Department headquarters expenses which are funded through the Police Headquarters Fund.

Police Headquarters Fund - This fund is used to record all the costs of police headquarters. Revenues are raised principally through a special real property tax levied on a County-wide basis. The Police Department headquarters services the entire County with all police services that the local police departments cannot provide.

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.

Additionally, the County reports the following fund type:

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



**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

---

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

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement 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. As a result, the County has implemented GASB statement No. 45 for the fiscal year ended December 31, 2007. Prior to the implementation of GASB Statement No. 45, the County's postretirement benefits were accounted for on a pay-as-you-go basis.

In July 2005, GASB issued statement No. 47, *Accounting for Termination Benefits*. There was no impact on the County's financial statements as a result of the implementation of Statement No. 47. For termination benefits provided through a deferred benefit OPEB plan, the provisions of this Statement have been implemented in conjunction with Statement No. 45.

In January 2006, GASB issued GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. The County has implemented this Statement for the fiscal year ended December 31, 2008 and determined that the adoption of this statement had no impact on the County's financial statement.

In June 2007, GASB issued Statement 51, *Accounting and Financial Reporting for Intangible Assets*. The County has implemented this Statement for the fiscal year ended December 31, 2008.

In November 2007, GASB issued Statement 52, *Land and Other Real Estate Held as Investments by Endowments*, which has been implemented beginning with fiscal years ending December 31, 2009. The County has determined that there is no impact from Statement No. 52 on its financial position or results of operations resulting from the adoption.

In June 2008, GASB issued Statement No.53, *Accounting and Financial Reporting for Derivative Instruments*, which should be implemented beginning with fiscal year ending December 31, 2010.

NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION (Continued)

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 February 2009, GASB issued Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which should be implemented beginning with fiscal years ending December 31, 2011. 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 will have on its financial position and results of operations when such statement is adopted.

In March 2009, GASB issued Statement No.55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, which were both effective immediately. Neither of these Statements have an impact on the County’s financial statements.

In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, an amendment to Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*.

Statement No. 57 clarifies actuarially determined OPEB measures reported by an agent multiple-employer OPEB plan and its participating employers. Those measures should be determined by a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan’s financial reporting requirement. This Statement is effective for financial statements for periods beginning after June 15, 2011. The County has not completed process of evaluating the impact that will result from implementing this Statement and is therefore unable to determine the impact that adopting this will have on its financial position and results of operations when such statement is adopted.

Statement No. 58 is effective for financial statements for periods beginning after June 15, 2009. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. 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 will have on its financial position and results of operations when such statement is adopted.

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. Nonexchange transactions, in which the County either gives or receives value without directly receiving or giving equal value in

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

---

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

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-proprietary funds 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 accounting principles generally accepted in the United States of America: 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 GASB Statement No. 35 "Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities".

**C. BUDGETS AND BUDGETARY ACCOUNTING**

An appropriated budget is legally adopted for each fiscal year for the General Fund, Debt Service Fund and each of the Special Revenue Funds, with the exception of NIFA, NCSSWFA, NCTSC, Open Space Fund and the Grant Fund. 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 Funds are appropriated for the life of specific grants, not for annual fiscal periods. Accordingly, the Grant 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 Fund, 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

NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

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 Legislature. During the fiscal years ended December 31, 2009 and 2008, supplemental appropriations for the General Fund, Debt Service Fund and for the Special Revenue Funds and appropriation budgets for the Grant Fund were adopted and are included in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budgeted Funds as follows (dollars in thousands):

	<u>2009</u>	<u>2008</u>
Supplemental Appropriations:		
General Fund	\$ 5,583	\$ 96,485
Police District		7,900
Police Headquarters		10,940
Fire Prevention, Safety, Communication and Education		<u>832</u>
Total Supplemental Appropriations	5,583	116,157
Grant Fund Appropriated Budgets	<u>137,167</u>	<u>222,418</u>
Total Supplemental Appropriations and Grant Fund Appropriated Budgets	<u>\$ 142,750</u>	<u>\$ 338,575</u>

Appropriations which have not been expended or encumbered by the end of the fiscal period lapse at that time.

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 taxpayer 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.)

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

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 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 as reservations of fund balances since they do not constitute expenditures or liabilities.

E. CASH AND INVESTMENTS

Cash includes amounts in demand deposits as well as short-term investments with original maturities of three months or less from the date acquired by the County. Investments are carried at cost, which approximates market, and are fully collateralized in accordance with the New York State Local Finance Law.

F. 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 now 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  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****G. 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 34 states that capital assets should be depreciated over their estimated useful lives, unless they are inexhaustible. Pursuant to GASB 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 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 (4 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 (3 to 10 years). Leasehold improvements are amortized over 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 basis over an estimated useful life of five years, utilizing the half-year convention.

*Nassau County Sewer and Storm Water Finance Authority* - Capital assets are depreciated over their economic useful life using straight-line method.

**H. INVENTORIES AND PREPAID EXPENSES**

Inventory on hand is not significant and is recorded as an expenditure in the period purchased. Prepaid expenses represent amounts paid as of year end which will benefit future operations and are accounted for using the consumption method.

NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. RESERVES

Portions of governmental fund equity are reserved for specific purposes, and are therefore not available as spendable resources.

J. 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 financial statements of net assets. 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, 2009, any accumulated and unpaid benefits as of that date have been recorded in the government-wide financial statements of net assets.

K. GRANTS AND OTHER INTERGOVERNMENT 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.

L. 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 semiannual 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, the County assumes the burden of such uncollected taxes, and has the responsibility for their collection from the taxpayers.

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 constitutional tax limit controlling the levy of County real property taxes for 2009 and 2008 fiscal years was \$ 4.5 billion and \$4.1 billion, respectively. The constitutional tax margin was \$ 3.5 billion or approximately 78.5% in 2009 and \$3.2 billion or approximately 77.2% in 2008.

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

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

---

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

revenue which is not available to the governmental fund type in the fiscal year for which the taxes are levied.

**M. 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.

**N. 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 financial statement of net assets.

**O. 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 financial statement of net assets. Long-term liabilities expected to be financed from discretely presented component unit operations are accounted for in those component unit financial statements.

**P. 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.

**Q. CLAIMS AND CONTINGENCIES**

The County is self-insured with respect to risks including, but not limited to, property damage, personal injury, and workers' compensation. In the fund financial statements, expenditures for judgments and claims and workers' compensation are recorded when paid. In the government-wide financial statements the estimated liability for all judgments and claims is recorded as a liability.



NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. RECLASSIFICATIONS

Certain reclassifications were made to the 2008 financial statements to conform to the 2009 presentation.

S. 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

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.

*Deposits* - As required by law, all cash deposits and cash equivalents are required to be fully collateralized or insured. At December 31, 2009 and 2008, the carrying amount of the County's deposits was approximately \$501.7 and \$468.1 million, respectively, and the bank balance was \$620.1 and \$597.3 million, respectively. The bank balance was 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.

*Investments* - Total cash and cash equivalents amounted to \$578.6 and \$554.8 million in 2009 and 2008 respectively, which consisted of approximately \$578.6 and \$554.7 million in money market interest bearing bank accounts at rates averaging .97% and 2.77% annually, respectively.

The investments at December 31, 2009 and 2008 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.

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.

NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

2. DEPOSITS AND INVESTMENTS (Continued)

*Investments (Continued)*

The following table summarizes the County's unrestricted cash and investment position at December 31, 2009, all investments mature in less than one year (dollars in thousands):

	<u>2009</u>		
	<u>Total</u>	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Cash	\$ 578,639	\$ 578,639	\$
Treasury Notes and Investments	<u>98,480</u>	<u>                    </u>	<u>98,480</u>
Totals	<u>\$ 677,119</u>	<u>\$ 578,639</u>	<u>\$ 98,480</u>
Governmental Funds	\$ 600,187	\$ 501,707	\$ 98,480
Fiduciary Funds	<u>76,932</u>	<u>76,932</u>	<u>                    </u>
Totals	<u>\$ 677,119</u>	<u>\$ 578,639</u>	<u>\$ 98,480</u>

The following table summarizes the County's unrestricted cash and investment position at December 31, 2008 (dollars in thousands):

	<u>2008</u>		
	<u>Total</u>	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Cash	\$ 554,748	\$ 554,748	\$
Treasury Notes and Investments	<u>110,566</u>	<u>100</u>	<u>110,466</u>
Totals	<u>\$ 665,314</u>	<u>\$ 554,848</u>	<u>\$ 110,466</u>
Governmental Funds	\$ 578,544	\$ 468,078	\$ 110,466
Fiduciary Funds	<u>86,770</u>	<u>86,770</u>	<u>                    </u>
Totals	<u>\$ 665,314</u>	<u>\$ 554,848</u>	<u>\$ 110,466</u>

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

2. DEPOSITS AND INVESTMENTS (Continued)

*Investments (Continued)*

The County maintains a consolidated disbursement account with a financial institution on behalf of the College. At August 31, 2009 and 2008, the College had a cash balance of \$51.2 and of \$43.1 million, respectively; and the bank balance was \$50.1 and \$42.9 million, respectively. 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, 2009 and 2008, the carrying amount (fair value) of the College's investments was \$0.

3. DUE FROM OTHER GOVERNMENTS

The account "Due from Other Governments" at December 31, 2009 and 2008 represents aid, grants, and other amounts receivable from the State and Federal governments. The following summarizes such receivables (dollars in thousands):

DUE FROM OTHER GOVERNMENTS

Fund	2009			2008		
	Total	Federal	State/Other*	Total	Federal	State/Other*
General	\$ 173,260	\$ 61,261	\$ 111,999	\$ 155,665	\$ 55,376	\$ 100,289
Police Headquarters	2,944	406	2,538	1,622	404	1,218
Capital Projects	5,756	5,279	477			
Fire Commission Fund	4		4			
Nonmajor Governmental	<u>13,629</u>	<u>9,818</u>	<u>3,811</u>	<u>10,783</u>	<u>7,028</u>	<u>3,755</u>
Totals	<u>\$ 195,593</u>	<u>\$ 76,764</u>	<u>\$ 118,829</u>	<u>\$ 168,070</u>	<u>\$ 62,808</u>	<u>\$ 105,262</u>

\* Includes \$ 10,134 and \$10,070 of sales taxes receivable at December 31, 2009 and 2008, respectively.

4. TAX REAL ESTATE

The account "Tax Real Estate" includes real property which the County has acquired through foreclosure 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 financial statements of net assets.

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

---

**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.

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Receivables, Payables and Transfers (dollars in thousands)

The individual fund Interfund Receivables and Interfund Payables as of December 31, 2009 and 2008 are reconciled as follows:

December 31, 2009	General	NIFA	Debt Service	Fire Comm	Police	Police	Sewer & Storm	Capital Fund	Nonmajor	Total
	Fund	General Fund	Fund	Fund	Districts Fund	Headquarters Fund	Water District Fund		Funds	
<b>INTERFUND RECEIVABLE</b>										
General Fund	\$	\$	\$	\$	\$	\$	\$	\$ 46,315	\$ 9,132	\$ 55,447
NIFA General		72,174							29,881	102,055
Debt Service Fund		110,403		181	16,133	24,506			337	151,560
Fire Comm Fund		1,957						629		2,586
Police District		19,517					11,456	14,228		45,201
Police Headquarters		54,514						26,884		81,398
Sewer & Storm District		18,847						1,745		26,497
Capital Fund								137,701		137,701
Nonmajor Funds		60	144	4,262	8	627	895	419	6,247	150
<b>TOTAL RECEIVABLE</b>	<b>\$ 277,472</b>	<b>\$ 144</b>	<b>\$ 147,868</b>	<b>\$ 189</b>	<b>\$ 16,760</b>	<b>\$ 36,857</b>	<b>\$ 419</b>	<b>\$ 96,048</b>	<b>\$ 39,500</b>	<b>\$ 615,257</b>
<b>INTERFUND PAYABLE</b>										
General Fund	\$	\$ (72,174)	\$ (110,403)	\$ (1,957)	\$ (19,517)	\$ (54,514)	\$ (18,847)	\$	\$ (60)	\$ (277,472)
Nifa General									(144)	(144)
Debt Service							(5,905)	(137,701)	(4,262)	(147,868)
Fire Comm Fund			(181)						(8)	(189)
Police District			(16,133)						(627)	(16,760)
Police Headquarters			(24,506)		(11,456)				(895)	(36,857)
Sewer & Storm District									(419)	(419)
Capital Fund	(46,315)			(629)	(14,228)	(26,884)	(1,745)		(6,247)	(96,048)
Nonmajor Funds	(9,132)	(29,881)	(337)						(150)	(39,500)
<b>TOTAL PAYABLE</b>	<b>\$ (55,447)</b>	<b>\$ (102,055)</b>	<b>\$ (151,560)</b>	<b>\$ (2,586)</b>	<b>\$ (45,201)</b>	<b>\$ (81,398)</b>	<b>\$ (26,497)</b>	<b>\$ (137,701)</b>	<b>\$ (12,812)</b>	<b>\$ (615,257)</b>

2009

Transfers Out:	Transfers In:								
	General Fund	Debt Service Fund	Fire Comm Fund	Police District	Police Headquarters Fund	Sewer & Storm District	Capital Fund	Nonmajor Funds	Total
General Fund	\$	\$ 255,079	\$	\$	\$	\$	\$	\$	\$ 255,079
Debt Service Fund	268,455		654	16,291	29,410	1,816		337	316,963
Fire Comm Fund	631	473							1,104
Police District		157							157
Police Headquarters	27,118	4,904							32,022
Sewer & Storm District		9,326							9,326
Capital Fund	18,439	2,451							20,890
Nonmajor Funds		4,261					1,575		5,836
<b>TOTAL</b>	<b>\$ 314,643</b>	<b>\$ 276,651</b>	<b>\$ 654</b>	<b>\$ 16,291</b>	<b>\$ 29,410</b>	<b>\$ 1,816</b>	<b>\$ 1,575</b>	<b>\$ 337</b>	<b>\$ 641,377</b>

\* Interfund transactions are described in Note 1(L)

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

A. Interfund Receivables, Payables and Transfers (dollars in thousands) (Continued)

December 31, 2008	NIFA		Fire Comm Fund	Police Districts Fund	Police Headquarters Fund	Sewer & Storm Water District Fund	Capital Fund	Nonmajor Funds	Total
	General Fund	Debt Service Fund							
<b>INTERFUND RECEIVABLE</b>									
General Fund	\$	\$	\$	\$	\$	\$ 7,927	\$	\$ 33,584	\$ 41,511
NIFA General	68,194							23,816	92,010
Debt Service Fund	31,086								31,086
Fire Comm Fund	768	490							1,258
Police District	36,055	115			5,259				41,429
Police Headquarters	36,084	3,692							39,776
Sewer & Storm District		7,227							7,227
Capital Fund	46,217	15,426			708				62,351
Nonmajor Funds	144	1,996		1,227	1,049	664		700	5,780
<b>TOTAL RECEIVABLE</b>	<b>\$ 218,548</b>	<b>\$ 28,946</b>	<b>\$</b>	<b>\$ 1,227</b>	<b>\$ 7,016</b>	<b>\$ 8,591</b>	<b>\$</b>	<b>\$ 58,100</b>	<b>\$ 322,428</b>
<b>INTERFUND PAYABLE</b>									
General Fund	\$	\$ (68,194)	\$ (31,086)	\$ (768)	\$ (36,055)	\$ (36,084)	\$ (46,217)	\$ (144)	\$ (218,548)
Debt Service				(490)	(115)	(3,692)	(7,227)	(15,426)	(28,946)
Police District								(1,227)	(1,227)
Police Headquarters					(5,259)			(708)	(7,016)
Sewer & Storm District	(7,927)							(1,049)	(8,591)
Nonmajor Funds	(33,584)	(23,816)						(700)	(58,100)
<b>TOTAL PAYABLE</b>	<b>\$ (41,511)</b>	<b>\$ (92,010)</b>	<b>\$ (31,086)</b>	<b>\$ (1,258)</b>	<b>\$ (41,429)</b>	<b>\$ (39,776)</b>	<b>\$ (7,227)</b>	<b>\$ (62,351)</b>	<b>\$ (322,428)</b>

2008	Transfers In:				
	General Fund	Debt Service Fund	Fire Comm Fund	Police Headquarters Fund	Total
<b>Transfers Out:</b>					
General Fund	\$	\$ 255,410	\$ 832	\$ 13,536	\$ 269,778
Debt Service Fund	180,157				180,157
Fire Comm Fund	248	490			738
Police District		115			115
Police Headquarters		3,692			3,692
Sewer & Storm District		6,836			6,836
Capital Fund	8,315	15,426			23,741
Nonmajor Funds		1,996			1,996
<b>TOTAL</b>	<b>\$ 188,720</b>	<b>\$ 283,965</b>	<b>\$ 832</b>	<b>\$ 13,536</b>	<b>\$ 487,053</b>

\* Interfund transactions are described in Note 1(L)

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

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 at December 31, 2009 and 2008 do not offset each other as they include accounts of the Nassau Community College at the end of their fiscal years on August 31, 2009 and 2008. The following reconciles the December 31, 2009 and 2008 amounts by carrying forward the Nassau Community College transactions affecting these accounts from September 1, 2009 through December 31, 2009 and from September 1, 2008 through December 31, 2008, respectively.

	<u>Dollars in Thousands</u>	
	<u>2009</u>	<u>2008</u>
Net Due to Primary Government (Exhibit X-1)	\$ (1,455)	\$ (5,145)
Nassau Community College Transactions from September 1, to December 31:		
Increase in due to ATF	\$ (1,304)	\$ (3,879)
Decrease (Increase) in due to (from) Capital fund	3,214	(2,564)
Decrease in due to Grant fund	308	52
Decrease in due to General fund	<u>2,140</u>	<u>2,578</u>
Subtotals	4,357	(3,813)
Nassau Health Care Corporation		
Net Change in Encumbrances	(21,282)	(34,211)
Due From Component Units - Fiduciary per Balance Sheet (Exhibit X-12)	1,339	3,912
Net Due From Component Units - Governmental per Balance Sheet (Exhibit X-1)	<u>17,041</u>	<u>39,257</u>
Net Due from Component Units - Fiduciary and Governmental	<u>\$ 1,455</u>	<u>\$ 5,145</u>

NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

7. CAPITAL ASSETS

The following schedules for the 2009 and 2008 capital assets are reconciled to the 2009 and 2008 amounts reported on Exhibit X-1 in the tables below:

<b>2009</b>			
<b>Summary of Capital Asset Balances</b>			
<b>(dollars in thousands)</b>			
<b>Primary</b>			
	<u>Government</u>	<u>NCSSWFA</u>	<u>Total per X-1</u>
Capital Assets Not Being Depreciated	\$ 822,486	\$	\$ 822,486
Depreciable Capital Assets	1,921,145	1,055,434	2,976,579
Accumulated Depreciation	<u>(1,116,440)</u>	<u>(218,194)</u>	<u>(1,334,634)</u>
Capital Assets - Net	<u>\$ 1,627,191</u>	<u>\$ 837,240</u>	<u>\$ 2,464,431</u>

<b>2008</b>			
<b>Summary of Capital Asset Balances</b>			
<b>(dollars in thousands)</b>			
<b>Primary</b>			
	<u>Government</u>	<u>NCSSWFA</u>	<u>Total per X-1</u>
Capital Assets Not Being Depreciated	\$ 713,595	\$	\$ 713,595
Depreciable Capital Assets	1,859,396	1,046,429	2,905,825
Accumulated Depreciation	<u>(1,051,415)</u>	<u>(178,712)</u>	<u>(1,230,127)</u>
Capital Assets - Net	<u>\$ 1,521,576</u>	<u>\$ 867,717</u>	<u>\$ 2,389,293</u>



NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

7. CAPITAL ASSETS (Continued)

Activity for capital assets excluding the Nassau Community College, which are capitalized by the County, is summarized below (dollars in thousands):

Primary Government	Balance, December 31, 2008	Additions	Reductions	Balance, December 31, 2009
<b>Governmental activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 198,390	\$ 26,592	\$	\$ 224,982
Intangibles	8,804			8,804
Construction in progress	<u>506,401</u>	<u>108,868</u>	<u>26,569</u>	<u>588,700</u>
Total Capital Assets, Not Being Depreciated	<u>713,595</u>	<u>135,460</u>	<u>26,569</u>	<u>822,486</u>
Capital Assets, Being Depreciated:				
Land Improvements	78,472			78,472
Buildings	635,693	1,885		637,578
Equipment	448,939	49,944	6,576	492,307
Infrastructure	<u>696,292</u>	<u>16,496</u>		<u>712,788</u>
Total Capital Assets, Being Depreciated	<u>1,859,396</u>	<u>68,325</u>	<u>6,576</u>	<u>1,921,145</u>
Total Capital Assets	<u>2,572,991</u>	<u>203,785</u>	<u>33,145</u>	<u>2,743,631</u>
Less Accumulated Depreciation:				
Land Improvements	37,769	3,477		41,246
Buildings	264,739	14,342		279,081
Equipment	304,580	33,345	6,173	331,752
Infrastructure	<u>444,327</u>	<u>20,034</u>		<u>464,361</u>
Total Accumulated Depreciation	<u>1,051,415</u>	<u>71,198</u>	<u>6,173</u>	<u>1,116,440</u>
Total Capital Assets, Being Depreciated - net	<u>807,981</u>	<u>(2,873)</u>	<u>403</u>	<u>804,705</u>
Governmental Activities Capital Assets - net	<u>\$ 1,521,576</u>	<u>\$ 132,587</u>	<u>\$ 26,972</u>	<u>\$ 1,627,191</u>

