NEW ISSUE—FULL BOOK ENTRY

RATINGS:	**Bonds (Uninsured/Insured)**	**Notes**
	Moody's: A1/Aa3	**S&P: SP-1+**
	S&P: A+/AA-	**Fitch: F1+**
	Fitch: A+

(See "RATINGS" herein)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County, 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 2012 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the 2012 Series A Bonds 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 is also of the opinion that interest on the 2012 Series A Bonds and the Notes 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 expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2012 Series A Bonds or Notes. See "TAX MATTERS."

COUNTY OF NASSAU, NEW YORK
GENERAL OBLIGATIONS

$196,630,000 GENERAL IMPROVEMENT BONDS, 2012 SERIES A

Dated: Date of Delivery **Due: April 1, as shown on the inside cover**

$34,600,000 BOND ANTICIPATION NOTES, 2012 SERIES A (FEDERALLY TAXABLE)

Dated: Date of Delivery **Due: April 1, 2013**

Coupon: 1.50%
Price to Yield:1.00%
CUSIP: 63165THC2

The General Improvement Bonds, 2012 Series A (the "Bonds" or the "2012 Series A Bonds") and the Bond Anticipation Notes, 2012 Series A (Federally Taxable) (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, subject to applicable statutory limitations, to pay both the principal of and interest on the Bonds and Notes. See "THE BONDS AND NOTES — Tax Levy Limitation Law" herein.

Interest on the Bonds is payable on April 1 and October 1 of each year commencing October 1, 2012 and shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Notes is payable on April 1, 2013 and shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds and Notes are payable from amounts provided by the County. See "THE BONDS AND NOTES" herein.

The scheduled payment of principal and interest on the Bonds maturing on April 1, 2026 (the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by ASSURED GUARANTY MUNICIPAL CORP.

ASSURED GUARANTY® MUNICIPAL

The Bonds and 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 Bonds and 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 Bonds and 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 Bonds and Notes. The Bonds are subject to redemption prior to maturity as set forth herein. The Notes are not subject to redemption prior to maturity.

The Bonds are offered when, as and if issued and received by the Purchaser thereof in accordance with the Notice of Sale dated April 19, 2012. The Notes are offered when, as and if issued and received by the Underwriter. The issuance of the Bonds and Notes is subject to the approval of the legality thereof by Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the County. Certain legal matters with respect to the Notes will be passed upon for the Underwriter of the Notes by its counsel Hawkins Delafield & Wood LLP, New York, New York. Hawkins Delafield & Wood LLP will serve as counsel to the Underwriter only with respect to the Notes and not with respect to the Bonds. It is anticipated that the Bonds and Notes will be available for delivery through the facilities of DTC in New York, New York on or about May 2, 2012.

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

BofA MERRILL LYNCH
(Purchaser of the Bonds)

RAMIREZ & CO., INC.
(Underwriter of the Notes)

April 25, 2012

COUNTY OF NASSAU, NEW YORK

$196,630,000 GENERAL OBLIGATION BONDS

2012 SERIES A BONDS

MATURITY	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP**
4/1/2014	$ 5,395,000	5.00%	0.84%	63165N7G7
4/1/2015	5,680,000	5.00	1.09	63165N7H5
4/1/2016	6,665,000	5.00	1.39	63165N7J1
4/1/2017	7,005,000	5.00	1.56	63165N7K8
4/1/2018	7,365,000	5.00	1.77	63165N7L6
4/1/2019	7,740,000	5.00	2.00	63165N7M4
4/1/2020	8,140,000	5.00	2.26	63165N7N2
4/1/2021	8,555,000	5.00	2.49	63165N7P7
4/1/2022†*	8,995,000	5.00	2.65	63165N7Q5
4/1/2023†	9,360,000	3.00	3.00	63165N7R3
4/1/2024†*	9,745,000	5.00	2.94	63165N7S1
4/1/2025†	10,150,000	3.25	3.30	63165N7T9
4/1/2026†*	10,540,000	4.25	3.41	63165N7U6
4/1/2027†*	10,985,000	4.00	3.60	63165N7V4
4/1/2028†*	11,435,000	4.00	3.69	63165N7W2
4/1/2029†*	11,900,000	4.00	3.77	63165N7X0
4/1/2030†*	12,385,000	4.00	3.84	63165N7Y8
4/1/2031†*	12,890,000	4.00	3.90	63165N7Z5
Total	$164,930,000			

$31,700,000 4.00% Term Bond Due April 1, 2034† to Yield 4.10% CUSIP** 63165N7A9

† The Bonds stated to mature on or after April 1, 2022 shall be subject to optional redemption on April 1, 2021 or on any date thereafter.

* Priced to the April 1, 2021 optional redemption date. (See "Optional Redemption" herein).

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
David W. Denenberg
Delia DeRiggi-Whitton
Dennis Dunne, Sr.
Denise Ford
Norma L. Gonsalves
Judith A. Jacobs
Howard J. Kopel
Vincent T. Muscarella
Richard J. Nicolello
Joseph K. Scannell
Carrié Solages
Robert Troiano
Rose Marie Walker
Wayne H. Wink, Jr.

COUNTY COMPTROLLER
George Maragos

DEPUTY COUNTY EXECUTIVE FOR FINANCE
Timothy P. Sullivan

ACTING COUNTY TREASURER
Beaumont A. Jefferson

BUDGET DIRECTOR
Eric C. Naughton

COUNTY ATTORNEY
John Ciampoli, Esq.

FINANCIAL ADVISOR
Public Financial Management, Inc.

BOND COUNSEL
Orrick, Herrington & Sutcliffe LLP

IN CONNECTION WITH THE OFFERING OF THE NOTES, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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 Bonds or 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.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Insured Bonds or the advisability of investing in the Insured Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Bond Insurance" and "Appendix H – Specimen Municipal Bond Insurance Policy."

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NEITHER OF THE BONDS NOR NOTES HAVE 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 BONDS AND 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 BONDS OR NOTES. NEITHER THE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR NOTES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

of the

COUNTY OF NASSAU, NEW YORK

Relating to

$196,630,000 GENERAL IMPROVEMENT BONDS, 2012 SERIES A
Dated: Date of Delivery **Due: April 1, as shown on the inside cover**

$34,600,000 BOND ANTICIPATION NOTES, 2012 SERIES A (FEDERALLY TAXABLE)
Dated: Date of Delivery **Due: April 1, 2013**
Coupon: 1.50%
Price to Yield: 1.00%

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 (i) $196,630,000 principal amount of General Improvement Bonds, 2012 Series A (the "2012 Series A Bonds" or the "Bonds") and (ii) $34,600,000 principal amount of Bond Anticipation Notes, 2012 Series A (Federally Taxable) (the "Notes" and collectively with the Bonds, the "Obligations"). The Obligations are dated the date of delivery. The interest rates, maturity dates and prices or yields of the Bonds are set forth on the inside cover of this Official Statement. The interest rate, maturity and price or yield of the Notes is set forth on the cover of this Official Statement. The Bonds are subject to optional redemption prior to maturity as set forth herein. The Notes are not subject to redemption prior to maturity.

The Obligations are issued pursuant to the Constitution and laws of the State, including among others, the Local Finance Law and the County Charter (the "County Charter"). The Bonds are being issued to fund various public purposes. The Notes are being issued to finance various sewer system improvements. See "APPENDIX A – INFORMATION ABOUT THE COUNTY" herein. The Obligations will be general obligations of the County for the payment of which the County has pledged its faith and credit.

THE BONDS AND NOTES

The Obligations 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, and various bond ordinances adopted by the County Legislature and approved by the County Executive pursuant to the Local Finance Law, 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 Obligations, 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 Obligations 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 Obligations will be general obligations of the County, and will be issued, bear interest, mature and be payable as described on the cover page and inside cover page of this Official Statement and herein. Interest on the Obligations will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds are being issued to fund various public purposes, including capital projects, judgments and settlements, separation payments and to pay costs of issuance. The Notes are being issued to finance various sewer system improvements.

The Obligations 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 Obligations, and, unless paid from other sources, the County is authorized to levy on all taxable real property such ad valorem taxes as may be necessary to pay the Bonds and the interest thereon subject to applicable statutory limitations. See "Tax Levy Limitation Law" herein. The Obligations do not constitute debt of NIFA.

Sources and Uses of Proceeds of the Obligations

The County expects to apply the proceeds from the sale of the Obligations as follows:

Sources	**Bonds**	**Notes**
Par Amount	$196,630,000	$34,600,000
Net Original Issuance Premium	10,962,773	78,284
Total Sources	$207,592,773	$34,678,284
Uses		
Deposit to Obligation Proceeds Account	$207,592,773	$34,678,284
Total Uses	$207,592,773	$34,678,284

Optional Redemption

The Notes are not subject to optional redemption prior to maturity.

The Bonds stated to mature on or after April 1, 2022 shall be subject to redemption prior to maturity, at the option of the County, as a whole or in part, from time to time, in any order of maturity or portion of a maturity as designated by the County, on or after April 1, 2021, or on any date thereafter upon payment of a redemption price of 100% of the principal. Notice of such call for redemption shall be given by transmitting such notice to the registered holder not more than sixty (60) nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest to such redemption date, and interest shall cease to be paid thereon after such redemption date. See "Selection of Bonds to be Redeemed in Partial Redemption," within this section.

Mandatory Sinking Fund Redemption

The Notes are not subject to mandatory sinking fund redemption prior to maturity.

The Bonds maturing on April 1, 2034 are subject to scheduled mandatory sinking fund redemption prior to maturity commencing April 1, 2032 and on each April 1 thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium, in the years and in the principal amounts below:

Year	Principal Amount
2032	$13,415,000
2033	13,965,000
2034*	4,320,000

* Maturity

Selection of Bonds to be Redeemed in Partial Redemption

If less than all of the Bonds are called for optional redemption, the Bonds to be redeemed shall be selected by the County Treasurer in such manner as may be determined to be in the best interest of the County. If less than all of the Bonds of a particular maturity are called for redemption, DTC or any successor securities depository will select the Bonds to be redeemed pursuant to its rules and procedures or, if the book-entry system is discontinued, the Bonds to be redeemed will be selected by the County Treasurer, who has been appointed registrar (the "Registrar"), by lot in such manner as the Registrar in its discretion may determine. In either case, each portion of the $5,000 principal amount is counted as one Bond for such purpose.

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 16, 2016 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases or changes due to physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of its fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for such fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Levy Limitation Law (June 24, 2011).

Article 8 Section 2 of the State Constitution requires every issuer of general obligation notes and bonds in the State to pledge its faith and credit for the payment of the principal thereof and the interest thereon. This has been interpreted by the Court of Appeals, the State's highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

> "A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit", are used and they are not tautological. That is what the words say and that is what courts have held they mean."

Article 8 Section 12 of the State Constitution specifically provides as follows:

> "It shall be the duty of the legislature, subject to the provisions of this constitution, to restrict the power of taxation, assessment, borrowing money, contracting indebtedness, and loaning the credit of counties, cities, towns and villages, so as to prevent abuses in taxation and assessments and in contracting of indebtedness by them. Nothing in this article shall be construed to prevent the legislature from further restricting the powers herein specified of any county, city, town, village or school district to contract indebtedness or to levy taxes on real estate. The legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted."

On the relationship of the Article 8 Section 2 requirement to pledge the faith and credit and the Article 8 Section 12 protection of the levy of real property taxes to pay debt service on bonds subject to the general obligation pledge, the Court of Appeals in the Flushing National Bank case stated:

"So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the city's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted….While phrased in permissive language, these provisions, when read together with the requirement of the pledge of faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

In addition, the Court of Appeals in the Flushing National Bank case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of municipalities.

Therefore, while the Tax Levy Limitation Law may constrict an issuer's power to levy real property taxes for the payment of debt service on debt contracted after the effective date of the Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer's pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer's levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation is not clear.

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. NIFA currently has long term bonds outstanding through November 15, 2025.

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 Obligations in the event of a default in the payment of principal of and interest on the Obligations. Execution or attachment of County property cannot be obtained to satisfy a judgment by holders of the Obligations.

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 Obligations.

Book-Entry-Only System

The Depository Trust Company, New York, New York ("DTC") will act as securities depository for the Obligations. The Obligations 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 Bond certificate will be issued for each maturity of Bonds and will be deposited with DTC. One fully-registered Note certificate will be issued and deposited with DTC.

DTC 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 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"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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"). 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.

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Obligation ("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 Obligations 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 Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations 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 Obligations 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 Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations 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 Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligations documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations 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 notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of redemption proceeds and principal and interest on the Obligations 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 the 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 Obligations 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 and principal and interest on the Obligations 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 Obligations at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, Obligation 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 OBLIGATIONS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS OF THE OBLIGATIONS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE OBLIGATIONS.

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 OBLIGATIONS (I)

PAYMENTS OF THE PRINCIPAL OF, OR INTEREST OR PREMIUM, IF ANY, ON THE OBLIGATIONS, (II) CONFIRMATION OF THEIR OWNERSHIP INTEREST IN THE OBLIGATIONS; OR (III) NOTICES SENT TO DTC OR CEDE & CO., AS NOMINEE, AS REGISTERED OWNER OF THE OBLIGATIONS, 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 Obligations

DTC may discontinue providing its services with respect to the Bonds or 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 applicable Obligations will be issued in registered form in denominations of $5,000 or integral multiples thereof. The Bonds will remain subject to redemption prior to their stated final maturity date.

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.

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, assessment review 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.

OTHER INFORMATION

The County is authorized to spend money for the objects or purposes for which the Obligations 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. To the best of the knowledge of current officials of the County, the County has never defaulted on the payment of principal of and interest on any indebtedness.

This Official Statement does not include either the debt or the tax collection records 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

The Bonds

At the time of the issuance and delivery of the Bonds, the County will covenant for the benefit of the Beneficial Owners (as hereinabove defined) of the Bonds 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") to provide, in accordance with the requirements of the Rule during any fiscal year in which the Bonds are outstanding, to the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board ("MSRB") or other entity authorized or designated by the Commission in accordance with the Rule, (i) certain annual financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained herein and a copy of the audited financial statement (prepared in accordance with generally accepted accounting principles in effect at the time of the audit) for the preceding fiscal year, if any; such information, data and audit, if any, will be so provided on or prior to August 1 of each such fiscal year, but in no event, not later than the last business day of each succeeding fiscal year and (ii) 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.

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 Bonds;

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 none of the Bonds, the proceedings authorizing the Bonds, the Local Finance Law, nor any other law makes any provision for the legal defeasance of the Bonds;

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 Bonds or other material events affecting the tax status of the Bonds;

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* 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.

11. Modifications to rights of Beneficial Owners or holders of the Bonds;

12. Unscheduled or contingent Bond calls;

13. Release, substitution, or sale of property securing repayment of the Bonds. It should be noted that the Bonds 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 none of the Bonds, the proceedings of the County authorizing the Bonds, the Local Finance Law, nor any other law, makes any provision for non-payment related defaults on the Bonds, 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 Bonds.

The sole remedy of a Beneficial Owner of the Bonds 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 Bonds.

The County may amend its obligations under the provisions of the covenant without the consent of any holder of the Bonds or Beneficial Owner of the Bonds 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 Bonds, but taking into account any subsequent change in or official interpretation of the Rule. The County has not, in the previous five years, failed to comply in all material respects with any previous undertaking pursuant to the Rule.

The Notes

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 the Rule to provide, in accordance with the requirements of the Rule, to the Electronic Municipal Market Access system of the MSRB or other entity authorized or designated by the Commission in accordance with the Rule, 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.

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 none of 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 Notes 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 none of 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.

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* 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.

RISK FACTORS

The following description summarizes some of the risk factors associated with the Obligations 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 Obligations 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 Obligations. 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 value of outstanding debt obligations, including the Obligations, 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. For a description of the County's current multi-year financial plan and the budget gap closing measures contained therein, see "COUNTY FINANCIAL CONDITION – 2012 Budget and 2012-2015 Multi-Year Financial Plan" in "APPENDIX A – INFORMATION ABOUT THE COUNTY" herein.

In addition, adverse events within the County could affect the market for the Obligations. 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 Obligations.

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, certain capital projects and 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 Bonds and Notes will be covered by the final approving opinions of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. The proposed forms of such opinions are set forth in APPENDIX C hereto. Certain legal matters with respect to the Notes will be passed upon for the Underwriter for the Notes by its counsel Hawkins Delafield & Wood LLP, New York, New York. Hawkins Delafield & Wood LLP will serve as counsel to the Underwriter only with respect to the Notes and not with respect to the Bonds.

TAX MATTERS

General

In the opinion of 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 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual and 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 is also of the opinion that interest on the Bonds and Notes is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Complete copies of the proposed forms of opinions of Bond Counsel are set forth in APPENDIX C hereto.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and that interest on the Bonds and Notes 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 Bonds or 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.

Bonds

Bonds 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 Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, 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 Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds 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 Bonds. Contemporaneously with the issuance of the Bonds, the County will make certain representations and will covenant to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds 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 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. 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 Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds 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. As one example, on September 12, 2011, the Obama Administration announced a legislative proposal entitled the American Jobs Act of 2011. For tax years beginning on or after January 1, 2013, the American Jobs Act of 2011 generally would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposal or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal or state tax legislation, regulations or litigation and regarding the impact of future 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 Bonds 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. Contemporaneously with the issuance of the Bonds, the County will covenant, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the Beneficial Owners regarding the tax-exempt status of the Bonds 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 bonds 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 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the County or the Beneficial Owners to incur significant expense.

Federally Taxable Notes

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Notes that acquire their Notes in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect, and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with all U.S. federal income tax considerations applicable to categories of investors some of which may be subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Notes as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences or (ii) the indirect effects on persons who hold equity interests in a holder. In addition, this summary generally is limited to investors that acquire their Notes pursuant to this offering for the issue price that is applicable to such Notes (i.e., the price at which a substantial amount of the Notes are sold to the public) and who will hold their Notes as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, "U.S. Holder" means a beneficial owner of a Note that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a beneficial owner of a Note (other than a partnership) that is not a U.S. Holder. If a partnership holds Notes, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Notes, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Notes (including their status as U.S. Holders or Non-U.S. Holders).

U.S. Holders

Interest. Interest on the Notes generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. Federal income tax purposes.

The Notes are expected to be issued at a premium. In general, the excess of the issue price of a Note over its stated principal amount will constitute a premium. A. U.S. Holder of a Note issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Note.

The Notes are not expected to be treated as issued with original issue discount ("OID") for U.S. federal income tax purposes because the stated redemption price at maturity of the Notes is not expected to exceed their issue price, or because any such excess is expected to only be a de minimis amount (as determined for tax purposes).

Disposition of the Notes. Unless a non-recognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the County) or other disposition of a Note will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Note will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Notes and (ii) the U.S. Holder's adjusted tax basis in the Note (generally, the purchase price paid by the Note decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Notes, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Notes exceeds one year. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding. Payments on the Notes generally will be subject to U.S. information reporting and "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Notes may be subject to backup withholding at the current rate of 28% (subject to future adjustment) with respect to "reportable payments," which include interest paid on the Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Notes. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) there has been a failure of the payee to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

Non-U.S. Holders

Interest. Subject to the discussion below under the heading "Information Reporting and Backup Withholding," payments of principal of, and interest on, any Note to a Non-U.S. Holder, other than (1) a controlled foreign corporation, a such term is defined in the Code, which is related to the County through stock ownership and (2) a bank which acquires such Note in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. withholding tax provided that the beneficial owner of the Note provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

Disposition of the Notes. Subject to the discussion below under the heading "Information Reporting and Backup Withholding," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the County) or other disposition of a Note generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the County) or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A Note that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that, at the time of such individual's death, payments of interest with respect to such Note would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. Under current U.S. Treasury Regulations, payment of principal and interest on any Notes to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the Note or a financial institution holding the Note on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. If a financial institution, other than a financial institution that is a qualified intermediary, provides the certification, the certification must state that the financial institution has received from the beneficial owner the certification set forth in the preceding sentence, set forth the information contained in such certification, and include a copy of such certification, and an authorized representative of the financial institution must sign the certificate under penalties of perjury. A financial institution generally will not be required to furnish to the IRS the names of the beneficial owners of the Notes that are not United States persons and copies of such owners' certifications where the financial institution is a qualified intermediary that has entered into a withholding agreement with the IRS pursuant to applicable U.S. Treasury Regulations.

In the case of payments to a foreign partnership, foreign simple trust or foreign grantor trust, other than payments to a foreign partnership, foreign simple trust or foreign grantor trust that qualifies as a withholding foreign partnership or a withholding foreign trust within the meaning of applicable U.S. Treasury Regulations and payments to a foreign partnership, foreign simple trust or foreign grantor trust that are effectively connected with the conduct of a trade or business within the United States, the partners of the foreign partnership, the beneficiaries of the foreign simple trust or the persons treated as the owners of the foreign grantor trust, as the case may be, will be required to provide the certification discussed above in order to establish an exemption from withholding and backup withholding tax requirements. The current backup withholding tax rate is 28% (subject to future adjustment).

In addition, if the foreign office of a foreign "broker," as defined in applicable U.S. Treasury regulations pays the proceeds of the sale of a Note to the seller of the Note, backup withholding and information reporting requirements will not apply to such payments provided that such broker derives less than 50% of its gross income for certain specified periods from the conduct of a trade or business within the United States, is not a controlled foreign corporation, as such term is defined in the Code, and is not a foreign partnership (1) one or more of the partnership of which, at any time during its tax year, are U.S. persons (as defined in U.S. Treasury Regulations Section 1.1441-(2) which, at any time during its tax year, is engaged in the conduct of a trade or business within the United States. Moreover, the payment by a foreign office of other brokers of the proceeds of the sale of a Note will not be subject to backup withholding unless the payer has actual knowledge that the payee is a U.S. person. Principal and interest so paid by the U.S. office of a custodian, nominee or agent, or the payment by the U.S. Office of a broker of the proceeds of a sale of a Note, is subject to backup withholding requirements unless the beneficial owner provides the nominee, custodian, agent or broker with an appropriate certification as to its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

Circular 230

Under 31 C.F.R. part 10, the regulations governing practice before the IRS (Circular 230), the County and its tax advisors are (or may be) required to inform prospective investors that:

i. any advice contained herein is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer;

ii. any such advice is written to support the promotion or marketing of the Notes and the transactions described herein; and

iii. each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds maturing on April 1, 2026 (the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

AGM's financial strength is rated "AA-" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (on review for possible downgrade) by Moody's Investors Service, Inc. ("Moody's"). An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On March 20, 2012, Moody's issued a press release stating that it had placed AGM's "Aa3" insurance financial strength rating on review for possible downgrade. AGM can give no assurance as to any further ratings action that Moody's may take. Reference is made to the press release, a copy of which is available at www.moodys.com, for the complete text of Moody's comments.

On November 30, 2011, S&P published a Research Update in which it downgraded AGM's financial strength rating from "AA+" to "AA-". At the same time, S&P removed the financial strength rating from CreditWatch negative and changed the outlook to stable. AGM can give no assurance as to any further ratings action that S&P may take. Reference is made to the Research Update, a copy of which is available at www.standardandpoors.com, for the complete text of S&P's comments.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

Capitalization of AGM

At December 31, 2011, AGM's consolidated policyholders' surplus and contingency reserves were approximately $3,107,919,136 and its total net unearned premium reserve was approximately $2,171,861,791, in each case, in accordance with statutory accounting principles.

AGM's statutory financial statements for the fiscal year ended December 31, 2011, which have been filed with the New York State Department of Financial Services and posted on AGL's website at http://www.assuredguaranty.com, are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Incorporation of Certain Documents by Reference

Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (filed by AGL with the SEC on February 29, 2012).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, after the filing of the last document referred to above and before the termination of the offering of the Insured Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Insured Bonds or any uninsured bonds offered under this Official Statement and may hold such Insured Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Insured Bonds or uninsured bonds at any time or from time to time.

AGM makes no representation regarding the Insured Bonds or the advisability of investing in the Insured Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

RATINGS

Moody's Investors Service Inc. ("Moody's"), Standard & Poor's Ratings Services ("S&P") and Fitch Ratings ("Fitch") have assigned ratings of "A1", "A+" and "A+", respectively, to the Bonds other than the Insured Bonds. Moody's and S&P have assigned ratings of "Aa3" (on review for possible downgrade) and "AA-" (stable outlook), respectively, to the Insured Bonds with the understanding that a municipal bond insurance policy insuring the payment when due for principal and interest on the Insured Bonds will be issued by Assured Guaranty Municipal Corp. S&P and Fitch have assigned ratings of "SP-1+" and "F1+", respectively, 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; and Fitch Ratings, One State Street Plaza, New York, New York 10004. 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 Obligations. A securities rating is not a recommendation to buy, sell or hold securities.

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 Obligations. 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.

UNDERWRITING

The Notes are being purchased, subject to certain conditions, by Ramirez & Co., Inc. (the "Underwriter") for reoffering to the public. The purchase contract for the Notes provides that the Underwriter will purchase all of the Notes, if any are purchased, at a purchase price equal to $34,678,284.10, reflecting an original issue premium of $156,392.00 and an underwriter's discount of $78,107.90 and to reoffer such Notes at the public offering prices or yields set forth on the cover page hereof. Such Notes may be offered and sold to dealers (including dealers depositing such Notes into investment trusts) at prices lower and yields higher than such public offering prices and yields. Prices and yields may be changed, from time to time, by the Underwriter.

The Bonds will be purchased for reoffering by Merrill Lynch, Pierce, Fenner & Smith Incorporated.

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 MSRB. 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 Obligations.

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, and Hawkins Delafield & Wood LLP as Counsel to the Underwriter for the Notes 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 Obligations, 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 Obligations the County Treasurer shall furnish a certificate stating (i) to his knowledge the Official Statement does 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 Obligations.

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 Obligations 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/ Beaumont A. Jefferson
Acting County Treasurer

April 25, 2012

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APPENDIX A

INFORMATION ABOUT THE COUNTY

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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	Howard J. Kopel
Francis X. Becker, Jr.	Vincent T. Muscarella
Joseph V. Belesi	Richard J. Nicolello
Judi Bosworth	Joseph K. Scannell
David W. Denenberg	Peter J. Schmitt
Delia DeRiggi-Whitton	Carrié Solages
Dennis Dunne, Sr.	Robert Troiano
Denise Ford	Rose Marie Walker
Norma L. Gonsalves	Wayne H. Wink, Jr
Judith A. Jacobs	

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 Citicorp, 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.

Acting County Treasurer – Beaumont A. Jefferson

Beaumont A. Jefferson was appointed Deputy County Treasurer on February 5, 2010.

Mr. Jefferson became Acting County Treasurer on December 1, 2011 upon the retirement of the appointed County Treasurer.

Mr. Jefferson has 24 years of banking experience and is a former Vice President at JPMorgan Chase Bank. Mr. Jefferson's banking experience includes technology project and program management, call center management, retail back office operations and retail branch management.

Mr. Jefferson holds a B.S. in Business Administration and Management from SUNY Old Westbury.

County Budget Director – Eric C. Naughton

Eric C. Naughton was appointed Budget Director in January 2012, and brings more than 20 years of municipal budgeting experience. Prior to this position, Mr. Naughton was the Suffolk County Deputy County Executive for Finance. Previously, he worked for the Nassau County Legislature's Office of Legislative Budget Review, serving as Deputy Director from 1996 to 2001, and subsequently as Director from 2001 to 2009. Prior to joining the Nassau Legislature, Mr. Naughton was Director of Financial Planning for the Atlanta Housing Authority and the Budget/Accounting Manager for the city of Marietta, Ga., where he was responsible for the city receiving its first Government Finance Officers Association's Distinguished Budget Presentation Award.

Mr. Naughton received his bachelor's degree in Finance from the Wharton School of the University of Pennsylvania.

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, the Office of Management and Budget ("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 monthly 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, 2011, the County's unreserved fund balance totaled $91.1 million (unaudited) or 3.6% of the County's prior-year expenditures. The County also maintains an Employee Accrued Liability Reserve Fund pursuant to GML; this reserve totaled approximately $14.4 million as of December 31, 2011. See "COUNTY FINANCIAL CONDITION – 2012 Budget and 2012-2015 Multi-Year Financial Plan" herein.

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. For a description of existing interest rate exchange agreements, see "APPENDIX D-OUTSTANDING OBLIGATIONS – Interest Rate Exchange Agreements."

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 under "NASSAU HEALTH CARE CORPORATION" 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.

Budget Process and Controls

The County Charter requires the County Executive to submit, no later than September 15th of each year, to the County Legislature for its review an annual operating budget for the ensuing fiscal year (January 1st through December 31st) 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 no later than September 15th, which must be consistent with the accompanying multi-year financial plan that the County must submit for NIFA's approval. 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 the 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 Results and Projections

The County ended Fiscal Year 2011 with an operating surplus of approximately $0.3 million (unaudited) according to the budgetary basis of accounting. The County Comptroller has indicated, however, that the County must take certain year-end closing actions to ensure that approximately $43 million in short-term property tax refund expenses remain accrued in the County's Capital Fund and thus do not affect the year-end budgetary result. In addition, the County Comptroller has indicated that for comparison, based on standard governmental generally accepted accounting principles ("GAAP") (modified accrual basis), the County will end 2011 with a negative $36.9 million (unaudited) result. The County Comptroller has further indicated that on a GAAP basis (with NIFA-defined adjustments), the County will end the 2011 fiscal year with a negative $167.6 million result. It is possible that during the audit process these numbers may be adjusted for various accounting reasons. As of February, 2012, the County's projected deficit for the end of Fiscal Year 2012 is approximately $69 million, prior to corrective actions, and approximately $13 million subsequent to corrective actions. However, this early forecast does not include the recent sales tax growth, which is currently trending significantly above budget. No assurance can be made that any such corrective actions will be taken or that such recent sales tax growth will continue.

