

NASSAU COUNTY
NEW YORK



COMPREHENSIVE
ANNUAL FINANCIAL
REPORT
OF THE
COMPTROLLER

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2010

GEORGE MARAGOS
COMPTROLLER

NASSAU COUNTY
NEW YORK



COMPREHENSIVE
ANNUAL FINANCIAL
REPORT
OF THE
COMPTROLLER

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2010

GEORGE MARAGOS
COMPTROLLER

FRANCIS X. MARONEY, Esq.
CHIEF DEPUTY COMPTROLLER

JOY M. WATSON, Esq.
DEPUTY COMPTROLLER AUDIT & SPECIAL PROJECTS

KATHLEEN L. KUGLER
COUNTY DIRECTOR OF ACCOUNTING



George Maragos
NASSAU COUNTY COMPTROLLER

COUNTY OF NASSAU, NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010 TABLE OF CONTENTS

	Exhibit	Page
<u>INTRODUCTORY SECTION</u>		
Letter of Transmittal		1
Certificate of Achievement for Excellence in Financial Reporting		5
Principal Officials		6
County Departments and Offices		7
<u>FINANCIAL SECTION</u>		
Independent Auditors' Report.....		11
Management's Discussion and Analysis.....		13
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements:		
Statement of Net Assets – December 31, 2010.....	X-1	27
Statement of Activities – for the year ended December 31, 2010	X-2	28
Fund Financial Statements:		
Governmental Funds – Balance Sheet - December 31, 2010.....	X-3	29
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets - December 31, 2010.....	X-4	30
Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances - for the year ended December 31, 2010	X-5	31
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities - for the year ended December 31, 2010.....	X-6	32
Statement of Revenues, Expenditures and Changes in Fund Balances - Total Budgetary Authority and Actual:		
General Fund for the year ended December 31, 2010.....	X-7	33
Fire Prevention, Safety, Communications and Education Fund for the year ended December 31, 2010.....	X-8	34
Police District Fund for the year ended December 31, 2010	X-9	35
Police Headquarters Fund for the year ended December 31, 2010	X-10	36
Sewer and Storm Water District Fund - for the year ended December 31, 2010.....	X-11	37
Statement of Fiduciary Net Assets – December 31, 2010	X-12	38
Statement of Net Assets - All Discretely Presented Component Units December 31, 2010	X-13	39
Statement of Activities - Discretely Presented Component Units – Proprietary – for the year ended December 31, 2010.....	X-14	40

COUNTY OF NASSAU, NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010 TABLE OF CONTENTS

FINANCIAL SECTION (CONTINUED)

BASIC FINANCIAL STATEMENTS (CONTINUED)

	Exhibit	Page
Notes to Financial Statements	X-15	
1. Summary of Significant Accounting Policies		41
2. Deposits and Investments		58
3. Due from Other Governments		60
4. Tax Real Estate		60
5. Tax Sale Certificates		60
6. Interfund Receivables, Payables and Transfers		61
7. Deferred Charges		63
8. Capital Assets		64
9. Leases		70
10. Notes Payable and Long-Term Obligations		72
11. Refinancing of Long-Term Obligations		93
12. Pension Plans		93
13. Reconciliation of GAAP Fund Balances to Budgetary Basis		95
14. Designation of Unreserved Fund Balances		96
15. Other Post-Employment Benefits		96
16. Contingencies and Commitments		102
17. Nassau Health Care Corporation ("NHCC")		105
18. Fund Balance Surplus/Deficit		106
19. Subsequent Events		106
Required Supplementary Information		
Schedule of Funding Progress	X-16	111

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet – December 31, 2010	A-1	115
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – for the year ended December 31, 2010	A-2	116

COUNTY OF NASSAU, NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010 TABLE OF CONTENTS

FINANCIAL SECTION (CONTINUED)

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (CONTINUED)

	Exhibit	Page
OTHER SUPPLEMENTARY INFORMATION		
<u>MAJOR GOVERNMENTAL FUNDS</u>		
Comparative Statement of Actual Revenues vs. Modified Budget - General Fund - for the year ended December 31, 2010	B-1	119
Comparative Statement of Actual Expenditures vs. Total Budgetary Authority - General Fund - for the year ended December 31, 2010	B-2	124
Statement of Revenues, Expenditures and Changes in Fund Balance - Total Budgetary Authority and Actual:		
Fire Prevention, Safety, Communication and Education Fund - for the year ended December 31, 2010	B-3	135
Police District Fund - for the year ended December 31, 2010.....	B-4	136
Police Headquarters Fund - for the year ended December 31, 2010	B-5	137
Sewer and Storm Water District Fund - for the year ended December 31, 2010.....	B-6	138
<u>NONMAJOR GOVERNMENTAL FUNDS</u>		
Statement of Revenues, Expenditures, and Changes in Fund Balances -- Total Budgetary Authority and Actual:		
Technology Fund - for the year ended December 31, 2010.....	B-7	139
Statement of Expenditures by County Departments and Offices Total Budgetary Authority and Actual -- Grant Fund for the year ended December 31, 2010	B-8	140
Statement of Revenues, Expenditures, and Changes in Fund Balances -- Total Budgetary Authority and Actual:		
Environmental Protection Fund - for the year ended December 31, 2010.....	B-9	141
<u>CAPITAL ASSETS</u>		
Capital Assets Used in the Operation of Governmental Funds by Function - December 31, 2010.....	C-1	142
Capital Assets Statement of Changes by Function -- December 31, 2010	C-2	143
<u>DEBT SERVICE FUND</u>		
Statement of Revenues, Expenditures and Changes in Fund Balances -- Total Budgetary Authority and Actual for the year ended December 31, 2010.....	D-1	144

COUNTY OF NASSAU, NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010 TABLE OF CONTENTS

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (CONTINUED)

OTHER SUPPLEMENTARY INFORMATION (CONTINUED)

	Exhibit	Page
<u>FIDUCIARY FUNDS</u>		
Statement of Changes in Fiduciary Assets and Liabilities – December 31, 2010	E-1	145
Statement of Changes in Other Liabilities – Fiduciary Fund for the year ended December 31, 2010.....	E-2	146
<u>CASH IN BANKS</u>		
Statement of Cash in Banks - All Funds of the Primary Government – December 31, 2010.....	F-1	147
<u>STATISTICAL SECTION</u>		
<u>FINANCIAL TRENDS</u>		
Net Assets of Primary Government	T-1	153
Changes in Net Assets.....	T-2	154
Governmental Activities Tax Revenue by Source (Accrual Basis)	T-3	155
Fund Balances of Governmental Funds	T-4	156
Changes in Fund Balances of Governmental Funds	T-5	157
<u>REVENUE CAPACITY INFORMATION</u>		
Government Activities Tax Revenues by Source (Modified Accrual Basis).....	T-6	161
Sales Tax, Assessed Value and Estimated Actual Value of Taxable Property	T-7	162
Property Tax Levies, Rates, Direct and Overlapping Governments	T-8	163
Principal Sources of Own Source Revenue	T-9	164
Constitutional Tax Margin	T-10	165
Property Tax Levies and Collections	T-11	166
<u>DEBT CAPACITY INFORMATION</u>		
Ratios of Outstanding Debt by Type.....	T-12	169
Ratios of General Bonded Debt Outstanding.....	T-13	171
Taxable Full Value Calculation for 2010.....	T-14	172
Legal Debt Margin Information.....	T-15	173
Pledged-Revenue Coverage	T-16	174
<u>DEMOGRAPHIC AND ECONOMIC INFORMATION</u>		
Demographic and Economic Statistics.....	T-17	177
Principal Employers- Current year and nine years ago.....	T-18	178
Average Yearly Employment by Industry	T-19	179

COUNTY OF NASSAU, NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010 TABLE OF CONTENTS

STATISTICAL SECTION (CONTINUED)

	Exhibit	Page
<u>OPERATING INFORMATION</u>		
County Government Employees by Function	T-20	183
Capital Asset Statistics by Function.....	T-21	184
Operating Indicators by Function	T-22	185

APPENDIX

Independent Auditors' Report On Internal Control Over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	191
--	-----

INTRODUCTORY SECTION

George Maragos
Comptroller



Francis X. Moroney, Esq.
Chief Deputy Comptroller

Joy M. Watson, Esq.
Deputy Comptroller
Audits & Special Projects

OFFICE OF THE COMPTROLLER

240 Old Country Road
Mineola, New York 11501
Tel: (516) 571-2386
Fax: (516) 571-5900
nccomptroller@nassaucountyny.gov

June 27, 2011

TO THE PEOPLE OF NASSAU COUNTY

I am pleased to submit the Comprehensive Annual Financial Report (“the report”) for the year ended December 31, 2010, as required by New York State County Law 577[1] (j)-(k). This letter of transmittal is designed to complement Management’s Discussion and Analysis (“MD&A”) and should be read in conjunction with it.

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

The County ended the year with a budgetary surplus of \$26.6 million in its primary operating funds. The year-end surplus increases the fund balance of the primary funds from \$64.2 million to \$90.8 million, which is the first increase since 2006. Also, for the first time since 2005, significant progress has been achieved in reducing the amounts paid out in tax certiorari settlements. The amount paid out in real property tax settlements during 2010 declined to \$79.4 million from \$114.5 million in 2009, a 31% improvement.

Additionally, the structural deficit was reduced from \$251.6 million in 2009 to \$137.6 million in 2010, a 45% improvement over the prior year. This is the first reduction in the structural deficit in the past five years. The structural deficit is the difference between recurring revenues and expenses, excluding “one-shots,” and traditionally has been an important indicator of the County’s long term fiscal health.

The increase in the fund balance and significant improvement in the structural deficit are fundamental improvements in the County financials. They are especially remarkable because they have been achieved without an increase in property taxes while confronting double digit

increases in costs for pensions and health benefits, and continuing increases in contractual labor costs.

Notwithstanding the positive 2010 fiscal improvements, the Nassau Interim Finance Authority (NIFA) declared a control period on March 25, 2011 finding that the County 2011 Budget had significant budgetary risk items that could result in a budgetary deficit of 1% or greater by year end 2011. Under a control period, NIFA assumes certain powers to approve County contracts, to approve new borrowings, as well as to suspend certain labor union contract provisions.

The independent accounting firm of Deloitte & Touche LLP performed an audit of the County's financial statements as of, and for the year ended, December 31, 2010. Their audit opinion on the basic financial statements, and combined and individual fund statements and schedules are located on pages 11 and 12 of this report.

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

The County is responsible for establishing and maintaining internal control structures, which should be designed to ensure that its assets are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformance with accounting principles generally accepted in the United States. Internal control structures are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and, (2) the valuation of costs and benefits requires estimates and judgment by County managers. As a recipient of federal grants, the County must also establish internal control structures in compliance with applicable laws and regulations related to those programs. The County's internal control structures are subject to periodic evaluation by the Comptroller's Office personnel, as well as by the independent auditors engaged to conduct the annual single audit, as required by law.

Profile of the Government

Nassau County funds a full range of municipal services which include: public safety, health, highways, sanitation, public improvements and parks, recreational facilities and cultural events, as well as planning and general administrative services. Incorporated in 1899, the County contains three towns, two cities, 64 incorporated villages, 56 school districts and approximately 200 special taxing districts that provide services in specific areas, such as garbage collection and water supply. With a population of approximately 1.4 million people, it occupies 287 square miles located approximately 15 miles east of Manhattan.

The various funds and component units included in this report are deemed to be controlled by, or financially accountable to, the County based on criteria set forth by the Governmental Accounting Standards Board Statement No. 14 as discussed in Note 1 to the Financial Statements. The County's component units are comprised of the Nassau County Interim Finance Authority, the Nassau County Tobacco Settlement Corporation, the Nassau County Tobacco Securitization Corporation Residual Trust, the Nassau County Sewer and Storm Water Finance Authority, the Nassau Community College, the Nassau Health Care Corporation, the Nassau Regional Off-Track Betting Corporation, and the Nassau County Industrial Development Agency.

The County establishes budgetary controls to ensure compliance with legal provisions contained in the annual appropriated budgets approved by the County Legislature. Activities of the General Fund, Debt Service Fund, and Special Revenue Funds, with the exception of the Grant Fund, are provided for in annual appropriated budgets. Activities of the Grant Fund are appropriated for the life of each grant, as the individual grants are made available to the County. Project-length financial plans, as well as annual spending plans, are adopted for the Capital Projects Funds. The level of budgetary control at which expenditures cannot exceed the appropriated amount is exercised by object appropriation level within a department control center. The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Appropriations, which have not been expended or encumbered, lapse at the end of the year. Encumbrances outstanding at year-end are recorded in order to reserve that portion of the applicable appropriation and may be expended in a subsequent budgetary period.

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

Nassau County has not been immune to the economic recession that has swept the region and the country. Unemployment and economic uncertainty has led to reduced consumer spending, lower sales tax revenue and little economic growth. Sales tax, which is the County's largest revenue source, only recovered back to its 2008 levels.

The budget surplus was achieved by cutting millions in spending, reducing the number of employees and by cutting government waste. The budgeted revenue fell short, primarily due to optimistic projections by the prior administration, which failed to materialize in areas such as the cigarette tax, the budget surplus from the prior year, and the Red Light Camera expansion. At the same time, expenses during 2010 were lower than budgeted (excluding real property tax refunds) from two main areas, reduced Payroll and Fringe Benefits costs, and reduced Contractual, Equipment and General Expenses.

The lower expense offset the lower revenues resulting in a budgetary surplus for 2010. However, due to a policy change in the method of paying for real property tax refunds, effective October 31, 2010, the surplus increased by \$13.1 million. The Mangano Administration changed its policy to pay future tax certiorari settlements from bond proceeds rather than operating revenues, including the balance of the 2010 payments.

Awards and Acknowledgements

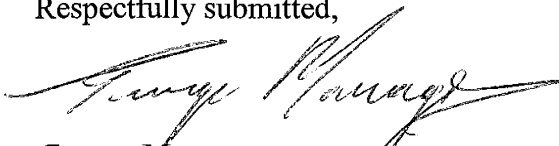
The Government Finance Officers Association of the United States and Canada ("GFOA") has awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the year ended December 31, 2009. This is the twenty-sixth consecutive year in which the County's Comprehensive Annual Financial Report has been so honored. In order to be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The County has also earned GFOA's Distinguished Budget Presentation Awards for its 2009 budget submissions. In order to receive this award, a governmental unit must publish a budget document that meets criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The preparation of the 2010 Comprehensive Annual Financial Report on a timely basis could not have been accomplished without the invaluable assistance of the efficient and dedicated staff of the offices of the County Comptroller, the County Executive, the County Treasurer and our independent auditors, Deloitte & Touche LLP. I would like to express my appreciation to all those who assisted and contributed to its preparation.