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

7. CAPITAL ASSETS (Continued)

Primary Government	Balance, December 31, 2007	Additions	Reductions	Balance, December 31, 2008
<b>Governmental activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 145,168	\$ 53,239	\$ 17	\$ 198,390
Intangibles		8,804		8,804
Construction in progress	416,811	102,321	12,731	506,401
Total Capital Assets, Not Being Depreciated	<u>561,979</u>	<u>164,364</u>	<u>12,748</u>	<u>713,595</u>
Capital Assets, Being Depreciated:				
Land Improvements	77,894	578		78,472
Buildings	635,096	597		635,693
Equipment	434,585	17,775	3,421	448,939
Infrastructure	685,096	11,196		696,292
Total Capital Assets, Being Depreciated	<u>1,832,671</u>	<u>30,146</u>	<u>3,421</u>	<u>1,859,396</u>
Total Capital Assets	<u>2,394,650</u>	<u>194,510</u>	<u>16,169</u>	<u>2,572,991</u>
Less Accumulated Depreciation:				
Land Improvements	34,250	3,519		37,769
Buildings	250,101	14,638		264,739
Equipment	274,256	33,237	2,913	304,580
Infrastructure	423,480	20,847		444,327
Total Accumulated Depreciation	<u>982,087</u>	<u>72,241</u>	<u>2,913</u>	<u>1,051,415</u>
Total Capital Assets, Being Depreciated - net	<u>850,584</u>	<u>(42,095)</u>	<u>508</u>	<u>807,981</u>
Governmental Activities Capital Assets - net	<u>\$ 1,412,563</u>	<u>\$ 122,269</u>	<u>\$ 13,256</u>	<u>\$ 1,521,576</u>

NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

7. CAPITAL ASSETS (Continued)

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

**2009**

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

	<u>Primary</u> <u>Government</u>	<u>NCSSWFA</u>	<u>Total</u>
<b>Transfer from Construction in Progress</b>	\$ (26,569)	\$ _____	\$ (26,569)
<b>Additions to Capital Assets:</b>			
<b>Capital Assets being Depreciated</b>			
Land Improvements	\$ _____	\$ _____	\$ _____
Buildings	1,885	8,086	9,971
Infrastructure	<u>16,496</u>	<u>102</u>	<u>16,598</u>
	<u>\$ 18,381</u>	<u>\$ 8,188</u>	<u>\$ 26,569</u>

**2008**

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

	<u>Primary</u> <u>Government</u>	<u>NCSSWFA</u>	<u>Total</u>
<b>Transfer from Construction in Progress</b>	\$ (12,731)	\$ _____	\$ (12,731)
<b>Additions to Capital Assets:</b>			
<b>Capital Assets being Depreciated</b>			
Land Improvements	\$ 438	\$ _____	\$ 438
Buildings	597	425	1,022
Infrastructure	<u>11,196</u>	<u>75</u>	<u>11,271</u>
	<u>\$ 12,231</u>	<u>\$ 500</u>	<u>\$ 12,731</u>

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

7. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions of the County for the fiscal year ended December 31, 2009 and 2008 as follows (dollars in thousands):

December 31, 2009	<u>Land Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
<b>Functions:</b>					
Legislative	\$	\$ 6	\$ 2	\$	\$ 8
Judicial	80	1,231	269		1,580
General Administration	60	598	1,119		1,777
Protection of Persons	9	1,843	7,392		9,244
Health		113	274		387
Public Works	44	263	3,133	19,408	22,848
Recreation and Parks	3,219	2,120	650	626	6,615
Social Services	60	185	56		301
Corrections		4,582	365		4,947
Other Expenditures/MSBA		660	9,001		9,661
Metropolitan Transportation Authority			11,084		11,084
Misc. Unclassified	<u>5</u>	<u>2,741</u>			<u>2,746</u>
Total Depreciation Expense	<u>\$ 3,477</u>	<u>\$ 14,342</u>	<u>\$ 33,345</u>	<u>\$ 20,034</u>	<u>\$ 71,198</u>

December 31, 2008	<u>Land Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
<b>Functions:</b>					
Legislative	\$	\$ 6	\$ 2	\$	\$ 8
Judicial	80	1,231	270		1,581
General Administration	60	598	1,454		2,112
Protection of Persons	9	1,839	7,247		9,095
Health		113	300		413
Public Works	30	269	2,943	20,208	23,450
Recreation and Parks	3,275	2,093	667	639	6,674
Social Services	60	189	69		318
Corrections		4,582	355		4,937
Other Expenditures/MSBA		660	8,846		9,506
Metropolitan Transportation Authority			11,084		11,084
Misc. Unclassified	<u>5</u>	<u>3,058</u>			<u>3,063</u>
Total Depreciation Expense	<u>\$ 3,519</u>	<u>\$ 14,638</u>	<u>\$ 33,237</u>	<u>\$ 20,847</u>	<u>\$ 72,241</u>

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

7. CAPITAL ASSETS (Continued)

Sources of funding of the general capital assets at December 31, 2009 and 2008 were as follows (dollars in thousands):

	<u>2009</u>	<u>2008</u>
Long Term Serial Bonds	\$ 2,333,997	\$ 2,201,078
Temporary Financing and Bond Anticipation Notes	59,921	59,922
Federal Grants	11,523	10,593
New York State Grants	88,972	48,551
General Fund Revenues	117,942	117,703
Special Revenue Funds Revenues	60,118	61,041
Gifts	27,755	27,755
Acquisitions Prior to December 31, 1985	37,946	40,891
Capitalized Lease	<u>5,457</u>	<u>5,457</u>
Total Funding Sources	<u>\$ 2,743,631</u>	<u>\$ 2,572,991</u>

General capital assets of the County by function at December 31, 2009 and 2008 were as follows (dollars in thousands):

	<u>2009</u>	<u>2008</u>
Legislative	\$ 365	\$ 365
Judicial	81,076	80,864
General Administration	172,695	145,602
Protection of Persons	163,489	157,885
Health	8,243	8,848
Public Works	1,821,777	1,796,696
Recreation and Parks	214,950	214,176
Social Services	25,727	25,736
Corrections	192,233	192,491
Other Expenditures/MSBA	187,887	148,433
Metropolitan Transportation Authority	140,040	140,040
Misc. Unclassified	193,079	193,079
Construction in Progress	588,700	506,401
Intangible Assets	<u>8,804</u>	<u>8,804</u>
Total	3,799,065	3,619,420
Less: Accumulated Depreciation	<u>1,334,634</u>	<u>1,230,127</u>
Total Net Capital Assets	<u>\$ 2,464,431</u>	<u>\$ 2,389,293</u>

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

7. CAPITAL ASSETS (Continued)

The following is a summary of the Nassau County Sewer and Storm Water Finance Authority capital assets at cost, except as noted (dollars in thousands):

Capital Assets	Balance December 31, 2007			Balance December 31, 2008			Balance December 31, 2009		
		Additions	Reductions		Additions	Reductions		Additions	Reductions
Buildings	\$ 317,691	\$ 425	\$	\$ 318,116	\$ 8,086	\$	\$ 326,202		
Equipment	741	266		1,007	817		1,824		
Infrastructure	727,231	75		727,306	102		727,408		
Total Capital Assets	<u>1,045,663</u>	<u>766</u>		<u>1,046,429</u>	<u>9,005</u>		<u>1,055,434</u>		
<b>Less Accumulated Depreciation:</b>									
Buildings	32,340	9,273		41,613	9,380		50,993		
Equipment	223	66		289	148		437		
Infrastructure	106,859	29,951		136,810	29,954		166,764		
Total Accumulated Depreciation	<u>139,422</u>	<u>39,290</u>		<u>178,712</u>	<u>39,482</u>		<u>218,194</u>		
Capital Assets - net	<u>\$ 906,241</u>	<u>\$ (38,524)</u>	<u>\$</u>	<u>\$ 867,717</u>	<u>\$ (30,477)</u>	<u>\$</u>	<u>\$ 837,240</u>		

Total combined capital assets of the County, including its blended component unit, Nassau County Sewer and Storm Water Finance Authority as of December 31, 2009, is \$3,799,065 with Accumulated Depreciation of \$1,334,634.

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

Capital Assets Not Being Depreciated	Balance August 31, 2007			Balance August 31, 2008			Balance August 31, 2009		
		Additions	Reductions		Additions	Reductions		Additions	Reductions
Land	\$ 2,733	\$	\$	\$ 2,733	\$	\$	\$ 2,733		
Library	904	4		908	4		912		
Total Capital Assets, Not Being Depreciated	<u>3,637</u>	<u>4</u>		<u>3,641</u>	<u>4</u>		<u>3,645</u>		
<b>Capital Assets Being Depreciated</b>									
Land Improvements	1,133			1,133			1,133		
Infrastructure	1,275	1,628		2,903	1,716		4,619		
Buildings	166,212	767		166,979	2,976		169,955		
Building Improvements	25,653	896		26,549	5,245		31,794		
Equipment	6,531	821	253	7,099	405	225	7,279		
Total Capital Assets, Being Depreciated	<u>200,804</u>	<u>4,112</u>	<u>253</u>	<u>204,663</u>	<u>10,342</u>	<u>225</u>	<u>214,780</u>		
Total Capital Assets	<u>204,441</u>	<u>4,116</u>	<u>253</u>	<u>208,304</u>	<u>10,346</u>	<u>225</u>	<u>218,425</u>		
<b>Less Accumulated Depreciation:</b>									
Land Improvements	799	38		837	26		863		
Infrastructure	799	116		915	225		1,140		
Buildings	79,045	3,123		82,168	3,162		85,330		
Building Improvements	13,311	1,231		14,542	1,359		15,901		
Equipment	5,412	248	253	5,407	698	222	5,883		
Total Accumulated Depreciation	<u>99,366</u>	<u>4,756</u>	<u>253</u>	<u>103,869</u>	<u>5,470</u>	<u>222</u>	<u>109,117</u>		
Net Capital Assets Being Depreciated	<u>101,438</u>	<u>(644)</u>		<u>100,794</u>	<u>4,872</u>	<u>3</u>	<u>105,663</u>		
Capital Assets - net	<u>\$ 105,075</u>	<u>\$ (640)</u>	<u>\$</u>	<u>\$ 104,435</u>	<u>\$ 4,876</u>	<u>\$ 3</u>	<u>\$ 109,308</u>		

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

---

**7. CAPITAL ASSETS (Continued)**

Capital assets of the Faculty-Student Association, the Component unit of Nassau Community College as of August 31, 2009 and 2008, respectively, consisted of the following (dollars in thousands):

	<b>Balance August 31, <u>2009</u></b>	<b>Balance August 31, <u>2008</u></b>
Furniture and equipment	\$ 366	\$ 337
Vans	<u>225</u>	<u>225</u>
	591	562
Less accumulated depreciation	<u>(381)</u>	<u>(345)</u>
Total Capital assets (net)	<u>\$ 210</u>	<u>\$ 217</u>

Total depreciable capital assets of the Nassau Community College and Faculty-Student Association, the component unit of Nassau Community College as of August 31, 2009, was \$215,371 with accumulated depreciation of \$109,498

**8. 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. The County leases a building valued at \$5.5 million, under a capital lease. 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 ended December 31, 2009 and 2008 were approximately \$8.4 and \$7.7 million, respectively.

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

8. LEASES (Continued)

The County (excluding discretely presented component units) had future minimum payments under capital and operating leases with a remaining term in excess of one year as follows (dollars in thousands):

	<u>Capital Lease</u>	<u>Operating Leases</u>	<u>Total Capital &amp; Operating Leases</u>
Governmental Activities			
Fiscal Year ending December 31:			
2010	\$ 766	\$ 7,419	\$ 8,185
2011	777	7,545	8,322
2012	787	7,689	8,476
2013	799	7,646	8,445
2014	810	6,945	7,755
2015-2019	4,235	14,341	18,576
2020-2024	4,579		4,579
2025-2026	<u>557</u>		<u>557</u>
Future Minimum Payments	13,310	<u>\$ 51,585</u>	<u>\$ 64,895</u>
Less Interest	<u>7,828</u>		
Present value of future minimum lease payments	<u>\$ 5,482</u>		

The County also leases County-owned property to others and the leases are classified as operating leases. Total rental revenue on these leases for 2009 and 2008 was \$6.0 and \$6.0 million, respectively.

As of December 31, 2009, the following future minimum rentals are provided for by the leases:

Fiscal year ending December 31:	<u>Operating Leases (in thousands)</u>
2010	\$ 6,169
2011	6,216
2012	6,231
2013	6,271
2014	6,204
2015-2019	22,693
2020-2024	8,854
2025-2029	1,616
2030-2033	<u>337</u>
Total	<u>\$ 64,591</u>

These leases are for land and buildings with the total cost and carrying amount of \$10,552,023 for land, and the original cost of \$19,793,464, which has been fully depreciated for buildings at December 31, 2009.



**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

---

**9. NOTES PAYABLE AND LONG-TERM OBLIGATIONS*****County of Nassau Notes Payable***

On June 4, 2009, the County issued Series A Revenue Anticipation Notes in the amount of \$190 million to finance cash flow needs within the County. The notes were offered in three tranches, \$25 million bear interest at 1.5%, \$50 million bear interest at 1% and \$115 million bear interest at 2%. The notes matured April 15, 2010.

On December 3, 2009, the County issued \$90 million Tax Anticipation Notes, Series 2009A and \$60 million Tax Anticipation Notes, Series 2009B, (the "2009A Notes" and "2009B Notes", respectively). The Notes were issued to finance cash flow needs of the County. The 2009A Notes bear interest at the rate of 1.5% per annum, pay interest only at maturity, and will mature on September 15, 2010. The 2009B Notes bear interest at the rate of 3.0% per annum, pay interest only at maturity, and will mature on October 15, 2010.

During 2009, the County did not issue any Bond Anticipation Notes.

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

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

County of Nassau Notes Payable (Continued)

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

	Balance, December 31, 2007	Additions	Reductions	Balance, December 31, 2008	Additions	Reductions	Balance, December 31, 2009
General Fund:							
Tax Anticipation Notes - (1.5% to 3.75% issued 2007 to 2009, maturity dates in 2008 to 2010)	\$ 125,000	\$ 132,000	\$ 125,000	\$ 132,000	\$ 150,000	\$ 132,000	\$ 150,000
Revenue Anticipation Notes - (1.0% to 4.25% issued in 2007 to 2009, maturity dates in 2008 to 2010)	<u>75,000</u>	<u>105,000</u>	<u>75,000</u>	<u>105,000</u>	<u>190,000</u>	<u>105,000</u>	<u>190,000</u>
Total General Fund	<u>\$ 200,000</u>	<u>\$ 237,000</u>	<u>\$ 200,000</u>	<u>\$ 237,000</u>	<u>\$ 340,000</u>	<u>\$ 237,000</u>	<u>\$ 340,000</u>
County Capital Projects Funds:							
Bond Anticipation Notes - (2.5% issued in 2007 to 2008, maturity dates in 2008 to 2009):							
General County Projects	\$ 77,175	\$ 57,242	\$ 77,175	\$ 57,242	\$	\$ 57,242	\$
Tax Certiorari and Other Judgments*		50,757	50,757				
Sewage and Storm water Projects	2,406	3,782	2,406	3,782		3,782	
Sewage Disposal Districts	6,796	10,835	6,796	10,835		10,835	
Sewage Collection Districts	<u>21</u>		<u>21</u>				
Total County Capital Projects Funds	<u>\$ 86,398</u>	<u>\$ 122,616</u>	<u>\$ 137,155</u>	<u>\$ 71,859</u>	<u>\$</u>	<u>\$ 71,859</u>	<u>\$</u>
Component Unit:							
Bond Anticipation Notes - (2.5% to 3.625% issued 2007 to 2008, maturity dates in 2008 to 2009)							
Nassau Community College	<u>\$ 947</u>	<u>\$ 2,384</u>	<u>\$ 947</u>	<u>\$ 2,384</u>	<u>\$</u>	<u>\$ 2,384</u>	<u>\$</u>

\* The \$50,757 million of Bond Anticipation Notes (BANS) issued in the General Fund for Tax Certiorari and Other Judgment payments have been redeemed by bonds issued in June 2009. Such General Improvement Bonds, 2009 Series C, mature beginning October 1, 2010 through 2039 at interest rates 5.0% to 5.25%.

Reconciliation of BANS reported 2008

BANS outstanding per above and Exhibit X-3	\$ 71,859
BANS used for Tax Certiorari and Other Judgments reported as long term debt due to funding by bonds June 2009	<u>50,757</u>
BANS outstanding per Exhibit X-1	<u>\$ 122,616</u>

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

9. 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 financial statements of net assets. The amounts including the range of interest rates, issue dates, and maturity dates, are as follows (dollars in thousands):

	Balance December 31, 2007			Balance December 31, 2008			Balance December 31, 2009	Due Within One Year
	Additions	Reductions	Additions	Reductions	Additions	Reductions		
General Long-Term Obligations								
Debt:								
General Obligation County Bonds - (2.00% to 11.50%, issued in 1970 through 2009, maturity dates 2002 through 2028)	\$ 363,300	\$ 272,863	\$ 96,671	\$ 539,492	\$ 475,405	\$ 127,163	\$ 887,734	\$ 75,434
Sewage purpose bonds - (2.20% to 7.90%, issued in 1970 through 2009, maturity dates 2002 through 2033) - County	83,392	20,000	24,327	79,065	29,700	18,030	90,735	12,980
State Water Pollution Control Revolving Fund revenue bonds - (1.46% to 7.10%, issued in 1991 through 2005, maturity dates 2002 through 2034) - County	147,379		8,569	138,810		8,725	130,085	8,916
Total Serial Bonds - County	<u>594,071</u>	<u>292,863</u>	<u>129,567</u>	<u>757,367</u>	<u>505,105</u>	<u>153,918</u>	<u>1,108,554</u>	<u>97,330</u>
Sales Tax Secured Bonds -NIFA, various interest rates % and maturity dates	1,958,525	728,240	811,690	1,875,075	303,100	425,575	1,752,600	104,415
Nassau County Sewer and Storm Water Finance Authority System Revenue Bonds, Series 2004A&B & Series 2008A (2004-2028)	72,225	152,240	48,670	175,795		6,545	169,250	7,295
Tobacco Settlement Asset-Backed Bonds, Series A (variable rate) Term Bond Due 2029 with mandatory sinking fund redemptions 2004-2039 - NCTSC, Series 2006A&B	431,034		4,683	426,351		5,820	420,531	1,270
Total Serial Bonds - NIFA, NCSSWFA, NCTSC	<u>2,461,784</u>	<u>880,480</u>	<u>865,043</u>	<u>2,477,221</u>	<u>303,100</u>	<u>437,940</u>	<u>2,342,381</u>	<u>112,980</u>
Total Serial Bonds	<u>3,055,855</u>	<u>1,173,343</u>	<u>994,610</u>	<u>3,234,588</u>	<u>808,205</u>	<u>591,858</u>	<u>3,450,935</u>	<u>210,310</u>
Other:								
Deferred Payroll	45,267	23,627	15,295	53,599	42,946	16,679	79,866	11,388
Accrued Vacation and Sick Pay	560,579	48,665	38,338	570,906	35,321	61,895	544,332	30,767
Capital Lease Obligations	5,550		28	5,522		40	5,482	56
Estimated Tax Certiorari Payable	101,849	135,901	98,768	138,982	139,789	114,458	164,313	50,000
Estimated Liability for Litigation & Malpractice Claims	225,000	17,329	17,329	225,000	4,091	4,091	225,000	5,582
Estimated Liability for Workers' Compensation	124,196	147,269	22,549	248,916	48,872	22,566	275,222	24,210
Total Other	<u>1,062,441</u>	<u>372,791</u>	<u>192,307</u>	<u>1,242,925</u>	<u>271,019</u>	<u>219,729</u>	<u>1,294,215</u>	<u>122,003</u>
Total General Long-Term Obligations	<u>\$4,118,296</u>	<u>\$ 1,546,134</u>	<u>\$ 1,186,917</u>	<u>\$ 4,477,513</u>	<u>\$ 1,079,224</u>	<u>\$ 811,587</u>	<u>\$ 4,745,150</u>	<u>\$332,313</u>

Revenues from the Special Revenue Sewer Funds will be utilized to finance the debt service for the Sewer purpose bonds and a portion of the State Water Pollution Control Revolving Fund revenue bonds. All other debt service will be financed by the Debt Service Fund. Also, for the governmental activities, claims and judgments are generally liquidated by the general fund and compensated absences are liquidated principally by the general, police, and fire safety funds.

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

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

Long – Term Obligations (Continued)

The annual requirements and sources to amortize the County’s General Obligation serial bonds payable as of December 31, 2009 are as follows (dollars in thousands):

<u>Year Ending</u>	<u>Debt Service Requirements</u>			<u>Sources</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>General County Budgets</u>	<u>Sewer District Budgets</u>	<u>Total</u>
2010	\$ 97,045	\$ 51,148	\$ 148,193	\$ 115,019	\$ 33,174	\$ 148,193
2011	86,058	46,463	132,521	104,375	28,146	132,521
2012	62,928	42,936	105,864	80,043	25,821	105,864
2013	59,288	40,092	99,380	76,628	22,752	99,380
2014	55,343	37,448	92,791	71,415	21,376	92,791
2015-2019	257,841	152,189	410,030	328,504	81,526	410,030
2020-2024	254,164	91,420	345,584	283,314	62,270	345,584
2025-2029	142,650	41,489	184,139	158,105	26,034	184,139
2030-2034	54,763	17,478	72,241	56,652	15,589	72,241
2035-2039	38,474	5,756	44,230	39,241	4,989	44,230
Total	<u>\$ 1,108,554</u>	<u>\$ 526,419</u>	<u>\$ 1,634,973</u>	<u>\$ 1,313,296</u>	<u>\$ 321,677</u>	<u>\$ 1,634,973</u>

The County’s constitutional debt margin was approximately \$20.2 and \$18.7 billion and total long-term obligation bonds authorized but unissued for general County and sewage district purposes were approximately \$1,220.4 and \$1,399.0 million at December 31, 2009 and 2008, respectively.

