NEW ISSUE—FULL BOOK ENTRY

RATINGS:	Bonds	Notes
	Moody's: A2	S&P: SP-1+
	S&P: A+	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 Bonds and the Notes 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 Bonds and the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the 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 Bonds or Notes. See "TAX MATTERS."

COUNTY OF NASSAU, NEW YORK

GENERAL OBLIGATIONS

$152,430,000 GENERAL IMPROVEMENT BONDS, 2013 SERIES A

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

$185,510,000 BOND ANTICIPATION NOTES, 2013 SERIES A

Dated: Date of Delivery **Due: February 5, 2014**

Coupon: 2.00%
Price to Yield: 0.40%
CUSIP: 63165TJE6

The General Improvement Bonds, 2013 Series A (the "Bonds" or the "2013 Series A Bonds") and the Bond Anticipation Notes, 2013 Series A (the "Notes" or the "2013 Series A 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, 2013 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 February 5, 2014 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 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 February 13, 2013. The Notes are offered when, as and if issued and received by the Underwriters. 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 Underwriters of the Notes by its counsel, Hawkins Delafield & Wood LLP, New York, New York. Hawkins Delafield & Wood LLP will serve as counsel to the Underwriters 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 February 28, 2013.

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

RBC CAPITAL MARKETS
(Purchaser of the Bonds)

BofA MERRILL LYNCH
(Underwriter of the Notes)

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

RAYMOND JAMES | MORGAN KEEGAN
(Underwriter of the Notes)

February 21, 2013

COUNTY OF NASSAU, NEW YORK

$152,430,000 GENERAL OBLIGATION BONDS

2013 SERIES A BONDS

MATURITY	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP*
4/1/2014	$ 2,240,000	3.00%	0.50%	63165THL2
4/1/2015	2,310,000	3.00	0.71	63165THM0
4/1/2016	2,395,000	4.00	0.96	63165THN8
4/1/2017	2,915,000	4.00	1.16	63165THP3
4/1/2018	3,050,000	5.00	1.50	63165THQ1
4/1/2019	3,205,000	5.00	1.77	63165THR9
4/1/2020	3,370,000	5.00	2.08	63165THS7
4/1/2021	3,545,000	5.00	2.33	63165THT5
4/1/2022	3,725,000	5.00	2.57	63165THU2
4/1/2023†	3,895,000	4.00	2.75	63165THV0
4/1/2024†	4,055,000	4.00	2.88	63165THW8
4/1/2025†	4,220,000	4.00	2.96	63165THX6
4/1/2026†	4,395,000	4.00	3.05	63165THY4
4/1/2027†	4,570,000	4.00	3.13	63165THZ1
4/1/2028†	4,760,000	4.00	3.20	63165TJA4
Total	$52,650,000			

$26,875,000 4.00% Term Bond Due April 1, 2033† to Yield 3.40% CUSIP* 63165TJB2
$32,820,000 4.00% Term Bond Due April 1, 2038† to Yield 3.70% CUSIP* 63165TJC0
$40,085,000 4.00% Term Bond Due April 1, 2043† to Yield 3.80% CUSIP* 63165TJD8

† The Bonds stated to mature on or after April 1, 2023 shall be subject to optional redemption on April 1, 2022 or on any date thereafter.

COUNTY OF NASSAU, NEW YORK

COUNTY EXECUTIVE
Edward P. Mangano

COUNTY LEGISLATURE
Presiding Officer
Norma L. Gonsalves

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	Carrié Solages
Delia DeRiggi-Whitton	Robert Troiano
Dennis Dunne, Sr.	Michael Venditto
Denise Ford	Rose Marie Walker
Judith A. Jacobs	Wayne H. Wink, Jr.

COUNTY COMPTROLLER
George Maragos

DEPUTY COUNTY EXECUTIVE FOR FINANCE
Timothy P. Sullivan

ACTING COUNTY TREASURER
Beaumont A. Jefferson

ACTING BUDGET DIRECTOR
Roseann D'Alleva

COUNTY ATTORNEY
John Ciampoli, Esq.

FINANCIAL ADVISOR
Public Financial Management, Inc.

BOND COUNSEL
Orrick, Herrington & Sutcliffe LLP

IN CONNECTION WITH THE OFFERING OF THE BONDS AND THE NOTES, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AND 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.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. 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

$152,430,000 GENERAL IMPROVEMENT BONDS, 2013 SERIES A

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

$185,510,000 BOND ANTICIPATION NOTES, 2013 SERIES A

Dated: Date of Delivery **Due: February 5, 2014**

Coupon: 2.00%
Price to Yield: 0.40%

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) $152,430,000 principal amount of General Improvement Bonds, 2013 Series A (the "2013 Series A Bonds" or the "Bonds") and (ii) $185,510,000 principal amount of Bond Anticipation Notes, 2013 Series A (the "2013 Series A Notes" or 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 costs related to the remediation and restoration of County facilities and infrastructure from Tropical Storm Sandy related damage. 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 "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 related to the Bonds. The Notes are being issued to finance various costs related to the remediation and restoration of County facilities and infrastructure from Tropical Storm Sandy related damage and to pay costs of issuance related to the Notes.

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	$152,430,000.00	$185,510,000.00
Net Original Issuance Premium	7,537,237.28	2,538,910.78
Total Sources	$159,967,237.28	$188,048,910.78
Uses		
Deposit to Obligation Proceeds Account	$159,967,237.28	$188,048,910.78
Total Uses	$159,967,237.28	$188,048,910.78

Optional Redemption

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

The Bonds stated to mature on or after April 1, 2023 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, 2022, 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, 2033 are subject to scheduled mandatory sinking fund redemption prior to maturity commencing April 1, 2029 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
2029	$4,955,000
2030	5,155,000
2031	5,365,000
2032	5,585,000
2033*	5,815,000

* Maturity

The Bonds maturing on April 1, 2038 are subject to scheduled mandatory sinking fund redemption prior to maturity commencing April 1, 2034 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
2034	$6,050,000
2035	6,295,000
2036	6,555,000
2037	6,820,000
2038*	7,100,000

* Maturity

The Bonds maturing on April 1, 2043 are subject to scheduled mandatory sinking fund redemption prior to maturity commencing April 1, 2039 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
2039	$7,390,000
2040	7,690,000
2041	8,005,000
2042	8,330,000
2043*	8,670,000

* 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 a payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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 for the Bonds and in bearer or registered form for the Notes 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, 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 (the "Commission"), to provide 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, (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) in a timely manner not later than ten (10) business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material. 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;

3. 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;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Beneficial Owners or holders of the Bonds, if material;

8. Bond calls, if material, and tender offers;

9. 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;

10. Release, substitution, or sale of property securing repayment of the Bonds, if material. 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;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the County;*

13. 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, if material; or

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material. It should be noted that there is no trustee for the Bonds.

The County will also undertake to provide, in a timely manner, notice of a failure to provide the required annual financial information, operating data and audited financial statement described above on or before the date specified above.

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 made pursuant to the Rule, subject to the following. Ratings changes occurred on County bonds in 2008 and 2009 as a result of bond insurer downgrades. The County had engaged the services of a dissemination agent in 2008 through early 2009 who was responsible for notifying the repositories of these rating changes. The County's records indicate that it would receive written confirmation during that time from the dissemination agent that the appropriate material event notices were so filed. However, records available from the MSRB do not reflect that all such material event notices were filed. Rating changes under the Rule prior to 2010 were required only if material. The

* 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.

dissemination agent is unable to evidence that all such material event filings were made. Beginning in early 2009 the County took responsibility for directly providing all continuing disclosure information.

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 in accordance with the requirements of the Rule, to provide to the Electronic Municipal Market Access system of the MSRB or other entity authorized or designated by the Commission, in a timely manner not later than ten (10) business days after the occurrence of the event, notice of any of the following events with respect to the Notes:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material. 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;

3. 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;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

7. Modifications to rights of Beneficial Owners or holders of the Notes, if material;

8. Notes calls, if material, and tender offers;

9. 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;

10. Release, substitution, or sale of property securing repayment of the Notes, if material. 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;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the County;*

13. 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, if material; or

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material. It should be noted that there is no trustee for the Notes.

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

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

The County has not, in the previous five years, failed to comply in all material respects with any previous undertaking made pursuant to the Rule, subject to the following. Ratings changes occurred on County bonds in 2008 and 2009 as a result of bond insurer downgrades. The County had engaged the services of a dissemination agent in 2008 through early 2009 who was responsible for notifying the repositories of these rating changes. The County's records indicate that it would receive written confirmation during that time from the dissemination agent that the appropriate material event notices were so filed. However, records available from the MSRB do not reflect that all such material event notices were filed. Rating changes under the Rule prior to 2010 were required only if material. The dissemination agent is unable to evidence that all such material event filings were made. Beginning in early 2009 the County took responsibility for directly providing all continuing disclosure information.

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

* 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.

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 – 2013 Budget and 2013-2016 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, 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.

On October 29, 2012, Tropical Storm Sandy hit the New York metropolitan region. For further information regarding the storm and its impact on the County, see "APPENDIX A – INFORMATION ABOUT THE COUNTY – COUNTY FINANCIAL CONDITION – Tropical Storm Sandy" 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 Underwriters for the Notes by its counsel Hawkins Delafield &

Wood LLP, New York, New York. Hawkins Delafield & Wood LLP will serve as counsel to the Underwriters only with respect to the Notes and not with respect to the Bonds.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Obligations 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 Obligations 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.

To the extent the issue price of any maturity of the Obligations is less than the amount to be paid at maturity of such Obligations (excluding amounts stated to be interest and payable at least annually over the term of such Obligations), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Obligations which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Obligations is the first price at which a substantial amount of such maturity of the Obligations is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Obligations accrues daily over the term to maturity of such Obligations on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Obligations to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Obligations. Beneficial owners of the Obligations should consult their own tax advisors with respect to the tax consequences of ownership of Obligations with original issue discount, including the treatment of beneficial owners who do not purchase such Obligations in the original offering to the public at the first price at which a substantial amount of such Obligations is sold to the public.

Obligations 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 Obligations") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Obligations, 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 Obligation, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Obligations 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 Obligations. The County has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Obligations 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 Obligations being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Obligations. 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 Obligations may adversely affect the value of, or the tax status of interest on, the Obligations. 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.

Although Bond Counsel is of the opinion that interest on the Obligations is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York), the ownership or disposition of, or the accrual or receipt of interest on, the Obligations 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.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Obligations to be subject, in whole or in part, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Obligations. Prospective purchasers of the Obligations should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the potential impact of future legislation, regulations or litigation, as to which Bond Counsel is expected to express 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 Obligations for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The County has covenanted, however, to comply with the requirements of the Code.

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

RATINGS

Moody's Investors Service Inc. ("Moody's"), Standard & Poor's Ratings Services ("S&P") and Fitch Ratings ("Fitch") have assigned ratings of "A2"(stable outlook), "A+" (stable outlook) and "A+"

(negative outlook), respectively, to the Bonds. 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 the underwriters for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated is acting as the representative (the "Underwriters"), for reoffering to the public. The purchase contract for the Notes provides that the Underwriters will purchase all of the Notes, if any are purchased, at a purchase price equal to $188,048,910.78, reflecting an original issue premium of $2,767,809.20 and an underwriters' discount of $228,898.42 and reoffer such Notes at the public offering price or yield 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 Underwriters.

Raymond James Financial, Inc. ("Raymond James Financial"), which is the parent company of Raymond James & Associates, Inc. ("Raymond James"), acquired during 2012 all of the stock of Morgan Keegan & Company, Inc. ("Morgan Keegan"). Morgan Keegan and Raymond James are each registered broker-dealers. Both Morgan Keegan and Raymond James are wholly owned subsidiaries of Raymond James Financial and, as such, are affiliated broker-dealers that operate under the common control of Raymond James Financial and utilize the trade name Raymond James | Morgan Keegan that appears on the front cover of this Official Statement. It is anticipated that the Public Finance businesses of Raymond James and Morgan Keegan will be combined in the near future.

Raymond James has entered into a distribution agreement with Morgan Keegan for the distribution of the Notes at the original issue prices. Such arrangement generally provides that Raymond James will share a portion of its underwriting compensation or selling concession with Morgan Keegan.

The Bonds will be purchased for reoffering by RBC Capital Markets, LLC.

The Underwriters and their respective affiliates are full service financial institutions engage in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the County, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the County.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

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 Underwriters 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 Acting County Treasurer shall furnish a certificate stating (i) to his knowledge the Official Statement did not contain any untrue statements of material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, subject to the condition that while information in said Official Statement obtained from sources other than the County is not guaranteed as to accuracy, completeness or fairness, he has no reason to believe and does not believe that such information is materially inaccurate or misleading, (ii) to his knowledge, since the date of said Official Statement, there have been no material transactions not in the ordinary course of affairs entered into by the County and no material adverse changes in the general affairs of the County or in its financial condition as shown in the Official Statement other than as disclosed or contemplated by said Official Statement, and (iii) that no litigation is pending or, to the knowledge of the County, threatened affecting the 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, 1 West Street, 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 Acting County Treasurer on behalf of the County.

COUNTY OF NASSAU, NEW YORK

By: /s/ Beaumont A. Jefferson
Acting County Treasurer

February 21, 2013

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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	Carrié Solages
Delia DeRiggi-Whitton	Robert Troiano
Dennis Dunne, Sr.	Michael Venditto
Denise Ford	Rose Marie Walker
Norma L. Gonsalves	Wayne H. Wink, Jr
Judith A. Jacobs	

Presiding Officer, County Legislature – Norma L. Gonsalves

Norma L. Gonsalves was elected in 1997, 1999, 2001, 2003, 2005, 2007, 2009 and again in 2011 to represent a district that includes the communities of East Meadow/Salisbury, and portions of North Bellmore, Levittown and North Merrick. Mrs. Gonsalves serves as the Presiding Officer of the County Legislature, having previously served as Deputy Presiding Officer.

Mrs. Gonsalves is active in various civic and charitable organizations and has received numerous awards and honors in recognition of her public service, including the 1999 Woman of the Year Award from the East Meadow Chamber of Commerce, the 1998 Woman of Distinction Award from the New York State Senate, the Newsday 1992 Volunteer Award; she was named 1976 Woman of the Year as Bicentennial Chairperson by the East Meadow Chamber of Commerce.

Mrs. Gonsalves received her Bachelor of Arts degree in History from St. Joseph's College for Women and received her Master of Arts degree from Hunter College and Brooklyn College. Mrs. Gonsalves was an educator for 25 years in the New York City School System.

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.

Acting County Budget Director – Roseann D'Alleva

Ms. D'Alleva became Acting County Budget Director on November 15, 2012. Ms. D'Alleva joined the Office of Management and Budget in June 2003 as a Senior Operations Analyst where she was responsible for special projects. In March of 2006 she became Director of Finance for the Legislative Majority. Ms. D'Alleva re-joined the Office of Management and Budget in January 2010 as a Deputy Director responsible for the Project and Performance Management which included Risk Management.

Prior to her employment by Nassau County, she worked for New York City's Department of Education, Division of Budget and Operations as a Supervisor for all Queens School Districts from 2001 to 2003. She began her career in New York City's Office of Management and Budget in 1990 and held numerous positions, the last as Unit Head for the Departments of Housing Preservation, Buildings and Planning.

She received a bachelor's degree in Finance from Pace University in 1990.

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, multi-year financial plan, capital budget and capital plan.

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 Office of Purchasing 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

<u>OMB</u>. 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.

<u>County Treasurer</u>. 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.

Office of Purchasing. The Office of Purchasing 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 \$41.8 million. 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. The County appropriated \$10.4 million from this reserve in 2012. See "COUNTY FINANCIAL CONDITION – 2013 Budget and 2013-2016 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, or certificates of deposits arranged by such entities in one or more banking institutions under certain conditions; (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") are each statutorily empowered, under certain circumstances, to enter into swaps. NIFA and NHCC have each 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 and some leased properties. The County also maintains a blanket fidelity bond covering all County employees and certain accident and liability coverage for its summer recreation program. 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 must levy taxes for the ensuing year not later than October 30th. A special election was held on November 6, 2012 to fill the legislative vacancy created by the death of Presiding Officer Peter Schmitt in October 2012. Subsequently, a local law enacted on November 19, 2012 provides that taxes for 2013 must be levied no later than November 30, 2012, and the County Legislature levied said taxes on November 20, 2012.

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 a budgetary deficit of approximately $50.4 million. The deficit was primarily the result of a $43.1 million General Fund accrual for property tax refunds for which the County intended to finance long-term, but did not receive the requisite super-majority approval from the Legislature. The County Comptroller has indicated that for comparison, based on standard governmental generally accepted accounting principles ("GAAP") (modified accrual basis), the County ended fiscal year 2011 with a negative $85.6 million result. With NIFA-defined adjustments, the County ended fiscal year 2011 with a negative $173.4 million result. The County is currently closing its books for fiscal year 2012. The County's current projected budgetary surplus for fiscal year 2012 is approximately $25.5 million.

2013 Budget and 2013-2016 Multi-Year Financial Plan

The County Executive submitted the proposed 2013 Budget to the County Legislature on September 17, 2012. The County Legislature adopted the 2013 Budget on November 20, 2012, which included legislative amendments totaling $3.3 million, and was balanced according to the budgetary basis of accounting. The 2013 Budget includes $2.8 billion in appropriations, excluding interdepartmental transfers, to support the Major Operating Funds. See "NIFA Approval of the 2013-2016 Multi-Year Financial Plan" within this section and "MONITORING AND OVERSIGHT – External – *NIFA*" herein.

As described in the 2013-2016 Multi-Year Financial Plan, the County is projecting budget gaps of $61.9 million in 2014, $99.4 million in 2015 and $114.9 million in 2016. Figure 1 shows the gap projections and gap closing measures contained in the 2013-2016 Multi-Year Financial Plan.

FIGURE 1
SUMMARY OF GAP PROJECTIONS
2013-2016 MULTI-YEAR FINANCIAL PLAN
MAJOR OPERATING FUNDS
(IN MILLIONS)

	2014	2015	2016
Projected Baseline Gap	($61.9)	($99.4)	($114.9)
Gap Closing Measures			
Financing Options/Asset Sales			
Sale of Surplus County Property	5.0	5.0	5.0
Expense/Revenue Actions			
Labor Concessions/Workforce Reduction	10.0	25.0	40.0
ERP Implementation	10.0	10.0	10.0
Strategic Sourcing	5.0	7.0	7.0
Office Consolidation	5.0	7.0	7.0
Improve Detainee to Staff Ratio at Correctional Center	5.0	5.0	5.0
Social Innovation Bonds	7.0	7.0	7.0
Elimination of MTA Payroll Tax	3.0	3.0	3.0
207 C Reform	2.0	2.0	2.0
Increase in Ticket Fines		8.0	8.0
NYS Actions			
Efficiencies in Early Intervention/Special Education	10.0	10.0	10.0
Assessment Reforms, Speed Cameras at Schools and Red Light Camera Locations	10.0	14.0	16.0
Gap Closing Actions	**72.0**	**103.0**	**120.0**
Surplus / Deficit	**$10.1**	**$3.6**	**$5.1**

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, approval from NIFA 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, in November 2012 the County Legislature voted on a bond ordinance to finance the payment of property tax refunds but which failed to receive a two-thirds supermajority vote as required by law for passage. In an order dated December 27, 2012 Nassau Supreme Court Justice Adams directed that the County shall satisfy certain property tax refund judgments in 2013 (*i.e.*, not in 2012), and prohibited such petitioners from commencing any collection proceedings prior to January 15, 2013. In making the order, the Court found, among other things, that the County and the other parties reserve all of their rights, remedies and defenses to any action to compel payment of the judgments by commencing legal proceedings for collection. Thus, the administration expects only a small accrual in 2012 for property tax refund expenditures, although the long-term liability is expected to increase significantly due to the failure of the County Legislature to provide the requisite supermajority vote for property tax refund bond ordinance(s). Failure of the County Legislature to enact such bond ordinance(s) by the required supermajority, or of NIFA subsequently to approve such borrowing, could result in significant expenditures being accrued in 2013, without offsetting budgeted revenues. No assurances can be given, however, that bond ordinances to finance the payment of property tax refunds will be approved or that NIFA will approve borrowing for such purpose. 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, which could occur unless the bond ordinance(s) described above is/are approved by the County Legislature according to law (and NIFA approves borrowing) or the court provides relief to the County. The County, however, intends to defend itself vigorously against any attempts to enforce property tax refund judgments other than in accordance with the borrowing plan contained in the 2012-15 Multi-Year Financial Plan approved by NIFA described hereinafter. The County is also exploring alternatives to permit it to borrow to pay property tax refunds such as using certain bond ordinances from prior years. See "LITIGATION - Property Tax Litigation-*Assessments*" herein.

The 2013-2016 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 2013-2016 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 expense reductions.

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, 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.

Tropical Storm Sandy

On Monday, October 29, 2012, Tropical Storm Sandy hit the New York metropolitan region. The storm caused widespread damage to the region, including substantial damage in the County to private homes, schools and County and local government infrastructure. The County continues to work with the private sector, utility companies, and other governmental units, including federal, State and local governments, to assure a full and safe restoration and recovery. The County expects to secure substantial federal assistance, including reimbursement of certain storm-related costs and losses, from the Federal Emergency Management Agency ("FEMA"). On January 29, 2013, President Obama signed key legislation providing supplemental appropriations of approximately $50.5 billion to fund Sandy recovery efforts.

Currently, the County and its municipal governments are continuing to tabulate the associated costs and expenses as a result of the storm preparation, evacuation and shut down, as well as the costs for remediation, clean up, mitigation and the restoration of services. The County intends to maximize its recovery from all available sources, including FEMA. While the amount and timing for receipt of funds from FEMA is somewhat uncertain, the County has received reimbursement related to the immediate storm response efforts.

It is not yet possible to quantify with any certainty the long-term impact of the storm on the County and its economy, any economic benefits which may result from recovery and rebuilding activities, and the amount of additional resources from federal, State and other sources which may be required. The storm did not materially effect the County's short-term revenue collections.

NIFA Approval of the 2013-2016 Multi-Year Financial Plan

As required by the NIFA Act during the control period, the County submitted the 2013-2016 Multi-Year Financial Plan to NIFA for review and approval. On November 29, 2012, NIFA approved the 2013-2016 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.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada ("GFOA") has awarded a Certificate of Achievement for Excellence in Financial Reporting (a "Certificate") to the County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2011. 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 existed a substantial likelihood and imminence of the County incurring a major operating funds deficit of one percent or more in the aggregate results of operations during its fiscal year 2011 assuming all revenues and expenditures were 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 2013-2016 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 was essential to the County's adoption and maintenance of a fiscal year 2011 Budget that was 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.

On February 14, 2013, the U.S. District Court for the Eastern District of New York issued an opinion in *Carver, et al. v. Nassau County Interim Finance Authority, et al.* granting the plaintiffs' (law enforcement unions) motion for summary judgment seeking to nullify NIFA's imposition of a wage freeze in 2011. Although the matter was brought by plaintiffs in federal court, the court resolved the summary judgment motion on exclusively New York State law grounds, *i.e.*, an interpretation of the N.Y. Public Authorities Law Section 3669. The court stated that its decision shall be stayed pending an appeal to the United States Court of Appeals for the Second Circuit. On the same day, NIFA announced that it will appeal the decision. It is not possible to predict the ultimate outcome of this and related cases or their ultimate impact on the County's financial condition, however, the County estimates that, in the event that the decision is not reversed on appeal, the amount of its retroactive liability to date for this and related cases would be approximately $80 million, which amount would increase over time while the decision is stayed and the appeal is pending. It is unlikely that the Second Circuit would resolve the appeal in less than one (1) 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, 2011. 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 2013 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, investment income and State and federal aid.

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, motor vehicle registration and other fees, and various fines and permits.

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 and permits.

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, federal and State aid and departmental revenues. Figure 2 shows Major Operating Funds revenues.

FIGURE 2
REVENUES
(MAJOR OPERATING FUNDS)

REVENUE CATEGORY	**2009**	**2010**	**2011**	**Projected(3) 2012**	**Budgeted 2013**
Sales Tax(1)	$951,152,888	$1,001,441,745	$1,024,749,173	$1,076,981,126	$1,121,245,613
Property Tax	803,322,733	802,901,506	795,120,071	805,476,011	804,788,915
State Aid	204,446,835	171,045,976	183,181,776	218,945,910	232,408,316
Federal Aid	161,886,184	209,401,010	176,963,081	159,122,553	156,116,499
Departmental Revenues	96,027,120	94,416,532	114,814,757	165,212,612	178,191,690
Other Revenues(2)	259,114,710	261,273,694	314,121,666	284,296,327	298,626,192
Sub-total	2,475,950,470	2,540,480,463	2,608,950,524	2,710,034,539	2,791,377,225
Interdepartmental Revenues	398,046,624	379,498,496	458,721,215	422,945,728	421,862,546
Total	$2,873,997,094	$2,919,978,959	$3,067,671,739	$3,132,980,267	$3,213,239,771

(1) Sales tax totals reflect collections prior to NIFA set-asides.
(2) Consists primarily of fines and forfeitures, investment income, permits and licenses, and interest on unpaid property taxes, none of which individually exceeds the lowest amount from the other categories.
(3) Projected as of December 2012.