Respectfully submitted,



George Maragos
Nassau County Comptroller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Nassau
New York

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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



President

Executive Director

COUNTY OF NASSAU, NEW YORK

PRINCIPAL OFFICIALS

December 31, 2010

Executive

County Executive
County Comptroller
County Treasurer
County Attorney
Director of the Budget
District Attorney
County Clerk
Acting County Assessor

Edward P. Mangano
George Maragos
John A. Mastromarino
John Ciampoli
Jeffrey Nogid
Kathleen M. Rice
Maureen C. O'Connell
James E. Davis

Legislative

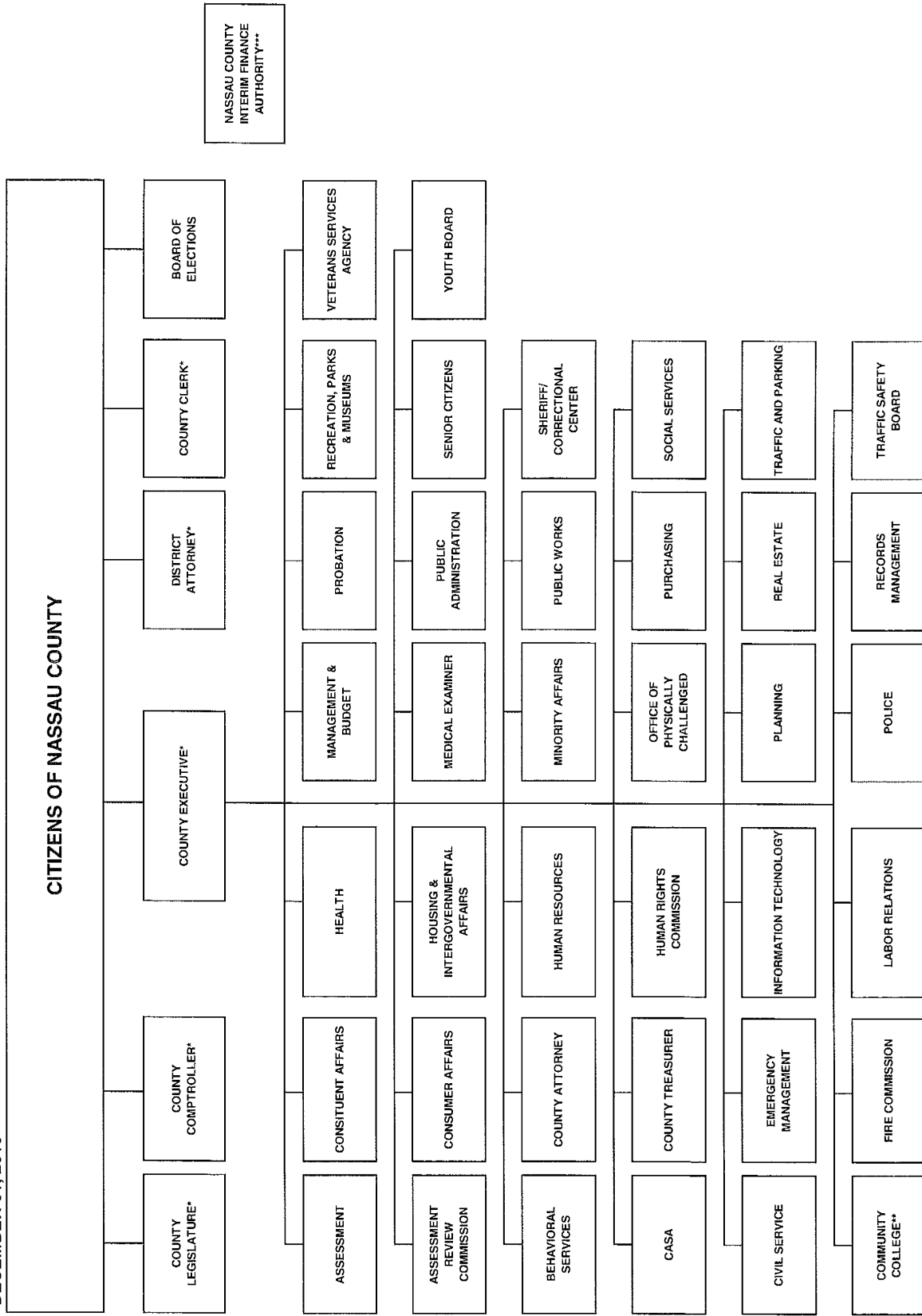
Peter J. Schmitt, Presiding Officer
John J. Ciotti, Deputy Presiding Officer
Norma L. Gonsalves, Alternate Deputy Presiding Officer
Diane Yatauro, Minority Leader
Legislator Kevan M. Abrahams
Legislator Robert Troiano
Legislator Denise Ford
Legislator Joseph K. Scannell
Legislator Francis X. Becker,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

12th Legislative District
3rd Legislative District
13th Legislative District
18th Legislative District
1st Legislative District
2nd Legislative District
4th Legislative District
5th Legislative District
6th Legislative District
7th Legislative District
8th Legislative District
9th Legislative District
10th Legislative District
11th Legislative District
14th Legislative District
15th Legislative District
16th Legislative District
17th Legislative District
19th Legislative District

COUNTY OF NASSAU, NEW YORK

COUNTY DEPARTMENTS AND OFFICES

AS OF DECEMBER 31, 2010



* Offices Elected by Voters of Nassau County
 ** Discretely Presented Component Unit. See Note 1 of Notes to Financial Statements
 *** Blended Component Unit. See Note 1 of Notes to Financial Statements.

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Nassau, New York, (the "County"), as of and for the year ended December 31, 2010, (with the Nassau Community College for the year ended August 31, 2010), which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of the County's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of December 31, 2010 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Nassau Regional Off-Track Betting Corporation, the Nassau County Industrial Development Agency, and the Nassau Health Care Corporation, all discretely presented component units, which, as combined, represent 10 percent and 18 percent, respectively, of the assets and revenues of the County for the year ended December 31, 2010. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities is based solely on the reports of the other auditors. The report of the independent auditor contained an explanatory paragraph concerning the Nassau Regional Off-Track Betting Corporation's ability to continue as a going concern (See Note 1c).

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion. The financial statements of the Nassau Health Care Corporation were not audited in accordance with *Government Auditing Standards*.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate

remaining fund information of the County of Nassau, New York, as of December 31, 2010, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the applicable major funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of nonmajor governmental and fiduciary funds of the County of Nassau, New York, as of December 31, 2010, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the schedule of funding progress on pages 13 through 24, and page 111, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required 2010 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying financial information listed as Other Supplementary Information, in the foregoing table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This supplementary information is the responsibility of the County's management. The accompanying financial information listed as Other Supplementary Information, in the foregoing table of contents, has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and Statistical Section, in the foregoing table of contents, have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2011, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As discussed in Note 1S, the 2009 net assets (deficit) have been restated.

Deloitte + Touche LLP

June 27, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Nassau County's Comprehensive Annual Financial Report ("CAFR") complies with the requirements of Governmental Accounting Standards Board Statement No. 34 ("GASB 34"). This section of the report, required under GASB 34, presents Management's Discussion and Analysis ("MD&A") of the Nassau County's ("County") financial activities and performance for the fiscal years ended December 31, 2010 and 2009. This section should be read in conjunction with the letter of transmittal and the County's financial statements.

FINANCIAL HIGHLIGHTS

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

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2010

GASB 34 requires the inclusion of two types of financial statements in the CAFR: *government-wide financial statements* and *fund financial statements*.

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

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

The Statement of Net Assets

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

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

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

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

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

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

The County has \$1.5 billion invested in its capital assets, recorded at acquisition cost, net of related debt. Capital assets are used by the County in the provision of services to the taxpayers; hence, this investment of County equity is allocated in the County's capital assets and is not immediately available to support future expenses.

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

As of December 31, 2010, the County and its blended component units had a combined \$3.6 billion in outstanding long-term debt. The County's debt indicators and ratios are disproportionately high. This is because the County has historically issued long-term debt to finance judgments, settlements, and the payment of real property tax refunds resulting from successful grievances of property tax assessments. As of December 31, 2010, the County had \$1.2 billion of outstanding debt related to tax certiorari settlements.

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

The Statement of Activities

The Statement of Activities for the fiscal year that ended December 31, 2010 details the decline in the County's net worth from 2009 to 2010. Table 2 summarizes the changes in the County's net assets. Several factors, mainly recorded within the General Fund, impacted the County's net worth. They include:

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

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

Table 2
Change in Net Assets
(dollars in millions)

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

ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2010

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

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

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

The Governmental Fund Statements

The County ended the 2010 fiscal year with a budgetary surplus of \$26.6 million aggregated across its primary operating funds. This surplus resulted from the County's ability to meet the unprecedented budgetary challenges from the national credit crisis. The recovery of the aforementioned crisis led to a

recovery in sales tax revenue. Other key measures taken to reduce expenses included, but are not exclusive of, limiting hiring of personnel to key positions and the implementation of stringent cost controls on non-mandated costs.

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

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

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

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

- The County's workforce management program limited new hiring primarily to essential and/or emergency functional areas, and throughout the year, full-time staffing levels were below budgeted levels. For example, on December 31, 2010, full-time staffing in the primary operating funds were 774 positions below the budget allotment of 9,183 positions.
- By controlling spending on contracts and restricting purchasing via better inventory management, the County achieved a \$16.2 million positive variance to budget, primarily in the General Fund.
- Due to delayed borrowings for capital improvements and lower than budgeted interest rates, debt service costs were lower than budgeted in the amount of \$31.1 million.
- Partially offsetting these positive results were negative factors including a net reduction of \$30.0 million in State Aid and Federal Aid, and a \$5.7 million budgetary shortfall in investment income due to lower than expected interest rates. These negative variances are primarily a result of

slower economic activity due to the negative effects of the credit crisis, higher unemployment, and lower consumer confidence.

CAPITAL INVESTMENTS

The County completed a number of capital projects during the 2010 fiscal year, including \$43.9 million in sewer district improvements and upgrades, and \$53.3 million in public safety related improvements. The County made capital improvements during 2010 in the following areas:

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

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

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

DEBT

The County and its blended component units –NIFA, NCTSC, and the Nassau County Sewer and Storm Water Finance Authority (“NCSSWFA”) - had approximately a combined \$3.6 billion in outstanding

long-term debt as of December 31, 2010, representing a net increase of \$141 million over the combined long-term debt outstanding as of December 31, 2009. The County also provides a direct-pay guarantee of \$259.1 million outstanding from the refunding and new money debt issued in October of 2004 and refunded in April 2009 by the Nassau Health Care Corporation and \$14.5 million outstanding from the refunding and new money debt issued in June of 2005 by the Nassau Regional Off-Track Betting Corporation. Since the two corporations are discretely-presented component units of the County, their debt is not itemized in Table 5 below.

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

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

During 2010, the County issued \$345 million of long-term debt to fund its capital program. The County did not issue any new debt through the State Revolving Loan Fund (“SRF”) during 2010. The SRF is administered by the New York State Environmental Facilities Corporation which provides interest-subsidized loans to local governments for eligible environmental projects (e.g., sewer and storm water improvement initiatives).

Offsetting new issuances was a decrease in NIFA’s long-term debt of \$104.4 million during 2010. This decrease reflects the maturation and run-off of the existing NIFA debt.

The net amount of outstanding debt of the NCTSC increased by \$4.2 million due to the accretion in the

value of its capital appreciation bonds, partially offset by the maturity of its senior bonds.

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

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

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

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

NASSAU COUNTY'S CREDIT RATING

In May 2010, Fitch IBCA and Moody's Investor Services released their new recalibrated ratings. Both Agencies changed their ratings for the County as part of their recalibrations. In June 2010, Fitch IBCA, and Standard and Poor's reaffirmed the County's ratings, with no change in ratings while, at the same time Moody's Investors Services changed their outlook for the County's ratings to negative. During November 2010, Moody's Investors Services downgraded the County and put the County on watch. During April 2011, Moody's Investors Services maintained the County's ratings and removed the negative watch but kept the negative outlook.

CONCLUSION

The County's net worth declined by \$321.5 million during 2010 to a negative \$5.3 billion. This decline was primarily driven by the increases in long-term liabilities for OPEB and the addition of long-term debt. The negative balance in total net worth is principally driven by borrowing for real property tax

refunds, the liability for health insurance for retirees, and other liabilities for which there are no corresponding assets.

During 2010, the County generated a positive budgetary surplus of \$26.6 million across its primary operating funds. This surplus resulted from the County's ability to meet the budgetary challenges and revenue shortfalls during 2010 by limiting hiring of personnel and the implementation of spending controls. At the end of 2010, unreserved, undesignated fund balance in the County's primary operating funds were \$90.8 million on a budgetary basis.

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

BASIC FINANCIAL STATEMENTS

EXHIBIT X-1

COUNTY OF NASSAU, NEW YORK

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

	Primary Government	
	Governmental Activities	Component Units
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 733,526	\$ 68,135
Investments, Including Accrued Interest (Note 2)	94,628	
Assets Whose Use is Limited - Current		42,276
Sales Tax Receivable	116,168	
Interest Receivable	2,572	
Student Accounts and Loans Receivable		10,629
Less Allowance for Doubtful Amounts		(9,086)
Due from Other Governments (Note 3)	228,849	2,726
Less Allowance for Doubtful Accounts	(2,722)	
Due from Primary Government (Note 6)		10,052
Other Receivables		40,021
Accounts Receivable	27,833	324,024
Less Allowance for Doubtful Accounts		(220,079)
Real Property Taxes Receivable	77,506	
Less Allowance for Doubtful Accounts	(10,723)	
Due from Component Unit (Note 6)	9,291	
Inventories		5,542
Prepays	111,006	
Other Assets - Current	14,860	9,083
Total Current Assets	1,402,892	286,329
NON CURRENT ASSETS:		
Deferred Financing Costs	187,495	6,186
Less Accumulated Amortization	(61,549)	(3,472)
Deferred Charges (Note 7)	339,331	
Deferred Outflows of Resources	53,229	
Assets Whose Use is Limited		55,614
Capital Assets Not Being Depreciated (Note 8)	607,745	18,360
Depreciable Capital Assets (Note 8)	3,295,046	772,086
Less Accumulated Depreciation	(1,448,249)	(479,405)
Deposits Held by Trustees		17,113
Deposits Held in Custody for Others		1,650
Tax Sale Certificates (Note 5)	5,633	
Tax Real Estate Held for Sale (Note 4)	8,145	
Other Assets		13,161
Total Non Current Assets	2,987,426	402,263
Total Assets	4,390,318	688,612
LIABILITIES		
CURRENT LIABILITIES:		
Accounts Payable	91,740	56,992
Accrued Liabilities	89,312	28,146
Tax Anticipation Notes Payable	270,000	
Revenue Anticipation Notes Payable	210,000	
Accrued Interest Payable	16,837	1,458
Notes Payable - Current		59
Deferred Revenue - Current	40,291	19,652
Current Portion of Long Term Liabilities (Note 10)	344,678	9,003
Other Liabilities - Current	15,081	35,963
Total Current Liabilities	1,077,839	151,273
NON CURRENT LIABILITIES:		
Notes Payable		74
Derivative Instruments - Interest rate swaps	53,229	25,255
Serial Bonds Payable (Notes 10 and 11)	3,398,246	294,930
Deferred Bond Premium/Discount (Net of Amortization)	118,789	2,004
Deferred Revenue	24,952	
Accrued Vacation and Sick Pay (Note 10 and 16)	523,446	95,483
Deferred Payroll	71,756	
Estimated Workers' Compensation Liability (Notes 10 and 16)	248,309	
Estimated Tax Certiorari Payable (Notes 10 and 16)	82,314	
Estimated Liability for Litigation and Malpractice (Notes 10 and 16)	222,718	36,400
Liability for Future Pension Expense		21,156
Capital Lease (Note 9)	5,351	
Other Liabilities - Non Current	14,366	13,768
Deposits Held in Custody for Others		1,659
Insurance Reserve Liability		1,984
Postemployment Retirement Benefits Liability	3,856,129	502,359
Total Non Current Liabilities	8,619,585	995,171
Total Liabilities	9,697,524	1,146,444
NET ASSETS (DEFICIT)		
Invested in Capital Assets, Net of Related Debt	1,534,318	162,670
Restricted:		
General		1,964
Special Revenue		
Nassau Community College Foundation Fund		
Donor Imposed Stipulations		1,468
Direct Scholarships		106
Restricted Scholarships		1,117
Capital Projects	226,915	943
Debt Service		17,113
Student Loans		505
Unrestricted Deficit	(7,088,439)	(643,718)
Total Net Assets (Deficit)	\$ (5,307,206)	\$ (457,832)

See accompanying notes to financial statements.