NIFA Long-Term Debt

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

	Balance			Balance		
	December 31, 2008	Additions	Reductions	December 31, 2009	Due within one year	Non-current
Bonds payable:						
Sales tax secured bonds payable	\$ 1,875,075	\$ 303,100	\$ (425,575)	\$ 1,752,600	\$ 104,415	\$ 1,648,185
Premiums	53,015	24,343	(4,569)	72,789	4,566	68,223
Total bonds payable	1,928,090	327,443	(430,144)	1,825,389	108,981	1,716,408
OPEB liability	892	41	(15)	918		918
Compensated absences	268		(7)	261		261
Total long term debt	<u>\$ 1,929,250</u>	<u>\$ 327,484</u>	<u>\$ (430,166)</u>	<u>\$ 1,826,568</u>	<u>\$ 108,981</u>	<u>\$ 1,717,587</u>

Bonds of the Authority are issued pursuant to an Indenture, as supplemented and amended (the “Indenture”) between the Authority and the United States Trust Company of New York and its successor The Bank of

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

---

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

New York Mellon (the "Trustee"), under which the Authority has pledged its right, title and interest in the revenues of the Authority to secure repayment of Authority debt. The Act provides that the Authority'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 Authority bonds is prior to all other liens thereon. The Authority does not have any significant assets or sources of funds other than sales tax revenues and amounts on deposit pursuant to the indenture. The Authority does not have independent taxing power. As of December 31, 2009, the Authority had outstanding sales tax secured bonds in the amount of \$1,752,600,000, maturing through the year 2025 which are comprised of fixed and variable rate bonds issued at variable rates, which are discussed below. Other than a possible refunding of its debt if market conditions permit, the Authority has no plans or authority to issue additional bonds, expect to cover the costs of issuance incurred in connection with the refunding of its bonds.

**Fixed Rate Bonds** - The Authority has outstanding fixed rate bonds at rates ranging between 1% and 6%. Interest on the Authority'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. For the variable rate bonds, this is one twelfth of the next principal payment and the amount needed to maintain a prudent level of funding in excess of the anticipated interest expense to be accrued that month. Because of this monthly deposit requirement, the amount accrued for debt service in the Authority's financial statements in any year will not be the same as the debt service on the bonds paid to bondholders in that year.

**Variable Rate Bonds** - Interest rates on the variable rate bonds are currently reset weekly by a remarketing agent 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 are slated to expire between April 30, 2010 and April 30, 2012 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 a five year period. If this was to occur, annual Authority 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 in the amount of principal debt service this is one-twelfth of the next principal payment and makes payments of accrued interest monthly.

The County has assumed responsibility for calculating and paying arbitrage rebate liability on bonds or notes issued by the Authority; however, any payments would be made by the Authority. In 2009, shortly after receiving a rebate report from the County, NIFA paid to the Federal government arbitrage rebate payments totaling \$415,457, which included late payment interest totaling \$22,343.

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

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

NIFA Long-Term Debt (Continued)

Aggregate debt service to maturity as of December 31, 2009, is as follows (dollars in thousands):

Years Ending December 31,	Principal	Interest*	Total
2010	\$ 104,415	\$ 73,662	\$ 178,077
2011	119,745	69,178	188,923
2012	144,580	63,844	208,424
2013	150,965	57,064	208,029
2014	156,850	50,293	207,143
2015-2019	646,770	161,018	807,788
2020-2024	407,425	47,371	454,796
2025	21,850	889	22,739
	<u>\$ 1,752,600</u>	<u>\$ 523,319</u>	<u>\$ 2,275,919</u>

\*Interest on the Variable Rate Bonds is calculated at 5%. During 2009 the interest rate on the Variable Rate Bonds ranged from 0.11% to 4.5%.

**Refunding Bond –**

**In 2009, NIFA had two major transactions that affected its bonds:**

At the beginning of 2009, NIFA had \$910.56 million of Variable Rate Demand Bonds (“VRDBs”) outstanding (accounting for 48.5% of NIFA’s debt portfolio), of which \$600 million were hedged and \$310.56 million were unhedged. During 2009 two major transactions occurred that changed the composition of NIFA debt as well as its liquidity providers.

**Transaction Number One – NIFA Refunding:**

In the first transaction NIFA issued \$303.10 million of NIFA 2009A fixed rate bonds to refund a par amount of \$338.05 million of NIFA’s bonds, as follows:

- \$310.56 million of NIFA’s variable rate portfolio consisting of: Series 2002A, Series 2002B, Series 2008F, and \$5.055 million of its Series 2008E (current refunding).
- \$27.49 million of NIFA’s 2000A and 2001A fixed rate bonds (advance refunding).

In addition to the bond proceeds, sources of funds that were used to finance the defeasance of the above mentioned bonds, includes a premium on the refunding bonds of approximately \$24.3 million and a debt service payment from the Authority of approximately \$15.8 million.

In conjunction with the advance refunding (related to the 2000A and 2001A Series noted above), proceeds were used to purchase US Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service of \$27,490,000 of sales tax secured bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. At December 31, 2009, there is approximately \$12.8 million of defeased debt remaining relating

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

---

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

to this issuance. The total refunding (current and advance) is expected to result in a present value savings of approximately \$32.1 million.

**Transaction Number Two – Changing Liquidity Providers:**

As part of a separate transaction, NIFA also removed Dexia as the liquidity provider for the Series 2008C, the Series 2008D, and the remaining \$50 million of the Series 2008E VRDBs. JP Morgan replaced Dexia on the Series 2008C and BNP Paribas replaced Dexia on the Series 2008E bonds. The Series 2008D bonds were tranching into Series 2008D-1 and Series 2008D-2, with Bank of America providing liquidity for Series 2008D-1 and BNP Paribas providing liquidity for Series 2008D-2.

**SWAP AGREEMENTS**

**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 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.

NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

---

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

NIFA Long-Term Debt (Continued)

- \$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 Goldman Sachs Mitsui Marine Derivative Products, L.P.
- \$80 million notional amount (2004 Series D – swap agreement) with Goldman Sachs Mitsui Marine Derivative Products, L.P.
- \$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 million notional amount (2004 Series G – swap agreement) with UBS AG

NIFA entered into the following three swap contracts with an effective date of December 9, 2004, in connection with the issuance of \$150 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 million notional amount (2004 Series I – swap agreement) with Goldman Sachs Mitsui Marine Derivative Products, L.P.
- \$50 million notional amount (2004 Series J - swap agreement) with UBS AG
- \$50 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, 2009, are reflected in the chart entitled “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, 2009, 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, 2009, the total market-to-market valuation, net of accruals, of NIFA’s swaps was negative \$32,884,301. 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



NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

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

Fair Value (Continued)

termination event with respect to any of its swaps.

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

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

Under the swap agreements, neither party has to collateralize its termination exposure unless its ratings, or that of the insurer, fall below certain triggers. For 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 million (threshold amount) of exposure. The threshold amount 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 counterparties have the ratings set forth below. 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	<u>50</u>	<u>8.4%</u>
	<u>\$ 600</u>	<u>100.0%</u>

NIFA insured its performance in connection with the swaps associated with the Series 2004 B-G bonds with Ambac Assurance Corporation (“Ambac”), which is rated Ca/CC/NR (Moody’s/S&P/Fitch), including NIFA termination payments. NIFA’s payments to the counterparties on the swaps associated with the Series 2004 I-K bonds are insured with CDC IXIS Financial Guaranty North America, Inc. (“CIFG NA”), which is rated Ca/CC/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 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

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

---

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

under the swap is lower than the bond interest rate, then the counterparty's payment under the swap agreement does not fully reimburse NIFA for its interest payment on the associated bonds. Conversely, if the bond interest rate is lower than the counterparty's rate on the swap, there is a net benefit to NIFA.

NIFA is exposed to basis risk on the swaps. NIFA is paying a fixed rate of interest to the counterparties and the counterparties are paying a variable rate to NIFA represented by a percentage of the One-Month 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, the expected cost savings may not be realized. Conversely, should the relationship between LIBOR and NIFA's variable rate on its bonds move to diverge, there is a benefit to NIFA.

- *Termination Risk* - The swap agreement will be terminated and NIFA will be required to make a large termination payment to the counterparty.

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 million for the Authority, the Authority 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 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 auction rate bonds.

COUNTY OF NASSAU, NEW YORK

EXHIBIT X-15

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

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

NIFA Long-Term Debt (Continued)

As of December 31, 2009, NIFA's Interest Rate Swap Valuation is as follows:

Swap Agreements	<u>2004 Series B</u>	<u>2004 Series C</u>	<u>2004 Series D</u>	<u>2004 Series E</u>	<u>2004 Series F</u>	<u>2004 Series G</u>	<u>2004 Series I</u>	<u>2004 Series J</u>	<u>2004 Series K</u>	<u>Total</u>
Notional Amount	\$ 72,500,000	\$ 72,500,000	\$ 80,000,000	\$ 72,500,000	\$ 72,500,000	\$ 80,000,000	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000	\$ 600,000,000
Counterparty	GSMMDP	GSMMDP	GSMMDP	UBS	UBS	UBS	GSMMDP	UBS	MSCS	
Counterparty Rating (1)	Aa1/AAA/NR	Aa1/AAA/NR	Aa1/AAA/NR	Aa3/AA/AA	Aa3/AA/AA	Aa3/AA/AA	Aa1/AAA/NR	Aa3/AA/AA	A2/A/A	
Effective Date	April 8, 2004	April 8, 2004	April 8, 2004	April 8, 2004	April 8, 2004	April 8, 2004	December 9, 2004	December 9, 2004	December 9, 2004	
Maturity Date	November 15, 2024	November 15, 2024	November 15, 2016	November 15, 2024	November 15, 2024	November 15, 2016	November 15, 2025	November 15, 2025	November 15, 2025	
NIFA Pays	3.146 %	3.146 %	3.002 %	3.146 %	3.146 %	3.003 %	3.432 %	3.432 %	3.432 %	
Replacement Rate	2.519 %	2.519 %	2.122 %	2.519 %	2.519 %	2.126 %	2.756 %	2.756 %	2.756 %	
NIFA Receives	60% of LIBOR plus 16 basis points weekly (Tuesday)	60% of LIBOR plus 16 basis points weekly (Friday)	60% of LIBOR plus 26 basis points monthly (4th Monday)	60% of LIBOR plus 16 basis points weekly (Tuesday)	60% of LIBOR plus 16 basis points weekly (Friday)	60% of LIBOR plus 26 basis points monthly (5th Thursday)	61.5% of LIBOR plus 20 basis points	61.5% of LIBOR plus 20 basis points	61.5% of LIBOR plus 20 basis points	
Net Accrued	\$ (290,239)	\$ (290,239)	\$ (291,779)	\$ (290,239)	\$ (290,239)	\$ (282,034)	\$ (199,263)	\$ (199,263)	\$ (199,263)	\$ (2,332,558)
Net Present Value	<u>(3,582,787)</u>	<u>(3,585,369)</u>	<u>(3,404,145)</u>	<u>(3,582,787)</u>	<u>(3,585,369)</u>	<u>(3,397,790)</u>	<u>(3,137,832)</u>	<u>(3,137,832)</u>	<u>(3,137,832)</u>	<u>(30,551,743)</u>
Total Fair Value of Swap	<u>\$ (3,873,026)</u>	<u>\$ (3,875,608)</u>	<u>\$ (3,695,924)</u>	<u>\$ (3,873,026)</u>	<u>\$ (3,875,608)</u>	<u>\$ (3,679,824)</u>	<u>\$ (3,337,095)</u>	<u>\$ (3,337,095)</u>	<u>\$ (3,337,095)</u>	<u>\$ (32,884,301)</u>

B-83

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

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

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

NIFA Long-Term Debt (Continued)

**Swap Payments and Associated Debt** - Using rates as of December 31, 2009, 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 vary, variable-rate bond interest payments and net swap payments will vary. 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		
2010	\$	\$ 1,397	\$ 17,030	\$ 18,427
2011		1,397	17,030	18,427
2012		1,400	17,024	18,424
2013	31,100	1,386	16,929	49,415
2014	45,300	1,315	16,075	62,690
2015-2019	299,650	4,681	61,051	365,382
2020-2024	215,100	1,139	16,531	232,770
2025	8,850	15	239	9,104
Total	\$ 600,000	\$ 12,730	\$ 161,909	\$ 774,639

NCSSWFA Long-Term Debt

The Authority issued its System Revenue Bonds, 2008 Series A (the “2008A Bonds”) pursuant to the Authority’s General Revenue Bond Resolution dated as of March 1, 2004, as supplemented by a First Supplemental Resolution dated as of March 1, 2004.

The 2008A Bonds were issued to refund the 2004 Series A (the “2004A Bonds”) variable rate Authority Bonds, to refund all outstanding Commercial Paper at December 31, 2008, and to pay for the related costs of issuance and refinancing.

Each 2008A Bond maturing on November 1, 2023 and November 1, 2028 are subject to redemption on or after November 1, 2018 at the option of the Authority, in whole, or in part by lot on any date, at a Redemption Price of 100% of the principal amount of such 2008A Bond or portions thereof to be redeemed, plus accrued interest to the date of redemption. The 2008A Bonds bear interest rates ranging from 3.250% to 5.375%, per annum.

Berkshire Hathaway Assurance Corporation has provided a bond insurance policy for the Series 2008A bonds. The Authority issued its System Revenue Bonds, 2004 Series B (the “2004B Bonds”) pursuant to the Authority’s General Revenue Bond Resolution dated as of March 1, 2004, as supplemented by a Second

NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

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

NCSSWFA Long-Term Debt (Continued)

Supplemental Resolution dated as of October 1, 2004. The 2004B Bonds include a \$1,787,498 original issue premium.

The 2004B Bonds were issued to refund a portion of the County Bonds associated with the System and to pay for the related costs of issuance and refinancing.

Each 2004B Bond maturing on and after October 1, 2015, is subject to redemption on or after October 1, 2014, at the option of the Authority, in whole on any date, or in part by lot on any interest payment date, at a redemption price of 100% of the principal amount of such 2004B Bond or portion thereof to be redeemed, plus accrued interest to the date of redemption. The 2004B Bonds bear interest rates ranging from 2.5% to 5.0%, per annum.

MBIA Insurance Corporation has provided a bond insurance policy for each of the Series 2004B bonds.

As of December 31, 2009 there was no commercial paper outstanding.

Aggregate debt service to maturity as of December 31, 2009 is as follows (dollars in thousands):

Years Ending	Principal	Interest	Total
2010	\$ 7,295	\$ 8,321	\$ 15,616
2011	7,360	7,992	15,352
2012	7,800	7,679	15,479
2013	7,955	7,310	15,265
2014	8,425	6,956	15,381
2015 - 2019	46,475	28,979	75,454
2020 - 2024	53,620	16,305	69,925
2025 - 2028	<u>30,320</u>	<u>4,181</u>	<u>34,501</u>
Total	<u>\$ 169,250</u>	<u>\$ 87,723</u>	<u>\$ 256,973</u>

NCTSC Long-Term Debt

In 1999, the NCTSC issued \$294,500,000 of the 1999 Bonds. On April 5, 2006, NCTSC issued \$431,034,246 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 \$42,645,000, the "Series 2006A-2 Senior Convertible Bonds" of \$37,905,610, the "Series 2006A-3 Senior Current Interest Bonds" of \$291,540,000, and the "Series 2006B-E Subordinate CABs" of \$58,943,636. Unless otherwise indicated, defined terms have the meanings ascribed to them in the Offering Circular for the Series 2006 Bonds dated March 31, 2006.

NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

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

NCTSC Long-Term Debt (Continued)

NCTSC used the proceeds from the Series 2006 Bonds, along with other funds, to (i) refund all of the 1999 Bonds then-currently outstanding in the aggregate principal amount of \$272,125,000; (ii) fund a Senior Liquidity Reserve for the Series 2006 Senior Bonds of \$24,009,156; (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, 2009, are subject to the lien of the Indenture.

The payment of the Series 2006 Bonds is dependent on the receipt of TSRs. The amount of TSRs actually collected is dependent on many factors including cigarette consumption and the continued operations of the Participating Manufacturers. Such bonds are secured by and payable solely from TSRs and other collateral pledged under the Indenture.

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

As described in the Offering Circular, the Series 2006 Bonds were issued with various schedules for, among other things, the payment of interest, principal, sinking fund installments and/or Turbo Redemptions. NCTSC's projected Sinking Fund Installments and interest payments are as follows (dollars in thousands):

<u>Year</u>		<u>Principal</u>		<u>Interest</u>		<u>Total Debt Service</u>
<u>Ending</u>						
2010	\$	1,270	\$	19,316	\$	20,586
2011		1,610		19,217		20,827
2012		1,965		19,095		21,060
2013		2,340		18,948		21,288
2014		2,695		18,776		21,471
2015-2019		20,490		90,566		111,056
2020-2024		35,265		87,081		122,346
2025-2029		47,174		70,376		117,550
Thereafter		307,722		1,052,866		1,360,588
		<u>\$ 420,531</u>		<u>\$ 1,396,242</u>		<u>\$ 1,816,772</u>

NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

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

Nassau Community College Long-Term Debt

Long-term liability activity for the year ended August 31, 2009 follows (dollars in thousands):

	<u>Balance</u> <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>2009</u>	<u>Current</u> <u>Portion</u>
General obligation bonds	\$ 10,425	\$ 7,009	\$ 3,300	\$ 14,134	\$ 1,443
Dormitory Authority-State of NY bonds	31,546	8,805	2,116	38,234	1,623
Endo note payable		935	3	932	20
Litigation liability	2,500		1,900	600	
Postemployment retirement benefits payable	277,848	3,347	6,635	274,560	
Insurance reserve liability	1,944	29		1,973	
Accrued compensated absences	<u>49,338</u>	<u>2,972</u>		<u>52,310</u>	<u>2,229</u>
Total long-term liabilities	<u>\$ 373,600</u>	<u>\$ 23,097</u>	<u>\$ 13,954</u>	<u>\$ 382,743</u>	<u>\$ 5,315</u>

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

---

## 9. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

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

***Dormitory Authority - State of New York*** - The College has entered into financing agreements with the Dormitory Authority - State of New York (the "Authority" or DASNY) for the purpose of financing the State's one-half share of various capital construction costs. The Bonds are special obligations of the Authority, 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 the Authority. The Authority 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 the Authority under the agreement in each bond year is equal to debt service on the bonds plus certain administrative and other expenses of the Authority. 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. The Authority will not have title to, a lien on, or a security interest in any of the projects being financed by the bonds or in other property of the County or College.

***County of Nassau*** - The County of Nassau has issued general obligation serial bonds for various College construction projects. The amount of serial bonds outstanding at August 31, 2009, is \$14,133,784, and principal is scheduled to mature from 2010 to 2040. 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.



NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

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

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

As of August 31, 2009, principal and interest payments relating to the DASNY and General Obligation bonds are as follows (dollars in thousands):

<b>Principal</b>					
<b>Year Ending August 31,</b>	<b>DASNY</b>	<b>General</b>	<b>Endo</b>		<b>Total</b>
		<b>Obligations</b>	<b>Note</b>		
Principal					
2010	\$ 1,623	\$ 1,443	\$ 19	\$	3,085
2011	1,702	1,542	22		3,266
2012	1,456	939	24		2,419
2013	1,506	887	26		2,419
2014	1,559	569	28		2,156
2015-2019	10,633	2,492	176		13,301
2020-2024	10,178	2,201	262		12,641
2025-2029	4,602	1,441	375		6,418
2030-2034	2,730	1,002			3,732
2035-2039	2,245	1,474			3,719
2040		144			144
Total	<u>\$ 38,234</u>	<u>\$ 14,134</u>	<u>\$ 932</u>		<u>\$ 53,300</u>

<b>Interest</b>					
<b>Year Ending August 31,</b>	<b>DASNY</b>	<b>General</b>	<b>Endo</b>		<b>Total</b>
		<b>Obligations</b>	<b>Note</b>		
Interest					
2010	\$ 1,632	\$ 580	\$ 74	\$	2,287
2011	1,809	571	72		2,453
2012	1,728	508	70		2,306
2013	1,680	464	68		2,213
2014	1,628	424	66		2,118
2015-2019	6,876	1,787	298		8,960
2020-2024	3,953	1,249	207		5,408
2025-2029	2,131	831	78		3,041
2030-2034	1,054	569			1,624
2035-2039	384	238			622
2040		4			4
Total	<u>\$ 22,876</u>	<u>\$ 7,226</u>	<u>\$ 934</u>		<u>\$ 31,036</u>

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

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

Nassau Community College Long-Term Debt (Continued)

Interest on the DASNY and General Obligation bonds range from 3.094% to 5.628% and from 2% to 9%, respectively. The current amortization expense for the deferred financing costs for these bonds is \$228,018.

During fiscal 2009, DASNY issued 2008C and 2009F Bonds of which \$565,208 and \$8,239,742, respectively, were allocated to the College.

On December 18, 2008, the County issued Bond Anticipation Notes in the amount of \$125,000,000 of which \$2,384,415 were issued on behalf of the College to temporarily fund capital project expenditures. The Notes were paid in full on October 15, 2009. In April 2009, the County issued \$99,000,000 General Obligation Bonds Series A, of which \$1,860,875 were earmarked for the various College construction projects. In July 2009, the County issued \$135,300,000 General Obligation Bonds Series C, of which \$3,897,001 was earmarked for the various College construction projects. In August 2009, the County issued \$50,875,000 General obligation Bonds, Refunding Series E, of which \$1,250,885 were issued to refund existing College related debt in the amount of \$1,260,966.