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 40.2% of the total revenues in the 2013 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**
2013	$2,791,377,225	$1,121,245,613	40.2%	N/A	N/A	N/A
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%	$2,608,950,524	$1,024,749,173	39.3%
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%

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

The County's sales tax is collected by the State. The total current sales tax rate in the County is 8-5/8%, of which (i) 4-3/8% is the State's share (including a 3/8% component that is imposed within the Metropolitan Commuter Transportation District pursuant to Section 1109 of the State Tax Law) and (ii) 4-¼% 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 2013 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 8.87% 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[(1)]	**2010 Levy**	**2011 Levy**	**2012 Levy**	**2013 Levy**
Police District Fund	$343,354,134	$364,488,774	$369,984,527	$358,716,376
Police Headquarters Fund	279,980,342	245,665,677	299,057,190	313,707,086
General Fund	162,838,578	174,506,692	120,039,282	117,107,798
Fire Prevention Fund	15,400,795	15,654,489	15,250,559	15,257,655
Total	**$801,573,849**	**$800,315,632**	**$804,331,558**	**$804,788,915**

(1) Excludes the Debt Service Fund, which is entirely supported by revenues transferred from other funds.

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**
2013	$2,791,377,225	$804,788,915	28.8%	N/A	N/A	N/A
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%	$2,608,950,524	$795,120,071	30.5%
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	32.4%

Note: All data exclude interdepartmental revenues.

The County typically collects approximately 97% of its levy in the fiscal year in which it is due. Most of the remaining 3% is collected within two years, as shown in Figure 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 December 31, 2012**	**Percentage Uncollected as of December 31, 2012**
January 1, 2012	$804,332	$23,802	2.96%	$23,802	2.96%
January 1, 2011	800,316	26,673	3.33	168	0.02
January 1, 2010	801,574	23,041	2.87	199	0.02
January 1, 2009	806,074	25,910	3.21	658	0.08
January 1, 2008	773,371	19,306	2.50	171	0.02

See "REAL PROPERTY ASSESSMENT AND TAX COLLECTION" herein.

State and Federal Aid

Approximately 13.9% of the total revenues in the 2013 Budget (excluding interdepartmental revenues) are expected to 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	2009	2010	2011	Projected[2] 2012	Budgeted 2013
SALARIES & WAGES	$789,728,959	$814,434,390	$838,099,081	$802,183,103	$784,644,942
FRINGE BENEFITS	388,332,836	383,207,944	431,346,841	434,121,488	470,084,548
MEDICAID	227,852,906	234,903,480	242,329,528	248,838,445	253,089,365
DSS ENTITLEMENT PROGRAMS	167,570,552	186,175,048	199,271,212	191,121,721	188,911,405
CONTRACTUAL SERVICES	118,732,603	118,418,518	121,776,571	215,987,929	221,181,700
ADMINISTRATIVE EXPENSES	65,211,549	66,102,623	70,615,776	65,637,793	70,640,897
DEBT SERVICE (Interest & Principal)[1]	109,476,407	121,665,883	132,204,411	128,874,974	147,978,479
LOCAL GOVERNMENT ASSISTANCE	56,091,788	59,413,817	61,748,472	64,789,672	66,944,894
MASS TRANSPORTATION	47,818,616	47,080,836	47,802,366	42,217,100	43,264,576
OTHER EXPENSES	531,704,244	492,157,488	500,219,116	490,749,476	544,636,419
SUB-TOTAL	**2,502,520,460**	**2,523,560,027**	**2,645,413,374**	**2,684,521,701**	**2,791,377,225**
INTERFUND/INTERDEPARTMENTAL TRANSFERS	370,215,544	379,227,207	473,755,984	422,945,728	421,862,546
TOTAL	**$2,872,736,004**	**$2,902,787,234**	**$3,119,169,358**	**$3,107,467,429**	**$3,213,239,771**

[1] Does not include value of NIFA set-asides which are included in Other Expenses.
[2] Projected as of December 2012.

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

FIGURE 8
EXPENDITURES BY FUND
(MAJOR OPERATING FUNDS)

	2009	2010	2011	Projected[1] 2012	Budgeted 2013
GENERAL FUND	$1,554,417,730	$1,559,247,958	$1,621,384,497	$1,630,213,971	$1,715,152,187
DEBT SERVICE FUND	303,933,020	312,075,980	334,552,600	351,451,121	363,613,337
POLICE DISTRICT FUND	314,854,612	335,180,096	346,247,408	348,409,431	345,535,558
POLICE HEADQUARTERS FUND	311,535,648	299,093,980	323,796,794	335,611,392	346,569,842
FIRE PREVENTION FUND	17,779,450	17,962,013	19,432,075	18,835,786	20,506,301
Total	**$2,502,520,460**	**$2,523,560,027**	**$2,645,413,374**	**$2,684,521,701**	**$2,791,377,225**

Note: All data exclude interdepartmental expenditures.
[1] Projected as of December 2012.

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 45.9% of total Major Operating Funds expenditures in the 2013 Budget (excluding interdepartmental expenditures). Figure 9 shows the County's personnel-related expenditures.

FIGURE 9
PERSONNEL-RELATED EXPENDITURES

	2009	2010	2011	Projected[1] 2012	Budgeted 2013
Salaries & Wages	$789,728,959	$814,434,390	$838,099,081	$802,183,103	$784,644,942
Fringe Benefits	388,332,836	383,207,944	431,346,841	434,121,488	470,084,548
Workers' Compensation	21,982,773	23,938,312	24,365,644	25,674,796	25,536,733
Total	**$1,200,044,568**	**$1,221,580,646**	**$1,293,811,566**	**$1,261,979,387**	**$1,280,266,223**

[1] Projected as of December 2012.

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, staffing levels and wage freezes.

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.

FIGURE 10
HEALTH INSURANCE COSTS

	2009	2010	2011	Projected[1] 2012	Budgeted 2013
Active Employees	$112,177,159	$110,247,648	$123,531,662	$118,382,037	$126,372,488
Retirees	104,495,861	109,831,459	123,794,076	127,730,888	137,454,658
Total	**$216,673,020**	**$220,079,107**	**$247,325,738**	**$246,112,925**	**$263,827,146**

[1] Projected as of December 2012.

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 have worked less than ten years are required to contribute 3% of their gross salaries. On December 10, 2009, then Governor Paterson signed into 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 2013 the rate applied to estimated salaries for purposes of calculating the County's pension contribution will be approximately 19.3% for ERS members and 25.5% 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. For fiscal year 2013, the reduction for the County's portion of the annual pension contribution paid in December 2012 was approximately $52.5 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 in a particular year will be fixed for the duration of the ten-year repayment period.

FIGURE 11
PENSION COSTS

(MAJOR OPERATING FUNDS)

	2009	2010	2011	Projected[1] 2012	Budgeted 2013
Employees Retirement System (ERS)	$40,860,838	$37,536,621	$50,371,099	$49,088,901	$57,206,374
Police and Fire Retirement System (PFRS)	55,241,155	51,641,088	55,453,670	64,935,946	68,328,664
Sub-total	**96,101,993**	**89,177,709**	**105,824,769**	**114,024,847**	**125,535,038**
Draw from reserve fund	494,452	0	0	0	0
Total	**$96,596,445**	**$89,177,709**	**$105,824,769**	**$114,024,847**	**$125,535,038**

[1] Projected as of December 2012.

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 actuarial accrued liability for OPEB was approximately $4.6 billion, which includes both the County and an allocation of NHCC cost as of December 31, 2011. In 2011, the County expended approximately $143.7 million to pay for OPEB. The County is not required to provide funding for OPEB other than the pay-as-you-go amount necessary to provide current benefits. For more information, see Note 15 of the County's financial statements attached hereto as APPENDIX B.

Medicaid

Under the State Medicaid cap law, certain of the County's Medicaid expenses are capped at a formula-derived base amount, which is a percentage increase from certain actual 2005 local share expenses, less certain 2005 Medicaid-related revenues. The 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 2013-2016 Multi-Year Financial Plan reflects Medicaid expenses (excluding the County's required local share of Medicaid disproportionate share payments to NHCC) of $253.1 million in 2013, $255.6 million in 2014, $260.6 million in 2015 and $255.6 million in 2016.

Other Social Services Entitlement Programs

Other County Department of Social Services entitlement programs comprise approximately 6.8% of the 2013 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.

Contractual Services

Contractual services total 7.9% of the 2013 Budget. The majority of this category is a 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 $364.8 million in the 2013 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 DECEMBER 31, 2012)
(IN THOUSANDS)

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

2012 Full Valuation	$217,753,742
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	$1,207,250,165
Average Full Valuation	$241,450,033
Constitutional Debt Margin	
Constitutional Limit of Total Indebtedness, 10% Average Full Valuation	**$24,145,003**
Outstanding Indebtedness	
General Improvement Bonds	$1,343,465
NIFA Bonds	1,379,123
Sewer and Storm Water Resources District Bonds	61,305
Environmental Facilities Corporation Bonds	102,863
Notes	527,952
Real Property Liabilities	8,602
Guarantees	263,455
Contract Liabilities	194,912
Total Outstanding Indebtedness	**$3,881,677**
Less: Constitutional Exclusions	
Cash and Investments - Capital Projects Funds	$228,161
Tax and Revenue Anticipation Notes Payable	476,170
Less: Total Exclusions	**$704,331**
Net Outstanding Indebtedness (13.16%)	**$3,177,346**
Constitutional Debt Margin (86.84%)	**$20,967,658**

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 DECEMBER 31, 2012)

General Purposes[1]	
County Debt	$1,272,013,809
NIFA Debt[3]	1,340,390,552
Sub-total	$2,612,404,361
Sewer and Storm Water Resources District Purposes[2]	
County Debt	$235,619,191
NIFA Debt[3]	38,732,448
Sub-total	$274,351,639
Total	$2,886,756,000

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

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

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

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, 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[1]
(AS OF DECEMBER 31, 2012)
(IN THOUSANDS)

Purpose	Amount Authorized but Unissued
Community College	$ 6,250
Health	16,197
Information Technology	20,451
Infrastructure	324,886
Land Acquisition	16,473
Parks & Recreation	82,480
Public Safety	63,023
Sewer & Storm Water	357,827
Special Equipment	1,935
Property Tax Refunds & Other Judgments & Settlements	198,589[2]
TOTAL	**$1,088,111**

[1] The County is currently refining its methodology for calculating the amount of authorized but unissued bonds. As a result, it expects the amounts listed in Figure 14 to vary once that undertaking is complete.
[2] See "LITIGATION-Property Tax Litigation-*Assessments*" herein for a discussion regarding this amount and the use of bond ordinances from prior years to pay property tax refunds.

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 December 31, 2012)

	County Bonds [1, 2]			**NIFA Bonds[3]**			**Total**		
Date	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
12/31/2013	$72,579,000	$71,509,609	$144,088,609	$147,524,000	$54,238,102	$201,762,102	$220,103,000	$125,747,711	$345,850,711
12/31/2014	74,253,000	68,247,384	142,500,384	141,623,000	47,342,869	188,965,869	215,876,000	115,590,253	331,466,253
12/31/2015	76,734,000	65,132,836	141,866,836	142,198,666	41,982,911	184,181,577	218,932,666	107,115,747	326,048,412
12/31/2016	72,426,000	61,852,163	134,278,163	136,172,666	36,952,874	173,125,540	208,598,666	98,805,037	307,403,703
12/31/2017	74,335,000	58,508,265	132,843,265	125,945,667	31,684,221	157,629,887	200,280,667	90,192,486	290,473,152
12/31/2018	75,520,000	54,927,557	130,447,557	120,760,000	27,050,311	147,810,311	196,280,000	81,977,868	278,257,868
12/31/2019	77,698,000	51,878,333	129,576,333	123,823,667	22,220,093	146,043,760	201,521,667	74,098,427	275,620,093
12/31/2020	81,178,000	48,164,924	129,342,924	111,299,000	17,010,245	128,309,246	192,477,000	65,175,170	257,652,170
12/31/2021	83,516,000	44,173,710	127,689,710	88,793,000	12,273,072	101,066,072	172,309,000	56,446,782	228,755,782
12/31/2022	86,974,000	40,172,224	127,146,224	76,042,333	8,427,637	84,469,970	163,016,333	48,599,861	211,616,194
12/31/2023	76,195,000	36,228,006	112,423,006	59,152,666	5,100,156	64,252,822	135,347,666	41,328,162	176,675,828
12/31/2024	74,845,000	32,835,409	107,680,409	40,906,666	2,528,673	43,435,339	115,751,666	35,364,082	151,115,748
12/31/2025	72,420,000	29,398,582	101,818,582	14,560,000	656,638	15,216,638	86,980,000	30,055,220	117,035,220
12/31/2026	62,675,000	26,184,167	88,859,167	0	0	0	62,675,000	26,184,167	88,859,167
12/31/2027	65,525,000	23,182,743	88,707,743	0	0	0	65,525,000	23,182,743	88,707,743
12/31/2028	53,145,000	19,954,596	73,099,596	0	0	0	53,145,000	19,954,596	73,099,596
12/31/2029	45,590,000	17,447,293	63,037,293	0	0	0	45,590,000	17,447,293	63,037,293
12/31/2030	42,195,000	15,149,043	57,344,043	0	0	0	42,195,000	15,149,043	57,344,043
12/31/2031	44,460,000	12,849,067	57,309,067	0	0	0	44,460,000	12,849,067	57,309,067
12/31/2032	40,030,000	10,403,112	50,433,112	0	0	0	40,030,000	10,403,112	50,433,112
12/31/2033	42,180,000	8,233,566	50,413,566	0	0	0	42,180,000	8,233,566	50,413,566
12/31/2034	32,920,000	6,172,238	39,092,238	0	0	0	32,920,000	6,172,238	39,092,238
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	$1,507,633,000	$811,899,599	$2,319,532,599	$1,328,801,331	$307,467,802	$1,636,269,133	$2,836,434,331	$1,119,367,401	$3,955,801,732

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 December 31, 2012)

	County Bonds [1, 2]			NIFA Bonds[3]			Total		
Date	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
12/31/2013	$16,659,201	$11,917,200	$28,576,401	$3,471,884	$1,526,718	$4,998,602	$20,131,085	$13,443,918	$33,575,003
12/31/2014	16,059,414	11,091,998	27,151,412	3,329,582	1,369,789	4,699,371	19,388,996	12,461,788	31,850,783
12/31/2015	15,254,691	10,328,969	25,583,660	3,365,042	1,247,737	4,612,779	18,619,733	11,576,706	30,196,439
12/31/2016	12,500,882	9,656,664	22,157,547	3,810,572	1,125,896	4,936,468	16,311,454	10,782,560	27,094,014
12/31/2017	11,777,005	9,061,186	20,838,191	3,697,456	977,442	4,674,898	15,474,461	10,038,627	25,513,088
12/31/2018	11,743,450	8,463,836	20,207,286	3,924,324	835,811	4,760,135	15,667,775	9,299,646	24,967,421
12/31/2019	12,666,736	7,879,501	20,546,237	4,104,642	679,468	4,784,110	16,771,378	8,558,970	25,330,348
12/31/2020	13,200,593	7,202,980	20,403,573	3,604,393	508,162	4,112,555	16,804,986	7,711,142	24,516,128
12/31/2021	12,457,301	6,489,685	18,946,986	2,740,607	356,361	3,096,968	15,197,908	6,846,047	22,043,954
12/31/2022	13,000,487	5,810,919	18,811,407	2,202,717	239,287	2,442,004	15,203,204	6,050,206	21,253,410
12/31/2023	12,243,517	5,127,796	17,371,313	1,789,074	144,814	1,933,888	14,032,591	5,272,610	19,305,201
12/31/2024	11,590,315	4,506,372	16,096,686	1,128,449	68,381	1,196,830	12,718,764	4,574,753	17,293,517
12/31/2025	9,866,716	3,881,030	13,747,746	401,625	18,014	419,639	10,268,342	3,899,044	14,167,385
12/31/2026	6,341,904	3,436,829	9,778,733	0	0	0	6,341,904	3,436,829	9,778,733
12/31/2027	6,829,862	3,120,217	9,950,078	0	0	0	6,829,862	3,120,217	9,950,078
12/31/2028	6,844,456	2,772,966	9,617,423	0	0	0	6,844,456	2,772,966	9,617,423
12/31/2029	6,154,367	2,436,264	8,590,631	0	0	0	6,154,367	2,436,264	8,590,631
12/31/2030	5,877,339	2,109,678	7,987,017	0	0	0	5,877,339	2,109,678	7,987,017
12/31/2031	6,183,576	1,791,174	7,974,750	0	0	0	6,183,576	1,791,174	7,974,750
12/31/2032	5,449,463	1,454,244	6,903,708	0	0	0	5,449,463	1,454,244	6,903,708
12/31/2033	5,729,138	1,164,182	6,893,320	0	0	0	5,729,138	1,164,182	6,893,320
12/31/2034	4,644,288	887,026	5,531,314	0	0	0	4,644,288	887,026	5,531,314
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	$235,619,190	$122,094,458	$357,713,648	$37,570,368	$9,097,881	$46,668,248	$273,189,558	$131,192,339	$404,381,897

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 December 31, 2012)

	County Bonds [1, 2]			NIFA Bonds[3]			Total		
Date	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
12/31/2013	$55,919,799	$59,592,409	$115,512,208	$144,052,116	$52,711,384	$196,763,500	$199,971,915	$112,303,793	$312,275,708
12/31/2014	58,193,586	57,155,386	115,348,972	138,293,418	45,973,079	184,266,498	196,487,004	103,128,465	299,615,469
12/31/2015	61,479,309	54,803,867	116,283,176	138,833,624	40,735,174	179,568,797	200,312,933	95,539,041	295,851,973
12/31/2016	59,925,118	52,195,499	112,120,617	132,362,094	35,826,978	168,189,072	192,287,212	88,022,477	280,309,689
12/31/2017	62,557,995	49,447,079	112,005,074	122,248,211	30,706,779	152,954,990	184,806,206	80,153,858	264,960,064
12/31/2018	63,776,550	46,463,721	110,240,271	116,835,676	26,214,500	143,050,176	180,612,225	72,678,222	253,290,447
12/31/2019	65,031,264	43,998,832	109,030,096	119,719,025	21,540,625	141,259,650	184,750,289	65,539,457	250,289,746
12/31/2020	67,977,407	40,961,944	108,939,351	107,694,607	16,502,083	124,196,690	175,672,014	57,464,027	233,136,041
12/31/2021	71,058,699	37,684,025	108,742,724	86,052,393	11,916,711	97,969,104	157,111,092	49,600,736	206,711,828
12/31/2022	73,973,513	34,361,304	108,334,817	73,839,616	8,188,350	82,027,966	147,813,129	42,549,654	190,362,783
12/31/2023	63,951,483	31,100,210	95,051,693	57,363,592	4,955,342	62,318,934	121,315,075	36,055,552	157,370,627
12/31/2024	63,254,685	28,329,037	91,583,722	39,778,217	2,460,291	42,238,509	103,032,903	30,789,328	133,822,231
12/31/2025	62,553,284	25,517,553	88,070,836	14,158,375	638,624	14,796,999	76,711,658	26,156,177	102,867,835
12/31/2026	56,333,096	22,747,338	79,080,434	0	0	0	56,333,096	22,747,338	79,080,434
12/31/2027	58,695,138	20,062,526	78,757,664	0	0	0	58,695,138	20,062,526	78,757,664
12/31/2028	46,300,544	17,181,629	63,482,173	0	0	0	46,300,544	17,181,629	63,482,173
12/31/2029	39,435,633	15,011,029	54,446,662	0	0	0	39,435,633	15,011,029	54,446,662
12/31/2030	36,317,661	13,039,365	49,357,027	0	0	0	36,317,661	13,039,365	49,357,027
12/31/2031	38,276,424	11,057,893	49,334,317	0	0	0	38,276,424	11,057,893	49,334,317
12/31/2032	34,580,537	8,948,868	43,529,404	0	0	0	34,580,537	8,948,868	43,529,404
12/31/2033	36,450,862	7,069,384	43,520,246	0	0	0	36,450,862	7,069,384	43,520,246
12/31/2034	28,275,712	5,285,212	33,560,924	0	0	0	28,275,712	5,285,212	33,560,924
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	$1,272,013,810	$689,805,141	$1,961,818,951	$1,291,230,964	$298,369,921	$1,589,600,885	$2,563,244,773	$988,175,062	$3,551,419,836

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.

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 refunded or 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, 2011)[1]

Fiscal Year Ending December 31:	
2012	$ 787
2013	799
2014	810
2015	822
2016	834
2017-2021	4,367
2022-2025	3,348
Future Minimum Payments	$ 11,767
Less Interest	6,416
Present Value of Future Minimum Lease Payments	$ 5,351

[1] Data extracted from County of Nassau, Comprehensive Annual Financial Report of the Comptroller for the Fiscal Year ended December 31, 2011.

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)

Note	**2009**	**2010**	**2011**	**2012**	**2013[1]**
Bond Anticipation Notes	$0.0	$0.0	$0.0	$34.6	$185.5

[1] Inclusive of the 2013 Series A Notes offered hereby.

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)

Note	**2009**	**2010**	**2011**	**2012**	**2013**[1]
Revenue Anticipation Notes	$190.0	$210.0	$230.0	$218.4	$220.0
Tax Anticipation Notes	150.0	270.0	230.0	257.7	240.0
Total	$340.0	$480.0	$460.0	$476.1	$460.0

[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)

2011	**2012**	**2013**[1,2]
$82.0	$196.6	$275

[1] Projected. The County continues to assess the costs resulting from Tropical Storm Sandy. Amount does not include possible additional borrowing to finance such costs. See " – INFORMATION ABOUT THE COUNTY – COUNTY FINANCIAL CONDITION – Tropical Storm Sandy" in this Appendix A.
[2] Inclusive of the 2013 Series A Bonds offered hereby.

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, however, "THE BONDS AND NOTES – Tax Levy Limitation Law" in the Official Statement to which this Appendix is attached regarding statutory limitations on the ability of the County to levy taxes.

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 2012 (as it may be amended from time to time, the "2012 Capital Budget") and the capital plan for fiscal years 2012-2015 (as it may be amended from time to time, the "2012-2015 Capital Plan"). The 2012 Capital Budget is approximately $258.6 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 2012 Capital Budget is approximately $246.5 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, 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(s) approved capital items. The major components of the 2012 Capital Budget and the 2012-2015 Capital Plan are listed in Figure 22.

FIGURE 22
2012-2015 CAPITAL PLAN

Category	2012	2013	2014	2015
Buildings	$27,800,000	$23,604,482	$11,919,272	$11,687,478
Equipment	7,500,000	3,100,000	3,350,000	3,350,000
Infrastructure	32,625,000	23,975,000	20,600,000	5,850,000
Parks	15,250,000	8,000,000	1,250,000	5,850,000
Property	0	0	500,000	500,000
Public Safety	14,500,000	19,160,000	15,078,000	14,660,000
Roads	15,000,000	34,397,000	40,050,000	22,500,000
Technology	21,502,475	6,430,000	1,600,000	1,000,000
Traffic	10,565,000	10,307,000	11,591,500	1,155,000
Transportation	11,681,755	4,207,500	7,365,600	1,750,600
BCP	0	1,000,000	1,000,000	0
Sewer and Storm Water	102,180,000	365,400,000	357,800,000	50,000,000
Environmental Bond Act	0	0	0	0
Total	$258,604,230	$499,580,982	$472,104,372	$118,303,078
Non Debt Financed	$12,134,975	$27,469,500	$14,123,000	$655,000
Debt Financed	$246,469,255	$472,111,482	$457,981,372	$117,648,078

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 had not charged 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 repealed that Code provision beginning with assessment rolls finalized in April 2012 and thereafter. A number of school districts and other jurisdictions in the County brought lawsuits against the County in Nassau Supreme Court challenging the validity of the County's enactment of the local legislation repealing the Code provision. In January 2012, the Supreme Court upheld the validity of the local law and plaintiffs 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 [c]
2013	$188,984,652
2012	217,753,742
2011	218,338,379
2010	252,854,375
2009	257,054,170
Total	$1,134,985,318

Five-Year Average Full Valuation	$226,997,064
Tax Limit [a]	$4,539,941
Total Exclusions [b]	$115,512
Total Taxing Power for 2013 Levy	$4,655,453
Total Levy 2013	$413,115
Percentage of Taxing Power Exhausted	8.87%

(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 indebtedness supported by real property taxes for fiscal year 2013 is excluded from the calculation of real estate taxes limited under the provisions of Article VIII, Section 10 of the State Constitution.
(c) 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
2013

Taxpayer	Taxable Assessed Value[1]	Taxable Assessed Value (%)
LIPA[2]	$17,874,981	2.70%
KEYSPAN GAS EAST	16,596,138	2.50
VERIZON NEW YORK	5,831,737	0.88
RETAIL PROPERTY TRUST	3,821,665	0.58
CLK-HP	2,036,894	0.31
GREEN ACRES MALL	1,844,563	0.28
PEOPLE OF THE STATE OF NEW YORK	1,312,085	0.20
REXCORP PLAZA SPE LLC	1,273,129	0.19
RECKSON ASSOCIATION	1,164,500	0.18
1 PARK LAKE SUCCESS LLC	1,141,016	0.17
SUNRISE MALL LLC	1,096,063	0.17
COUNTRY GLEN LLC	1,096,063	0.17
BROADWAY MALL EAT II LLC	1,000,000	0.15
FIFTH AVENUE OF LONG ISLAND REALTY ASSOC	933,928	0.14
JQI ASSOCIATES	846,826	0.13
WE'RE ASSOCIATES INC	841,923	0.13
ONE-TWO JERICHO PLAZA OWNER LLC	756,137	0.11
EQUITY 1 WESTBURY LLC	652,059	0.10
W & S ASSOCIATES LP	645,300	0.10
NORTHROP GRUMMAN SYSTEMS CORP	557,769	0.08
CORPORATE PROPERTY INVESTORS	530,034	0.08
JMM RACEWAY LLC & MATTONE GROUP	521,164	0.08
ASN ROOSEVELT CENTER LLC	468,620	0.07
ASSOCIATED BROOK INC	364,091	0.05
E Q K GREEN ACRE L P	327,436	0.05
TOTAL (TOP 25)	$63,534,121	9.58%
TOTAL TAX BASE	$663,136,107	100%

[1] The amounts reflect a level of assessment of 1% of full value.
[2] LIPA makes payments in lieu of taxes.