EXHIBIT X-2

COUNTY OF NASSAU, NEW YORK

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

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

See accompanying notes to financial statements.

EXHIBIT X-3
COUNTY OF NASSAU, NEW YORK
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2010 (Dollars in Thousands)

	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
ASSETS										
Cash	\$ 179,482	\$ 612	\$ 2,629	\$ 1,782	\$ 726	\$ 4,255	\$ 131,296	\$ 285,205	\$ 127,539	\$ 733,526
Investments (Note 2)									94,628	94,628
Sales Tax Receivable		116,166							81	116,166
Interest Receivable									27,835	27,835
Due from Other Governments (Note 3)	189,020			3		2,966			81	189,020
Less Allowance for Doubtful Accounts	(2,722)								(2,722)	(2,722)
Accounts Receivable	22,841				457	3,983	151	10	381	27,833
Real Property Taxes Receivable	77,506									77,506
Less Allowance for Doubtful Accounts	(10,723)									(10,723)
Tax Sale Certificates (Note 5)	5,633									5,633
Tax Real Estate Held for Sale (Note 4)	8,145									8,145
Interfund Receivables (Note 6)	319,224		170,690	313	21,365	35,587	507	105,737	16,414	669,837
Prepaids	42,166		15,862	1,009	34,070	28,839	1,825		2,148	125,919
Due from Component Units (Note 6)	22,591								22,591	22,591
Other Assets	7,459	44		125	3,273	3,330	388	209	32	14,860
TOTAL ASSETS	\$ 860,622	\$ 116,822	\$ 189,181	\$ 3,232	\$ 59,891	\$ 78,970	\$ 134,167	\$ 400,186	\$ 269,058	\$ 2,112,129

	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
LIABILITIES AND FUND EQUITY										
Accounts Payable	\$ 53,825	\$ 153	\$ 362	\$ 16	\$ 7,436	\$ 1,537	\$ 5,381	\$ 16,698	\$ 13,921	\$ 91,740
Accrued Liabilities	49,857			470		6,549	2,544	18,242	48,944	134,195
Tax Anticipation Notes Payable (Note 10)	270,000									270,000
Revenue Anticipation Notes Payable (Note 10)	210,000									210,000
Deferred Revenue	40,861									40,861
Interfund Payables (Note 6)	57,764	100,178	189,181	2,884	48,425	72,041	23,647	155,392	44,660	85,521
Due to Component Units (Note 6)							28	12,211	1,061	13,300
Other Liabilities	15,081								14,366	29,447
Total Liabilities	697,388	100,331	189,181	3,370	56,253	80,127	31,600	202,543	143,277	1,504,040
FUND EQUITY (DEFICITS)										
Fund Balances:										
Reserved for Retirement of Temporary Financing								4,401	4,187	8,588
Reserved for Encumbrances	86,227			61	382	1,320	11,158	205,016	124,373	428,537
Restricted - Senior Liquidity Reserve									24,009	24,009
Unreserved and Designated for Ensuing Year's Budget (Note 13):										
Special Revenue							35,538			35,538
Unreserved Nonmajor Fund Balances (Deficits):									(10,353)	(10,353)
Special Revenue										
Capital Projects										
Debt Service										
Unreserved Major Fund Balances (Deficits) (Note 14)	77,007	16,491		(199)	3,266	(2,477)	55,871	(11,774)	(10,353)	(32,730)
Total Fund Equity (Deficits)	163,234	16,491		(138)	3,668	(1,157)	102,567	197,643	123,781	608,089
Commitments and Contingencies (Note 16)										
TOTAL LIABILITIES AND FUND EQUITY (DEFICITS)	\$ 860,622	\$ 116,822	\$ 189,181	\$ 3,232	\$ 59,891	\$ 78,970	\$ 134,167	\$ 400,186	\$ 269,058	\$ 2,112,129

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

See accompanying notes to financial statements.

EXHIBIT X-4

COUNTY OF NASSAU, NEW YORK

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2010 (Dollars in Thousands)**

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

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

See accompanying notes to financial statements.

EXHIBIT X-5

COUNTY OF NASSAU, NEW YORK

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)**

	General Fund	NIFA General Fund	Debt Service Fund	Fire Prevention, Safety, Communication and Education Fund	Police District Fund	Police Headquarters Fund	Sewer and Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:										
Interest and Penalties on Taxes	\$ 26,521									\$ 26,521
Licenses and Permits	7,467				1,904	452	296			10,119
Fines and Forfeits	36,291				960				1,798	39,049
Interest Income	1,315	84		1	103	14	1,049	465	395	3,396
Rents and Recoveries	18,939				840	564		693	281	21,317
Tobacco Receipts									19,881	19,881
Departmental Revenue	67,474			5,918	3,267	18,952	2,032	18	3,146	100,638
Interdepartmental Revenue	143,242				280	12,742	56		102	156,422
Federal Aid	207,359		1,600			125		18,935	73,858	301,877
State Aid	171,931	7		120		246		5,122	39,383	216,809
Sales Tax	754,818	184,792								939,610
Prorated Sales Tax in Lieu of Property Taxes	57,565									57,565
Property Taxes	168,432			15,401	343,354	279,980			125,038	932,205
Payments in Lieu of Taxes	6,881								2,641	6,881
Special Taxes	7,532					23,846			4,242	34,019
Other Revenues	28,317			32	1,369	1,844	165			35,588
Total Revenues	1,704,084	184,883	1,600	21,472	352,107	338,765	3,598	25,234	270,735	2,902,478
EXPENDITURES:										
Current:										
Legislative	10,207									10,207
Judicial	62,577								3,818	66,493
General Administration	216,989	1,263							37,116	255,368
Protection of Persons	16,558			20,778	384,108	365,650			11,009	798,113
Health	204,416								60,760	265,176
Public Works	102,354						81,906			184,260
Recreation and Parks	23,282								4,467	27,749
Capital Outlay - General								118,353		118,353
Capital Outlay - Sewage Districts									26,008	26,008
Social Services	585,470								8,481	593,951
Corrections	225,207								1,487	226,694
Education	10,483									10,483
Payments for Tax Certiorari and Other Judgments	105,483									106,483
Other	127,608									127,608
Total Current	1,691,734	1,263		20,778	384,108	365,650	81,906	118,353	143,144	2,808,946
Debt Service:										
Principal			76,710				21,896		112,113	210,719
Interest			44,956				8,348		82,514	145,818
Financing Costs			7,069							7,069
Total Debt Service			128,735				30,244		204,627	383,606
Total Expenditures	1,691,734	1,263	128,735	20,778	384,108	365,650	112,150	118,353	347,771	3,170,852
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	12,350	183,620	(127,135)	694	(32,001)	(26,885)	(108,552)	(93,119)	(77,036)	(288,074)
OTHER FINANCING SOURCES (USES):										
Other Financing Sources - Premium on Bonds			28,413				335			28,748
Other Financing Sources - EFC Drawdowns									1,141	1,141
Transfers In	269,468		266,203	640	21,859	34,866	1,222		10,532	604,830
Transfers In of Investment Income	454						85			549
Transfers Out	(240,142)		(320,430)	(1,571)	(1,041)	(12,433)	(8,948)	(3,131)	(16,934)	(604,830)
Transfers Out of Investment Income								(465)	(64)	(649)
Transfers In from NIFA	517	1,069							169,458	170,044
Transfers Out to NIFA		(168,864)							(1,180)	(170,044)
Transfers In from SFA									49,755	49,755
Transfers Out to SFA							104,055		(153,810)	(49,755)
Issuance of Bonds			152,949					173,392	18,649	344,990
Redemption of Notes										
Total Other Financing Sources (Uses)	30,307	(167,795)	127,135	(891)	20,828	22,263	96,749	169,796	76,527	374,879
NET CHANGE IN FUND BALANCES (DEFICITS)	42,857	15,825		(237)	(11,173)	(4,622)	(11,803)	76,677	(509)	105,805
TOTAL FUND BALANCES AT BEGINNING OF YEAR	120,577	666		99	14,841	3,475	114,370	120,968	128,290	591,284
TOTAL FUND BALANCES (DEFICITS) AT END OF YEAR	\$ 183,234	\$ 16,491	\$	\$ (138)	\$ 3,668	\$ (1,157)	\$ 102,567	\$ 197,643	\$ 125,781	\$ 698,089

See accompanying notes to financial statements.

EXHIBIT X-6

COUNTY OF NASSAU, NEW YORK

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)**

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

Net change in fund balances - total governmental funds \$ 106,805

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

Purchase of capital assets	\$ 419,342	
Depreciation expense	(114,633)	
Other	<u>(314,598)</u>	(9,889)

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

Effect of GASB 45 and GASB 48 (net)	(253,104)	
Proceeds from sales of bonds	(344,990)	
Principal payments of bonds and payments for refunded bonds	209,158	
Accrued interest payable	(1,939)	
Additions to and amortization of debt issuance costs	7,069	
Amortized deferred liabilities	(27,405)	
Change in long-term liabilities	<u>(7,225)</u>	(418,436)

Change in net assets (deficit) - governmental activities \$ (321,520)

See accompanying notes to financial statements.

EXHIBIT X-7

COUNTY OF NASSAU, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)**

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

See accompanying notes to financial statements.

EXHIBIT X-8

COUNTY OF NASSAU, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
FIRE PREVENTION, SAFETY, COMMUNICATION AND EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)**

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

See accompanying notes to financial statements.

EXHIBIT X-9

COUNTY OF NASSAU, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
POLICE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)**

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

See accompanying notes to financial statements.

EXHIBIT X-10

COUNTY OF NASSAU, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
POLICE HEADQUARTERS FUND
FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)**

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

See accompanying notes to financial statements.

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY AND ACTUAL
SEWER & STORM WATER DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

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

See accompanying notes to financial statements.

COUNTY OF NASSAU, NEW YORK

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

Agency Fund

ASSETS:

Cash	\$	65,570
Due From Component Unit		<u>1,474</u>
TOTAL ASSETS	\$	<u>67,044</u>

LIABILITIES:

Accounts Payable	\$	1,029
Other Liabilities		<u>66,015</u>
TOTAL LIABILITIES	\$	<u>67,044</u>

Nassau County Tobacco Securitization Corporation Residual Trust

ASSETS:

Cash	\$	<u>18,412</u>
------	----	---------------

LIABILITIES:

Other Liabilities	\$	<u>18,412</u>
-------------------	----	---------------

See accompanying notes to financial statements.

EXHIBIT X-13

COUNTY OF NASSAU, NEW YORK

**STATEMENT OF NET ASSETS
ALL DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2010 (WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2010)
(Dollars In Thousands)**

	Nassau Community College	Nassau Health Care Corporation	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Total
ASSETS					
CURRENT ASSETS:					
Cash and Cash Equivalents	\$ 52,502	\$ 4,368	\$ 8,813	\$ 2,452	\$ 68,135
Assets Whose Use is Limited - Current		42,276			42,276
Student Accounts and Loans Receivable	10,629				10,629
Less Allowance for Doubtful Accounts	(6,086)				(6,086)
Due from Primary Government		11,745			11,745
Due from Other Governments	2,726				2,726
Other Receivables	1,866	38,155			40,021
Accounts Receivable		323,757	267		324,024
Less Allowance for Doubtful Accounts		(220,073)			(220,073)
Inventories		5,542			5,542
Other Assets - Current	231	8,419	429	4	9,083
Total Current Assets	61,868	214,189	9,509	2,456	288,022
NON CURRENT ASSETS:					
Deferred Financing Costs	2,787	2,867	532		6,186
Less Accumulated Amortization	(1,637)	(1,640)	(195)		(3,472)
Assets Whose Use is Limited		56,614			56,614
Capital Assets Not Being Depreciated	3,716	12,498	2,135	11	18,360
Depreciable Capital Assets	222,834	508,648	40,505	79	772,066
Less Accumulated Depreciation	(112,944)	(344,596)	(21,795)	(70)	(479,405)
Deposits Held by Trustees	17,113				17,113
Deposits Held in Custody for Others	1,660				1,660
Other Assets - Non Current		13,161			13,161
Total Non Current Assets	133,529	247,552	21,182	20	402,283
Total Assets	195,397	461,741	30,691	2,476	690,305
LIABILITIES					
CURRENT LIABILITIES:					
Accounts Payable	8,893	42,115	5,863	121	56,992
Accrued Liabilities		20,656	7,490		28,146
Accrued Interest Payable		1,458			1,458
Notes Payable - Current			59		59
Due To Primary Government	1,264		429		1,693
Deferred Revenue	19,650			2	19,652
Current Portion of Long Term Liabilities	5,110	2,438	1,455		9,003
Other Liabilities - Current	1,889	32,815	1,459		35,963
Total Current Liabilities	36,606	99,482	16,755	123	152,966
NON CURRENT LIABILITIES:					
Notes Payable			74		74
Derivative Instruments - Interest rate swaps		25,355			25,355
Serial Bonds Payable	51,836	230,014	13,080		294,930
Accrued Vacation and Sick Pay	52,194	43,265		24	95,483
Estimated Liability for Litigation	400	36,000			36,400
Deposits Held in Custody for Others	1,659				1,659
Insurance Reserve Liability	1,984				1,984
Deferred Bond Premium (Net of Amortization)	2,004				2,004
Liability for Future Pension Expense	1,334	19,822			21,156
Postemployment Retirement Benefits Liability	296,132	157,276	48,934	16	502,358
Other Liabilities - Non Current		13,768			13,768
Total Non Current Liabilities	407,543	525,500	62,088	40	995,171
Total Liabilities	444,149	624,982	78,843	163	1,148,137
NET ASSETS (DEFICIT)					
Invested in Capital Assets, Net of Related Debt	58,372	94,550	9,728	20	162,670
Restricted:					
General		1,964			1,964
Special Revenue					
Nassau Community College Foundation Fund					
Donor Imposed Stipulations	1,468				1,468
Direct Scholarships	106				106
Restricted Scholarships	1,117				1,117
Capital Projects	943				943
Debt Service	17,113				17,113
Student Loans	505				505
Unrestricted (Deficit)	(328,378)	(259,755)	(57,880)	2,293	(643,718)
Total Net Assets (Deficit)	\$ (248,752)	\$ (163,241)	\$ (48,152)	\$ 2,313	\$ (457,832)

See accompanying notes to financial statements.