NHCC Long-Term Debt

Long-term debt at December 31, 2009 and 2008 consists of the following (dollars in thousands):

	December 31, 2009	December 31, 2008
2004 Series A Bonds payable at varying dates through August 1, 2022 bearing interest at taxable variable rates	\$	\$ 25,775
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%	14,670	16,735
2004 Series C Bonds payable at varying dates through August 1, 2029 bearing interest at tax-exempt variable rates		219,610
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 4.61% in 2009	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 3.46% in 2009	220,840	
	261,505	262,120
Deferred loss on refunding	(29,232)	(27,860)
Net unamortized bond premium	472	669
Current portion	(2,420)	(2,065)
Total long term debt	<u>\$ 230,325</u>	<u>\$ 232,864</u>

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

---

**9. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)****NHCC Long-Term Debt (Continued)**

In October 2004, the Series 2004 Bonds were issued to refund the Corporation'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 Corporation receiving approximately \$41,000 of cash, of which \$26,000 was available for working capital and \$15,000 for new capital project financing. The net present value savings from lower debt service payment requirements was approximately \$22,000. The refunded Series 1999 Revenue Bonds outstanding at December 31, 2008 was approximately \$242,157. The remaining amount outstanding was fully redeemed in 2009.

In 2008, the Corporation received a \$37,000 grant award from the Health Care Efficiency and Affordability Law for New Yorkers Capital Grant Program ("HEAL NY"), as established pursuant to Section 2818 of the Public Health Law. In June 2008, a portion of the HEAL NY grant award was used by the Corporation to redeem approximately \$33,700 of the 2004 Series A (taxable) auction rate securities, terminate a portion of the taxable swap outstanding, and pay transaction costs. The HEAL NY grant award was recognized as a grant for capital asset acquisitions and retirement of long-term debt.

In September 2008, a portion of the Series 2004 Series A and 2004 Series C bonds were not remarketed and the Corporation was required to draw on its Standby Purchase Agreement to purchase the bonds, at which time they became bank term bonds, which were outstanding at December 31, 2008. The potential for this conversion transaction was provided for in the original financing agreements.

In April 2009, Series 2009 A (taxable), B, C and D bonds were issued as variable rate demand bonds ("VRDBs") backed by new letters of credit ("LOCs") to redeem the 2004 Series A and 2004 Series C outstanding bank term bonds. The LOCs are scheduled to expire in April 2011 and April 2012. If the Corporation 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 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 Corporation incurred a loss of approximately \$38 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.

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

---

**9. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)****NHCC Long-Term Debt (Continued)**

Amortization of the deferred loss is \$2.3 million in each of the years ended December 31, 2009 and 2008.

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

In connection with the issuance of the Series 2004 Bonds, the Corporation 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 million that declines as debt is repaid. The fixed interest rate paid by the Corporation under the swap agreements is 3.46% and the variable rate received is based on LIBOR. The swap agreements remain in place for the Series 2009 bonds and expire on August 1, 2029.

The Corporation 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 million that declines as debt is repaid. The fixed interest rate paid by the Corporation under the swap agreement is 4.61% and the variable rate received is based on LIBOR. The swap agreement remains in place for the Series 2009 bonds and expires on August 1, 2012.

The swap agreements expose the Corporation to market risk, in the event of changes in interest rates, and credit risk, in the event of nonperformance by the counterparty. However, the Corporation believes that the risk of a material impact to its consolidated 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 \$17.6 million and \$39.5 million at December 31, 2009 and 2008, respectively.

NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

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

NHCC Long-Term Debt (Continued)

Principal payments on long-term debt are due annually on August 1. 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, 2009 are as follows (dollars in thousands):

	<u>Principal</u>	<u>Estimated Interest</u>
2010	\$ 2,420	\$ 10,183
2011	2,440	10,062
2012	4,815	9,940
2013	4,360	9,700
2014	4,520	9,484
2015 - 2019	70,650	41,013
2020 - 2024	82,980	26,050
2025 - 2029	<u>89,320</u>	<u>10,093</u>
	<u>\$ 261,505</u>	<u>\$ 126,525</u>

10. REFINANCING OF LONG-TERM OBLIGATIONS

Prior to December 31, 2009, 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, 2009 and 2008, approximately \$258.5 million and \$319.4 million of outstanding bonds (including NIFA), respectively, are considered defeased.

11. PENSION PLANS

Plan Descriptions - The County participates in the New York State and Local Employees’ Retirement System (“ERS”), the New York State and Local Police and Fire Retirement System (“PFRS”) and the Public Employees’ Group Life Insurance Plan (“Systems”). These are cost-sharing multiple-employer defined benefit retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (“NYSRSSL”). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information.

NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2009 AND 2008

---

11. PENSION PLANS (Continued)

Plan Descriptions (Continued)

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 Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary. The State passed legislation in 2000 that suspends the 3% contribution for employees who have 10 years or more of credited service. In addition, members who meet certain eligibility requirement 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. Under the authority of the NYSRSSL, the NYS Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by the employers to the pension accumulation fund. The County is required to contribute an actuarially determined amount.

In addition, legislation enacted in New York State during 2004 changed the date by which municipalities are required to make yearly New York State & Local Retirement System contributions, from December 15 to February 1 of the following year. Consistent with GASB's guidance, the County recognized this liability during 2004 for financial reporting purposes. As a result of the new State legislation, which was enacted to grant counties budgetary relief, the Nassau County Legislature established a reserve to fund anticipated higher pension costs in 2006, 2007 and 2008. During 2009, the County used approximately \$.5 million of the Retirement Contribution Reserve Fund to offset a portion the 2009 pension expense, bringing the reserve balance to zero.

The required contributions for the current year and two preceding years were (dollars in thousands):

	<u>ERS</u>	<u>PFRS</u>
2009	\$42,637	\$52,555
2008	\$46,306	\$55,882
2007	\$50,642	\$56,575

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

12. RECONCILIATION OF GAAP FUND BALANCES TO BUDGETARY BASIS

The following reconciles fund balances at December 31, 2009 as prepared on a GAAP basis to the budgetary basis of reporting (dollars in thousands):

	General	Police District Fund	Police Headquarters Fund	Fire Prevention, Safety, and Education	Sewer & Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds
Fund Balances at December 31, 2009 Prepared in Accordance with GAAP	\$ 120,577	\$ 14,841	\$ 3,475	\$ 99	\$ 114,370	\$ 120,966	\$ 126,290
Add:							
Funding for Tax Certiorari and Other Judgements	76,009						
Funding for Termination Pay	29,174	16,291	29,410	654	1,816		
Medicare and Pension Benefits - Accrual Basis Only	(1,174)	(1,194)	(1,836)	(56)	(155)		
Less:							
Encumbrances	(68,459)	(310)	(1,639)	(43)	(6,531)		
Payments for Tax Certiorari and Other Judgments	(76,009)						
Payments for Termination Pay	(29,174)	(16,291)	(29,410)	(654)	(1,816)		
Unbudgeted Grant Fund							(23,582)
Unbudgeted NCTSC General Fund							(68)
Unbudgeted Open Space Fund							(1,445)
Unbudgeted Sewage Disposal Construction Fund							(13,546)
Unbudgeted Sewer and Storm Water District Fund							(8,613)
Unbudgeted Sewage Collection Construction Fund							(8)
Unbudgeted Capital Project Fund						(120,966)	
Unbudgeted NCTSC Debt Service Fund							(24,243)
Unbudgeted SFA General Fund							(25,938)
Unbudgeted SFA Debt Service Fund							35
Unbudgeted NIFA Debt Service Fund							(17,820)
Fund Balances at December 31, 2009 Prepared on the Budgetary Basis of Reporting	\$ 50,944	\$ 13,337	\$	\$	\$ 107,684	\$	\$ 11,062

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

12. RECONCILIATION OF GAAP FUND BALANCES TO BUDGETARY BASIS (Continued)

The following reconciles fund balances at December 31, 2008 as prepared on a GAAP basis to the budgetary basis of reporting (dollars in thousands):

	General	Police District Fund	Police Headquarters Fund	Fire Prevention, Safety, and Communication and Education	Sewer & Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds
Fund Balances at December 31, 2008 Prepared in Accordance with GAAP	\$ 130,541	\$ (5,906)	\$ 3,106	\$ 11	\$ 134,670	\$ 44,757	\$ 127,070
Add:							
Funding for Tax Certiorari and Other Judgements	75,763						
Medicare and Pension Benefits - Accrual Basis Only	11,195	11,451	(1,584)	(11)	(123)		
Less:							
Encumbrances	(72,597)	(542)	(1,522)		(5,147)		
Payments for Tax Certiorari and Other Judgments	(75,763)						
Unbudgeted Grant Fund							(29,177)
Unbudgeted NCTSC General Fund							561
Open Space Fund							(1,438)
Unbudgeted Sewage Disposal Construction Fund							(5,621)
Unbudgeted Sewer and Storm Water District Fund							(6,216)
Unbudgeted Sewage Collection Construction Fund							(148)
Unbudgeted Capital Project Fund						(44,757)	
Unbudgeted NCTSC Debt Service Fund							(25,230)
Unbudgeted SFA General Fund							(29,169)
Unbudgeted NIFA Debt Service Fund							(20,256)
Fund Balances at December 31, 2008 Prepared on the Budgetary Basis of Reporting	\$ 69,139	\$ 5,003	\$	\$	\$ 129,400	\$	\$ 10,376



NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

13. DESIGNATION OF UNRESERVED FUND BALANCES

Portions of the unreserved fund balances at December 31, 2009 and 2008 were designated as sources of revenue in the ensuing year's operating budgets as follows (dollars in thousands):

<u>Nonmajor Governmental Funds</u>	<u>Total Fund Balance (Deficit) Unreserved</u>	<u>Fund Balance Unreserved and Designated for Ensuing Year's Budget</u>	<u>Fund Balance (Deficit) Unreserved and Undesignated</u>
December 31, 2009	\$ (42,022)	\$ _____	\$ (42,022)
December 31, 2008	\$ (33,864)	\$ _____	\$ (33,864)
 <u>Major Governmental Funds</u>			
December 31, 2009	\$ 102,027	\$ 52,785	\$ 49,242
December 31, 2008	\$ 27,288	\$ 69,496	\$ (42,208)

14. 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.

**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 retired 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

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

---

## 14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy (Continued)

premiums apply. NYSHIP plan insurance premiums are billed in advance and therefore the County has recorded a prepaid asset for these amounts at December 31, 2009 and 2008. The total cost for providing health care benefits was \$226.0 and \$225.4 million in 2009 and 2008, respectively, of which approximately \$107.0 and \$105.3 million was for retirees and approximately \$119.0 and \$120.1 million was for active employees and other eligible individuals, in 2009 and 2008 respectively. In 2009 and 2008, the subsidy provided by the Medicare Reform Act of 2003 to employers who continued prescription drug coverage for its Medicare eligible retirees of \$7.3 and \$6.5 million respectively 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 (contribution rate are the same for Medicare eligible and Medicare ineligible participants)
- 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 \$3.6 billion as of December 31, 2009 which included both the County and an allocation of the Nassau Health Care Corporation's cost as of December 31, 2009. 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, 2009, the County paid \$107.0 million on behalf of the Plan.

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 with of the 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.

Under this method, actuarial gains/losses, as they occur, reduce/increase future Normal Costs.

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

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, 2009. (dollars in thousands):

Calculation of ARC and Annual OPEB Cost

	Nassau County	*Nassau Community College	** Nassau Health Care Corporation	Nassau Regional Off-Track Betting	Nassau County Interim Finance	Total
Amortization of UAAL	\$ 3,614,786	\$ 269,211	\$ 17,445	\$ 45,755	\$ 854	\$ 3,948,051
Normal Cost at the Beginning of year	101,904	11,495	25,675	1,793	76	140,943
Interest on Normal Cost	4,331	489	1,091	76	3	5,990
Annual Required Contribution	<u>3,721,021</u>	<u>281,195</u>	<u>44,211</u>	<u>47,624</u>	<u>933</u>	<u>4,094,984</u>
Interest on net OPEB Obligations	146,865	11,809	3,367	1,945	38	164,024
Adjustment to ARC	<u>(3,602,502)</u>	<u>(289,657)</u>	<u>(4,721)</u>	<u>(47,698)</u>	<u>(930)</u>	<u>(3,945,508)</u>
Total Annual OPEB cost	265,384	3,347	42,857	1,871	41	313,500
Actual Contributions	<u>106,956</u>	<u>6,635</u>	<u>3,487</u>	<u>805</u>	<u>15</u>	<u>117,898</u>
Increase in net OPEB obligation	158,428	(3,288)	39,370	1,066	26	195,602
Net OPEB Obligation at December 31, 2008	3,455,637	277,848	79,221	45,753	892	3,859,351
Net OPEB Obligation at December 31, 2009	<u>\$ 3,614,065</u>	<u>\$ 274,560</u>	<u>\$ 118,591</u>	<u>\$ 46,819</u>	<u>\$ 918</u>	<u>\$ 4,054,953</u>

\* Nassau Community College data as of fiscal year ended August 31, 2009

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

As of December 31, 2009, the OPEB liability was approximately \$3.6 billion and the 2009 payroll cost was \$831.2 million or 434.8% 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, 2009, 2008 and 2007, were as follows (dollars in thousands):

Fiscal Year Ended	Annual OPEB Cost	Actual Annual OPEB Cost Paid	Percentage of Annual	
			OPEB Cost Contributed	Net OPEB Obligation
12/31/2009	\$ 265,384	\$ 106,956	40.3%	\$ 3,614,065
12/31/2008	207,002	105,347	50.9%	3,455,637
12/31/2007	3,452,801	98,819	2.9%	3,352,982

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

**Actuarial Methods and Assumptions** - The OPEB-specific actuarial assumptions used (which is required at least biennially) in the January 1, 2009, OPEB actuarial valuations are as follows:

Valuation date:	January 1, 2009
Actuarial cost method:	Projected Unit Credit Method
Discount rate:	4.25% per annum
Per-capita retiree contributions:	Retiree contributions are assumed to increase at the same rates as incurred claims.

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 fiscal year 2009 are shown in the following table:

Pre-65 Non-Medicare:		
Single	\$	598.58
Family		1,282.17
Post- 65 Medicare:		
Single		359.22
Family		803.45
Medicare (Part B) - per person		96.40

Medicare Part B premiums for 2009 are \$96.40 per person monthly and are assumed to increase by the following trend rates:

Year	Trend Rates
2009	6.33 %
2010	6.00
2011	5.75
2012	5.50
2013	5.25
2014 +	5.00

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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.

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

*HCCTR Assumptions*

Years Ending	Annual Rates of Increase
2009	8.00 %
2010	7.25
2011	6.50
2012	6.00
2013	5.50
2014 and later	5.00

**Mortality** - Mortality rates are those recommended by the actuary:

*Preretirement*

Age	TRS		ERS	PFRS
	Male	Female		
20	0.0075 %	0.0043 %	0.0510 %	0.0600 %
30	0.0428	0.0262	0.0550	0.0600
40	0.0518	0.0349	0.0980	0.0640
50	0.1326	0.0818	0.2070	0.1430
60	0.1771	0.1331	0.4210	0.7430

*Postretirement*

Age	ERS		PFRS Unisex	TRS	
	Male	Female		Male	Female
50	0.2441 %	0.2177 %	0.2594 %	0.2579 %	0.2294 %
60	0.7365	0.5332	0.6976	0.6624	0.5525
70	1.8246	1.2686	1.8828	1.8241	1.2021
80	4.6846	3.4091	5.4210	5.3926	3.5874
90	14.5417	11.0872	14.7447	15.7604	12.2460

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The cost of providing health care to retirees not including the accrual for prior service costs, totaled \$107.0 million during fiscal year 2009 and \$105.3 million during fiscal year 2008.

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.

Required Supplemental Information:

The schedule of funding progress presents the results of OPEB valuations as of January 1, 2009, 2008 and 2007 for the fiscal year ending December 31, 2009. 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
1/1/2009	\$ 0	\$ 3,467,421	\$ 3,467,421	0.0%	\$ 831,168	417.2%
1/1/2008	0	3,316,121	3,316,121	0.0%	882,420	375.8%
1/1/2007	0	3,222,200	3,222,200	0.0%	890,843	361.7%

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

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

---

**15. 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 helicopter accidents and employee bonding. 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 \$225 million for claims and litigation (excluding tax certiorari claims) have been recorded as a long-term liability in the government-wide financial statement of net assets as of December 31, 2009 and 2008. The County Attorney is of the opinion that the ultimate resolution of such claims and litigation outstanding at December 31, 2009 will not result in a material adverse effect on the County's financial position. Approximately \$275.2 and \$248.9 million has been accrued as a liability at December 31, 2009 and 2008, respectively, related to workers' compensation claims where the County Attorney can reasonably estimate the ultimate outcome. In 2008 the methodology used to estimate the long-term liability for worker's compensation claims was changed from valuations discounted by 6% (compounded) to full values. The liability for certain other asserted and unasserted malpractice claims cannot be estimated as of December 31, 2009. All malpractice occurrences prior to September 29, 1999 are the responsibility of the County. Subsequent malpractice occurrences arising from events in connection with NHCC are the responsibility of NHCC.

**B. Tax Certioraris**

In fiscal 2009 and 2008, respectively, there were approximately 128,770 and 132,992 taxpayers' claims filed against the Board of Assessors, for the incorrect determination of assessed valuation (certiorari proceedings) for the 2010 (May 1, 2009) and 2009 (May 1, 2008) assessment roll, respectively. The total amount of tax certiorari bonds issued and outstanding by both the County and NIFA was approximately \$1.2 billion at December 31, 2009 and \$1.2 billion at December 31, 2008. This amount has been included with serial bonds reported in the government-wide financial statement of net assets. An amount estimated for future settlements and judgments of \$164.3 million and \$139.0 million has also been recorded as a long-term liability in the government-wide financial statements of net assets at December 31, 2009 and 2008, respectively. In prior years, tax certiorari settlements were financed by the issuance of long-term debt or through BANs which are thereafter refinanced by bond issuances. Pursuant to NIFA enabling legislation, beginning in 2006, the County began to pay a portion of property tax refunds from operating funds. For the year ended December 31, 2009, tax certiorari expenditures were \$114.5 million, \$50 million financed by operating funds in addition to \$64.5 million of borrowed funds. For the year ended December 31, 2008, tax certiorari payments were \$98.8 million.

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

---

**15. 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. As of December 31, 2009, the audits of certain programs have not been completed. Provisions for certain expected disallowances, where considered necessary, have been made as of December 31, 2009. 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 and a blanket fidelity bond covering all County employees. Essentially all other risks are assumed directly by the County. The County suffered no material property losses during 2009 and 2008.

**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 \$544.1 and \$570.9 million at December 31, 2009 and 2008, respectively. At August 31, 2009 and 2008, the Nassau Community College's vacation leave and sick leave liability was \$52.3 and \$49.3 million, respectively.

**G. Deferred Payroll**

The County has entered into agreements with the Civil Service Employees' Association ("CSEA"), the Police Benevolent Association, ("PBA"), Superior Officers Association, ("SOA"), and the Detective Association, Inc. ("DAI"), 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 has 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 and are scheduled to be paid to the employee during the period 2009 through 2015 depending on the bargaining unit, or at termination at the rate earned. The amount deferred at December 31, 2009 and 2008 was approximately \$ 56.7 million and \$33.1 million, respectively. This deferral is reported as a long-term liability in the government-wide financial statement of net assets, as certain contractual arrangements to provide for the payment of these commitments at specific dates in future fiscal periods. The College, a component unit of the County, entered into a similar agreement in 1992 payable to eligible employees on September 1, 2002. The amount



**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

---

**15. CONTINGENCIES AND COMMITMENTS (Continued)****G. Deferred Payroll (Continued)**

deferred at the College close of August 31, 2009 and 2008 was approximately \$ 1.0 million and \$1.1 million, respectively, and is also reported in the government-wide financial statement of net assets. 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, 2009 and 2008 was approximately \$ 22.2 million and \$19.4 million, respectively, and is also reported in the government-wide financial statement of net assets.

**H. Capital Commitments**

At December 31, 2009 and 2008, there were capital project contract commitments of \$260.3 and \$233.1 million, respectively.

**I. MTA Commitment**

Under the Mass Transportation Funding Agreement (the "Agreement") between the County and Metropolitan Transportation Authority (the "MTA") dated as of December 30, 1996, The County agreed to pay \$102 million over time to the MTA for MTA capital improvements in return for a cash payment or payments totaling \$51 million. As of December 31, 2009, the MTA has paid the County \$51 million under the agreement and the County has paid to the MTA approximately \$83 million for such capital improvements. There has been a long-term disagreement between the County and the MTA which is the subject of litigation as to the validity of any claim by the MTA to any further payments under the Agreement. Authorization for the County to fund any potential further payments under the Agreement nevertheless remains available under approved County bond ordinances.