2012 Budget and 2012-2015 Multi-Year Financial Plan

The County Executive submitted the proposed 2012 Budget to the County Legislature on September 15, 2011. The County Legislature adopted the 2012 Budget on October 30, 2011, which included legislative amendments totaling $160.3 million, and was balanced according to the budgetary basis of accounting. The 2012 Budget includes $2.8 billion in appropriations, excluding interdepartmental transfers, to support the Major Operating Funds. The 2012 Budget includes a modest sales tax growth rate of 2.0% over 2011 projections. See "NIFA Approval of the 2012-2015 Multi-Year Financial Plan" within this section and "MONITORING AND OVERSIGHT – External – *NIFA*" herein.

As described in the 2012-2015 Multi-Year Financial Plan, the County is projecting budget gaps of $112.3 million in 2013, $60.3 million in 2014 and $92.7 million in 2015. Figure 1 shows the gap projections and gap closing measures contained in the 2012-2015 Multi-Year Financial Plan.

FIGURE 1
SUMMARY OF GAP PROJECTIONS
2012-2015 MULTI-YEAR FINANCIAL PLAN
MAJOR OPERATING FUNDS
(IN MILLIONS)

	2013	2014	2015
Projected Baseline Gap	($112.3)	($60.3)	($92.7)
Gap Closing Measures			
Surplus Land Sales	5.0	5.0	5.0
Value of New Construction	3.0	6.0	9.0
Debt Restructuring	-	-	15.0
NYS Actions			
Elimination of MTA Station Maintenance	29.0	30.0	31.0
Red Light Camera Phase II	12.0	9.0	7.0
LIE Ticket Surcharge	5.0	5.0	5.0
Public Private Partnership – Sewer System	75.0	40.0	
Public Private Partnership – Savings from Debt Defeasance			21.9
Gap Closing Actions	129.0	95.0	93.9
Surplus / Deficit	$ 16.7	$34.7	$ 1.2

The County plans to implement some or all of the gap-closing measures described above to produce savings and/or generate revenues in order to close the projected gaps. One or more of these items may require State legislation, 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 and the future of the New York Racing Association and Off-Track Betting Corporations in the State. In addition, the administration has submitted or is expected to submit to the County Legislature one or more bond ordinances to finance the payment of approximately $103 million in property tax refunds. Such ordinance(s) have not been voted upon. Failure of the County Legislature to enact such ordinance(s), or of NIFA subsequently to approve such borrowing, will likely result in approximately $43 million of the expenditures being accrued in the County's 2011 Budget and approximately $60 million in the 2012 Budget, in both cases without offsetting budgeted revenues. Failure of the County Legislature to approve subsequent bond ordinances to finance property tax refunds in 2012, or of NIFA subsequently to approve such borrowing, will result in additional accruals up to approximately $100 million in the 2012 Budget, again without offsetting budgeted revenues. Various petitioners have brought actions in Nassau Supreme Court to convert outstanding judgments and settlements reducing assessed valuations into money judgments to then be enforced against the County's bank accounts or other assets, which is likely to occur in 2012 unless the bond ordinance(s) described above is/are approved by the County Legislature according to law or the court provides relief to the County.

The 2012-2015 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 2012-2015 Multi-Year Financial Plan.

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, certain capital projects and 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.

NIFA Approval of the 2012-2015 Multi-Year Financial Plan

As required by the NIFA Act during the control period, the County submitted the 2012-2015 Multi-Year Financial Plan to NIFA for review and approval. On December 8, 2011, NIFA approved the 2012-2015 Multi-Year Financial Plan subject to certain conditions. For further information regarding NIFA's declaration of a control period, see "MONITORING AND OVERSIGHT – External – *NIFA*" herein.

See "MONITORING AND OVERSIGHT – External – *NIFA*" and "Appendix F – COUNTY WORKFORCE" herein for 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. These 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.

<u>Certificate of Achievement for Excellence in Financial Reporting</u>

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, 2010. 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.

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 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.

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.

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. See "COUNTY FINANCIAL CONDITION – NIFA Approval of the 2012-2015 Multi-Year Financial Plan" 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 certain contracts of $50,000 or more which must be approved by NIFA. Pursuant to the Contract Approval Guidelines, certain contracts are submitted to NIFA for approval following the County's internal approval process. 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 continue to defend itself vigorously against such action(s). On March 22, 2012 NIFA adopted (i) a similar wage freeze resolution with respect to the 2012 Budget and (ii) a similar resolution declaring a continuing fiscal crisis and ordering the suspension of increases in salary and wages and other payments as described above for an additional year.

NIFA has approved the issuance of the Obligations, 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 Obligations 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. NIFA bonds are outstanding through November 15, 2025. 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 fiscal year ended December 31, 2010. An excerpt from the financial statements for such year 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 2012 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 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 2 shows Major Operating Funds revenues.

FIGURE 2
REVENUES
(MAJOR OPERATING FUNDS)

REVENUE CATEGORY	2008	2009	2010	Unaudited 2011	Budgeted 2012
Sales Tax	$1,000,687,790	$951,152,888	$1,001,441,745	$1,024,749,173	$1,056,188,384
Property Tax	776,248,828	803,322,733	802,901,506	802,566,684	804,331,558
State Aid	202,687,268	204,446,835	171,045,976	183,181,776	234,814,429
Federal Aid	110,045,026	161,886,184	209,401,010	176,963,081	165,063,957
Departmental Revenues	86,930,037	96,027,120	94,416,532	116,158,185	171,941,513
Other Revenues*	312,105,635	259,114,710	261,273,694	315,435,610	361,117,107
Sub-total	$2,488,704,584	$2,475,950,470	$2,540,480,463	$2,619,054,509	$2,793,456,948
Interdepartmental Revenues	355,195,974	398,046,624	379,498,496	459,521,124	500,451,799
Total	$2,843,900,558	$2,873,997,094	$2,919,978,959	$3,078,575,633	$3,293,908,747

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

*Consists primarily of fines and forfeitures, investment income, permits and licenses, interest on unpaid property taxes, none of which exceed individually Departmental Revenues.

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 37.8% of the total revenues in the 2012 Budget (excluding interdepartmental revenues). Figure 3 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 3
BUDGETED AND ACTUAL SALES TAX REVENUES COMPARED TO BUDGETED AND ACTUAL TOTAL REVENUES
(MAJOR OPERATING FUNDS)

	Budgeted			Actual		
Fiscal Year	Total Revenues	Sales Tax Revenues	Sales Tax as % of Total Revenues	Total Revenues	Sales Tax Collected	Sales Tax Collected as % of Total Revenues
2012	$2,793,456,948	$1,056,188,384	37.8%	N/A	N/A	N/A
2011	2,700,623,456	1,023,336,134	37.9%	$2,619,054,509*	$1,024,749,173*	39.1%*
2010	2,619,913,030	1,003,083,023	38.3%	2,540,480,463	1,001,441,745	39.4%
2009	2,602,022,962	1,037,778,713	39.9%	2,475,950,470	951,152,888	38.4%
2008	2,558,521,448	1,042,557,825	40.7%	2,488,704,584	1,000,687,790	40.2%

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

*Unaudited.

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) 4-¼% is the County's share, out of which the County (a) must allocate a ¼% 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.

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, 2013, and the County Legislature has implemented this authorization. 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 28.8% of total revenues in the 2012 Budget (excluding interdepartmental revenues). The levy of the property tax is at the sole discretion of the County, subject to constitutional and statutory limitations. In 2011, the State enacted legislation to limit property tax levy increases by most municipalities in the State, including the County, to the lesser of 2% or the annual increase in CPI, over the prior year's levy, with certain exceptions. See "THE BONDS AND NOTES – Tax Levy Limitation Law" in the Official Statement to which this Appendix is attached. The County is only at approximately 16.58% of its constitutional tax limit. See "REAL PROPERTY ASSESSMENT AND TAX COLLECTION – Real Property Tax Limit" herein. Figure 4 shows property tax levies in the Major Operating Funds.

FIGURE 4
PROPERTY TAX LEVY
(MAJOR OPERATING FUNDS)

Fund	**2009 Levy**	**2010 Levy**	**2011 Levy**	**2012 Levy**
Police District Fund	$345,035,890	$343,354,134	$364,488,774	$369,984,527
Police Headquarters Fund	289,073,953	279,980,342	245,665,677	299,057,190
General Fund	156,498,471	162,838,578	174,506,692	120,039,282
Fire Prevention Fund	15,465,535	15,400,795	15,654,489	15,250,559
Total	**$806,073,849**	**$801,573,849**	**$800,315,632**	**$804,331,558**

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 5 shows budgeted and actual (if available) property tax revenues compared to budgeted and actual total revenues for the Major Operating Funds.

FIGURE 5
BUDGETED AND ACTUAL PROPERTY TAX REVENUES
(MAJOR OPERATING FUNDS)

	Budget			Actual		
Fiscal Year	**Total Revenues**	**Property Tax Revenues**	**Property Tax as % of Total Revenues**	**Total Revenues**	**Property Tax Collected**	**Property Tax Collected as % of Total Revenues**
2012	$2,793,456,948	$804,331,558	28.8%	N/A	N/A	N/A
2011	2,700,623,456	800,315,632	29.6%	$2,619,054,509*	$802,566,684*	30.6%*
2010	2,619,913,030	801,573,849	30.6%	2,540,480,463	802,901,506	31.6%
2009	2,602,022,962	806,073,849	31.0%	2,475,950,470	803,322,733	32.5%
2008	2,558,521,448	773,371,054	30.2%	2,488,704,584	776,248,828	31.2%

Note: All data exclude interdepartmental revenues.

*Unaudited.

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 6.

FIGURE 6
PROPERTY TAX COLLECTIONS VERSUS LEVY
(IN THOUSANDS)
(MAJOR OPERATING FUNDS)

Fiscal Year Beginning	Total Real Property Tax	Uncollected at End of Fiscal Year	Percentage Uncollected at End of Fiscal Year	Uncollected as of February 29, 2012	Percentage Uncollected as of February 29, 2012
January 1, 2012	$804,332	N/A	N/A	N/A	N/A
January 1, 2011	800,316	$26,673	3.33%	$13,441	1.68%
January 1, 2010	801,574	23,041	2.87	215	0.03
January 1, 2009	806,074	25,910	3.21	662	0.08
January 1, 2008	773,371	19,306	2.50	305	0.04

See "REAL PROPERTY ASSESSMENT AND TAX COLLECTION" herein.

State and Federal Aid

Approximately 14.3% of the total revenues in the 2012 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. Special taxes 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. Figure 7 shows annual expenditures by category.

FIGURE 7
EXPENDITURES BY CATEGORY
(MAJOR OPERATING FUNDS)

EXPENDITURE CATEGORY	**2008**	**2009**	**2010**	**Unaudited 2011**	**Budgeted 2012**
SALARIES & WAGES	$840,753,123	$789,728,959	$814,434,390	$838,099,081	$686,673,715
FRINGE BENEFITS	393,413,771	388,332,836	383,207,944	431,346,841	481,416,054
MEDICAID	225,227,469	227,852,906	234,903,480	242,329,528	248,838,445
DSS ENTITLEMENT PROGRAMS	150,846,235	167,570,552	186,175,048	199,271,212	196,986,507
CONTRACTUAL SERVICES	121,876,191	118,732,603	118,418,518	121,776,571	213,612,365
ADMINISTRATIVE EXPENSES	69,405,902	65,211,549	66,102,623	72,215,776	69,416,594
DEBT SERVICE (Interest & Principal) (*)	106,761,315	109,476,407	121,665,883	132,204,411	162,874,498
LOCAL GOVERNMENT ASSISTANCE	60,474,022	56,091,788	59,413,817	61,748,472	62,852,361
MASS TRANSPORTATION	47,581,487	47,818,616	47,080,836	47,802,366	42,217,100
OTHER EXPENSES	470,259,495	531,704,244	492,157,488	471,977,079	628,569,308
SUB-TOTAL	**2,486,599,010**	**2,502,520,460**	**2,523,560,027**	**2,618,771,337**	**2,793,456,947**
INTERFUND/INTERDEPARTMENTAL TRANSFERS	355,195,974	370,215,544	379,227,207	459,541,252	500,451,800
TOTAL	**$2,841,794,984**	**$2,872,736,004**	**$2,902,787,234**	**$3,078,312,589**	**$3,293,908,747**

[*] Does not include value of NIFA set-asides which are included in Other Expenses.

Figure 8 shows annual expenditures by fund, excluding interdepartmental expenses, in the Major Operating Funds.

FIGURE 8
EXPENDITURES BY FUND
(MAJOR OPERATING FUNDS)

	2008	**2009**	**2010**	**Unaudited 2011**	**Budgeted 2012**
GENERAL FUND	$1,518,670,588	$1,554,417,730	$1,559,247,958	$1,592,598,045	$1,695,133,919
DEBT SERVICE FUND	292,006,903	303,933,020	312,075,980	337,264,439	385,093,644
POLICE DISTRICT FUND	334,883,228	314,854,612	335,180,096	323,796,793	359,969,559
POLICE HEADQUARTERS FUND	321,724,780	311,535,648	299,093,980	346,247,408	334,526,552
FIRE PREVENTION FUND	19,313,511	17,779,450	17,962,013	18,864,652	18,733,273
Total	**$2,486,599,010**	**$2,502,520,460**	**$2,523,560,027**	**$2,618,771,337**	**$2,793,456,947**

Note: All data exclude interdepartmental expenditures.

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 43% of total Major Operating Funds expenditures in the 2012 Budget (excluding interdepartmental expenditures). Figure 9 shows the County's personnel-related expenditures.

FIGURE 9
PERSONNEL-RELATED EXPENDITURES

	2008	**2009**	**2010**	**Unaudited 2011**	**Budgeted 2012**
Salaries & Wages	$840,753,123	$789,728,959	$814,434,390	$838,099,081	$686,673,715
Fringe Benefits	393,413,771	388,332,836	383,207,944	431,346,841	481,416,054
Workers Compensation	21,992,191	21,982,773	23,938,312	24,365,644	30,399,332
Total	**$1,256,159,085**	**$1,200,044,568**	**$1,221,580,646**	**$1,293,811,566**	**$1,198,489,101**

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 10 displays the growth in the County's health insurance costs. The cost of health insurance coverage for 2012 is expected to be approximately $25 million less than the "Budgeted 2012" total in Figure 10 due to lower than expected contribution rates recently set by the State.

FIGURE 10
HEALTH INSURANCE COSTS

	2008	**2009**	**2010**	**Unaudited 2011**	**Budgeted 2012**
Employees	$113,409,154	$112,177,159	$110,247,648	$123,531,662	$131,749,443
Retirees	102,926,601	104,495,861	109,831,459	123,794,076	145,055,971
Total	**$216,335,755**	**$216,673,020**	**$220,079,107**	**$247,325,738**	**$276,805,414**

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.

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. On December 10, 2009, then Governor Paterson signed in to law a new Tier 5. The law is effective for new ERS employees hired after January 1, 2010. New ERS employees contribute 3% of their salaries and there is no provision for these contributions to cease after a certain period of service. On March 15, 2012, Governor Andrew Cuomo signed into law a new Tier 6. The law is effective for new ERS and PFRS employees hired on or after April 1, 2012. Among other provisions, the new tier increases employee contribution rates in a progressive fashion from 3% to 6% (depending on the level of salary); increases the retirement age from 62 to 63; vests after 10 years of service; includes an optional defined contribution plan for new non-union employees with salaries $75,000 and above; changes the time period for final average salary calculations from three to five years; and limits pension benefits for employees earning more than the Governor's salary. 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 2012, the rate applied to estimated salaries for purposes of calculating the County's pension contribution will be approximately 16.4% for ERS members and 21.3% for PFRS members. This has resulted in substantial increases in the County's pension costs, as shown in Figure 11.

Beginning in fiscal year 2011, the ERS offered a new program, known as the Contribution Stabilization Program created pursuant to Part TT of Chapter 57 of the Laws of 2010 (the "Contribution Stabilization Program"), which authorized participating employers to amortize a portion of their annual pension costs during periods when actuarial contribution rates exceed thresholds established by the Contribution Stabilization Program, thereby reducing a participating employer's annual pension contribution in a given year by paying a portion of such contribution over time. The County elected to participate in the program beginning in fiscal year 2012, resulting in a reduction of the County's portion of the annual pension contribution paid in December 2011 of approximately $37.4 million. Pursuant to the terms of the Contribution Stabilization Program, the County will pay the amount amortized in equal annual installments with interest over a ten-year period, which it may prepay at any time without penalty.

The interest rate on the amortized amount is determined by the State Comptroller at a rate that is comparable to taxable fixed income investments of a comparable duration. For amounts amortized in fiscal year 2012, the interest rate is 3.75%. The interest rate on the amortized amount in a particular year will be fixed for the duration of the ten-year repayment period.

FIGURE 11
PENSION COSTS

	2008	**2009**	**2010**	**Unaudited 2011**	**Budgeted 2012**
Employees Retirement System (ERS)	$31,295,828	$40,860,838	$37,536,621	$50,371,099	$51,996,109
Police and Fire Retirement System (PFRS)	45,619,445	55,241,155	51,641,088	55,453,670	65,974,612
Sub-total	**$76,915,273**	**$96,101,993**	**$89,177,709**	**$105,824,769**	**$117,970,721**
Draw from reserve fund	24,500,000	494,452	0	0	0
Total	**$101,415,273**	**$96,596,445**	**$89,177,709**	**$105,824,769**	**$117,970,721**

Other Post-Employment Benefits

GASB Statement No. 45 ("GASB 45") issued by the Government Accounting Standards Board ("GASB") 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, 2011, the County's unfunded accrued liability for OPEB is $3.55 billion (unaudited).

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 County's required local share of Medicaid disproportionate share payments to NHCC are not subject to the cap.

The County projects that its 2012 Medicaid expenditures, other than its required local share of Medicaid disproportionate share payments to NHCC, will be $248.8 million. The County expects to fund its disproportionate share payments through inter-governmental transfer payments from NHCC, such that there is no budget impact to the County. The 2012-2015 Multi-Year Financial Plan reflects Medicaid expenses (excluding the County's required local share of Medicaid disproportionate share payments to NHCC) of $248.8 million in 2012, $251.8 million in 2013, $254.8 million in 2014 and $257.8 million in 2015.

Other Social Services Entitlement Programs

Other County Department of Social Services entitlement programs comprise approximately 7.1% of the 2012 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 7.6% of the 2012 Budget. The majority of this category is a new contract with a private operator to provide bus service in the County. In addition, 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 $383.4 million in the 2012 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 Nassau Community College, 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 contains 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.

The Open Space Fund contains revenues generated from a percentage of 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 12 sets forth the debt limit of the County and its debt contracting margin. As shown in Figure 12, the County has substantial additional debt issuance capacity.

FIGURE 12
STATEMENT OF CONSTITUTIONAL DEBT MARGIN
(AS OF MARCH 31, 2012)
(IN THOUSANDS)

Average Full Valuation of Real Estate for the Fiscal Years Ended in 2008 Through 2012

2012 Full Valuation	$204,587,653
2011 Full Valuation	218,338,378
2010 Full Valuation	252,854,423
2009 Full Valuation	257,054,119
2008 Full Valuation	261,249,503
Total	$1,194,084,076
Average Full Valuation	$238,816,815
Constitutional Debt Margin	
Constitutional Limit of Total Indebtedness, 10% Average Full Valuation	**$23,881,682**
Outstanding Indebtedness	
General Improvement Bonds	$1,195,710.00
NIFA Bonds	1,528,440.00
Sewer and Storm Water Resources District Bonds	65,325
Environmental Facilities Corporation Bonds	109,746
Notes	305,000
Real Property Liabilities	8,602
Guarantees	269,725
Contract Liabilities	184,557
Total Outstanding Indebtedness	**$3,667,105**
Less: Constitutional Exclusions	
Cash and Investments - Capital Projects Funds	$211,532
Tax and Revenue Anticipation Notes Payable	305,000
Less: Total Exclusions	**$516,532**
Net Outstanding Indebtedness (13.19%)	**$3,150,573**
Constitutional Debt Margin (86.81%)	**$20,731,109**

Bonded Indebtedness

Figure 13 shows outstanding County and NIFA bonds and the purposes for which such debt was issued.

FIGURE 13
BONDED INDEBTEDNESS
(AS OF MARCH 31, 2012)

General Purposes[1]	
County Debt	$1,123,345,481
NIFA Debt[2]	1,485,556,252
Sub-total	$2,608,901,733
Sewer and Storm Water Resources District Purposes[3]	
County Debt	$247,435,519
NIFA Debt[2]	42,883,748
Sub-total	$290,319,267
Total	$2,899,221,000

[1] Includes debt issued for certain County-wide projects to EFC.

[2] Based on actual payment dates, without regard to NIFA set asides.

[3] Includes debt issued for Nassau County Sewer and Storm Water Resources District purposes to EFC.

See Appendix D herein for a list of outstanding County and NIFA obligations.

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, certain capital projects and 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 14 sets forth the amount of County debt that has been authorized but unissued by purpose.

FIGURE 14
SUMMARY OF BONDS AUTHORIZED BUT UNISSUED
(AS OF FEBRUARY 29, 2012)
(IN THOUSANDS)

Purpose	Amount Authorized but Unissued
Community College	$ 15,216
Health	16,560
Information Technology	53,783
Infrastructure	455,174
Land Acquisition	22,962
Parks & Recreation	97,060
Public Safety	87,448
Sewer & Storm Water	427,047
Special Equipment	16,470
Property Tax Refunds & Other-Judgments & Settlements	38,645
TOTAL	**$1,230,365**

The authorized amounts in Figure 14 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 15, Figure 16 and Figure 17 set forth the principal and interest payments on various categories of outstanding County bonds and NIFA bonds.

Figure 15
Total County and NIFA Debt Service
(As of March 31, 2012)

	County Bonds [1, 2]			**NIFA Bonds[3]**			**Total**		
Date	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
12/31/2012	$59,778,000	$65,847,863	$125,625,863	$134,660,000	$61,763,480	$196,423,480	$194,438,000	$127,611,343	$322,049,343
12/31/2013	72,579,000	63,034,934	135,613,934	152,926,667	60,703,161	213,629,828	225,505,667	123,738,095	349,243,762
12/31/2014	68,858,000	59,907,584	128,765,584	152,090,000	53,615,810	205,705,810	220,948,000	113,523,393	334,471,393
12/31/2015	71,054,000	57,069,911	128,123,911	140,431,667	46,639,794	187,071,461	211,485,667	103,709,705	315,195,372
12/31/2016	65,761,000	54,097,863	119,858,863	133,050,000	40,140,166	173,190,166	198,811,000	94,238,029	293,049,029
12/31/2017	67,330,000	51,095,715	118,425,715	123,518,333	34,164,369	157,682,702	190,848,333	85,260,084	276,108,417
12/31/2018	68,155,000	47,874,257	116,029,257	119,360,000	28,488,805	147,848,805	187,515,000	76,363,062	263,878,062
12/31/2019	69,958,000	45,202,658	115,160,658	122,945,000	23,131,657	146,076,657	192,903,000	68,334,316	261,237,316
12/31/2020	73,038,000	41,886,249	114,924,249	110,611,667	17,726,670	128,338,336	183,649,667	59,612,919	243,262,585
12/31/2021	74,961,000	38,312,410	113,273,410	88,308,333	12,785,322	101,093,656	163,269,333	51,097,733	214,367,066
12/31/2022	77,979,000	34,749,674	112,728,674	75,753,333	8,741,539	84,494,872	153,732,333	43,491,213	197,223,546
12/31/2023	66,835,000	31,170,731	98,005,731	59,053,333	5,213,922	64,267,255	125,888,333	36,384,653	162,272,986
12/31/2024	65,100,000	28,162,159	93,262,159	40,923,333	2,514,764	43,438,098	106,023,333	30,676,923	136,700,257
12/31/2025	62,270,000	25,133,895	87,403,895	14,566,667	651,488	15,218,155	76,836,667	25,785,383	102,622,049
12/31/2026	52,135,000	22,308,392	74,443,392	0	0	0	52,135,000	22,308,392	74,443,392
12/31/2027	54,540,000	19,750,643	74,290,643	0	0	0	54,540,000	19,750,643	74,290,643
12/31/2028	41,710,000	16,970,896	58,680,896	0	0	0	41,710,000	16,970,896	58,680,896
12/31/2029	33,690,000	14,930,293	48,620,293	0	0	0	33,690,000	14,930,293	48,620,293
12/31/2030	29,810,000	13,117,743	42,927,743	0	0	0	29,810,000	13,117,743	42,927,743
12/31/2031	31,570,000	11,323,267	42,893,267	0	0	0	31,570,000	11,323,267	42,893,267
12/31/2032	26,615,000	9,403,412	36,018,412	0	0	0	26,615,000	9,403,412	36,018,412
12/31/2033	28,215,000	7,781,466	35,996,466	0	0	0	28,215,000	7,781,466	35,996,466
12/31/2034	28,600,000	6,085,838	34,685,838	0	0	0	28,600,000	6,085,838	34,685,838
12/31/2035	29,225,000	4,337,764	33,562,764	0	0	0	29,225,000	4,337,764	33,562,764
12/31/2036	20,660,000	2,506,323	23,166,323	0	0	0	20,660,000	2,506,323	23,166,323
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	0	0	0	0	0	0	0	0	0
12/31/2041	0	0	0	0	0	0	0	0	0
Total	$1,370,781,000	$838,423,899	$2,145,293,624	$1,468,198,333	$396,280,946	$1,864,479,279	$2,838,979,333	$1,170,793,570	$4,009,772,903

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 16
County and NIFA Debt Service on Self-Supporting Debt Issued for County Sewer and Storm Water Resources Purposes
(As of March 31, 2012)

	County Bonds [1, 2]			**NIFA Bonds[3]**			**Total**		
Date	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
12/31/2012	$12,305,027	$12,703,366	$25,008,393	$3,440,149	$1,700,926	$5,141,076	$15,745,176	$14,404,292	$30,149,469
12/31/2013	16,659,201	11,957,403	28,616,604	3,633,804	1,684,500	5,318,304	20,293,005	13,641,903	33,934,908
12/31/2014	16,019,336	11,124,065	27,143,401	3,655,413	1,520,567	5,175,980	19,674,749	12,644,632	32,319,381
12/31/2015	15,212,496	10,354,199	25,566,695	3,346,236	1,357,785	4,704,021	18,558,732	11,711,985	30,270,717
12/31/2016	12,451,370	9,675,503	22,126,872	3,740,688	1,208,107	4,948,795	16,192,058	10,883,610	27,075,667
12/31/2017	11,724,967	9,074,213	20,799,180	3,647,407	1,044,121	4,691,529	15,372,374	10,118,335	25,490,709
12/31/2018	11,688,738	8,471,604	20,160,342	3,884,743	880,298	4,765,041	15,573,481	9,351,902	24,925,383
12/31/2019	12,609,238	7,882,571	20,491,809	4,082,103	707,865	4,789,969	16,691,341	8,590,437	25,281,778
12/31/2020	13,140,123	7,201,805	20,341,928	3,585,924	530,746	4,116,670	16,726,047	7,732,551	24,458,598
12/31/2021	12,393,748	6,484,648	18,878,396	2,727,412	372,581	3,099,993	15,121,160	6,857,229	21,978,389
12/31/2022	12,933,666	5,802,704	18,736,370	2,194,962	249,382	2,444,344	15,128,628	6,052,086	21,180,714
12/31/2023	12,173,984	5,116,397	17,290,381	1,787,137	148,698	1,935,835	13,961,121	5,265,096	19,226,217
12/31/2024	11,517,922	4,492,373	16,010,295	1,129,440	68,176	1,197,616	12,647,361	4,560,549	17,207,911
12/31/2025	9,791,315	3,865,110	13,656,424	401,460	17,917	419,377	10,192,774	3,883,027	14,075,802
12/31/2026	6,263,605	3,418,969	9,682,574	0	0	0	6,263,605	3,418,969	9,682,574
12/31/2027	6,748,257	3,101,026	9,849,283	0	0	0	6,748,257	3,101,026	9,849,283
12/31/2028	6,759,509	2,752,866	9,512,375	0	0	0	6,759,509	2,752,866	9,512,375
12/31/2029	6,065,965	2,417,566	8,483,531	0	0	0	6,065,965	2,417,566	8,483,531
12/31/2030	5,785,334	2,094,588	7,879,922	0	0	0	5,785,334	2,094,588	7,879,922
12/31/2031	6,087,820	1,779,840	7,867,659	0	0	0	6,087,820	1,779,840	7,867,659
12/31/2032	5,349,807	1,446,818	6,796,625	0	0	0	5,349,807	1,446,818	6,796,625
12/31/2033	5,625,396	1,160,824	6,786,219	0	0	0	5,625,396	1,160,824	6,786,219
12/31/2034	4,612,196	886,384	5,498,580	0	0	0	4,612,196	886,384	5,498,580
12/31/2035	3,758,109	650,091	4,408,200	0	0	0	3,758,109	650,091	4,408,200
12/31/2036	3,653,189	426,387	4,079,576	0	0	0	3,653,189	426,387	4,079,576
12/31/2037	2,713,630	241,363	2,954,993	0	0	0	2,713,630	241,363	2,954,993
12/31/2038	1,298,166	127,027	1,425,193	0	0	0	1,298,166	127,027	1,425,193
12/31/2039	1,121,394	58,873	1,180,267	0	0	0	1,121,394	58,873	1,180,267
12/31/2040	0	0	0	0	0	0	0	0	0
12/31/2041	0	0	0	0	0	0	0	0	0
Total	$246,463,507	$134,768,582	$381,232,089	$41,256,878	$11,491,672	$52,748,550	$287,720,385	$146,260,254	$433,980,639