COUNTY OF NASSAU, NEW YORK

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

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

See accompanying notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Financial Reporting Entity – GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, was issued and became effective for the year ended August 31, 2004. This statement provided additional guidance in determining whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. As a result of this statement, the College's financial statements include two component units as of August 31, 2010.

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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

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

- (b) Nassau Health Care Corporation (the "NHCC") is a public benefit corporation created in 1997 by an act of the New York State Legislature for the purpose of acquiring and operating the health facilities of Nassau County, State of New York. Effective September 29, 1999 (the "Transfer Date"), a transaction was executed which transferred ownership of the County health facilities to the NHCC which included Nassau University Medical Center, A. Holly Patterson Extended Care Facility, Faculty Practice Plan, Nassau Health Care Foundation ("NHCF"), and the Health Centers. Concurrent with the transaction, \$259.7 million of Nassau Health Care Corporation Health System Revenue Bonds, Series 1999 were issued. During 2004, \$303.4 million of Nassau Health Care Corporation Bonds, Series 2004 were issued to refund the NHCC's Revenue Bond Series 1999, fund certain capital projects and provide working capital. In 2009, a portion of the Series 2004 Bonds were redeemed with the issuance of the Series 2009 bonds. The bonds are insured and guaranteed by the County. NHCC is fiscally dependent on the County should certain NHCC debt service reserve funds fall below their requirements. NHCC is considered to be a component unit of the County and is presented as a proprietary type component unit on the accrual basis of accounting. The NHCC's accounts for its investment in the limited liability company using the equity method. A successor agreement (the "Successor Agreement") in 2007 clarifies the services provided by the NHCC to the County and establishes the mechanism for payments to the NHCC by the County and provides the NHCC with capital funding and such agreement is in effect until 2029.

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Units (Continued)

- (d) *The Nassau County Industrial Development Agency* (the "NCIDA") is a public benefit corporation established pursuant to the New York State General Municipal Law. The NCIDA's purpose is to arrange long-term low interest financing with the intent of developing commerce and industry in the County. It is reported as a component unit as the County appoints its governing body and may remove the NCIDA Board at will. The County has at times provided support to the NCIDA in the form of employees and facilities. Support expenditures would be included in the County's General Fund under personal services. The NCIDA has sole authority for establishing administrative and fiscal policy in the pursuit of its objectives. The County is not liable for any obligations or deficits the NCIDA may incur, nor does it share in any surpluses. The NCIDA is shown as a proprietary type component unit and is presented on the accrual basis of accounting for its fiscal year ended December 31, 2010.

Blended Component Units

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

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

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

The NCTSC board of directors has three members, one of whom must meet certain requirements of independence: (i) one elected by the County Legislature, (ii) one, who must be the County Treasurer, *ex officio*, designated by the County Executive and (iii) one selected by (i) and (ii). As of December 31, 2010, one position was vacant.

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

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

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

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

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

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

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

NCSSWFA did not issue debt in 2010.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

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

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

The County prepares its financial statements in accordance with GASB Statement No. 34 (as amended by Statement No. 37), which represents a very significant change in the financial reporting model used by state and local governments. Statement No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the County's governmental activities and activities of its discretely presented component units on the Statement of Net Assets and Statement of Activities. The County's Statement of Net Assets includes both noncurrent assets and noncurrent liabilities of the County, which were previously recorded in the General Fixed Assets Account Group and the General Long-term Obligations Account Group. In addition to the capital assets previously recorded in the General Fixed Assets Account Group, the County retroactively capitalized infrastructure assets that were acquired beginning with fiscal year ended December 31, 1980. In addition, the government-wide statement of activities reflects depreciation expenses on the County's capital assets, including infrastructure.

In addition to the government-wide financial statements, fund financial statements continue to be reported using the modified accrual basis of accounting and the current financial resources measurement focus. Accordingly, the accounting and financial reporting for the County's General Fund, NIFA General Fund, Debt Service Fund, Fire Prevention, Safety, Communication and Education Fund, Police District Fund, Police Headquarters Fund, Capital Fund, and Sewer and Storm Water District Fund is similar to that previously presented in the County's financial statements, although the format of financial statements has been modified by Statement No. 34.

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

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

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

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

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments, such as interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts and futures contracts are entered into by governments as investments; as hedges of identified financial risks associated with assets or liabilities, or expected transactions (i.e., hedgeable items); to lower the costs of borrowings; to effectively fix cash flows or synthetically fix prices; or to offset the changes in fair value of hedgeable items. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009, and was implemented the beginning of fiscal year ending December 31, 2010. All derivatives are to be reported on the Statement of Net Assets at fair value, and all hedges must be tested for effectiveness to qualify for hedge accounting. The tests are outlined in the Statement. Depending on the test results, the changes in fair value are either reported on the Statement of Net Assets as a deferral or in the Statement of Activities as investment revenue or loss.

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

In March 2009, GASB issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and Statement No. 56, *Codification of Accounting and Financial Reporting Guidance*

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

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

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

In December 2009, GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The objective of Statement No. 58 is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. This Statement became effective for financial statements for periods beginning after June 15, 2009. The County has determined that there is no impact from Statement No. 58 on its financial position or results of operations resulting from the adoption.

A. BASIS OF PRESENTATION

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

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

The County reports the following major governmental funds:

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

NIFA General Fund - The NIFA General Fund accounts for sales tax revenues received by NIFA and for general operating expenses, as well as distributions to Nassau County. The NIFA Debt Service Fund accounts for the accumulation of resources for payment of principal and interest on NIFA's bonds. Only that portion of bonds payable expected to be financed from expendable available resources is reported as a liability of the NIFA Debt Service Fund. The NIFA Capital Projects Fund accounts for the financial resources to be transferred to the County for its Financeable Costs.

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION (Continued)

Additionally, the County reports the following fund type:

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

New Accounting Standards

In February 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for financial statements for periods beginning after June 15, 2010. This Statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. It establishes fund balance classifications, such as restricted, committed, assigned and unassigned, that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The County has not completed the process of evaluating the impact that will result from implementing this Statement and is therefore unable to determine the impact that adopting this will have on its financial position and results of operations.

In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, an amendment to Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 57 clarifies actuarially determined OPEB measures reported by an agent multiple-employer OPEB plan and its participating employers. Those measures should be determined by a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirement. This Statement is effective for financial statements for periods beginning after June 15, 2011. The County has not completed the process of evaluating the impact that will result from implementing this Statement and is therefore unable to determine the impact that adopting this Statement will have on its financial position and results of operations.

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*, which is effective for periods beginning after June 15, 2010. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The County has not completed the process of evaluating the impact that will result from implementing this Statement and is therefore unable to determine the impact that adopting this will have on its financial position and results of operations.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

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

of evaluating the impact that will result from implementing this Statement and is therefore unable to determine the impact that adopting this Statement will have on its financial position and results of operations.

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

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is effective for financial statements for periods beginning after December 15, 2011. The objective of this Statement is to incorporate certain pronouncements issued on or before November 30, 1989 that do not contradict or conflict with GASB pronouncements. The County has not completed the process of evaluating the impact that will result from implementing this Statement and is therefore unable to determine the impact that adopting this Statement will have on its financial position and results of operations.

B. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)

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

Nassau Community College - The College reports as a special purpose government engaged only in business type activities as defined in GASB Statement No. 35 “Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities”.

C. BUDGETS AND BUDGETARY ACCOUNTING

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

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

During the fiscal year ended December 31, 2010, supplemental appropriations for the General Fund, Debt Service Fund and for the Special Revenue Funds and appropriation budgets for the Grant Fund were adopted and are included in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budgeted Funds as follows (dollars in thousands):

Supplemental Appropriations:	
General Fund	\$ 23,886
Total Supplemental Appropriations	23,886
Grant Fund Appropriated Budgets	<u>138,860</u>
Total Supplemental Appropriations and Grant Fund Appropriated Budgets	<u>\$ 162,746</u>

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

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

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

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

D. ENCUMBRANCES

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

E. CASH AND INVESTMENTS

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

F. CAPITAL ASSETS

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**F. CAPITAL ASSETS (Continued)**

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

G. DEPRECIATION

Depreciation is defined by the AICPA as a method of accounting which aims to distribute the cost or value of tangible capital assets, less any salvage value, over the estimated useful life of the assets in a systematic and rational manner. GASB 34 states that capital assets should be depreciated over their estimated useful lives, unless they are inexhaustible. Pursuant to GASB 34, accumulated depreciation is reported for land improvements, buildings, equipment and infrastructure. (The County's land improvements consist of exhaustible capital assets such as swimming pools, parking lots, and playgrounds.) Land, which is an inexhaustible asset, and construction in progress are not depreciated. Land improvements, buildings, equipment, and infrastructure are depreciated, using straight-line method of depreciation, over their estimated useful lives of 20 years for land improvements, 40 years for buildings, 3 to 25 years for equipment and 15 to 40 years for infrastructure. Capital lease assets are amortized over the term of the lease or the life of the asset, whichever is less.

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

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

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

Nassau Regional Off-Track Betting Corporation - For capital improvement assets, depreciation and amortization are recorded over the assets' estimated useful lives using the straight-line method (4 to 20 years) and are charged directly against the assets. No charge to operations is recorded. For all other assets, depreciation and amortization are computed on the straight-line method and charged to operations over the assets' estimated useful lives (3 to 10 years). Leasehold improvements are amortized over their estimated useful lives, or the remaining term of the leases, exclusive of renewal options.

Nassau County Industrial Development Agency - Depreciation, including depreciation of equipment under capital leases, is calculated on the straight-line method over the estimated useful life of the assets.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

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

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

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

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

J. RESERVES

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

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

County employees receive vacation time, sick leave, and other benefits pursuant to the labor contract or County ordinance covering their terms of employment. The cash value of these accumulated unpaid employee benefits and the related employer costs (e.g., Social Security) has been accrued and reported with other long-term liabilities in the government-wide Statement of Net Assets. The compensated absences for the governmental funds are treated as long-term as they will not be liquidated with expendable available financial resources. For those employees who have retired prior to December 31, 2010, any accumulated and unpaid benefits as of that date have been recorded in the government-wide Statement of Net Assets.

L. GRANTS AND OTHER INTERGOVERNMENT REVENUES

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

M. REAL PROPERTY TAX

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

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

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

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

N. INTERFUND TRANSACTIONS

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

O. NOTES PAYABLE

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

P. LONG-TERM LIABILITIES

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

Q. ISSUANCE COSTS

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

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. CLAIMS AND CONTINGENCIES

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

S. RESTATEMENTS

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

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

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

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

T. USE OF ESTIMATES

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

2. DEPOSITS AND INVESTMENTS

In accordance with General Municipal Law of the State of New York, the County may invest in certificates of deposits, money market and time deposit accounts, repurchase agreements, obligations of the United States Government and obligations of the State of New York and its various municipal subdivisions.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

2. DEPOSITS AND INVESTMENTS (Continued)

Deposits and Investments - As required by law, all cash deposits and cash equivalents are required to be fully collateralized or insured. The bank balance was covered by Federal depository insurance or by collateral consisting of obligations of the United States Government held by the County's agent in the County's name.

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

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

2. DEPOSITS AND INVESTMENTS (Continued)

balance is covered by Federal depository insurance or by collateral consisting of obligations of the United States Government held by the County's agent in the County's name.

At August 31, 2010 the carrying amount (fair value) of the College's investments was \$17.1 million.

3. DUE FROM OTHER GOVERNMENTS

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

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

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

4. TAX REAL ESTATE

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

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

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

5. TAX SALE CERTIFICATES

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

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

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

2010

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

* Interfund transactions are described in Note 1(N)

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

A. Interfund Receivables, Payables and Transfers (Continued)

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

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

The total amounts shown as Due to Primary Government and Due from/to Component Units at December 31, 2010 do not offset each other as they include accounts of the Nassau Community College at the end of their fiscal year on August 31, 2010. The following reconciles the December 31, 2010 amount by carrying forward the Nassau Community College transactions affecting these accounts from September 1, 2010 through December 31, 2010.

Dollars in Thousands

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

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

7. DEFERRED CHARGES

NCTSC Deferred Charges

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

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

Such costs are amortized over the life of the bonds.