**16. NASSAU HEALTH CARE CORPORATION ("NHCC")**

Effective September 29, 1999, the Nassau Health Care Corporation (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  
YEARS ENDED DECEMBER 31, 2009 AND 2008

16. NASSAU HEALTH CARE CORPORATION (“NHCC”) (Continued)

At December 31, 2009 and 2008, the NHCC had total net assets deficiency of \$125.0 million and \$133.3 million, respectively. The deficiency arose from operating losses and the adoption of Governmental Accounting Standards Board Statement No. 45. NHCC plans to reduce its net asset deficiency by achieving profitability, continuing to progress with collecting on patient accounts, especially those accounts eligible for Medicaid that are being processed by the Department of Social Services, and cash flow provided by government subsidies and funding of capital projects. NHCC has undertaken a number of initiatives to reduce its operating losses and sustain positive cash flows. Such actions include continued revenue cycle enhancements, changes to medical management practices, improved supply chain and inventory management and further cost reductions and a major modernization program. The modernization program includes significant investments in real estate consolidation, facility improvements, clinical equipment and information technology, the replacement (rebuilding) of the nursing home 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 agreement also provides NHCC with capital funding.

17. FUND BALANCE SURPLUS/DEFICIT

The following non-major governmental funds reported surplus/deficits as of December 31 (dollars in thousands):

	<u>2009</u>	<u>2008</u>
Tobacco Settlement Corporation:		
General Fund	\$ 68	\$ (561)
Debt Service Fund	<u>24,243</u>	<u>25,230</u>
Total	<u>\$ 24,311</u>	<u>\$ 24,669</u>
Sewer Financing Authority:		
General Fund	\$ 25,903	\$ 29,169
Debt Service Fund	<u>          </u>	<u>          </u>
Total	<u>\$ 25,903</u>	<u>\$ 29,169</u>

18. SUBSEQUENT EVENT

In June 2010 the County issued two series of Revenue Anticipation Notes totaling \$210 million. Series A for \$130 million bears interest varying from 1.25% to 2% and is due March 15, 2011, and Series B for \$80 million which bears interest of 1.25% and is due April 15, 2011.

\* \* \* \* \*

**APPENDIX C**

**FORM OF BOND COUNSEL OPINION**

[THIS PAGE INTENTIONALLY LEFT BLANK]

**FORM OF BOND COUNSEL OPINION**

[Letterhead of Orrick, Herrington & Sutcliffe LLP]

June \_\_, 2011

County of Nassau,  
State of New York

Re: County of Nassau, New York

\$230,000,000 REVENUE ANTICIPATION NOTES, 2011 SERIES A & 2011 SERIES B

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the County of Nassau, New York (the "County"), of \$230,000,000 aggregate principal amount of Revenue Anticipation Notes, consisting of \$155,000,000 principal amount of Revenue Anticipation Notes 2011 Series A, dated the date of delivery and maturing on March 30, 2012 (the "Series A Notes") and \$75,000,000 principal amount of Revenue Anticipation Notes, 2011 Series B, dated the date of delivery and maturing on April 30, 2012 (the "Series B Notes" and the Series A Notes, collectively the "Notes"). The Notes are issued pursuant to the Constitution and statutes of the State of New York and proceedings of the finance board of the County.

In such connection, we have reviewed the Constitution and statutes of the State of New York, the Tax Certificate of the County dated the date hereof (the "Tax Certificate"), the Note Determination Certificate of the County dated the date hereof (the "County Certificate"), a certified copy of proceedings of the finance board of the County and such other documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Notes has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the County.

We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the County Certificate and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Notes, the County Certificate, and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws

relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against counties in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue waiver or severability provisions contained in the documents described in the second paragraph hereof. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Notes and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes constitute valid and binding obligations of the County.
2. The County Certificate has been duly executed and remains in full force and effect.
3. The County Legislature has power and is obligated to levy ad valorem taxes without limitation as to rate or amount upon all property within the County's boundaries subject to taxation by the County for the payment of the Notes and the interest thereon.
4. Interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. We express no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

**APPENDIX D**  
**OUTSTANDING OBLIGATIONS**

[THIS PAGE INTENTIONALLY LEFT BLANK]



**APPENDIX D  
OUTSTANDING OBLIGATIONS**

County of Nassau, New York

**General Obligation Bonds of the County and Nassau County Interim Finance Authority Bonds  
As of March 31, 2011**

**County General Improvement Bonds**

<b>Dated Date</b>		<b>Original Issue Size</b>	<b>Original Interest Rates</b>	<b>Maturity</b>	<b>Principal Outstanding As of 3/31/11</b>
12/16/2010	General Improvement Series 2010F	\$71,745,000	6.65-7.25%	2026-2035	\$71,745,000
12/16/2010	General Improvement Series 2010E	53,255,000	3.00-5.00%	2012-2025	53,255,000
8/24/2010	General Improvement Series 2010D	15,105,000	5.20-5.375%	2026-2027	15,105,000
8/24/2010	General Improvement Series 2010C	126,620,000	4.00-5.00%	2012-2026	126,620,000
6/24/2010	General Improvement Series 2010B	82,060,000	5.05 - 6.70%	2019-2037	82,060,000
6/24/2010	General Improvement Series 2010A	13,280,000	3.00 - 5.00%	2012-2018	13,280,000
12/15/2009	General Improvement Series 2009I general	35,000,000	5.75 - 6.20%	2025-2031	35,000,000
12/15/2009	General Improvement Series 2009H general	55,215,000	2.00 - 4.00%	2010-2025	51,895,000
9/9/2009	General Improvement Series 2009G general	26,400,000	5.25 - 5.375%	2023-2025	26,400,000
9/9/2009	General Improvement Series 2009F general	83,600,000	4.00 - 5.00%	2011-2023	83,600,000
8/19/2009	General Improvement Series 2009E general	50,875,000	3.00 - 5.00%	2010-2018	46,245,000
7/21/2009	General Improvement Series 2009C general	135,300,000	5.00 - 5.25%	2010-2039	134,780,000
5/5/2009	General Improvement Series 2009A general	99,000,000	2.50%-5.00%	2011-2029	99,000,000
7/8/2008	General Improvement Series 2008D general	22,285,000	4.00% - 5.00%	2009 -2019	13,865,000
7/8/2008	General Improvement Series 2008C general	149,525,000	0.00% - 5.00%	2010 -2028	141,725,000
1/22/2008	General Improvement Series 2008A	105,000,000	3.25% -5.00%	2009 -2028	94,255,000
12/1/2010	General Improvement Series 2007B Remarketing	36,060,000	2.50%-5.00%	2011-2024	36,060,000
12/1/2010	General Improvement Series 2007A Remarketing	31,270,000	2.50%-5.00%	2011-2023	31,270,000
8/1/1997	General Improvement Refunding Series 1997A	110,230,000	3.85% -6.00%	1998 -2013	14,375,000
2/24/1994	General Improvement Refunding Series 1994A	168,850,000	2.20% - 6.50%	1994 -2015	95,000
6/10/1993	General Improvement Refunding Series 1993H	73,740,000	2.40% - 5.50%	1993 - 2017	1,360,000
11/1/1985	General Improvement Series 1985X	35,680,000	7.80% -8.00%	1986 -2015	905,000
7/1/1985	General Improvement Series 1985W	20,560,000	7.30% -7.40%	1986 -2015	315,000
11/1/1984	General Improvement Series 1984V	31,880,000	8.50% -8.80%	1985 -2014	460,000
7/1/1984	General Improvement Series 1984U	21,980,000	9.00% -9.30%	1985 -2014	140,000
12/1/1983	General Improvement Series 1983T	38,230,000	8.50% -8.80%	1984 -2013	930,000
3/1/1983	General Improvement Series 1983R	44,080,000	8.00% -8.10%	1984 -2012	220,000
12/1/1982	General Improvement Series 1982Q	18,860,000	9.38% -9.38%	1983 -2011	40,000
7/1/1982	General Improvement Series 1982P	28,060,000	11.25% - 11.50%	1983 -2011	125,000
5/1/1981	General Improvement Series 1981N	33,530,000	9.10% -10.00%	1982 -2011	50,000
<b>Total</b>					<b>\$1,175,175,000</b>

**County Combined Sewer District Bonds**

<b>Dated Date</b>		<b>Original Issue Size</b>	<b>Original Interest Rates</b>	<b>Maturity</b>	<b>Principal Outstanding As of 3/31/11</b>
7/21/2009	Sewers Series 2009D	\$14,700,000	5.00% - 5.50%	2010 - 2039	\$14,655,000
5/5/2009	Sewers Series 2009B	15,000,000	4.00% - 6.00%	2011 - 2034	15,000,000
1/22/2008	Sewers Series 2008B	20,000,000	3.00% -5.00%	2009-2033	18,590,000
11/1/1997	Sewers Refunding Series 1997A	20,545,000	4.50% -6.00%	2000 -2013	3,220,000
2/24/1994	Sewers Refunding Series 1994B	83,835,000	2.20% -6.00%	1994 -2016	8,655,000
6/10/1993	Sewers Refunding Series 1993G	80,845,000	2.80% -5.45%	1994 -2015	7,970,000
6/10/1993	Sewers Refunding Series 1993E	35,045,000	2.80% -5.50%	1994 -2016	<u>5,835,000</u>
<b>Total</b>					<b>\$73,925,000</b>

**County Bonds Issued to New York State Environmental Facilities Corporation ("EFC")**

<b>Dated Date</b>		<b>Original Issue Size</b>	<b>Original Interest Rates</b>	<b>Maturity</b>	<b>Principal Outstanding As of 3/31/11</b>
3/3/2005	EFC Series 2005A	\$1,774,980	2.09% -4.57%	2006 -2034	\$1,510,000
3/4/2004	EFC Series 2004B	4,065,914	1.06% -4.60%	2004 -2028	3,095,000
7/24/2003	EFC Series 2003F	8,506,016	0.79% -4.61%	2004 -2029	6,580,000
3/20/2003	EFC Series 2003B	42,530,000	2.54% -6.26%	2003 -2029	30,860,000
8/7/2002	EFC Series 2002I	36,018,000	1.81% -5.38%	2003 -2022	23,710,000
7/25/2002	EFC Series 2002G	7,380,000	2.03% -5.80%	2003 -2028	5,630,000
6/20/2002	EFC Series 2002F	59,220,000	2.52% -6.18%	2003 -2024	40,660,000
12/16/1998	EFC Series 1998G	20,780,000	2.95% -4.90%	1999 -2017	4,355,000
10/15/1992	EFC Series 1992B	28,870,000	3.00% -6.65%	1993 -2012	1,715,000
10/15/1992	EFC Series 1992A	32,869,000	3.25% -6.60%	1993 -2012	658,500
5/15/1991	EFC Series 1991B	35,010,000	4.75% -7.10%	1992 -2011	<u>49,000</u>
<b>Total</b>					<b>\$118,822,500</b>

**Nassau County Interim Finance Authority Bonds**

<b>Dated Date</b>		<b>Original Issue Size</b>	<b>Original Interest Rates</b>	<b>Maturity</b>	<b>Principal Outstanding As of 3/31/11</b>
4/21/2009	NIFA Series 2009A	\$303,100,000	1.00%-5.00%	2009 -2025	\$283,900,000
5/16/08	NIFA Series 2008E	55,055,000	VRDB	2013 -2014	50,000,000
5/16/08	NIFA Series 2008D	150,000,000	VRDB	2014 -2017	150,000,000
5/16/08	NIFA Series 2008C	150,000,000	VRDB	2017 -2019	150,000,000
5/16/08	NIFA Series 2008B	125,000,000	VRDB	2019 -2021	125,000,000
5/16/08	NIFA Series 2008A	125,000,000	VRDB	2021 -2025	125,000,000
12/15/2005	NIFA Series 2005D	143,795,000	3.25%-5.00%	2007-2025	107,075,000
7/14/2005	NIFA Series 2005A	124,200,000	3.25%-5.00%	2011-2024	124,200,000
12/9/2004	NIFA Series 2004 H	187,275,000	2.15%-5.25%	2006-2017	150,015,000
4/8/2004	NIFA Series 2004A	153,360,000	2.00%-5.00%	2005-2013	53,050,000
5/21/2003	NIFA Series 2003 A&B	514,475,000	2.00%-6.00%	2004-2023	313,610,000
6/27/2001	NIFA Series 2001A	181,480,000	4.00%-5.38%	2002-2021	<u>16,335,000</u>
Total					\$1,648,185,000

Total County and NIFA Obligations

\$3,016,107,500

[THIS PAGE INTENTIONALLY LEFT BLANK]

**APPENDIX E**

**UNDERLYING INDEBTEDNESS OF POLITICAL SUBDIVISIONS WITHIN THE COUNTY**

[THIS PAGE INTENTIONALLY LEFT BLANK]

## **UNDERLYING INDEBTEDNESS OF POLITICAL SUBDIVISIONS WITHIN THE COUNTY**

The estimated gross outstanding bonded indebtedness of other governmental entities and political subdivisions within the County, based on unverified information furnished by such entities, is described below. These figures also include the gross outstanding bonded indebtedness of the County. These figures do not include the indebtedness of the school districts and certain other taxing districts within the County. The figures are shown as of December 31 for each of the years as shown. The underlying indebtedness is an aggregate figure so that the gross bonded debt per capita and net bonded debt per capita figures show only total bonded debt in the County divided by the estimated population in the County. Actual per capita bonded debt varies as a function of geographic and jurisdictional location within the County.

Figure 1  
GENERAL COUNTY GOVERNMENT, TOWNS AND CITIES  
COMPUTATION OF DIRECT AND OVERLAPPING NET DEBT  
FOR THE FISCAL PERIODS ENDED AS SHOWN  
(DOLLARS in Thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
DIRECT DEBT, COUNTY OF NASSAU:						
General Government:						
Bonds	\$3,145,010 *	\$3,089,821 *	\$3,192,191 *	\$3,198,498 *	\$3,130,057 *	\$2,934,168 *
Other Debt Obligations	<u>110,383</u>	<u>78,122</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u> *
Total	3,255,393	3,167,943	3,192,191	3,198,498	3,130,057	2,934,168
Sewer & Storm Water District Fund						
Bonds	\$393,670	\$302,996	\$336,440	\$371,042	\$400,458	\$416,447 **
Other Debt Obligations	<u>14,617</u>	<u>9,223</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	408,287	312,219	336,440	371,042	400,458	416,447
Total Direct Debt,						
County of Nassau:						
Bonds	\$3,538,680	\$3,392,817	\$3,528,631	\$3,569,540	\$3,530,515	\$3,350,615
Other Debt Obligations	<u>125,000</u>	<u>87,345</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	3,663,680	3,480,162	3,528,631	3,569,540	3,530,515	3,350,615

\*Beginning with fiscal year 1999, County of Nassau direct debt also includes blended component units, NHCC (proprietary component unit) and DASNY debt.

\*\* Prior to 2004 Sewer funds listed separately, combined for comparison purposes

SOURCE: County of Nassau, Comprehensive Annual Financial Report of the Comptroller for Fiscal Years ended December 31, 2009 and 2008 (including data received from respective towns and cities as to which the County makes no representations). Such data for 2009 and later is not yet available.



FIGURE 2  
GENERAL COUNTY GOVERNMENT, TOWNS AND CITIES  
COMPUTATION OF DIRECT AND OVERLAPPING NET DEBT  
FOR THE FISCAL PERIODS AS SHOWN  
(Dollars in Thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>OVERLAPPING DEBT, TOWNS AND CITIES</b>						
Town of Hempstead						
Bonds	\$1,228,273	\$1,153,943	\$1,119,647	\$1,050,612	\$988,954	\$871,471
Other Debt Obligations	39,712	78,502	71,950	29,336	77,920	152,269
Less Sinking Funds	<u>(2,345)</u>	<u>-</u>	<u>(4,191)</u>	<u>(1,435)</u>	<u>(1,605)</u>	<u>(1,611)</u>
Total	1,265,640	1,232,445	1,187,406	1,078,513	1,065,269	1,022,129
Town of North Hempstead:						
Bonds	\$626,050	\$676,906	\$601,741	\$660,883	\$599,574	\$619,421
Other Debt Obligations	33,221	22,966	20,387	35,550	63,990	98,143
Less Sinking Funds	<u>-</u>	<u>(565)</u>	<u>(540)</u>	<u>(105)</u>	<u>(114)</u>	<u>(53)</u>
Total	\$659,271	\$699,307	\$621,588	\$696,328	\$663,450	\$717,511
Town of Oyster Bay:						
Bonds	\$678,859	\$698,343	\$653,792	\$597,447	\$626,207	\$566,167
Other Debt Obligations	173,625	128,201	96,922	141,085	76,152	74,153
Less Sinking Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(871)</u>
Total	\$852,484	\$826,544	\$750,714	\$738,532	\$702,359	\$639,449
City of Glen Cove:						
Bonds	\$54,665	\$56,016	\$34,166	\$35,884	\$34,605	\$28,530
Other Debt Obligations	<u>12,100</u>	<u>12,109</u>	<u>18,142</u>	<u>17,123</u>	<u>16,054</u>	<u>19,115</u>
Total	\$66,765	\$68,125	\$52,308	\$53,007	\$50,659	\$47,645
City of Long Beach:						
Bonds	\$39,450	\$39,851	\$52,390	\$39,657	\$64,673	\$34,204
Other Debt Obligations	10,000	-	-	-	-	10,000
Less Sinking Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(418)</u>
Total	\$49,450	\$39,851	\$52,390	\$39,657	\$64,673	\$43,786
Total Overlapping Debt, Towns and Cities:						
Bonds	\$2,627,297	\$2,625,059	\$2,461,736	\$2,384,483	\$2,314,013	\$2,119,793
Other Debt Obligations	268,658	241,778	207,401	223,094	234,116	353,680
Less Sinking Funds	<u>(2,345)</u>	<u>(565)</u>	<u>(4,731)</u>	<u>(1,540)</u>	<u>(1,719)</u>	<u>(2,953)</u>
Total	\$2,893,610	\$2,866,272	\$2,664,406	\$2,606,037	\$2,546,410	\$2,470,520
<b>TOTAL DIRECT &amp; OVERLAPPING NET DEBT:</b>						
Bonds	\$6,165,977	\$6,017,876	\$5,990,367	\$5,954,023	\$5,844,528	\$5,470,408
Other Debt Obligations	393,658	329,123	207,401	223,094	234,116	353,680
Less Sinking Funds	<u>(2,345)</u>	<u>(565)</u>	<u>(4,731)</u>	<u>(1,540)</u>	<u>(1,719)</u>	<u>(2,953)</u>
Total	\$6,557,290	\$6,346,434	\$6,193,037	\$6,175,577	\$6,076,925	\$5,821,135

SOURCE: County of Nassau, Comprehensive Annual Financial Report of the Comptroller for Fiscal Years ended December 31, 2009 and 2008 (including data received from respective towns and cities as to which the County makes no representations). Such data for 2009 and later is not yet available.

[THIS PAGE INTENTIONALLY LEFT BLANK]

**APPENDIX F**

**COUNTY WORKFORCE**

[THIS PAGE INTENTIONALLY LEFT BLANK]

## COUNTY WORKFORCE

On September 15, 2010, the County Executive submitted to the County Legislature the proposed 2011-2014 Multi-Year Financial Plan, the first year of which was the proposed 2011 Budget, which incorporated \$60 million in labor savings to be achieved in 2011. On October 30, 2010, the County Legislature approved the 2011-2014 Multi-Year Financial Plan, including the 2011 Budget, containing the \$60 million in labor savings proposed by the County Executive.

On January 26, 2011, the Nassau County Interim Finance Authority (“NIFA”) declared a control period (within the meaning of NIFA’s governing legislation) upon its determination that there exists a substantial likelihood and imminence of the County incurring a major operating funds deficit of one percent or more in the aggregate results of operations during its fiscal year 2011 assuming all revenues and expenditures are reported in accordance with generally accepted accounting principles (“GAAP”). On March 15, 2011, the County Executive delivered a letter to NIFA requesting that NIFA exercise its statutory authority to impose a wage freeze. On March 22, 2011, as required by NIFA, the County submitted to NIFA a revised financial plan for fiscal year 2011 to address the \$176 million GAAP-based major operating funds deficit identified by NIFA. The plan, in addition to incorporating a requested wage freeze by NIFA worth \$10.5 million, provides for \$50 million in labor savings by not filling approximately 300 positions that are funded in the Budget, furloughs, layoffs and a separation incentive for County employees.

On March 24, 2011, by respective resolutions NIFA (i) found that a wage freeze as authorized by the NIFA governing legislation is essential to the County’s adoption and maintenance of a fiscal year 2011 budget that is in compliance with such legislation and (ii) declared a fiscal crisis; ordered that 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, other analogous contracts or interest arbitration awards, then in existence or thereafter entered into, requiring such salary increases as of any date thereafter were suspended; and ordered that all increased payments for holiday and vacation differentials, shift differentials, salary adjustments according to plan, and step-ups and increments for 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 arbitration awards requiring such increased payments as of any date thereafter were, in the same manner, suspended. Such actions by NIFA will accordingly affect the terms and conditions of the collective bargaining agreements described in this Appendix (other than those covering Nassau Community College employees). Various collective bargaining units of the County have brought suit in federal court against the County and NIFA challenging the actions described above. The County intends to defend itself vigorously against such action(s).

See “APPENDIX A – INFORMATION ABOUT THE COUNTY – MONITORING AND OVERSIGHT – External – NIFA” herein.

### **County Employees**

As of March 31, 2011, the full-time County workforce totaled 8,175. This represents a decrease of 427 full-time positions in the Major Operating Funds, including contract employees, when compared to December 31, 2009 and is evidence of the County’s workforce reduction initiative.