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 Debt Issued for County General Purposes
(As of March 31, 2012)

	County Bonds [1, 2]			NIFA Bonds[3]			Total		
Date	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
12/31/2012	$47,472,973	$53,144,497	$100,617,469	$131,219,851	$60,062,554	$191,282,405	$178,692,824	$113,207,050	$291,899,874
12/31/2013	55,919,799	51,077,531	106,997,330	149,292,863	59,018,660	208,311,523	205,212,662	110,096,192	315,308,854
12/31/2014	52,838,664	48,783,519	101,622,183	148,434,587	52,095,242	200,529,829	201,273,251	100,878,761	302,152,013
12/31/2015	55,841,504	46,715,711	102,557,216	137,085,430	45,282,009	182,367,439	192,926,935	91,997,720	284,924,655
12/31/2016	53,309,630	44,422,361	97,731,991	129,309,312	38,932,058	168,241,371	182,618,942	83,354,419	265,973,361
12/31/2017	55,605,033	42,021,502	97,626,535	119,870,926	33,120,248	152,991,173	175,475,959	75,141,749	250,617,708
12/31/2018	56,466,262	39,402,653	95,868,915	115,475,257	27,608,507	143,083,764	171,941,519	67,011,160	238,952,679
12/31/2019	57,348,762	37,320,087	94,668,849	118,862,897	22,423,792	141,286,689	176,211,659	59,743,879	235,955,538
12/31/2020	59,897,877	34,684,444	94,582,321	107,025,743	17,195,923	124,221,666	166,923,620	51,880,367	218,803,987
12/31/2021	62,567,252	31,827,762	94,395,014	85,580,922	12,412,741	97,993,663	148,148,174	44,240,503	192,388,677
12/31/2022	65,045,334	28,946,970	93,992,304	73,558,371	8,492,157	82,050,528	138,603,705	37,439,127	176,042,832
12/31/2023	54,661,016	26,054,334	80,715,350	57,266,196	5,065,223	62,331,420	111,927,212	31,119,557	143,046,769
12/31/2024	53,582,078	23,669,785	77,251,864	39,793,894	2,446,588	42,240,482	93,375,972	26,116,374	119,492,346
12/31/2025	52,478,685	21,268,785	73,747,470	14,165,207	633,571	14,798,778	66,643,892	21,902,356	88,546,248
12/31/2026	45,871,395	18,889,423	64,760,818	0	0	0	45,871,395	18,889,423	64,760,818
12/31/2027	47,791,743	16,649,617	64,441,360	0	0	0	47,791,743	16,649,617	64,441,360
12/31/2028	34,950,491	14,218,030	49,168,521	0	0	0	34,950,491	14,218,030	49,168,521
12/31/2029	27,624,035	12,512,728	40,136,762	0	0	0	27,624,035	12,512,728	40,136,762
12/31/2030	24,024,666	11,023,155	35,047,821	0	0	0	24,024,666	11,023,155	35,047,821
12/31/2031	25,482,180	9,543,428	35,025,608	0	0	0	25,482,180	9,543,428	35,025,608
12/31/2032	21,265,193	7,956,594	29,221,787	0	0	0	21,265,193	7,956,594	29,221,787
12/31/2033	22,589,604	6,620,642	29,210,247	0	0	0	22,589,604	6,620,642	29,210,247
12/31/2034	23,987,804	5,199,454	29,187,258	0	0	0	23,987,804	5,199,454	29,187,258
12/31/2035	25,466,891	3,687,673	29,154,564	0	0	0	25,466,891	3,687,673	29,154,564
12/31/2036	17,006,811	2,079,935	19,086,746	0	0	0	17,006,811	2,079,935	19,086,746
12/31/2037	13,451,370	1,215,759	14,667,129	0	0	0	13,451,370	1,215,759	14,667,129
12/31/2038	8,156,834	617,948	8,774,782	0	0	0	8,156,834	617,948	8,774,782
12/31/2039	3,613,606	189,714	3,803,320	0	0	0	3,613,606	189,714	3,803,320
12/31/2040	0	0	0	0	0	0	0	0	0
12/31/2041	0	0	0	0	0	0	0	0	0
Total	$1,124,317,493	$639,744,042	$1,764,061,535	$1,426,941,455	$384,789,274	$1,811,730,729	$2,551,258,948	$1,024,533,316	$3,575,792,264

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.

Each of NIFA and NHCC is a party to existing interest rate exchange agreements entered into to hedge outstanding variable rate bonds. NHCC interest rate exchange agreements are backed by a guaranty by the County. 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. For a description of existing interest rate exchange agreements, see "APPENDIX D-OUTSTANDING OBLIGATIONS – Interest Rate Exchange Agreements."

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 18 shows the future minimum lease payments due on such obligations and the present value of these minimum payments.

FIGURE 18
MINIMUM LEASE PAYMENTS
CAPITAL LEASES (IN THOUSANDS)
(AS OF DECEMBER 31, 2010)[1]

Fiscal Year Ending December 31:	
2011	$ 777
2012	787
2013	799
2014	810
2015	822
2016-2020	4,300
2021-2025	4,249
Future Minimum Payments	$12,544
Less Interest	7,118
Present Value of Future Minimum Lease Payments	$5,426

[1] Data extracted from County of Nassau, Comprehensive Annual Financial Report of the Comptroller for the Fiscal Year ended December 31, 2010.

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 19 shows recent and expected issuance of BANs by the County.

FIGURE 19
SHORT-TERM INDEBTEDNESS
BOND ANTICIPATION NOTES (IN MILLIONS)

Obligation	**2008**	**2009**	**2010**	**2011**	**2012 [1]**
Bond Anticipation Notes	$125.0	$0.0	$0.0	$0	$80.0

[1] Projected. The amount of BANs to be issued in 2012 may be lower depending on the status of the County's public-private partnership for the sewer system. See "SEWER AND STORM WATER RESOURCES SERVICES – Nassau County Sewer and Storm Water Finance Authority" herein.

Cash Flow Notes

The County has periodically issued RANs and TANs to fund the County's short-term cash flow needs. Figure 20 shows recent and expected issuance of RANs and TANs by the County.

FIGURE 20
CASH FLOW NOTES (IN MILLIONS)

Obligation	**2008**	**2009**	**2010**	**2011**	**2012[1]**
Revenue Anticipation Notes	$105	$190	$210	$230	$220
Tax Anticipation Notes	132	150	270	230	250
Total	$237	$340	$480	$460	$470

[1] 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 21
COUNTY BONDS (IN MILLIONS)

2010	**2011**	**2012[1]**
$362.1	$82.0	$437.0

[1] Projected

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. See "THE BONDS AND NOTES – Tax Levy Limitation Law" in the Official Statement to which this Appendix is attached.

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, deficiency 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 2011 (as it may be amended from time to time, the "2011 Capital Budget") and the capital plan for fiscal years 2011-2014 (as it may be amended from time to time, the "2011-2014 Capital Plan"). The 2011 Capital Budget is approximately $265.4 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 2011 Capital Budget is approximately $224.5 million. The amount of debt issued by the County each year will vary depending upon capital expenditure requirements. 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, certain capital projects and the payment of property tax refunds. For further information regarding NIFA's declaration of a control period, see "MONITORING AND OVERSIGHT – External – *NIFA*" herein. County financings often include prior-year approved capital items. The major components of the 2011 Capital Budget and the 2011-2014 Capital Plan are listed in Figure 22.

FIGURE 22
2011-2014 CAPITAL PLAN

Category	2011[1]	2012	2013	2014
Buildings	$55,350,000	$46,870,000	$73,630,000	$8,340,000
Equipment	5,475,000	3,100,000	5,000,000	3,350,000
Infrastructure	39,500,000	22,400,000	9,525,000	5,600,000
Parks	13,725,000	27,500,000	7,900,000	5,000,000
Property	0	1,000,000	0	1,000,000
Public Safety	15,445,000	27,456,000	26,050,000	34,650,000
Roads	31,086,000	37,435,000	27,500,000	24,900,000
Technology	14,480,532	21,180,000	1,600,000	1,600,000
Traffic	7,233,500	21,180,000	15,125,000	4,000,000
Transportation	3,538,800	5,257,000	0	0
BCP	1,000,000	0	0	0
Sewer and Storm Water	75,066,385	90,225,000	54,150,000	15,250,000
Environmental Bond Act	3,471,500	0	0	0
Total	$265,371,717	$303,603,000	$220,480,000	$103,690,000
Non Debt Financed	$40,878,719	$34,978,000	$36,237,500	$375,000
Debt Financed	$224,492,998	$268,625,000	$184,242,500	$103,315,000
(1) 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 brought lawsuits against the County in Nassau Supreme Court challenging the validity of the County's enactment of the local legislation repealing the Code provision. In January 2012, the Supreme Court upheld the validity of the local law and plaintiffs have appealed that decision. The County intends to continue 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. Recent State legislation limits the amount by which the real property tax levy may be increased from year to year. See "THE BONDS AND NOTES – Tax Levy Limitation Law" in the Official Statement to which this Appendix is attached.

Figure 23 sets forth the constitutional real property taxing limit of the County.

FIGURE 23
COMPUTATION OF CONSTITUTIONAL TAXING POWER
(IN THOUSANDS)

Year Roll Completed	Full Valuation of Real Estate [d]
2012	$204,587,653
2011	218,338,378
2010	252,854,423
2009	257,054,119
2008	261,249,503
Total	$1,194,084,076

Five-Year Average Full Valuation	$238,816,815
Tax Limit [a]	$4,776,336
Total Exclusions [b]	$533,275
Total Taxing Power for 2012 Levy	$5,309,611
Total Levy for 2012 [c]	$880,224
Tax Margin	$4,429,387
Percentage of Taxing Power Exhausted	16.58%

(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. See "THE BONDS AND NOTES – Tax Levy Limitation Law" in the Official Statement to which this Appendix is attached.
(b) Interest on and principal of all indebtedness for fiscal year 2012 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 24 shows the largest real property taxpayers in the County.

FIGURE 24
LARGEST REAL PROPERTY TAXPAYERS
2012

Taxpayer	Taxable Assessed Value[1]	Taxable Assessed Value (%)
LIPA	$17,953,041	2.51%
KEYSPAN GAS EAST	17,449,529	2.44%
RETAIL PROPERTY TRUST	3,808,244	0.53%
CLK-HP	2,019,401	0.28%
GREEN ACRES MALL	1,872,980	0.26%
VERIZON NEW YORK	1,733,659	0.24%
1 PARK LAKE SUCCESS LLC	1,452,184	0.20%
REXCORP PLAZA SPE LLC	1,352,698	0.19%
PEOPLE OF THE STATE OF NEW YORK	1,303,956	0.18%
SUNRISE MALL LLC	1,240,574	0.17%
RECKSON ASSOCIATION	1,228,035	0.17%
BROADWAY MALL EAT II LLC	1,139,978	0.16%
WE'RE ASSOCIATES INC	909,625	0.13%
FIFTH AVENUE OF LONG ISLAND REALTY ASSOC	880,430	0.12%
JQ ASSOCIATES	872,210	0.12%
FEIGA-OLIVE TREE/MARCUS AVE LLC	869,361	0.12%
W & S ASSOCIATES LP	806,403	0.11%
ONE-TWO JERICHO PLAZA OWNER LLC	786,137	0.11%
EQUITY 1 WESTBURY LLC	648,333	0.09%
TREELINE 100-400 GCP LLC	631,862	0.09%
NORTHROP GRUMMAN SYSTEMS CORP	613,406	0.09%
COUNTRY GLEN LLC	610,104	0.09%
TREELINE FRANKLIN AVENUE PLAZA LLC	582,092	0.08%
JMM RACEWAY INC MATTONE GROUP	557,948	0.08%
E Q K GREEN ACRE L P	546,633	0.08%
TOTAL (TOP 25)	$61,868,823	8.64%
TOTAL TAX BASE	$716,004,595	100%

[1] The amounts reflect a level of assessment of 1% of full value.

Collection

General and school district taxes levied by the County are collected by the receivers of taxes for each of the three towns and the two cities within the County, as applicable. General taxes include taxes and similar levies for the County, towns and special districts.

County, Town and Special District Taxes

One-half of all taxes upon real estate, except school district taxes, are due and payable on the first day of January, and the remaining and final one-half of such taxes on real estate are due and payable on the first day of July. All such taxes are and become liens on the real estate affected thereby and are construed and deemed to be charged thereon on the respective days when they become due and payable and remain such liens until paid. The second half of such tax on real estate which is due on the first day of July may be paid on the first day of January, the date when the first half becomes due and payable, or at any time thereafter. The second half may be thus paid if the first half shall have been paid or shall be paid at the same time. A discount of one per cent is allowed on those payments of the second half which are made on or before February tenth. Such discounts are a town or city charge as the case may be. In the event such discounts allowed by a city receiver on the state and county taxes of a given taxable year exceed fifty per cent of the amount of penalties and interest collected by such city receiver on the state and county taxes of such taxable year during the time the receiver has had in his or her possession the consolidated tax warrant for such taxable year and the portion of the assessment roll annexed thereto containing the real property within such city, the County must reimburse such city for such excess of such discounts.

The receivers of taxes pay to the towns and special districts, as applicable, the amount of the levies for town and special districts and then pay the difference to the County. The County bears the responsibility for collection of delinquent general taxes following the return of unpaid general taxes by the receivers to the County on September first. 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

One-half of all school taxes upon real estate are due and payable on the first day of October and the remaining and final one-half of such taxes on real estate are due and payable on the first day of the following April. All such taxes are liens on the real estate affected thereby and are construed and deemed to be charged thereon on the respective days when they become due and payable and remain such liens until paid. The second half of such tax which is due on the first day of April may be paid on the first day of October, the date when the first half becomes due and payable, or at any time thereafter. The second half may be thus paid if the first half shall have been paid or shall be paid at the same time. A discount of one per cent is allowed on those payments of the second half which are made on or before November tenth. Such discounts are a town charge.

Uncollected school district taxes are returned by the receivers to the County on June first. The County then pays the school districts the amounts billed and uncollected by the receivers. The County bears the responsibility for collection of delinquent school district taxes following the return of unpaid 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

(a) General taxes

Penalties on taxes due January first: if paid on or before February tenth, no interest or penalty; if paid on or before August thirty-first, no penalty; if paid after February tenth, interest is added at the rate of one per cent per month calculated from January first to the first day of the month following the date of payment or time of sale of such unpaid taxes. Such interest is charged on the full amount of such taxes and any penalty. Such interest is compounded on the first day of each month, beginning on the first day of September. If taxes are paid after August thirty-first, a penalty fee of five per cent is added.

Penalties on taxes due July first: if paid on or before August tenth, no interest or penalty; if paid on or before August thirty-first, no penalty; if paid after August tenth, interest is added at the rate of one per cent per month calculated from July first to the first day of the month following the date of payment or time of sale of such unpaid taxes. Such interest is charged on the full amount of such taxes and any penalty. Such interest is compounded on the first day of each month, beginning on the first day of September. If taxes are paid after August thirty-first, a penalty fee of five per cent is added.

Penalties and interest on general taxes collected by the receivers are paid to the towns or cities as applicable; those collected by the County (i.e., after the return of taxes by the receivers to the County) are retained by the County.

(b) School district taxes

Penalties on taxes due October first: if paid on or before November tenth of the current year, no interest or penalty; if paid on or before May thirty-first of the following year, no penalty; if paid after November tenth of the current year, interest shall be added at the rate of one per cent per month calculated from October first to the first day of the month following the date of payment or time of sale of such unpaid taxes. Such interest is charged on the full amount of such taxes and any penalty. Such interest is compounded on the first day of each month, beginning on the first day of June of the following year. If taxes are paid after May thirty-first of the following year, a penalty fee of five per cent is added.

Penalties on taxes due April first: if paid on or before May tenth, no interest or penalty; if paid on or before May thirty-first, no penalty; if paid after May tenth, interest is added at the rate of one per cent per month calculated from April first to the first day of the month following the date of payment or time of sale of such unpaid taxes. Such interest is charged on the full amount of such taxes and any penalty. Such interest is compounded on the first day of each month, beginning on the first day of June. If taxes are paid after May thirty-first, a penalty fee of five per cent is added.

Penalties and interest on school district taxes collected by the receivers are paid to the towns; those collected by the County (i.e., after the return of taxes by the receivers to the County) are retained by the County.

(c) Tax Lien Sale

The County holds an annual tax lien sale each February. The taxpayer is charged additional statutory interest of 10% per each six month period, for a maximum of 24 months until paid if he pays his taxes after the tax lien sale. Taxpayers receiving a hardship designation pay additional statutory interest of 5% per each six month period until paid for up to an additional year. Tax liens not sold at auction become owned by the County.

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 (the "Stabilization Agreement") 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 (the "Successor Agreement") 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. See Appendix D herein for a list of outstanding NHCC variable rate obligations.

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. For a description of existing interest rate exchange agreements, see "APPENDIX D-OUTSTANDING OBLIGATIONS – Interest Rate Exchange Agreements."

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.

The County has proposed that in 2012 it will transfer responsibility for operating and maintaining the SSWFA's sewer facilities to a private operator as part of a public-private partnership also involving a concessionaire. As part of that transaction, the SSWFA would be requested to sell or lease the above-described sewer assets to the concessionaire who would, in turn, enter into a contract with the private operator selected by the County to operate the sewer system. In connection therewith, the outstanding sewer debt of the SSWFA and the County is expected to be defeased; the outstanding storm water resources debt of the SSWFA and the County may also be defeased.

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.

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. 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. 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 service 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 continue to defend itself vigorously against all such actions.

The County has proposed that in 2012 it will transfer responsibility for operating and maintaining the County's sewer facilities to a private operator as part of the public-private partnership described above.

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, assessment review 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 as of December 31, 2010. Approximately $276.7 million has been accrued as a liability at December 31, 2010 related to workers' compensation claims where the County Attorney can reasonably estimate the ultimate outcome. The liability for certain other asserted and unasserted malpractice claims cannot be estimated as of December 31, 2010. 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.

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 2007 to 2011, inclusive, is shown below (in millions):

2011.................................	$64.1 (unaudited)
2010.................................	79.4
2009.................................	114.5
2008.................................	98.8
2007.................................	87.1

The County Comptroller recorded a long-term liability of approximately $152.3 million for estimated future property tax refunds in the County's government-wide financial statement of net assets at December 31, 2010. The County is continuing to refine the methodology used to estimate such long-term liability and, as a result of such undertaking, projects that said estimate will be approximately $222.9 million (unaudited) as of December 31, 2011. The 2011 settlement of claims was approximately $60 million lower than anticipated due to a delay in the approval of payments; the estimated long-term liability as of December 31, 2011 is approximately $60 million higher than anticipated as a result thereof. Beginning 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 tentative roll and on final rolls from prior years. The 2012-15 Multi-Year Financial Plan approved by NIFA projects borrowing to finance property tax refunds in the following amounts: $85 million in 2012, $75 million in 2013 and $50 million in 2014; NIFA also approved $95 million in such borrowing for 2011, which borrowing has yet to occur. The administration has submitted or is expected to submit to the County Legislature one or more bond ordinances to finance the payment of approximately $103 million in property tax refunds, subject also to NIFA borrowing approval. Such ordinance(s) have not been voted upon. Failure of the County Legislature to enact such ordinance(s), or of NIFA subsequently to approve such borrowing, will likely result in approximately $43 million of the expenditures being accrued in the County's 2011 Budget and approximately $60 million in the 2012 Budget, in both cases without offsetting budgeted revenues. Failure of the County Legislature to approve subsequent bond ordinances to finance property tax refunds in 2012, or of NIFA subsequently to approve such borrowing, will likely result in additional accruals up to approximately $100 million in the 2012 Budget, again without offsetting budgeted revenues. Various petitioners have brought actions in Nassau Supreme Court to convert outstanding judgments and settlements reducing assessed valuations into money judgments to then be enforced against the County's bank accounts or other assets, which is likely to occur in 2012 unless the bond ordinance(s) described above is/are approved by the County Legislature according to law or the court provides relief to the County. 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. See "COUNTY FINANCIAL CONDITION – 2012 Budget and 2012-2015 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

(i) New York Telephone Company, New York Water Service Corporation, Long Island Water Corporation and KeySpan (the "Utilities") have each filed actions and proceedings challenging the determination of their taxes in 1997, 1998, 1999, and 2000 in the non-County-wide special districts such as police, fire, water and library districts. The Utilities allege that the County erroneously placed all parcels in classes 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. In the KeySpan litigation, the Supreme Court denied the County's motion to dismiss the complaint and ordered discovery to proceed in the matter and the related Utilities cases. Discovery in Keyspan and the other Utilities cases has been stayed pending the County's appeal of this ruling. 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. The matters described in this paragraph were included in the estimated liabilities for settlement of litigation and malpractice claims (excluding tax certiorari claims) that were recorded as a long-term liability in the County's government-wide financial statement of net assets as of December 31, 2010 as described earlier in this section.

(ii) Several third-party actions have been filed against the County seeking indemnification for judgments and/or claims currently pending against the Towns of Hempstead, North Hempstead and Oyster Bay as well as garbage districts within these towns. In the underlying actions the courts have determined that special ad valorem levies may not be imposed upon mass properties of the utilities (Verizon, New York Telephone, Aqua New York and others) for garbage and refuse collection services because such properties do not benefit from these services and ordered the towns and garbage districts to refund the payment of the levies. The towns and garbage districts now seek to have the County indemnify these judgments on the basis that the County is allegedly a guarantor for any claim for an illegal assessment for non-benefitted properties. The County intends to continue to defend itself vigorously in these actions. It is not possible to predict the outcome of these actions and proceedings or their ultimate impact on the County's financial condition. As third-party claims in these non-benefitted garbage district cases continue to be filed against the County it is difficult to predict the total outstanding liability should a court determine the County is ultimately responsible to reimburse the towns and special districts; however, at present the estimated refunds amount could be as high as $85 million. The matters described in this paragraph have yet to be included in the estimated liabilities for settlement of litigation and malpractice claims (excluding tax certiorari claims) recorded at year-end as a long-term liability in the County's government-wide financial statement of net assets, as they arose with respect to the County materially after December 31, 2010. They are expected to be so included as of December 31, 2011.

Other Litigation

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. Depositions and document discovery continue and the judge has set a trial date for September 2012. 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. The matters described in this paragraph were included in the estimated liabilities for settlement of litigation and malpractice claims (excluding tax certiorari claims) that were recorded as a long-term liability in the County's government-wide financial statement of net assets as of December 31, 2010 as described earlier in this section.

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 25 and 26 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 25
GENERAL COUNTY TAX RATES
COUNTY-WIDE PURPOSES BY FUND AND CLASS (I-IV)
PER $100 OF ASSESSED VALUATION - FISCAL YEAR BEGINNING AS SHOWN

	Town of Hempstead					Town of North Hempstead					Town of Oyster Bay				
	1/1/2012	1/1/2011	1/1/2010	1/1/2009	1/1/2008	1/1/2012	1/1/2011	1/1/2010	1/1/2009	1/1/2008	1/1/2012	1/1/2011	1/1/2010	1/1/2009	1/1/2008
General County [(a)]															
I	22.213	29.716	23.168	22.067	21.106	22.234	29.718	23.158	22.067	21.108	22.204	29.711	23.161	22.068	21.100
II	8.723	13.357	15.475	15.777	17.577	8.745	13.359	15.465	15.776	17.578	8.715	13.352	15.468	15.778	17.570
III	14.089	20.457	20.360	23.256	22.340	14.110	20.459	20.350	23.256	22.342	14.080	20.452	20.354	23.257	22.333
IV	7.814	11.360	12.796	13.731	14.559	7.835	11.362	12.786	13.730	14.561	7.805	11.356	12.790	13.732	14.553
Community College															
I	8.553	8.154	6.965	6.911	6.852	8.553	8.154	6.965	6.911	6.852	8.553	8.154	6.965	6.911	6.852
II	5.203	4.757	5.201	5.463	6.034	5.203	4.757	5.201	5.463	6.034	5.203	4.757	5.201	5.463	6.034
III	6.536	6.231	6.321	7.184	7.138	6.536	6.231	6.321	7.184	7.138	6.536	6.231	6.321	7.184	7.138
IV	4.977	4.342	4.587	4.992	5.334	4.977	4.342	4.587	4.992	5.334	4.977	4.342	4.587	4.992	5.334
Police Headquarters															
I	49.347	38.723	37.703	38.662	38.532	49.347	38.723	37.703	38.662	38.532	49.347	38.723	37.703	38.662	38.532
II	30.020	22.588	28.154	30.560	33.931	30.020	22.588	28.154	30.560	33.931	30.020	22.588	28.154	30.560	33.931
III	37.708	29.591	34.218	40.194	40.140	37.708	29.591	34.218	40.194	40.140	37.708	29.591	34.218	40.194	40.140
IV	28.717	20.618	24.831	27.924	29.997	28.717	20.618	24.831	27.924	29.997	28.717	20.618	24.831	27.924	29.997
Fire Prevention															
I	2.535	2.481	2.091	2.088	2.162	2.535	2.481	2.091	2.088	2.162	2.535	2.481	2.091	2.088	2.162
II	1.542	1.448	1.561	1.650	1.904	1.542	1.448	1.561	1.650	1.904	1.542	1.448	1.561	1.650	1.904
III	1.937	1.896	1.898	2.171	2.252	1.937	1.896	1.898	2.171	2.252	1.937	1.896	1.898	2.171	2.252
IV	1.475	1.321	1.377	1.508	1.683	1.475	1.321	1.377	1.508	1.683	1.475	1.321	1.377	1.508	1.683
Environmental Bond															
I	1.875	1.789	1.233	0.678	1.042	1.875	1.789	1.233	0.678	1.042	1.875	1.789	1.233	0.678	1.042
II	1.141	1.044	0.921	0.536	0.918	1.141	1.044	0.921	0.536	0.918	1.141	1.044	0.921	0.536	0.918
III	1.433	1.367	1.119	0.705	1.085	1.433	1.367	1.119	0.705	1.085	1.433	1.367	1.119	0.705	1.085
IV	1.091	0.953	0.812	0.49	0.811	1.091	0.953	0.812	0.49	0.811	1.091	0.953	0.812	0.49	0.811

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

	City of Glen Cove					City of Long Beach				
	1/1/2012	1/1/2011	1/1/2010	1/1/2009	1/1/2008	1/1/2012	1/1/2011	1/1/2010	1/1/2009	1/1/2008
General County (a)										
I	22.137	29.718	23.161	22.085	21.125	34.438	39.251	30.374	30.000	29.545
II	8.648	13.360	15.467	15.795	17.595	20.948	22.892	22.680	23.709	26.015
III	14.013	20.459	20.353	23.274	22.358	26.314	29.992	27.566	31.189	30.779
IV	7.738	11.363	12.789	13.748	14.578	20.039	20.895	20.002	21.663	22.998
Community College										
I	8.553	8.154	6.965	6.911	6.852	8.553	8.154	6.965	6.911	6.852
II	5.203	4.757	5.201	5.463	6.034	5.203	4.757	5.201	5.463	6.034
III	6.536	6.231	6.321	7.184	7.138	6.536	6.231	6.321	7.184	7.138
IV	4.977	4.342	4.587	4.992	5.334	4.977	4.342	4.587	4.992	5.334
Police Headquarters										
I	49.347	38.723	37.703	38.662	38.532	49.347	38.723	37.703	38.662	38.532
II	30.020	22.588	28.154	30.560	33.931	30.020	22.588	28.154	30.560	33.931
III	37.708	29.591	34.218	40.194	40.140	37.708	29.591	34.218	40.194	40.140
IV	28.717	20.618	24.831	27.924	29.997	28.717	20.618	24.831	27.924	29.997
Fire Prevention										
I	2.535	2.481	2.091	2.088	2.162	2.535	2.481	2.091	2.088	2.162
II	1.542	1.448	1.561	1.650	1.904	1.542	1.448	1.561	1.650	1.904
III	1.937	1.896	1.898	2.171	2.252	1.937	1.896	1.898	2.171	2.252
IV	1.475	1.321	1.377	1.508	1.683	1.475	1.321	1.377	1.508	1.683
Environmental Bond										
I	1.875	1.789	1.233	0.678	1.042	1.875	1.789	1.233	0.678	1.042
II	1.141	1.044	0.921	0.536	0.918	1.141	1.044	0.921	0.536	0.918
III	1.433	1.367	1.119	0.705	1.085	1.433	1.367	1.119	0.705	1.085
IV	1.091	0.953	0.812	0.49	0.811	1.091	0.953	0.812	0.49	0.811

[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 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 27
TAX RATES FOR SPECIAL DISTRICTS/ZONES OF ASSESSMENT
BY FUND AND CLASS (I-IV)
PER $100 OF ASSESSED VALUATION-FISCAL YEAR BEGINNING AS SHOWN

	1/1/2012	1/1/2011	1/1/2010	1/1/2009	1/1/2008
Police District					
I	66.393	61.859	49.552	49.561	49.521
II	52.077	46.827	46.156	49.182	50.476
III	121.909	124.882	123.505	138.637	146.549
IV	62.823	53.868	52.113	55.504	55.626
Sewage Districts:					
Disposal District No. 1					
I	16.125	15.483	12.833	12.212	12.212
II	3.997	3.277	3.256	3.280	6.031
III	48.935	54.885	98.619	47.926	41.085
IV	16.162	14.747	14.487	13.866	13.195
Disposal District No. 2					
I	16.125	15.509	12.826	12.212	12.212
II	13.290	11.848	11.993	119.480	12.200
III	29.202	31.316	31.598	34.658	36.365
IV	15.025	13.394	13.564	13.846	13.987
Disposal District No. 3					
I	16.125	15.483	12.788	12.212	12.212
II	12.676	11.124	11.420	11.913	12.075
III	28.100	29.957	31.387	33.197	36.120
IV	14.893	13.035	13.057	13.243	13.118
Collection District No. 1					
I	6.757	6.484	5.505	5.204	5.204
II	1.675	1.373	1.397	1.398	2.571
III	20.507	22.984	42.305	20.423	17.509
IV	6.773	6.176	6.215	5.909	5.623
Collection District No. 2(a)					
I	6.757	6.484	5.188	4.648	3.779
II	5.742	5.156	5.236	4.879	4.096
III	12.587	12.712	12.617	12.746	11.429
IV	5.876	5.333	5.269	4.941	4.051
Collection District No. 3(a)					
I	6.274	6.484	5.099	5.204	4.832
II	4.595	4.450	4.529	5.194	4.992
III	11.489	13.019	13.080	14.425	14.681
IV	5.807	5.605	5.294	5.886	5.389

[a] Rate shown is the average rate of all former districts/zones of assessment within each listed former district.