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 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 interest 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. The SSWFA began issuing debt in 2004.

Nassau County Sewer and Storm Water Resources District

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. In connection with these lawsuits, the County has been preliminarily enjoined from implementing the ordinance. The County intends to continue to defend itself vigorously against all such actions.

LITIGATION

The County, its officers and employees are defendants in a number of lawsuits. Such litigation includes, but is not limited to, actions commenced and claims asserted against the County arising out of alleged torts, civil rights violations and breaches of contracts including union and employee disputes, and 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, employee bonding and certain accident and liability coverage for its summer recreation program). 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 $295 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, 2011. Approximately $288.8 million has been accrued as a liability at December 31, 2011 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, 2011. 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
2010	79.4
2009	114.5
2008	98.8
2007	87.1

The County Comptroller recorded a long-term liability of approximately $222.9 million for estimated future property tax refunds in the County's government-wide financial statement of net assets at December 31, 2011. The 2011 settlement of claims was approximately $60 million lower than anticipated due to a delay in the approval of borrowing to finance 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 borrowings to finance property tax refunds in the following amounts: $95 million in 2011, $85 million in 2012, $75 million in 2013 and $50 million in 2014; such borrowings, which have yet to occur, are subject to NIFA approval. In May 2012 the County Legislature voted on certain bond ordinances to finance the payment of property tax refunds for 2011 judgments and conditional settlements (along with other amounts for 2012 cases) but which failed to receive a two-thirds supermajority vote as required by law for passage, resulting in approximately $43 million of the expenditures being accrued in 2011. Subsequently, in November 2012 the County Legislature voted on a bond ordinance to finance the payment of property tax refunds but which failed to receive a two-thirds supermajority vote as required by law for passage. In an order dated December 27, 2012 Nassau Supreme Court Justice Adams directed that the County shall satisfy certain property tax refund judgments in 2013 (i.e., not in 2012), and prohibited such petitioners from commencing any collection proceedings prior to January 15, 2013. In making the order, the Court found, among other things, that the County and the other parties reserve all of their rights, remedies and defenses to any action to compel payment of the judgments by commencing legal proceedings for collection. Thus, the administration expects only a small accrual in 2012 for property tax refund expenditures, although the long-term liability is expected to increase significantly due to the failure of the County Legislature to provide the requisite supermajority vote for property tax refund bond ordinance(s). Failure of the County Legislature to enact such bond ordinance(s) by the required supermajority, or of NIFA subsequently to approve such borrowing, could result in significant expenditures being accrued in 2013, without offsetting budgeted revenues. No assurances can be given, however, that bond ordinances to finance the payment of property tax refunds will be approved or that NIFA will approve borrowing for such purpose. 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, which could occur unless the bond ordinance(s) described above is/are approved by the County Legislature according to law (and NIFA approves borrowing) or the court provides relief to the County. The County, however, intends to defend itself vigorously against any attempts to enforce property tax refund judgments other than in accordance with the borrowing plan contained in the 2012-15 Multi-Year Financial Plan approved by NIFA described above.

The County is also exploring alternatives to permit it to borrow to pay property tax refunds such as using certain bond ordinances from prior years. In a memorandum to the County's Director of Accounting dated March 5, 2012 the County Attorney concluded that borrowings by NIFA to fund the payment of property tax refunds were not issued under the authority of County bond ordinances and so are not chargeable thereto. Further, in a letter to the County dated March 13, 2012 bond counsel to the

County stated that there are two bond ordinances, ordinances numbers 115-2005 and 77-2004, which have authorized but unissued amounts of $40,862,175.33 and $151,981,879.30 to borrow against, respectively. Accordingly, there is $192,844,054.63 remaining to be borrowed by the County for tax certiorari payments pursuant to these two bond ordinances. On June 8, 2012, counsel to the legislative minority in the County Legislature delivered a letter to the acting County Treasurer claiming material misstatements, omissions and misrepresentations in the County's Preliminary Official Statement for its Revenue Anticipation Notes, 2012 Series A and 2012 Series B, dated June 1, 2012 (the "2012 RANs POS"), based on his view, and apparently the view of the legislative minority, that the listing of $196,674,000 (which includes approximately $3,800,000 of undisputed authorized but unissued authority for Other Judgments & Settlements) for bonds authorized but unissued for "Property Tax Refunds & Other Judgments & Settlements" in Figure 14 of the 2012 RANs POS is not accurate. The letter claims in effect that the $192,844,054.63 described above is no longer available to the County because it allegedly had been utilized by NIFA in NIFA borrowings. The letter states that any attempt to utilize such borrowing authority by the County will be met by a legal challenge by the legislative minority. Any statements of counsel to the legislative minority or the legislative minority itself are not made on behalf of the County. The County disputes the allegations made in the letter and intends to defend itself vigorously against any such threatened challenge. Various petitioners have brought actions in Nassau Supreme Court to require the County to use such borrowing authority to finance their property tax refunds, and NIFA is a defendant or third-party defendant in each of these matters. On February 7, 2013, NIFA rejected the County's request for approval to borrow $150 million to pay property tax refunds using the authorization in these bond ordinances.

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 – 2013 Budget and 2013-2016 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 (now known as Verizon), New York Water Service Corporation (now known as American Water), Long Island Water Corporation (now known as American Water) and Key Span (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 Key Span 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 Key Span and the other Utilities cases has been stayed pending the County's appeal of this ruling. The appeal briefs have been filed with the Appellate Division and the County is waiting a date for oral argument later in 2013. 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, 2011 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, American Water and others) for garbage and refuse collection services because such properties do not benefit from these services and ordered the towns and garbage districts to refund the payment of the levies. The towns and garbage districts seek to have the County indemnify these judgments on the basis that the County is allegedly a guarantor for any claim for an illegal assessment for non-benefitted properties. The County has submitted several motions to dismiss the third-party actions on the basis that the liability or refund for such special ad valorem taxes is the obligation of the towns and special districts. Although certain Supreme Court justices have denied the County's motion to dismiss, other Supreme Court justices have granted the County's motion to dismiss and held that there is no statutory authority that supports the towns/special districts claim that the County guaranty is applicable in these cases and thus would require the County to pay these refunds. In addition, other Supreme Court rulings have determined that the County is required to pay the refund but then must charge back that refund to the town or special district. If these rulings are upheld the County would be able to recover the payment of the refunds. In those cases where the County's motion to dismiss was denied the County has filed motions to re-argue and/or filed notices of appeal. 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 $95 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, 2011 as described earlier in this section.

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. On November 29, 2012, the jury found the County and the other defendants not liable in these actions. Plaintiffs have filed a motion to set aside the jury verdict which the County has opposed. Plaintiffs' time to appeal has not yet expired. 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, 2011 as described earlier in this section.

With the exception of the litigation discussed herein, 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. See, however, "APPENDIX A – INFORMATION ABOUT THE COUNTY – MONITORING AND OVERSIGHT – External – *NIFA*" herein for a description of litigation challenging NIFA's imposition of a wage freeze during the control period.

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				
	1/1/2013	1/1/2012	1/1/2011	1/1/2010	1/1/2009	1/1/2013	1/1/2012	1/1/2011	1/1/2010	1/1/2009	1/1/2013	1/1/2012	1/1/2011	1/1/2010	1/1/2009
General County[(a)]															
I	24.142	22.213	29.716	23.168	22.067	24.130	22.234	29.718	23.158	22.067	24.140	22.204	29.711	23.161	22.068
II	7.792	8.723	13.357	15.475	15.777	7.781	8.745	13.359	15.465	15.776	7.791	8.715	13.352	15.468	15.778
III	14.252	14.089	20.457	20.360	23.256	14.240	14.110	20.459	20.350	23.256	14.250	14.080	20.452	20.354	23.257
IV	6.821	7.814	11.360	12.796	13.731	6.810	7.835	11.362	12.786	13.730	6.819	7.805	11.356	12.790	13.732
Community College															
I	9.421	8.553	8.154	6.965	6.911	9.421	8.553	8.154	6.965	6.911	9.421	8.553	8.154	6.965	6.911
II	5.300	5.203	4.757	5.201	5.463	5.300	5.203	4.757	5.201	5.463	5.300	5.203	4.757	5.201	5.463
III	6.928	6.536	6.231	6.321	7.184	6.928	6.536	6.231	6.321	7.184	6.928	6.536	6.231	6.321	7.184
IV	5.055	4.977	4.342	4.587	4.992	5.055	4.977	4.342	4.587	4.992	5.055	4.977	4.342	4.587	4.992
Police Headquarters															
I	56.970	49.347	38.723	37.703	38.662	56.970	49.347	38.723	37.703	38.662	56.970	49.347	38.723	37.703	38.662
II	32.047	30.020	22.588	28.154	30.560	32.047	30.020	22.588	28.154	30.560	32.047	30.020	22.588	28.154	30.560
III	41.894	37.708	29.591	34.218	40.194	41.894	37.708	29.591	34.218	40.194	41.894	37.708	29.591	34.218	40.194
IV	30.566	28.717	20.618	24.831	27.924	30.566	28.717	20.618	24.831	27.924	30.566	28.717	20.618	24.831	27.924
Fire Prevention															
I	2.790	2.535	2.481	2.091	2.088	2.790	2.535	2.481	2.091	2.088	2.790	2.535	2.481	2.091	2.088
II	1.570	1.542	1.448	1.561	1.650	1.570	1.542	1.448	1.561	1.650	1.570	1.542	1.448	1.561	1.650
III	2.052	1.937	1.896	1.898	2.171	2.052	1.937	1.896	1.898	2.171	2.052	1.937	1.896	1.898	2.171
IV	1.497	1.475	1.321	1.377	1.508	1.497	1.475	1.321	1.377	1.508	1.497	1.475	1.321	1.377	1.508
Environmental Bond															
I	2.067	1.875	1.789	1.233	0.678	2.067	1.875	1.789	1.233	0.678	2.067	1.875	1.789	1.233	0.678
II	1.163	1.141	1.044	0.921	0.536	1.163	1.141	1.044	0.921	0.536	1.163	1.141	1.044	0.921	0.536
III	1.520	1.433	1.367	1.119	0.705	1.520	1.433	1.367	1.119	0.705	1.520	1.433	1.367	1.119	0.705
IV	1.109	1.091	0.953	0.812	0.49	1.109	1.091	0.953	0.812	0.49	1.109	1.091	0.953	0.812	0.49

[(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				
	1/1/2013	1/1/2012	1/1/2011	1/1/2010	1/1/2009	1/1/2013	1/1/2012	1/1/2011	1/1/2010	1/1/2009
General County(a)										
I	24.138	22.137	29.718	23.161	22.085	37.371	34.438	39.251	30.374	30.000
II	7.789	8.648	13.360	15.467	15.795	21.022	20.948	22.892	22.680	23.709
III	14.248	14.013	20.459	20.353	23.274	27.481	26.314	29.992	27.566	31.189
IV	6.817	7.738	11.363	12.789	13.748	20.050	20.039	20.895	20.002	21.663
Community College										
I	9.421	8.553	8.154	6.965	6.911	9.421	8.553	8.154	6.965	6.911
II	5.300	5.203	4.757	5.201	5.463	5.300	5.203	4.757	5.201	5.463
III	6.928	6.536	6.231	6.321	7.184	6.928	6.536	6.231	6.321	7.184
IV	5.055	4.977	4.342	4.587	4.992	5.055	4.977	4.342	4.587	4.992
Police Headquarters										
I	56.970	49.347	38.723	37.703	38.662	56.970	49.347	38.723	37.703	38.662
II	32.047	30.020	22.588	28.154	30.560	32.047	30.020	22.588	28.154	30.560
III	41.894	37.708	29.591	34.218	40.194	41.894	37.708	29.591	34.218	40.194
IV	30.566	28.717	20.618	24.831	27.924	30.566	28.717	20.618	24.831	27.924
Fire Prevention										
I	2.790	2.535	2.481	2.091	2.088	2.790	2.535	2.481	2.091	2.088
II	1.570	1.542	1.448	1.561	1.650	1.570	1.542	1.448	1.561	1.650
III	2.052	1.937	1.896	1.898	2.171	2.052	1.937	1.896	1.898	2.171
IV	1.497	1.475	1.321	1.377	1.508	1.497	1.475	1.321	1.377	1.508
Environmental Bond										
I	2.067	1.875	1.789	1.233	0.678	2.067	1.875	1.789	1.233	0.678
II	1.163	1.141	1.044	0.921	0.536	1.163	1.141	1.044	0.921	0.536
III	1.520	1.433	1.367	1.119	0.705	1.520	1.433	1.367	1.119	0.705
IV	1.109	1.091	0.953	0.812	0.49	1.109	1.091	0.953	0.812	0.49

[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

	1/1/2013	1/1/2012	1/1/2011	1/1/2010	1/1/2009
Police District					
I	69.174	66.393	61.859	49.552	49.561
II	56.724	52.077	46.827	46.156	49.182
III	120.404	121.909	124.882	123.505	138.637
IV	65.452	62.823	53.868	52.113	55.504
Sewage Districts:					
Disposal District No. 1					
I	17.321	16.125	15.483	12.833	12.212
II	3.374	3.997	3.277	3.256	3.280
III	48.614	48.935	54.885	98.619	47.926
IV	17.407	16.162	14.747	14.487	13.866
Disposal District No. 2					
I	17.321	16.125	15.509	12.826	12.212
II	14.231	13.290	11.848	11.993	11.948
III	29.881	29.202	31.316	31.598	34.658
IV	16.123	15.025	13.394	13.564	13.846
Disposal District No. 3					
I	17.321	16.125	15.483	12.788	12.212
II	14.124	12.676	11.124	11.420	11.913
III	28.547	28.100	29.957	31.387	33.197
IV	16.158	14.893	13.035	13.057	13.243
Collection District No. 1					
I	7.242	6.757	6.484	5.505	5.204
II	1.411	1.675	1.373	1.397	1.398
III	20.324	20.507	22.984	42.305	20.423
IV	7.278	6.773	6.176	6.215	5.909
Collection District No. 2(a)					
I	7.242	6.757	6.484	5.188	4.648
II	5.818	5.742	5.156	5.236	4.879
III	12.934	12.587	12.712	12.617	12.746
IV	6.298	5.876	5.333	5.269	4.941
Collection District No. 3(a)					
I	6.725	6.274	6.484	5.099	5.204
II	5.625	4.595	4.450	4.529	5.194
III	11.647	11.489	13.019	13.080	14.425
IV	6.272	5.807	5.605	5.294	5.886

[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
2007 THROUGH 2010
($ IN THOUSANDS)

	2010		2009		2008		2007	
	Tax Levy	% of Total	Tax Levy	% of Total	Tax Levy	% of Total	Tax Levy	% of Total
Nassau County Government	853,781	14.83%	858,283	15.14%	823,620	15.35%	806,732	15.59%
Sewer & Storm Water Consolidated	116,032	2.02%	110,032	1.94%	103,932	1.94%	118,932	2.30%
Environmental Bond Fund	9,000	0.16%	4,850	0.09%	7,375	0.14%	4,128	0.08%
Town & City Governments	250,961	4.36%	247,128	4.36%	231,735	4.32%	220,779	4.27%
Incorporated Villages	406,839	7.07%	423,721	7.48%	383,097	7.14%	367,733	7.11%
School Districts	3,575,807	62.13%	3,480,489	61.41%	3,309,803	61.70%	3,167,626	61.20%
Special Districts:								
Fire	104,341	1.81%	109,452	1.93%	101,065	1.88%	96,001	1.85%
Fire Protection	18,183	0.32%	18,291	0.32%	17,524	0.33%	16,882	0.33%
Garbage, Refuse & Sanitary	225,586	3.92%	222,555	3.93%	207,014	3.86%	201,869	3.90%
Lighting	16,642	0.29%	17,125	0.30%	15,972	0.30%	15,358	0.30%
Park	78,464	1.36%	78,164	1.38%	68,345	1.27%	67,036	1.30%
Parking & Improvement	46,497	0.81%	45,862	0.81%	44,294	0.83%	43,807	0.85%
Sewer Special	14,553	0.25%	13,602	0.24%	14,809	0.28%	13,776	0.27%
Water	38,548	0.67%	38,095	0.67%	35,546	0.66%	34,975	0.68%
Total Special Districts	542,814	9.43%	543,146	9.58%	504,569	9.41%	489,704	9.46%
Total	5,755,234	100.00%	5,667,649	100.00%	5,364,131	100.00%	5,175,634	100.00%

Data extracted from County of Nassau, Comprehensive Annual Financial Report of the Comptroller for the Fiscal Year ended December 31, 2011.

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APPENDIX B

GENERAL PURPOSE AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2011

THE FINANCIAL STATEMENTS OF THE COUNTY AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011, 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 Nassau County's (the "County") financial activities and performance for the fiscal years ended December 31, 2011 and 2010. 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 deficit in 2011 of $50.4 million in its primary operating funds, County defined as the General Operating Fund, Fire Prevention, Safety, Communication and Education Fund, Police Headquarters and Police District Funds. This budgetary deficit primarily resulted from the failure of the County's Legislative Minority to approve bonding for $43.1 million of refund payments to residential and commercial property taxpayers who successfully challenged their assessments. While the County transitions to structurally balanced budget over the next several years, the Administration intends to fund these expenditures with long-term financing. The requisite approval has not been obtained as of the date of the transmittal letter and the issuance of these financial statements. Consequently, a $43.1 million payable at year-end was accrued against the General Fund operating budget, not the Capital Fund. This budgetary deficit masks the positive actions taken by the Administration to address the County's fiscal challenges and achieve budgetary balance. If the financing were approved as intended by the Administration, the County would have been close to being in balance on a budgetary basis during fiscal 2011. The overall deficit is comprised of a deficit of $53.6 million in the General Fund, offset by a surplus of $3.2 million in the Police District Fund. The County has eliminated hundreds of full-time positions, through early retirement incentive programs and layoffs.

The County's net worth, on a government-wide basis, declined by $947.6 million during 2011 to negative $6.3 billion. The decline was primarily due to an increase in other liabilities (property tax refunds liability and deferment of refunds) along with increases in long-term liabilities primarily due to an increase in other postemployment benefits (OPEB).

- 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 operating funds totaled $40.5 million on a budgetary basis ($31.6 million is in the General Fund as defined by GASB 54, and $8.9 million in the Police District Fund).

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2011

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 2011 fiscal year shows that the County has a deficit balance of $6.3 billion. Table 1 shows that the County's net worth declined by $947.6 million during 2011 primarily due to increases in other liabilities along with increases in long-term liabilities primarily due to an increase in OPEB. The increase in other liabilities reflects the 2011 accrual for property tax refunds, the deferment of revenues generated by the securitization of certain ground leases, and increases in the current portion of various long-term liabilities such as litigation, termination pay, and bonded indebtedness. Total assets basically remained unchanged because decreases in current assets, primarily comprised of less cash from less long-term borrowings, were offset by capital asset increases, to recognize certain sewer district assets.

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

	Total Primary Governmental Activities		
	2011	**2010**	**Change**
Current and Other Assets	$ 1,816.5	$ 1,935.8	(119.3)
Capital Assets	2,575.9	2,454.5	121.4
Total Assets	4,392.4	4,390.3	2.1
Long-Term Liabilities	9,442.5	8,619.6	822.9
Other Liabilities	1,204.7	1,077.9	126.8
Total Liabilities	10,647.2	9,697.5	949.7
Net Assets			
Invested in Capital Assets, Net of Related Debt	1,681.9	1,534.3	147.6
Restricted	143.7	226.9	(83.2)
Unrestricted	(8,080.4)	(7,068.4)	(1,012.0)
Total Net Assets (Deficit)	$ (6,254.8)	$ (5,307.2)	$ (947.6)

The County has $1.7 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 $6.3 billion in net assets at December 31, 2011, which represents a $947.6 million increase in the deficit since the close of the 2010 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, 2011, the County and its blended component units had a combined $3.5 billion in outstanding long-term debt. The County's debt indicators and ratios are disproportionately high. This is because the County has historically issued long-term debt to finance judgments, settlements, and the payment of real property tax refunds resulting from successful grievances of property tax assessments. As of December 31, 2011, the County had $1.1 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. While the County Legislature voted in 2010 to eliminate this guarantee, the change does not take effect until 2013 and is being challenged in court. 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, 2011 details the decline in the County's net worth from 2010 to 2011. 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:

- Capital grants increased by $116.6 million as a result of the County's acquisition of the Glen Cove sewer assets.
- Charges for services increased by $39.3 million primarily due to increased revenues from the Red Light Camera program as the cameras became operational, and increased County Clerk fees.
- Sales Tax revenues increased $25.9 million from 2010, as the County continues to experience a

rebound in sales tax revenue due to the recovery from the recession. For the region, greater sales tax growth is projected as the economy continues to slowly improve.

- General government expenses increased by $746.5 million primarily due to an increase in the estimated liability for OPEB and other long term liabilities.
- Expenses for protection of persons decreased by $29 million. 2011 financed police termination pay was $45.4 million lower than in 2010.
- Corrections expenses increased by $28.2 million as a result of the timing of certain Correctional Center inmate healthcare payments that were encumbered in 2010 and paid in 2011.

Table 2
Change in Net Assets
(dollars in millions)

	2011	2010	Change
Revenues			
Program Revenues			
Charges for Services	$ 242.7	$ 203.4	$ 39.3
Operating Grants	463.5	485.2	(21.7)
Capital Grants	159.2	42.6	116.6
General Revenues			
Property Taxes	922.9	931.6	(8.7)
Sales Taxes	1,023.1	997.2	25.9
Other Taxes	40.6	40.9	(0.3)
Tobacco Settlement Revenues	18.8	19.9	(1.1)
Investment Income	20.7	13.7	7.0
Other General Revenues	28.2	26.5	1.7
Total Revenues	2,919.7	2,761.0	158.7
Expenses			
Legislative	10.3	10.2	0.1
Judicial	61.9	65.8	(3.9)
General Government	1,486.2	739.7	746.5
Protection of Persons	742.5	771.5	(29.0)
Health	253.1	243.1	10.0
Public Works	245.8	238.7	7.1
Recreation and Parks	39.0	34.0	5.0
Social Services	572.8	564.6	8.2
Corrections	259.8	231.6	28.2
Education	9.8	12.1	(2.3)
Interest on Long Term Debt	186.1	171.2	14.9
Total Expenses	3,867.3	3,082.5	784.8
Decrease in Net Assets	(947.6)	(321.5)	(626.1)
Net Assets - (Deficit) Beginning	(5,307.2)	(4,985.7)	(321.5)
Net Assets - (Deficit) Ending	$ (6,254.8)	$ (5,307.2)	$ (947.6)

ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2011

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.

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

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

General Fund Budget Variances

The County ended the 2011 fiscal year with a General Fund budgetary deficit of $53.1 million. The deficit is comprised of a number of variances from the budget as originally adopted.

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

For financial reporting purposes (modified accrual basis), the County ended the 2011 fiscal year with an operating deficit of $85.6 million. The difference between the budgetary deficit of $53.1 million and the reporting deficit of $85.6 million is primarily the result of the securitization of County-owned ground leases, which is permitted to be recognized on a budgetary basis.