County employees are represented by six labor organizations recognized under the provisions of the New York State Taylor Law. These are the Nassau County Civil Service Employees Association (“CSEA”), the Nassau County Police Benevolent Association (“PBA”), the Detectives Association, Inc. (“DAI”), the Superior Officers Association (“SOA”), the Sheriff Officers Association (“ShOA”) and the Investigators Police Benevolent Association (“IPBA”). The following table summarizes labor organization enrollment:

**Full Time County Workforce as of March 31, 2011**

<b>Labor Organization</b>	<b>Full-Time Employees</b>
CSEA	4,041
PBA	1,680
DAI	372
SOA	364
ShOA	1,027
IPBA	42
Non-Labor Organization	589
<b>Sub Total</b>	<b>8,115</b>
Contract Employees	60
<b>Total</b>	<b>8,175</b>

*Civil Service Employees Association (CSEA)*

The CSEA represents all County titles other than those represented by the other unions and those titles classified as management or confidential. The County entered into a Stipulation of Agreement amending the established contract for the CSEA. The County's current contract covers January 1, 2008 through December 31, 2015. The total wage increase is 25.55% over that period, with 0% increase in the first year. Other features of the award include:

- Special separation incentive for full time employees who met all of the requirements was effective June 15, 2009. In addition to the 2009 separation incentive, the County established a Voluntary Retirement Incentive Program requiring a retirement effective date between June 22, 2010 and August 2, 2010;
- There shall be no layoffs of bargaining unit members through December 31, 2011. The County may not unilaterally cut an employee's pay through closings or furloughs through December 31, 2011;
- Wage increases owed for the period April 1, 2010 to November 1, 2010 will be paid in the first pay period of 2014, or upon separation of service, whichever occurs first; likewise, increases due April 1, 2011 to November 1, 2011 will be paid in the first pay period of 2015, or upon separation of service, whichever occurs first;
- The County implemented a two-week lag payroll after July, 2009. This 10-day contractual deferral was banked and employees are to be paid upon separation from County employment, at their then current rate of pay;
- Reduction of overtime rate for certain titles;
- Ending the practice of allowing married couples who are County employees to obtain duplicate health benefits;
- Consolidation of certain functions in the Parks Department, the Department of Information Technology and Department of Public Works;

- Elimination of a “gain-sharing” provision whereby the County had been required to share health care savings with the union; and
- The ability to establish a merit pay system for unionized workers.

*Police Benevolent Association (PBA)*

The PBA represents all of the County’s full-time police officers. On July 2, 2007, the panel for the PBA interest arbitration issued its award to both parties, covering the six-year period from January 1, 2007 through December 31, 2012. The County entered into a Stipulation of Agreement amending the established contract for the PBA. The County’s current contract covers January 1, 2007 through December 31, 2015 (the “2007 Award”). The total wage increase is 27.25% over that period. Other features of the award include the following key provisions:

- Wage and longevity increases set forth in the 2007 Award due for the period April 1, 2007 to September 30, 2007, shall be paid on January 1, 2011; wage and longevity increases set forth in the 2007 Award due for the period April 1, 2008 to August 31, 2008, shall be paid on January 1, 2011; and wage and longevity increases set forth in the 2007 Award due for the period April 1, 2009 to September 30, 2009, shall be paid on January 1, 2012;
- Added one- step to the compensation plan which expires December 31, 2015. In addition police officers hired between January 1, 2004 and July 31, 2008 shall receive a one- step jump. This jump in step will occur on the date that such officers would otherwise have reached the second to last step of the salary plan;
- Special separation incentive for full-time employees who met all of the requirements was effective June 15, 2009. In addition to the 2009 separation incentive, the County established a Voluntary Retirement Incentive Program (“VRIP”) requiring a retirement effective date between September 15, 2010 and November 1, 2010. The termination pay cap (described below) shall be considered null and void for those employees who participate in and meet all the eligibility requirements of the County’s VRIP;
- The County implemented a two-week lag payroll after July, 2009. This 10-day contractual deferral was banked and employees are to be paid upon separation from County employment, at their then current rate of pay;
- Further minimum staffing relief;
- Termination pay cap at no greater than twice an officer’s final year salary;
- Revised calculation denominator for termination pay that reflects a 5% reduction from previous levels;
- The ability for the County to civilianize approximately 50 positions currently occupied by sworn officers;
- Elimination of dual County health insurance coverage when an officer’s spouse or domestic partner is also covered in the County’s health insurance plan;
- Establishment of a benefit fund to be managed by the PBA to secure dental, optical and legal benefits for members in lieu of County coverage; and
- Increased annual longevity payments for officers.

*Detectives Association, Inc. (DAI)*

On January 11, 2007, the panel for the DAI interest arbitration issued its award, covering the six-year period from January 1, 2007 through December 31, 2012. The County entered into a Stipulation of Agreement amending the established contract for the DAI. The County's current contract covers January 1, 2007 through December 31, 2015 (the "2008 Award"). The total wage increase is 27.37% over that period. Other features of the award include the following key provisions:

- Wage increase delays. Wage and longevity increases set forth in the 2008 Award due for the period July 1, 2007 to December 31, 2007, shall be paid on January 1, 2011; wage and longevity increases set forth in the 2008 Award due for the period July 1, 2008 to October 31, 2008, shall be paid on January 1, 2011; and wage and longevity increases set forth in the 2008 Award due for the period July 1, 2009 to December 31, 2009, shall be paid on January 1, 2012;
- Ends the practice of middle-level PBA members being promoted to detectives and receiving increases of approximately \$25,000. Now, the first detective step will be indexed at \$2,400 above what they would have made had he or she stayed a police officer;
- Detectives designated between January 9, 2008 and February 28, 2009 shall receive a one-step jump at the second to last step;
- The County implemented a two-week lag payroll after July, 2009. This 10-day contractual deferral was banked and employees are to be paid upon separation from County employment, at their then current rate of pay;
- Special separation incentive for full-time employees who met all of the requirements was effective June 15, 2009. In addition to the 2009 separation incentive, the County established a Voluntary Retirement Incentive Program (VRIP) requiring a retirement effective date between September 15, 2010 and November 1, 2010. The termination pay cap (described below) shall be considered null and void for those employees who participate in and meet all the eligibility requirements of the County's VRIP;
- The County received several work-rule concessions that will result in the more efficient operation of the Police Department;
- Eliminated the wasteful practice of allowing a detective and his or her spouse who is also a County employee to have two health insurance plans;
- Reduced termination pay by 5% and capped it at no more than 2 times the final salary of the detective; and
- Reduced sick leave accruals from 26 days per year to 24, beginning the process of reducing excessive leave accruals in public employment.

*Superior Officers Association (SOA)*

On May 6, 2009, the panel for the SOA interest arbitration issued its award, covering the six-year period from January 1, 2008 through December 31, 2013. The County entered into a Stipulation of Agreement amending the established contract for the SOA. The County's current contract covers January 1, 2008 through December 31, 2015 (the "2008 Award"). The total wage increase is 31.45% over that period. Other features of the award include the following key provisions:



- Wage and longevity increases set forth in the 2008 Award due for the period April 1, 2008 to December 31, 2008, shall be paid on January 1, 2011; wage and longevity increases set forth in the 2008 Award due for the period April 1, 2009 to December 31, 2009, shall be paid on January 1, 2012;
- Elimination of Step 5 for members promoted to sergeant after the date of the 2008 Award;
- Establishment of a benefit fund to be managed by the SOA to secure legal benefits for members in lieu of County coverage;
- Eliminated the wasteful practice of allowing a SOA member and his or her spouse who is also a County employee to have two health insurance plans;
- Special separation incentive for full-time employees who met all of the requirements was effective June 15, 2009. In addition to the 2009 separation incentive, the County established a Voluntary Retirement Incentive Program (VRIP) requiring a retirement effective date between September 15, 2010 and November 1, 2010. The termination pay cap (described below) shall be considered null and void for those employees who participate in and meet all the eligibility requirements of the County's VRIP;
- Reduced termination pay by 5% and capped it at no more than 2 times the final salary of the Detective;
- Reduced sick leave accruals from 26 days per year to 24, beginning the process of reducing excessive leave accruals in public employment; and
- The County implemented a two-week lag payroll after July, 2009. This 10-day contractual deferral was banked and employees are to be paid upon separation from County employment, at their then current rate of pay.

*Sheriff Officers Association (ShOA)*

ShOA and the County negotiated an agreement which was ratified by the County Legislature on April 28, 2008. The contract covers the period January 1, 2005 through December 31, 2012. It established a frozen first salary step of \$30,000 for the life of the contract. The first year of the contract contains no increase (0%); on January 1, 2006 there was a 3.25% increase; and on July 1, 2007 there was a 3.5% increase. Starting April 1, 2008 and on each April 1 through 2012, steps 2-10 receive a 1% increase and top step receives 3.65%. Other significant savings include a reduction of the overtime rate from 1.74 times base to 1.5 times base. In addition, certain contractual rules that had increased total overtime costs were reduced. The County entered into a Stipulation of Agreement amending the established contract for the ShOA extending it through December 31, 2015. Effective January 1, 2013 and 2014 an increase of 3.5% for all steps and effective January 1, 2015 an increase of 3.75%.

- The County implemented a two-week lag payroll after July, 2009. This 10 day contractual deferral was banked and employees are to be paid upon separation from County employment at their then current rate of pay;
- Wage increases for the period April 1, 2010 to November 1, 2010, shall be paid on January 1, 2014; wage increases for the period April 1, 2011 to November 1, 2011, shall be paid on January 1, 2015;
- Overtime calculation on January 1, 2010 from 1.75 to 1.5;

- Special separation incentive for full-time employees who met all of the requirements was effective June 15, 2009. In addition to the 2009 separation incentive, the County established a Voluntary Retirement Incentive Program (VRIP) requiring a retirement effective date between September 15, 2010 and November 1, 2010. The termination cap shall be considered null and void for those employees who participate in and meet all the eligibility requirements of the County's VRIP;
- May accrue an additional 35 days of sick leave; and
- Effective January 2012, members not at top pay will jump step 10 which will expire December 31, 2015.

#### *Investigators Police Benevolent Association (IPBA)*

The IPBA represents investigators employed by the Nassau County District Attorney having decertified from the CSEA in December 2004. Since that time they have been working under the terms of the CSEA contract. Negotiations did not result in a successor agreement and the parties have agreed to submit the matter to binding arbitration utilizing the same panel that determined the PBA and DAI awards discussed above.

#### **Nassau Community College Employees**

Not considered employees in the Major Operating Funds, members of the Nassau Community College Federation of Teachers ("NCCFT") and the Adjunct Faculty Association ("AFA"), total approximately 729 full-time faculty and 3,582 part-time faculty, respectively, as of April 7, 2011. The contract which commenced September 1, 2008 for the NCCFT expires August 31, 2013. The contract for the AFA, which commenced October 1, 2005, expired on September 30, 2010.

The wage package for the NCCFT is:

<u>Effective Date</u>	<u>Wage Increase</u>
9/1/08	2.75%
9/1/09	0%
9/1/10	1.00%
9/1/11	2.75%
9/1/12	2.50%

The wage package for the AFA is:

<u>Effective Date</u>	<u>Wage Increase</u>
11/01/05	3.9%
9/01/06	3.9%
9/01/07	3.9%
9/01/08	3.9%
9/01/09	3.9%

[THIS PAGE INTENTIONALLY LEFT BLANK]

## **APPENDIX G**

### **ECONOMIC AND DEMOGRAPHIC PROFILE**

[THIS PAGE INTENTIONALLY LEFT BLANK]

## ECONOMIC AND DEMOGRAPHIC PROFILE

### *Overview*

Established in 1899, Nassau County (the “County”) is the site of some of New York State’s (the “State”) earliest colonial settlements, some of which date to the 1640’s. With a total land area of 287 square miles and a population of over 1.3 million, the County is bordered to the west by the New York City borough of Queens, to the east by Suffolk County, to the north by Long Island Sound and to the south by the Atlantic Ocean. Together, the northern and southern boundaries of the County comprise nearly 188 miles of scenic coastline. The County includes 3 towns, 2 cities, 64 incorporated villages, 56 school districts and various special districts that provide fire protection, water supply and other services. Land uses within the County are predominantly single-family residential, commercial and industrial.

### *Population*

Table 1 below shows the County's population from 1970 to 2010. The County’s population has experienced two major growth periods over the past 100 years, reaching a peak of 1,428,080 residents in 1970. Between 1970 and 1990, the County’s population decreased 10% to 1,287,348 residents. By 2009, the U.S. Census Bureau estimates the County's population had increased by 5.4% (from 1990) to 1,357,429 residents. In 2010, population in the County remained fairly constant at 1,339,532.

**TABLE 1**

#### **COUNTY POPULATION, 1970-2010**

2010	1,339,532
2000	1,336,073
1990	1,287,348
1980	1,321,582
1970	1,428,080

SOURCES: U.S. Census Decennial; U.S. Census 2010

### *Economic Indicators*

#### Median Household Income

As shown in Table 2, the County’s estimated median household income was \$92,450 in 2010, significantly higher than those of the State (\$55,233) and the United States as a whole (\$51,425). Moreover, the County has a smaller percentage of families below the poverty level (3.2%) than the State (10.5%) and the United States (9.9%).

**TABLE 2**  
**MEDIAN HOUSEHOLD INCOME IN THE COUNTY**  
**IN COMPARISON TO THE STATE AND THE U.S., 2010**

<u>Area</u>	<u>Median Household Income</u>	<u>Families Below Poverty (%)</u>
County	\$92,450	3.2
State	55,233	10.5
United States	51,425	9.9

SOURCE: U.S. Census, 2010 American Community Survey

**Consumer Price Index**

The Consumer Price Index (“CPI”) represents changes in prices of a typical market basket of all goods and services that are purchased by households over time and is used to gauge the level of inflation. The CPI includes user fees such as water and sewer service and sales and excise taxes paid by the consumer, but does not include income taxes and investment items such as stocks, bonds, and life insurance. Annual totals and increases in the CPI for both the New York-Northern New Jersey-Long Island, NY-NJ-CT-PA Consolidated Metropolitan Statistical Area (“CMSA”) and U.S. cities between the years 2002 and 2010 are shown in Table 3 below.<sup>(1)</sup>

As indicated in Table 3 below, prices in the CMSA rose by 1.73% in 2010. The 2010 U.S. city average percentage increase was 1.68%.

**TABLE 3**  
**CONSUMER PRICE INDEX, 2002-2010**

<u>Year</u>	<u>U.S. City Average (1,000s)</u>	<u>Percentage Change</u>	<u>NY-NJ-CT-PA CMSA (1,000s)</u>	<u>Percentage Change</u>
2010	218.1	1.68%	240.9	1.73%
2009	214.5	-.37%	236.8	.42%
2008	215.3	3.8%	235.8	3.9%
2007	207.3	2.8%	226.9	2.8%
2006	201.6	3.2%	220.7	3.8%
2005	195.3	3.4%	212.7	3.9%
2004	188.9	2.7%	204.8	3.5%
2003	184.0	2.3%	197.8	3.1%
2002	179.9	1.6%	191.9	2.6%

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics

<sup>(1)</sup> Throughout this document references are made to the U.S. Office of Management and Budget’s definitions of metropolitan areas that are applied to U.S. Census Bureau data. These areas include Metropolitan Statistical Areas (“MSAs”), Consolidated Metropolitan Statistical Areas (“CMSAs”) and Primary Metropolitan Statistical Areas (“PMSAs”). An MSA is a county or group of contiguous counties that contains at least one city with a population of 50,000 or more, or a Census Bureau-defined urbanized area of at least 50,000 with a metropolitan population of at least 100,000. An MSA with a population of one million or more and which meets various internal economic and social requirements is termed a CMSA, consisting of two or more major components, each of which is recognized as a PMSA. For example, the Nassau-Suffolk PMSA is part of the New York-Northern New Jersey – Long Island, NY-NJ-CT-PA CMSA.



### ***Retail Sales and Business Activity***

The County is served by six major regional shopping centers: Broadway Mall in Hicksville, Roosevelt Field in Garden City, Green Acres Mall in Valley Stream, Americana Manhasset in Manhasset, Sunrise Mall in Massapequa, and the Simon Mall at the Source in Westbury. According to the International Council of Shopping Centers, a global trade association of the shopping center industry, these regional malls have a total of 7,370,000 square feet of gross leaseable area.

The County boasts a wide range of nationally recognized retailers that provide goods and services, including home furnishing stores, supermarkets and gourmet food markets, electronic stores, and bookstores. Major retailers in the County include Saks Fifth Avenue, Bloomingdales, Lord & Taylor, Nordstrom's, Macy's, Sears, JC Penney, Marshalls, Old Navy, Kohl's and Target. Commercial outlet stores in the County include, but are not limited to, Costco, Bed, Bath & Beyond and Best Buy. In addition, there are designer boutique shops and specialty department stores such as Brooks Brothers, Giorgio Armani, Ralph Lauren and Prada, and jewelers such as Tiffany & Co., Cartier and Van Cleef & Arpels.

Based on the 2007 Economic Census, Retail Trade, the County ranked second in the State to New York County (Manhattan) in retail sales (see Table 4).

**TABLE 4**

**RETAIL SALES ACTIVITY RANKED BY COUNTY IN THE STATE**  
(in thousands)

	<b>2007 Rank</b>	<b>2007 Retail Sales</b>	<b>2002 Rank</b>	<b>2002 Retail Sales</b>
New York (Manhattan)	1	38,797,518	1	\$26,431,688
<b>Nassau</b>	<b>2</b>	<b>24,312,618</b>	<b>2</b>	<b>20,048,923</b>
Suffolk	3	23,319,943	3	18,884,440
Kings	4	15,431,858	6	11,397,935
Queens	5	14,587,146	5	11,733,654
Westchester	6	14,205,055	4	12,055,687
Erie	7	11,217,146	7	10,053,437
Monroe	8	8,496,065	8	7,612,733
Onondaga	9	6,363,051	9	5,451,227
Orange*	10	5,729,216		N/A

\*Orange County was not among top ten in 2002.

SOURCE: 2007 Economic Census, Retail Trade

### ***Employment***

Table 5 compares employment totals and unemployment rates in the County to adjoining municipalities, the State and the United States. The County had a workforce of approximately 638,400 employees in 2010. The unemployment rate in the County remained at 7.1% in 2010. 2010 marked the fourteenth consecutive year in which the County's unemployment rate was less than or equal to Suffolk County (7.6%), and less than New York City (9.3%), the State (8.6%), and the United States (9.6%).

**TABLE 5**

**ANNUAL AVERAGE  
EMPLOYMENT (in thousands)  
AND UNEMPLOYMENT RATE (%), 2001-2010**

<b>Year</b>	<b>Nassau County</b>		<b>Suffolk County</b>		<b>New York City</b>		<b>New York State</b>		<b>United States</b>	
	<u>Employment</u>	<u>Unemployment-Rate</u>	<u>Employment</u>	<u>Unemployment Rate</u>	<u>Employment</u>	<u>Unemployment Rate</u>	<u>Employment</u>	<u>Unemployment Rate</u>	<u>Employment</u>	<u>Unemployment Rate</u>
2010	638.4	7.1	726.7	7.6	3,625	9.3	8,553	8.6	148,250	9.6
2009	642.4	7.1	731.2	7.4	3,633	9.5	8,556	8.4	139,877	9.3
2008	665.7	4.7	757.9	5.0	3,719	5.4	8,793	5.3	145,362	5.8
2007	670.0	3.7	758.2	3.9	3,684	4.9	8,734	4.5	146,047	4.6
2006	668.3	3.8	753.9	4.0	3,630	5.0	8,618	4.6	144,427	4.6
2005	662.1	4.1	745.9	4.2	3,540	5.8	8,537	5.0	141,730	5.1
2004	655.1	4.5	734.8	4.7	3,469	7.1	8,465	5.8	139,252	5.5
2003	649.1	4.7	723.8	4.8	3,413	8.3	8,410	6.4	137,736	6.0
2002	649.5	4.7	717.9	4.7	3,429	8.0	8,462	6.2	136,485	5.8
2001	651.3	3.7	714.6	3.8	3,452	6.1	8,595	4.9	136,933	4.7

SOURCES: Compiled by the County from: New York State Department of Labor; U.S. Department of Labor, Bureau of Labor Statistics.

### ***Key Employment Trends***

As indicated in Table 6, the annual average employment in non-farm jobs by industry for the year 2010 in the Nassau-Suffolk PMSA showed no appreciable change. The Manufacturing, the Trade, Transportation and Utilities, and the Financial Activities industries fell to their lowest points in this decade. Eighty-nine percent of jobs within the PMSA are in service producing industries.

**TABLE 6**  
**ANNUAL AVERAGE**  
**NASSAU-SUFFOLK EMPLOYMENT,**  
**NON-FARM, BY BUSINESS SECTOR**  
**2001-2010**  
(in thousands)

Nassau-Suffolk Employment by Industry	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Goods Producing</b>										
Natural Resources	62.4	64.3	64.4	66.4	66.7	69.8	72.0	73.1	65.0	60.8
Construction & Mining										
Manufacturing	98.9	92.1	88.4	88.2	86.9	85.9	83.8	81.3	75.1	73.0
<b>Total Employment Goods Producing</b>	161.2	156.4	152.8	154.6	153.6	155.7	155.8	154.4	140.1	133.8
<b>Service Producing</b>										
Trade, Transportation & Utilities	271.4	267.3	270.4	271.3	270.9	270.7	273.7	272.4	257.2	256.2
Financial Activities	81.9	82.2	82.7	83.4	81.6	80.4	79.2	75.0	70.8	69.8
Information	32.9	32.5	29.1	28.9	29.4	29.2	27.9	27.1	27.3	25.4
Educational & Health Services	184.4	191.2	196.8	200.7	203.0	206.2	210.8	215.7	220.6	225.8
Leisure & Hospitality	88.8	90.1	92.5	95.7	95.8	97.5	99.2	99.4	98.4	100.9
Other Services	49.7	50.1	50.7	51.4	51.9	51.9	52.7	53.6	52.7	52.9
Professional & Business Services	158.5	154.1	153.4	159.7	159.8	158.6	164.2	163.1	153.6	152.8
Government	194.1	196.3	198.9	196.9	198.7	198.7	202.1	203.2	206.7	208.9
<b>Total Employment Service Producing</b>	1,061.7	1,063.7	1,074.6	1,087.9	1,091.0	1,093.2	1,109.6	1,109.5	1,087.2	1,092.6
<b>Total Non-Farm</b>	1,222.9	1,220.1	1,227.3	1,242.6	1,244.6	1,248.9	1,265.6	1,264.0	1,227.4	1,226.5

SOURCE: New York State Department of Labor  
Note: Totals may not equal the sum of the entries due to rounding.