Property Tax Levies

Figure 28 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 28
COUNTY OF NASSAU, NEW YORK
PROPERTY TAX LEVIES
COUNTY, TOWN, CITY, VILLAGE GOVERNMENTS AND SPECIAL DISTRICTS
2006 THROUGH 2009
($ IN THOUSANDS)

	2009		2008		2007		2006	
	Tax Levy	% of Total	Tax Levy	% of Total	Tax Levy	% of Total	Tax Levy	% of Total
Nassau County Government	858,283	15.14%	823,620	15.35%	806,732	15.59%	785,257	15.76%
Sewer & Storm Water Consolidated	110,032	1.94%	103,932	1.94%	118,932	2.30%	138,932	2.79%
Environmental Bond Fund	4,850	0.09%	7,375	0.14%	4,128	0.08%		0.00%
Town & City Governments	247,128	4.36%	231,735	4.32%	220,779	4.27%	206,090	4.14%
Incorporated Villages	423,721	7.48%	383,097	7.14%	367,733	7.11%	367,408	7.37%
School Districts	3,480,489	61.41%	3,309,803	61.70%	3,167,626	61.17%	3,010,688	60.43%
Special Districts:								
Fire	109,452	1.93%	101,065	1.88%	96,001	1.85%	97,873	1.96%
Fire Protection	18,291	0.32%	17,524	0.33%	16,882	0.33%	15,853	0.32%
Garbage, Refuse & Sanitary	222,555	3.93%	207,014	3.86%	201,869	3.90%	191,776	3.85%
Lighting	17,125	0.30%	15,972	0.30%	15,358	0.30%	14,525	0.29%
Park	78,164	1.38%	68,345	1.27%	67,036	1.30%	64,291	1.29%
Parking & Improvement	45,862	0.81%	44,294	0.83%	43,807	0.85%	42,116	0.85%
Sewer Special	13,602	0.24%	14,809	0.28%	13,776	0.27%	12,866	0.26%
Water	38,095	0.67%	35,546	0.66%	34,975	0.68%	34,295	0.69%
Total Special Districts	543,146	9.58%	504,569	9.41%	489,704	9.48%	473,595	9.51%
Totals	5,667,649	100.00%	5,364,131	100.00%	5,175,634	100.00%	4,981,970	100.00%

Data extracted from County of Nassau, Comprehensive Annual Financial Report of the Comptroller for the Fiscal Year ended December 31, 2010.

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APPENDIX B

GENERAL PURPOSE AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2010

THE FINANCIAL STATEMENTS OF THE COUNTY AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2010, 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.

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MANAGEMENT'S 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 Nassau County's ("County") financial activities and performance for the fiscal years ended December 31, 2010 and 2009. This section should be read in conjunction with the letter of transmittal and the County's financial statements.

FINANCIAL HIGHLIGHTS

- The County generated a budgetary surplus in 2010 of $26.6 million in its primary operating funds. The surplus resulted from lower than budgeted expenses, primarily attributable to reductions in personnel. The overall surplus is comprised of a surplus of $34.3 million in the General Fund, offset by a deficit of $7.7 million in the Police District Fund.
- In 2010, the County paid $79.4 million in refund payments to residential and commercial property taxpayers who successfully challenged their assessments. This reflects a reduction of $35.1 million from the previous year due to the County's improved processes in settling tax certiorari claims prior to the tax roll becoming final, thereby decreasing the overall tax certiorari liability. The Administration funded the tax certiorari payments by using $36.9 million from the operating budget and $42.5 million by the issuance of long-term debt.
- The County's net worth declined by $321.5 million during 2010 to negative $5.3 billion. The decline was due to increases in estimated long-term liabilities for other post-employment benefits ("OPEB"), and long-term bonds outstanding. Additionally, cash and current liabilities increased as a result of an increase in short-term borrowings. The County allocates the above costs on a per project or per capita basis, depending on the source, to the responsible operating fund.
- These financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). In addition, certain financial statements present GAAP to budgetary basis conversion columns to show actual results on a budgetary basis. Unreserved fund balance in the County's primary operating funds totals $90.8 million on a budgetary basis ($85.2 million is in the General Fund, $5.6 million in the Police District Fund). Unreserved and undesignated fund balance in the Sewer and Storm Water District Fund totals $55.9 million on a GAAP basis.

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2010

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 2010 fiscal year shows that the County has a deficit balance of $5.3 billion. Table 1 shows that the County's net worth declined by $321.5 million during 2010 primarily due to increases in the estimated OPEB, and long-term debt. A decrease in Property Tax Refund Liability resulted from the continued attention to fixing errors in the tentative tax roll before the tax is paid and a refund is due.

The County's 2009 Summary of Net Assets (Deficit) Table 1 was restated as a result of restatements by two of the County's component units, Nassau County Interim Finance Authority ("NIFA") and Nassau County Tobacco Settlement Corporation ("NCTSC"). The net effect was an increase of $24.2 million. NIFA's management determined it had understated the fund balance for the debt service fund by $14.9 million, which is included in other liabilities, and overstated the net deficit by $30.9 million for the year ended December 31, 2009. This adjustment by NIFA was the result of two items, the double accrual of the current portion of bonds payable in accrued liabilities of $30.9 million and the over accrual of February interest and principal of $14.9 million. NCTSC's management determined it had understated the fund deficit in the statement of activities by $21.6 million and understated the net deficit in the Statement of Net Assets (Deficit) by $21.6 million for the year ended December 31, 2009. The adjustment was a result of an error related to the increase in Bonds Payable and related interest expense for the accretion of interest on the bonds. The aggregate effect for these restatement entries is an understatement of the net assets (deficit) and an overstatement of the other liabilities. The restatements have no effect on the County's cash flow or liquidity.

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

	Total Primary Governmental Activities		
	2010	2009 (as restated)	Change
Current and Other Assets	$ 1,935.8	$ 1,647.9	$ 287.9
Capital Assets	2,454.5	2,464.5	(10.0)
Total Assets	4,390.3	4,112.4	277.9
Long-Term Liabilities	8,619.6	8,164.9	454.7
Other Liabilities	1,077.9	933.2	144.7
Total Liabilities	9,697.5	9,098.1	599.4
Net Assets			
Invested in Capital Assets, Net of Related Debt	1,534.3	1,503.4	30.9
Restricted	226.9	143.1	83.8
Unrestricted	(7,068.4)	(6,632.2)	(436.2)
Total Net Assets (Deficit)	$ (5,307.2)	$ (4,985.7)	$ (321.5)

The County's total assets increased by $277.9 million in 2010 to $4.4 billion from $4.1 billion in 2009. The increase is primarily attributable to increases in Cash and Cash Equivalents of $231.8 million, Due from Other Governments of $33.3 million, Sales Tax Receivable of $14.3 million and Prepaid Expenses of $11.3 million offset by a decrease in Accounts Receivable of $18.7 million.

Table 1 also shows that total liabilities increased in 2010 by $599.4 million. This was primarily due to the increases in long and short-term debt of $310 million, OPEB of $241 million and the mark-to-market of derivative instruments of $53.2 million.

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 $5.3 billion in net assets at December 31, 2010, which represents a $321.5 million increase in the deficit since the close of the 2009 fiscal year. Unrestricted net assets reflect all liabilities that are not related to the County's capital assets and are not expected to be repaid from restricted resources. Accordingly, the County will have to allocate future revenues towards the payment of these liabilities.

As of December 31, 2010, the County and its blended component units had a combined $3.6 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. As of December 31, 2010, the County had $1.2 billion of outstanding debt related to tax certiorari settlements.

The 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, 2010 details the decline in the County's net worth from 2009 to 2010. Table 2 summarizes the changes in the County's net assets. Several factors, mainly recorded within the General Fund, impacted the County's net worth. They include:

- Program Revenues increased by $26.1 million. The bulk of this was due to the increase in fees and charges for various County services totaling $25.2 million.
- Sales Tax revenues increased $47.5 million from 2009, as the County experienced a rebound in sales tax revenue due to the start of the recovery from the recession. For the region, greater sales tax growth is projected as the economy continues to slowly recover, unemployment continues to gradually decline, and the housing market begins to stabilize.
- Revenue from Property Taxes increased due to the capturing of the incremental value from new construction of $11.9 million and the restoration of taxes resulting from tax credits that expired with the sale of certain properties.
- Revenue from Tobacco Settlements decreased in 2010 by $62.3 million. Those funds were disbursed by the County to the Nassau Health Care Corporation in 2009.
- Social Services expenses increased by $24.8 million due to higher Temporary Assistance for Needy Families ("TANF") and Safety Net caseloads and increases in the cost of Medicaid.

In addition, Protection of Persons costs, which mainly represents the Police Headquarters Fund, the Police District Fund and Fire Prevention, Safety, Communication, and Education Fund, increased by $45.6 million, principally due to salary increases resulting from the current labor agreements.

Table 2
Change in Net Assets
(dollars in millions)

	2010	2009	Change
Revenues			
Program Revenues			
Charges for Services	$ 203.4	$ 178.2	$ 25.2
Operating Grants	485.2	463.4	21.8
Capital Grants	42.6	63.5	(20.9)
General Revenues			
Property Taxes	931.6	919.7	11.9
Sales Taxes	997.2	949.7	47.5
Other Taxes	40.9	41.1	(0.2)
Tobacco Settlement Revenues	19.9	82.2	(62.3)
Investment Income	13.7	13.8	(0.1)
Other General Revenues	26.4	26.0	0.4
Total Revenues	2,760.9	2,737.6	23.3
Expenses			
Legislative	10.2	10.1	0.1
Judicial	65.8	51.1	14.7
General Government	739.7	752.1	(12.4)
Protection of Persons	771.4	725.8	45.6
Health	243.1	268.2	(25.1)
Public Works	238.7	218.2	20.5
Recreation and Parks	34.0	33.4	0.6
Social Services	564.6	539.8	24.8
Corrections	231.6	253.6	(22.0)
Education	12.1	11.5	0.6
Interest on Long-Term Debt	171.2	164.5	6.7
Total Expenses	3,082.4	3,028.3	54.1
Decrease in Net Assets	(321.5)	(290.7)	(30.8)
Net Assets (Deficit) - Beginning (2010 Restated)	(4,985.7)	(4,719.2)	(266.5)
Net Assets (Deficit) - Ending	(5,307.2)	(5,009.9)	(297.3)
restated for accretion NCTSC		(21.6)	21.6
restated for deferred liab adj NIFA		45.8	(45.8)
Net Assets (Deficit) - Ending (2009 Restated)	$ (5,307.2)	$ (4,985.7)	$ (321.5)

ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2010

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 cash equivalents and those assets that are expected to be converted into cash within the next year) and the current liabilities that these assets will be used to retire.

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

The Governmental Fund Statements

The County ended the 2010 fiscal year with a budgetary surplus of $26.6 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. The recovery of the aforementioned crisis led to a recovery in sales tax revenue. Other key measures taken to reduce expenses included, but are not exclusive of, limiting hiring of personnel to key positions and the implementation of stringent cost controls on non-mandated costs.

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

	2010	2009	Change
Primary Operating Funds			
General	$ 77.0	$ 52.1	$ 24.9
Fire Prevention, Safety, Communication, and Education	(0.2)	0.1	(0.3)
Police Headquarters	(2.5)	1.8	(4.3)
Police District	3.3	14.5	(11.2)
Total Primary Operating Funds	$ 77.6	$ 68.5	$ 9.1
Sewer and Storm Water District Fund	$ 55.9	$ 55.1	$ 0.8

As Table 3 shows, accumulated unreserved, undesignated fund balance in the primary operating funds totaled $77.6 million at the end of 2010 on a financial reporting basis. On a budgetary basis, the County ended 2010 with accumulated unreserved and undesignated fund balance totaling $90.8 million. The unreserved, undesignated fund balance in the Sewer and Storm Water Resources District increased by $0.8 million on a financial reporting basis.

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, 2010, full-time staffing in the primary operating funds were 774 positions below the budget allotment of 9,183 positions.
- By controlling spending on contracts and restricting purchasing via better inventory management, the County achieved a $16.2 million positive variance to budget, primarily in the General Fund.
- Due to delayed borrowings for capital improvements and lower than budgeted interest rates, debt service costs were lower than budgeted in the amount of $31.1 million.
- Partially offsetting these positive results were negative factors including a net reduction of $30.0 million in State Aid and Federal Aid, and a $5.7 million budgetary shortfall in investment income due to lower than expected 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 2010 fiscal year, including $43.9 million in sewer district improvements and upgrades, and $53.3 million in public safety related improvements. The County made capital improvements during 2010 in the following areas:

Table 4
Capital Improvements
January 1, 2010 to December 31, 2010
(dollars in millions)

Project Category	Amount
Building Consolidation Plan	$ 27.4
Building Improvements	8.2
Environmental Bond Act	15.3
Equipment	3.1
Infrastructure and Economic Development	40.5
Parks	9.7
Property Acquisition	1.3
Public Safety	25.9
Roads	14.8
Technology	21.1
Traffic	11.9
Transportation	4.4
Collection	17.6
Disposal	20.0
Storm Water	6.3
Total	$ 227.5

Detailed information on capital asset activity is available in the Notes to the Financial Statements Exhibit X-15, Note 8.

DEBT

The County and its blended component units –NIFA, NCTSC, and the Nassau County Sewer and Storm Water Finance Authority ("NCSSWFA") - had approximately a combined $3.6 billion in outstanding long-term debt as of December 31, 2010, representing a net increase of $141 million over the combined long-term debt outstanding as of December 31, 2009. The County also provides a direct-pay guarantee of $259.1 million outstanding from the refunding and new money debt issued in October of 2004 and refunded in April 2009 by the Nassau Health Care Corporation and $14.5 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)

	Balance 12/31/2009	Additions	Reductions	Balance 12/31/2010
General Obligation County Bonds	$ 887,734	$ 344,990	$ 75,150	$ 1,157,574
Sewage Purpose Bonds	90,735		12,980	77,755
SRF Revenue Bonds	130,085		8,916	121,169
Total County Long -Term Debt	1,108,554	344,990	97,046	1,356,498
NIFA Sales Tax Secured Bonds	1,752,600		104,415	1,648,185
Tobacco Settlement Asset-Backed Bonds	442,108	4,676	402	446,382
Sewer Financing Authority	169,250		7,295	161,955
Total Long Term Debt	$ 3,472,512	$ 349,666	$ 209,158	$ 3,613,020

During 2010, the County issued $345 million of long-term debt to fund its capital program. The County did not issue any new debt through the State Revolving Loan Fund ("SRF") during 2010. 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 $104.4 million during 2010. This decrease reflects the maturation and run-off of the existing NIFA debt.

The net amount of outstanding debt of the NCTSC increased by $4.2 million due to the accretion in the value of its capital appreciation bonds, partially offset by the maturity of its senior bonds.

During 2010, the NCSSWFA had $7.3 million of bonds mature.

The County issued two cash flow notes during 2010. Management anticipates issuing one or more cash flow notes in 2011.

Detailed information on long-term debt activity is available in the Notes to the Financial Statements Exhibit X-15, Note 10.

The County implemented GASB Statement No. 53, "Accounting and Reporting for Derivative Instruments" (GASB 53). A key provision of GASB 53 is that certain derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, are reported at fair value by governments in their government-wide financial statements. The financial reporting impact resulting from the implementation of GASB 53 is the recognition within the government-wide financial statements of a liability for 'hedging' derivative instruments whose negative fair value at December 31, 2010 totaled $53.2 million with a corresponding amount being reported as deferred outflows of resources in the assets section of the government-wide financial statements and no net impact on the County's net asset (deficit) position.

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 in ratings while, at the same time Moody's Investors Services changed their outlook for the County's ratings to negative. During November 2010, Moody's Investors Services downgraded the County and put the County on watch. During April 2011, Moody's Investors Services maintained the County's ratings and removed the negative watch but kept the negative outlook.

CONCLUSION

The County's net worth declined by $321.5 million during 2010 to a negative $5.3 billion. This decline was primarily driven by the increases in long-term liabilities for OPEB and the addition of long-term debt. 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 2010, the County generated a positive budgetary surplus of $26.6 million across its primary operating funds. This surplus resulted from the County's ability to meet the budgetary challenges and revenue shortfalls during 2010 by limiting hiring of personnel and the implementation of spending controls. At the end of 2010, unreserved, undesignated fund balance in the County's primary operating funds were $90.8 million on a budgetary basis.

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

BASIC FINANCIAL STATEMENTS

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EXHIBIT X-1

COUNTY OF NASSAU, NEW YORK

STATEMENT OF NET ASSETS
DECEMBER 31, 2010 (Dollars in Thousands)

	Primary Government	
	Governmental Activities	Component Units
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 733,526	$ 64,135
Investments, including Accrued Interest (Note 2)	94,628	
Assets Whose Use is Limited - Current		42,276
Sales Tax Receivable	118,168	
Interest Receivable	2,672	
Student Accounts and Loans Receivable	-	10,629
Less Allowance for Doubtful Amounts		(8,038)
Due from Other Governments (Note 3)	228,849	2,726
Less Allowance for Doubtful Accounts	(2,722)	
Due from Primary Government (Note 6)		10,052
Other Receivables		40,021
Accounts Receivable	27,633	324,024
Less Allowance for Doubtful Accounts		(220,073)
Real Property Taxes Receivable	77,506	
Less Allowance for Doubtful Accounts	(10,723)	
Due from Component Unit (Note 6)	9,291	
Inventories		5,642
Prepaids	111,006	
Other Assets - Current	14,880	9,083
Total Current Assets	1,402,892	280,329
NON CURRENT ASSETS:		
Deferred Financing Costs	187,495	6,186
Less Accumulated Amortization	(61,549)	(3,472)
Deferred Charges (Note 7)	339,931	
Deferred Outflows of Resources	53,229	
Assets Whose Use is Limited		56,814
Capital Assets Not Being Depreciated (Note 8)	607,745	18,360
Depreciable Capital Assets (Note 8)	3,205,046	772,066
Less Accumulated Depreciation	(1,448,249)	(479,405)
Deposits Held by Trustees		17,113
Deposits Held in Custody for Others		1,860
Tax Sale Certificates (Note 5)	5,633	
Tax Real Estate Held for Sale (Note 4)	8,145	
Other Assets		13,181
Total Non Current Assets	2,987,426	402,283
Total Assets	4,390,318	688,612
LIABILITIES		
CURRENT LIABILITIES:		
Accounts Payable	91,740	56,992
Accrued Liabilities	89,312	28,146
Tax Anticipation Notes Payable	270,000	
Revenue Anticipation Notes Payable	210,000	
Accrued Interest Payable	16,837	1,456
Notes Payable - Current		59
Deferred Revenue - Current	40,291	10,852
Current Portion of Long Term Liabilities (Note 10)	344,678	9,003
Other Liabilities - Current	15,081	35,969
Total Current Liabilities	1,077,939	151,273
NON CURRENT LIABILITIES:		
Notes Payable		74
Derivative instruments - interest rate swaps	53,229	25,355
Serial Bonds Payable (Notes 10 and 11)	3,109,246	294,930
Deferred Bond Premium/Discount (Net of Amortization)	118,790	2,004
Deferred Revenue	24,952	
Accrued Vacation and Sick Pay (Note 10 and 16)	529,446	95,483
Deferred Payroll	71,755	
Estimated Workers' Compensation Liability (Notes 10 and 16)	246,309	
Estimated Tax Certiorari Payable (Notes 10 and 16)	82,314	
Estimated Liability for Litigation and Malpractice (Notes 10 and 18)	222,718	36,400
Liability for Future Pension Expense		21,156
Capital Lease (Note 9)	5,351	
Other Liabilities - Non Current	14,366	13,768
Deposits Held in Custody for Others		1,659
Insurance Reserve Liability		1,984
Postemployment Retirement Benefits Liability	3,856,129	502,358
Total Non Current Liabilities	8,619,585	995,171
Total Liabilities	9,697,524	1,146,444
NET ASSETS (DEFICIT)		
Invested in Capital Assets, Net of Related Debt	1,634,318	162,870
Restricted:		
General		1,864
Special Revenue		
Nassau Community College Foundation Fund		
Donor Imposed Stipulations		1,468
Direct Scholarships		106
Restricted Scholarships		1,117
Capital Projects	225,915	943
Debt Service		17,113
Student Loans		505
Unrestricted Deficit	(7,588,439)	(643,718)
Total Net Assets (Deficit)	$ (5,307,206)	$ (457,832)

See accompanying notes to financial statements.

EXHIBIT X-2

COUNTY OF NASSAU, NEW YORK

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
					Primary Government	
Functions/Programs	Expenses	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Component Units
Primary Government:						
Legislative	$ 10,213	$ 193	$	$	$ (10,020)	$
Judicial	65,765	33,961	4,835		(26,969)	
General Government	739,650	61,742	40,114		(637,794)	
Protection of Persons	771,480	36,495	10,761		(724,224)	
Health	243,078	22,196	147,386		(73,496)	
Public Works	238,683	6,060	930	42,576	(189,117)	
Recreation and Parks	34,035	19,426			(14,609)	
Social Services	564,636	18,497	262,971		(283,168)	
Corrections	231,627	4,784	18,246		(208,597)	
Education	12,086				(12,086)	
Debt Service Interest	171,156				(171,156)	
Total Primary Government	$ 3,082,409	$ 203,354	$ 485,243	$ 42,576	(2,351,236)	
Component Units	$ 921,638	$ 674,740	$ 153,592	$ 13,794		(79,512)
General Revenues:						
Taxes:						
Property Taxes					$ 931,585	
Sales Taxes					997,175	
Other Taxes					40,900	
Tobacco Settlement Revenue and Tobacco Receipts					19,881	
Investment Income					13,654	2,614
Other					26,521	4,416
Total General Revenues					2,029,716	7,030
Change in Net Assets					(321,520)	(72,482)
Subtotal					(321,520)	(72,482)
Net Assets (Deficit) - Beginning, as restated (Note 1)					(4,985,686)	(385,350)
Net Assets (Deficit) - Ending					$ (5,307,206)	$ (457,832)

See accompanying notes to financial statements.

EXHIBIT X-3

COUNTY OF NASSAU, NEW YORK

GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2010 (Dollars in Thousands)

ASSETS	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
Cash	$ 179,482	$ 612	$ 2,829	$ 1,782	$ 726	$ 4,255	$ 181,296	$ 285,205	$ 127,539	$ 733,526
Investments (Note 2)									94,628	94,628
Sales Tax Receivable		116,166								116,166
Interest Receivable									81	81
Due from Other Governments (Note 3)	189,020			3		2,966		9,025	27,835	228,849
Less Allowance for Doubtful Accounts	(2,722)									(2,722)
Accounts Receivable	22,841				457	3,993	151	10	381	27,833
Real Property Taxes Receivable	77,506									77,506
Less Allowance for Doubtful Accounts	(10,723)									(10,723)
Tax Sale Certificates (Note 5)	5,633									5,633
Tax Real Estate Held for Sale (Note 4)	8,145									8,145
Interfund Receivables (Note 6)	319,224		170,690	313	21,365	35,587	507	105,737	16,414	669,837
Prepaids	42,108		15,862	1,009	34,070	28,839	1,825		2,148	125,919
Due from Component Units (Note 6)	22,591									22,591
Other Assets	7,459	44		125	3,273	3,330	386	209	32	14,860
TOTAL ASSETS	$ 860,622	$ 116,822	$ 189,181	$ 3,232	$ 59,891	$ 78,970	$ 134,167	$ 400,186	$ 269,058	$ 2,112,129
LIABILITIES AND FUND EQUITY										
LIABILITIES:										
Accounts Payable	$ 53,825	$	$	$ 16	$ 362	$ 1,537	$ 5,381	$ 16,696	$ 13,921	$ 91,740
Accrued Liabilities	49,857	153		470	7,436	6,549	2,544	18,242	48,944	134,195
Tax Anticipation Notes Payable (Note 10)	270,000									270,000
Revenue Anticipation Notes Payable (Note 10)	210,000									210,000
Deferred Revenue	40,861								44,660	85,521
Interfund Payables (Note 6)	57,764	100,178	189,181	2,884	48,425	72,041	23,847	155,392	20,325	669,837
Due to Component Units (Note 6)							28	12,211	1,061	13,300
Other Liabilities	15,081								14,366	29,447
Total Liabilities	697,388	100,331	189,181	3,370	56,223	80,127	31,600	202,543	143,277	1,504,040
FUND EQUITY (DEFICITS)										
Fund Balances:										
Reserved for Retirement of Temporary Financing								4,401	4,187	8,588
Reserved for Encumbrances	86,227			61	382	1,320	11,158	205,018	124,373	428,537
Restricted - Senior Liquidity Reserve									24,009	24,009
Unreserved and Designated for Ensuing Year's Budget (Note 13):										
Special Revenue							35,538			35,538
Unreserved Nonmajor Fund Balances (Deficits):										
Special Revenue									(10,353)	(10,353)
Capital Projects									(32,730)	(32,730)
Debt Service									16,295	16,295
Unreserved Major Fund Balances (Deficits) (Note 14)	77,007	16,491		(199)	3,286	(2,477)	55,871	(11,774)		138,205
Total Fund Equity (Deficits)	163,234	16,491		(138)	3,668	(1,157)	102,567	197,643	125,781	608,089
Commitments and Contingencies (Note 16)										
TOTAL LIABILITIES AND FUND EQUITY (DEFICITS)	$ 860,622	$ 116,822	$ 189,181	$ 3,232	$ 59,891	$ 78,970	$ 134,167	$ 400,186	$ 269,058	$ 2,112,129

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, 2010 (Dollars in Thousands)

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

Total fund balances - governmental funds	$	608,089
Revenue recorded in the statement of net assets is recorded as deferred revenue in the governmental funds		19,481
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		(117,972)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net		2,454,542
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds		465,877
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds:		
Bonds payable		(3,398,246)
GASB 45 liability		(3,856,129)
Other long term liabilities		(1,153,894)
Current portion of long term liabilities and short term notes payable		(344,678)
Accrued expenses and interest payable		15,724
Net assets (deficit) of governmental activities	$	(5,307,206)