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

Total deferred charges	\$ 387,765
Less accumulated amortization	<u>47,834</u>
Deferred charges — net of amortization	<u>\$ 339,931</u>

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

8. CAPITAL ASSETS

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

Summary of Capital Asset Balances
 (dollars in thousands)

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

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

8. CAPITAL ASSETS (Continued)

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

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

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)

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

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

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

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

8. CAPITAL ASSETS (Continued)

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

8. CAPITAL ASSETS (Continued)

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

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

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

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

8. CAPITAL ASSETS (Continued)

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

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

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

8. CAPITAL ASSETS (Continued)

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

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

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

9. LEASES

The County leases some property and equipment. Leased property having elements of ownership is recorded in the government-wide financial statements. The related obligations, in amounts equal to the present value of minimum lease payments payable during the remaining term of the leases, are also recorded in the government-wide financial statements. The County leases a building valued at \$5.5 million, under a capital lease. Other leased property, not having elements of ownership, are classified as operating leases. Both capital and operating lease payments are recorded as expenditures when payable. Total expenditures on such leases for the fiscal year ended December 31, 2010 was approximately \$8.5 million.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

9. LEASES (Continued)

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

	<u>Capital Lease</u>	<u>Operating Leases</u>	<u>Total Capital & Operating Leases</u>
Governmental Activities Fiscal Year ending December 31:			
2011	\$ 777	\$ 7,545	\$ 8,322
2012	787	7,689	8,476
2013	799	7,646	8,445
2014	810	6,945	7,755
2015	822	6,980	7,802
2016-2020	4,300	7,361	11,661
2021-2025	<u>4,249</u>	<u>7,118</u>	<u>11,367</u>
Future Minimum Payments	12,544	<u>\$ 51,284</u>	<u>\$ 63,828</u>
Less Interest	<u>7,118</u>		
Present value of future Minimum lease payments	<u>\$ 5,426</u>		

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

10. NOTES PAYABLE AND LONG-TERM OBLIGATIONS

County of Nassau Notes Payable

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

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

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

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

Long - Term Obligations

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

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

Long – Term Obligations (Continued)

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

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

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

Long – Term Obligations (Continued)

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

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

NIFA Long-Term Debt

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

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

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

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

Variable Rate Bonds - Interest rates on the variable rate bonds are currently reset weekly by a remarketing agent at the minimum rate necessary for the bonds to have a market value equal to the principal amount. Interest rates are set separately for each series of variable rate bonds. The variable rate bonds are in most circumstances subject to tender at the option of the bondholder. Payment of the purchase price of eligible Series 2008 A-E bonds are subject to optional or mandatory tender for purchase and if not remarketed by the remarketing agent, payment will be made under and pursuant to, and subject to the terms, conditions and provisions of liquidity facility agreements.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

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

NIFA Long-Term Debt (Continued)

The liquidity facility agreements are slated to expire between May 15, 2011 and April 30, 2013 and are subject to extension or early termination. Bonds that are purchased by financial institutions under the liquidity facility and not remarketed, if any, must be paid over a five year period. If this was to occur, annual NIFA debt service expense would increase substantially. A debt service account has been established under the indenture to provide for the payment of principal of bonds outstanding under the indenture. The trustee makes monthly deposits to the debt service account in the amount of principal debt service requirements. Additionally, the Trustee makes monthly interest payments.

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

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

Years Ending December 31,	Principal	Interest*	Total
2011	\$ 119,745	\$ 69,178	\$ 188,923
2012	144,580	63,844	208,424
2013	150,965	57,064	208,029
2014	156,850	50,293	207,143
2015	142,570	43,648	186,218
2016-2020	624,375	134,638	759,013
2021-2025	309,100	30,993	340,093
	<u>\$ 1,648,185</u>	<u>\$ 449,658</u>	<u>\$ 2,097,843</u>

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

DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS

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

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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

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

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

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

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

- \$50 million notional amount (2004 Series I – swap agreement) with GGSMMMP
- \$50 million notional amount (2004 Series J - swap agreement) with UBS AG
- \$50 million notional amount (2004 Series K – swap agreement) with Morgan Stanley Capital Services (“MSCS”)

Fair Value - Replacement interest rates on the swaps, as of December 31, 2010, are reflected in the chart entitled “Interest Rate Swap Valuation” (the “Chart”). As noted in the chart, replacement rates were lower than market interest rates on the effective date of the swaps. Consequently, as of December 31, 2010, the swaps had negative fair values. In the event there is a positive fair value, NIFA would be exposed to the credit risk of the counterparties in the amount of the swaps' fair value should the Swap be terminated.

The total value of each swap, including accrued interest, is provided in the chart. The total value of each swap listed represents the theoretical value / (cost) to NIFA if it terminated the swap as of the date indicated, assuming that a termination event occurred on that date. Negative fair values may be offset by reductions in total interest payments required under the related variable interest rate bonds. The market value is calculated at the mid-market for each of the swaps. Fair values were estimated using the zero coupon methodology. This methodology calculates the future

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

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

NIFA Long-Term Debt (Continued)

DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS (Continued)

net settlement payments under the swap agreement, assuming the current forward rates implied by the yield curve correctly anticipate future spot rates. These payments are then discounted using rates derived from the same yield curve. As of December 31, 2010, the total mark-to-market valuation, net of accruals, of NIFA's swaps was negative \$53.2 million. In the event that both parties continue to perform their obligations under the swap, there is not a risk of termination and neither party is required to make a termination payment to the other. NIFA is not aware of any event that would lead to a termination event with respect to any of its swaps.

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

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

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

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

Counterparty	Dollars in millions	Notional percentage
GSMMDP	\$ 275	45.8%
UBS AG	275	45.8%
MSCS	<u>50</u>	<u>8.4%</u>
	<u>\$ 600</u>	<u>100.0%</u>

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

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

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

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

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

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

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

The swaps use International Swaps and Derivative Association ("ISDA") documentation and use standard provisions regarding termination events with one exception: if the termination amount is over \$5 million for NIFA, NIFA can pay such excess amount over six months, financing the delay at LIBOR, plus 1%. However, adverse termination for credit deterioration is unlikely due to NIFA's current credit rating. NIFA or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. In addition, NIFA may terminate the swaps at their fair market value at any time. NIFA would be exposed to variable rates if the counterparty to the swap defaults or if the swap is terminated. A termination of the swap agreement may also result in NIFA making or receiving a termination payment. NIFA is not aware of any event that would lead to a termination event with respect to any of its swaps.

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

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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

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

NIFA Long-Term Debt (Continued)

DERIVATIVE INSTRUMENTS - SWAP AGREEMENTS (Continued)

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

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

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

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

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

NIFA Long-Term Debt (Continued)

Swap Payments and Associated Debt - Using rates as of December 31, 2010, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, is shown below. As rates vary, variable-rate bond interest payments and net swap payments will vary.

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

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

NCSSWFA Long-Term Debt

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

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

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

Berkshire Hathaway Assurance Corporation has provided a financial guarantee insurance policy totaling \$120.8 million of the Series 2008A bonds. The policy guarantees the scheduled payment of principal and interest on the Insured Bonds maturing January 1, 2014 through January 1, 2028.

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

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

NCSSWFA Long-Term Debt (Continued)

Supplemental Resolution dated as of October 1, 2004. The 2004B Bonds include a \$1.8 million original issue premium.

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

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

MBIA Insurance Corporation has provided a financial guarantee insurance policy, which guarantees the scheduled payment of principal and interest, of the Series 2004B bonds.

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

2004B and 2008A Bonds

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

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

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

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

NCSSWFA Long-Term Debt (Continued)

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

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

NCTSC Long-Term Debt

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

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

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

NCTSC Long-Term Debt (Continued)

Trust as registered owner of the Residual Certificate. Pursuant to the Indenture, TSRs paid on or after April 1, 2009, are subject to the lien of the Indenture. The Series 2006 Bonds shall accrete interest from its issuance date (as set forth on such bonds) and interest shall be compounded on each distribution date, commencing with the first distribution date after its issuance through and including the maturity date or redemption date of such bond, whichever is earlier.

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

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

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

<u>Year</u>	<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2011	\$	1,610	\$ 19,217	\$ 20,827
2012		1,965	19,095	21,060
2013		2,340	18,948	21,288
2014		2,695	18,776	21,471
2015		2,770	18,649	21,419
2016-2020		24,120	90,019	114,139
2021-2025		37,005	85,243	122,248
2026-2029		46,455	67,792	114,247
Thereafter		327,422	1,079,668	1,407,090
		<u>\$ 446,382</u>	<u>\$ 1,417,407</u>	<u>\$ 1,863,789</u>

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

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

Nassau Community College Long-Term Debt

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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

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

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

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

County of Nassau - The County of Nassau has issued general obligation serial bonds for various College construction projects. The amount of serial bonds outstanding at August 31, 2010 is \$17.7 million and principal is scheduled to mature from 2009 to 2040. This debt is the obligation of the County. No revenues or assets of the College have been pledged or will be available to pay debt service on the bonds. The County has pledged its full faith and credit to the payment of principal and interest on the bonds.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

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

Nassau Community College Long-Term Debt (Continued)

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

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

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

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

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

Nassau Community College Long-Term Debt (Continued)

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

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

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

NHCC Long-Term Debt

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

2004 Series B Bonds payable at varying dates through August 1, 2014 at tax-exempt fixed interest rates ranging from 3.0% to 5.0%	\$ 12,250
2009 Series A bonds payable at varying dates through August 1, 2022; variable rate demand bonds bearing interest at taxable variable rates with an average of approximately 4.61% in 2010	25,995
2009 Series B, C and D bonds payable at varying dates through August 1, 2029; variable rate demand bonds bearing interest at tax-exempt variable rates with an average of approximately 3.46% in 2010	220,840
	<u>259,085</u>
Deferred loss on refunding	(26,931)
Net unamortized bond premium	298
Current portion	(2,438)
Total long term debt	<u>\$ 230,014</u>

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

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

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

In 2008, NHCC received a \$37.0 million grant award from the Health Care Efficiency and Affordability Law for New Yorkers Capital Grant Program ("HEAL NY"), as established pursuant to Section 2818 of the Public Health Law. In June 2008, a portion of the HEAL NY grant award was used by the NHCC to redeem approximately \$33.7 million of the 2004 Series A (taxable) auction rate securities, terminate a portion of the taxable swap outstanding, and pay transaction costs. The HEAL NY grant award was recognized as a grant for capital asset acquisitions and retirement of long-term debt.

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

In April 2009, Series 2009 A (taxable), B, C and D bonds were issued as variable rate demand bonds ("VRDBs") backed by new letters of credit ("LOCs") to redeem the 2004 Series A and 2004 Series C outstanding bank term bonds. The LOCs are scheduled to expire in April 2012. If the Corporation draws on the LOCs to purchase the Series 2009 bonds, the VRDBs will convert to bank term bonds and repayment will commence no earlier than 270 days from the drawing date. Principal amounts related to the Series 2009 A bonds mature annually each August 1, beginning in fiscal 2013 through fiscal 2022. Principal amounts related to the Series 2009 B, C, and D bonds mature annually each August 1, beginning in fiscal 2015 through fiscal 2029.

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

In connection with the issuance of the Series 2004 and 2009 Bonds, the NHCC incurred a loss of approximately \$38.0 million and \$3.7 million, respectively. The loss (the difference between the reacquisition price and the net carrying amount of the old debt) is carried as a deferred item, net in long-term debt in the accompanying consolidated balance sheets. The total deferred loss to be amortized has not been adjusted for the prepayment in 2008 of a portion of outstanding debt and the issuance of the Series 2009 Bonds; however, future amortization of the deferred loss was so adjusted. Amortization of the deferred loss is \$2.3 million and \$2.3 million for the years ended December 31, 2010 and 2009, respectively.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

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

NHCC Long-Term Debt (Continued)

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

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

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

The swap agreements expose the NHCC to market risk, in the event of changes in interest rates, and credit risk, in the event of nonperformance by the counterparty. However, the NHCC believes that the risk of a material impact to its consolidated financial condition arising from such events is low. The County guarantees payments to the swap contract counterparties. The fair value of the derivative instruments was a liability of approximately \$25.4 million at December 31, 2010.

Principal payments on long-term debt are due annually on August 1. Interest payments are due semiannually on February 1 and August 1. Estimated interest is based on the original amortization schedules. Payments applicable to long-term debt for years subsequent to December 31, 2010 are as follows (dollars in thousands):

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

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

OTB Long-Term Debt

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

11. REFINANCING OF LONG-TERM OBLIGATIONS

Prior to December 31, 2010, the County defeased certain general obligation bonds and Combined Sewer District Bonds by refinancing them and placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. As of December 31, 2010, approximately \$25.7 million of outstanding bonds (including NIFA) are considered defeased.

12. PENSION PLANS**Plan Description**

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

Funding Policy

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

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

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

12. PENSION PLANS (Continued)

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

State legislation enacted in 2004 revised the date by which municipalities are required to make their annual Retirement System contributions from December 15 to February 1 of the following year. Consistent with GASB's guidance, the County recognized this liability during 2004 for financial reporting purposes.

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

	<u>ERS</u>	<u>PFRS</u>
2010	\$42,637	\$52,555
2009	46,306	55,882
2008	50,642	56,575

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

13. RECONCILIATION OF GAAP FUND BALANCES TO BUDGETARY BASIS

The following reconciles fund balances at December 31, 2010 as prepared on a GAAP basis to the budgetary basis of reporting (dollars in thousands):

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

14. DESIGNATION OF UNRESERVED FUND BALANCES

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

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

15. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

Funding Policy

Eligibility for health benefits upon retirement are governed by Ordinance bargaining unit, age, and years of service. Non-union employees hired after August 2008 are required to have 10 years of governmental service, 5 of which must be with the County to be eligible for post retirement health insurance benefits. CSEA employees hired after August 2003 are required to have 10 years of County employment. All other employees are eligible after 5 years of service. The County contributes 100% of the health insurance costs for the Government Employees Health Insurance program for all police officers and County employees who retired after December 31, 1975, with the exception of Ordinance employees retired after January 1, 2002 who are required to contribute either 5% or 10% of the cost depending on coverage. For employees who retired prior to December 31, 1975, the County's contribution is reduced in accordance with the union agreement applicable to their respective retirement dates. Nassau County is not required by law to provide funding other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. The County recognizes the expenditure of providing current and postretirement health care benefits in the year to which the insurance premiums apply. NYSHIP plan insurance premiums are billed in advance and therefore the County has recorded a prepaid asset for this amount at December 31, 2010. The total cost for providing health care benefits was \$229.9 million in 2010, of which approximately

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

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

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

Annual OPEB Cost and Net OPEB Obligation

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

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

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

The County elected to record the entire amount of the Unfunded Actuarial Accrued Liability ("UAAL"), totaling approximately \$3.5 billion in the fiscal year ended December 31, 2007, and not to fund the UAAL. The UAAL, including accrued interest relating to postemployment benefits is approximately \$3.9 billion as of December 31, 2010 which included both the County and an allocation of the Nassau Health Care Corporation's cost as of December 31, 2010. The County is not required by law or contractual agreement to provide funding for postemployment retirement benefits other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. During the fiscal year ended December 31, 2010, the County paid \$112.5 million on behalf of the Plan.

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

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The following table shows the elements of the County's annual OPEB cost for the year, the amount actually paid, and changes in the County's net OPEB obligation to the plan for the year ended December 31, 2010 (dollars in thousands):

Calculation of ARC and Annual OPEB Cost

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

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

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

As of December 31, 2010, the OPEB liability was approximately \$3.9 billion and the 2010 payroll cost was \$857.9 million or 449.4% of the unfunded liability amount. The County's annual OPEB cost, the actual annual OPEB amount contributed to the plan, and the net OPEB obligation for the fiscal years ended December 31, 2010, 2009 and 2008, were as follows (dollars in thousands):

Fiscal Year Ended	Annual OPEB Cost	Actual Annual OPEB Cost Paid	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2010	\$ 353,539	\$ 112,521	31.8%	\$ 3,855,083
12/31/2009	265,384	106,956	40.3%	3,614,065
12/31/2008	207,002	105,347	50.9%	3,455,637

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions

The OPEB-specific actuarial assumptions used (which is required at least biennially) in the January 1, 2010, OPEB actuarial valuations are as follows:

Valuation date:	January 1, 2009
Actuarial cost method:	Projected Unit Credit Method
Discount rate:	4.25% per annum
Per-capita retiree contributions:	Retiree contributions are assumed to increase at the same rates as incurred claims.