Table 7 compares the employment shares by business sector and industry in the Nassau-Suffolk PMSA to the United States. The percentage of jobs within each category is fairly consistent with national figures. Nationwide, 14% of jobs were in the goods producing sector compared to 11% in the Nassau-Suffolk PMSA.

**TABLE 7****PERCENTAGE OF NON-FARM EMPLOYMENT  
BY BUSINESS SECTOR, 2010**

<b>BUSINESS SECTOR</b>	<b>Nassau- Suffolk PMSA (%)</b>	<b>United States (%)</b>
<b>GOODS PRODUCING</b>		
Natural Resources*, Construction & Mining	5	5
Manufacturing	<u>6</u>	<u>9</u>
Total Goods Producing	11	14
<b>SERVICE PROVIDING** OR SERVICE PRODUCING*</b>		
Trade, Transportation & Utilities	21	22
Financial Activities* or Finance, Insurance & Real Estate**	6	6
Assorted Services	45	44
Government	<u>17</u>	<u>17</u>
Total Service Providing / Producing	89	89

Note: Totals may not equal 100% due to rounding.

SOURCES: Compiled by the County from: New York State Department of Labor (Nassau-Suffolk PMSA) and the U.S. Department of Labor, Bureau of Labor Statistics (United States).

\*Nassau-Suffolk PMSA

\*\*United States

***Major County Employers***

Table 8 below shows the major commercial and industrial employers headquartered in the County.

**TABLE 8****MAJOR COUNTY COMMERCIAL AND INDUSTRIAL EMPLOYERS, 2010**

<b>Company</b>	<b>Type of Business</b>	<b>Employees</b>
North Shore – LIJ Health Systems	Health Care	38,000 *
Cablevision Systems Corp.	Cable and pay television	20,105
Pall Corporation	Industrial Equipment	10,600
Winthrop Healthcare Systems	Health Care	5,100
Alcott Group	Professional employers organization	4,900
Broadridge Financial	Data Processing	4,850
Reader's Digest	Publishing	4,700
Systemax, Inc.	Computers & related products	4,452
Griffon Corp.	Specialty building products	4,100
National Envelope	Envelope manufacturer	4,000

SOURCES: Compiled by the County from Crain's Book of Lists 2010; \* North Shore – LIJ Medical System Human Resources Center.

**Construction Activity**

Table 9 below is a composite list of construction activity in the County for residential, business, industrial and public buildings for the years 2001 through 2009. Overall construction activity has been uneven since 2001, reaching its high point in 2008 with 1,893 permits issued, falling to 472 in 2009. This is by far the lowest figure in a decade and may be a consequence of incomplete data.

**TABLE 9  
COUNTY CONSTRUCTION ACTIVITY, 2001 - 2009**

<u>Year</u>	<u>Single-Family Dwellings</u>	<u>Other Housing Units*</u>	<u>Business Buildings</u>	<u>Industrial Buildings</u>	<u>Public Buildings</u>	<u>Total</u>
<b>2009</b>	334	111	21	1	5	472
<b>2008</b>	822	1,049	18	0	4	1,893
<b>2007</b>	737	85	20	3	4	849
<b>2006</b>	1,414	161	30	4	4	1,613
<b>2005</b>	1,197	238	37	1	3	1,476
<b>2004</b>	735	442	23	4	8	1,212
<b>2003</b>	635	343	23	2	8	1,011
<b>2002</b>	740	245	24	2	5	1,016
<b>2001</b>	688	301	30	21	16	1,056
Totals	7,302	2,975	226	38	57	10,598

SOURCE: 2001 – 2009 Nassau County Planning Commission Building Permits reports.  
\* Other housing units includes two-family, multi-family dwellings and conversions.

Table 10 below shows the number and estimated dollar value of building permits issued for Class 4 property in the County for the years 2005 through 2009. Class 4 property includes commercial, industrial, institutional buildings and vacant land. As indicated in the table, there were 27 building permits issued for Class 4 properties in 2009.

**TABLE 10**  
**NUMBER AND VALUE OF BUILDING PERMITS ISSUED,**  
**CLASS 4 PROPERTY, 2005-2009**

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Estimated Value of Permits</u>
2009	27	N/A
2008	20	N/A
2007	27	\$13,129,100
2006	38	59,862,365
2005	41	29,535,410

SOURCE: Nassau County Planning Commission.

According to information provided by CB Richard Ellis, there were 11.4 million square feet of office space in Class A buildings in the County at the end of 2010. These buildings had a 12.6% vacancy rate. There was no new Class A or B construction during 2010.

### ***Housing***

New residential construction activity in the County declined appreciably between 2008 and 2009. The value of new residential construction decreased by 58%, as shown in Table 11.

**TABLE 11**  
**COUNTY NEW RESIDENTIAL CONSTRUCTION ACTIVITY**

<u>Year</u>	<u>Value of New Residential Construction (in thousands)</u>	<u>No. of New Dwelling Units By Building Permit</u>
2009	\$156,870	445
2008	374,000	1,871
2007	272,576	822
2006	368,875	1,452
2005	373,879	1,435
2004	293,642	1,177
2003	195,435	978
2002	222,722	985
2001	229,464	989

SOURCES: U.S. Census Bureau, Construction Statistics Division-Building Permit Branch based on estimate and imputation (2002-2009); figures from US Census Bureau; Construction Statistics Division-Building Permit Branch based on estimate and imputation. New York State Association of Realtors provided residential price information.

Table 12 shows the breakdown of new housing units by type and size.

**TABLE 12**  
**NUMBER OF COUNTY NEW RESIDENTIAL HOUSING UNITS**  
**AUTHORIZED BY BUILDING PERMIT BY SIZE CATEGORY**

<b>Year</b>	<b>1 Family</b>	<b>2 Family</b>	<b>3-4 Family</b>	<b>5 or more Family</b>	<b>Total</b>
<b>2009</b>	334	8	3	100	445
<b>2008</b>	822	6	3	1,040	1,871
<b>2007</b>	737	18	4	63	822
<b>2006</b>	1,291	38	4	119	1,452
<b>2005</b>	1,197	44	7	187	1,435
<b>2004</b>	735	68	0	374	1,177
<b>2003</b>	635	44	8	291	978
<b>2002</b>	740	30	3	212	985
<b>2001</b>	688	32	4	265	989

SOURCES: Data from the Nassau County Building Activity Reports.

According to the 2000 U.S. Census, the number of housing units in the County increased from 446,292 in 1990 to 458,151 in 2000. The number of housing units remained fairly constant through the next decade, reaching 458,626 in 2009. The County had a higher percentage of owner-occupied units (83.1%) than the State (56%) and the nation (67%) as a whole.

Table 13 shows County existing home sales. In 2010, the annual median sales price rose by 2.41% while the number of homes sold remained fairly constant.



**TABLE 13**  
**COUNTY EXISTING HOME SALES, 2001-2010**

<u>Year</u>	<u>Median Sales Price</u>	<u>No. of Homes Sold</u>
2010	\$425,000	7,661
2009	415,000	7,710
2008	455,000	7,410
2007	490,000	8,778
2006	490,000	9,435
2005	489,000	10,343
2004	440,000	10,111
2003	395,000	8,646
2002	350,000	8,654
2001	290,000	7,545

SOURCES: Compiled by the County from: Multiple Listing Service of Long Island Inc., 2001-2005; New York State Association of Realtors, 2006-2010

***Transportation***

MTA Long Island Bus ("MTALIB"), a subsidiary of the Metropolitan Transportation Authority (the "MTA"), operates the County's bus system pursuant to agreement. It is the County's principal public surface transit provider and the third largest suburban bus system in the United States. Operating a network of 48 routes, the MTALIB provides transit service for most of the County as well as parts of eastern Queens and western Suffolk County. This includes service across the Queens-Nassau line to subway and bus stations in Flushing, Far Rockaway and Jamaica. The density of MTALIB's route network conforms to the development pattern of the County. MTALIB operates approximately 285 fixed route buses and 93 para-transit vehicles. MTALIB has an average ridership of 103,000 passengers each weekday and serves 96 communities, 46 Long Island Rail Road stations, most area colleges and universities, as well as employment centers and shopping malls. In April 2011, the MTA board of directors voted to terminate the MTA's contract to operate the County's bus system, which has been operated though MTALIB, effective at the end of 2011. The County's selection process undertaken for the location of a vendor to operate the system after such termination is in its final stages. The County expects to announce a selected vendor shortly.

The Long Island Rail Road (the "LIRR") is the largest and busiest commuter railroad in the United States, carrying approximately 81 million projected passengers in 2011. On an average weekday, the LIRR carries about 287,000 passengers.

The LIRR provides train service for the entire County. Its infrastructure includes 381 route miles of track, 296 at-grade-crossings, and 124 stations on 11 branch lines. These branches provide service through the County to eastern destinations in Suffolk County and western destinations of Penn Station in Manhattan, Flatbush Avenue in Brooklyn, as well as Jamaica and Hunters Point/Long Island City in Queens. Completion of the East Side Access project, which began tunneling work in 2007, will add a new hub in Grand Central Terminal, bringing LIRR customers directly to Manhattan's East Side. On weekdays, about 70% of the system's passenger trips occur during morning and evening peak travel periods.

Through its capital program, the LIRR has renovated Jamaica Station (Queens) and the mezzanine at Jamaica providing links to the subway and the AirTrain to John F. Kennedy International Airport (“JFK”).

A major project completed in 2006 was the \$45 million intermodal center at Mineola that provides easy access to parking and seamless transfers to seven local bus lines operated by MTA. The center has more than 700 parking spaces in a four-level garage, two elevators that connect to the station platforms, and a pedestrian overpass that connects the north and south sides of the station.

Other important projects are the continual maintenance of tracks, ties, and switches and renovations underway at numerous stations. The LIRR also is currently installing a fiber-optic communications system for greater safety and is consolidating antiquated control towers into one modern center at Jamaica Station. Traditionally serving a Manhattan-bound market, the LIRR has undertaken extensive efforts to augment its reverse-commute and off-peak service to meet the needs of businesses in Nassau and Suffolk counties.

The County highway system consists of over 4,000 miles of paved roads that include parkways, highways, major arteries, collector streets, and local streets, which are operated and maintained by different levels of government. The eight major east-west roadways that provide direct through service to New York City and Suffolk County are: Northern Boulevard, Long Island Expressway, Northern State Parkway, Jericho Turnpike, Hempstead Turnpike, Southern State Parkway, Sunrise Highway, and Merrick Road.

The County is located within close proximity to JFK and LaGuardia Airport (“LaGuardia”), both located in Queens County, and to Islip Long Island MacArthur Airport (“Islip MacArthur”), located in Suffolk County. JFK and LaGuardia are easily accessible to County residents by all major east-west roadways as well as airport shuttle service. The AirTrain service, a light rail system connecting Jamaica Station in Queens to JFK, opened in early 2004. Islip MacArthur is accessible by the Long Island Expressway and Sunrise Highway, as well as the LIRR.

To help eliminate delays, congestion, and trouble spots on its highway network, the County receives federal and state funding through the federal Transportation Improvement Program (“TIP”), and is a voting member of the Nassau-Suffolk Transportation Coordinating Committee. The TIP is a compilation of transportation improvement projects, such as preserving and upgrading bridges, and highways and making system-wide capacity and safety improvements scheduled to take place during a five-year period. Work will begin in early 2011 on an updated TIP for 2012 - 2015. The current TIP covers the years 2011-2015.

### ***Utility Services***

Electrical service is provided to the County by the Long Island Power Authority (“LIPA”), which became Long Island’s non-profit electric utility in 1998. LIPA’s electric system, which serves 1.1 million customers, is operated by National Grid, the largest investor-owned electric generator in the State. National Grid, which is the largest distributor of natural gas in the northeast United States, also provides gas distribution in the County. The incorporated villages of Freeport and Rockville Centre operate their own electrical generation plants.

LIPA’s governing legislation requires the utility to make payments in lieu of taxes (“PILOTS”) to municipalities and school districts commensurate with property taxes that would have been received by each jurisdiction from the Long Island Lighting Company (“LILCO”), the County’s former provider of electrical service. LIPA is also required to make PILOTS for certain State and local taxes which would

otherwise have been imposed on LILCO. Numerous private companies in the County provide telephone service.

### ***Health and Hospital Facilities***

Rated among the best health and hospital facilities in the country, twelve hospitals located in the County provide 4,349 certified hospital beds. In addition, according to the New York State Board of Professions, the County is served by 9,500 licensed medical doctors, 2,017 dentists, 6,100 chiropractors, 338 podiatrists, and 21,043 registered nurses. The North Shore-Long Island Jewish Health System is the County's largest health care employer (approximately 38,000 employees). The North Shore University Hospital is the recipient of the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) Codman Award, the first health system to attain this distinction. The Codman Award recognizes excellence in performance measurement.

Other hospitals of note in the County include the Nassau University Medical Center in East Meadow, St. Francis Hospital in Roslyn, the Winthrop-University Hospital in Mineola, and Mercy Medical Center in Rockville Centre.

### ***Media***

The daily newspaper Newsday is circulated in the County and Suffolk and Queens Counties. Approximately 77 weekly newspapers cover news and events in the County. Some of these focus on events in specific towns, villages and communities, and others focus on niche industries, such as Long Island Business News – a 57-year-old publication that covers both Nassau and Suffolk Counties.

The County is home to two broadcast television stations, Channels 21 and 57, and receives nine additional VHF and UHF stations. In addition, News 12 provides local news coverage (on cable only). Cable programming is available throughout the County via Cablevision Systems Corp., and provides access to channels with a local focus. Satellite programming and service by Verizon is also available in the County.

Because of its proximity to New York City, events in the County attract regular coverage in New York City newspapers such as the New York Times, the Daily News, and the New York Post. Radio coverage includes nine County-based stations and 52 regional and neighboring stations that consider the County as part of their listening area.

### ***Educational Facilities***

There are 56 school districts in the County, with a total enrollment of 264,485 students according to the State Education Department. Individual school boards and the Board of Cooperative Educational Services (BOCES) are the primary managers of these school districts and provide services such as career training for high-school students and adults, special education, alternative schools, technology education and teacher training. Various public and private organizations manage the County's other educational facilities. The County's non-public schools, which are located in a number of municipalities, provide education in the State Regents program as well as in special and technical programs.

Many County public schools have received national recognition. A 2010 Newsweek magazine article cited five County high schools among the top 100 public high schools in the nation.

Over 138,000 students attend County colleges and universities, some of which are highly specialized and have garnered nationwide attention for their programs. These institutions include: Long Island University/C.W. Post College, Adelphi University, Hofstra University, New York Institute of Technology, U.S. Merchant Marine Academy, Nassau Community College, Webb Institute, Molloy College, and the State University of New York/Old Westbury.

Colleges and universities in the County promote cross-disciplinary research, technology development and an integrated curriculum to prepare students for the growing bioscience industry. Undergraduate and graduate level programs available throughout the County's institutions of higher learning specialize in fields such as biology, chemistry, biochemistry, engineering, and physical sciences in courses such as bioengineering, biotechnology and pharmacology.

### ***Recreational and Cultural Facilities***

The County has numerous recreational and cultural facilities. One of the most popular destinations among the County's parks and beaches is the 2,413-acre Jones Beach State Park in Wantagh. With approximately six to seven million visitors annually, Jones Beach State Park features a six-mile ocean beachfront, a two-mile boardwalk, and the 11,200-seat Jones Beach Theater performing arts center, which attracts world-class musical acts. There are dozens of other public beaches located along both the Atlantic Ocean and the Long Island Sound shorelines. In addition, the County is home to the 930-acre Eisenhower Park in the Town of Hempstead, Bethpage State Park in Farmingdale, and numerous small local parks and campgrounds which offer a broad spectrum of recreational opportunities.

On a national level, the County is home to many high profile professional sporting events and teams. The Bethpage Golf Course, located in Bethpage State Park, hosted the 2002 U.S. Open and the 2009 U.S. Open. Belmont Racetrack, located in Elmont, is home to the Belmont Stakes, the third race in horse racing's prestigious Triple Crown. The Nassau Veterans Memorial Coliseum in Uniondale is home to the four-time Stanley Cup Champion New York Islanders of the National Hockey League. Eisenhower Park's 80,000 square foot Aquatic Center is the largest pool in the Northern Hemisphere.

In terms of cultural and historic resources, the County boasts eleven museums, including the County-owned Cradle of Aviation Museum and the Long Island Children's Museum in Garden City, as well as historic sites such as Old Bethpage Village and Theodore Roosevelt's estate at Sagamore Hill in Cove Neck.

In an effort to preserve open space and natural and scenic resources for additional recreational opportunities, in 2003 the County created the Open Space Fund, which receives 5% of the proceeds from County land sales for open space land acquisition purposes.

### ***Water Service and Sanitary Sewer Facilities***

There are 48 public water suppliers in the County providing water service to over 90% of the County's residents. Approximately 3,550 residents of the less densely populated northern sections of the County draw their water from private wells.

The natural geology of the County yields three major aquifers situated atop bedrock. These aquifers serve the County with fresh water and are continuously recharged by precipitation.

The County's population remained essentially stable throughout the 1990s, exhibiting only a small increase of about 3.8 percent. The small increase in population had a negligible effect on water

demand in the County. The sizable fluctuations in annual public water demand are a result of hot and dry weather patterns during the summer months.

Public water supply withdrawal during the base pumping months remained rather consistent during the 2000 – 2003 period at approximately 142 million gallons per day (mgd). During peak pumping months in late spring and summer, pumping can increase considerably and is quite variable in response to weather conditions. The annual water demand between 2000 – 2003 ranged from 185 mgd to 200 mgd during the peak pumping period.

Recharge of the groundwater system has increased from 332 mgd to 341 mgd as a result of the County's storm water recharge basins capturing storm water for aquifer recharge. Based upon the peak months' average, this leaves a daily recharge surplus of between 141 to 156 million gallons. This recharge surplus ensures ample amounts of fresh water for the future. Furthermore, proposed developments and redevelopments within the County are required to retain all storm water on site. This requirement will ensure that the aquifer continues to be recharged.

The County Department of Public Works maintains and operates the County's sewerage and water resources facilities. In 2003, upon the approval of the County Legislature, state legislation created a single, County-wide sewer and storm water resources district, replacing the County's prior three sewage disposal districts and 27 sewage collection districts.

Most sewage collected in the County's sewer system is treated at either the Bay Park Sewage Treatment Plant ("Bay Park") in East Rockaway or the Cedar Creek Water Pollution Control Plant ("Cedar Creek") located in Wantagh. Sewage collected within the area corresponding to the former County sewage collection district of Lido Beach is processed at the City of Long Beach's sewage treatment plant.

In 2008, the County assumed responsibility for the operation and maintenance of the Glen Cove Water Pollution Control Facility, sewage pumping stations, and the collection system piping. In 2008, inter-municipal agreements were entered into with each of the Village of Lawrence and the Village of Cedarhurst to consolidate each village's sewer system into the County's sewer system.

Six villages in the County (Freeport, Garden City, Hempstead, Mineola, Rockville Centre and Roslyn) and the city of Long Beach own and operate their own sewage collection systems which discharge sewage to the County's disposal system. The sewage collected by these systems is processed at one of the County-operated sewage treatment plants, either Bay Park or Cedar Creek. In addition, there are several sewage collection systems and treatment plants within the County that are operated by other governmental agencies or special districts.