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, 2010 (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
REVENUES:										
Interest and Penalties on Taxes	$ 28,521	$	$	$	$	$	$	$	$	$ 28,521
Licenses and Permits	7,407				1,904	452	298			10,119
Fines and Forfeits	30,281				960				1,708	39,049
Interest Income	1,316	64		1	103	14	1,048	466	365	3,398
Rents and Recoveries	18,939				840	684		693	201	21,317
Tobacco Receipts									18,881	18,881
Departmental Revenue	87,474			5,918	3,297	18,952	2,032	18	3,146	100,838
Interdepartmental Revenue	140,242				280	12,742	56		102	150,422
Federal Aid	207,359		1,600			125		18,535	73,858	301,877
State Aid	171,931	7		120		246		5,122	39,353	216,809
Sales Tax	754,818	184,792								939,610
Preempted Sales Tax in Lieu of Property Taxes	57,565									57,565
Property Taxes	153,482			15,401	343,354	279,980			125,038	932,205
Payments in Lieu of Taxes	6,851									6,851
Special Taxes	7,532					23,346			2,341	34,019
Other Revenues	28,317			32	1,369	1,844	185		4,212	35,959
Total Revenues	1,704,054	184,863	1,600	21,472	352,107	333,785	3,595	25,234	270,735	2,902,478
EXPENDITURES:										
Current:										
Legislative	10,207									10,207
Judicial	52,677								3,816	56,493
General Administration	216,980	1,263							37,115	255,358
Protection of Persons	15,559			20,778	394,109	365,660			11,009	798,113
Health	204,416								60,760	265,176
Public Works	102,354						81,906			184,260
Recreation and Parks	23,282								4,467	27,749
Capital Outlay - General								118,353		118,353
Capital Outlay - Sewage Districts									26,008	26,008
Social Services	585,470								8,481	593,951
Corrections	225,207								1,487	226,694
Education	10,483									10,483
Payments for Tax Certiorari and Other Judgments	106,483									106,483
Other	127,608									127,608
Total Current	1,691,734	1,263		20,778	394,109	365,660	81,906	118,353	143,144	2,806,946
Debt Service:										
Principal			76,710				21,896		112,113	210,719
Interest			44,956				8,348		92,514	145,818
Financing Costs			7,069							7,069
Total Debt Service			128,735				30,244		204,627	363,606
Total Expenditures	1,691,734	1,263	128,735	20,778	394,108	365,660	112,150	118,353	347,771	3,170,552
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	12,350	183,620	(127,135)	694	(39,001)	(26,895)	(108,552)	(93,119)	(77,036)	(268,074)
OTHER FINANCING SOURCES (USES):										
Other Financing Sources - Premium on Bonds			28,413				335			28,748
Other Financing Sources - EFC Drawdowns									1,141	1,141
Transfers In	269,458		266,203	640	21,869	34,698	1,222		10,592	604,630
Transfers In of Investment Income	464						85			549
Transfers Out	(240,142)		(320,430)	(1,571)	(1,041)	(12,433)	(8,948)	(3,131)	(16,934)	(604,630)
Transfers Out of Investment Income								(465)	(84)	(549)
Transfers In from NIFA	517	1,069							168,458	170,044
Transfers Out to NIFA		(168,864)							(1,180)	(170,044)
Transfers In from SFA									49,755	49,755
Transfers Out to SFA							104,055		(153,810)	(49,755)
Issuance of Bonds			152,949					173,392	18,649	344,990
Redemption of Notes										
Total Other Financing Sources (Uses)	30,307	(167,795)	127,135	(931)	20,828	22,263	96,749	169,796	76,527	374,679
NET CHANGE IN FUND BALANCES (DEFICITS)	42,657	15,825		(237)	(11,173)	(4,632)	(11,803)	76,677	(509)	106,605
TOTAL FUND BALANCES AT BEGINNING OF YEAR	120,577	666		99	14,841	3,475	114,370	120,966	125,290	501,284
TOTAL FUND BALANCES (DEFICITS) AT END OF YEAR	$ 163,234	$ 16,491	$	$ (138)	$ 3,668	$ (1,157)	$ 102,567	$ 197,643	$ 126,781	$ 608,089

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, 2010 (Dollars in Thousands)

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

Net change in fund balances - total governmental funds		$ 106,805
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	$ 419,342	
Depreciation expense	(114,633)	
Other	(314,598)	(9,889)
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, 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)	(253,104)	
Proceeds from sales of bonds	(344,990)	
Principal payments of bonds and payments for refunded bonds	209,158	
Accrued interest payable	(1,939)	
Additions to and amortization of debt issuance costs	7,069	
Amortized deferred liabilities	(27,405)	
Change in long-term liabilities	(7,225)	
		(418,436)
Change in net assets (deficit) - governmental activities		$ (321,520)

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, 2010 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 13)	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Interest and Penalties on Taxes	$ 27,500	$ 27,500	$ 26,521	$	$ 26,521	$ (979)
Licenses and Permits	8,382	8,382	7,467		7,467	(915)
Fines and Forfeits	51,172	51,172	36,291		36,291	(14,881)
Interest Income	8,000	8,000	1,315		1,315	(6,685)
Rents and Recoveries	33,281	33,281	18,939		18,939	(14,342)
Departmental Revenue	72,360	72,360	67,474		67,474	(4,886)
Interdepartmental Revenue	191,909	205,910	143,242		143,242	(62,668)
Federal Aid	173,837	175,668	207,359		207,359	31,691
State Aid	228,582	233,636	171,931		171,931	(61,705)
Sales Tax	941,252	941,252	754,818		754,818	(186,434)
Preempted Sales Tax in Lieu of Property Taxes	61,831	61,831	57,565		57,565	(4,266)
Property Taxes	162,839	162,839	168,432		168,432	5,593
Payments in Lieu of Taxes	6,501	6,501	6,881		6,881	380
Special Taxes	9,175	9,175	7,532		7,532	(1,643)
Other Revenues	10,164	13,184	28,317	(3,613)	24,704	11,520
Total Revenues	1,986,805	2,010,691	1,704,084	(3,613)	1,700,471	(310,220)
Expenditures:						
Current:						
Legislative	11,415	11,465	10,207	(76)	10,131	1,334
Judicial	61,769	75,961	62,677	(956)	61,721	14,240
General Administration	245,441	252,109	216,989	5,159	222,148	29,961
Protection of Persons	17,798	17,671	16,558	(864)	15,694	1,977
Health	278,115	278,054	204,416	35,825	240,241	37,813
Public Works	129,170	120,748	102,354	1,527	103,881	16,867
Recreation and Parks	23,997	25,795	23,282	1,696	24,978	817
Social Services	590,906	607,745	585,470	4,708	590,178	17,567
Corrections	252,577	252,266	225,207	10,784	235,991	16,275
Education	19,430	16,099	10,483		10,483	5,616
Payments for Tax Certiorari and Other Judgments	50,000	43,528	106,483	(72,991)	33,492	10,036
Other	122,180	129,014	127,608	(4,672)	122,936	6,078
Total Expenditures	1,802,798	1,830,455	1,691,734	(19,860)	1,671,874	158,581
Excess (Deficiency) of Revenues Over (Under) Expenditures	184,007	180,236	12,350	16,247	28,597	(151,639)
Other Financing Sources (Uses):						
Transfers In			269,468	(94,261)	175,207	175,207
Transfers In of Investment Income			464		464	464
Transfers Out	(283,820)	(280,049)	(240,142)		(240,142)	39,907
Transfer In from NIFA			517		517	517
Total Other Financing Sources (Uses)	(283,820)	(280,049)	30,307	(94,261)	(63,954)	216,095
Net Change in Fund Balance (Deficit)	(99,813)	(99,813)	42,657	(78,014)	(35,357)	64,456
Fund Balance at Beginning of Year	99,813	99,813	120,577		120,577	20,764
Fund Balance (Deficit) at End of Year	$	$	$ 163,234	$ (78,014)	$ 85,220	$ 85,220

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, 2010 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 13)	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Interest Income	$ 3	$ 3	$ 1	$	$ 1	$ (2)
Departmental Revenue	5,897	5,897	5,918		5,918	21
Interdepartmental Revenue	100	100				(100)
State Aid	190	190	120		120	(70)
Property Taxes	15,401	15,401	15,401		15,401	
Other Revenues	28	28	32	(32)		(28)
Total Revenues	21,619	21,619	21,472	(32)	21,440	(179)
Expenditures:						
Current:						
Protection of Persons	21,226	21,226	20,778	(810)	19,968	1,258
Total Expenditures	21,226	21,226	20,778	(810)	19,968	1,258
Excess of Revenues Over Expenditures	393	393	694	778	1,472	1,079
Other Financing Uses:						
Transfers In		584	640	(640)		(584)
Transfers Out	(436)	(1,020)	(1,571)		(1,571)	(551)
Total Other Financing Sources (Uses)	(436)	(436)	(931)	(640)	(1,571)	(1,135)
Net Change in Fund Balance (Deficit)	(43)	(43)	(237)	138	(99)	(56)
Fund Balance at Beginning of Year	43	43	99		99	56
Fund Balance (Deficit) at End of Year	$	$	$ (138)	$ 138	$	$

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, 2010 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 13)	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Rents and Recoveries	$ 350	$ 350	$ 840	$	$ 840	$ 490
Licenses and Permits	2,828	2,828	1,904		1,904	(924)
Fines and Forfeits	1,750	1,750	960		960	(790)
Interest Income	110	110	103		103	(7)
Departmental Revenue	3,412	3,412	3,297		3,297	(115)
Interdepartmental Revenue	552	552	280		280	(272)
Property Taxes	343,354	343,354	343,354		343,354	
Other Revenue	1,417	1,417	1,369	(1,369)		(1,417)
Total Revenues	353,773	353,773	352,107	(1,369)	350,738	(3,035)
Expenditures:						
Current:						
Protection of Persons	365,023	365,023	384,108	(25,212)	358,896	6,127
Total Expenditures	365,023	365,023	384,108	(25,212)	358,896	6,127
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,250)	(11,250)	(32,001)	23,843	(8,158)	3,092
Other Financing Sources (Uses):						
Transfers In	11,000	11,000	21,869	(21,869)		(11,000)
Transfer Out	(152)	(152)	(1,041)		(1,041)	(889)
Total Other Financing Sources (Uses)	10,848	10,848	20,828	(21,869)	(1,041)	(11,889)
Net Change in Fund Balance (Deficit)	(402)	(402)	(11,173)	1,974	(9,199)	(8,797)
Fund Balance at Beginning of Year	402	402	14,841		14,841	14,439
Fund Balance at End of Year	$	$	$ 3,668	$ 1,974	$ 5,642	$ 5,642

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, 2010 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 13)	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Licenses and Permits	$ 900	$ 900	$ 452	$	$ 452	$ (448)
Rents and Recoveries	400	400	564		564	164
Interest Income	2	2	14		14	12
Departmental Revenue	21,833	21,833	18,952		18,952	(2,881)
Interdepartmental Revenue	14,726	14,726	12,742		12,742	(1,984)
Federal Aid	3,664	3,664	125		125	(3,539)
State Aid	2,589	2,589	246		246	(2,343)
Property Taxes	279,980	279,980	279,980		279,980	
Special Taxes	23,901	23,901	23,846		23,846	(55)
Other Revenues	1,938	1,938	1,844	(1,844)		(1,938)
Total Revenues	349,933	349,933	338,765	(1,844)	336,921	(13,012)
Expenditures:						
Current:						
Protection of Persons	345,485	339,003	365,660	(37,697)	327,963	11,040
Total Expenditures	345,485	339,003	365,660	(37,697)	327,963	11,040
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,448	10,930	(26,895)	35,853	8,958	(1,972)
Other Financing Sources (Uses):						
Transfers In			34,696	(34,696)		
Transfers Out	(6,199)	(12,681)	(12,433)		(12,433)	248
Total Other Financing Sources (Uses)	(6,199)	(12,681)	22,263	(34,696)	(12,433)	248
Net Change in Fund Balance (Deficit)	(1,751)	(1,751)	(4,632)	1,157	(3,475)	(1,724)
Fund Balance at Beginning of Year	1,751	1,751	3,475		3,475	1,724
Fund Balance (Deficit) at End of Year	$	$	$ (1,157)	$ 1,157	$	$

See accompanying notes to financial statements.

EXHIBIT X-11

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, 2010 (Dollars In Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 13)	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Licenses and Permits	$ 242	$ 242	$ 296	$	$ 296	$ 54
Rents and Recoveries	2,007	2,007				(2,007)
Interest Income	1,294	1,294	1,049		1,049	(245)
Departmental Revenue	9,726	9,726	2,032		2,032	(7,694)
Interdepartmental Revenue	619	619	56		56	(563)
Other Revenues			165	(165)		
Total Revenues	13,888	13,888	3,598	(165)	3,433	(10,455)
Expenditures:						
Current:						
Public Works	164,801	164,801	112,150	10,586	122,736	42,065
Total Expenditures	164,801	164,801	112,150	10,586	122,736	42,065
Excess (Deficiency) of Revenues Over (Under) Expenditures	(150,913)	(150,913)	(108,552)	(10,751)	(119,303)	31,610
Other Financing Sources (Uses):						
Other Financing Sources - Premium			335		335	335
Transfers In of Investment Income			1,222		1,222	1,222
Transfers In			85		85	85
Transfers Out	(9,560)	(9,560)	(8,948)		(8,948)	612
Transfer In from SFA			104,055		104,055	104,055
Total Other Financing Sources (Uses)	(9,560)	(9,560)	96,749		96,749	106,309
Net Change in Fund Balance (Deficit)	(160,473)	(160,473)	(11,803)	(10,751)	(22,554)	137,919
Fund Balance (Deficit) at Beginning of Year	160,473	160,473	114,370		114,370	(46,103)
Fund Balance (Deficit) at End of Year	$	$	$ 102,567	$ (10,751)	$ 91,816	$ 91,816

See accompanying notes to financial statements.

EXHIBIT X-12

COUNTY OF NASSAU, NEW YORK

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2010 (Dollars in Thousands)

Agency Fund

ASSETS:

Cash	$	65,570
Due From Component Unit		1,474
TOTAL ASSETS	$	67,044

LIABILITIES:

Accounts Payable	$	1,029
Other Liabilities		66,015
TOTAL LIABILITIES	$	67,044

Nassau County Tobacco Securitization Corporation Residual Trust

ASSETS:

Cash	$	18,412

LIABILITIES:

Other Liabilities	$	18,412

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, 2010 (WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2010)
(Dollars in Thousands)

	Nassau Community College	Nassau Health Care Corporation	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Total
ASSETS					
CURRENT ASSETS:					
Cash and Cash Equivalents	$ 52,502	$ 4,368	$ 8,813	$ 2,452	$ 68,135
Assets Whose Use is Limited - Current		42,276			42,276
Student Accounts and Loans Receivable	10,629				10,629
Less Allowance for Doubtful Accounts	(6,086)				(6,086)
Due from Primary Government		11,745			11,745
Due from Other Governments	2,726				2,726
Other Receivables	1,866	38,155			40,021
Accounts Receivable		323,757	267		324,024
Less Allowance for Doubtful Accounts		(220,073)			(220,073)
Inventories		5,542			5,542
Other Assets - Current	231	8,419	429	4	9,083
Total Current Assets	61,868	214,189	9,509	2,456	288,022
NON CURRENT ASSETS:					
Deferred Financing Costs	2,787	2,867	532		6,186
Less Accumulated Amortization	(1,637)	(1,640)	(195)		(3,472)
Assets Whose Use is Limited		56,614			56,614
Capital Assets Not Being Depreciated	3,716	12,498	2,135	11	18,360
Depreciable Capital Assets	222,834	508,548	40,605	79	772,066
Less Accumulated Depreciation	(112,844)	(344,586)	(21,795)	(70)	(479,405)
Deposits Held by Trustees	17,113				17,113
Deposits Held in Custody for Others	1,660				1,660
Other Assets - Non Current		13,161			13,161
Total Non Current Assets	133,529	247,552	21,182	20	402,283
Total Assets	195,397	461,741	30,651	2,476	690,305
LIABILITIES					
CURRENT LIABILITIES:					
Accounts Payable	8,893	42,115	5,863	121	56,992
Accrued Liabilities		20,656	7,490		28,146
Accrued Interest Payable		1,458			1,458
Notes Payable - Current			59		59
Due To Primary Government	1,264		429		1,693
Deferred Revenue	19,650			2	19,652
Current Portion of Long Term Liabilities	5,110	2,438	1,455		9,003
Other Liabilities - Current	1,689	32,815	1,459		35,963
Total Current Liabilities	36,606	99,482	16,755	123	152,966
NON CURRENT LIABILITIES:					
Notes Payable			74		74
Derivative Instruments - Interest rate swaps		25,355			25,355
Serial Bonds Payable	51,836	230,014	13,080		294,930
Accrued Vacation and Sick Pay	52,194	43,265		24	95,483
Estimated Liability for Litigation	400	36,000			36,400
Deposits Held in Custody for Others	1,659				1,659
Insurance Reserve Liability	1,984				1,984
Deferred Bond Premium (Net of Amortization)	2,004				2,004
Liability for Future Pension Expense	1,334	19,822			21,156
Postemployment Retirement Benefits Liability	296,132	157,276	48,934	16	502,358
Other Liabilities - Non Current		13,768			13,768
Total Non Current Liabilities	407,543	525,500	62,088	40	995,171
Total Liabilities	444,149	624,982	78,843	163	1,148,137
NET ASSETS (DEFICIT)					
Invested in Capital Assets, Net of Related Debt	58,372	94,550	9,728	20	162,670
Restricted:					
General		1,964			1,964
Special Revenue					
Nassau Community College Foundation Fund					
Donor Imposed Stipulations	1,468				1,468
Direct Scholarships	106				106
Restricted Scholarships	1,117				1,117
Capital Projects	943				943
Debt Service	17,113				17,113
Student Loans	505				505
Unrestricted (Deficit)	(326,379)	(259,755)	(57,880)	2,293	(643,718)
Total Net Assets (Deficit)	$ (246,752)	$ (163,241)	$ (48,152)	$ 2,313	$ (457,832)

See accompanying notes to financial statements.

EXHIBIT X-14

COUNTY OF NASSAU, NEW YORK

STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY
FOR THE YEAR ENDED DECEMBER 31, 2010 (WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2010)
(Dollars in Thousands)

	Nassau Community College	Nassau Health Care Corporation	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Total
Expenses	$ 239,562	$ 617,774	$ 62,729	$ 1,573	$ 921,638
Program Revenues:					
Charges for Services	53,407	565,240	55,789	304	674,740
Operating Grants and Contributions	153,592				153,592
Capital Grants and Contributions		13,794			13,794
Total Program Revenues	206,999	579,034	55,789	304	842,126
Net (Expenses) Program Revenues	(32,563)	(38,740)	(6,940)	(1,269)	(79,512)
General Revenues					
Investment Income	2,062	536		16	2,614
Other	2,180		2,236		4,416
Net General Revenues (Expenses)	4,242	536	2,236	16	7,030
Change in Net Assets (Deficit)	(28,321)	(38,204)	(4,704)	(1,253)	(72,482)
Net Assets (Deficit) - Beginning of Year	(220,431)	(125,037)	(43,448)	3,566	(385,350)
Net Assets (Deficit) - End of Year	$ (248,752)	$ (163,241)	$ (48,152)	$ 2,313	$ (457,832)

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The County of Nassau (the "County"), incorporated in 1899, contains three towns, two cities and 64 incorporated villages. 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. Although legally separate from the County, The Nassau County Interim Finance Authority ("NIFA") is a financing instrumentality of the County and, accordingly, is included in the County's financial statements as a blended component unit in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 14, as amended. The County continuously assesses the need to include various organizations within the County whose status as a component unit may change due to financial dependence, legislative developments or level of influence the County may exercise over such entity.

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

(a) *The Nassau Community College* (the "College") - provides educational services under New York State Education Law. It is reported as a component unit - governmental as the County appoints its governing body, the County approves its budget, issues debt for College purposes and provides approximately 23% of the College's 2010 budgeted revenues through a County-wide 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 GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis for Public Colleges and Universities*, and in accordance with New York State Education Law. Therefore, the College is discretely presented. This component unit is presented as of, and for its fiscal year ended, August 31, 2010.

Financial Reporting Entity – GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, was issued and became effective for the year ended August 31, 2004. 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, 2010.

These financial statements present the College (the primary government) and its component units, the Nassau Community College Foundation, Inc. and the Faculty-Student Association of Nassau Community College, Inc. As defined in GASB Statement No. 39, component units are legally separate entities that are included in the College's reporting entity because of the significance of their operating or financial relationships with the College. The College has elected to include the financial statements of the component units, even though the amounts reported in the component units' financial statements are not significant to the reporting entity.

Each component unit is reported separately to emphasize that they are legally separate from the primary government. Each of the College's discretely presented component units has a fiscal year end of August 31st, the same as that of the College.

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

Discretely Presented Component Units (Continued)

(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 2004 were issued to refund the NHCC's Revenue Bond Series 1999, fund certain capital projects and provide working capital. In 2009, a portion of the Series 2004 Bonds were redeemed with the issuance of the Series 2009 bonds. The bonds are insured and guaranteed by the County. 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 NHCC's 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 NHCC to the County and establishes the mechanism for payments to the NHCC by the County and provides the NHCC with capital funding and such agreement is in effect until 2029.

The Board of the NHCC consists of fifteen voting and three nonvoting Directors. Of the fifteen voting directors, eight 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 varying initial terms of two to four years and will serve five-year terms after the expiration of the initial terms. The County Executive selects one of the voting directors as Chairman of the Board.

(c) *The Nassau Regional Off-Track Betting Corporation* (the "OTB") was created by the New York State Legislature as a public benefit corporation. The County is its sole shareholder. It is reported as a component unit as the County Legislature appoints its governing body, which consists of a Board of Directors made up of three members. The County receives a small portion of winning wagers made at County racetracks and all net operating profits from OTB. These revenues are recorded in the County's General Fund. The OTB is shown as a proprietary type component unit, and is presented on the accrual basis of accounting for its fiscal year ended December 31, 2010. At the close of 2010, there were twenty-one operational facilities; two branches were closed during the year.

The County has a support agreement with OTB which guarantees OTB's Series 2005 Revenue Bonds. Under the support agreement with the County, OTB is obligated to deposit required debt service payments due into a capital reserve fund. As consideration for entering into this support agreement and in recognition of the benefits anticipated to be derived, OTB makes an annual payment to the County. Over the past several years, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Units (Continued)

(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 year ended December 31, 2010.

Blended Component Units

(a) *Nassau County Interim Finance Authority* ("NIFA") is included as a blended component unit of the County's primary government pursuant to GASB No. 14 because it is a financing instrumentality of the County. It acts as a temporary financial intermediary to the County and is authorized to act as an oversight authority to the County under certain circumstances. It reports using the governmental model and its funds are reported as part of the County's general funds, 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, NIFA is a component unit of the County for County financial reporting purposes and, accordingly, is included in the County's financial statements.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Units (Continued)

(b) *The Nassau County Tobacco Settlement Corporation* ("NCTSC") is a special purpose local development corporation organized under the Not-for-Profit Corporation Law of the State of New York and is an instrumentality of, but separate and apart from the County. Although legally separate and independent of the County, NCTSC is considered an affiliated organization under GASB Statement No. 39 *Determining Whether Certain Organizations are Component Units* and reported as a 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, 2010, one position was vacant.

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

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

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

The original 1999 purchase price paid by the NCTSC to the County under the Agreement consisted of: (i) the net proceeds of the sale of the 1999 Bonds and (ii) a 100% beneficial ownership interest in the Trust. The Agreement was amended and restated as of March 1, 2006. Under the amended Agreement, TSRs received from April 5, 2006 to March 31, 2009, were not pledged to the holders of the Series 2006 Bonds and, therefore, all TSRs received during that time were to be transferred to the Trust on behalf of the County. The County has and is expected to continue to appropriate such Series 2006 Bond proceeds to finance various capital projects or designated operating expenses of the County or the Nassau Health Care Corporation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Units (Continued)

(c) *The Nassau County Sewer and Storm Water Finance Authority* ("NCSSWFA") is a public benefit corporation established in 2003 by the State of New York under the Nassau County Sewer and Storm Water Finance Authority Act, codified as Title-10-D of Article 5 of the Public Authorities Law of the State. The NCSSWFA was established for the purpose of refinancing outstanding sewer and storm water resources debt issued by or on behalf of the County and financing future County sewer and storm water resources projects.

The NCSSWFA may issue debt in an amount up to $350.0 million for such purposes (exclusive of debt issued to refund or otherwise repay the NCSSWFA debt).

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

The NCSSWFA 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. The County also agreed to transfer to the NCSSWFA and the NCSSWFA agreed to acquire from the County any additional System facilities, which became a part of the System, including those facilities financed by obligations of the County or NIFA after the closing date; and, the NCSSWFA shall pay debt service on such new County Bonds in the same manner and time, as set forth above, for the payment of County Bonds. Annually, the obligation to pay for expenditures incurred by the County, for such projects, is transferred to the NCSSWFA. Additionally, the County agrees that, during the term of the Agreement, it will not sell, lease, mortgage, or otherwise give up or encumber the real property upon which the facilities are situated.

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

NCSSWFA did not issue debt in 2010.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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. 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 Funds', Major Special Revenue Funds' and Non-major Special Revenue Funds' budgets with actual results.

The 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 — an amendment of GASB Statement No. 34.*

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.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3*, requires additional disclosures for deposits and investments of state and local governments related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in this Statement are disclosed.

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

Accounting Pronouncements (Continued)

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

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, which has been implemented beginning with fiscal year 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.* Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments, such as interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts and futures contracts are entered into by governments as investments; as hedges of identified financial risks associated with assets or liabilities, or expected transactions (i.e., hedgeable items); to lower the costs of borrowings; to effectively fix cash flows or synthetically fix prices; or to offset the changes in fair value of hedgeable items. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009, and was implemented the beginning of fiscal year ending December 31, 2010. All derivatives are to be reported on the Statement of Net Assets at fair value, and all hedges must be tested for effectiveness to qualify for hedge accounting. The tests are outlined in the Statement. Depending on the test results, the changes in fair value are either reported on the Statement of Net Assets as a deferral or in the Statement of Activities as investment revenue or loss.

The County has determined that the impact from the adoption of Statement No. 53 on its financial position or results of operations, which was a result of the adoption of the Statement by NIFA, a blended component unit of the County. All of NIFA's interest rate swap agreements qualify for hedge accounting treatment in accordance with Statement No. 53, and consequently, all cumulative changes in fair value as of December 31, 2010, for all swap liabilities, are offset by a corresponding deferred outflow asset on NIFA's Statement of Net Assets.

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*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Pronouncements (Continued)

Contained in the AICPA Statements on Auditing Standards, which were both effective immediately. Neither of these Statements had an impact on the County's financial statements.

In December 2009, GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The objective of Statement No. 58 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. This Statement became effective for financial statements for periods beginning after June 15, 2009. The County has determined that there is no impact from Statement No. 58 on its financial position or results of operations resulting from the adoption.

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."

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION (Continued)

The County reports the following major governmental funds:

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

NIFA General Fund - The NIFA General Fund accounts for sales tax revenues received by NIFA and for general operating expenses, as well as distributions to Nassau County. The NIFA Debt Service Fund accounts for the accumulation of resources for payment of principal and interest on NIFA'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.

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.

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

A. BASIS OF PRESENTATION (Continued)

Additionally, the County reports the following fund type:

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

New Accounting Standards

In February 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for financial statements for periods beginning after June 15, 2010. This Statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. It establishes fund balance classifications, such as restricted, committed, assigned and unassigned, that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. 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.

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*. 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 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 June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*, which is effective for periods beginning after June 15, 2010. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. 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.

In November 2010, GASB issued Statements No. 60, *Accounting and Financial Reporting for Service Concession Arrangements and No. 61, The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 (The Reporting Entity) and No. 34 (Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments)*.The requirement of Statement No. 60 improves financial reporting by establishing recognition, measurement and disclosure requirements for service concession arrangements (SCAs), which are a type of public-private or public-public partnership, for both transferors and governmental operators. The Statement requires governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. Statement No. 60 is effective for financial statements for periods beginning after December 15, 2011. The County has not completed the process

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION (Continued)

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.

The objective of Statement No. 61 is to improve financial reporting for a governmental financial reporting entity. Statement No. 61 is effective for financial statements for periods beginning after June 15, 2012. The County has not completed the process of evaluating the impact that will result from implementing this Statement and is therefore unable to determine the impact that adopting this Statement will have on its financial position and results of operations.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is effective for financial statements for periods beginning after December 15, 2011. The objective of this Statement is to incorporate certain pronouncements issued on or before November 30, 1989 that do not contradict or conflict with GASB pronouncements. The County has 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.

B. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

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

All discretely presented component units-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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)

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 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 year ended December 31, 2010, 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):

Supplemental Appropriations:	
General Fund	$ 23,886
Total Supplemental Appropriations	23,886
Grant Fund Appropriated Budgets	138,860
Total Supplemental Appropriations and Grant Fund Appropriated Budgets	$ 162,746

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

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

1. The proposed budget must be presented to the County Legislature and NIFA not later than September 15. (For the College, the proposed budget is submitted on or before the second Monday in July for the fiscal year commencing the following September 1.) The proposed budgets include proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain 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.)

4. The appropriated budget can be legally amended by the County Legislature subsequent to its initial adoption. Proposed amendments can be submitted by the County Executive to the Legislature at any time during the fiscal year. These proposed amendments are then voted on by the Legislature at the next available meeting. Amendments which are legally approved by the Legislature are immediately reflected in the operating appropriated budget.

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

D. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances outstanding at year-end are reported 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

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

F. CAPITAL ASSETS (Continued)

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.