- General Fund Fines were $42.3 million under the $93.9 million budget primarily due to delays in the implementation of the Red Light Camera Program and failure to obtain approval from New York State during 2011 for additional cameras.
- State Aid amounted to $183.2 million, $38.3 million under the $221.5 million budget. Reimbursement rates for the Safety Net program administered by the Department of Social Services were reduced and an initiative to generate revenue from a Long Island Expressway ticket surcharge was not approved by the State.
- Federal Aid was $11.6 million over the $151.8 million budget due to an increase in reimbursement rate for the Temporary Assistance for Needy Families (TANF) program administered by the Department of Social Services, and FEMA reimbursements that were not included in the budget.
- Other Suits and Damages was $43.1 million over budget due to the accrual for property tax refunds described above.
- Total expenditures for Salaries and Fringe Benefits were $19.4 million under budget. The administration has dramatically reduced the County workforce through layoffs and early retirement incentives.

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

	General Fund	Police District Fund	Capital Fund	Sewer and Storm Water District Fund	Total Nassau County Major Funds*
Fund Equity, as of December 31, 2009 (*restated for GASB 54)*	$ 127.4	$ 14.8	$ 143.1	$ 114.4	$ 399.8
Add: 2010 Revenues	2,066.2	352.1	38.6	3.6	2,460.6
Less: 2010 Expenses	2,206.9	384.1	144.4	112.2	2,847.5
2010 Other financing sources, net	178.8	20.8	189.5	96.7	485.9
Fund Equity as of December 31, 2010 (*restated for GASB 54)*	165.5	3.7	226.9	102.6	498.7
Add: 2011 Revenues	2,041.6	374.3	32.0	123.2	2,571.2
Less: 2011 Expenses	2,213.0	376.1	133.9	112.7	2,835.7
2011 Other financing sources (uses), net	85.7	2.1	18.7	(23.2)	83.3
Fund Equity, as of December 31, 2011	$ 79.9	$ 4.0	$ 143.7	$ 89.9	$ 317.5

* not including blended component units

Table 3 shows accumulated fund balance in the County's major funds (excluding the blended component units) totaled $317.5 million at the end of 2011.

Total fund balance in the General Fund declined $85.6 million, from $165.5 million to $79.9 million. The decrease was primarily comprised of the accrual of property tax refund payments against General Fund operations and the acceleration of rental income from certain ground leases, which cannot be recognized on a financial reporting basis.

There was less long-term borrowing, consequently, fund balance in the Capital Fund decreased by $83.2 million. Fund balance in the Sewer and Storm Water District Fund decreased $12.7 million primarily due to the increase in storm water debt service.

The County implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54). As detailed in Footnote 1, fund balance in the financial statements is now broken down into the new categories of Non-spendable, Restricted, Committed, Assigned, and Unassigned. GASB 54 is intended to improve the usefulness of amounts reported as fund balance by demonstrating the extent to which governments are bound by constraints on financial resources.

CAPITAL INVESTMENTS

The County completed a number of capital projects during the 2011 fiscal year, including $31.7 million in sewer district improvements and upgrades, and $30.7 million in infrastructure related improvements. The County made capital improvements during 2011 in the following areas:

Table 4
Capital Improvements
January 1, 2011 to December 31, 2011
(dollars in millions)

Project Category	**Amount**
Building Consolidation Plan	$ 10.2
Building Improvements	12.4
Environmental Bond Act	7.5
Equipment	1.9
Infrastructure and Economic Development	31.8
Parks	4.8
Property Acquisition	1.7
Public Safety	24.6
Roads	13.6
Technology	20.2
Traffic	11.4
Transportation	3.7
Collection	20.5
Disposal	8.9
Storm Water	2.3
Total	$ 175.5

Detailed information on capital asset activity is available in the Notes to the Financial Statements Exhibit X-13, Note 8.

DEBT

The County and its blended component units - Nassau County Interim Finance Authority ("NIFA"), Nassau County Tobacco Settlement Corporation ("NCTSC"), and the Nassau County Sewer and Storm Water Finance Authority ("NCSSWFA") - had approximately a combined $3.5 billion in outstanding long-term debt as of December 31, 2011, representing a net decrease of $131.6 million under the combined long-term debt outstanding as of December 31, 2010. 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 31-Dec-10	Additions	Reductions	Balance 31-Dec-11
General Obligation County Bonds	$ 1,157,574	$ 76,409	$ 68,238	$ 1,165,745
Sewage Purpose Bonds	77,755		8,995	68,760
SRF Revenue Bonds	121,169		9,084	112,085
Total County Long -Term Debt	1,356,498	76,409	86,317	1,346,590
NIFA Sales Tax Secured Bonds	1,648,185		119,745	1,528,440
Tobacco Settlement Asset-Backed Bonds	446,382	5,406	-	451,788
Sewer Financing Authority	161,955		7,360	154,595
Total Long Term Debt	$ 3,613,020	$ 81,815	$ 213,422	$ 3,481,413

During 2011, the County issued $76.4 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 2011. 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 $119.7 million during 2011. This decrease reflects the maturation and run-off of the existing NIFA debt.

The net amount of outstanding debt of the NCTSC increased by $5.4 million due to the accretion in the value of its capital appreciation bonds, partially offset by the maturity of its senior bonds.

During 2011, the NCSSWFA had $7.4 million of bonds mature.

The County issued two cash flow notes during 2011. Management anticipates issuing two cash flow notes in 2012.

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

The County implemented GASB Statement No. 53, "Accounting and Reporting for Derivative Instruments" (GASB 53) during 2010. A key provision of GASB 53 is that certain derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, are reported at fair value by governments in their government-wide financial statements. The financial reporting impact resulting from the implementation of GASB 53 is the recognition within the government-wide financial statements of a liability for 'hedging' derivative instruments whose negative fair value at December 31, 2011 totaled $84.6 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

The County's current debt ratings are as follows: Moody's Investors Service: A1; Standard & Poor's: A+; Fitch Ratings: A+. In April 2011, Moody's Investors Service maintained the County's ratings and removed its negative watch but kept its negative outlook. In April 2012, Moody's Investors Service and Standard & Poor's affirmed the County's ratings with no change. In May 2012, Fitch Ratings changed its outlook to negative. As a result of the change in the long-term rating outlook, Fitch changed the rating on the County's short-term debt to "F1".

CONCLUSION

The County's net worth declined by $947.6 million during 2011 to a negative $6.3 billion. This decline was primarily driven by a significant increase in the actuarially determined estimated liability for retiree health insurance. The majority of this increase resulted from changes in Empire Plan premiums and medical trend tables, including the impact of healthcare reform. Other drivers of the decrease in net worth include property tax refunds accrued in the General Fund, the deferral of accelerated lease revenues, and increases in estimated liabilities for litigation, termination pay, and serial bonds payable. The negative balance in total net worth is principally driven by borrowing for property tax refunds, the liability for health insurance for retirees, and other liabilities for which there are no corresponding assets.

During 2011, the County generated a budgetary deficit of $50.4 million across its primary operating funds. This deficit resulted from the failure of the County's Legislative minority to approve bonding for $43.1 million of property tax refunds, and masks the spending controls implemented by the Administration. At the end of 2011, unreserved, undesignated fund balance in the County's primary operating funds were $40.5 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, and not relying on taxpayers to bear any additional burden.

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BASIC FINANCIAL STATEMENTS

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EXHIBIT X-1

COUNTY OF NASSAU, NEW YORK

STATEMENT OF NET ASSETS
DECEMBER 31, 2011 (Dollars in Thousands)

	Primary Government Governmental Activities	Component Units
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 546,960	$ 69,151
Investments, Including Accrued Interest	95,554	
Assets Whose Use is Limited - Current		16,844
Sales Tax Receivable	125,345	
Interest Receivable	2,652	
Student Accounts and Loans Receivable		9,673
Less Allowance for Doubtful Amounts		(6,280)
Due from Other Governments	262,342	5,158
Less Allowance for Doubtful Accounts	(5,566)	
Due from Primary Government		14,823
Other Receivables		13,563
Accounts Receivable	37,509	325,083
Less Allowance for Doubtful Accounts		(239,115)
Real Property Taxes Receivable	69,963	
Less Allowance for Doubtful Accounts	(5,689)	
Due from Component Unit	3,736	
Inventories		5,357
Prepaids	132,613	
Other Assets - Current	16,989	16,459
Total Current Assets	1,282,408	230,716
NON CURRENT ASSETS:		
Deferred Financing Costs	181,609	6,187
Less Accumulated Amortization	(69,676)	(3,846)
Deferred Charges	327,973	
Deferred Outflows of Resources	84,636	
Assets Whose Use is Limited		28,467
Capital Assets Not Being Depreciated	642,026	16,239
Depreciable Capital Assets	3,501,210	800,984
Less Accumulated Depreciation	(1,567,270)	(477,352)
Deposits Held by Trustees		7,409
Deposits Held in Custody for Others		1,661
Tax Sale Certificates	1,207	
Tax Real Estate Held for Sale	8,210	
Other Assets		18,545
Total Non Current Assets	3,109,925	398,294
Total Assets	$ 4,392,333	$ 629,010

(Continued)

EXHIBIT X-1

COUNTY OF NASSAU, NEW YORK

STATEMENT OF NET ASSETS
DECEMBER 31, 2011 (Dollars in Thousands)

	Primary Government Governmental Activities	Component Units
LIABILITIES		
CURRENT LIABILITIES:		
Accounts Payable	$ 85,125	$ 61,491
Accrued Liabilities	145,027	28,563
Tax Anticipation Notes Payable	230,000	
Revenue Anticipation Notes Payable	230,000	
Accrued Interest Payable	17,470	1,281
Notes Payable - Current		63
Deferred Revenue - Current		18,769
Current Portion of Long Term Liabilities	396,109	9,951
Other Liabilities - Current	100,949	29,487
Total Current Liabilities	1,204,680	149,605
NON CURRENT LIABILITIES:		
Notes Payable		11
Derivative instruments - interest rate swaps	84,636	
Serial Bonds Payable, Net of Deferred Bond Premium/Discount (Net of Amortization)	3,359,685	312,622
Accrued Vacation and Sick Pay	521,240	96,970
Deferred Payroll	63,576	
Estimated Workers' Compensation Liability	257,682	
Estimated Tax Certiorari Payable	147,893	
Estimated Liability for Litigation and Malpractice	276,286	38,739
Liability for Future Pension Expense		27,801
Capital Lease	5,254	
Other Liabilities - Non Current	17,430	46,041
Deposits Held in Custody for Others		1,661
Insurance Reserve Liability		1,988
Postemployment Retirement Benefits Liability	4,708,808	573,310
Total Non Current Liabilities	9,442,490	1,099,143
Total Liabilities	10,647,170	1,248,748
NET ASSETS (DEFICIT)		
Invested in Capital Assets, Net of Related Debt	1,681,865	173,934
Restricted:		
General		1,851
Special Revenue		
Nassau Community College Foundation Fund Restricted Scholarships		2,731
Capital Projects	143,711	4,646
Debt Service		7,408
Student Loans		370
Unrestricted Deficit	(8,080,413)	(810,678)
Total Net Assets (Deficit)	$ (6,254,837)	$ (619,738)

See accompanying notes to financial statements. (Concluded)

EXHIBIT X-2

COUNTY OF NASSAU, NEW YORK

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011 (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	$ 10,288	$	$	$	$ (10,288)	$
Judicial	61,894	49,008	6,614		(6,272)	
General Government	1,486,306	74,097	38,016		(1,374,193)	
Protection of Persons	742,535	42,060	14,741		(685,734)	
Health	253,059	23,475	143,611		(85,973)	
Public Works	245,813	6,119	13,455	159,156	(67,083)	
Recreation and Parks	39,010	19,875			(19,135)	
Social Services	572,783	19,046	230,745		(322,992)	
Corrections	259,782	9,014	16,341		(234,427)	
Education	9,826				(9,826)	
Debt Service Interest	186,056				(186,056)	
Total Primary Government	$ 3,867,352	$ 242,694	$ 463,523	$ 159,156	(3,001,979)	
Component Units	$ 932,831	$ 603,932	$ 156,076	$ 944		(171,879)
	General Revenues:					
	Taxes:					
	Property Taxes				$ 922,894	
	Sales Taxes				1,023,128	
	Other Taxes				40,601	
	Tobacco Settlement Revenue and Tobacco Receipts				18,849	
	Investment Income				20,711	3,390
	Other				28,165	6,583
	Total General Revenues				2,054,348	9,973
	Change in Net Assets				(947,631)	(161,906)
	Net Assets (Deficit) - Beginning				(5,307,206)	(457,832)
	Net Assets (Deficit) - Ending				$ (6,254,837)	$ (619,738)

See accompanying notes to financial statements.

EXHIBIT X-3

COUNTY OF NASSAU, NEW YORK

GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2011 (Dollars in Thousands)

ASSETS	General Fund	NIFA General Fund	Police District Fund	Sewer and Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash	$ 130,950	$ 312	$ 649	$ 120,731	$ 222,187	$ 72,131	$ 546,960
Investments						95,554	95,554
Sales Tax Receivable		125,345					125,345
Interest Receivable						40	40
Due from Other Governments	226,916			131	19,814	15,481	262,342
Less Allowance for Doubtful Accounts	(5,566)						(5,566)
Accounts Receivable	36,774		6	409	2	318	37,509
Real Property Taxes Receivable	69,963						69,963
Less Allowance for Doubtful Accounts	(5,689)						(5,689)
Tax Sale Certificates	1,207						1,207
Tax Real Estate Held for Sale	8,210						8,210
Interfund Receivables	254,841	3	12,385		4,274	18,036	289,539
Prepaids	87,662		40,711	1,759		2,481	132,613
Due from Component Units	6,260						6,260
Other Assets	12,578	49	3,589	460	207	106	16,989
TOTAL ASSETS	$ 824,106	$ 125,709	$ 57,340	$ 123,490	$ 246,484	$ 204,147	$ 1,581,276
LIABILITIES AND FUND EQUITY							
LIABILITIES:							
Accounts Payable	$ 57,768	$	$ 108	$ 3,253	$ 16,641	$ 7,355	$ 85,125
Accrued Liabilities	110,085	125	10,142	772		53,853	174,977
Tax Anticipation Notes Payable	230,000						230,000
Revenue Anticipation Notes Payable	230,000						230,000
Deferred Revenue	74,640					31,793	106,433
Interfund Payables	12,820	107,173	43,065	29,494	84,733	12,254	289,539
Due to Component Units	2			90	1,399	910	2,401
Due to Other Governments						123	123
Other Liabilities	28,876						28,876
Total Liabilities	744,191	107,298	53,315	33,609	102,773	106,288	1,147,474
FUND EQUITY							
Fund Balances:							
Nonspendable	87,662	49	40,711	1,759		2,481	132,662
Spendable							
Restricted	2,269	17,369			7,082	63,010	89,730
Committed			4,025	67,565	136,629	14,422	222,641
Assigned	86,040			20,557			106,597
Unassigned	(96,056)	993	(40,711)			17,946	(117,828)
Total Fund Equity	79,915	18,411	4,025	89,881	143,711	97,859	433,802
Commitments and Contingencies							
TOTAL LIABILITIES AND FUND EQUITY	$ 824,106	$ 125,709	$ 57,340	$ 123,490	$ 246,484	$ 204,147	$ 1,581,276

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, 2011 (Dollars in Thousands)

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

Total fund balances - governmental funds	$ 433,802
Revenue recorded in the statement of net assets is recorded as deferred revenue in the governmental funds	15,336
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	(102,324)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net	2,575,966
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	439,906
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds:	
Bonds payable	(3,255,767)
Postemployment retirement benefits liability	(4,708,808)
Other long term liabilities	(1,271,931)
Current portion of long term liabilities and short term notes payable	(396,109)
Accrued expenses and interest payable	15,092
Net assets (deficit) of governmental activities	$ (6,254,837)

See accompanying notes to financial statements.

EXHIBIT X-5

COUNTY OF NASSAU, NEW YORK

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011 (Dollars in Thousands)

	General Fund	NIFA General Fund	Police District Fund	Sewer and Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:							
Interest and Penalties on Taxes	$ 28,165	$	$	$	$	$	$ 28,165
Licenses and Permits	9,817		2,753	859			13,429
Fines and Forfeits	51,622		920			1,784	54,326
Interest Income	1,341		73	388	1,062	95	2,959
Rents and Recoveries	30,863		538	32	7	752	32,192
Tobacco Receipts						18,849	18,849
Departmental Revenue	114,137		3,690	1,774		2,998	122,599
Interdepartmental Revenue	134,917		364	451		27	135,759
Federal Aid	178,337			112	22,415	75,777	276,641
State Aid	183,212			19	8,537	29,211	220,979
Sales Tax	750,762	202,123					952,885
Preempted Sales Tax in Lieu of Property Taxes	70,243						70,243
Property Taxes	432,251		364,493	119,041		11,254	927,039
Payments in Lieu of Taxes	7,369						7,369
Special Taxes	30,485					2,747	33,232
Other Revenues	18,110		1,516	532		90	20,248
Total Revenues	2,041,631	202,123	374,347	123,208	32,021	143,584	2,916,914
EXPENDITURES:							
Current:							
Legislative	10,282						10,282
Judicial	57,687					2,629	60,316
General Administration	226,220	3,066				33,253	262,539
Protection of Persons	391,303		376,085			11,806	779,194
Health	211,310					48,630	259,940
Public Works	115,812			87,315			203,127
Recreation and Parks	27,686					3,795	31,481
Capital Outlay - General					103,275		103,275
Capital Outlay - Sewage Districts					30,629		30,629
Social Services	584,447					8,591	593,038
Corrections	250,902					1,637	252,539
Education	10,362						10,362
Payments for Tax Certiorari and Other Judgments	68,142						68,142
Other	123,488						123,488
Total Current	2,077,641	3,066	376,085	87,315	133,904	110,341	2,788,352
Debt Service:							
Principal	69,620			18,079		127,105	214,804
Interest	62,584			7,350		100,718	170,652
Financing Costs	3,125						3,125
Total Debt Service	135,329			25,429		227,823	388,581
Total Expenditures	2,212,970	3,066	376,085	112,744	133,904	338,164	3,176,933
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(171,339)	199,057	(1,738)	10,464	(101,883)	(194,580)	(260,019)
OTHER FINANCING SOURCES (USES):							
Other Financing Sources - Premium on Bonds	9,323						9,323
Other Financing Sources - EFC Drawdowns							
Transfers In	35,962		3,845	736		61	40,604
Transfers Out	(4,439)		(1,750)	(12,594)	(13,353)	(8,468)	(40,604)
Transfers In of Investment Income	1,018			45			1,063
Transfers Out of Investment Income					(1,063)		(1,063)
Transfers In from NIFA	546	2,083				198,800	201,429
Transfers Out to NIFA		(199,220)				(2,209)	(201,429)
Transfers In from SFA						167,254	167,254
Transfers Out to SFA				(11,337)		(155,917)	(167,254)
Transfers In from TSC						300	300
Transfers Out to TSC						(300)	(300)
Issuance of Bonds	43,314				33,095		76,409
Redemption of Notes							
Total Other Financing Sources (Uses)	85,724	(197,137)	2,095	(23,150)	18,679	199,521	85,732
NET CHANGE IN FUND EQUITY (DEFICITS)	(85,615)	1,920	357	(12,686)	(83,204)	4,941	(174,287)
TOTAL FUND EQUITY AT BEGINNING OF YEAR	165,530	16,491	3,668	102,567	226,915	92,918	608,089
TOTAL FUND EQUITY AT END OF YEAR	$ 79,915	$ 18,411	$ 4,025	$ 89,881	$ 143,711	$ 97,859	$ 433,802

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, 2011 (Dollars in Thousands)

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

Net change in fund deficit - total governmental funds		$ (174,287)
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	$ 296,603	
Depreciation expense	(120,990)	
Other	(54,189)	121,424
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)	(864,637)	
Proceeds from sales of bonds	(76,409)	
Principal payments of bonds and payments for refunded bonds	213,421	
Accrued interest payable	(6,039)	
Additions to and amortization of debt issuance costs	(6,692)	
Amortized deferred liabilities	8,328	
Change in long-term liabilities	(162,740)	
		(894,768)
Change in net assets (deficit) - governmental activities		$ (947,631)

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, 2011 (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	$ 28,500	$ 28,500	$ 28,165	$	$ 28,165	$ (335)
Licenses and Permits	9,978	9,978	9,817		9,817	(161)
Fines and Forfeits	93,876	93,876	51,622		51,622	(42,254)
Interest Income	7,152	7,152	1,341		1,341	(5,811)
Rents and Recoveries	82,174	83,474	30,863	37,062	67,925	(15,549)
Departmental Revenue	120,821	121,112	114,137		114,137	(6,975)
Interdepartmental Revenue	313,592	313,592	134,917		134,917	(178,675)
Federal Aid	151,795	166,736	178,337		178,337	11,601
State Aid	221,531	221,531	183,212		183,212	(38,319)
Sales Tax	951,472	951,472	750,762		750,762	(200,710)
Preempted Sales Tax in Lieu of Property Taxes	71,865	71,865	70,243		70,243	(1,622)
Property Taxes	435,827	435,826	432,251		432,251	(3,575)
Payments in Lieu of Taxes	6,805	6,805	7,369		7,369	564
Special Taxes	32,776	32,776	30,485		30,485	(2,291)
Other Revenues	21,445	21,446	18,110	(6,188)	11,922	(9,524)
Total Revenues	2,549,609	2,566,141	2,041,631	30,874	2,072,505	(493,636)
Expenditures:						
Current:						
Legislative	11,436	11,354	10,282	116	10,398	956
Judicial	129,950	87,263	57,687	661	58,348	28,915
General Administration	242,983	254,406	226,220	5,896	232,116	22,290
Protection of Persons	352,536	384,861	391,303	(10,532)	380,771	4,090
Health	284,236	283,935	211,310	44,904	256,214	27,721
Public Works	118,752	129,268	115,812	2,170	117,982	11,286
Recreation and Parks	27,264	32,522	27,686	446	28,132	4,390
Social Services	616,096	618,631	584,447	11,679	596,126	22,505
Corrections	256,896	265,258	250,902	3,207	254,109	11,149
Education	80,965	23,763	10,362		10,362	13,401
Payments for Tax Certiorari and Other Judgments		43,092	68,142	(25,050)	43,092	
Other	133,100	133,673	123,488	2,686	126,174	7,499
Total Expenditures	2,254,214	2,268,026	2,077,641	36,183	2,113,824	154,202
Debt Service:						
Principal	77,087	77,087	69,620		69,620	7,467
Interest	73,009	73,009	62,584		62,584	10,425
Financing Costs	4,000	4,000	3,125		3,125	875
Total Debt Service	154,096	154,096	135,329		135,329	18,767
Total Expenditures	2,408,310	2,422,122	2,212,970	36,183	2,249,153	172,969
Excess (Deficiency) of Revenues Over (Under) Expenditures	141,299	144,019	(171,339)	(5,309)	(176,648)	(320,667)
Other Financing Sources (Uses):						
Premium on Bonds	6,000	6,000	9,323		9,323	3,323
Transfers In	319,239	354,540	35,962		35,962	(318,578)
Transfers In of Investment Income			1,018		1,018	1,018
Transfers Out	(580,408)	(618,661)	(4,439)		(4,439)	614,222
Transfer In from NIFA			546		546	546
Issuance of Bonds			43,314	(38,875)	4,439	4,439
Total Other Financing Sources (Uses)	(255,169)	(258,121)	85,724	(38,875)	46,849	304,970
Net Change in Fund Balance (Deficit)	(113,870)	(114,102)	(85,615)	(44,184)	(129,799)	(15,697)
Fund Balance at Beginning of Year	113,870	114,102	165,530		165,530	51,428
Fund Balance (Deficit) at End of Year	$	$	$ 79,915	$ (44,184)	$ 35,731	$ 35,731

See accompanying notes to financial statements.

EXHIBIT X-8

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
POLICE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011 (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	$ 538	$ 11	$ 549	$ 199
Licenses and Permits	2,828	2,828	2,753		2,753	(75)
Fines and Forfeits	1,750	1,750	920		920	(830)
Interest Income	271	271	73		73	(198)
Departmental Revenue	3,412	3,412	3,690		3,690	278
Interdepartmental Revenue	2,569	2,569	364		364	(2,205)
Property Taxes	364,489	364,489	364,493		364,493	4
Other Revenue	1,460	1,460	1,516	(1,516)		(1,460)
Total Revenues	377,129	377,129	374,347	(1,505)	372,842	(4,287)
Expenditures:						
Current:						
Protection of Persons	375,829	375,828	376,085	(10,199)	365,886	9,942
Total Expenditures	375,829	375,828	376,085	(10,199)	365,886	9,942
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,300	1,301	(1,738)	8,694	6,956	5,655
Other Financing Sources (Uses):						
Transfers In			3,845	(3,845)		
Transfer Out	(1,822)	(1,822)	(1,750)		(1,750)	72
Total Other Financing Sources (Uses)	(1,822)	(1,822)	2,095	(3,845)	(1,750)	72
Net Change in Fund Balance (Deficit)	(522)	(521)	357	4,849	5,206	5,727
Fund Balance at Beginning of Year	522	521	3,668		3,668	3,147
Fund Balance at End of Year	$	$	$ 4,025	$ 4,849	$ 8,874	$ 8,874

See accompanying notes to financial statements.