[THIS PAGE INTENTIONALLY LEFT BLANK]

**APPENDIX H**  
**CASH FLOW STATEMENTS**

[THIS PAGE INTENTIONALLY LEFT BLANK]



**Nassau County  
Includes 5 Funds  
December 2010 Actuals**

5/18/2011  
6:09 PM

	<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>2010 Summary</u>	<u>Foot Note</u>
<b>Opening Cash Balance</b>	<b>81,253,174</b>	<b>(1,958,661)</b>	<b>8,346,430</b>	<b>331,313,596</b>	<b>85,846,402</b>	<b>1,282,584</b>	<b>44,095,234</b>	<b>8,465,695</b>	<b>157,539,856</b>	<b>184,091,638</b>	<b>101,656,407</b>	<b>44,511,854</b>	<b>81,253,174</b>	<b>1</b>
<b>Receipts</b>														
Receipt of Tax Levies	3,981,546	9,244,504	430,239,954	(3,422,584)	3,135,304	(18,599,777)	(2,097,446)	151,059,188	201,101,631	21,422,963	5,407,371	(1,157,021)	<b>800,315,632</b>	<b>3</b>
Fed Aid, State Aid	13,476,114	7,192,854	42,830,975	15,937,124	9,263,162	2,638,028	1,741,573	38,131,269	64,034,912	23,237,133	25,276,752	78,614,545	<b>322,374,441</b>	<b>5</b>
Non Tax	12,762,939	15,491,643	14,106,586	13,932,154	17,166,527	27,955,339	20,833,436	29,247,965	16,951,485	16,182,629	16,488,927	26,339,100	<b>227,458,729</b>	
Sales Tax (Nassau portion)	51,123,505	69,510,823	56,265,000	77,561,348	61,773,468	94,743,603	53,350,757	64,181,967	63,078,485	79,004,851	56,015,731	84,786,390	<b>811,395,928</b>	
Other Receipts	(3,014,852)	7,540,780	18,002,512	12,638,804	10,420,324	(65,932,273)	25,034,101	39,679,227	2,450,720	488,456	(942,833)	27,005,509	<b>73,370,476</b>	<b>4</b>
RAN/TAN Received	0	0	0	0	0	210,000,000	0	0	0	0	0	270,000,000	<b>480,000,000</b>	
<b>Total Cash Receipts</b>	<b>78,329,251</b>	<b>108,980,603</b>	<b>561,445,026</b>	<b>116,646,846</b>	<b>101,758,786</b>	<b>250,804,919</b>	<b>98,862,421</b>	<b>322,299,616</b>	<b>347,617,232</b>	<b>140,336,031</b>	<b>102,245,949</b>	<b>485,588,524</b>	<b>2,714,915,207</b>	
<b>Disbursements</b>														
Salaries & Fringes	99,232,650	87,825,667	97,397,987	84,389,917	85,497,337	98,304,189	113,677,580	89,558,009	95,238,302	81,798,321	120,285,786	250,162,033	<b>1,303,367,778</b>	
Other Expenses	16,524,560	21,156,101	23,567,627	13,653,136	15,625,067	26,654,536	17,030,297	19,814,647	41,602,441	11,416,983	17,739,995	14,430,132	<b>239,215,522</b>	
Debt Service	14,728,689	8,239	23,144,175	11,668,430	2,702,377	12,676,687	24,333,081	14,213	9,788,397	15,112,126	2,535,964	4,953,504	<b>121,665,883</b>	
Social Services	31,193,666	37,002,180	39,484,837	34,752,380	33,161,238	39,302,218	40,910,025	34,806,469	29,541,898	28,334,478	34,345,798	33,040,041	<b>415,875,229</b>	<b>5</b>
Local Governments Assistance	0	10,585,011	18,137	3,113,722	13,792,129	1,053,562	68,899	121,754	0	14,630,857	2,987	14,831,173	<b>58,218,231</b>	
Transfers Between Funds	(8,589,847)	(67,579,423)	23,145,859	(6,952,155)	(3,234,056)	9,096,858	(78,907,574)	6,983,139	31,735,601	374,078	(31,554,398)	7,987,802	(117,494,115)	
Other Disbursements	16,687,919	13,823,717	33,698,129	33,654,570	38,626,576	21,221,034	18,582,669	22,044,605	25,274,408	11,022,973	15,681,243	24,124,888	<b>274,442,732</b>	
RAN/TAN Paid	0	0	0	190,000,000	0	0	0	0	90,000,000	60,000,000	0	0	<b>340,000,000</b>	
<b>Total Cash Disbursements</b>	<b>169,777,637</b>	<b>102,821,492</b>	<b>240,456,751</b>	<b>364,280,001</b>	<b>186,170,669</b>	<b>208,309,085</b>	<b>135,694,978</b>	<b>173,342,836</b>	<b>323,181,047</b>	<b>222,689,816</b>	<b>159,037,375</b>	<b>349,529,572</b>	<b>2,635,291,259</b>	
Adjustments by Treasury	8,236,551	4,145,980	1,978,891	2,165,961	(151,936)	316,816	1,203,017	117,381	2,115,597	(81,446)	(353,127)	(730,141)	<b>18,963,544</b>	
<b>Cash Flow for Period</b>	<b>(83,211,835)</b>	<b>10,305,091</b>	<b>322,967,166</b>	<b>(245,467,194)</b>	<b>(84,563,818)</b>	<b>42,812,650</b>	<b>(35,629,539)</b>	<b>149,074,161</b>	<b>26,551,782</b>	<b>(82,435,231)</b>	<b>(57,144,553)</b>	<b>135,328,812</b>	<b>98,587,492</b>	
<b>Ending Cash Balance</b>	<b>(1,958,661)</b>	<b>8,346,430</b>	<b>331,313,596</b>	<b>85,846,402</b>	<b>1,282,584</b>	<b>44,095,234</b>	<b>8,465,695</b>	<b>157,539,856</b>	<b>184,091,638</b>	<b>101,656,407</b>	<b>44,511,854</b>	<b>179,840,666</b>	<b>179,840,666</b>	<b>2</b>
<b>Liquid Funds (SSW &amp; EBF)</b>	<b>154,329,933</b>	<b>98,640,395</b>	<b>120,464,052</b>	<b>135,316,420</b>	<b>125,388,677</b>	<b>126,093,137</b>	<b>63,771,625</b>	<b>120,268,966</b>	<b>161,681,776</b>	<b>157,863,724</b>	<b>149,426,110</b>	<b>156,006,875</b>		
<b>Ending Liquid Cash Balance</b>	<b>152,371,272</b>	<b>106,986,826</b>	<b>451,777,648</b>	<b>221,162,822</b>	<b>126,671,261</b>	<b>170,188,371</b>	<b>72,237,320</b>	<b>277,808,822</b>	<b>345,773,414</b>	<b>259,520,131</b>	<b>193,937,964</b>	<b>335,847,540</b>		
Opening Cash Balance	81,253,174	(1,958,661)	8,346,430	331,313,596	85,846,402	1,282,584	44,095,234	8,465,695	157,539,856	184,091,638	101,656,407	44,511,854		
Total Cash Receipts	78,329,251	108,980,603	561,445,026	116,646,846	101,758,786	250,804,919	98,862,421	322,299,616	347,617,232	140,336,031	102,245,949	485,588,524		
Total Cash Disbursements	169,777,637	102,821,492	240,456,751	364,280,001	186,170,669	208,309,085	135,694,978	173,342,836	323,181,047	222,689,816	159,037,375	349,529,572		
RAN/TAN Paid	0	0	0	190,000,000	0	0	0	0	90,000,000	60,000,000	0	0		
<b>Note Ran/Tan Debt Coverage</b>				<b>1.44</b>					<b>3.02</b>	<b>2.70</b>				
<b>Note Liquid Ran/Tan Debt Coverage</b>				<b>2.15</b>					<b>4.82</b>	<b>5.33</b>				

Footnotes:

1. Summary column shows opening cash balance for 2010, and ending cash balance for the period.
2. Monthly cash flow equals receipts less disbursements after adjustments by the Treasury Department.
3. Negative Receipts in Receipt of Tax Levies is due to Funding of Nassau Community College & EBF.
4. Negative Receipts in Receipt of Other Receipts is due to making school districts whole in June and Other Receipts Cash advance for Capital Projects.

**Nassau County  
Includes 5 Funds  
2011 Projections  
April Actuals**

5/18/2011  
7:42 PM

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	2011 Summary	Foot Note
<b>Opening Cash Balance</b>	179,840,666	114,278,496	223,117,650	358,449,859	203,731,906	90,862,479	156,756,139	35,838,508	148,110,272	204,638,433	111,258,813	14,831,979	179,840,666	1
<b>Receipts</b>														
Receipt of Tax Levies	3,051,113	121,299,228	309,518,935	(5,028,534)	(3,074,389)	(6,516,482)	(6,603,778)	132,426,442	238,421,684	5,766,233	5,198,693	5,856,488	800,315,632	4
Fed Aid, State Aid	11,384,159	6,430,207	54,632,879	5,577,986	14,273,728	24,715,359	10,089,280	49,959,492	55,032,979	61,326,708	25,345,545	40,611,618	359,379,939	
Non Tax	11,897,394	16,903,279	23,291,245	17,629,827	24,406,575	29,374,979	28,246,431	25,112,450	21,210,306	27,468,226	25,863,424	25,851,628	277,255,765	
Sales Tax (Nassau portion)	64,613,590	66,953,929	52,202,774	77,541,910	58,889,264	94,581,811	50,807,651	62,175,379	63,252,310	86,579,234	58,924,763	90,976,867	827,499,481	
Other Receipts	1,642,749	18,060,792	38,383,406	(5,422,526)	25,237,363	(88,837,732)	25,581,480	27,925,318	8,133,926	2,271,193	(11,379,207)	42,677,560	84,274,323	5
RAN/TAN Received	0	0	0	0	0	230,000,000	0	0	0	0	0	230,000,000	460,000,000	
<b>Total Cash Receipts</b>	<b>92,589,005</b>	<b>229,647,436</b>	<b>478,029,238</b>	<b>90,298,663</b>	<b>119,732,540</b>	<b>283,317,935</b>	<b>108,121,064</b>	<b>297,599,081</b>	<b>386,051,205</b>	<b>183,411,594</b>	<b>103,953,219</b>	<b>435,974,161</b>	<b>2,808,725,140</b>	
<b>Disbursements</b>														
Salaries & Fringes	102,363,314	92,165,468	93,109,606	94,182,168	83,936,846	93,172,034	97,875,703	95,321,170	88,797,897	81,202,777	100,102,105	262,792,061	1,285,021,148	3
Other Expenses	22,488,135	15,944,697	20,351,532	12,131,076	17,267,261	25,892,839	20,951,099	22,910,379	30,263,118	16,330,798	33,811,821	21,958,988	260,301,744	
Debt Service	22,549,731	0	2,141,292	17,720,471	8,104,146	13,412,944	30,416,240	2,515,296	18,037,028	17,772,215	9,356,814	8,070,217	150,096,395	
Social Services	32,144,765	32,397,464	40,696,795	36,898,385	41,741,895	47,048,051	47,118,034	44,856,123	41,619,028	49,901,101	32,643,794	22,622,734	469,688,169	
Local Governments Assistance	0	0	0	0	9,199,243	2,431,829	1,908,723	1,936,803	4,301,868	22,679,709	9,441,046	9,958,109	61,857,330	
Transfers Between Funds	(39,126,972)	(45,832,839)	(4,440,258)	(12,917,083)	34,861,779	10,317,870	8,023,680	(10,842,414)	(4,063,401)	(27,878,297)	(5,724,643)	(7,163,588)	(104,786,167)	
Other Disbursements	18,717,903	24,975,897	12,984,229	17,097,403	37,490,798	25,148,707	22,745,216	28,629,960	30,567,506	16,782,911	20,749,116	24,269,019	280,158,665	
RAN/TAN Paid	0	0	180,000,000	80,000,000	0	0	0	0	120,000,000	100,000,000	0	0	480,000,000	
<b>Total Cash Disbursements</b>	<b>159,136,875</b>	<b>119,650,688</b>	<b>344,843,196</b>	<b>245,112,420</b>	<b>232,601,967</b>	<b>217,424,274</b>	<b>229,038,695</b>	<b>185,327,317</b>	<b>329,523,043</b>	<b>276,791,214</b>	<b>200,380,054</b>	<b>342,507,540</b>	<b>2,882,337,283</b>	
Adjustments by Treasury	985,700	(1,157,594)	2,146,167	95,804	0	0	0	0	0	0	0	0	2,070,077	
<b>Cash Flow for Period</b>	<b>(65,562,170)</b>	<b>108,839,154</b>	<b>135,332,209</b>	<b>(154,717,953)</b>	<b>(112,869,428)</b>	<b>65,893,660</b>	<b>(120,917,631)</b>	<b>112,271,764</b>	<b>56,528,162</b>	<b>(93,379,620)</b>	<b>(96,426,835)</b>	<b>93,466,621</b>	<b>(71,542,066)</b>	
<b>Ending Cash Balance</b>	<b>114,278,496</b>	<b>223,117,650</b>	<b>358,449,859</b>	<b>203,731,906</b>	<b>90,862,479</b>	<b>156,756,139</b>	<b>35,838,508</b>	<b>148,110,272</b>	<b>204,638,433</b>	<b>111,258,813</b>	<b>14,831,979</b>	<b>108,298,599</b>	<b>108,298,599</b>	2
Liquid Funds (SSW & EBF)	150,657,404	123,925,846	153,290,340	137,454,671	127,454,671	117,454,671	107,454,671	97,454,671	137,454,671	127,454,671	117,454,671	129,454,671		
<b>Ending Liquid Cash Balance</b>	<b>264,935,900</b>	<b>347,043,495</b>	<b>511,740,199</b>	<b>341,186,578</b>	<b>218,317,150</b>	<b>274,210,810</b>	<b>143,293,179</b>	<b>245,564,943</b>	<b>342,093,105</b>	<b>238,713,485</b>	<b>132,286,650</b>	<b>237,753,271</b>		
Opening Cash Balance	179,840,666	114,278,496	223,117,650	358,449,859	203,731,906	90,862,479	156,756,139	35,838,508	148,110,272	204,638,433	111,258,813	14,831,979		
Total Cash Receipts	92,589,005	229,647,436	478,029,238	90,298,663	119,732,540	283,317,935	108,121,064	297,599,081	386,051,205	183,411,594	103,953,219	435,974,161		
Total Cash Disbursements	159,136,875	119,650,688	344,843,196	245,112,420	232,601,967	217,424,274	229,038,695	185,327,317	329,523,043	276,791,214	200,380,054	342,507,540		
RAN/TAN Paid	0	0	180,000,000	80,000,000	0	0	0	0	120,000,000	100,000,000	0	0		
<b>Note Ran/Tan Debt Coverage</b>			<b>2.98</b>	<b>3.55</b>				<b>2.71</b>	<b>2.11</b>					
<b>Note Liquid Ran/Tan Debt Coverage</b>			<b>3.83</b>	<b>5.26</b>				<b>3.85</b>	<b>3.39</b>					

**Footnotes:**

1. Summary column shows opening cash balance for 2011, and ending cash balance for the period.
2. Monthly cash flow equals receipts less disbursements after adjustments by the Treasury Department.
3. Salaries & Fringes Includes pension payment of \$140 million in December for subsequent year.
4. Negative Receipts in Receipt of Tax Levies is due to Funding of Nassau Community College.
5. Negative Receipts in Receipt of Other Receipts is due to making school districts whole in June and Other Receipts Cash advance for Capital Projects.

**Nassau County  
Includes 5 Funds  
2012 Projections**

5/18/2011  
7:46 PM

	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<b>2012 Summary</b>	<b>Foot Note</b>
<b>Opening Cash Balance</b>	<b>108,298,599</b>	<b>12,748,668</b>	<b>137,002,220</b>	<b>227,979,482</b>	<b>107,115,991</b>	<b>253,563,989</b>	<b>115,864,456</b>	<b>24,251,536</b>	<b>135,843,429</b>	<b>179,505,476</b>	<b>108,207,833</b>	<b>25,737,940</b>	<b>108,298,599</b>	<b>1</b>
<b>Receipts</b>														
Receipt of Tax Levies	(120,000)	138,605,432	292,090,745	13,413,932	(4,713,392)	(6,583,565)	(2,086,270)	127,197,468	242,568,698	(57,415)	0	0	<b>800,315,632</b>	<b>4</b>
Fed Aid, State Aid	13,476,114	14,630,251	57,213,113	17,673,562	12,081,647	23,036,682	7,837,071	48,747,595	54,647,305	61,344,798	23,362,628	39,279,934	<b>373,330,699</b>	
Non Tax	12,762,939	32,795,092	53,301,835	32,425,960	30,647,772	36,352,524	34,457,509	29,220,938	18,289,203	32,624,141	31,033,474	30,601,428	<b>374,512,815</b>	
Sales Tax (Nassau portion)	51,123,505	70,393,778	55,166,288	76,635,036	59,276,812	94,730,903	51,249,191	62,540,973	63,610,710	86,781,790	59,312,074	91,150,044	<b>821,971,105</b>	
Other Receipts	(3,014,852)	10,347,779	9,903,439	5,648,166	25,371,738	(83,699,278)	25,865,668	28,196,961	8,359,235	2,402,089	(11,187,252)	42,857,129	<b>61,050,821</b>	<b>5</b>
RAN/TAN Received	0	0	0	0	220,000,000	0	0	0	0	0	0	240,000,000	<b>460,000,000</b>	
<b>Total Cash Receipts</b>	<b>74,227,705</b>	<b>266,772,331</b>	<b>467,675,420</b>	<b>145,796,655</b>	<b>342,664,576</b>	<b>63,837,267</b>	<b>117,323,168</b>	<b>295,903,935</b>	<b>387,475,151</b>	<b>183,095,403</b>	<b>102,520,925</b>	<b>443,888,535</b>	<b>2,891,181,073</b>	
<b>Disbursements</b>														
Salaries & Fringes	99,232,650	86,275,673	86,623,992	87,592,124	88,357,381	87,411,399	86,486,286	105,935,229	88,429,088	85,916,122	94,734,785	287,265,732	<b>1,284,260,462</b>	<b>3</b>
Other Expenses	16,524,560	22,971,155	29,887,331	19,809,669	16,215,456	25,254,026	20,445,596	22,557,536	31,263,368	15,619,505	35,128,743	18,719,676	<b>274,396,622</b>	
Debt Service	14,728,689	879,587	27,618,173	12,303,702	6,464,314	11,773,112	28,776,408	875,464	16,397,196	16,132,383	7,716,982	6,430,385	<b>150,096,395</b>	
Social Services	31,193,666	52,614,492	46,998,082	40,654,506	38,046,405	43,370,131	43,470,219	41,139,652	37,850,139	46,170,280	28,904,547	18,851,333	<b>469,263,454</b>	
Local Governments Assistance	0	13,242,949	9,585	1,645,455	7,288,487	556,758	36,410	64,341	2,416,935	20,697,870	7,529,015	8,043,351	<b>61,531,155</b>	
Transfers Between Funds	(8,589,847)	(52,314,438)	1,921,441	2,331,335	4,401,464	10,070,395	8,023,680	(10,842,414)	(4,063,401)	(27,878,297)	(5,724,643)	(7,163,588)	<b>(89,828,313)</b>	
Other Disbursements	16,687,919	18,849,360	28,639,554	27,323,356	35,443,070	23,100,979	21,697,489	24,582,233	26,519,779	12,735,184	16,701,388	20,221,292	<b>272,501,603</b>	
RAN/TAN Paid	0	0	155,000,000	75,000,000	0	0	0	0	145,000,000	85,000,000	0	0	<b>460,000,000</b>	
<b>Total Cash Disbursements</b>	<b>169,777,637</b>	<b>142,518,779</b>	<b>376,698,158</b>	<b>266,660,146</b>	<b>196,216,577</b>	<b>201,536,801</b>	<b>208,936,088</b>	<b>184,312,042</b>	<b>343,813,105</b>	<b>254,393,047</b>	<b>184,990,817</b>	<b>352,368,181</b>	<b>2,882,221,377</b>	
Adjustments by Treasury	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>	
<b>Cash Flow for Period</b>	<b>(95,549,932)</b>	<b>124,253,552</b>	<b>90,977,262</b>	<b>(120,863,491)</b>	<b>146,447,998</b>	<b>(137,699,533)</b>	<b>(91,612,920)</b>	<b>111,591,893</b>	<b>43,662,047</b>	<b>(71,297,643)</b>	<b>(82,469,893)</b>	<b>91,520,354</b>	<b>8,959,695</b>	
<b>Ending Cash Balance</b>	<b>12,748,668</b>	<b>137,002,220</b>	<b>227,979,482</b>	<b>107,115,991</b>	<b>253,563,989</b>	<b>115,864,456</b>	<b>24,251,536</b>	<b>135,843,429</b>	<b>179,505,476</b>	<b>108,207,833</b>	<b>25,737,940</b>	<b>117,258,295</b>	<b>117,258,295</b>	<b>2</b>
<b>Liquid Funds (SSW &amp; EBF)</b>	<b>118,454,671</b>	<b>107,454,671</b>	<b>166,454,671</b>	<b>155,454,671</b>	<b>144,454,671</b>	<b>133,454,671</b>	<b>122,454,671</b>	<b>111,454,671</b>	<b>171,454,671</b>	<b>160,454,671</b>	<b>149,454,671</b>	<b>141,454,671</b>		
<b>Ending Liquid Cash Balance</b>	<b>131,203,339</b>	<b>244,456,892</b>	<b>394,434,154</b>	<b>262,570,662</b>	<b>398,018,661</b>	<b>249,319,127</b>	<b>146,706,208</b>	<b>247,298,101</b>	<b>350,960,147</b>	<b>268,662,504</b>	<b>175,192,611</b>	<b>258,712,966</b>		
Opening Cash Balance	108,298,599	12,748,668	137,002,220	227,979,482	107,115,991	253,563,989	115,864,456	24,251,536	135,843,429	179,505,476	108,207,833	25,737,940		
Total Cash Receipts	74,227,705	266,772,331	467,675,420	145,796,655	342,664,576	63,837,267	117,323,168	295,903,935	387,475,151	183,095,403	102,520,925	443,888,535		
Total Cash Disbursements	169,777,637	142,518,779	376,698,158	266,660,146	196,216,577	201,536,801	208,936,088	184,312,042	343,813,105	254,393,047	184,990,817	352,368,181		
RAN/TAN Paid	0	0	155,000,000	75,000,000	0	0	0	0	145,000,000	85,000,000	0	0		
<b>Note Ran/Tan Debt Coverage</b>			<b>2.47</b>	<b>2.43</b>				<b>2.24</b>	<b>2.27</b>					
<b>Note Liquid Ran/Tan Debt Coverage</b>			<b>3.54</b>	<b>4.50</b>				<b>3.42</b>	<b>4.16</b>					

- Footnotes:
- Summary column shows opening cash balance for 2012, and ending cash balance for the period.
  - Monthly cash flow equals receipts less disbursements after adjustments by the Treasury Department.
  - Salaries & Fringes Includes pension payment of \$140 million in December for subsequent year.
  - Negative Receipts in Receipt of Tax Levies is due to Funding of Nassau Community College.
  - Negative Receipts in Receipt of Other Receipts is due to making school districts whole in June and Other Receipts Cash advance for Capital Projects.

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]