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, ranging from 3 to 40 years, and is computed using the straight–line method. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring these assets.

Nassau Regional Off-Track Betting Corporation - For capital improvement assets, depreciation and amortization are recorded over the assets' estimated useful lives using the straight-line method (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, including depreciation of equipment under capital leases, is calculated on the straight-line method over the estimated useful life of the assets.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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

J. RESERVES

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

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

County employees receive vacation time, sick leave, and other benefits pursuant to the labor contract or County ordinance covering their terms of employment. The cash value of these accumulated unpaid employee benefits and the related employer costs (e.g., Social Security) has been accrued and reported with other long-term liabilities in the government-wide Statement of Net 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, 2010, any accumulated and unpaid benefits as of that date have been recorded in the government-wide Statement of Net Assets.

L. 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.

M. REAL PROPERTY TAX

County real property taxes are levied on or before the third Monday in December and recorded as a receivable on January 1, the first day of the fiscal year. They are collected in two semi-annual installments, payable on January 1 and July 1 by the town and city receivers of taxes together with the town and city tax levies, all of which become a lien on January 1. At year-end, adjustments are made for taxes that are estimated to be uncollectible, or collectible but not available soon enough in the next year to finance current period expenditures. The town receivers of taxes likewise collect real property taxes for all towns, school districts and special districts in the County, and return to the County after June 1 any uncollected taxes receivable. Pursuant to the Nassau County Administrative Code, the County assumes the burden of such uncollected taxes, and has the responsibility for their collection from the taxpayers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. REAL PROPERTY TAX (Continued)

The New York State constitutional limit of real property taxation for counties is set at two percent of the average full valuation of real estate for the five years preceding the current year for general government services other than the payment of principal and interest on its long-term debt. The maximum taxing authority controlling the levy of County real property taxes for 2010 was $5.1 billion. The constitutional tax margin was $4.1 billion or approximately 80.8% of the maximum taxing authority in 2010.

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

N. 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.

O. NOTES PAYABLE

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

P. LONG-TERM LIABILITIES

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

Q. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. 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.

S. RESTATEMENTS

The County's 2010 Net Assets (Deficit) – Beginning Balance in the accompanying Statement of Activities was restated as a result of restatements by two of the County's component units, NIFA and NCTSC. The net effect was an increase of $24.2 million.

During the process of preparing the 2010 financial statements, NIFA's management determined it had understated the fund balance for the debt service fund by $14.9 million and overstated the net deficit by $30.9 million for the year ended December 31, 2009. Accordingly, the net adjustment to the 2010 Net Assets (Deficit) – Beginning Balance reflected in the accompanying government-wide statements is an increase of $45.8 million reflected in the accompanying Statement of Activities.

Subsequent to the issuance of the 2009 financial statements, NCTSC's management determined it had understated the December 31, 2009 end of year net deficit in the statement of activities, and the net deficit and bonds payable in the statement of net assets (deficit) as of December 31, 2009 by $21.6 million. The adjustment was a result of an error related to not recording the accretion of certain amounts to Bonds Payable in prior years. Accordingly, NCTSC has restated the beginning of year Net Assets (Deficit) in the accompanying statement of activities to correct this error. The adjustment resulted in the originally reported Net Assets (Deficit) as of December 31, 2009 increasing from ($16.9 million) to ($38.5 million) with a resulting increase in Bonds Payable from the originally reported amount of $419.3 million to $440.8 million as of December 31, 2009.

The restatements have no effect on the County's cash flow or liquidity.

T. USE OF ESTIMATES

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

2. DEPOSITS AND INVESTMENTS

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.

2. DEPOSITS AND INVESTMENTS (Continued)

Deposits and Investments - As required by law, all cash deposits and cash equivalents are required to be fully collateralized or insured. 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.

At December 31, 2010, the carrying amount of the County's deposits was approximately $733.5 million, and the bank balance was $888.5 million. At December 31, 2010, total cash and cash equivalents amounted to $817.5 million in 2010, which consisted of approximately $817.5 million in money market interest bearing bank accounts at rates averaging 0.63% annually.

As of December 31, 2010, total investments amounted to $94.6 million.The investments consisted of U.S. Treasury Notes and other obligations of the U.S. government which are explicitly guaranteed by the U.S. government and therefore not considered to have credit risk, and shares of an investment fund, held by NCTSC, which invests in short-term U.S. Treasury securities paying a fixed, variable or floating interest rate and in repurchase agreements backed by U.S. Treasury securities.

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

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

As of December 31, 2010, the County did not have any investments subject to credit risk or interest rate risk.

The following table summarizes the County's unrestricted cash and investment position at December 31, 2010; all investments mature in less than one year (dollars in thousands):

	Total	Cash and Cash Equivalents	Investments
Cash	$ 817,508	$ 817,508	$ -
Treasury Notes and Investments	94,628		94,628
Totals	$ 912,136	$ 817,508	$ 94,628
Governmental Funds	$ 828,154	$ 733,526	$ 94,628
Fiduciary Funds	83,982	83,982	
Totals	$ 912,136	$ 817,508	$ 94,628

The County maintains a consolidated disbursement account with a financial institution on behalf of the College. At August 31, 2010 the College had a cash balance of $52.5 million; and the bank balance was $46.5 million. The bank

2. DEPOSITS AND INVESTMENTS (Continued)

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, 2010 the carrying amount (fair value) of the College's investments was $17.1 million.

3. DUE FROM OTHER GOVERNMENTS

The account "Due from Other Governments" at December 31, 2010 represents aid, grants, and other amounts receivable from the State and Federal governments. The following summarizes such receivables (dollars in thousands):

Fund	Total	Federal	State/Other*
General	$ 189,020	$ 63,857	$ 125,163
Police Headquarters	2,966	288	2,678
Capital Fund	9,025	8,753	272
Fire Commission Fund	3		3
Nonmajor Governmental	27,835	22,710	5,125
Totals	$ 228,849	$ 95,608	$ 133,241

* Includes $11,158 of sales taxes receivable at December 31, 2010.

4. TAX REAL ESTATE

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

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

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

5. TAX SALE CERTIFICATES

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

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

The individual fund Interfund Receivables and Interfund Payables as of December 31, 2010 are reconciled as follows:

December 31, 2010	General Fund	NIFA General Fund	Debt Service Fund	Fire Comm Fund	Police Districts Fund	Police Headquarters Fund	Sewer & Storm Water District Fund	Capital Fund	Nonmajor Funds	Total
INTERFUND RECEIVABLE										
General Fund	$	$	$	$	$	$	$	$ 57,650	$ 104	$ 57,764
NIFA General	84,279								15,899	100,178
Debt Service Fund	139,033			313	20,829	28,745			261	189,181
Fire Comm Fund	2,302							582		2,884
Police District	24,878					3,850		19,697		48,425
Police Headquarters	45,657							26,384		72,041
Sewer & Storm District	18,724		3,936					987		23,647
Capital Fund			155,392							155,392
Nonmajor Funds	4,351		11,362		536	2,992	507	427	150	20,325
TOTAL RECEIVABLE	$ 319,224	$	$ 170,690	$ 313	$ 21,365	$ 35,587	$ 507	$ 105,737	$ 16,414	$ 669,837
INTERFUND PAYABLE										
General Fund	$	$ (84,279)	$(139,033)	$ (2,302)	$ (24,878)	$ (45,657)	$ (18,724)	$	$ (4,351)	$ (319,224)
NIFA General										
Debt Service							(3,936)	(155,392)	(11,362)	(170,690)
Fire Comm Fund			(313)							(313)
Police District			(20,829)						(536)	(21,365)
Police Headquarters			(28,745)		(3,850)				(2,992)	(35,587)
Sewer & Storm District									(507)	(507)
Capital Fund	(57,660)			(582)	(19,697)	(26,384)	(987)		(427)	(105,737)
Nonmajor Funds	(104)	(15,899)	(261)						(150)	(16,414)
TOTAL PAYABLE	$ (57,764)	$(100,178)	$(189,181)	$ (2,884)	$ (48,425)	$ (72,041)	$ (23,647)	$ (155,392)	$ (20,325)	$ (659,837)

2010	Transfers In:								
Transfers Out:	General Fund	Debt Service Fund	Fire Comm Fund	Police District	Police Headquarters Fund	Sewer & Storm District	Capital Fund	Nonmajor Funds	Total
General Fund	$	$ 240,142	$	$	$	$	$	$	$ 240,142
Debt Service Fund	261,742		640	21,869	34,696	1,222		261	320,430
Fire Comm Fund	1,244	327							1,571
Police District		1,041							1,041
Police Headquarters	6,482	5,951							12,433
Sewer & Storm District		8,948							8,948
Capital Fund		3,131							3,131
Nonmajor Funds		6,663						10,271	16,934
TOTAL	$ 269,468	$ 266,203	$ 640	$ 21,869	$ 34,696	$ 1,222	$	$ 10,532	$ 604,630

* Interfund transactions are described in Note 1(N)

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, 2010 do not offset each other as they include accounts of the Nassau Community College at the end of their fiscal year on August 31, 2010. The following reconciles the December 31, 2010 amount by carrying forward the Nassau Community College transactions affecting these accounts from September 1, 2010 through December 31, 2010.

		Dollars in Thousands
Net Due from Primary Government (Exhibit X-1)		$ 10,052
Nassau Community College Transactions from September 1, to December 31:		
Increase in due to ATF	$ 11,019	
Decrease (Increase) in due to (from) Capital fund	(1,107)	
Decrease in due to Grant fund	753	
Decrease in due to General fund	(1,030)	
Subtotals		9,635
Nassau Health Care Corporation		
Net Change in Encumbrances		(30,452)
Due From Component Units - Fiduciary per Balance Sheet (Exhibit X-12)		1,474
Net Due From Component Units - Governmental per Balance Sheet (Exhibit X-1)		9,291
Net Due to Component Units - Fiduciary and Governmental		$ (10,052)

7. DEFERRED CHARGES

NCTSC Deferred Charges

Deferred charges for the NCTSC's Cost of Issuance from the defeasance of the 1999 Bonds and sale of the Series 2006 Bonds are as follows (dollars in thousands):

Description	Amount
Cost of issuance	$ 1,519
Original issue discount	9,011
Underwriter's discount	3,836
Loss on defeasance	18,869
Total	33,235
Less accumulated amortization	5,192
Cost of Issuance — net of amortization	$ 28,043

Such costs are amortized over the life of the bonds.

Total deferred charges as a result of the implementation of GASB Statement No. 48 in 2007:

Total deferred charges	$ 387,765
Less accumulated amortization	47,834
Deferred charges — net of amortization	$ 339,931

8. CAPITAL ASSETS

The following schedule for the 2010 capital assets is reconciled to the 2010 amounts reported on Exhibit X-1 in the table below:

Summary of Capital Asset Balances
(dollars in thousands)

	Primary Government	NCSSWFA	Total per X-1
Capital Assets Not Being Depreciated	$ 607,745	$	$ 607,745
Depreciable Capital Assets	2,075,486	1,219,560	3,295,046
Accumulated Depreciation	(1,188,312)	(259,937)	(1,448,249)
Capital Assets - Net	1,494,919	959,623	2,454,542
Outstanding Related Debt	(758,269)	(161,955)	(920,224)
Invested In Capital Assets, Net of Related Debt	$ 736,650	$ 797,668	$ 1,534,318

8. CAPITAL ASSETS (Continued)

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

Primary Government	Balance December 31, 2009	Additions	Deletions	Balance December 31, 2010
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 224,982	$ 6,568	$	$ 231,550
Intangible - Land Dev Rights	8,804			8,804
Construction in progress	588,700	93,045	314,354	367,391
Total capital assets, not being depreciated:	822,486	99,613	314,354	607,745
Capital assets, being depreciated:				
Land Improvements	78,472	207		78,679
Buildings	637,578	35,230		672,808
Equipment	492,307	11,562	1,262	502,607
Infrastructure	712,788	108,604		821,392
Total capital assets, being depreciated	1,921,145	155,603	1,262	2,075,486
Total capital assets	2,743,631	255,216	315,616	2,683,231
Less accumulated depreciation:				
Land Improvements	41,246	3,421		44,667
Buildings	279,081	14,474		293,555
Equipment	331,752	32,650	1,018	363,384
Infrastructure	464,361	22,345		486,706
Total accumulated depreciation	1,116,440	72,890	1,018	1,188,312
Total capital assets, being depreciated, net	804,705	82,713	244	887,174
Governmental activities capital assets, net	$ 1,627,191	$ 182,326	$ 314,598	$ 1,494,919

8. CAPITAL ASSETS (Continued)

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

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

	Primary Government	NCSSWFA	Total
Transfer from Construction in Progress	$ (314,354)	$	$ (314,354)
Additions to Capital Assets:			
Capital Assets being Depreciated			
Land Improvements	$ 207	$	$ 207
Land	6,568		6,568
Buildings	35,230	125	35,355
Infrastructure	108,604	163,620	272,224
	$ 150,609	$ 163,745	$ 314,354

Depreciation expense was charged to functions of the County for the fiscal year ended December 31, 2010 as follows (dollars in thousands):

	Land Improvements	Buildings	Equipment	Infrastructure	Total
Functions:					
Legislative	$	$ 6	$	$	$ 6
Judicial	80	1,231	267		1,578
General Administration	60	1,001	767		1,828
Protection of Persons	9	1,858	7,229		9,096
Health		113	269		382
Public Works	49	263	3,217	21,551	25,080
Recreation and Parks	3,158	2,165	535	794	6,652
Social Services	60	182	46		288
Corrections		4,582	341		4,923
Other Expenditures/MSBA		660	8,895		9,555
Metropolitan Transportation Authority			11,084		11,084
Misc. Unclassified	5	2,413			2,418
Total Depreciation Expense	$ 3,421	$ 14,474	$ 32,650	$ 22,345	$ 72,890

8. CAPITAL ASSETS (Continued)

Sources of funding of the general capital assets at December 31, 2010 were as follows (dollars in thousands):

Long Term Serial Bonds	$	2,267,563
Temporary Financing and Bond Anticipation Notes		59,921
Federal Grants		13,292
New York State Grants		92,838
General Fund Revenues		118,537
Special Revenue Fund Revenues		60,011
Gifts		27,755
Acquisitions prior to December 31, 1985		37,857
Capitalized Lease		5,457
Total Funding Sources	$	2,683,231

General capital assets of the County by function at December 31, 2010 were as follows (dollars in thousands):

Legislative	$	331
Judicial		81,284
General Administration		212,604
Protection of Persons		170,328
Health		8,426
Public Works		2,091,057
Recreation and Parks		223,004
Social Services		25,925
Corrections		192,631
Other Expenditures/MSBA		187,887
Metropolitan Transportation Authority		140,040
Misc. Unclassified		193,079
Construction in Progress		367,391
Intangible Assets		8,804
Total		3,902,791
Less: Accumulated Depreciation		1,448,249
Total Net Capital Assets	$	2,454,542

8. 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, 2009	Additions	Reductions	Balance December 31, 2010
Buildings	$ 326,202	$ 125	$	$ 326,327
Equipment	1,824	382		2,206
Infrastructure	727,408	163,619		891,027
Total Capital Assets	1,055,434	164,126		1,219,560
Less Accumulated Depreciation:				
Buildings	50,993	9,482		60,475
Equipment	437	262		699
Infrastructure	166,764	32,000		198,764
Total Accumulated Depreciation	218,194	41,744		259,938
Capital Assets - net	$ 837,240	$ 122,382	$	$ 959,622

Total combined capital assets of the County (in thousands), including its blended component unit, Nassau County Sewer and Storm Water Finance Authority as of December 31, 2010, is $3.9 billion with Accumulated Depreciation of $1.4 billion.

8. CAPITAL ASSETS (Continued)

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

	Balance August 31, 2009	Additions	Reductions	Balance August 31, 2010
Capital Assets Not Being Depreciated				
Land	$ 2,733	$	$	$ 2,733
Library	912	71		983
Total Capital Assets, Not Being Depreciated	3,645	71		3,716
Capital Assets Being Depreciated				
Land Improvements	1,133	663		1,796
Infrastructure	4,619	376		4,995
Buildings	169,955	3,498		173,453
Building Improvements	31,794	2,872		34,666
Equipment	7,279	442	407	7,314
Total Capital Assets, Being Depreciated	214,780	7,851	407	222,224
Total Capital Assets	218,425	7,922	407	225,940
Less Accumulated Depreciation:				
Land Improvements	863	40		903
Infrastructure	1,140	292		1,432
Buildings	85,330	1,446		86,776
Building Improvements	15,901	1,558		17,459
Equipment	5,883	471	402	5,952
Total Accumulated Depreciation	109,117	3,807	402	112,522
Net Capital Assets Being Depreciated	105,663	4,044	5	109,702
Capital Assets - net	$ 109,308	$ 4,115	$ 5	$ 113,418

8. CAPITAL ASSETS (Continued)

Capital assets of the Faculty-Student Association, the Component unit of Nassau Community College as of August 31, 2010 consisted of the following (dollars in thousands):

	Balance August 31, 2010
Furniture and equipment	$ 379
Vans	231
	610
Less accumulated depreciation	(422)
Total Capital assets (net)	$ 188

Total depreciable capital assets of the Nassau Community College and Faculty-Student Association, the component unit of Nassau Community College as of August 31, 2010, was $223 thousand with accumulated depreciation of $113 thousand.

9. LEASES

The County leases some property and equipment. Leased property having elements of ownership is recorded in the government-wide financial statements. The related obligations, in amounts equal to the present value of minimum lease payments payable during the remaining term of the leases, are also recorded in the government-wide financial statements. 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, 2010 was approximately $8.5 million.

9. 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):

	Capital Lease	Operating Leases	Total Capital & Operating Leases
Governmental Activities			
Fiscal Year ending December 31:			
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	822	6,980	7,802
2016-2020	4,300	7,361	11,661
2021-2025	4,249	7,118	11,367
Future Minimum Payments	12,544	$ 51,284	$ 63,828
Less Interest	7,118		
Present value of future Minimum lease payments	$ 5,426		

The County also leases County-owned property to others and the leases are classified as operating leases. Total rental revenue on these leases for 2010 was $6.0 million.

As of December 31, 2010, the following future minimum rentals are provided for by the leases (dollars in thousands):

Fiscal year ending December 31:	Operating Leases
2011	$ 6,216
2012	6,231
2013	6,271
2014	6,204
2015	5,921
2016-2020	18,917
2021-2025	7,297
2026-2030	1,253
2031-2033	112
Total	$ 58,422

These leases are for land and buildings with the total cost and carrying amount of $10.6 million for land, and the original cost of $19.8 million, which has been fully depreciated for buildings at December 31, 2010.

10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS

County of Nassau Notes Payable

On June 15, 2010, the County issued Series A Revenue Anticipation Notes in the amount of $130 million to finance cash flow needs within the County. The notes were offered in three tranches, $5 million bear interest at 2%, $80 million bear interest at 2% and $45 million bear interest at 1.25%. The notes matured March 15, 2011.

During 2010, the County did not issue any Bond Anticipation Notes.

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, 2009	Additions	Reductions	Balance, December 31, 2010
General Fund:				
Tax Anticipation Notes - (1.25% to 2.0% issued 2010, maturity dates in 2011)	$ 150,000	$ 270,000	$ 150,000	$ 270,000
Revenue Anticipation Notes - (1.25% to 2.0% issued in 2010, maturity dates in 2011)	190,000	210,000	190,000	210,000
Total General Fund	$ 340,000	$ 480,000	$ 340,000	$ 480,000

Long – Term Obligations

Long-term obligations of the County, NIFA, NCTSC and NCSSWFA are recorded in the government-wide Statement of Net Assets.

The debt was issued primarily to finance capital assets, for payment of judgments, real property tax refunds, termination pay, and workers compensation claims.

The amounts including the range of interest rates, issue dates, and maturity dates, are as follows (dollars in thousands):

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

Long – Term Obligations (Continued)

$ in thousands	Balance January 1, 2010	Additions	Reductions	Balance December 31, 2010	Due Within One Year
General Long-Term Obligations					
Debt:					
General Obligation County Bonds - (2.00% to 11.50%, issued in 1970 through 2010, maturity dates 2002 through 2030)	$ 887,734	$ 344,990	$ 75,150	$ 1,157,574	$ 67,980
Sewage purpose bonds - (2.20% to 7.90%, issued in 1970 through 2009, maturity dates 2002 through 2033) - County	90,735		12,980	77,755	8,995
State Water Pollution Control Revolving Fund revenue bonds - (1.46% to 7.10%, issued in 1991 through 2005, maturity dates 2002 through 2034) - County	130,085		8,916	121,169	9,084
Total Serial Bonds - County	1,108,554	344,990	97,046	1,356,498	86,059
Sales Tax Secured Bonds -NIFA, various interest rates % and maturity dates	1,752,600		104,415	1,648,185	119,745
Nassau County Sewer and Storm Water Finance Authority System Revenue Bonds, Series 2004A&B &Series 2008A (2004-2028)	169,250		7,295	161,955	1,610
Tobacco Settlement Asset-Backed Bonds, Series A (variable rate) Term Bond Due 2029 with mandatory sinking fund redemptions 2004-2039 - NCTSC, Series 2006A&B	442,108	4,676	402	446,382	7,360
Total Serial Bonds - NIFA, NCSSWFA, NCTSC	2,363,958	4,676	112,112	2,256,522	128,715
Total Serial Bonds	3,472,512	349,666	209,158	3,613,020	214,774
Other:					
Derivative instruments - interest rate swaps		53,229		53,229	
Deferred Bond Premium/Discount (net of amortization)	106,682	28,748	16,660	118,770	
Deferred Revenue	16,055	8,897		24,952	
Accrued Vacation and Sick Pay	544,332	55,419	61,732	538,019	14,573
Deferred Payroll	87,152	12,042	12,834	86,360	14,604
Estimated Liability for Workers' Compensation	275,222	29,742	28,285	276,679	28,370
Estimated Tax Certiorari Payable	164,313	67,382	79,381	152,314	70,000
Estimated Liability for Litigation & Malpractice Claims	225,000	28,625	28,625	225,000	2,282
Capital Lease Obligations	5,482		56	5,426	75
Other Liabilities	14,366			14,366	
Postemployment Retirement Benefits Liability	3,614,983	241,146		3,856,129	
Total Other	5,053,587	525,230	227,573	5,351,244	129,904
Total General Long-Term Obligations	$ 8,526,099	$ 874,896	$ 436,731	$ 8,964,264	$ 344,678

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

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

Revenues from the Special Revenue Sewer Funds will be utilized to finance the debt service for the Sewer 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.

The annual requirements and sources to amortize the County's General Obligation serial bonds payable as of December 31, 2010 are as follows (dollars in thousands):

	Debt Service Requirements			Sources		
Year Ending	Principal	Interest	Total	General County Budgets	Sewer District Budgets	Total
2011	$ 86,058	$ 63,608	$ 149,666	$ 121,520	$ 28,146	$ 149,666
2012	72,532	60,813	133,345	107,524	25,821	133,345
2013	69,281	57,711	126,992	104,240	22,752	126,992
2014	65,731	54,686	120,417	99,041	21,376	120,417
2015	67,731	51,991	119,722	99,887	19,835	119,722
2016-2020	325,249	216,816	542,065	465,668	76,397	542,065
2021-2025	325,674	138,785	464,459	409,593	54,866	464,459
2026-2030	186,549	73,420	259,969	237,854	22,115	259,969
2031-2035	113,161	32,718	145,879	132,676	13,203	145,879
2036-2039	44,531	4,719	49,250	45,261	3,989	49,250
Total	$ 1,356,497	$ 755,267	$ 2,111,764	$ 1,823,264	$ 288,500	$ 2,111,764

The County's legal debt margin was approximately $21.3 billion and total long-term obligation bonds authorized but unissued for general County and sewage district purposes were approximately $821.4 million at December 31, 2010.

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

NIFA Long-Term Debt

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

	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010	Due within one year	Non-current
Bonds payable:						
Sales tax secured bonds payable	$ 1,752,600		$ (104,415)	$ 1,648,185	$ 119,745	$ 1,528,440
Premiums	72,789		(5,010)	67,779	5,010	62,769
Total bonds payable	1,825,389		(109,425)	1,715,964	124,755	1,591,209
OPEB liability	918	144	(16)	1,046		1,046
Compensated absences	261		(2)	259		259
Total long term debt	$ 1,826,568	$ 144	$ (109,443)	$ 1,717,269	$ 124,755	$ 1,592,514

Bonds of NIFA are issued pursuant to an Indenture, as supplemented and amended (the "Indenture") between NIFA and the United States Trust Company of New York and its successor The Bank of New York Mellon (the "Trustee"), under which NIFA has pledged its right, title and interest in the revenues of NIFA to secure repayment of NIFA debt. The Act provides that NIFA's pledge of its revenues represents a perfected first security interest on behalf of holders of its bonds. The lien of the indenture on the revenues for the security of NIFA bonds is prior to all other liens thereon. NIFA does not have any significant assets or sources of funds other than sales tax revenues and amounts on deposit pursuant to the indenture. NIFA does not have independent taxing power. As of December 31, 2010, NIFA had outstanding sales tax secured bonds in the amount of $1.6 billion, maturing through the year 2025 of which $1.0 billion are fixed rate and $600 million are hedged variable rate bonds. Other than a possible refunding of its debt if market conditions permit, NIFA has no plans or authority to issue additional bonds, except to cover the costs of issuance incurred in connection with the refunding of its bonds.

Fixed Rate Bonds - NIFA has outstanding fixed rate bonds at rates ranging between 1% and 6%. Interest on NIFA's fixed rate bonds is payable on May 15 and November 15 of each year, and interest on the variable rate bonds is payable on the first business day of each month. Principal on all bonds is payable on November 15. A debt service account has been established under the indenture to provide for the payment of interest and principal of bonds outstanding under the indenture. The trustee makes monthly deposits to the debt service account in the amount of debt service accrued through the end of that month. For the fixed rate bonds, this is essentially one-sixth of the next interest payment and one-twelfth of the next principal payment. Because of this monthly deposit requirement, the amount accrued for debt service in NIFA's financial statements in any year will not be the same as the debt service on the bonds paid to bondholders in that year.

Variable Rate Bonds - Interest rates on the variable rate bonds are currently reset weekly by 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.

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

NIFA Long-Term Debt (Continued)

The liquidity facility agreements are slated to expire between May 15, 2011 and April 30, 2013 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 NIFA debt service expense would increase substantially. A debt service account has been established under the indenture to provide for the payment of principal of bonds outstanding under the indenture. The trustee makes monthly deposits to the debt service account in the amount of principal debt service requirements. Additionally, the Trustee makes monthly interest payments.

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

Aggregate debt service to maturity as of December 31, 2010, is as follows (dollars in thousands):

Years Ending December 31,	Principal	Interest*	Total
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	142,570	43,648	186,218
2016-2020	624,375	134,638	759,013
2021-2025	309,100	30,993	340,093
	$ 1,648,185	$ 449,658	$ 2,097,843

*Interest on the Variable Rate Bonds is calculated at 5%. During 2010 the interest rate on the Variable Rate Bonds ranged from 0.10% to .36%.

DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS

Derivative instruments, which consist of interest rate swap agreements, have been reported at fair value as of December 31, 2010. As the interest rate swap agreements qualify as a hedging derivative instrument, the fair value has been recorded as a deferred outflow of resources.

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

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

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

NIFA Long-Term Debt (Continued)

DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS (Continued)

Background - NIFA entered into the following six swap contracts with an effective date of April 8, 2004, in connection with the issuance of $450 million in auction rate securities to provide for the refunding or restructuring of a portion of the County's outstanding bonds, refunding of certain outstanding NIFA bonds, tax certiorari judgments and settlements to which the County is a party, other legal judgments and settlements, County capital projects and to pay costs of issuance. These auction rate securities were subsequently refunded on May 16, 2008 with variable rate demand bonds and the swap agreements transferred to the 2008 Bond Series A-E.

- $72.5 million notional amount (2004 Series B – swap agreement) with Goldman Sachs Mitsui Marine Derivative Products, L.P. ("GSMMDP")
- $72.5 million notional amount (2004 Series C – swap agreement) with GSMMDP
- $80 million notional amount (2004 Series D – swap agreement) with GSMMDP
- $72.5 million notional amount (2004 Series E – swap agreement) with UBS AG
- $72.5 million notional amount (2004 Series F – swap agreement) with UBS AG
- $80 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 GGSMMP
- $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, 2010, 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, 2010, 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

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

NIFA Long-Term Debt (Continued)

DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS (Continued)

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, 2010, the total mark-to-market valuation, net of accruals, of NIFA's swaps was negative $53.2 million. In the event that both parties continue to perform their obligations under the swap, there is not a risk of termination and neither party is required to make a termination payment to the other. NIFA is not aware of any event that would lead to a termination event with respect to any of its swaps.

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

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

Under the swap agreements, neither party has to collateralize its termination exposure unless its ratings, or that of the insurer, fall below certain triggers. For NIFA, there is no requirement to collateralize until NIFA is at an A3/A- level, and then only for the amount over $50 million (threshold amount) of exposure. The threshold amount declines if NIFA 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	50	8.4%
	$ 600	100.0%

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 Caa2/R (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 WR/NR/NR (Moody's/S&P/Fitch). However, termination payments from NIFA are not guaranteed except on NIFA's swap with UBS AG, where it is guaranteed up to a maximum of $2 million.