EXHIBIT X-9

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY AND ACTUAL
SEWER & STORM WATER DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011 (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	$ 710	$ 710	$ 859	$	$ 859	$ 149
Rents and Recoveries	1,771	1,771	32		32	(1,739)
Interest Income	307	307	388		388	81
Departmental Revenue	20,604	20,604	1,774		1,774	(18,830)
Interdepartmental Revenue	434	434	451		451	17
Federal Aid			112		112	112
State Aid			19		19	19
Property Taxes			119,041		119,041	119,041
Other Revenues	165	165	532	(192)	340	175
Total Revenues	23,991	23,991	123,208	(192)	123,016	99,025
Expenditures:						
Current:						
Public Works	161,731	161,731	112,744	8,356	121,100	40,631
Total Expenditures	161,731	161,731	112,744	8,356	121,100	40,631
Excess (Deficiency) of Revenues Over (Under) Expenditures	(137,740)	(137,740)	10,464	(8,548)	1,916	139,656
Other Financing Sources (Uses):						
Other Financing Sources - Premium						
Transfers In of Investment Income	1,031	1,031	45		45	(986)
Transfers In			736		736	736
Transfers Out	(14,802)	(14,802)	(12,594)		(12,594)	2,208
Transfer In from SFA	102,929	102,929	(11,337)		(11,337)	(114,266)
Total Other Financing Sources (Uses)	89,158	89,158	(23,150)		(23,150)	(112,308)
Net Change in Fund Balance (Deficit)	(48,582)	(48,582)	(12,686)	(8,548)	(21,234)	27,348
Fund Balance at Beginning of Year	48,582	48,582	102,567		102,567	53,985
Fund Balance (Deficit) at End of Year	$	$	$ 89,881	$ (8,548)	$ 81,333	$ 81,333

See accompanying notes to financial statements.

EXHIBIT X-10

COUNTY OF NASSAU, NEW YORK

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2011 (Dollars in Thousands)

Agency Fund

ASSETS:

Cash	$	41,162
Due From Component Unit		5,472
TOTAL ASSETS	$	46,634

LIABILITIES:

Accounts Payable	$	1,473
Other Liabilities		45,161
TOTAL LIABILITIES	$	46,634

Nassau County Tobacco Securitization Corporation Residual Trust

ASSETS:

Cash	$	18,448

LIABILITIES:

Other Liabilities	$	18,448

See accompanying notes to financial statements.

EXHIBIT X-11

COUNTY OF NASSAU, NEW YORK

STATEMENT OF NET ASSETS
ALL DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2011 (WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2011)
(Dollars in Thousands)

	Nassau Community College	Nassau Health Care Corporation	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Nassau County Local Economic Assistance Corporation	Total
ASSETS						
CURRENT ASSETS:						
Cash and Cash Equivalents	$ 51,584	$ 6,962	$ 8,004	$ 2,330	$ 271	$ 69,151
Assets Whose Use is Limited - Current		16,844				16,844
Student Accounts and Loans Receivable	9,673					9,673
Less Allowance for Doubtful Accounts	(6,280)					(6,280)
Due from Primary Government	2,790	12,509				15,299
Due from Other Governments	5,158					5,158
Other Receivables	1,444	12,119				13,563
Accounts Receivable		324,828	237	18		325,083
Less Allowance for Doubtful Accounts		(239,115)				(239,115)
Inventories		5,357				5,357
Other Assets - Current	193	15,554	591	121		16,459
Total Current Assets	64,562	155,058	8,832	2,469	271	231,192
NON CURRENT ASSETS:						
Deferred Financing Costs	2,788	2,867	532			6,187
Less Accumulated Amortization	(1,865)	(1,750)	(231)			(3,846)
Assets Whose Use is Limited		28,467				28,467
Capital Assets Not Being Depreciated	3,741	12,498				16,239
Depreciable Capital Assets	252,401	505,664	42,825	94		800,984
Less Accumulated Depreciation	(118,512)	(334,734)	(24,030)	(76)		(477,352)
Deposits Held by Trustees	7,409					7,409
Deposits Held in Custody for Others	1,661					1,661
Other Assets - Non Current		16,490	2,055			18,545
Total Non Current Assets	147,623	229,502	21,151	18		398,294
Total Assets	212,185	384,560	29,983	2,487	271	629,486
LIABILITIES						
CURRENT LIABILITIES:						
Accounts Payable	13,260	42,162	5,992	74	3	61,491
Accrued Liabilities		20,824	7,739			28,563
Accrued Interest Payable		1,281				1,281
Notes Payable - Current			63			63
Due To Primary Government			476			476
Deferred Revenue	18,769					18,769
Current Portion of Long Term Liabilities	3,681	4,815	1,455			9,951
Other Liabilities - Current	1,381	28,005			101	29,487
Total Current Liabilities	37,091	97,087	15,725	74	104	150,081
NON CURRENT LIABILITIES:						
Notes Payable			11			11
Serial Bonds Payable	71,791	227,340	11,625			310,756
Accrued Vacation and Sick Pay	51,119	45,791		60		96,970
Estimated Liability for Litigation	325	38,414				38,739
Deposits Held in Custody for Others	1,661					1,661
Insurance Reserve Liability	1,988					1,988
Deferred Bond Premium (Net of Amortization)	1,866					1,866
Liability for Future Pension Expense	1,334	26,467				27,801
Postemployment Retirement Benefits Liability	317,197	213,930	42,095	88		573,310
Other Liabilities - Non Current		44,541	1,500			46,041
Total Non Current Liabilities	447,281	596,483	55,231	148		1,099,143
Total Liabilities	484,372	693,570	70,956	222	104	1,249,224
NET ASSETS (DEFICIT)						
Invested in Capital Assets, Net of Related Debt	63,299	100,428	10,189	18		173,934
Restricted:						
General		1,851				1,851
Special Revenue						
Nassau Community College Foundation Fund Restricted Scholarships	2,731					2,731
Capital Projects	4,646					4,646
Debt Service	7,408					7,408
Student Loans	370					370
Unrestricted (Deficit)	(350,641)	(411,289)	(51,162)	2,247	167	(810,678)
Total Net Assets (Deficit)	$ (272,187)	$ (309,010)	$ (40,973)	$ 2,265	$ 167	$ (619,738)

See accompanying notes to financial statements.

EXHIBIT X-12

COUNTY OF NASSAU, NEW YORK

STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY
FOR THE YEAR ENDED DECEMBER 31, 2011 (WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2011)
(Dollars in Thousands)

	Nassau Community College	Nassau Health Care Corporation	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Nassau County Local Economic Assistance Corporation	Total
Expenses	$ 237,211	$ 637,953	$ 56,105	$ 1,424	$ 138	$ 932,831
Program Revenues:						
Charges for Services	51,341	490,010	60,909	1,367	305	603,932
Operating Grants and Contributions	156,076					156,076
Capital Grants and Contributions		944				944
Total Program Revenues	207,417	490,954	60,909	1,367	305	760,952
Net Program Revenues (Expenses)	(29,794)	(146,999)	4,804	(57)	167	(171,879)
General Revenues						
Investment Income	2,151	1,230		9		3,390
Other	4,208		2,375			6,583
Net General Revenues	6,359	1,230	2,375	9		9,973
Change in Net Assets (Deficit)	(23,435)	(145,769)	7,179	(48)	167	(161,906)
Net Assets (Deficit) - Beginning of Year	(248,752)	(163,241)	(48,152)	2,313		(457,832)
Net Assets (Deficit) - End of Year	$ (272,187)	$ (309,010)	$ (40,973)	$ 2,265	$ 167	$ (619,738)

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

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

(a) The Nassau Community College (the "College") - provides educational services under New York State Education Law. It is reported as a component unit as the County appoints its governing body, the County approves its budget, issues debt for College purposes and provides approximately 39% of the College's 2011 budgeted revenues through a County-wide real property tax levy. Therefore, the College is discretely presented. The College has authority to enter into contracts under New York State Education Law and to sue and be sued. The College is presented in accordance with policies prescribed by GASB Statement No. 35*, Basic Financial Statements – and Management's Discussion and Analysis for Public Colleges and Universities*, and in accordance with New York State Education Law. This component unit is presented as of, and for its fiscal year ended, August 31, 2011.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Units (Continued)

(c) *The Nassau Regional Off-Track Betting Corporation* (the "OTB") was created by the New York State Legislature as a public benefit corporation. The County is its sole shareholder. It is reported as a component unit as the County Legislature appoints its governing body, which consists of a Board of Directors made up of three members. The County receives a small portion of winning wagers made at County racetracks and all net operating profits from OTB. These revenues are recorded in the County's General Fund. The OTB is shown as a proprietary type component unit, and is presented on the accrual basis of accounting for its fiscal year ended December 31, 2011. At the close of 2011, there were twenty operational facilities; one branch 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, OTB has experienced continuing mandated expenses in personnel benefits and other costs and increases in the statutory distribution requirements of New York State laws. These factors, coupled with the uncertain conditions in the general economy and the inability to gain relief on statutory payments to the racing industry, create an uncertainty as to the OTB's ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

(d) *The Nassau County Industrial Development Agency* (the "NCIDA") is a public benefit corporation established pursuant to the New York State General Municipal Law. The NCIDA's purpose is to arrange long-term low interest financing for private firms and companies with the intent of developing commerce and industry in the County. It is reported as a component unit as the County appoints its governing body and may remove the NCIDA Board at will. The County has at times provided support to the NCIDA in the form of employees and facilities. Support expenditures would be included in the County's General Fund under personal services. The NCIDA has sole authority for establishing administrative and fiscal policy in the pursuit of its objectives. The County is not liable for any obligations or deficits the NCIDA may incur, nor does it share in any surpluses. The NCIDA is shown as a proprietary type component unit and is presented on the accrual basis of accounting for its fiscal year ended December 31, 2011.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Units (Continued)

The County appoints the governing board of NCLEAC, which results in the interdependency with the County. Accordingly, NCLEAC has been determined to be a proprietary type component unit of the County and is presented on the accrual basis of accounting for its fiscal year ended December 31, 2011. The County is not liable for any obligations or deficits NCLEAC may incur, nor does it share in any surpluses. NCLEAC entered into a sublicense and cooperation agreement with NCIDA to use office space and storage space, as well as provide administrative services for NCLEAC as it has officers but no employees. The officers and some of the directors of NCLEAC serve in similar positions for the NCIDA. NCLEAC is charged accordingly for the rental and services provided by NCIDA.

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

Blended Component Units

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

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Units (Continued)

On January 26, 2011, NIFA adopted a resolution which imposed a Control Period on the County pursuant to the Act. It had determined that the County's proposed budget for fiscal year 2011 reflected a substantial likelihood that it would produce 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.

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

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

(b) *The Nassau County Tobacco Settlement Corporation* ("NCTSC") is a special purpose local development corporation incorporated under the provisions of the Not-for-Profit Corporation Law of the State of New York and is an instrumentality of, but separate and apart from the County. Although legally separate and independent of the County, NCTSC is considered an affiliated organization under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and reported as a blended component unit of the County for County financial reporting purposes and, accordingly, is included in the County's financial statements.

The NCTSC Board of Directors has three members, one of whom must meet certain requirements of independence: (i) one elected by a majority vote of the County Legislature, (ii) one, who must be the County Treasurer, *ex officio*, designated by the County Executive and (iii) one selected by (i) and (ii). As of December 31, 2011, 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Units (Continued)

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

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

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

The original 1999 purchase price paid by the NCTSC to the County under the Agreement consisted of: (i) the net proceeds of the sale of the 1999 Bonds and (ii) a 100% beneficial ownership interest in the Trust. The Agreement was amended and restated as of March 1, 2006. Under the amended Agreement, TSRs received from April 5, 2006 to March 31, 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 NHCC.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Units (Continued)

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

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

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

NCSSWFA did not issue debt in 2011.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Nassau Community College
One Education Drive
Garden City, NY 11530

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

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

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

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

Nassau County Tobacco Settlement Corp.
240 Old Country Road
Mineola, NY 11501

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

Nassau County Local Economic Assistance Corporation
1550 Franklin Avenue
Mineola, NY 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). 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, Police District Fund, Capital Fund, and Sewer and Storm Water District Fund is similar to that previously presented in the County's financial statements, although the format of financial statements has been modified by Statement No. 34. The issuance of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, further modifies the format of the governmental fund financial statements. The implementation of this Statement by the County as of December 31, 2011, resulted in the consolidation of several major and non-major funds, previously reported separately, into the General Fund or the Capital Fund.

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

The College prepares its financial statements in accordance with GASB Statement No. 35, *Basic Financial Statements — and Management's Discussion and Analysis — for Public Colleges and Universities — an amendment of GASB Statement No. 34.*

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Pronouncements (Continued)

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.

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

In February 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, 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 nonspendable, restricted, committed, assigned and unassigned, that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The County has implemented this Statement effective December 31, 2011, and the fund balance section of the governmental funds balance sheets has been modified accordingly. Governmental Fund Balances as of December 31, 2010, have been adjusted to reflect using the new classifications.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Pronouncements (Continued)

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 determined that there is no impact from Statement No. 59 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., and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other revenues not properly included among program revenues are reported as general revenues.

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

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

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. In accordance with the implementation of GASB Statement No. 54, which was effective for periods beginning after June 15, 2010, several major and non-major funds, which have been shown separately for reporting purposes prior to 2011, have been consolidated into the General Fund. The major funds previously shown separately but now consolidated into the General Fund are the Debt Service Fund, the Police Headquarters Fund, and the Fire Prevention, Safety, Communication and Education Fund. The non-major special revenue funds previously shown separately but now included in the General Fund are the Technology Fund, the Red Light Camera Fund, the Open Space Fund, and the Employee Benefit Accrued Liability Reserve Fund.

The General Fund now includes these functions:

- The payment of the principal of, and interest on, outstanding bonds and other long-term obligations of the County;

- Enforcement of the Nassau County Fire Prevention Ordinance, coordination of services to the County's Volunteer Fire Departments, investigation of arson and providing 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; and

- County-wide police services provided by the Police Headquarters for services not supplied by the local police districts.

In addition, non-major functions and activities that had previously been reported as separate funds have also been consolidated into the General Fund in accordance with Statement No. 54.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION (Continued)

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.

Capital Fund - This fund is used to account for the cost of County general improvement capital construction projects. Some of the major project initiatives included in this fund are aimed at enhancements to County buildings, rehabilitation of County roadways, drainage improvements, redevelopment of park facilities and major capital equipment purchases. Funding for these projects is primarily provided by the issuance of long term debt but also may be supplemented by Federal and State aid grant awards. Three non-major capital projects funds have been consolidated into the Capital Fund as a result of the County's implementation of GASB Statement No. 54. Those funds are the Sewer and Storm Water District Construction Fund, the Sewage Disposal District Construction Funds and the Sewage Collection Districts Construction Fund.

Additionally, the County reports the following fund type:

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

New Accounting Standards

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 also expands the use of the alternative measurement method to an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members. 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. However, the provisions of Statement No. 57 related to the use and reporting of the alternative measurement method, effective immediately upon issuance of the Statement in December 2009, are not applicable to the County, as the County is not an agent employer with fewer than 100 total plan members.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION (Continued)

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 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, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is effective for financial statements for periods beginning after December 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.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The adoption of this Statement is not expected to affect the results of operations or cash flows, however, it will result in changes to the presentation of the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION (Continued)

In June 2011, the GASB issued Statement No. 64, *Application of Hedge Accounting Termination Provisions-an amendment of GASB Statement No. 53*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. This Statement is effective for financial statements for periods beginning after June 15, 2011. The County has 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 GAAP: general long-term obligation principal and interest are reported only when due, vacation and sick leave when paid, pension costs when due, and judgments and claims when settled. Discretely presented component units proprietary funds are accounted for on the accrual basis of accounting. Their revenues are recognized in the period earned and expenses are recognized in the period incurred. Proprietary funds' unbilled services receivable are recognized as revenue.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)

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*.

In its accounting and financial reporting, the NHCC follows the pronouncements of the Governmental Accounting Standards Board ("GASB"). In addition, the NHCC has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board ("FASB"), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

C. BUDGETS AND BUDGETARY ACCOUNTING

An appropriated budget is legally adopted for each fiscal year for the General Fund, and each of the Special Revenue Funds, with the exception of NIFA, NCSSWFA, NCTSC, and the Grant 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 County Legislature.

During the fiscal year ended December 31, 2011, supplemental appropriations for the General Fund 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	$ 52,065
Grant Fund Appropriated Budgets	113,213
Total Supplemental Appropriations and Grant Fund Appropriated Budgets	$ 165,278

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

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

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

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

2. Public hearings are conducted to obtain public comments.

3. Budgets must be adopted by the County Legislature no later than October 30 of the prior year. (For the College, the budget is legally enacted on or before the third Monday in August).

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

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

D. ENCUMBRANCES

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

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits as well as highly liquid investments with original maturities of three months or less from the date acquired by the County or its component units, except for assets whose use has been restricted. In accordance

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. CASH AND CASH EQUIVALENTS (Continued)

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.

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

F. INVESTMENTS

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

G. CAPITAL ASSETS

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. DEPRECIATION

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

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

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

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

Nassau Regional Off-Track Betting Corporation - For capital improvement assets, depreciation and amortization are recorded over the assets' estimated useful lives using the straight-line method (5 to 20 years) and are charged directly against the assets. No charge to operations is recorded. For all other assets, depreciation and amortization are computed on the straight-line method and charged to operations over the assets' estimated useful lives (5 to 10 years). Leasehold improvements are amortized over the shorter of their estimated useful lives, or the remaining term of the leases, exclusive of renewal options.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. INVENTORIES AND PREPAID EXPENSES

Inventory on hand for the County is not significant and is recorded as an expenditure in the period purchased. The NHCC carries its inventories at the lower of cost or market, with cost being determined by the first-in, first-out method.

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

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

In accordance with GASB Statement No. 53, NIFA's derivative instruments, consisting of interest rate swap agreements, qualify as hedging derivative instruments and have been recorded at fair value, using the zero coupon methodology, in the Statement of Net 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 NIFA's Statement of Net Assets.

K. FUND EQUITY CLASSIFICATIONS

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. FUND EQUITY CLASSIFICATIONS (Continued)

Assigned - includes fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are considered neither restricted nor committed.

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

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

The County has a policy to set recommended levels of unreserved fund balance (now Assigned and Unassigned) of no less than four percent and no more than five percent of normal prior-year expenditures made from its internally defined General Fund and County-wide Special Revenue Funds. The policy stipulates that use of unreserved fund balance is restricted to: (i) non-recurring expenses that promote important policy objectives; or (ii) extraordinary operating and capital purposes that could not be anticipated and which otherwise cannot be financed with current revenues in the annual Operating Budget. At the year ended 2011, the fund balance level is 1.47% of 2010 normal, recurring expenditures. This is well below the County's self-imposed policy.

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

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

County employees receive vacation time, sick leave, and other benefits pursuant to the labor contract or County ordinance covering their terms of employment. The cash value of these accumulated unpaid employee benefits and the related employer costs (e.g., Social Security) has been accrued and reported with other long-term liabilities in the government-wide Statement of Net 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, 2011, any accumulated and unpaid benefits as of that date have been recorded in the government-wide Statement of Net Assets.

M. GRANTS AND OTHER INTERGOVERNMENTAL REVENUES

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. GRANTS AND OTHER INTERGOVERNMENTAL REVENUES (Continued)

In 2011, the County received $7.6 million from the U.S. Environmental Protection Agency ("EPA") as reimbursement for expenditures incurred in the 1970's through 1990's related to the installation of a lateral sewer system in the County. The EPA did not reimburse the expenditures at the time they were originally incurred and submitted, and the County was finally successful in obtaining reimbursement in 2011 for a portion of the original expenditures set aside by the EPA. The County is continuing to pursue reimbursement from the EPA for the remaining expenditures set aside.

The County determined that for reporting purposes, the expenses for certain grants were not reimbursable and therefore, an adjustment to the General Fund of $6.2 million was recorded in fiscal year 2011. This adjustment has been deemed immaterial in relation to the County's financial statements.

N. REAL PROPERTY TAX

County real property taxes are levied on or before the third Monday in December and recorded as a receivable on January 1, the first day of the fiscal year. They are collected in two semi-annual installments, payable on January 1 and July 1 by the town and city receivers of taxes together with the town and city tax levies, all of which become a lien on January 1. At year-end, adjustments are made for taxes that are estimated to be uncollectible, or collectible but not available soon enough in the next year to finance current period expenditures. The town receivers of taxes likewise collect real property taxes for all towns, school districts and special districts in the County, and return to the County after June 1 any uncollected taxes receivable. Pursuant to the Nassau County Administrative Code ("Administration Code"), the County assumes the burden of such uncollected taxes, and has the responsibility for their collection from the taxpayers. However, in October 2010, the Legislature repealed the provisions of this section of the Administrative Code to require that the jurisdiction that received the benefit of the taxes (or other levies or assessments) bear the cost of refunds, cancellations or credits of such taxes, levies or assessments. The local law, which took effective immediately, will be applied to assessment rolls that take effect April 2012 and thereafter.

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 2011 was $5.1 billion. The constitutional tax margin was $4.1 billion or approximately 80.7% of the maximum taxing authority in 2011.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. REAL PROPERTY TAX (Continued)

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

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

O. INTERFUND TRANSACTIONS

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

P. NOTES PAYABLE

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

Q. LONG-TERM LIABILITIES

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. ISSUANCE COSTS

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

S. CLAIMS AND CONTINGENCIES

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

T. RECLASSIFICATIONS

During the implementation of Statement No. 54, the County reclassified funds within the governmental funds category. Beginning fund balance for governmental funds as of January 1, 2011 was unchanged in total. The table below shows the adjustments of the December 31, 2010 fund balance for the County's governmental funds for the new fund balance classifications required by Statement No. 54.

	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
Fund Balance, as of December 31, 2010, as previously reported	**$163,234**	**$16,491**	**$**	**$ (138)**	**$3,668**	**$ (1,157)**	**$ 102,567**	**$197,643**	**$ 125,781**	**$ 608,089**
Nonmajor capital funds								29,272	(29,272)	
Nonmajor funds formerly reported as special revenue funds	3,591								(3,591)	
Major funds formerly reported as special revenue funds	(1,295)			138		1,157				
Debt service fund										
Total Changes in Fund Balance	2,296			138		1,157		29,272	(32,863)	
Fund Balance, as of December 31, 2010, restated	**$165,530**	**$16,491**	**$**	**$**	**$3,668**	**$**	**$ 102,567**	**$226,915**	**$ 92,918**	**$ 608,089**

U. USE OF ESTIMATES

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

2. DEPOSITS AND INVESTMENTS

At December 31, 2011, the carrying amount of the County's deposits was approximately $547 million, and the bank balance was $597.7 million. At December 31, 2011, total cash and cash equivalents amounted to $606.6 million in 2011, which consisted of approximately $606.6 million in money market interest bearing bank accounts at rates averaging 0.45% annually.

As of December 31, 2011, total investments amounted to $95.6 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, 2011, the County did not have any investments subject to credit risk or interest rate risk.

The following table summarizes the County's unrestricted cash (including Agency and Trust cash) and investment position at December 31, 2011; all investments mature in less than one year (dollars in thousands):

	Total	Cash and Cash Equivalents	Investments
Cash	$ 606,570	$ 606,570	$
Treasury Notes and Investments	95,554		95,554
Totals	$ 702,124	$ 606,570	$ 95,554
Governmental Funds	$ 642,514	$ 546,960	$ 95,554
Fiduciary Funds	59,610	59,610	
Totals	$ 702,124	$ 606,570	$ 95,554

The County maintains a consolidated disbursement account with a financial institution on behalf of the College. At August 31, 2011, the College had a cash balance of $51.6 million, and the bank balance was $35.4 million. The bank balance is covered by Federal Depository Insurance or by collateral consisting of obligations of the United States Government held by the County's agent in the County's name.

At August 31, 2011, the carrying amount (fair value) of the College's investments was $7.4 million.

3. DUE FROM OTHER GOVERNMENTS

The account "Due from Other Governments" at December 31, 2011 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	$ 226,916	$ 81,029	$ 145,887
Sewer and Storm Water	131	112	19
Capital Fund	19,814	19,814	
Nonmajor Governmental	15,481	13,823	1,658
Totals	$ 262,342	$ 114,778	$ 147,564

* Includes $11,742 of sales taxes receivable at December 31, 2011.

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. During 2011, the County entered into an agreement with a third party to assign the bulk of the Tax Sales Certificates and their related subsequent taxes. The net book value of the liens, and related taxes, transferred as of the transfer date of September 23, 2011 was $7.4 million. The County will receive a share of the redemption amount of each lien as it is redeemed.