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

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

Monthly premium rates for fiscal year 2010 are shown in the following table:

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (Continued)

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

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

HCCTR Assumptions:

Years Ending	Annual Rates of Increase
2010	8.00 %
2011	7.50
2012	7.00
2013	6.50
2014	6.00
2015	5.75
2016	5.50
2017	5.25
2018 and later	5.00

Mortality - Mortality rates are those recommended by the actuary:

Preretirement

Age	TRS		ERS	PFRS
	Male	Female		
20	0.0075 %	0.0043 %	0.0510 %	0.0600 %
30	0.0428	0.0262	0.0550	0.0600
40	0.0518	0.0349	0.0980	0.0640
50	0.1326	0.0818	0.2070	0.1430
60	0.1771	0.1331	0.4210	0.7430

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (Continued)

Postretirement

Age	ERS		PFRS	TRS	
	Male	Female	Unisex	Male	Female
50	0.2441 %	0.2177 %	0.2594 %	0.2579 %	0.2294 %
60	0.7365	0.5332	0.6976	0.6624	0.5525
70	1.8246	1.2686	1.8828	1.8241	1.2021
80	4.6846	3.4091	5.4210	5.3926	3.5874
90	14.5417	11.0872	14.7447	15.7604	12.2460

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

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Required Supplemental Information:

The schedule of funding progress presents the results of OPEB valuations as of January 1, 2010, 2009 and 2008 for the fiscal year ending December 31, 2010. The schedule provides trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits (dollars in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)* (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll (b-a)/c
1/1/2010	\$ 0	\$ 3,854,422	\$ 3,854,422	0.0%	\$ 857,856	449.3%
1/1/2009	0	3,467,421	3,467,421	0.0%	831,168	417.2%
1/1/2008	0	3,316,121	3,316,121	0.0%	882,420	375.8%

* Based on the Projected Unit Credit Actuarial Cost Method.

16. CONTINGENCIES AND COMMITMENTS

A. Claims and Litigation

The County, its officers and employees are defendants in litigation. Such litigation includes, but is not limited to, actions commenced and claims asserted against the County arising out of alleged torts, alleged breaches of contracts (which include union and employee disputes), condemnation proceedings, medical malpractice actions and other alleged violations of law. The County self-insures for everything except helicopter accidents and employee bonding. The County annually appropriates sums for the payment of judgments and settlements of claims and litigation, which appropriations may be financed, in whole or in part, pursuant to the Local Finance Law by the issuance of County debt. The County intends to defend itself vigorously against all claims and in all litigation. Estimated liabilities of approximately \$225 million for claims and litigation (excluding tax certiorari claims) have been recorded as a liability in the government-wide financial Statement of Net Assets as of December 31, 2010. The County Attorney is of the opinion that the ultimate resolution of such claims and litigation outstanding at December 31, 2010 will not result in a material adverse effect on the County's financial position. Approximately \$276.7 million has been accrued as a liability at December 31, 2010, related to workers' compensation claims where the County Attorney can reasonably estimate the ultimate outcome. The liability for certain other asserted and unasserted malpractice claims cannot be estimated as of December 31, 2010. All malpractice occurrences prior to September 29, 1999 are the responsibility of the County.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

16. CONTINGENCIES AND COMMITMENTS (Continued)

A. Claims and Litigation (Continued)

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

B. Tax Certioraris

In fiscal 2010, there were approximately 126,364 taxpayers' claims (residential and commercial) filed against the Board of Assessors, for the incorrect determination of assessed valuation (certiorari proceedings) for the 2011 (May 1, 2010) assessment roll, respectively. The total amount of tax certiorari bonds issued and outstanding by both the County and NIFA was approximately \$1.2 billion at December 31, 2010. This amount has been included with serial bonds reported in the government-wide financial Statement of Net Assets. An amount estimated for future settlements and judgments of \$152.3 million has also been recorded as a long-term liability in the government-wide financial statement of Net Assets at December 31, 2010. For the year ended December 31, 2010, tax certiorari expenditures were \$79.4 million, \$36.9 million financed by operating funds in addition to \$42.5 million of borrowed funds.

C. Contingencies under Grant Programs

The County participates in a number of Federal and State grant programs some of which are funded under the American Recovery and Reinvestment Act ("ARRA"). These programs are subject to financial and compliance audits by the grantors or their representatives. As of December 31, 2010, the audits of certain programs have not been completed.

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

Provisions for certain expected disallowances, where considered necessary, have been made as of December 31, 2010. In the County's opinion, any additional disallowances resulting from these audits will not be material.

D. Certain Third - Party Reimbursement Matters

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

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

The County carries property insurance on its police helicopters and a blanket fidelity bond covering all County employees. Essentially all other risks are assumed directly by the County. The County suffered no material property losses during 2010.

F. Accumulated Vacation and Sick Leave Entitlements

County employees are entitled to accumulate unused vacation leave and sick leave up to certain contractual amounts. At current salary levels, the County's liability for the payment of these accumulations is approximately \$539.9 million at December 31, 2010. At August 31, 2010, the College's vacation leave and sick leave liability was \$53.9 million.

G. Deferred Payroll

In 2009, the County entered into agreements with the Civil Service Employees' Association ("CSEA"), the Police Benevolent Association, ("PBA"), Superior Officers Association, ("SOA"), and the Detective Association, Inc. ("DAI"), and certain Ordinance employees, to defer 10 days' pay, which shall be paid to the employee on separation of service at the salary rate then in effect. The County also entered into bargaining agreements with CSEA, PBA, SOA, DAI, and ShOA that include deferrals of wages and longevity that cover various periods of time during 2007 through 2011 and are scheduled to be paid to the employee during the period 2011 through 2015 depending on the bargaining unit, or at termination at the rate earned. The amount deferred at December 31, 2010 was approximately \$72.0 million. The non-current component of this deferral is reported as a long-term liability in the government-wide Statement of Net Assets, as certain contractual arrangements to provide for the payment of these commitments at specific dates in future fiscal periods. The College, a component unit of the County, entered into a similar agreement in 1992 originally to be paid to eligible employees on September 1, 2002, but continues to be deferred in accordance with their current contractual agreement. The amount deferred at the College's fiscal year close of August 31, 2010 was approximately \$0.9 million and is also reported in the government-wide Statement of Net Assets. In addition, termination pay for accumulated leave in excess of \$5,000 for CSEA and Ordinance members shall be paid by the County in three equal installments of accumulated days on the three consecutive Januarys following termination. The amount deferred at December 31, 2010 was approximately \$13.5 million, and is also reported in the government-wide Statement of Net Assets.

H. Capital Commitments

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

I. MTA Commitment

Under the Mass Transportation Funding Agreement (the "Agreement") between the County and Metropolitan Transportation Authority (the "MTA") dated as of December 30, 1996, the County agreed to pay \$102 million over time to the MTA for MTA capital improvements in return for a cash payment or payments totaling \$51 million. As of December 31, 2010, the MTA has paid the

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

16. CONTINGENCIES AND COMMITMENTS (Continued)**I. MTA Commitment (Continued)**

County \$51 million under the Agreement and the County has paid to the MTA approximately \$83 million for such capital improvements. There has been a long-term disagreement between the County and the MTA, which is the subject of litigation as to the validity of any claim by the MTA to any further payments under the Agreement. In December 2010, the New York State Supreme Court granted the MTA's legal claim ordering the County to reimburse the MTA \$13.6 million pursuant to the terms of the original agreement and up to \$7.4 million in additional capital funding, however, the County is appealing this verdict. Authorization for the County to fund any potential further payments under the Agreement nevertheless remains available under approved County bond ordinances.

17. NASSAU HEALTH CARE CORPORATION ("NHCC")

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

At December 31, 2010, the NHCC had total net assets deficiency of \$163.2 million. The deficiency arose from operating losses and the adoption of Governmental Accounting Standards Board Statement No. 45. NHCC plans to reduce its net asset deficiency by achieving profitability, continuing to progress with collecting on patient accounts, especially those accounts eligible for Medicaid that are being processed by the Department of Social Services, and cash flow provided by government subsidies and funding of capital projects. NHCC has undertaken a number of initiatives to sustain positive cash flows. Such actions include continued revenue cycle enhancements, changes to medical management practices, improved supply chain and inventory management, further cost reductions and a major modernization program. The modernization program includes significant investments in real estate consolidation, facility improvements, clinical equipment and information technology, the replacement (rebuilding) of the nursing home and enhancements to the community health centers. The Successor Agreement, which commenced in November 2007 and is in effect to 2029, clarifies the services provided by NHCC to the County and establishes the mechanism for payments to the Corporation. The Successor Agreement also provides NHCC with capital funding.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2010

18. FUND BALANCE SURPLUS/DEFICIT

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

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

19. SUBSEQUENT EVENTS

NIFA Control Period

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

19. SUBSEQUENT EVENTS (Continued)

Debt Issuance

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

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

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT X-16

COUNTY OF NASSAU, NEW YORK

**SCHEDULE OF FUNDING PROGRESS
POST-EMPLOYMENT RETIREMENT HEALTHCARE BENEFIT PLAN
DECEMBER 31, 2010 (Dollars in Thousands)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Level Dollar (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Accrued Percentage of Covered Payroll (b-a)/c
1/1/2010	\$	\$ 3,854,422	\$ 3,854,422	0.0%	\$ 857,856	449.3%
1/1/2009		3,467,421	3,467,421	0.0%	831,168	417.2%
1/1/2008		3,316,121	3,316,121	0.0%	882,420	375.8%

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

EXHIBIT A-1

COUNTY OF NASSAU, NEW YORK
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2010
(in thousands)

	Nonmajor Special Revenue Funds					Nonmajor Capital Projects Funds					Nonmajor Debt Service Funds				
	Technology Fund	Environmental Protection Fund	Tobacco Settlement Corp General Fund	Sewer Financing Authority General Fund	Open Space Fund	Employee Benefit Assoc Liab Reserve Fund	Grant Fund	Sewer and Storm Water District Construction Fund	Sewage Disposal District Construction Funds	Sewage Collection District Construction Fund	Tobacco Settlement Corp Debt Service Fund	NIFA Debt Service Fund	Total		
ASSETS															
Cash	\$ 1,855	\$ 22,530	\$ 114	\$ 21,989	\$ 1,736	\$ 14,366	\$ 59,255	\$ 19,866	\$ 13,894	\$ 97	\$ 24,230	\$ 6	\$ 127,539		
Investments				29								52	94,828		
Interest Receivable							16,319	9,516					27,835		
Due From Other Governments							381						381		
Accounts Receivable							365						365		
Interfund Receivables			28				2,120				150	15,889	16,414		
Prepays													2,148		
Other Assets							32						32		
TOTAL ASSETS	\$ 1,855	\$ 22,530	\$ 142	\$ 22,018	\$ 1,736	\$ 14,366	\$ 74,472	\$ 29,202	\$ 13,894	\$ 97	\$ 24,380	\$ 64,366	\$ 269,058		

LIABILITIES AND FUND BALANCES (DEFICITS)

Liabilities:

Accounts Payable	\$	\$	\$	\$	\$	\$	\$ 5,507	\$ 4,000	\$ 4,335	\$ 79	\$	\$	\$ 13,921
Accrued Liabilities							622						48,944
Deferred Revenue							44,660						44,660
Interfund Payables		10,923	150				3,625	4,764	743			120	20,325
Due to Component Unit							1,061						1,061
Other Liabilities							14,366						14,366
Total Liabilities		10,923	150				55,475	8,764	5,078	79		48,442	143,277

Fund Balances (Deficits):

Reserved for Retirement of Temporary Financing													4,187
Reserved for Encumbrances							66,598	46,556	11,213	46			124,373
Restricted - Senior Liquidity Reserve							(47,561)	(26,118)	(6,584)	(28)	24,009		24,009
Unreserved Fund Balances (Deficits)	1,855	11,607	(8)	22,019	1,736							15,924	(26,788)
Total Fund Balances (Deficits)	1,855	11,607	(8)	22,019	1,736		18,997	20,438	8,816	18	24,380	15,924	125,781

TOTAL LIABILITIES AND FUND BALANCES

	\$ 1,855	\$ 22,530	\$ 142	\$ 22,018	\$ 1,736	\$ 14,366	\$ 74,472	\$ 29,202	\$ 13,894	\$ 97	\$ 24,380	\$ 64,366	\$ 269,058
--	----------	-----------	--------	-----------	----------	-----------	-----------	-----------	-----------	-------	-----------	-----------	------------

EXHIBIT A-2

**COUNTY OF NASSAU, NEW YORK
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year ended December 31, 2010
(in thousands)**

	Nonmajor Special Revenue Funds				Nonmajor Capital Projects Funds				Nonmajor Debt Service Funds				Total Nonmajor Governmental Funds	
	Technology Fund	Environmental Protection Fund	Tobacco Settlement Corp. General Fund	Sewer Financing Authority General Fund	Open Space Fund	Red Light Camera Fund	Grant Fund	Sewer and Storm Water District Construction Fund	Sewage Disposal District Construction Fund	Sewage Collection Districts Construction Fund	Sewer Financing Authority Debt Service Fund	Tobacco Settlement Corp Debt Service Fund		NIFA Debt Service Fund
Revenues:														
Fines and Forfeits	\$ 8	\$ 55	\$ -	\$ 30	\$ -	\$ -	\$ 1,796	\$ -	\$ 84	\$ -	\$ -	\$ 3	\$ 90	1,796
Interest Income							96							385
Rents and Recoveries							281							281
Departmental Revenue							3,146							3,146
Interdepartmental Revenue							102							102
Federal Aid							64,472	9,386						73,858
State Aid							38,363							38,363
Tobacco Receipts		9,000		116,038			2,641				18,661			125,038
Property Taxes					281		14	9,537						2,541
Special Taxes		9,055		116,068	281		111,932	13,323	84		18,664		90	270,735
Other Revenues														
Total Revenues	8	9,055	76	113	281	76	116,778	19,345	6,656	7	15,795	169	104,415	143,144
Expenditures:														
Current:														
Judicial Administration			76	113			3,616							3,616
Protection of Persons							36,758				169			37,116
Health							11,009							11,009
Recreation and Parks							50,760							50,760
Sewage Districts							4,467			7				4,467
Social Services							8,481	19,345						26,008
Connections							1,487							8,481
Total Current Expenditures			76	113			116,778	19,345	6,656	7	15,795	169	104,415	143,144
Debt Services:														
Principal													403	112,113
Interest													8,321	92,514
Total Debt Service													15,616	204,627
Total Expenditures	8	9,055	76	113	281	76	116,778	19,345	6,656	7	15,795	169	104,415	143,144
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Financing Sources (Uses):														
Other Financing Sources - EFC Drawdowns														
Transfers In														1,141
Transfers Out		(6,663)					10,271							10,532
Transfers Out of Investment Income							(10,271)							(10,271)
Transfers In from NIFA														
Transfers Out to NIFA														
Transfers In from NIFA														
Transfers Out to NIFA														
Transfers In from SFA														
Transfers Out to SFA														
Issuance of Bonds														
Total Other Financing Sources (Uses)	0	(6,663)	0	0	0	0	0	0	0	0	0	0	0	0
Net Change in Fund Balances	0	2,392	(76)	(3,885)	281	(76)	(4,585)	11,625	(4,750)	10	15,795	137	(1,686)	(509)
Fund Balances Beginning of Year	1,847	9,215	68	25,909	1,445	8,113	23,582	8,513	13,546	8	24,243	17,620	17,620	126,290
Fund Balances (Deficits) End of Year	\$ 1,855	\$ 11,607	\$ (8)	\$ 22,018	\$ 1,736	\$ (8)	\$ 18,997	\$ 20,438	\$ 8,816	\$ 18	\$ 24,380	\$ 15,924	\$ (1,686)	\$ 125,781