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

NIFA Long-Term Debt (Continued)

DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS (Continued)

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

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

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

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

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

The swaps use International Swaps and Derivative Association ("ISDA") documentation and use standard provisions regarding termination events with one exception: if the termination amount is over $5 million for NIFA, NIFA can pay such excess amount over six months, financing the delay at LIBOR, plus 1%. However, adverse termination for credit deterioration is unlikely due to 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.

- *Market-access Risk* – NIFA is not exposed to market-access risk on its hedging derivative instruments.

- *Foreign Currency Risk* – NIFA is not exposed to foreign currency risk on its hedging derivative instruments.

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

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

DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS (Continued)

- *Contingency* – Generally, the derivative instruments require NIFA to post collateral at varying thresholds by counterparty based on NIFA's credit rating in the form of cash, U.S. Treasury securities, or specified Agency securities. If NIFA were not to post collateral when required, the counterparty may terminate the hedging derivative instrument.

  At December 31, 2010, the aggregate fair value of all hedging derivative instrument agreements whose terms contain such collateral provisions is $53.2 million. If the collateral posting requirements had been triggered at December 31, 2010, NIFA would have been required to post $14.0 million in collateral to UBS AG if NIFA's credit rating was A3/A-. NIFA would have been required to post $24.0 million in collateral to UBS AB and $5.3 million in collateral to MSCS if NIFA's credit rating was Baa1/BBB+. NIFA would have been required to post $13.9 million in collateral to GSMMDP, $24.0 million in collateral to UBS AG and $5.3 million in collateral to MSCS if NIFA's credit rating was Baa2/BBB. NIFA would have been required to post $23.9 million in collateral to GSMMDP, $24.0 million in collateral to UBS AB, and $5.4 million in collateral to MSCS if NIFA's credit rating was Baa3/BBB-. Because NIFA's credit rating is Aa1/AAA, no collateral has been required or posted.

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

NIFA Long-Term Debt (Continued)

DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS (Continued)

As of December 31, 2010, NIFA's Interest Rate Swap Valuation is as follows:
($'s in thousands)

Swap Agreements	2004 Series B	2004 Series C	2004 Series D	2004 Series E	2004 Series F	2004 Series G	2004 Series I	2004 Series J	2004 Series K	Total
Notional Amount	$ 72,500	$ 72,500	$ 80,000	$ 72,500	$ 72,500	$ 80,000	$ 50,000	$ 50,000	$ 50,000	$ 600,000
Counterparty	GSMMDP	GSMMDP	GSMMDP	UBS	UBS	UBS	GSMMDP	UBS	MSCS	
Counterparty Rating (1)	Aa1/AAA/NR	Aa1/AAA/NR	Aa1/AAA/NR	Aa2/A+/A+	Aa2/A+/A+	Aa2/A+/A+	Aa1/AAA/NR	Aa2/A+/A+	A2/A/A	
Effective Date	April 8, 2004	April 8, 2004	April 8, 2004	April 8, 2004	April 8, 2004	April 8, 2004	December 9, 2004	December 9, 2004	December 9, 2004	
Maturity Date	November 15, 2024	November 15, 2024	November 15, 2016	November 15, 2024	November 15, 2024	November 15, 2016	November 15, 2025	November 15, 2025	November 15, 2025	
NIFA Pays	3.146%	3.146%	3.002%	3.146%	3.146%	3.003%	3.432%	3.432%	3.432%	
Replacement Rate	2.044%	2.042%	1.430%	2.044%	2.042%	1.414%	2.321%	2.321%	2.321%	
NIFA Receives	60% of LIBOR plus 16 basis points weekly (Tuesday)	60% of LIBOR plus 16 basis points weekly (Friday)	60% of LIBOR plus 26 basis points weekly (4th Monday)	60% of LIBOR plus 16 basis points weekly (Tuesday)	60% of LIBOR plus 16 basis points weekly (Friday)	60% of LIBOR plus 26 basis points monthly (5th Thursday)	61.5% of LIBOR plus 20 basis points	61.5% of LIBOR plus 20 basis points	61.5% of LIBOR plus 20 basis points	
Change in Fair Value	$ (2,596)	$ (2,603)	$ (1,939)	$ (2,596)	$ (2,603)	$ (2,008)	$ (2,000)	$ (2,000)	$ (2,000)	$ (20,345)
Net Accrued	$ (290)	$ (291)	$ (290)	$ (290)	$ (291)	$ (300)	$ (211)	$ (211)	$ (211)	$ (2,385)
Net Present Value	(6,179)	(6,187)	(5,345)	(6,179)	(6,187)	(5,389)	(5,126)	(5,126)	(5,126)	$ (50,844)
Total Fair Value of Swap	$ (6,469)	$ (6,478)	$ (5,635)	$ (6,469)	$ (6,478)	$ (5,689)	$ (5,337)	$ (5,337)	$ (5,337)	$ (53,229)

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

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

NIFA Long-Term Debt (Continued)

Swap Payments and Associated Debt - Using rates as of December 31, 2010, 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 Principal	Variable-Rate Bonds Interest	Interest Rate Swaps, Net	Total
2011	$ -	$ 1,931	$ 16,922	$ 18,853
2012		1,936	16,916	18,852
2013	31,100	1,915	16,822	49,837
2014	45,300	1,812	15,974	63,086
2015	31,725	1,667	14,849	48,241
2016-2020	343,250	5,652	52,151	401,053
2021-2025	148,625	1,028	10,342	159,995
Total	$ 600,000	$ 15,941	$ 143,976	$ 759,917

NCSSWFA Long-Term Debt

NCSSWFA issued its System Revenue Bonds, 2008 Series A (the "2008A Bonds") pursuant to NCSSWFA'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 NCSSWFA 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 NCSSWFA, 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 financial guarantee insurance policy totaling $120.8 million of the Series 2008A bonds. The policy guarantees the scheduled payment of principal and interest on the Insured Bonds maturing January 1, 2014 through January 1, 2028.

NCSSWFA issued its System Revenue Bonds, 2004 Series B (the "2004B Bonds") pursuant to NCSSWFA's General Revenue Bond Resolution dated as of March 1, 2004, as supplemented by a Second

10. 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 $1.8 million 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 NCSSWFA, 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 financial guarantee insurance policy, which guarantees the scheduled payment of principal and interest, of the Series 2004B bonds.

As of December 31, 2010 there was no commercial paper outstanding.

2004B and 2008A Bonds

Aggregate debt service to maturity as of December 31, 2010 is as follows (dollars in thousands):

Years Ending	Principal	Interest	Total
2011	$ 7,360	$ 7,992	$ 15,352
2012	7,800	7,679	15,479
2013	7,955	7,310	15,265
2014	8,425	6,957	15,382
2015	8,545	6,607	15,152
2016 - 2020	48,420	26,755	75,175
2021 - 2025	50,125	13,552	63,677
2026 - 2028	23,325	2,551	25,876
Total	$ 161,955	$ 79,403	$ 241,358

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

NCSSWFA Long-Term Debt (Continued)

Aggregate amounts due to the County for debt issued on behalf of NCSSWFA have debt service to maturity as of December 31, 2010 of the following (dollars in thousands):

Years Ending	Principal	Interest	Total
2011	$ 25,155	$ 15,087	$ 40,242
2012	23,560	13,899	37,459
2013	20,439	12,774	33,213
2014	20,262	11,764	32,026
2015	18,736	10,808	29,544
2016 - 2020	82,002	41,941	123,943
2021 - 2025	62,719	22,027	84,746
2026 - 2030	25,205	10,927	36,132
Thereafter	26,839	5,444	32,283
Total	$ 304,917	$ 144,671	$ 449,588

NCTSC Long-Term Debt

In 1999, the NCTSC issued $294.5 million of the 1999 Bonds. On April 5, 2006, NCTSC issued $431.0 million of Tobacco Settlement Asset-Backed Bonds, Series 2006 ("Series 2006 Bonds") pursuant to an Amended and Restated Indenture dated as of March 1, 2006 ("Indenture"). The Series 2006 Bonds consist of the "Series 2006A-1 Taxable Senior Current Interest Bonds" of $42.6 million the "Series 2006A-2 Senior Convertible Bonds" of $37.9 million the "Series 2006A-3 Senior Current Interest Bonds" of $291.5 million and the "Series 2006B-E Subordinate CABs" of $58.9 million. Unless otherwise indicated, defined terms have the meanings ascribed to them in the Offering Circular for the Series 2006 Bonds dated March 31, 2006. The Series 2006A-1 Taxable Senior Current Interest Bonds and the Series 2006A-3 Senior Current Interest Bonds shall accrue interest from their issuance date (as set forth on such bonds) and pay such interest on each distribution date until the bonds maturity date or the redemption date of the bond, whichever is earlier. The Series 2006A-2 Senior Convertible Bonds shall accrete interest from its issuance date (as set forth on such bonds) and such interest shall be compounded on each distribution date commencing with the first distribution date after its issuance through and excluding the conversion date or redemption date of such bond, whichever is earlier. On and after the applicable conversion date, such conversion bond shall become a current interest bond with a principal amount equal to the accreted value at such conversion date, as set forth in a Series Supplement, interest on which shall be payable on each distribution date after the conversion date until the maturity date, or redemption of such bond, whichever is earlier.

NCTSC used the proceeds from the Series 2006 Bonds, along with other funds, to: (i) refund all of the 1999 Bonds then-currently outstanding in the aggregate principal amount of $272.1 million; (ii) fund a Senior Liquidity Reserve for the Series 2006 Senior Bonds of $24.0 million; (iii) pay the costs of issuance of the Series 2006 Bonds; (iv) fund certain projected requirements for the Operating Account; (v) fund interest on the Series 2006 Bonds through the December 1, 2007 payment; and (vi) pay certain amounts to the NCTSC Residual

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

NCTSC Long-Term Debt (Continued)

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 Series 2006 Bonds shall accrete interest from its issuance date (as set forth on such bonds) and interest shall be compounded on each distribution date, commencing with the first distribution date after its issuance through and including the maturity date or redemption date of such bond, whichever is earlier.

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 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):

Year Ending	Principal	Interest	Total Debt Service
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	2,770	18,649	21,419
2016-2020	24,120	90,019	114,139
2021-2025	37,005	85,243	122,248
2026-2029	46,455	67,792	114,247
Thereafter	327,422	1,079,668	1,407,090
	$ 446,382	$ 1,417,407	$ 1,863,789

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

Nassau Community College Long-Term Debt

Long-term liability activity for the year ended August 31, 2010 follows (dollars in thousands):

	Balance 2009	Additions	Reductions	Balance 2010	Current Portion
General obligation bonds	$ 14,134	$ 5,024	$ 1,443	$ 17,715	$ 1,676
Dormitory Authority-State of NY bonds	38,234	164	1,791	36,607	1,700
Endo note payable	932		20	912	22
Litigation liability	600		200	400	
Postemployment retirement benefits payable	274,560	28,774	7,203	296,131	
Insurance reserve liability	1,973	11		1,984	
Deposits held in custody for others	1,656	4		1,660	
Deferred bond premium	2,132		128	2,004	
Liability for future pension expense	1,333			1,333	
Accrued compensated absences	52,310	1,597		53,907	1,712
Total long-term liabilities	$ 387,864	$ 35,574	$ 10,785	$ 412,653	$ 5,110

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

Nassau Community College Long-Term Debt (Continued)

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

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

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, 2010 is $17.7 million and principal is scheduled to mature from 2009 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.

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

Nassau Community College Long-Term Debt (Continued)

As of August 31, 2010, principal and interest payments relating to the DASNY and General Obligation bonds are as follows (dollars in thousands):

Principal Year Ending August 31,	DASNY	General Obligations	Endo Note	Total
2011	$ 1,700	$ 1,676	$ 22	$ 3,398
2012	1,453	1,066	23	2,542
2013	1,504	1,019	25	2,548
2014	1,560	705	27	2,292
2015	1,944	710	30	2,684
2016-2020	11,202	3,290	191	14,683
2021-2025	8,614	3,105	284	12,003
2026-2030	4,265	2,298	310	6,873
2031-2035	2,564	2,467		5,031
2036-2040	1,801	1,379		3,180
Total	$ 36,607	$ 17,715	$ 912	$ 55,234

Interest Year Ending August 31,	DASNY	General Obligations	Endo Note	Total
2011	$ 1,808	$ 792	$ 72	$ 2,672
2012	1,727	726	70	2,523
2013	1,680	679	68	2,427
2014	1,628	635	66	2,329
2015	1,307	610	64	1,981
2016-2020	6,352	2,646	279	9,277
2021-2025	3,433	1,965	185	5,583
2026-2030	1,880	1,343	51	3,274
2031-2035	902	610		1,512
2036-2040	258	168		426
Total	$ 20,975	$ 10,174	$ 855	$ 32,004

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

Nassau Community College Long-Term Debt (Continued)

Interest on the DASNY and General Obligation bonds range from 2.0% to 5.628% and from 2% to 9%, respectively. The current amortization expense for the deferred financing costs for these bonds is $225 thousand.

During fiscal 2010, DASNY issued Revenue Refunding Bonds, Series 2009A par amount $81.1 million of which $164 thousand, were allocated to the College.

In September 2009, the County issued $110.0 million General Obligation Bonds Series F and G, of which $460 thousand were earmarked for the various College construction projects. In December 2009, the County issued $90.2 million General Obligation Bonds Series H and I, of which $4.3 million were earmarked for the various College construction projects. In June 2010, the County issued $95.3 million General Obligation Bonds, Series A and B, of which $189 thousand were earmarked for the various College construction projects. In December 2010, the County issued $125.0 million General Obligation Bonds, Series E and F, of which $26 thousand were earmarked for the various College construction projects.

NHCC Long-Term Debt

Long-term debt at December 31, 2010 consists of the following (dollars in thousands):

2004 Series B Bonds payable at varying dates through August 1, 2014 at tax-exempt fixed interest rates ranging from 3.0% to 5.0%	$ 12,250
2009 Series A bonds payable at varying dates throught August 1, 2022; variable rate demand bonds bearing interest at taxable variable rates with an average of approximately 4.61% in 2010	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 2010	220,840
	259,085
Deferred loss on refunding	(26,931)
Net unamortized bond premium	298
Current portion	(2,438)
Total long term debt	$ 230,014

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

NHCC Long-Term Debt (Continued)

In October 2004, the Series 2004 Bonds were issued to refund NHCC's Series 1999 Revenue Bonds, finance capital projects and pay the costs of issuance, including the required premium of the Bond Insurer. The transaction resulted in the NHCC receiving approximately $41.0 million of cash, of which $26.0 million was available for working capital and $15.0 million for new capital project financing. The net present value savings from lower debt service payment requirements was approximately $22.0 million. The refunded Series 1999 Revenue Bonds outstanding at December 31, 2008 were approximately $242.2 million. The remaining amount outstanding was fully redeemed in 2009.

In 2008, NHCC received a $37.0 million 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 NHCC to redeem approximately $33.7 million 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 NHCC 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 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 NHCC incurred a loss of approximately $38.0 million and $3.7 million, respectively. The loss (the difference between the reacquisition price and the net carrying amount of the old debt) is carried as a deferred item, net in long-term debt in the accompanying consolidated balance sheets. The total deferred loss to be amortized has not been adjusted for the prepayment in 2008 of a portion of outstanding debt and the issuance of the Series 2009 Bonds; however, future amortization of the deferred loss was so adjusted. Amortization of the deferred loss is $2.3 million and $2.3 million for the years ended December 31, 2010 and 2009, respectively.

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

NHCC Long-Term Debt (Continued)

Pursuant to the Stabilization Agreement and, subsequently, the Successor Agreement (see NHCC financial statements Note 6), the County deposits subsidies, payable to the NHCC monthly, in an escrow account reserved for payment of the Series 2009 Bonds.

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

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

The swap agreements expose the NHCC to market risk, in the event of changes in interest rates, and credit risk, in the event of nonperformance by the counterparty. However, the NHCC believes that the risk of a material impact to its 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 $25.4 million at December 31, 2010.

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, 2010 are as follows (dollars in thousands):

	Principal	Estimated Interest
2011	$ 2,438	$ 10,062
2012	4,815	9,940
2013	4,360	9,700
2014	4,520	9,484
2015	13,005	9,261
2016 - 2020	73,555	38,252
2021 - 2025	84,080	22,862
2026 - 2029	72,312	6,782
	$ 259,085	$ 116,343

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

OTB Long-Term Debt

In June 2005, OTB issued $21.8 million in Series 2005 Revenue Bonds. The sources of the funds included $21.8 million in principal, $33 thousand original issue discount, and OTB's equity contribution of $0.1 million, to total $21.9 million. The proceeds were used as follows: $12.3 million to redeem prior notes that were used to finance the acquisition and rehabilitation of the Race Palace, $0.5 million to pay issuance costs, $6.8 million for various ongoing and future capital projects, and $2.3 million to deposit to a debt service reserve fund. The Series 2005 Revenue Bonds are general obligations of OTB and are secured by a pledge directly by the County pursuant to a support agreement that is described in the following paragraph. Rates on this obligation range from 3% to 5%.

Under the support agreement with the County, OTB is obligated to deposit required debt service payments due into a capital reserve fund. This transfer of funds must occur no later than 15 days prior to the due date of such payment. In addition, as consideration for entering into this support agreement and in recognition of the benefits anticipated to be derived, OTB is currently required to pay the County $620 thousand on each February 15 until the Series 2005 Revenue Bonds are paid in full. OTB paid the County $620 thousand in 2010.

Mortgage and bond payable at December 31, 2010, consisted of the following (dollars in thousands):

Mortgage note -- payable in 120 monthly installments of $5.5 thousand including interest at 6.2%. A final payment is due on February 1, 2013. The mortage is secured by the underlying real property.	$ 133
Bond payable - due in 15 annual installments of $1.455 million plus semi-annual interest payments ranging from 3% to 5%. A final payment is due on July 1, 2010. The bond is secured by the underlying real property.	14,535
	$ 14,668

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

Years Ending December 31:	Prinicpal	Interest
2011	$ 1,514	$ 556
2012	1,518	504
2013	1,466	452
2014	1,455	398
2015	1,455	343
2016-2020	7,260	869
	$ 14,668	$ 3,122

11. REFINANCING OF LONG-TERM OBLIGATIONS

Prior to December 31, 2010, 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, 2010, approximately $25.7 million of outstanding bonds (including NIFA) are considered defeased.

12. PENSION PLANS

Plan Description

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

Funding Policy

The Retirement System is noncontributory for those members who joined the retirement system prior to July 27, 1976. Employees who joined the Retirement System after that date must contribute 3% of their salary, however, NYS legislation passed in 2000, suspended the 3% contribution for those employees who have 10 or more years of credited service. In addition, members who meet certain eligibility requirements will receive one month's additional service credit for each completed year of service up to a maximum of two additional years of service credit. In 2009, the Governor signed a bill requiring members hired January 2010 and later to contribute 3% of their salary for all their years of public service, increased the numbers of years required to vest for retirement benefits from 5 to 10 years, and placed a limitation on the annual amount of overtime credited as retirement earnings.

The Common Retirement Fund ("Fund") was established to hold all the assets and income of the Retirement System in a single unified investment program. The overall methodology for ensuring that the Fund maintains adequate assets is determined by the NYSRSSL. The Fund's assets come from three main sources: employee or member contributions, investment income and participating employer contribution. The value of the Fund and the rate of return on the investments directly affect the employer's annual contribution rates. Each year, the State evaluates the Fund's assets and compares the value of those assets to the funds needed to pay current and future benefits. The difference between these two amounts is spread over the future working lifetimes of active members to actuarially determine the annual contribution rates. Under the authority of the

12. PENSION PLANS (Continued)

NYSRSSL, the State Comptroller is required to annually certify these contribution rates. The State calculates the County's required annual contribution payment using these contribution rates and the projected retirement earnings of the County's current employees.

State legislation enacted in 2004 revised the date by which municipalities are required to make their annual 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.

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

	ERS	PFRS
2010	$42,637	$52,555
2009	46,306	55,882
2008	50,642	56,575

13. RECONCILIATION OF GAAP FUND BALANCES TO BUDGETARY BASIS

The following reconciles fund balances at December 31, 2010 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, Communication and Education	Sewer & Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds
Fund Balances at December 31, 2010 Prepared in Accordance with GAAP	$ 163,234	$ 3,668	$ (1,157)	$ (138)	$ 102,567	$ 197,643	$ 125,781
Add:							
Funding for Tax Certiorari and Other Judgements	72,991						
Funding for Termination Pay	21,270	21,869	34,696	640	1,816		
Medicare and Pension Benefits - Accrual Basis Only	8,213	2,356	2,477	199	407		
Less:							
Encumbrances	(86,227)	(382)	(1,320)	(61)	(11,158)		
Payments for Tax Certiorari and Other Judgments	(72,991)						
Payments for Termination Pay	(21,270)	(21,869)	(34,696)	(640)	(1,816)		
Unbudgeted Grant Fund							(18,997)
Unbudgeted NCTSC General Fund							8
Unbudgeted Open Space Fund							(1,736)
Unbudgeted Sewage Disposal Construction Fund							(8,816)
Unbudgeted Sewer and Storm Water District Fund							(20,438)
Unbudgeted Sewage Collection Construction Fund							(18)
Unbudgeted Capital Project Fund						(197,643)	
Unbudgeted NCTSC Debt Service Fund							(24,380)
Unbudgeted SFA General Fund							(22,018)
Unbudgeted NIFA Debt Service Fund							(15,924)
Fund Balances at December 31, 2010 Prepared on the Budgetary Basis of Reporting	$ 85,220	$ 5,642	$ -	$ -	$ 91,816	$ -	$ 13,462

14. DESIGNATION OF UNRESERVED FUND BALANCES

Portions of the unreserved fund balances at December 31, 2010 were designated as sources of revenue in the ensuing year's operating budgets as follows (dollars in thousands):

	Total Fund Balance	Fund Balance Unreserved and Designated for Ensuing Year's Budget	Fund Balance Unreserved and Undesignated
Major Governmental Funds	$173,743	$35,538	$138,205
Nonmajor Governmental Funds	(26,788)		(26,788)

15. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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 premiums apply. NYSHIP plan insurance premiums are billed in advance and therefore the County has recorded a prepaid asset for this amount at December 31, 2010. The total cost for providing health care benefits was $229.9 million in 2010, of which approximately

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy (Continued)

$112.5 million was for retirees and approximately $117.4 million was for active employees and other eligible individuals. In 2010 the subsidy provided by the Medicare Reform Act of 2003 to employers who continued prescription drug coverage for its Medicare eligible retirees of $7.0 million was recorded as income.

Annual OPEB Cost and Net OPEB Obligation

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

- Hired prior to January 1, 2002 or earning less than $30,000 in the year of retirement: none
- Hired on or after January 1, 2002 and earning more than $30,000 per year in the year of retirement: 5% of premium for single coverage and 10% of the premium for family coverage (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 $3.9 billion as of December 31, 2010 which included both the County and an allocation of the Nassau Health Care Corporation's cost as of December 31, 2010. 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, 2010, the County paid $112.5 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 of GASB Statement No. 45). The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The County uses a level dollar amount and an amortization period of one year on an open basis.

Under this method, actuarial gains/losses, as they occur, reduce/increase future Normal Costs.

15. 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, 2010 (dollars in thousands):

Calculation of ARC and Annual OPEB Cost

	Nassau County	*Nassau Community College	** Nassau Health Care Corportation	Nassau Regional Off-Track Betting Corp.	Nassau County Interim Finance Authority	Total
Amortization of UAAL	$ 3,854,422	$ 290,656	$ 19,945	$ 48,716	$ 978	$ 4,214,717
Normal Cost at the Beginning of year	107,503	12,109	27,078	1,884	80	148,654
Change in Normal cost at April 1	1,076	53	320	12	1	1,462
Interest on Normal Cost	4,603	516	1,161	80	3	6,363
Annual Required Contribution	3,967,604	303,334	48,504	50,692	1,062	4,371,196
Interest on net OPEB Obligations	153,598	11,669	5,040	1,990	39	172,336
Adjustment to ARC	(3,767,663)	(286,229)	(7,068)	(48,809)	(957)	(4,110,726)
Total Annual OPEB cost	353,539	28,774	46,476	3,873	144	432,806
Actual Contributions	112,521	7,202	3,891	1,051	16	124,681
Increase in net OPEB obligation	241,018	21,572	42,585	2,822	128	308,125
Net OPEB Obligation at December 31, 2009	3,614,065	274,560	118,591	46,819	918	4,054,953
Net OPEB Obligation at December 31, 2010	$ 3,855,083	$ 296,132	$ 161,176	$ 49,641	$ 1,046	$ 4,363,078

* Nassau Community College data as of fiscal year ended August 31, 2010

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

As of December 31, 2010, the OPEB liability was approximately $3.9 billion and the 2010 payroll cost was $857.9 million or 449.4% 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, 2010, 2009 and 2008, 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
12/31/2010	$ 353,539	$ 112,521	31.8%	$ 3,855,083
12/31/2009	265,384	106,956	40.3%	3,614,065
12/31/2008	207,002	105,347	50.9%	3,455,637

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions

The OPEB-specific actuarial assumptions used (which is required at least biennially) in the January 1, 2010, 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 2010 are shown in the following table:

Pre-65 Non-Medicare:		
Single	$	612.34
Family		1,330.93
Post- 65 Medicare:		
Single		367.77
Family		840.98
Medicare (Part B) - per person		96.40

Medicare Part B premiums for 2010 are $96.40 per person monthly and are assumed to increase by the following trend rates:

Year	Trend Rates
2010	7.00 %
2011	6.75
2012	6.50
2013	6.25
2014	6.00
2015	5.75
2016	5.50
2017	5.25
2018 +	5.00

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions *(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
2010	8.00 %
2011	7.50
2012	7.00
2013	6.50
2014	6.00
2015	5.75
2016	5.50
2017	5.25
2018 and later	5.00

Mortality - Mortality rates are those recommended by the actuary:

Preretirement

	TRS			
Age	Male	Female	ERS	PFRS
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

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

***Actuarial Methods and Assumptions* (Continued)**

Postretirement

	ERS		PFRS	TRS	
Age	Male	Female	Unisex	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

The cost of providing health care to retirees not including the accrual for prior service costs, totaled $112.5 million during fiscal year 2010.

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.

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Required Supplemental Information:

The schedule of funding progress presents the results of OPEB valuations as of January 1, 2010, 2009 and 2008 for the fiscal year ending December 31, 2010. 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
1/1/2010	$ 0	$ 3,854,422	$ 3,854,422	0.0%	$ 857,856	449.3%
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%

* Based on the Projected Unit Credit Actuarial Cost Method.

16. CONTINGENCIES AND COMMITMENTS

A. *Claims and Litigation*

The County, its officers and employees are defendants in litigation. Such litigation includes, but is not limited to, actions commenced and claims asserted against the County arising out of alleged torts, alleged breaches of contracts (which include union and employee disputes), condemnation proceedings, medical malpractice actions and other alleged violations of law. The County self-insures for everything except 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 liability in the government-wide financial Statement of Net Assets as of December 31, 2010. The County Attorney is of the opinion that the ultimate resolution of such claims and litigation outstanding at December 31, 2010 will not result in a material adverse effect on the County's financial position. Approximately $276.7 million has been accrued as a liability at December 31, 2010, related to workers' compensation claims where the County Attorney can reasonably estimate the ultimate outcome. The liability for certain other asserted and unasserted malpractice claims cannot be estimated as of December 31, 2010. All malpractice occurrences prior to September 29, 1999 are the responsibility of the County.

16. CONTINGENCIES AND COMMITMENTS (Continued)

A. *Claims and Litigation (Continued)*

Subsequent malpractice occurrences arising from events in connection with NHCC are the responsibility of NHCC.

B. *Tax Certioraris*

In fiscal 2010, there were approximately 126,364 taxpayers' claims (residential and commercial) filed against the Board of Assessors, for the incorrect determination of assessed valuation (certiorari proceedings) for the 2011 (May 1, 2010) 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, 2010. 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 $152.3 million has also been recorded as a long-term liability in the government-wide financial statement of Net Assets at December 31, 2010. For the year ended December 31, 2010, tax certiorari expenditures were $79.4 million, $36.9 million financed by operating funds in addition to $42.5 million of borrowed funds.

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, 2010, the audits of certain programs have not been completed.

The County determined that, for reporting purposes, the expenses for certain grants were not reimbursable and therefore, an adjustment to the general fund of $5.2 million would be required. Legislative authorization for a budget transfer is required in order to record the adjustment; this authorization will be sought in 2011. This adjustment has been deemed immaterial in relation to the County's financial statements.

Provisions for certain expected disallowances, where considered necessary, have been made as of December 31, 2010. 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.

16. CONTINGENCIES AND COMMITMENTS (Continued)

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 2010.

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 $539.9 million at December 31, 2010. At August 31, 2010, the College's vacation leave and sick leave liability was $53.9 million.