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Receivables, Payables and Transfers

The individual fund Interfund Receivables and Interfund Payables as of December 31, 2011 are reconciled as follows (dollars in thousands):

December 31, 2011	General Fund	NIFA General Fund	Police Districts Fund	Sewer & Storm Water District Fund	Capital Fund	Nonmajor Funds	Total
INTERFUND RECEIVABLE							
General Fund	$	$	$ 11,890	$	$ 459	$ 471	$ 12,820
NIFA General	89,608					17,565	107,173
Police District	39,524				3,541		43,065
Sewer & Storm District	29,281				213		29,494
Capital Fund	84,733						84,733
Nonmajor Funds	11,695	3	495		61		12,254
TOTAL RECEIVABLE	$ 254,841	$ 3	$ 12,385	$	$ 4,274	$ 18,036	$ 289,539
INTERFUND PAYABLE							
General Fund	$	$ (89,608)	$ (39,524)	$ (29,281)	$ (84,733)	$ (11,695)	$ (254,841)
NIFA General						(3)	(3)
Police District	(11,890)					(495)	(12,385)
Sewer & Storm District							
Capital Fund	(459)		(3,541)	(213)		(61)	(4,274)
Nonmajor Funds	(471)	(17,565)					(18,036)
TOTAL PAYABLE	$ (12,820)	$(107,173)	$ (43,065)	$ (29,494)	$ (84,733)	$ (12,254)	$ (289,539)

2011	Transfers In:				
Transfers Out:	General Fund	Police District	Sewer & Storm District	Nonmajor Funds	Total
General Fund	$	$ 3,845	$ 533	$ 61	4,439
Police District	1,750				1,750
Sewer & Storm District	12,594				12,594
Capital Fund	13,150		203		13,353
Nonmajor Funds	8,468				8,468
TOTAL	$ 35,962	$ 3,845	$ 736	$ 61	$ 40,604

* Interfund transactions are described in Note 1(O)

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

A. Interfund Receivables, Payables and Transfers (Continued)

The outstanding balances between funds result primarily from the time lag between the date the reimbursement is received and the date the interfund goods and services are provided.

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

The total amounts shown as Due to Primary Government and Due from/to Component Units (discretely presented) at December 31, 2011 do not offset each other as they include accounts of the College at the end of their fiscal year on August 31, 2011, and the NHCC, which has timing differences with the County. The following reconciles the December 31, 2011 amount by carrying forward the College transactions affecting these accounts from September 1, 2011 through December 31, 2011 and the NHCC for the timing differences.

Dollars in Thousands		2011
Net Due from Primary Government (Exhibit X-1), Component units		$ 14,823
Nassau Community College Transactions from September 1, to December 31:		
Increase in due from Capital Fund	(3,311)	
(Decrease) in due to ATF	(5,519)	
Increase in due from Grant Fund	916	
Subtotals		(7,914)
Nassau Health Care Corporation		
Net Change in Encumbrances		(16,117)
Due From Component Units - Fiducuary per Balance Sheet: (Exhibit X-10)		5,472
Due From Component Units - Governmental per Balance Sheet (Exhibit X-1)		3,736
Due to Component Units - Fiduciary and Governmental		$ (14,823)

7. DEFERRED CHARGES

NCTSC Deferred Charges

Deferred charges, created as a result of the issuance of the NCTSC's 2006 Serial Bonds and the deferral of cost from purchase of the future TSRs, as of December 31, 2011 are as follows (dollars in thousands):

Cost of Issuance	$	1,519
Original issue discount		9,011
Underwriter's discount		3,836
Loss on defeasance		18,869
Total cost of issuance		33,235
Less: related amortization		(6,231)
Deferred charges, net - cost of issuance	$	27,004
Purchase of TSRs	$	387,765
Less: related amortization		(59,792)
Deferred charges, net - purchase of TSRs	$	327,973

Total amortization expense for the cost of issuance and purchase of TSRs for the year ended December 31, 2011 totaled $1.0 million and $12.0 million, respectively.

8. CAPITAL ASSETS

The following schedule for the 2011 capital assets is reconciled to the 2011 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	$ 642,026	$	$ 642,026
Depreciable Capital Assets	2,152,539	1,348,671	3,501,210
Accumulated Depreciation	(1,261,901)	(305,369)	(1,567,270)
Capital Assets - Net	1,532,664	1,043,302	2,575,966
Outstanding Related Debt	(739,506)	(154,595)	(894,101)
Invested In Capital Assets, Net of Related Debt	$ 793,158	$ 888,707	$ 1,681,865

8. CAPITAL ASSETS (Continued)

Activity for capital assets, reconciled to the 2011 amount reported in Exhibit X-1, is summarized below (dollars in thousands):

Primary Government	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 231,550	$ 1,003	$	$ 232,553
Intangible - Land Dev Rights	8,804			8,804
Construction in progress	367,391	87,363	54,085	400,669
Total capital assets, not being depreciated:	607,745	88,366	54,085	642,026
Capital assets, being depreciated:				
Land Improvements	78,679	1,879		80,558
Buildings	999,135	22,698		1,021,833
Equipment	504,813	28,955	2,073	531,695
Infrastructure	1,712,419	154,705		1,867,124
Total capital assets, being depreciated	3,295,046	208,237	2,073	3,501,210
Total capital assets	3,902,791	296,603	56,158	4,143,236
Less accumulated depreciation:				
Land Improvements	44,667	3,467		48,134
Buildings	354,030	24,603		378,633
Equipment	364,082	32,568	1,969	394,681
Infrastructure	685,470	60,352		745,822
Total accumulated depreciation	1,448,249	120,990	1,969	1,567,270
Total capital assets, being depreciated, net	1,846,797	87,247	104	1,933,940
Governmental activities capital assets, net	$ 2,454,542	$ 175,613	$ 54,189	$ 2,575,966

8. CAPITAL ASSETS (Continued)

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

Primary Government	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 231,550	$ 1,003	$	$ 232,553
Intangible - Land Dev Rights	8,804			8,804
Construction in progress	367,391	87,363	54,085	400,669
Total capital assets, not being depreciated:	607,745	88,366	54,085	642,026
Capital assets, being depreciated:				
Land Improvements	78,679	1,879		80,558
Buildings	672,808	22,574		695,382
Equipment	502,607	28,609	2,073	529,143
Infrastructure	821,392	26,064		847,456
Total capital assets, being depreciated	2,075,486	79,126	2,073	2,152,539
Total capital assets	2,683,231	167,492	56,158	2,794,565
Less accumulated depreciation:				
Land Improvements	44,667	3,467		48,134
Buildings	293,555	15,118		308,673
Equipment	363,384	32,240	1,969	393,655
Infrastructure	486,706	24,733		511,439
Total accumulated depreciation	1,188,312	75,558	1,969	1,261,901
Total capital assets, being depreciated, net	887,174	3,568	104	890,638
Governmental activities capital assets, net	$ 1,494,919	$ 91,934	$ 54,189	$ 1,532,664

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	$ (54,085)	$	$ (54,085)
Additions to Capital Assets:			
Capital Assets being Depreciated			
Land Improvements	$ 1,879	$	$ 1,879
Land	1,003		1,003
Buildings	22,574	124	22,698
Infrastructure	26,064	2,441	28,505
	$ 51,520	$ 2,565	$ 54,085

Depreciation expense was charged to functions of the County for the fiscal year ended December 31, 2011 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	1,572	791		2,423
Protection of Persons	9	1,879	6,886		8,774
Health		113	254		367
Public Works	55	262	2,999	23,522	26,838
Recreation and Parks	3,198	2,293	295	1,211	6,997
Social Services	60	185	38		283
Corrections		4,582	369		4,951
Other Expenditures/MSBA		660	9,258		9,918
Metropolitan Transportation Authority			11,083		11,083
Misc. Unclassified	5	2,335			2,340
Total Depreciation Expense	$ 3,467	$ 15,118	$ 32,240	$ 24,733	$ 75,558

8. CAPITAL ASSETS (Continued)

Sources of funding of the general capital assets at December 31, 2011 were as follows (dollars in thousands):

Long Term Serial Bonds	$ 2,358,666
Temporary Financing and Bond Anticipation Notes	59,921
Federal Grants	31,456
New York State Grants	94,497
General Fund Revenues	119,073
Special Revenue Fund Revenues	59,968
Gifts	27,755
Acquisitions prior to December 31, 1985	37,772
Capitalized Lease	5,457
Total Funding Sources	$ 2,794,565

General capital assets of the County by function at December 31, 2011 were as follows (dollars in thousands):

Legislative	$ 331
Judicial	81,634
General Administration	227,393
Protection of Persons	177,179
Health	8,311
Public Works	2,238,763
Recreation and Parks	242,545
Social Services	26,205
Corrections	193,599
Other Expenditures/MSBA	203,968
Metropolitan Transportation Authority	140,040
Misc. Unclassified	193,795
Construction in Progress	400,669
Intangible Assets	8,804
Total	4,143,236
Less: Accumulated Depreciation	1,567,270
Total Net Capital Assets	$ 2,575,966

Total combined capital assets of the County (in thousands), including its blended component unit, NCSSWFA as of December 31, 2011, is $4.1 billion with accumulated depreciation of $1.6 billion.

8. CAPITAL ASSETS (Continued)

NCSSWFA Capital Assets

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

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

	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011
Capital assets				
Buildings	$ 326,327	$ 124	$	$ 326,451
Equipment	2,206	346		2,552
Infrastructure	891,027	128,641		1,019,668
Total Capital Assets	1,219,560	129,111		1,348,671
Less Accumulated Depreciation:				
Buildings	60,475	9,485		69,960
Equipment	698	328		1,026
Infrastructure	198,764	35,619		234,383
Total Accumulated Depreciation	259,937	45,432		305,369
Capital Assets - net	$ 959,623	$ 83,679	$	$ 1,043,302

8. CAPITAL ASSETS (Continued)

Nassau Community College Capital Assets

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

	Balance September 1, 2010	Additions	Reductions	Balance August 31, 2011
Capital Assets Not Being Depreciated				
Land	$ 2,733	$	$	$ 2,733
Library	983	25		1,008
Total Capital Assets, Not Being Depreciated	3,716	25		3,741
Capital Assets Being Depreciated				
Land Improvements	1,796	2,279		4,075
Infrastructure	4,995	4,213		9,208
Buildings	173,453	21,046		194,499
Building Improvements	34,666	1,882		36,548
Equipment	7,314	531	396	7,449
Total Capital Assets, Being Depreciated	222,224	29,951	396	251,779
Total Capital Assets	225,940	29,976	396	255,520
Less Accumulated Depreciation:				
Land Improvements	903	114		1,017
Infrastructure	1,432	399		1,831
Buildings	86,776	3,156		89,932
Building Improvements	17,459	1,672		19,131
Equipment	5,952	584	379	6,157
Total Accumulated Depreciation	112,522	5,925	379	118,068
Net Capital Assets Being Depreciated	109,702	24,026	17	133,711
Capital Assets - net	$ 113,418	$ 24,051	$ 17	$ 137,452

8. CAPITAL ASSETS (Continued)

Nassau Community College Capital Assets ***(Continued)***

Capital assets of the Faculty-Student Association, the Component unit of the College as of August 31, 2011 consisted of the following (dollars in thousands):

	Balance August 31, 2011
Furniture and equipment	$ 385
Vans	237
	622
Less accumulated depreciation	(444)
Total Capital assets (net)	$ 178

Total depreciable capital assets of the College and Faculty-Student Association, the component unit of the College as of August 31, 2011, was $252 thousand with accumulated depreciation of $118 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. Other leased property, not having elements of ownership, are classified as operating leases. Both capital and operating lease payments are recorded as expenditures when payable. Total expenditures on such leases for the fiscal year ending December 31, 2011 were approximately $8.5 million.

9. LEASES (Continued)

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

	Capital Lease	Operating Leases	Total Capital & Operating Leases
Governmental Activities			
Fiscal Year ending December 31:			
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	834	7,361	8,195
2017-2021	4,367		4,367
2022-2025	3,348		3,348
Future Minimum Payment:	11,767	$ 36,621	$ 48,388
Less: Interest	6,416		
Present value of future Minimum lease payments	$ 5,351		

The County also leases County-owned property to others and the leases are classified as operating leases. Total rental revenue on these leases for 2011 was $2.6 million.

As of December 31, 2011, the following future minimum rentals are provided for by the leases (dollars in thousands):

Fiscal year ending December 31:	Operating Leases (in thousands)
2012	$ 2,590
2013	2,590
2014	2,525
2015	2,347
2016	1,354
2017-2021	3,522
2022-2026	1,591
Total	$ 16,519

9. LEASES (Continued)

These leases are for land and buildings with the total cost and carrying amount of $4.7 million for land, and the original cost of $19.8 million, which has been fully depreciated for buildings at December 31, 2011.

10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS

County of Nassau Notes Payable

On May 25, 2011, the County issued Series A and Series B Revenue Anticipation Notes in the amount of $155 million and $75 million, respectively, to finance cash flow needs within the County. The Series A notes were offered in two tranches, $35 million bear interest at 2%, and $120 million bear interest at 3%. These notes matured March 30, 2012. The Series B notes bear interest at 3.5% and matured April 30, 2012.

On December 13, 2011, the County issued Series A and Series B Tax Anticipation Notes in the amount of $145 million and $85 million, respectively, to finance cash flow needs within the County. The Series A notes bear interest at 2.5%, and mature September 30, 2012. The Series B notes bear interest at 2.5% and mature October 31, 2012.

During 2011, 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, January 1, 2011	Additions	Reductions	Balance, December 31, 2011
General Fund:				
Tax Anticipation Notes - (2.5% issued 2011, maturity dates in 2012)	$ 270,000	$ 230,000	$ 270,000	$ 230,000
Revenue Anticipation Notes - (2.0% to 3.5% issued in 2011, maturity dates in 2012)	210,000	230,000	210,000	230,000
Total General Fund	$ 480,000	$ 460,000	$ 480,000	$ 460,000

Long – Term Obligations

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

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

Long – Term Obligations *(Continued)*

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

	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011	Due Within One Year
General Long-Term Obligations					
Debt:					
General Obligation County Bonds - (2.00% to 11.50%, issued in 1981 through 2011, maturity dates 2011 through 2039)	$ 1,157,574	$ 76,409	$ 68,238	$ 1,165,745	$ 56,588
Sewage purpose bonds - (3.50% to 6.00%, issued in 1993 through 2009, maturity dates 2013 through 2039) - County	77,755		8,995	68,760	7,455
State Water Pollution Control Revolving Fund revenue bonds - (2.70% to 7.10%, issued in 1991 through 2005, maturity dates 2011 through 2034) - County	121,169		9,084	112,085	9,223
Total Serial Bonds - County	1,356,498	76,409	86,317	1,346,590	73,266
Sales Tax Secured Bonds -NIFA, various interest rates % and maturity dates	1,648,185		119,745	1,528,440	144,580
Nassau County Sewer and Storm Water Finance Authority System Revenue Bonds, Series 2004B & Series 2008A (various interest rates, 2012-2028)	161,955		7,360	154,595	7,800
Tobacco Settlement Asset-Backed Bonds, Series 2006 (various interest rates % and maturity dates)	446,382	5,406		451,788	
Total Serial Bonds - NIFA, NCSSWFA, NCTSC	2,256,522	5,406	127,105	2,134,823	152,380
Total Serial Bonds	3,613,020	81,815	213,422	3,481,413	225,646
Other:					
Derivative instruments - interest rate swaps	53,229	31,407		84,636	
Deferred Bond Premium/Discount (net of amortization)	118,770	9,323	24,175	103,918	
Deferred Revenue	24,952	64,551		89,503	38,070
Accrued Vacation and Sick Pay	538,019	34,266	25,086	547,199	25,959
Deferred Payroll	86,360	23,719	26,884	83,195	19,619
Estimated Liability for Workers' Compensation	276,679	37,096	25,019	288,756	31,074
Estimated Tax Certiorari Payable	152,314	134,691	64,112	222,893	75,000
Estimated Liability for Litigation & Malpractice Claims	225,000	76,583	6,583	295,000	18,714
Capital Lease Obligations	5,426		75	5,351	97
Other Liabilities	14,366		32	14,334	
Postemployment Retirement Benefits Liability	3,856,129	852,679		4,708,808	
Total Other	5,351,244	1,264,315	171,966	6,443,593	208,533
Total General Long-Term Obligations	$ 8,964,264	$ 1,346,130	$ 385,388	$ 9,925,006	$ 434,179

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

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

The proceeds from the issuance of long-term serial bonds by the County and its blended component units are used to fund various purposes including, capital asset purchases, tax certiorari and, other suits and damages claims, termination pay disbursements and the purchase of non-capitalizable equipment. For the year-ended December 31, 2011, total serial bonds outstanding were $3.5 billion of which $2.6 billion were utilized to pay approximately: $1.1 million in tax certiorari claims; $0.4 billion for bonded operating expenses; $1.0 billion for the purchase of non-capitalizable equipment; and $0.1 billion for debt on capital assets of the NHCC and its affiliates that are no longer the County's assets. The remaining outstanding debt of approximately $0.9 billion is related to capitalizable assets.

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

The annual requirements and sources to amortize the County's General Obligation serial bonds payable as of December 31, 2011 are as follows (dollars in thousands):

	Debt Service Requirements			Sources		
Year Ending	Principal	Interest	Total	General County Budgets	Sewer District Budgets	Total
2012	$ 73,266	$ 63,915	$ 137,181	$ 111,474	$ 25,707	$ 137,181
2013	71,571	60,791	132,362	109,713	22,649	132,362
2014	68,161	57,709	125,870	104,588	21,282	125,870
2015	70,349	54,905	125,254	105,504	19,750	125,254
2016	65,137	51,960	117,097	100,559	16,538	117,097
2017-2021	350,096	220,505	570,601	497,834	72,767	570,601
2022-2026	318,883	132,086	450,969	404,570	46,399	450,969
2027-2031	177,584	69,347	246,931	226,332	20,599	246,931
2032-2036	121,983	27,885	149,868	139,045	10,823	149,868
2037-2039	29,560	2,377	31,937	28,948	2,989	31,937
Total	$ 1,346,590	$ 741,480	$ 2,088,070	$ 1,828,567	$ 259,503	$ 2,088,070

The County's legal debt margin was approximately $21.5 billion and total long-term obligation bonds authorized but unissued for general County and sewage district purposes were approximately $1,357.5 million at December 31, 2011. Authorized but unissued long-term obligation bonds for general County purposes include approximately $192.8 million to finance property tax refunds. Under the current NIFA control period, all unissued County borrowings require NIFA approval. In connection with this authorization for borrowing to finance property tax refunds, the County legislature must also authorize the spending of these proceeds.

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

NIFA Long-Term Debt

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

	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011	Due within one year	Non-current
Bonds payable:						
Sales tax secured bonds payable	$ 1,648,185		$ (119,745)	$ 1,528,440	$ 144,580	$ 1,383,860
Premiums	67,779		(5,010)	62,769		62,769
Total bonds payable	1,715,964		(124,755)	1,591,209	144,580	1,446,629
OPEB liability	1,046	88		1,134		1,134
Compensated absences	259	21		280		280
Total long term debt	$ 1,717,269	$ 109	$ (124,755)	$ 1,592,623	$ 144,580	$ 1,448,043

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, 2011, NIFA had outstanding sales tax secured bonds in the amount of $1.5 billion maturing through the year 2025, of which $928 million are fixed rate and $600 million are hedged variable rate. Other than a possible refunding of its debt if market conditions permit, NIFA has no plans or authority to issue additional bonds, except to cover the costs of issuance incurred in connection with the refunding of its bonds.

Fixed Rate Bonds - NIFA has outstanding fixed rate bonds at rates ranging between 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 (-debt service set aside") in NIFA's financial statements in any year will not be the same as the debt service on the bonds paid to bondholders in that year.

Variable Rate Bonds - Interest rates on the variable rate bonds are currently reset weekly by remarketing agents at the minimum rate necessary for the bonds to have a market value equal to the principal amount. Interest rates are set separately for each series of variable rate bonds. The variable rate bonds are in most circumstances subject to tender at the option of the bondholder. Payment of the purchase price of eligible

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

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

Series 2008 A-E bonds are subject to optional or mandatory tender for purchase and if not remarketed by the remarketing agent, payment will be made under and pursuant to, and subject to the terms, conditions and provisions of liquidity facility agreements. The liquidity facility agreements currently in effect are slated to expire between April 30, 2013 and November 15, 2025 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 periods varying between three and five years. If this was to occur, annual Authority debt service expense would increase substantially. A debt service account has been established under the indenture to provide for the payment of principal of bonds outstanding under the indenture. The Trustee makes monthly deposits to the debt service account for principal debt service requirements. Additionally, the Trustee makes monthly interest payments.

Aggregate debt service to maturity as of December 31, 2011, is as follows (dollars in thousands):

Years Ending December 31,	Principal	Interest*	Total
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	136,155	37,233	173,388
2017-2021	579,705	110,085	689,790
2022-2025	217,615	18,313	235,928
	$ 1,528,440	$ 380,480	$ 1,908,920

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

In 2011, the only major transactions that that affected NIFA's bonds was the replacement or renewal of the standby bond purchase agreements with JPMorgan Chase Bank, National Association in connection with NIFA's 2008A Bonds; KBC Bank N.V., New York Branch in connection with NIFA's 2008B Bonds; and Bank of America, NA in connection with NIFA's 2008D-1 Bonds. The new agreements expire on May 15, 2014, May 15, 2014, and June 1, 2014, respectively.

DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS

Derivative instruments, which consist of interest rate swap agreements, have been reported at fair value as of December 31, 2011. As the interest rate swap agreements qualify as a hedging derivative instrument, the fair value has been recorded as a deferred outflow of resources.

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

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

DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS (Continued)

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

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

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

- $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")

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

NIFA Long-Term Debt (Continued)

DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS (Continued)

Fair Value - Replacement interest rates on the swaps, as of December 31, 2011 are reflected in the chart entitled "Derivative instruments - Interest Rate Swap Valuation" (the "Chart"). As noted in the Chart, replacement rates were lower than market interest rates on the effective date of the swaps. Consequently, as of December 31, 2011, the swaps had negative fair values. In the event there is a positive fair value, NIFA would be exposed to the credit risk of the counterparties in the amount of the swaps' fair value should the swap be terminated.

The total value of each swap, including accrued interest, is provided in the chart. The total value of each swap listed represents the theoretical value/(cost) to NIFA if it terminated the swap as of the date indicated, assuming that a termination event occurred on that date. Negative fair values may be offset by reductions in total interest payments required under the related variable interest rate bonds. The market value is calculated at the mid-market for each of the swaps. Fair values were estimated using the zero coupon methodology. This methodology calculates the future net settlement payments under the swap agreement, assuming the current forward rates implied by the yield curve correctly anticipate future spot rates. These payments are then discounted using rates derived from the same yield curve. As of December 31, 2011, the total market-to-market valuation of NIFA's swaps, including accrued interest, was negative $84,636,000. 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 anyone 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.

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

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

DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS (Continued)

Counterparty	Dollars in millions	Notional percentage
GSMMDP	$ 275	45.8%
UBS AG	275	45.8%
MSCS	50	8.4%
	$ 600	100.0%

NIFA insured its performance in connection with the swaps originally associated with the Series 2004 B-G bonds with Ambac Assurance Corporation (“Ambac"), which is rated Caa2/R (Moody's/S&P/Fitch), including NIFA termination payments. NIFA's payments to the counterparties on the swaps originally associated with the Series 2004 I-K bonds are insured with CDC IXIS Financial Guaranty North America, Inc. (“CIFG NA”), which is rated WR/NR/NR (Moody's/S&P/Fitch); however, termination payments from NIFA are not guaranteed except on NIFA's swap with UBS AG, where it is guaranteed up to a maximum of $2 million.

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

NIFA is exposed to basis risk on the swaps. NIFA is paying a fixed rate of interest to the counterparties and the counterparties are paying a variable rate to NIFA represented by a percentage of the One-Month 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.

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

NIFA Long-Term Debt *(Continued)*

DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS (Continued)

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.

- *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, 2011, the aggregate fair value of all hedging derivative instrument agreements whose terms contain such collateral provisions is $84.6 million. If the collateral posting requirements had been triggered at December 31, 2011, NIFA would have been required to post $27.6 million in collateral to UBS AG if NIFA's credit rating was A3/A-. NIFA would have been required to post $12.6 million in collateral to GSMMDP, $37.6 million in collateral to UBS AG and $9.5 million in collateral to MSCS if NIFA's credit rating was Baa1/BBB+. NIFA would have been required to post $27.6 million in collateral to GSMMDP, $37.6 million in collateral to UBS AG and $9.5 million in collateral to MSCS if NIFA's credit rating was Baa2/BBB. NIFA would have been required to post $37.6 million in collateral to GSMMDP, $37.6 million in collateral to UBS AG, and $9.5 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, 2011, NIFA's Derivative Instrument - 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	1.190%	1.189%	0.778%	1.190%	1.189%	0.775%	1.423%	1.423%	1.423%	
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	$ (4,364)	$ (4,362)	$ (751)	$ (4,364)	$ (4,362)	$ (707)	$ (4,166)	$ (4,166)	$ (4,166)	$ (31,407)
Net Accrued	$ (283)	$ (285)	$ (283)	$ (283)	$ (285)	$ (279)	$ (207)	$ (207)	$ (207)	$ (2,319)
Net Present Value	(10,550)	(10,555)	(6,102)	(10,550)	(10,555)	(6,115)	(9,297)	(9,297)	(9,297)	$ (82,317)
Total Fair Value of Swap	$ (10,833)	$ (10,840)	$ (6,386)	$ (10,833)	$ (10,840)	$ (6,395)	$ (9,504)	$ (9,504)	$ (9,504)	$ (84,636)

(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, 2011, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, is shown below. As rates change over time, variable-rate bond interest payments and net swap payments will change.