OTHER SUPPLEMENTARY INFORMATION

COUNTY OF NASSAU, NEW YORK

COMPARATIVE STATEMENT OF ACTUAL REVENUES VS. MODIFIED BUDGET
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
INTEREST AND PENALTIES ON TAXES	\$ 27,500	\$ 27,500	\$ 26,521	\$	\$ 26,521	\$ (979)
LICENSES AND PERMITS						
Day Camp Permits	5	5	4		4	(1)
Food Establishments	2,350	2,350	2,422		2,422	72
Hazardous Materials Registration Fees	1,100	1,100	990		990	(110)
Home Improvements	2,400	2,400	1,689		1,689	(711)
Manufacturing Frozen Desserts	15	15	18		18	3
Realty Subdivision Filing	65	65	29		29	(36)
Road Openings	285	285	398		398	113
Swimming Pools and Bathing Beaches	190	190	186		186	(4)
Temporary Residence Inspection Permit	67	67	88		88	21
Weights & Measures	825	825	888		888	63
X-rays, Surveys and Inspections	116	116	4		4	(112)
Cross Connections	45	45	64		64	19
Water Supply Plan Review	89	89	98		98	9
Tattoo Parlor / Piercing	15	15	18		18	3
Tanning Salons	9	9				(9)
Predemolition Inspection	54	54	60		60	6
Day Camp Inspections	111	111	114		114	3
Taxi and Limo Registration Fees	550	550	280		280	(270)
Lifeguard Certification	56	56	63		63	7
ATM Registration Fees	35	35	54		54	19
Total Licenses and Permits	8,382	8,382	7,467		7,467	(915)
FINES AND FORFEITS	51,172	51,172	36,291		36,291	(14,881)
INTEREST INCOME	8,000	8,000	1,315		1,315	(6,685)
RENTS AND RECOVERIES						
Rental of Mitchell Field	5,813	5,813	5,913		5,913	100
Coliseum Concessions	776	776	851		851	75
Coliseum Rental	96	96	284		284	188
Coliseum Utilities	2,332	2,332	2,456		2,456	124
Recovery of Damage to County Property	400	400	367		367	(33)
Recovery of Prior Year Appropriations	19,946	19,946	2,394		2,394	(17,552)
Recovery of Workers' Compensation	900	900	1,849		1,849	949
Rental of County Property	944	944	961		961	17
Rental of Voting Machines	120	120	96		96	(24)
Sale of County Property	150	150	18		18	(132)
Proceeds from Online Auction			127		127	127
Recoveries from Enterprise Funds	50	50				(50)
Other Recoveries	1,754	1,754	3,623		3,623	1,869
Total Rents and Recoveries	33,281	33,281	18,939		18,939	(14,342)
DEPARTMENTAL REVENUE						
Assessment	150	150	99		99	(51)
Board of Elections	35	35	51		51	16
CASA	15	15	14		14	(1)
Civil Service	281	281	371		371	90
Consumer Affairs	510	510				(510)
Correctional Center	2,725	2,725	2,407		2,407	(318)
County Attorney	185	185	151		151	(34)
County Clerk	15,662	15,662	15,694		15,694	32
County Comptroller	16	16	16		16	
District Attorney	25	25	32		32	7

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE STATEMENT OF ACTUAL REVENUES VS. MODIFIED BUDGET
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
DEPARTMENTAL REVENUE (Continued)						
Health						
Administration	\$ 4	\$ 4	\$ 14	\$	\$ 14	\$ 10
Environmental Health			17		17	17
Children's Early Intervention	9,700	9,700	9,877		9,877	177
Pre School Education	1,500	1,500	108		108	(1,392)
Laboratory Research	9	9	13		13	4
Personal Health	4	4	31		31	27
Information Technology	27	27				(27)
Medical Examiner	20	20	23		23	3
Mental Health, Chemical Dependency and Disabled Services	275	275	178		178	(97)
Miscellaneous	620	620	637		637	17
Parks and Recreation						
Administration	39	39	28		28	(11)
Recreation Services	9,906	9,906	8,934		8,934	(972)
Museums	831	831	605		605	(226)
Golf Operations	10,082	10,082	8,337		8,337	(1,745)
Planning	1,387	1,387	812		812	(575)
Probation	1,700	1,700	1,852		1,852	152
Public Administrator	400	400	529		529	129
Public Utility Authority	2,489	2,489	2,238		2,238	(251)
Public Works - Administration	920	920	525		525	(395)
Purchasing	21	21	59		59	38
Real Estate	165	165	108		108	(57)
Senior Citizen Affairs	17	17	14		14	(3)
Social Services						
Administration	62	62	239		239	177
Aid to Dependent Children	4,290	4,290	3,819		3,819	(471)
Burials	13	13	15		15	2
Children in Foster Homes	330	330	243		243	(87)
Subsidized Adoptions			2		2	2
Home Energy Assistance Program			132		132	132
Children in Institutions	150	150	320		320	170
Education of Handicapped Children	2,940	2,940	3,697		3,697	757
Home Relief	2,500	2,500	2,490		2,490	(10)
Juvenile Delinquents	80	80	118		118	38
Medicaid MMIS	1,150	1,150	1,999		1,999	849
Title XX	375	375	126		126	(249)
Treasurer	750	750	498		498	(252)
Traffic and Parking Violations			2		2	2
Total Departmental Revenue	72,360	72,360	67,474		67,474	(4,886)
INTERDEPARTMENTAL REVENUE						
Constituent Affairs	1,391	1,391	640		640	(751)
Correctional Center	290	290	160		160	(130)
County Attorney	2,613	2,613	1,150		1,150	(1,463)
District Attorney	546	546	546		546	
Physically Challenged	501	501				(501)
Information Technology	8,429	8,429	8,071		8,071	(358)
Management and Budgets	553	553	462		462	(91)
Mental Health, Chemical Dependency and Disabled Services	884	884	791		791	(93)
Purchasing	548	548				(548)
Public Works - Groundwater Remediation / Fleet Maint	10,870	10,870	1,821		1,821	(9,049)
Public Works - Roads & Bridge Maintenance	12,331	12,331	7,043		7,043	(5,288)
Real Estate	11,274	11,274	12,595		12,595	1,321
Records Maintenance	627	627	681		681	54
Parks			7		7	7
Revenues from Capital Fund	11,109	11,109	8,258		8,258	(2,851)

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE STATEMENT OF ACTUAL REVENUES VS. MODIFIED BUDGET
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
INTERDEPARTMENTAL REVENUE (Continued)						
Revenues from Indirect Cost Chargebacks	\$ 75,180	\$ 75,180	\$ 50,742	\$	\$ 50,742	\$ (24,438)
Revenues from Grant Closeouts	728	728	433		433	(295)
Interfund Revenue	34,826	34,826	22,305		22,305	(12,521)
NHCC Reimbursement on Guaranteed Debt	12,689	12,689	14,774		14,774	2,085
OTB Reimbursement	2,026	2,026	1,751		1,751	(275)
Interdepartmental Revenue	1,764	1,764	162		162	(1,602)
Stop DWI Grant Revenue	390	390	240		240	(150)
Red Light Camera		14,001	10,271		10,271	(3,730)
Senior Citizens Affairs	516	516	260		260	(256)
Social Services	110	110	79		79	(31)
Treasurer	15	15				(15)
Veterans Service Agency	1,699	1,699				(1,699)
Total Interdepartmental Revenue	191,909	205,910	143,242		143,242	(62,668)
FEDERAL AID						
Correctional Center	14,671	14,671	12,879		12,879	(1,792)
County Attorney	300	300	279		279	(21)
District Attorney	234	234	22		22	(212)
Emergency Management	420	420	454		454	34
Health			41,930		41,930	41,930
Housing and Minority Affairs	1,000	1,000	254		254	(746)
Miscellaneous General Fund Aid	137	137	220		220	83
Planning	25	25				(25)
Probation			16		16	16
Public Works			635		635	635
Senior Citizen Affairs	5,338	5,554	5,664		5,664	110
Social Services						
Administration	11,768	11,768	12,067		12,067	299
Aid to Dependent Children	9,675	11,290	6,920		6,920	(4,370)
Children in Foster Homes	1,404	1,404	1,723		1,723	319
Children in Institutions	11,983	11,983	16,061		16,061	4,078
Division of Services	10,200	10,200	9,139		9,139	(1,061)
Home Energy Assistance Program	1,000	1,000				(1,000)
Juvenile Delinquents	3,600	3,600	3,498		3,498	(102)
Medicaid MMIS	45,400	45,400	47,451		47,451	2,051
Public Financial Assistance	22,309	22,309	21,574		21,574	(735)
Safety Net			6		6	6
Subsidized Adoptions	1,473	1,473	2,323		2,323	850
Title XX	32,900	32,900	24,244		24,244	(8,656)
Total Federal Aid	173,837	175,668	207,359		207,359	31,691
STATE AID						
Assessment	490	490				(490)
Consumer Affairs	46	46	70		70	24
Correctional Center	433	433	304		304	(129)
County Attorney	75	75	72		72	(3)
Court Facility Aid	1,805	1,805	1,555		1,555	(250)
Mental Health, Chemical Dependency and Disabled Services						
Administration	1,157	1,157	1,283		1,283	126
Contractual Services	5,367	5,367	4,895		4,895	(472)
Direct Services	1,255	1,255	684		684	(571)
District Attorney	51	51	50		50	(1)
Health						
Administration	2,891	2,891	1,348		1,348	(1,543)
Children's Early Intervention	22,999	22,999	18,790		18,790	(4,209)
Pre School Education	71,375	71,375	23,207		23,207	(48,168)
Environmental Health	1,520	1,520	1,242		1,242	(278)
Laboratory Research	889	889	780		780	(109)
Personal Health	2,891	2,891	4,238		4,238	1,347

(Continued)

COUNTY OF NASSAU, NEW YORK

 COMPARATIVE STATEMENT OF ACTUAL REVENUES VS. MODIFIED BUDGET
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
STATE AID (Continued)						
Housing and Intergovernmental Affairs	\$ 24	\$ 24	\$ 24	\$	\$ 24	\$
Information Technology	366	366	416		416	50
Medical Examiner	2,295	2,295	1,608		1,608	(687)
Miscellaneous General Fund Aid	18,653	18,653	1,849		1,849	(16,804)
Probation	3,171	3,171	3,175		3,175	4
Public Works	55	55	327		327	272
Senior Citizen Affairs	7,157	7,157	6,502		6,502	(655)
Social Services						
Administration	7,355	7,355	8,854		8,854	1,499
Aid to Dependent Children	9,675	10,939	13,381		13,381	2,442
Burials	5	5	7		7	2
Children in Foster Homes	746	746	825		825	79
Children in Institutions	4,104	4,104	5,720		5,720	1,616
Division of Services	9,136	9,136	7,854		7,854	(1,282)
Education of Handicapped Children	5,880	5,880	6,022		6,022	142
Home Relief	16,071	18,092	16,315		16,315	(1,777)
Juvenile Delinquents	1,845	1,845	1,216		1,216	(629)
Juvenile Detention Center	4,366	4,366	3,642		3,642	(724)
Medicaid MMIS	2,000	2,000				(2,000)
Public Financial Assistance	13,616	13,616	25,714		25,714	12,098
Subsidized Adoptions	2,700	2,700	2,211		2,211	(489)
Title XX	4,750	6,519	6,848		6,848	329
Veterans Service Agency	33	33				(33)
Nassau County Youth Board	1,335	1,335	903		903	(432)
Total State Aid	228,582	233,636	171,931		171,931	(61,705)
SALES TAX *	941,252	941,252	754,818		754,818	(186,434)
PREEMPTED SALES TAX IN LIEU OF PROPERTY TAXES						
Towns and City of Glen Cove	61,831	61,831	57,565		57,565	(4,266)
Total Preempted Sales Tax in Lieu of Property Taxes	61,831	61,831	57,565		57,565	(4,266)
PROPERTY TAXES	162,839	162,839	168,432		168,432	5,593
PAYMENTS IN LIEU OF TAXES	6,501	6,501	6,881		6,881	380
SPECIAL TAXES						
Admission Tax - Belmont Park	55	55	8		8	(47)
Entertainment Tax	2,495	2,495	1,806		1,806	(689)
Off-Track Betting Surtax	5,300	5,300	4,295		4,295	(1,005)
Hotel-Motel Room Tax	1,325	1,325	1,423		1,423	98
Total Special Taxes	9,175	9,175	7,532		7,532	(1,643)

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE STATEMENT OF ACTUAL REVENUES VS. MODIFIED BUDGET
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
OTHER REVENUES						
OTB Profits	\$ 1,000	\$ 1,000	\$	\$	\$	\$ (1,000)
Miscellaneous	9,184	12,184	28,317	(3,613)	24,704	12,520
<u>Total Other Revenues</u>	<u>10,184</u>	<u>13,184</u>	<u>28,317</u>	<u>(3,613)</u>	<u>24,704</u>	<u>11,520</u>
<u>Total Revenues</u>	<u>1,986,805</u>	<u>2,010,691</u>	<u>1,704,084</u>	<u>(3,613)</u>	<u>1,700,471</u>	<u>(310,220)</u>
OTHER FINANCING SOURCES						
Transfers In			269,468	(94,261)	175,207	175,207
Transfer in from NIFA			517		517	517
Transfers in of Investment Income			464		464	464
<u>Total Other Financing Sources</u>			<u>270,449</u>	<u>(94,261)</u>	<u>176,188</u>	<u>176,188</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 1,986,805	\$ 2,010,691 **	\$ 1,974,533	\$ (97,874)	\$ 1,876,659	\$ (134,032)