G. *Deferred Payroll*

In 2009, the County entered into agreements with the Civil Service Employees' Association ("CSEA"), the Police Benevolent Association, ("PBA"), Superior Officers Association, ("SOA"), 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 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 2011 through 2015 depending on the bargaining unit, or at termination at the rate earned. The amount deferred at December 31, 2010 was approximately $72.0 million. The non-current component of this deferral is reported as a long-term liability in the government-wide 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 originally to be paid to eligible employees on September 1, 2002, but continues to be deferred in accordance with their current contractual agreement. The amount deferred at the College's fiscal year close of August 31, 2010 was approximately $0.9 million and is also reported in the government-wide 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, 2010 was approximately $13.5 million, and is also reported in the government-wide Statement of Net Assets.

H. *Capital Commitments*

At December 31, 2010, there were capital project contract commitments of $262.8 million.

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, 2010, the MTA has paid the

16. CONTINGENCIES AND COMMITMENTS (Continued)

I. *MTA Commitment (Continued)*

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. In December 2010, the New York State Supreme Court granted the MTA's legal claim ordering the County to reimburse the MTA $13.6 million pursuant to the terms of the original agreement and up to $7.4 million in additional capital funding, however, the County is appealing this verdict. Authorization for the County to fund any potential further payments under the Agreement nevertheless remains available under approved County bond ordinances.

17. NASSAU HEALTH CARE CORPORATION ("NHCC")

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

At December 31, 2010, the NHCC had total net assets deficiency of $163.2 million. 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 sustain positive cash flows. Such actions include continued revenue cycle enhancements, changes to medical management practices, improved supply chain and inventory management, 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 Successor Agreement also provides NHCC with capital funding.

18. FUND BALANCE SURPLUS/DEFICIT

The following non-major governmental funds reported surplus/deficits as of December 31 (dollars in thousands):

Tobacco Settlement Corporation:		
General Fund	$	(8)
Debt Service Fund		24,380
Total	$	24,372
Sewer Financing Authority:		
General Fund	$	22,018
Debt Service Fund		
Total	$	22,018

19. SUBSEQUENT EVENTS

NIFA Control Period

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

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

On April 5, 2011, a Summons and Complaint for Declaratory and Injunctive Relief were served on NIFA and each of its Directors. The lawsuit also references the County Executive and the County Comptroller as Defendants. This lawsuit, on behalf of the Nassau County Police Benevolent Association, the Superior Officers Association of Nassau County and the Nassau County Police Department Detectives' Association, Inc., seeks relief from NIFA's wage freeze, which was imposed pursuant to resolutions of the NIFA Directors on March 24, 2011.

19. SUBSEQUENT EVENTS (Continued)

Debt Issuance

In May 2011, the County issued two series of Revenue Anticipation Notes totaling $230 million. Series A totaling $155 million bear interest at varying rates from 2% to 3% and are due March 30, 2012. Series B for $75 million bear interest at 3.5% and are due April 30, 2012.

The County issued general obligation bonds in May 2011 in the amount of $82 million. 2011 Series A bonds bear interest at varying rates from 2% to 5%, with maturity dates varying from April 2012 to April 2036. The bonds maturing after 2021 shall be subject to optional redemption.

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APPENDIX C

FORMS OF BOND COUNSEL OPINIONS

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FORM OF BOND COUNSEL OPINION

[Letterhead of Orrick, Herrington & Sutcliffe LLP]

May 2, 2012

County of Nassau,
State of New York

Re: County of Nassau, New York

$196,630,000 GENERAL IMPROVEMENT BONDS

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the County of Nassau, New York (the "County") of $196,630,000 principal amount of General Improvement Bonds, 2012 Series A (the "2012 Series A Bonds" or the "Bonds"). The Bonds are dated the date of delivery. The interest rates, maturity dates and prices or yields of the Bonds are set forth on the inside cover of the Official Statement. The Bonds 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 Bond Certificate of the County dated the date hereof (the "County Bond 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 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 Bonds 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 Bond 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 Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the County Bond 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 or waiver 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 Bonds 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 Bonds constitute valid and binding obligations of the County.

2. The County Bond 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, subject to applicable statutory limitations, upon all property within the County's boundaries subject to taxation by the County for the payment of the Bonds and the interest thereon.

4. Interest on the Bonds 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 Bonds 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 when 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 Bonds.

FORM OF BOND COUNSEL OPINION

[Letterhead of Orrick, Herrington & Sutcliffe LLP]

May 2, 2012

County of Nassau,
State of New York

Re: County of Nassau, New York

$34,600,000 BOND ANTICIPATION NOTES, 2012 SERIES A (Federally Taxable)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the County of Nassau, New York (the "County") of $34,600,000 principal amount of Bond Anticipation Notes, 2012 Series A (Federally Taxable) (the "Notes"). The Notes are dated the date of delivery. The interest rate, maturity date and price or yield of the Notes are set forth on the cover of the Official Statement. 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 Bond Certificate of the County dated the date hereof (the "County Bond 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 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 Bond Certificate. We call attention to the fact that the rights and obligations under the Notes and the County Bond 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 or waiver 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 Bond 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, subject to applicable statutory limitations, 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 not 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). 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

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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, 2012

County General Improvement Bonds

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding as of 3/31/12
6/02/2011	General Improvement Series 2011A	$82,045,000	1.00-5.05%	2012-2036	$82,045,000
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	35,000,000	5.75 - 6.20%	2025-2031	35,000,000
12/15/2009	General Improvement Series 2009H	55,215,000	2.00 - 4.00%	2010-2025	49,350,000
9/09/2009	General Improvement Series 2009G	26,400,000	5.25 - 5.375%	2023-2025	26,400,000
9/09/2009	General Improvement Series 2009F	83,600,000	4.00 - 5.00%	2011-2023	78,755,000
8/19/2009	General Improvement Series Refunding 2009E	50,875,000	3.00 - 5.00%	2010-2018	26,840,000
7/21/2009	General Improvement Series 2009C	135,300,000	5.00 - 5.25%	2010-2039	132,890,000
5/05/2009	General Improvement Series 2009A	99,000,000	2.50-5.00%	2011-2029	95,510,000
7/08/2008	General Improvement Series Refunding 2008D	22,285,000	4.00 - 5.00%	2009 -2019	9,460,000
7/08/2008	General Improvement Series 2008C	149,525,000	0.00 - 5.00%	2010 -2028	132,955,000
1/22/2008	General Improvement Series 2008A	105,000,000	3.25 -5.00%	2009 -2028	90,225,000
12/01/2010	General Improvement Series 2007B	40,000,000	2.50-5.00%	2011-2024	33,940,000
12/01/2010	General Improvement Series 2007A	35,000,000	2.50-5.00%	2011-2023	29,265,000
8/01/1997	General Improvement Refunding Series 1997A	110,230,000	3.85 -6.00%	1998 -2013	7,755,000
2/24/1994	General Improvement Refunding Series 1994A	168,850,000	2.20 - 6.50%	1994 -2015	75,000
6/10/1993	General Improvement Refunding Series 1993H	73,740,000	2.40 - 5.50%	1993 - 2017	1,140,000
11/01/1985	General Improvement Series 1985X	35,680,000	7.80 -8.00%	1986 -2015	720,000
7/01/1985	General Improvement Series 1985W	20,560,000	7.30 -7.40%	1986 -2015	250,000
11/1/1984	General Improvement Series 1984V	31,880,000	8.50 -8.80%	1985 -2014	345,000
7/01/1984	General Improvement Series 1984U	21,980,000	9.00 -9.30%	1985 -2014	105,000
12/01/1983	General Improvement Series 1983T	38,230,000	8.50 -8.80%	1984 -2013	620,000
Total					$1,195,710,000

County Combined Sewer District Bonds; Sewer and Storm Water Resources District Bonds

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding as of 3/31/12
7/21/2009	Sewers Series 2009D	$14,700,000	5.00 - 5.50%	2010 - 2039	$14,455,000
5/05/2009	Sewers Series 2009B	15,000,000	4.00 - 6.00%	2011 - 2034	14,680,000
1/22/2008	Sewers Series 2008B	20,000,000	3.00 -5.00%	2009-2033	18,055,000
11/01/1997	Sewers Refunding Series 1997A	20,545,000	4.50 -6.00%	2000 -2013	1,415,000
2/24/1994	Sewers Refunding Series 1994B	83,835,000	2.20 -6.00%	1994 -2016	6,850,000
6/10/1993	Sewers Refunding Series 1993G	80,845,000	2.80 -5.45%	1994 -2015	5,070,000
6/10/1993	Sewers Refunding Series 1993E	35,045,000	2.80 -5.50%	1994 -2016	4,800,000
Total					$65,325,000

County Bonds Issued to New York State Environmental Facilities Corporation ("EFC")

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding as of 3/31/12
3/03/2005	EFC Series 2005A	$1,774,980	2.09 -4.57%	2006 -2034	$1,455,000
3/04/2004	EFC Series 2004B	4,065,914	1.06 -4.60%	2004 -2028	2,955,000
7/24/2003	EFC Series 2003F	8,506,016	0.79 -4.61%	2004 -2029	6,295,000
3/20/2003	EFC Series 2003B	42,530,000	2.54 -6.26%	2003 -2029	29,320,000
8/07/2002	EFC Series 2002I	36,018,000	1.81 -5.38%	2003 -2022	21,956,000
7/25/2002	EFC Series 2002G	7,380,000	2.03 -5.80%	2003 -2028	5,395,000
6/20/2002	EFC Series 2002F	59,220,000	2.52 -6.18%	2003 -2024	38,270,000
12/16/1998	EFC Series 1998G	20,780,000	2.95 -4.90%	1999 -2017	3,235,000
10/15/1992	EFC Series 1992B	28,870,000	3.00 -6.65%	1993 -2012	865,000
Total					$109,746,000

Nassau County Interim Finance Authority Bonds

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding as of 3/31/12
4/21/2009	NIFA Series 2009A	$303,100,000	1.00-5.00%	2009 -2025	$254,895,000
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	93,890,000
7/14/2005	NIFA Series 2005A	124,200,000	3.25-5.00%	2011-2024	112,275,000
12/09/2004	NIFA Series 2004 H	187,275,000	2.15-5.25%	2006-2017	142,365,000
4/08/2004	NIFA Series 2004A	153,360,000	2.00-5.00%	2005-2013	37,740,000
5/21/2003	NIFA Series 2003 A&B	514,475,000	2.00-6.00%	2004-2023	279,215,000
6/27/2001	NIFA Series 2001A	181,480,000	4.00-5.38%	2002-2021	8,060,000
Total					$1,528,440,000

Total County and NIFA Obligations	$2,899,221,000

Variable Rate Demand Bonds - Letters of Credit and Liquidity Facilities

Series	Outstanding Principal Amount	Provider	Facility Type	Expiration or Optional Termination by Provider
NHCC[1]				
2009A	$25,995,000	Bank of America, N.A.	LOC[1]	April 16, 2015
2009B-1	41,080,000	TD Bank, N.A.	LOC	April 27, 2015
2009B-2	41,920,000	TD Bank, N.A.	LOC	April 27, 2015
2009C-1	37,375,000	Wells Fargo Bank N.A.	LOC	May 29, 2015
2009C-2	35,830,000	Wells Fargo Bank N.A.	LOC	May 29, 2015
2009D-1	32,660,000	JPMorgan Chase Bank, N.A.	LOC	February 15, 2015
2009D-2	31,975,000	JPMorgan Chase Bank, N.A.	LOC	February 15, 2015
Total NHCC	$246,835,000			
NIFA				
2008A	125,000,000	JPMorgan Chase Bank, N.A.	SBPA[2]	May 11, 2014
2008B	125,000,000	Sumitomo Mitsui Banking Corp.	SBPA	March 6, 2015
2008C	150,000,000	JPMorgan Chase Bank, N.A.	SBPA	April 30, 2013
2008D-1	123,185,000	Bank of America, N.A.	SBPA	May 30, 2014
2008D-2	26,815,000	JPMorgan Chase Bank, N.A.	SBPA	November 15, 2015
2008E	50,000,000	JPMorgan Chase Bank, N.A.	SBPA	November 15, 2014
Total NIFA	$600,000,000			

(1) Letter of Credit

(2) Standby Bond Purchase Agreement

Interest Rate Exchange Agreements

	Current Notional Amount	Counterparty	Pays	Receives	Maturity Date	Associated Bonds
NHCC						
	$73,356,666	JPMorgan Chase Bank, N.A.	3.45700%	62.6% of USD-LIBOR + 0.23%	8/01/2029	NHCC 2009B,C,D
	73,126,667	Merrill Lynch Capital Services, Inc.	3.45700%	62.6% of USD-LIBOR + 0.23%	8/01/2029	NHCC 2009B,C,D
	73,126,667	UBS AG	3.45700%	62.6% of USD-LIBOR + 0.23%	8/01/2029	NHCC 2009B,C,D
	25,675,000	UBS AG	4.61000%	USD-LIBOR	8/01/2012	NHCC 2009A
Total NHCC	$245,285,000					
NIFA						
	$72,500,000	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.14600%	60.0% of USD-LIBOR + 0.16%	11/15/2024	NIFA 2008A,B,C,D,E
	72,500,000	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.14600%	60.0% of USD-LIBOR + 0.16%	11/15/2024	NIFA 2008A,B,C,D,E
	80,000,000	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.00200%	60.0% of USD-LIBOR + 0.26%	11/15/2016	NIFA 2008A,B,C,D,E
	72,500,000	UBS AG	3.14600%	60.0% of USD-LIBOR + 0.16%	11/15/2024	NIFA 2008A,B,C,D,E
	72,500,000	UBS AG	3.14600%	60.0% of USD-LIBOR + 0.16%	11/15/2024	NIFA 2008A,B,C,D,E
	80,000,000	UBS AG	3.00300%	60.0% of USD-LIBOR + 0.26%	11/15/2016	NIFA 2008A,B,C,D,E
	50,000,000	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.43200%	61.5% of USD-LIBOR + 0.20%	11/15/2025	NIFA 2008A,B,C,D,E
	50,000,000	Morgan Stanley Capital Services Inc.	3.43200%	61.5% of USD-LIBOR + 0.20%	11/15/2025	NIFA 2008A,B,C,D,E
	50,000,000	UBS AG	3.43200%	61.5% of USD-LIBOR + 0.20%	11/15/2025	NIFA 2008A,B,C,D,E
Total NIFA	$600,000,000					

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APPENDIX E

UNDERLYING INDEBTEDNESS OF POLITICAL SUBDIVISIONS WITHIN THE COUNTY

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UNDERLYING INDEBTEDNESS OF POLITICAL SUBDIVISIONS WITHIN THE COUNTY

The estimated gross outstanding bonded indebtedness of the towns and cities located within the County, based on public information, is described below. These figures do not include the indebtedness of the school districts and certain other taxing districts within the County.

FIGURE 1
TOWNS AND CITIES
COMPUTATION OF OVERLAPPING NET DEBT
FOR THE FISCAL PERIODS AS SHOWN
(Dollars in Thousands)

	2010	2009	2008	2007	2006
OVERLAPPING DEBT, TOWNS AND CITIES					
Town of Hempstead					
Bonds	$312,322	$283,344	$323,289	$312,730	$318,004
Other Debt Obligations	30,000	0	0	0	0
Total	$313,344	$283,344	$323,289	$312,730	$318,004
Town of North Hempstead:					
Bonds	$238,389	$240,243	$251,584	$258,003	$261,424
Other Debt Obligations	76.821	34,536	10,313	6,514	5,035
Total	$315,209	$274,779	$261,897	$264,517	$266,459
Town of Oyster Bay:					
Bonds	$366,209	$262,345	$288,269	$286,130	$248,670
Other Debt Obligations	305,585	285,996	163,217	120,875	85,000
Total	$671,794	$521,341	$451,486	$407,005	$333,670
City of Glen Cove:					
Bonds	$49,085	$48,098	$54,665	$57,629	$34,166
Other Debt Obligations	12,337	13,596	2,032	3,731	18,142
Total	$61,422	$61,694	$56,697	$61,360	$52,308
City of Long Beach:					
Bonds	$52,453	$39,971	$43,346	$41,752	$39,249
Other Debt Obligations	0	10,000	0	0	0
Total	$52,453	$49,971	$43,346	$41,752	$39,249
Total Overlapping Debt, Towns and Cities:					
Bonds	$1,018,458	$874,001	$2,627,297	$2,625,059	$2,461,736
Other Debt Obligations	424,743	344,128	268,658	241,778	207,401
Total	$1,443,201	$1,218,129	$2,893,610	$2,866,272	$2,664,406

SOURCE: Most recent official statement for each town and city.

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APPENDIX F

COUNTY WORKFORCE

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COUNTY WORKFORCE

The 2012-2015 Multi-Year Financial Plan, including the 2012 Budget, contains $150 million in labor savings in 2012 to be achieved through layoffs, furloughs or other savings.

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.

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. 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). On March 22, 2012 NIFA adopted (i) a similar wage freeze resolution with respect to the 2012 Budget and (ii) a similar resolution declaring a continuing fiscal crisis and ordering the suspension of increases in salary and wages and other payments as described above for an additional year.

See "APPENDIX A – INFORMATION ABOUT THE COUNTY – MONITORING AND OVERSIGHT – External – *NIFA*" herein.

County Employees

As of March 31, 2012, the full-time County workforce totaled 7,471 in the Major Operating Funds. This represents a decrease of 1,048 full-time positions when compared to December 31, 2009 and is evidence of the County's workforce reduction initiative. This initiative has included layoffs, separation incentives, attrition and instituting a hiring freeze to limit the back-filling of positions.

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, 2012
(Major Operating Funds)

Labor Organization	Full-Time Employees
CSEA	3,584
PBA	1,602
DAI	350
ShOA	1,009
IPBA	41
SOA	323
NON UNION	562
Total	**7,471**

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:

- 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;

- Reduction of overtime rate for certain titles;

- Ending the practice of allowing married couples who are County employees to obtain duplicate health benefits;

- 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:

- 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;

- 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:

- 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 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:

- 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;
- 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.

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, all steps receive an increase of 3.5% for all steps and effective January 1, 2015, all steps receive an increase of 3.75%.

- 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;
- 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.

APPENDIX G

ECONOMIC AND DEMOGRAPHIC PROFILE

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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 2010, the U.S. Census Bureau estimated the County's population had increased by 4.1% (from 1990) to 1,339,532 residents.

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 $93,613 for the period 2006-2010, significantly higher than that of the State ($55,603) and the United States ($51,914). Moreover, the County has a smaller percentage of families below the poverty level (3.4%) than the State (10.8%) and the United States (10.1%).

TABLE 2

MEDIAN HOUSEHOLD INCOME IN THE COUNTY IN COMPARISON TO THE STATE AND THE U.S., 2006-2010

Area	Median Household Income	Families Below Poverty (%)
County	$93,613	3.4
State	$55,603	10.8
United States	$51,914	10.1

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 consumers, but does not include income taxes and investments 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 2011 are shown in Table 3.[1]

[1] 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.

As indicated in Table 3, prices in the CMSA rose by 2.82% in 2011. The 2011 U.S. city average percentage increase was 3.12%.

TABLE 3

CONSUMER PRICE INDEX, 2003-2011

Year	U.S. City Average (1,000s)	Percentage Change	NY-NJ-CT-PA CMSA (1,000s)	Percentage Change
2011	224.9	3.12%	247.7	2.82%
2010	218.1	1.68%	240.9	1.73%
2009	214.5	-.37%	236.8	.42%
2008	215.3	3.80%	235.8	3.9%
2007	207.3	2.80%	226.9	2.8%
2006	201.6	3.20%	220.7	3.8%
2005	195.3	3.40%	212.7	3.9%
2004	188.9	2.70%	204.8	3.5%
2003	184.0	2.30%	197.8	3.1%

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics

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 (most recent), 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)

	2007 Rank	2007 Retail Sales	2002 Rank	2002 Retail Sales
New York (Manhattan)	1	38,797,518	1	$26,431,688
Nassau	**2**	**24,312,618**	**2**	**20,048,923**
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 635,900 in 2011. The unemployment rate in the County fell to 6.7% in 2011. 2011 marked the fifteenth consecutive year in which the County's unemployment rate was less than or equal to Suffolk County (7.4%), and less than New York City (9.0%), the State (8.2%), and the United States (8.9%).

TABLE 5

ANNUAL AVERAGE
EMPLOYMENT (in thousands)
AND UNEMPLOYMENT RATE (%), 2002-2011

Year	Nassau County		Suffolk County		New York City		New York State		United States	
	Employ-ment	Unemployment-Rate	Employ-ment	Unemploy-ment Rate	Employ-ment	Unemploy-ment Rate	Employ-ment	Unemploy-ment Rate	Employ-ment	Unemploy-ment Rate
2011	635.9	6.7	721.3	7.4	3,592	9.0	8,683	8.2	139,869	8.9
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

SOURCES: Compiled by the County from: New York State Department of Labor; U.S. Department of Labor, Bureau of Labor Statistics.

Key Employment Trends

Table 6 below shows the annual average employment in non-farm jobs by industry for the years 2002 to 2011 in the Nassau-Suffolk PMSA.

TABLE 6

ANNUAL AVERAGE
NASSAU-SUFFOLK EMPLOYMENT, NON-FARM, BY BUSINESS SECTOR
2002-2010
(in thousands)

Nassau-Suffolk Employment by Industry	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Goods Producing										
Natural Resources Construction & Mining	64.3	64.4	66.4	66.7	69.8	72.0	73.1	65.0	60.8	60.3
Manufacturing	92.1	88.4	88.2	86.9	85.9	83.8	81.3	75.1	73.0	72.8
Total Employment Goods Producing	156.4	152.8	154.6	153.6	155.7	155.8	154.4	140.1	133.8	133.1
Service Producing										
Trade, Transportation & Utilities	267.3	270.4	271.3	270.9	270.7	273.7	272.4	257.2	256.2	258.7
Financial Activities	82.2	82.7	83.4	81.6	80.4	79.2	75.0	70.8	69.8	70.5
Information	32.5	29.1	28.9	29.4	29.2	27.9	27.1	27.3	25.4	24.3
Educational & Health Services	191.2	196.8	200.7	203.0	206.2	210.8	215.7	220.6	225.8	230.8
Leisure & Hospitality	90.1	92.5	95.7	95.8	97.5	99.2	99.4	98.4	100.9	102.9
Other Services	50.1	50.7	51.4	51.9	51.9	52.7	53.6	52.7	52.9	54.4
Professional & Business Services	154.1	153.4	159.7	159.8	158.6	164.2	163.1	153.6	152.8	159.3
Government	196.3	198.9	196.9	198.7	198.7	202.1	203.2	206.7	208.9	205.3
Total Employment Service Producing	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	1,106.2
Total Non-Farm	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	1,239.3

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.

TABLE 7

PERCENTAGE OF NON-FARM EMPLOYMENT BY BUSINESS SECTOR, 2011

BUSINESS SECTOR	Nassau-Suffolk PMSA (%)	United States (%)
GOODS PRODUCING		
Natural Resources*, Construction & Mining	5	4
Manufacturing	6	9
Total Goods Producing	11	13
SERVICE PROVIDING OR SERVICE PRODUCING***		
Trade, Transportation & Utilities	21	19
Financial Activities* or Finance, Insurance & Real Estate**	6	6
Assorted Services	46	45
Government	17	17
Total Service Providing / Producing	89	87

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 shows the major commercial and industrial employers headquartered in the County.

TABLE 8

MAJOR COUNTY COMMERCIAL AND INDUSTRIAL EMPLOYERS, 2010

Company	Type of Business	Employees
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 is a composite list of construction activity in the County for residential, business, industrial and public buildings for the years 2002 through 2010. 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 the recession and possibly incomplete data. The data for 2010 is incomplete.

TABLE 9

COUNTY CONSTRUCTION ACTIVITY, 2002 - 2010

Year	Single-Family Dwellings	Other Housing Units*	Business Buildings	Industrial Buildings	Public Buildings	Total
2010	357	37	N/A	N/A	N/A	N/A
2009	334	111	21	1	5	472
2008	822	1,049	18	0	4	1,893
2007	737	85	20	3	4	849
2006	1,414	161	30	4	4	1,613
2005	1,197	238	37	1	3	1,476
2004	735	442	23	4	8	1,212
2003	635	343	23	2	8	1,011
2002	740	245	24	2	5	1,016

SOURCE: 2001 – 2009 Nassau County Planning Commission Building Permits reports. 2010-2011 U.S. Census.
* Other housing units includes two-family dwellings, multi-family dwellings and conversions.

Table 10 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 Table 10, 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**

Year	Number of Permits Issued	Estimated Value of Permits
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

As shown in Table 11, new residential construction activity in the County declined appreciably between 2008 and 2009.

TABLE 11

COUNTY NEW RESIDENTIAL CONSTRUCTION ACTIVITY

Year	Value of New Residential Construction (in thousands)	No. of New Dwelling Units By Building Permit
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

SOURCES: U.S. Census Bureau, Construction Statistics Division-Building Permit Branch based on estimate and imputation (2002-2009); 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

Year	1 Family	2 Family	3-4 Family	5 or more Family	Total
2010	357	28	63	32	480
2009	334	8	3	100	445
2008	822	6	3	1,040	1,871
2007	737	18	4	63	822
2006	1,291	38	4	119	1,452
2005	1,197	44	7	187	1,435
2004	735	68	0	374	1,177
2003	635	44	8	291	978
2002	740	30	3	212	985

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 County had a higher percentage of owner-occupied units (79.9%) than the State (53.3%) and the nation (65.1%).

Table 13 shows County existing home sales. In 2011, the annual median sales price fell by 2.35% while the number of homes sold fell by 4%.

TABLE 13

COUNTY EXISTING HOME SALES, 2002-2011

Year	Median Sales Price	No. of Homes Sold
2011	$415,000	7,369
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

SOURCES: Compiled by the County from: Multiple Listing Service of Long Island Inc., 2001-2005; New York State Association of Realtors, 2006-2011

Transportation

On January 1, 2012 the Nassau Inter-County Express ("NICE") Bus commenced service as the exclusive transit operator of the County-owned bus system replacing the former operator MTA Long Island Bus, a subsidiary of the Metropolitan Transportation Authority (the "MTA"), which ceased operations as the County's bus system pursuant to a mutual agreement between both parties. NICE, a subsidiary of Veolia Transportation Services, Inc. represents the County's first transit public-private partnership. NICE is the third largest suburban bus system in the United States. Operating a network of 48 routes as well as para-transit service, NICE provides surface 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 the NICE route network conforms to the development pattern of the County. It operates and maintains a fleet of approximately 297 fixed route buses and 93 para-transit vehicles. NICE 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.

The Long Island Rail Road (the "LIRR") is the second largest 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.

The Jamaica LIRR station (Queens) provides access to the subway and the AirTrain, a light-rail system, to John F. Kennedy International Airport ("JFK").

The intermodal center at Mineola provides easy access to parking and seamless transfers to seven NICE bus lines. The center has more than 700 parking spaces in a four-level garage, two elevators that connect to the Mineola LIRR station platforms, and a pedestrian overpass that connects the north and south sides of the station.

The LIRR maintains 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. 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. The current TIP covers the years 2011-2015.

Utility Services

Electrical service is provided to the County by the Long Island Power Authority ("LIPA"). 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. 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, Mercy Medical Center in Rockville Centre, and South Nassau Communities Hospital in Oceanside.

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. 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. In addition, News 12 provides local news coverage on cable, as does FiOS by Verizon.

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.

Sewer Service and Water Service

The County Department of Public Works maintains and operates the County's sewerage and storm 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.

There are 48 public water suppliers in the County that provide water service to nearly 100% of the County's residents. All water that is supplied is pumped from the County's groundwater system via public water supply wells. A small number of residents in the less densely populated northern sections of the County obtain their water from private wells.

The groundwater system is comprised of three major aquifers that overlay bedrock; the Upper Glacial, Magothy, and Lloyd aquifers. These aquifers, which are part of the County's subsurface geology, are continuously recharged by precipitation.

The County's population has realized a small increase of approximately 4% from 1990 to the present. This increase in population has had a negligible effect on water demand in the County. However, annual water demand has shown an upward trend over these years and has exhibited sizable seasonal fluctuations, both of which can be attributed to increased water use during the peak demand months (April, May, June, July, August, September, and October) that generally are subject to hot and dry weather patterns.

Since 2000, public water demand during the base demand months (January, February, March, November, and December) remained rather consistent at approximately 140 million gallons per day (mgd). During peak demand months pumping can increase considerably (to well over 250 mgd) and is quite variable in response to weather conditions. Annual water demand since 2000 has fluctuated between 184 mgd to 204 mgd.

Recharge to the groundwater system normally would amount to about half of the precipitation falling upon the County's land surface. This equates to 332 million gallons of recharge to the groundwater system each day. The amount has increased slightly to 341 mgd as a result of the effectiveness of the County's recharge basins in capturing additional storm water runoff for aquifer recharge.

Since the amount of recharge to the groundwater system exceeds the amount of water withdrawn from the system, the quantity of groundwater available for public water supply is more than adequate, both presently and into the future. Furthermore, any new developments within the County are required to retain all storm water on site. This requirement will ensure that storm water runoff emanating from such developments will be directed to the groundwater system as recharge.

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APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: $ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

Form 500NY (5/90)

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