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

Years Ending	Variable-Rate Bonds		Interest Rate	
December 31,	Principal	Interest	Swaps, Net	Total
2012	$	$ 2,506	$ 16,791	$ 19,297
2013	31,100	2,472	16,698	50,270
2014	45,300	2,305	15,857	63,462
2015	31,725	2,141	14,740	48,606
2016	61,275	2,039	13,826	77,140
2017-2021	333,025	6,841	42,171	382,037
2022-2025	97,575	179	6,049	103,803
Total	$ 600,000	$ 18,483	$ 126,132	$ 744,615

NCSSWFA Long-Term Debt

The NCSSWFA issued System Revenue Bonds, where the NCSSWFA pledges income derived from the acquired or constructed assets to pay debt service.

The 2008 Series A revenue bonds (the “2008A Bonds”) mature at various dates through 2028 and bear interest at rates ranging from 3.2% to 5.275%. Berkshire Hathaway Assurance Corporation has provided a financial guarantee insurance policy totaling $120.8 million. This policy guarantees the payment of principal and interest on 2008A Bonds maturing January 1, 2014 through January 1, 2028.

The 2004 Series B revenue bonds (the “2004B Bonds”) mature at various dates through 2024 and bear interest at rates ranging from 2.5% to 5.0%. MBIA Insurance Corporation has provided a financial guarantee insurance policy, which guarantees the scheduled payment of principal and interest of the 2004B Bonds.

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

During 2011, the County issued 2011 Series A bonds, with which a portion of the proceeds will be used to finance sewer and storm water related projects. Additionally, during 2011, the NCSSWFA obtained additional information related to the outstanding debt associated with the System since the date of the NCSSWFA’s inception and additional debt was allocated to the NCSSWFA. These transactions resulted in an additional amount due to the County for related debt service totaling $16.0 million.

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

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

2004B and 2008A Bonds

Aggregate debt service to maturity as of December 31, 2011 is as follows (dollars in thousands):

Years Ending	Principal	Interest	Total
2012	$ 7,800	$ 7,679	$ 15,479
2013	7,955	7,310	15,265
2014	8,425	6,956	15,381
2015	8,545	6,607	15,152
2016	8,980	6,252	15,232
2017 - 2021	50,450	24,350	74,800
2022 - 2026	46,485	10,959	57,444
2027 - 2028	15,955	1,297	17,252
Total	$ 154,595	$ 71,410	$ 226,005

Aggregate amounts due to the County for debt issued on behalf of NCSSWFA have debt service to maturity as of December 31, 2011 of the following (dollars in thousands):

Years Ending December 31,	Total Principal	Total Interest	Total	Payments to be made by NIFA	Cash Requirements of NCSSWFA
2012	$ 22,954	$ 14,686	$ 37,640	$ (5,824)	$ 31,816
2013	20,145	13,591	33,736	(5,223)	28,513
2014	19,944	12,607	32,551	(5,502)	27,049
2015	18,325	11,673	29,998	(4,517)	25,481
2016	16,260	10,861	27,121	(5,071)	22,050
2017 - 2021	79,903	43,159	123,062	(22,150)	100,912
2022 - 2026	58,956	23,169	82,125	(6,854)	75,271
2027 - 2028	31,447	12,137	43,584		43,584
Thereafter	28,132	4,998	33,130		33,130
Total	$ 296,066	$ 146,881	$ 442,947	$ (55,141)	$ 387,806

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

NCTSC Long-Term Debt

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

NCTSC used the proceeds from the Series 2006 Bonds, along with other funds, to: (i) refund all of the 1999 Bonds then-currently outstanding in the aggregate principal amount of $272.1 million; (ii) fund a Senior Liquidity Reserve for the Series 2006 Senior Bonds of $24.0 million; (iii) pay the costs of issuance of the Series 2006 Bonds; (iv) fund certain projected requirements for the Operating Account; (v) fund interest on the Series 2006 Bonds through the December 1, 2007 payment; and (vi) pay certain amounts to the NCTSC Residual Trust as registered owner of the Residual Certificate. Pursuant to the Indenture, TSRs paid on or after April 1, 2009, are subject to the lien of the Indenture. Interest paid on these bonds in 2011 totaled $19.3 million.

Any additional revenues received above the required debt service payments are required to fund sinking fund installments and/or Turbo Redemptions. NCTSC did not receive sufficient TSRs to make the required debt service payment of $19.3 million against its Series 2006 Bonds during 2011. NCTSC withdrew $628 thousand from the Senior Liquidity Reserve Account to pay a portion of the interest payment on the Bonds due December 1, 2011.

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

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

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

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

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

Bonds outstanding at December 31, 2011, are as follows (dollars in thousands):

Description	Original Date Issued	Original Amount	Interest Rate	Maturity Date	Amount Outstanding	Amount Outstanding Including Acc. Interest
2006A1	4/5/2006	$ 42,645	6.83%	6/1/2021	$ 31,740	$ 31,740
2006A2	4/5/2006	37,906	5.25%	6/1/2026	37,906	44,640
2006A3(2035)	4/5/2006	97,005	5.00%	6/1/2035	97,005	97,005
2006A3(2046)	4/5/2006	194,535	5.13%	6/1/2046	194,535	194,535
2006B	4/5/2006	10,670	5.80%	6/1/2046	10,670	14,815
2006C	4/5/2006	9,867	6.00%	6/1/2046	9,867	13,854
2006D	4/5/2006	37,604	6.40%	6/1/2060	37,604	53,985
2006E	4/5/2006	802	7.35%	6/1/2060	802	1,214
					$ 420,129	$ 451,788

The following table summarizes NCTSC's minimum future debt service requirements as of December 31, 2011 (dollars in thousands):

Year Ending	Principal	Interest	Total Debt Service
2012	$	$ 19,332	$ 19,332
2013		19,332	19,332
2014		19,331	19,331
2015		19,332	19,332
2016		19,332	19,332
2017-2021	31,739	95,574	127,313
2022-2026	37,906	91,381	129,287
2027-2030		74,101	74,101
2032-2036	97,005	66,825	163,830
2037-2041		49,850	49,850
2042-2046	215,072	236,292	451,364
2047-2051			
2052-2056			
2057-2060	38,407	1,141,808	1,180,215
	$ 420,129	$ 1,852,490	$ 2,272,619

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

Nassau Community College Long-Term Debt

Long-term liability activity for the year ended August 31, 2011 follows (dollars in thousands):

	Balance 2010	Additions	Reductions	Balance 2011	Current Portion
General obligation bonds	$ 17,715	$ 22,497	$ 1,676	$ 38,536	$ 1,066
Dormitory Authority-State of NY bonds	36,607	2	1,703	34,906	1,451
Endo note payable	912		22	890	24
Litigation liability	400	5	80	325	
Postemployment retirement benefits payable	296,131	29,091	8,026	317,196	
Insurance reserve liability	1,984	4		1,988	
Deposits held in custody for others	1,660	1		1,661	
Deferred bond premium	2,004		138	1,866	
Liability for future pension expense	1,333			1,333	
Accrued compensated absences	53,907		1,647	52,260	1,140
Total long-term liabilities	$ 412,653	$ 51,600	$ 13,292	$ 450,961	$ 3,681

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 has issued general obligation serial bonds for various College construction projects. The amount of serial bonds outstanding at August 31, 2011, is $38.5 million and principal is scheduled to mature from 2012 to 2039. 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, 2011, 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
2012	$ 1,451	$ 1,066	$ 23	$ 2,540
2013	1,504	1,489	25	3,018
2014	1,560	1,193	28	2,781
2015	1,944	1,219	30	3,193
2016	2,181	1,239	32	3,452
2017-2021	11,660	6,756	207	18,623
2022-2026	6,949	7,178	308	14,435
2027-2031	3,924	7,937	237	12,098
2032-2036	2,359	9,372		11,731
2037-2040	1,374	1,087		2,461
Total	$ 34,906	$ 38,536	$ 890	$ 74,332

Interest Year Ending August 31,	DASNY	General Obligations	Endo Note	Total
2012	$ 1,727	$ 1,945	$ 70	$ 3,742
2013	1,680	1,937	68	3,685
2014	1,628	1,877	66	3,571
2015	1,569	1,830	64	3,463
2016	1,486	1,781	62	3,329
2017-2021	5,787	8,121	262	14,170
2022-2026	2,992	6,576	162	9,730
2027-2031	1,645	4,700	29	6,374
2032-2036	759	1,867		2,626
2037-2040	157	102		259
Total	$ 19,430	$ 30,736	$ 783	$ 50,949

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

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

Interest on the DASNY and General Obligation bonds range from 2.5% to 6% and from 3.25% to 6%, respectively. The current amortization expense for the deferred financing costs for these bonds is $227 thousand.

During fiscal 2011, DASNY issued State of New York Consolidated Service Contract Revenue Refunding Bonds, Series 2010 par amount $4.6 million of which $2 thousand, were allocated to the College.

In December 2010, the County issued $125 million General Obligation Bonds Series E and F, of which $16.9 million were earmarked for the various College construction projects. In May 2011, the County issued $82.0 million General Improvement Bonds Series A, of which $5.6 million were earmarked for the various College construction projects.

NHCC Notes Payable

In March 2011, the NHCC issued $55.7 million of taxable 2011 Revenue Anticipation Notes that were due in December 2011. The notes were repaid in full in December 2011.

NHCC Long-Term Debt

The NHCC's long-term debt at December 31, 2011 consisted of the following (dollars in thousands):

2004 Series B Bonds payable at varying dates through August 1, 2014 at tax-exempt fixed interest rates ranging from 3.0% to 5.0%	$ 9,812
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 2011	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 2011	220,840
	256,647
Deferred loss on refunding	(24,653)
Net unamortized bond premium	161
Current portion	(4,815)
Total long term debt	$ 227,340

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

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

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

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

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

In connection with the issuance of the Series 2004 and 2009 Bonds, the NHCC incurred a loss of approximately $38.0 million and $3.7 million, respectively. The loss (the difference between the reacquisition price and the net carrying amount of the old debt) is carried as a deferred item, net in long-term debt, in the accompanying consolidated balance sheets. The total deferred loss to be amortized has not been adjusted for the prepayment in 2008 of a portion of outstanding debt and the issuance of the Series 2009 Bonds; however, future amortization of the deferred loss was so adjusted. Amortization of the deferred loss is $2.3 million for the year ended December 31, 2011. Pursuant to the Stabilization Agreement and, subsequently, the Successor Agreement, the County deposits subsidies, payable to the NHCC monthly, in an escrow account reserved for payment of the Series 2009 Bonds.

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

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

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

The NHCC also entered into a cancelable swap agreement with a commercial bank to effectively convert interest payments on the variable interest rate for the Series 2004 A Bonds to a fixed interest rate based on an initial notional amount of $65.0 million that declines as debt is repaid. The fixed interest rate paid by the NHCC under the swap agreement is 4.61% and the variable rate received is based on LIBOR. Subsequent to the redemption of the Series 2004 A Bonds through the issuance of the Series 2009 Bonds, the swap agreement 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 $41.8 million at December 31, 2011.

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, 2011 are as follows (dollars in thousands):

	Principal	Estimated Interest
2012	$ 4,815	$ 9,940
2013	4,360	9,700
2014	4,522	9,484
2015	13,005	9,261
2016	13,545	8,754
2017 - 2021	76,575	35,372
2022 - 2026	84,940	19,667
2027 - 2029	54,885	4,103
	$ 256,647	$ 106,281

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%.

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

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

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 2011.

Mortgage and bond payable at December 31, 2011, consisted of the following (dollars in thousands):

Mortgage note – payable in 120 monthly installments of $5.5 thousand including interest at 6.2%. A final payment is due on February 1, 2013. The mortgage is secured by the underlying real property.	$ 74
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, 2020. The bond is secured by the underlying real property.	13,080
	$ 13,154

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

Years Ending December 31:	Prinicpal	Interest
2012	$ 1,518	$ 504
2013	1,466	452
2014	1,455	398
2015	1,455	343
2016	1,455	289
2017-2020	5,805	580
	$ 13,154	$ 2,566

11. REFINANCING OF LONG-TERM OBLIGATIONS

Prior to December 31, 2011, 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, 2011, approximately $6.3 million of outstanding bonds (including NIFA) are considered defeased.

12. PENSION PLANS

Plan Description

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

Funding Policy

The Retirement System is noncontributory for those ERS members who joined the retirement system prior to July 27, 1976 and for those PFRS members in Tiers 1 through 4. ERS employees who joined the Retirement System after that date must contribute 3% of their salary, however, NYS legislation passed in 2000, suspended the 3% contribution for those employees who have 10 or more years of credited service. In addition, members who meet certain eligibility requirements will receive one month's additional service credit for each completed year of service up to a maximum of two additional years of service credit. In December 2009, the Governor signed a bill requiring ERS and PFRS members hired January 2010 and later to contribute 3% of their salary for all their years of public service, increased the numbers of years required to vest for retirement benefits from 5 to 10 years, and placed a limitation on the annual amount of overtime credited as retirement earnings. As of December 31, 2011, the County did not have any PFRS employees who were Tier 5 members.

The Common Retirement Fund ("Fund") was established to hold all the assets and income of the Retirement System in a single unified investment program. The overall methodology for ensuring that the Fund maintains adequate assets is determined by the NYSRSSL. The Fund's assets come from three main sources: employee or member contributions, investment income and participating employer contribution. The value of the Fund and the rate of return on the investments directly affect the employer's annual contribution rates. Each year, the State evaluates the Fund's assets and compares the value of those assets to the funds needed to pay

12. PENSION PLANS (Continued)

current and future benefits. The difference between these two amounts is spread over the future working lifetimes of active members to actuarially determine the annual contribution rates. Under the authority of the NYSRSSL, the State Comptroller is annually required to certify these contribution rates. The State calculates the County's required annual contribution payment using these contribution rates and the projected retirement earnings of the County's current employees.

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

	ERS	PFRS	Contribution Percentage
2011	$57,765	$56,347	100%
2010	42,637	52,555	100%
2009	46,306	55,882	100%

13. RECONCILIATION OF GAAP FUND BALANCES TO BUDGETARY BASIS

The following reconciles fund balances at December 31, 2011 as prepared on a GAAP basis to the budgetary basis of reporting (dollars in thousands):

	General	Police District Fund	Sewer & Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds
Fund Balances at December 31, 2011,					
Prepared in accordance with GAAP	$ 79,915	$ 4,025	$ 89,881	$ 143,711	$ 97,859
Add:					
Funding for Tax Certiorari and Other Judgments	25,598				
Funding for Termination Pay	13,277	3,845	533		
Pension Benefits - Accrual Basis Only	4,042	4,981	(49)		
Less:					
Encumbrances	(85,288)	(132)	(8,499)		
Payments for Tax Certiorari and Other Judgments	(25,598)				
Payments for Termination Pay	(13,277)	(3,845)	(533)		
Sale of Mitchel Field Leases	37,062				
Unbudgeted Sewer and Storm Water District Fund					
Unbudgeted Grant Fund					(23,451)
Unbudgeted NCTSC General Fund					(222)
Unbudgeted Capital Project Fund				(143,711)	
Unbudgeted NCTSC Debt Service Fund					(23,600)
Unbudgeted SFA General Fund					(20,862)
Unbudgeted NIFA Debt Service Fund					(15,302)
Fund Balances at December 31, 2011,					
Prepared on the Budgetary Basis of Reporting	$ 35,731	$ 8,874	$ 81,333	$	$ 14,422

14. FUND BALANCES

Fund Balance classifications for the governmental funds at December 31, 2011 were (dollars in thousands):

FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011 (Dollars in Thousands)

	General	NIFA GEN Fund	Police District Fund	Sewer & Storm Water Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Prepaid expenditures	87,662	49	40,711	1,759		2,481	132,662
Spendable:							
Restricted for:							
Capital projects					7,082		7,082
Debt service		17,369					17,369
Open space	2,269						2,269
Judicial						345	345
General Administration						29,974	29,974
Protection of Persons						2,843	2,843
Health						26,976	26,976
Public Works						6	6
Recreation and Parks						1,128	1,128
Social Services						802	802
Corrections						301	301
Other						634	634
Committed to:							
Capital projects					136,629		136,629
Public Works				67,565			67,565
Environmental Protection						14,422	14,422
Protection of Persons			4,025				4,025
Assigned to:							
Legislative	406						406
Judicial	1,256						1,256
General Administration	10,637						10,637
Protection of Persons	47						47
Health	46,439						46,439
Public Works	5,717			20,557			26,274
Recreation and Parks	3,159						3,159
Social Services	14,183						14,183
Corrections	7,529						7,529
Other	(3,332)						(3,332)
Unassigned	(96,056)	993	(40,711)			17,946	(117,828)
Total Fund Balance	$ 79,915	$ 18,411	$ 4,025	$ 89,881	$ 143,711	$ 97,859	$ 433,802

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 hired after January 1, 2002 who are required to contribute either 5% or 10% of the cost depending on coverage. For employees who retired prior to December 31, 1975, the County's contribution is reduced in accordance with the union agreement applicable to their respective retirement dates. Nassau County is not required by law to provide funding other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. The County recognizes the expenditure of providing current and postretirement health care benefits in the year to which the insurance premiums apply. NYSHIP plan insurance premiums are billed in advance and therefore the County has recorded a prepaid asset for this amount at December 31, 2011. The total cost for providing health care benefits was $272.7 million in 2011, of which approximately $143.7 million was for retirees and approximately $129.0 million was for active employees and other eligible individuals. In 2011, the subsidy provided by the Medicare Reform Act of 2003 to employers who continued prescription drug coverage for its Medicare eligible retirees of $7.9 million was recorded as income.

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual* OPEB *Cost and Net* OPEB *Obligation

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

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

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

The County elected to record the entire amount of the Unfunded Actuarial Accrued Liability (“UAAL”), totaling approximately $3.5 billion in the fiscal year ended December 31, 2007, and not to fund the UAAL. The UAAL, including accrued interest relating to postemployment benefits is approximately $4.6 billion as of December 31, 2011 which included both the County and an allocation of the Nassau Health Care Corporation’s cost as of December 31, 2011. 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, 2011, the County paid $143.7 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.

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, 2011 (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 Industrial Development Agency	Nassau County Interim Finance Authority	Total
Amortization of UAAL	$ 4,618,696	$ 315,699	$ 23,989	$ 41,863	$ 3	$ 1,094	$ 5,001,344
Service Cost at the Beginning of year	131,722	9,373	35,852	1,150	66	55	178,218
Interest	100,946	398	1,272	49	3	2	102,670
Annual Required Contribution	4,851,364	325,470	61,113	43,062	72	1,151	5,282,232
Interest on net OPEB Obligations	163,841	12,585	6,850	2,080	6	44	185,406
Adjustment to ARC	(4,018,924)	(308,964)	(9,607)	(50,622)	(6)	(1,090)	(4,389,213)
Total Annual OPEB cost	996,281	29,091	58,356	(5,480)	72	105	1,078,425
Actual Contributions	143,690	8,026	5,602	1,359		17	158,694
Increase in net OPEB obligation	852,591	21,065	52,754	(6,839)	72	88	919,731
Net OPEB Obligation at December 31, 2010	3,855,083	296,132	161,176	48,934	16	1,046	4,362,387
Net OPEB Obligation at December 31, 2011	$ 4,707,674	$ 317,197	$ 213,930	$ 42,095	$ 88	$ 1,134	$ 5,282,118

* Nassau Community College data as of fiscal year ended August 31, 2011
** Nassau Health Care Corporation uses a 30 year basis for amortization

As of December 31, 2011, the OPEB liability was approximately $4.6 billion and the 2011 payroll cost was $880.4 million or 524.6% 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, 2011, 2010 and 2009, 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
12/31/2011	$ 996,281	$ 143,690	14.4%	$ 4,707,674
12/31/2010	353,539	112,521	31.8%	3,855,083
12/31/2009	265,384	106,956	40.3%	3,614,065

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, 2011, OPEB actuarial valuations are as follows:

Valuation date:	January 1, 2011
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.

Healthcare Inflation Rate – The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 11.1 utilizing the baseline assumptions included in the model for medical and pharmacy benefits. Further adjustments are made for aging, percentage of costs associated with administrative expenses, trend on administrative costs and potential excise taxes due to healthcare reform. Short-term trends reflect current conditions and are graded into the long-term trend that takes into account a variety of factors such as medical cost increases, changes in utilization of healthcare services, and technological advances.

Medicare Part B reimbursements were assumed to have a separate annual trend of 5.5%. Vision benefit costs are limited by contract and no trend was applied. For medical benefits, actual 2012 Empire premiums were used. Trend increases start in 2013 at a 7.8% level. The trend assumption utilized in this valuation has changed from the assumption used in the previous valuation.

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 2011 are shown in the following table:

Pre-65 Non-Medicare:		
Single	$	693.92
Family		1,513.92
Post- 65 Medicare:		
Single		405.64
Family		937.31
Medicare (Part B) - per person		96.40

Medicare Part B premiums for 2011 are $96.40 per person monthly. A separate trend assumption of 5.5% per year was used for Medicare Part B reimbursements.

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:

Fiscal Year	Prior to Medicare Eligibility	After Medicare Eligibility
2011	N/A	N/A
2012	7.8 %	7.8 %
2013	8.3	8.3
2014	6.8	6.8
2015	6.6	6.6
2016	6.4	6.4
2021	5.9	5.9
2026	6.0	5.8
2031	6.8	6.1
2036	6.3	6.4
2041	5.9	6.0
2046	5.6	5.7
2095	4.4	4.5

Mortality - Mortality rates are those recommended by the actuary:

Preretirement

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

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

Postretirement

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

The cost of providing health care to retirees not including the accrual for prior service costs, totaled $143.7 million during fiscal year 2011.

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)

The schedule of funding progress presents the results of OPEB valuations as of January 1, 2011, 2010 and 2009 for the fiscal year ending December 31, 2011. 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
1/1/2011	$ 0	$ 4,618,696	$ 4,618,696	0.0%	$ 880,434	524.6%
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%

* 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 police helicopter accidents, employee bonding and, certain accident and liability coverage for its summer recreation program. 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 $295 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, 2011. The County Attorney is of the opinion that the ultimate resolution of such claims and litigation outstanding at December 31, 2011 will not result in a material adverse effect on the County's financial position. Approximately $288.8 million has been accrued as a liability at December 31, 2011, 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, 2011. 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 2011, there were approximately 118,792 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. The total amount of tax certiorari bonds issued and outstanding by both the County and NIFA was approximately $1.1 billion at December 31, 2011. 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 $222.9 million has also been recorded as a long-term liability in the government-wide financial statement of Net Assets at December 31, 2011. For the year-ended December 31, 2011, tax certiorari expenditures were $64.1 million, $43.1 million financed by operating funds in addition to $21.0 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.

Provisions for certain expected disallowances, where considered necessary, have been made as of December 31, 2011. In the County's opinion, any additional disallowances resulting from these audits will not be material.

D. ***Certain Third - Party Reimbursement Matters***

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

E. ***Insurance***

The County carries property insurance on its police helicopters, a blanket fidelity bond covering all County employees and the following coverage for the summer recreation program: accident insurance, umbrella liability and general liability. Essentially all other risks are assumed directly by the County. The County suffered no material property losses during 2011.

16. CONTINGENCIES AND COMMITMENTS (Continued)

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 $546.9 million at December 31, 2011. At August 31, 2011, the College's vacation leave and sick leave liability was $52.2 million.

G. ***Deferred Payroll***

In 2009, the County entered into agreements with the Civil Service Employees' Association ("CSEA"), the Police Benevolent Association, ("PBA"), Superior Officers Association, ("SOA"), Detective Association, Inc. ("DAI"), and the Sheriff Officers Association, Inc ("ShOA") and certain Ordinance employees, to defer 10 days' pay, which shall be paid to the employee on separation of service at the salary rate then in effect. The County also entered into bargaining agreements with CSEA, PBA, SOA, DAI, and ShOA that include deferrals of wages and longevity that cover various periods of time during 2007 through 2011. In 2011, these deferred wages began to be paid to the employee and additional payments are scheduled to be paid through 2015 depending on the bargaining unit, or at termination at the rate earned. The amount deferred at December 31, 2011 was approximately $57.4 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, 2011 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, 2011 was approximately $24.8 million, and is also reported in the government-wide Statement of Net Assets.

H. ***Capital Commitments***

At December 31, 2011, there were capital project contract commitments of $289.1 million.

I. ***MTA Commitment***

In a contract action between the County and Metropolitan Transportation Authority (the "MTA"), the County sought rescission and invalidation of the Mass Transportation Funding Agreement (the "Agreement") dated as of December 30, 1996 between the County and the MTA (and a similar 1999 mass transportation funding agreement). The MTA moved to dismiss the County's Complaint and counterclaimed for breach of contract and conversion, seeking damages of approximately $13.6 million plus interest, along with approximately $7.4 million in additional capital funding. The County opposed the counterclaims on various grounds including the statute

16. CONTINGENCIES AND COMMITMENTS (Continued)

I. *MTA Commitment (Continued)*

of limitations and the MTA's failure to meet a condition precedent to payment under the Agreement. The motion court issued a decision on December 22, 2010 dismissing the County's Complaint and granting the MTA summary judgment on its counterclaims. The County moved for reargument of the ruling for the MTA on the counterclaims and the court denied this motion in a one-sentence decision on December 5, 2011. The County has appealed both decisions to the Appellate Division, First Department. Authorization for the County to fund substantially all potential further payments under the Agreement nevertheless remains available under approved County bond ordinances.

J. *Material Encumbrances*

Material encumbrances (greater than $5 million) as of the year ended December 31, 2011 were as follows (dollars in thousands):

General Fund		
Pre-School/Special Education contracts with the Health Department	$	19,632
Early Intervention contracts with the Health Department		9,331
Capital Fund		
Construction:		
Protection of Persons		5,460
Public Works		8,267
General government consulting		7,556

There were no material encumbrances as of December 31, 2011 in the non-major funds.

17. NASSAU HEALTH CARE CORPORATION ("NHCC")

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

At December 31, 2011, the NHCC had total net assets deficiency of $309 million. The deficiency arose from operating losses and postemployment benefits other than pension liability. NHCC is continuously striving to improve its net asset position by returning to profitability before other operating items, by

17. NASSAU HEALTH CARE CORPORATION ("NHCC") (Continued)

continuing to progress with collecting on patient accounts, and through cash flows provided by government subsidies and funding of capital projects. NHCC has undertaken a number of initiatives to return to positive cash flows. Such actions include continued revenue cycle enhancements, renegotiation of all commercial managed care contracts, changes to medical management practices, improved supply chain, inventory management and, further cost reductions from the major modernization program undertaken over the past several years. The modernization program included significant investments in real estate consolidation, facility improvements, clinical equipment and information technology, and enhancements to the community health centers. The Successor Agreement, which commenced in November 2007 and is in effect to 2029, clarifies the services provided by NHCC to the County and establishes the mechanism for payments to the Corporation. The Successor Agreement also provides NHCC with capital funding.

18. SUBSEQUENT EVENTS

Long Island Bus/Nassau Inter-County Express

On January1, 2012, Nassau Inter-County Express ("NICE") Bus commenced service as the exclusive transit operator of the County-owned bus system. NICE replaced the former operator, the 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. Funding for the operations and capital maintenance of the buses is through a combination of fare box and advertising revenues, Federal and State Aid, and County financing.

Debt Issuance

In April 2012, the County issued Series A Bond Anticipation Notes ("BANS") of $ 34.6 million with an interest rate of 1.5% and are due April 1, 2013.

The County issued Series A General Obligation Bonds in April 2012 in the amount of $196.6 million. The bonds bear interest at varying rates from 3.0% to 5%, with maturity dates varying from April 2014 to April 2034. The bonds maturing on or after April 1, 2022 are subject to optional redemption on April 1, 2021 or any date thereafter.

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REQUIRED SUPPLEMENTARY INFORMATION

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EXHIBIT X-14

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF FUNDING PROGRESS - NASSAU COUNTY PORTION
POST-EMPLOYMENT RETIREMENT HEALTHCARE BENEFIT PLAN
DECEMBER 31, 2011 (Dollars in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Acturarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Accrued Percentage of Covered Payroll (b-a)/c
1/1/2011	$ 0	$ 4,618,696	$ 4,618,696	0.0%	$ 880,434	524.6%
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%

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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]

February 28, 2013

County of Nassau,
State of New York

Re: County of Nassau, New York

$152,430,000 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 $152,430,000 principal amount of General Improvement Bonds, 2013 Series A (the "2013 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 speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the 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]

February 28, 2013

County of Nassau,
State of New York

Re: County of Nassau, New York

$185,510,000 BOND ANTICIPATION NOTES, 2013 SERIES A

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the County of Nassau, New York (the "County") of $185,510,000 principal amount of Bond Anticipation Notes, 2013 Series A (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 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 speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Notes has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the County 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 Notes to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Notes, the Tax Certificate 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 excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although it is included in adjusted current earnings 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 Notes.

APPENDIX D

OUTSTANDING OBLIGATIONS

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County of Nassau, New York

General Obligation Bonds of the County and Nassau County Interim Finance Authority Bonds

as of December 31, 2012

County General Improvement Bonds

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding as of 12/31/12
5/2/2012	General Improvement Series 2012A	196,630,000	4.00-5.00%	2012-2034	$196,630,000
6/02/2011	General Improvement Series 2011A	82,045,000	1.00-5.05%	2012-2036	81,795,000
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	50,645,000
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	120,745,000
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	11,805,000
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	46,730,000
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	73,670,000
8/19/2009	General Improvement Refunding Series 2009E	50,875,000	3.00 - 5.00%	2010-2018	19,770,000
7/21/2009	General Improvement Series 2009C	135,300,000	5.00 - 5.25%	2010-2039	130,910,000
5/05/2009	General Improvement Series 2009A	99,000,000	2.50-5.00%	2011-2029	91,880,000
7/08/2008	General Improvement Refunding Series 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	123,830,000
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	31,715,000
12/01/2010	General Improvement Series 2007A	35,000,000	2.50-5.00%	2011-2023	27,160,000
8/01/1997	General Improvement Refunding Series 1997A	110,230,000	3.85 -6.00%	1998-2013	3,875,000
2/24/1994	General Improvement Refunding Series 1994A	168,850,000	2.20 - 6.50%	1994-2015	55,000
6/10/1993	General Improvement Refunding Series 1993H	73,740,000	2.40 - 5.50%	1993-2017	920,000
11/01/1985	General Improvement Series 1985X	35,680,000	7.80 -8.00%	1986-2017	540,000
7/01/1985	General Improvement Series 1985W	20,560,000	7.30 -7.40%	1986-2015	185,000
11/01/1984	General Improvement Series 1984V	31,880,000	8.50 -8.80%	1985-2014	230,000
7/01/1984	General Improvement Series 1984U	21,980,000	9.00 -9.30%	1985-2014	70,000
12/01/1983	General Improvement Series 1983T	38,230,000	8.50 -8.80%	1984-2013	310,000
Total					$1,343,465,000

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 12/31/12
7/21/2009	Sewers Series 2009D	$14,700,000	5.00 - 5.50%	2010-2039	$14,245,000
5/05/2009	Sewers Series 2009B	15,000,000	4.00 - 6.00%	2011-2034	14,345,000
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	710,000
2/24/1994	Sewers Refunding Series 1994B	83,835,000	2.20 -6.00%	1994-2016	5,090,000
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	3,790,000
Total					$61,305,000

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

Dated Date		Issue Size	Interest Rates	Maturity	Principal Outstanding as of 12/31/12
6/15/2012	EFC Series 2012C (2003B Refunding)	$22,835,000	5.019-6.189%	2012-2029	$22,685,000
2/15/2012	EFC Series 2012C (1998G Refunding)	3,235,000	4.70-4.90%	2013-2017	3,235,000
3/03/2005	EFC Series 2005A	1,774,980	2.09-4.57%	2006-2034	1,400,000
3/04/2004	EFC Series 2004B	4,065,914	1.06-4.60%	2004-2028	2,810,000
7/24/2003	EFC Series 2003F	8,506,016	0.79-4.61%	2004-2029	6,010,000
3/20/2003	EFC Series 2003B	42,530,000	2.54-5.409%	2003-2015	5,055,000
8/07/2002	EFC Series 2002I	36,018,000	1.81-5.38%	2003-2022	20,713,000
7/25/2002	EFC Series 2002G	7,380,000	2.03-5.80%	2003-2028	5,150,000
6/20/2002	EFC Series 2002F	59,220,000	2.52-6.18%	2003-2024	35,805,000
Total					$102,863,000

Nassau County Interim Finance Authority Bonds

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding as of 12/31/12
10/04/2012	NIFA Series 2012A	$141,580,000	3.00-5.00%	2015-2025	$141,580,000
10/04/2012	NIFA Series 2012B	176,133,000	1.00-5.00%	2014-2023	176,133,000
4/21/2009	NIFA Series 2009A	303,100,000	1.00-5.00%	2009-2025	237,370,000
5/16/2008	NIFA Series 2008E	55,055,000	VRDB	2013-2014	50,000,000
5/16/2008	NIFA Series 2008D	150,000,000	VRDB	2014-2017	150,000,000
5/16/2008	NIFA Series 2008C	150,000,000	VRDB	2017-2019	150,000,000
5/16/2008	NIFA Series 2008B	125,000,000	VRDB	2019-2021	125,000,000
5/16/2008	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	46,010,000
7/14/2005	NIFA Series 2005A	124,200,000	3.25-5.00%	2011-2024	86,575,000
12/09/2004	NIFA Series 2004 H	187,275,000	2.15-5.25%	2006-2017	56,715,000
4/08/2004	NIFA Series 2004A	153,360,000	2.00-5.00%	2005-2013	510,000
5/21/2003	NIFA Series 2003 A&B	514,475,000	2.00-6.00%	2004-2023	34,230,000
Total					$1,379,123,000

Total County and NIFA Obligations	$2,886,756,000

Series	Outstanding Principal Amount	Provider	Facility Type	Expiration or Optional Termination by Provider
NHCC				
2009A	$25,995,000	JPMorgan Chase Bank, N.A.	LOC[1]	February 15, 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	The Bank of New York Mellon	SBPA	November 16, 2015
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
Total NHCC	$219,610,000					
	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)

	2011	2010	2009	2008	2007
OVERLAPPING DEBT, TOWNS AND CITIES					
Town of Hempstead					
Bonds	$352,355	$312,322	$283,344	$323,289	$312,730
Other Debt Obligations	0	30,000	0	0	0
Total	$352,355	$342,322	$283,344	$323,289	$312,730
Town of North Hempstead:					
Bonds	$215,213	$238,389	$240,243	$251,584	$258,003
Other Debt Obligations	121,409	76,821	34,536	10,313	6,514
Total	$336,622	$315,210	$274,779	$261,897	$264,517
Town of Oyster Bay:					
Bonds	$399,750	$366,209	$262,345	$288,269	$286,130
Other Debt Obligations	323,285	305,585	285,996	163,217	120,875
Total	$723,035	$671,794	$548,341	$451,486	$407,005
City of Glen Cove:					
Bonds	$52,194	$49,085	$48,098	$54,665	$57,629
Other Debt Obligations	10,695	12,337	13,596	2,032	3,731
Total	$62,889	$61,422	$61,694	$56,697	$61,360
City of Long Beach:					
Bonds	$51,953	$52,453	$39,971	$43,346	$41,752
Other Debt Obligations	0	0	10,000	0	0
Total	$51,953	$52,453	$49,971	$43,346	$41,752
Total Overlapping Debt, Towns and Cities:					
Bonds	$1,071,465	$1,018,458	$874,001	$961,153	$956,244
Other Debt Obligations	455,389	424,743	344,128	175,562	131,120
Total	$1,526,854	$1,443,201	$1,218,129	$1,136,715	$1,087,364

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

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APPENDIX F

COUNTY WORKFORCE

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COUNTY WORKFORCE

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 existed a substantial likelihood and imminence of the County incurring a major operating funds deficit of one percent or more in the aggregate results of operations during its fiscal year 2011 assuming all revenues and expenditures were 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 was essential to the County's adoption and maintenance of a fiscal year 2011 Budget that was 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 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. The 2013 Budget and years 2013-2015 in the Multi-Year Financial Plan assume the continuation of the wage freeze. In 2016, the Multi-Year Financial Plan assumes step increases only, as all labor agreements end December 31, 2015.

See "APPENDIX A – INFORMATION ABOUT THE COUNTY – MONITORING AND OVERSIGHT – External – *NIFA*" herein for further information regarding NIFA's declaration of a control period and a description of litigation challenging NIFA's imposition of a wage freeze during the control period.

County Employees

As of December 31, 2012, the full-time County workforce totaled 7,379 in the Major Operating Funds. This represents a decrease of 1,140 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 Nassau County Sheriff's Correction Officers Benevolent Association ("COBA"), formerly known as 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 December 31, 2012
(Major Operating Funds)

Labor Organization	Full-Time Employees
CSEA	3,557
PBA	1,559
DAI	345
COBA	952
IPBA	42
SOA	333
NON UNION	591
Total	**7,379**

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 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.

Nassau County Sheriff's Correction Officers Benevolent Association (COBA)

COBA 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 COBA extending it through December 31, 2015. Effective January 1, 2013 and 2014, all steps receive an increase of 3.5% and effective January 1, 2015, all steps receive an increase of 3.75%. Other features of the award include:

- 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;

- 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. On September 13, 2012, the panel for the IPBA interest arbitration issued its award, covering the eight-year period from December 1, 2004 through December 31, 2012. The total wage increase of 34.9% is not in the form of COLA increase but rather the introduction of a new step chart as of January 1, 2011. Other features of the award, each effective as of January 1, 2012, include the following key provisions:

- Longevity shall be paid for employees at top step with 6 or more years of service at a rate of $300 per year for each year of completed service;

- Shift differential shall be paid to employees at a 12% premium;

- Special assignment payments of 3% of base pay for time working on assignment to a federal or State agency task force;

- Members of the IPBA shall be entitled to clothing, equipment, and an education allowance and/or incentive pay totaling $2,425 per year per member; and

- Members will be entitled to increased sick and vacation days.

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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 9.9% 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

SOURCE: U.S. Census Decennial

Economic Indicators

Median Household Income

As shown in Table 2, the County's estimated median household income for 2011 was $91,414, significantly higher than that of the State ($55,246) and the United States ($50,502). Moreover, the County has a smaller percentage of families below the poverty level (4.7%) than the State (12.3%) and the United States (11.7%).

TABLE 2

MEDIAN HOUSEHOLD INCOME IN THE COUNTY IN COMPARISON TO THE STATE AND THE U.S., 2011 AND 2010

	2011		**2010**	
Area	**Median Household Income**	**Families Below Poverty (%)**	**Median Household Income**	**Families Below Poverty (%)**
County	$91,414	4.7	$91,104	4.2
State	$55,246	12.3	$54,148	11.5
United States	$50,502	11.7	$50,046	11.3

U.S. Census, 2010 and 2011 American Community Survey, 1-Year estimate

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 for water and sewer services 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.

In 2011, prices in the CMSA rose by 2.82% and the 2011 U.S. city average percentage increase was 3.12%.

TABLE 3

CONSUMER PRICE INDEX, 2002-2011

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	-0.37	236.8	0.41
2008	215.3	3.86	235.8	3.94
2007	207.3	2.83	226.9	2.81
2006	201.6	3.23	220.7	3.76
2005	195.3	3.39	212.7	3.86
2004	188.9	2.66	204.8	3.54
2003	184.0	2.28	197.8	3.07
2002	179.9	1.58	191.9	2.57

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

Retail Sales and Business Activity

The County is served by seven major regional shopping centers. The Gallery at Westbury Plaza is a new 330,000 square foot, LEED-certified, open-air shopping center located on the grounds of the former Avis headquarters. The other major retail centers are the 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 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 7.6 million square feet of gross leasable 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, B.J.'s and Best Buy. In addition, there are designer boutique shops and specialty department stores such as Brooks Brothers, Giorgio Armani, Ralph Lauren, Prada and Neiman Marcus at Roosevelt Field Mall (currently under construction), and jewelers such as Tiffany & Co., Cartier, and Van Cleef & Arpels.

Based on a report released by the New York State Department of Taxation and Finance, the County ranked third in the State with taxable sales and purchases totaling $23.2 billion for the most recent reporting year, an increase of 2.67% from the prior year.

TABLE 4

RETAIL SALES ACTIVITY RANKED BY COUNTY IN THE STATE
(in thousands)

County	Rank (2010/2011)	Taxable Sales 2010/2011	Rank (2009/2010)	Taxable Sales 2009/2010	Change
New York City*	1	$116,281,232	1	$106,440,554	9.25%
Suffolk	2	26,874,884	2	25,339,638	6.06
Nassau	**3**	**23,249,728**	**3**	**22,645,417**	**2.67**
Westchester	4	17,159,132	4	16,099,227	6.58
Erie	5	13,636,031	5	12,894,176	5.75
Monroe	6	10,047,848	6	9,496,181	5.81
Onondaga	7	7,239,027	7	6,805,707	6.37
Orange	8	5,940,024	8	5,573,543	6.58
Albany	9	5,463,853	9	5,324,664	2.61
Dutchess	10	4,057,873	11	3,576,332	13.46

SOURCE: New York State Department of Taxation and Finance, Office of Tax Policy Analysis Annual Statistical Report: Taxable Sales and Purchases (August 2012). Represents sales reported from March through February.
* Includes the five counties of the Bronx, Kings, New York (Manhattan), Queens and Richmond.

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. The year 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 Primary Metropolitan Statistical Area ("PMSA").

TABLE 6

ANNUAL AVERAGE
NASSAU-SUFFOLK EMPLOYMENT,
NON-FARM, BY BUSINESS SECTOR
2002-2011
(in thousands)

Business Sector/ 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	**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	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	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 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

A sampling of the major commercial and industrial employers headquartered in the County is shown in Table 8.

TABLE 8

MAJOR COUNTY COMMERCIAL AND INDUSTRIAL EMPLOYERS, 2011

Company	Type of Business	Employees
North Shore – LIJ Health System	Health care	43,000*
Cablevision Systems Corp.	Cable and pay television	17,815
Pall Corporation	Industrial equipment	10,900
Broadridge Financial Solutions	Data processing	6,200
Griffon Corp.	Specialty building products	5,900
Systemax, Inc.	Computers & related products	5,500
Winthrop Healthcare Systems	Health care	5,100
Alcott Group	Professional employers organization	4,900

SOURCES: Compiled by the County from Crain's Book of Lists. Selected data updates using Hoovers.com.

* North Shore – LIJ Health System, *2011 Annual Report*.

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 2011. Overall construction activity has been uneven since 2002. During the 2002-2011 period, residential construction activity reached its high point in 2008 with 1,868 permits, and fell to its lowest point the following year (2009) with 378 permits. Between 2010 and 2011, single-family dwelling permits were down; however, the total number of permits for two-family dwellings, multi-family dwellings and conversions (Other Housing Units) increased significantly from 123 to 542. Data on non-residential building permits for 2009 through 2011 is not available.

TABLE 9

COUNTY CONSTRUCTION ACTIVITY, 2002 - 2011

Year	Single Family Dwellings	Other Housing Units*	Business Buildings	Industrial Buildings	Public Buildings	Total
2011	311	542	N/A	N/A	N/A	853
2010	400	123	N/A	N/A	N/A	523
2009	365	13	N/A	N/A	N/A	378
2008	822	1,046	18	0	4	1,890
2007	737	85	20	3	4	849
2006	1,291	161	30	4	4	1,490
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

SOURCES: 2002-2011 U.S. Bureau of the Census, Privately-owned Building Permit Estimates; 2002 – 2008 Nassau County Planning Commission Building Permits Reports.

*Other housing units includes two-family dwellings, multi-family dwellings and conversions.

Table 10 shows the number of building permits with an estimated dollar value greater than or equal to $1,000,000 that were issued for Class 4 properties for the years 2002 through 2011. Class 4 properties includes commercial, industrial, institutional buildings, and vacant land. As indicated in Table 10, there were 88 building permits that were issued and reported to the Department of Assessment for Class 4 properties in 2011.

TABLE 10

HIGH VALUE BUILDING PERMITS* FOR CLASS 4 PROPERTIES, 2002-2011

Year	Number of Permits	Value of Permits
2011	88	$262,515,969
2010	57	211,534,203
2009	38	151,318,375
2008	39	91,992,908
2007	47	134,548,252
2006	47	161,235,223
2005	23	86,556,378
2004	30	148,570,968
2003	20	170,191,252
2002	10	27,778,776

SOURCE: Nassau County Department of Assessment

*Includes only those permits for work with an estimated value greater than or equal to $1 million.

Housing

As shown in Table 11, the value of new residential construction activity in the County declined between 2008 and 2009, consistent with the national economic downturn. However, activity reported in 2011 indicates an increase in new construction value from the recent lows in 2009 and 2010.

TABLE 11

COUNTY NEW RESIDENTIAL CONSTRUCTION ACTIVITY

Year	Value of New Residential Construction (in thousands)	No. of New Dwelling Units By Building Permit
2011	$207,482	853
2010	169,369	523
2009	178,307	378
2008	374,000	1,868
2007	284,404	822
2006	368,875	1,452
2005	373,879	1,435
2004	293,642	1,177
2003	195,435	978
2002	220,111	985

SOURCE: U.S. Census Bureau, Construction Statistics Division-Building Permit Branch based on estimate and imputation

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
2011	281	2	0	540	823
2010	357	28	63	32	480
2009	334	8	3	0	345
2008	801	6	0	1,040	1,847
2007	692	10	4	63	769
2006	1,259	18	4	114	1,395
2005	1,184	12	7	187	1,390
2004	717	46	0	367	1,130
2003	635	44	8	291	978
2002	796	14	0	119	929

SOURCE: U.S. Census Bureau New Privately-owned Building Permits – Reported Units Only.

Table 13 shows County existing home sales. In 2011, the median sales price fell by 2.9% while the number of homes sold fell by 4.8%.

TABLE 13

COUNTY EXISTING HOME SALES, 2002-2011

Year	Median Sales Price	No. of Homes Sold
2011	$432,250	7,262
2010	445,000	7,626
2009	435,000	7,472
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., 2002-2005; New York State Association of Realtors, 2006-2008; New York State Department of Taxation and Finance 2009-2011

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 ("MTA"). The MTA ceased operations as the County's bus system pursuant to a mutual agreement between the 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 ("LIRR"), the second largest commuter railroad in the United States, carried approximately 81 million 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 peak morning and evening 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

The Long Island Power Authority ("LIPA") provides electrical service to the County. National Grid, the largest investor-owned electric generator in the State, operates LIPA's electric system, which serves 1.1 million customers. 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 are located in the County. The North Shore-Long Island Jewish Health System is the County's largest health care employer (approximately 43,000 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 circulates in Nassau, Suffolk and Queens Counties. Approximately 77 weekly newspapers cover news and events in the County. Some focus on events in specific towns, villages and communities, and others focus on niche industries, such as Long Island Business News, a 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 part of their listening area.

Educational Facilities

There are 56 school districts in the County, with a total enrollment of approximately 264,000 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.

Approximately 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 that 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 Black Golf Course, located in Bethpage State Park, hosted the U.S. Open in 2002 and 2009 and the 2012 Barclay's Tournament. Belmont Racetrack, located in Elmont, is home to the Belmont Stakes, the third race in horse racing's prestigious Triple Crown. Eisenhower Park's 80,000 square foot Aquatic Center is the one of the largest pools in the Northern Hemisphere. The Nassau Veterans Memorial Coliseum in Uniondale is home to the four-time Stanley Cup Champion New York Islanders of the National Hockey League. In October 2012, the New York Islanders announced that the team will no longer play its home games in the County following the expiration of its lease in July 2015. The County Executive has announced an agreement with developer Forest City Ratner Companies and the owner of the New York Islanders to create a strategic reuse plan for the Nassau Veterans Memorial Coliseum within the first half of 2013 to transform the venue into a state-of-the-art destination for sports and entertainment. In addition, the County Executive has announced the selection of a master developer team led by Renaissance Downtown for the purpose of coordinating development on the 77-acre Coliseum site.

In terms of cultural and historic resources, the County boasts numerous museums, some of which are County-owned or operated, 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.

With a focus on preserving open space and natural and scenic resources for current and future generations of Nassau residents, voters overwhelmingly approved two Environmental Bond Acts (collectively known as the "EBA") in 2004 and 2006. The EBA committed $150 million for the preservation of open space, improving existing parkland and water quality, and provided matching funding for brownfield property remediation projects. In addition to the EBA, 5% of the proceeds from County land sales is set aside for the purpose of open space land acquisition and other environmental quality improvement projects.

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, Countywide 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. Bay Park and the City of Long Beach's sewage treatment plant each sustained substantial damage from Tropical Storm Sandy on October 29, 2012. For more information about Tropical Storm Sandy, see "APPENDIX A – INFORMATION ABOUT THE COUNTY – COUNTY FINANCIAL CONDITION – Tropical Storm Sandy" herein.

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, operated by other governmental agencies or special districts.

Forty-eight public water suppliers in the County provide water service to nearly 100% of the County's residents. All water 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 because 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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