* Paid to County \$46,323; paid to NIFA \$950,852

** Total revenues and other financing sources, estimates per the 2010 County budget as adopted

Original Budget per above	\$ 1,986,805
Add: Supplemental appropriations	23,886
Budget estimates, total revenues and other financing sources	<u>\$ 2,010,691</u>

COUNTY OF NASSAU, NEW YORK

COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

<u>FUNCTIONS</u>	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual Expenditures</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
CURRENT:						
LEGISLATIVE						
Legislature						
Legislators						
Salaries	\$ 4,891	\$ 4,657	\$ 4,262	\$ (133)	\$ 4,129	\$ 528
Fringe Benefits	1,552	1,622	1,648	(50)	1,598	24
Equipment	13	9	1		1	8
General Expenses	20	22	6		6	16
Contractual Services	142	77	70	(5)	65	12
Legislative Central Staff						
Salaries	595	595	525	(16)	509	86
Fringe Benefits	198	200	202	(5)	197	3
Equipment	17	17	6		6	11
General Expenses	1,590	1,965	1,904	23	1,927	38
Contractual Services	1,162	1,087	540	142	682	405
Legislative Budget Review						
Salaries	913	907	742	(23)	719	188
Fringe Benefits	305	283	288	(9)	279	4
Equipment	6	6	3		3	3
General Expenses	7	14	10		10	4
Contractual Services	4	4				4
Legislature Total	<u>11,415</u>	<u>11,465</u>	<u>10,207</u>	<u>(76)</u>	<u>10,131</u>	<u>1,334</u>
Total Legislative	<u>11,415</u>	<u>11,465</u>	<u>10,207</u>	<u>(76)</u>	<u>10,131</u>	<u>1,334</u>
JUDICIAL						
Court Administration						
Fringe Benefits	<u>1,927</u>	<u>1,925</u>	<u>2,015</u>	<u>(282)</u>	<u>1,733</u>	<u>192</u>
District Attorney						
Salaries	29,453	29,328	28,219	(1,364)	28,855	2,473
Fringe Benefits	9,577	9,519	9,910	(518)	9,392	127
Equipment	35	35	32	2	34	1
General Expenses	818	943	821	57	878	65
Contractual Services	1,250	1,250	999	161	1,160	90
Interdepartmental Charges	<u>3,676</u>	<u>3,676</u>				<u>3,676</u>
District Attorney Total	<u>44,809</u>	<u>44,751</u>	<u>39,981</u>	<u>(1,662)</u>	<u>38,319</u>	<u>6,432</u>
Public Administrator						
Salaries	494	494	490	(5)	485	9
Fringe Benefits	208	227	236	(12)	224	3
General Expenses	8	8	2		2	6
Contractual Services	<u>21</u>	<u>21</u>	<u>8</u>		<u>8</u>	<u>13</u>
Public Administrator Total	<u>731</u>	<u>750</u>	<u>736</u>	<u>(17)</u>	<u>719</u>	<u>31</u>
Traffic and Parking Violations						
Salaries	3,210	3,210	3,163	(121)	3,042	168
Fringe Benefits	926	1,159	1,183	(41)	1,142	17
Equipment	19	19	1		1	18
General Expenses	293	293	237	8	245	48
Contractual Services	9,854	9,854	5,090	1,159	6,249	3,605
Interfund Charges		14,000	10,271		10,271	3,729
Traffic and Parking Violations Total	<u>14,302</u>	<u>28,535</u>	<u>19,945</u>	<u>1,005</u>	<u>20,950</u>	<u>7,585</u>
Total Judicial	<u>61,769</u>	<u>75,961</u>	<u>62,677</u>	<u>(956)</u>	<u>61,721</u>	<u>14,240</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
GENERAL ADMINISTRATION						
Assessment						
Salaries	\$ 13,546	\$ 13,546	\$ 12,599	\$ (325)	\$ 12,274	\$ 1,272
Fringe Benefits	5,702	5,638	5,808	(244)	5,564	74
Equipment	7	7	2		2	5
General Expenses	740	740	519	62	581	159
Contractual Services	200	200	108	13	121	79
Assessment Total	<u>20,195</u>	<u>20,131</u>	<u>19,036</u>	<u>(494)</u>	<u>18,542</u>	<u>1,589</u>
Board of Assessment Review						
Salaries	3,718	3,718	3,216	(142)	3,074	644
Fringe Benefits	1,143	1,140	1,164	(41)	1,123	17
General Expenses	109	109	85	1	86	23
Contractual Services	3,058	3,058	989	1,598	2,587	471
Board of Assessment Review Total	<u>8,028</u>	<u>8,025</u>	<u>5,454</u>	<u>1,416</u>	<u>6,870</u>	<u>1,155</u>
Board of Elections Administration						
Salaries	3,329	3,329	3,034	(93)	2,941	388
Fringe Benefits	1,110	975	1,015	(52)	963	12
Equipment	50	50	42	1	43	7
General Expenses	46	46	15	3	18	28
General Elections						
Salaries	7,398	7,548	7,722	(237)	7,485	63
Fringe Benefits	2,316	2,481	2,582	(132)	2,450	31
Equipment	44	44	17	6	23	21
General Expenses	639	639	540	18	558	81
Contractual Services	388	238	249	(132)	117	121
Primary Elections						
Salaries	933	933	963	(30)	933	
Fringe Benefits	52	309	322	(17)	305	4
General Expenses	199	199	172	1	173	26
Contractual Services	199	199	238	(119)	119	80
Board of Elections Total	<u>16,703</u>	<u>16,990</u>	<u>16,911</u>	<u>(783)</u>	<u>16,128</u>	<u>862</u>
Civil Service						
Salaries	4,849	4,849	4,538	(337)	4,201	648
Fringe Benefits	1,754	1,760	1,868	(127)	1,741	19
Equipment	4	4				4
General Expenses	244	244	204	19	223	21
Contractual Services	45	45		24	24	21
Interdepartmental Charges	50	50				50
Civil Service Total	<u>6,946</u>	<u>6,952</u>	<u>6,610</u>	<u>(421)</u>	<u>6,189</u>	<u>763</u>
County Attorney						
Salaries	12,463	12,063	10,180	(506)	9,674	2,389
Fringe Benefits	4,119	3,833	4,026	(244)	3,782	51
Equipment	18	18	1		1	17
General Expenses	752	1,152	888	5	893	259
Contractual Services	2,923	3,569	2,245	1,026	3,271	298
County Attorney Total	<u>20,275</u>	<u>20,635</u>	<u>17,340</u>	<u>281</u>	<u>17,621</u>	<u>3,014</u>
County Clerk						
Salaries	6,165	6,165	5,591	(130)	5,461	704
Fringe Benefits	2,800	2,903	3,048	(176)	2,872	31
Equipment	212	212	100		100	112
General Expenses	379	379	346	4	350	29
Contractual Services	581	581	225	356	581	
County Clerk Total	<u>10,137</u>	<u>10,240</u>	<u>9,310</u>	<u>54</u>	<u>9,364</u>	<u>876</u>
County Comptroller						
Salaries	7,321	7,321	6,392	(502)	5,890	1,431
Fringe Benefits	2,805	2,849	3,058	(239)	2,819	30
Equipment	125	125	20	5	25	100
General Expenses	154	154	76	4	80	74
Contractual Services	1,279	1,279	803	396	1,139	140
County Comptroller Total	<u>11,684</u>	<u>11,728</u>	<u>10,349</u>	<u>(396)</u>	<u>9,953</u>	<u>1,775</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
GENERAL ADMINISTRATION (Continued)						
County Executive						
Salaries	\$ 3,684	\$ 3,309	\$ 2,572	\$ (822)	\$ 1,750	\$ 1,559
Fringe Benefits	1,048	1,012	1,122	(122)	1,000	12
General Expenses	36	86	62	8	70	16
Contractual Services	100	175	31	12	43	132
County Executive Total	<u>4,868</u>	<u>4,582</u>	<u>3,787</u>	<u>(924)</u>	<u>2,863</u>	<u>1,719</u>
County Treasurer						
Salaries	4,166	2,642	2,509	(108)	2,401	241
Fringe Benefits	1,246	1,197	1,279	(95)	1,184	13
Equipment	10	10	6		6	4
General Expenses	250	274	229		229	45
Contractual Services	54	54	38		38	16
County Treasurer Total	<u>5,726</u>	<u>4,177</u>	<u>4,061</u>	<u>(203)</u>	<u>3,858</u>	<u>319</u>
Office of Constituent Affairs						
Salaries	815	815	843	(69)	774	41
Fringe Benefits	333	341	354	(18)	336	5
Contractual Services	3	3				3
Office of Constituent Affairs Printing & Graphics						
Salaries	1,803	1,803	1,798	(147)	1,651	152
Fringe Benefits	723	728	754	(37)	717	11
Equipment	1	1				1
General Expenses	1,941	2,191	1,815	90	1,905	286
Contractual Services	3	3		3	3	
Interdepartmental Charges	817	817				817
Office of Constituent Affairs Total	<u>6,439</u>	<u>6,702</u>	<u>5,564</u>	<u>(178)</u>	<u>5,386</u>	<u>1,316</u>
Office of Emergency Management						
Salaries	531	441	438	(18)	420	21
Fringe Benefits	153	145	155	(12)	143	2
Equipment	19	19				19
General Expenses	20	59	12	31	43	16
Contractual Services	78	129	127		127	2
Interdepartmental Charges	105	105	102		102	3
Office of Emergency Management Total	<u>906</u>	<u>898</u>	<u>834</u>	<u>1</u>	<u>835</u>	<u>63</u>
Information Technology						
Administration						
Salaries	11,316	11,066	10,341	(573)	9,768	1,298
Fringe Benefits	4,196	4,064	4,272	(258)	4,014	50
Equipment	31	31				31
General Expenses	668	668	283	153	436	232
Contractual Services	12,721	12,721	7,046	4,045	11,091	1,630
Utilities	5,438	5,438	4,602	353	4,955	483
Interdepartmental Charges	1,042	1,042				1,042
Information Technology Total	<u>35,412</u>	<u>35,030</u>	<u>26,544</u>	<u>3,720</u>	<u>30,264</u>	<u>4,766</u>
Housing and Intergovernmental Affairs:						
Salaries	710	2,622	419	(52)	367	2,255
Fringe Benefits	479	3,135	783	(58)	725	2,410
Equipment	1	295				295
General Expenses	110	214	2		2	212
Contractual Services	1,000	1,051	410	590	1,000	51
Interdepartmental Charges	727	886	886		886	
Housing and Intergovernmental Affairs Total	<u>3,027</u>	<u>8,203</u>	<u>2,500</u>	<u>480</u>	<u>2,980</u>	<u>5,223</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
GENERAL ADMINISTRATION (Continued)						
Labor Relations						
Salaries	\$ 445	\$ 445	\$ 378	\$ (58)	\$ 320	\$ 125
Fringe Benefits	133	137	144	(9)	135	2
General Expenses	9	9	2	1	3	6
Contractual Services	769	644	320	150	470	174
Labor Relations Total	1,356	1,235	844	84	928	307
Management and Budgets						
Salaries	3,127	3,122	2,550	(166)	2,384	738
Fringe Benefits	1,053	957	999	(56)	943	14
Equipment	8	8	1		1	7
General Expenses	45	45	38		38	7
Contractual Services	1,894	1,894	1,748	27	1,775	119
Worker's Compensation Expense						
Fringe Benefits	10,103	12,622	12,622		12,622	
Management and Budgets Total	16,230	18,648	17,958	(195)	17,763	885
Personnel						
Salaries	1,015	1,015	751	(52)	699	316
Fringe Benefits	389	379	392	(18)	374	5
General Expenses	27	27	13		13	14
Contractual Services	171	171	14	90	104	67
Personnel Total	1,602	1,592	1,170	20	1,190	402
Planning						
Salaries	1,865	2,065	1,745	(29)	1,716	349
Fringe Benefits	751	809	874	(72)	802	7
General Expenses	50	21	7		7	14
Contractual Services	869	869	201	620	821	48
Various Direct Expenses	225	225	225		225	
Interdepartmental Charges	1,286	1,286				1,286
Mass Transportation						
Pt. Lookout/Lido Beach Bus Route	75	75	75		75	
Metropolitan Suburban Bus Authority	6,888	6,888	6,888		6,888	
LIRR Station Maintenance	26,168	26,431	26,430		26,430	1
MTA-LIRR Operating Assistance	11,584	11,584	11,584		11,584	
Physically Challenged Transportation	2,180	2,180	2,180		2,180	
Planning Total	51,941	52,433	50,209	519	50,728	1,705
Purchasing						
Salaries	2,504	2,500	1,226	(82)	1,144	1,356
Fringe Benefits	819	788	866	(85)	781	7
General Expenses	20	24	18	1	19	5
Contractual Services	2	2	1		1	1
Interdepartmental Charges	302	302				302
Purchasing Total	3,647	3,616	2,111	(166)	1,945	1,671
Office of Real Estate Services						
Salaries	825	825	568	(13)	555	270
Fringe Benefits	257	214	219	(9)	210	4
General Expenses	113	113	20	4	24	89
Contractual Services	194	194	39	47	86	108
Insurance on Buildings	525	525	70	455	525	
Rent	15,005	15,005	12,694	379	13,073	1,932
Office of Real Estate Services Total	16,919	16,876	13,610	863	14,473	2,403
Public Utility Authority						
General Expenses	1,215	1,215	1,014	1,449	2,463	(1,248)
Contractual Services	32	32				32
Interdepartmental Charges	63	63	32		32	31
Public Utility Authority Total	1,310	1,310	1,046	1,449	2,495	(1,185)

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

<u>FUNCTIONS</u>	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual Expenditures</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
GENERAL ADMINISTRATION (Continued)						
Office of Records Management						
Salaries	958	958	798		798	160
Fringe Benefits	538	554	602	(51)	551	3
Equipment	40	40				40
General Expenses	272	272	220	19	239	33
Contractual Services	207	207	121	64	185	22
Interdepartmental Charges	75	75				75
Office of Records Management Total	<u>2,090</u>	<u>2,106</u>	<u>1,741</u>	<u>32</u>	<u>1,773</u>	<u>333</u>
Total General Administration	<u>245,441</u>	<u>252,109</u>	<u>216,989</u>	<u>5,159 #</u>	<u>222,148</u>	<u>29,961</u>
PROTECTION OF PERSONS						
Commission on Human Rights						
Salaries	700	700	596	(16)	580	120
Fringe Benefits	401	359	392	(35)	357	2
General Expenses	16	16	3	1	4	12
Contractual Services	19	19	5	4	9	10
Commission on Human Rights Total	<u>1,136</u>	<u>1,094</u>	<u>996</u>	<u>(46)</u>	<u>950</u>	<u>144</u>
Commissioner of Accounts						
Salaries	141	141	90	(90)		141
Fringe Benefits	151	139	161	(22)	139	
Equipment	4	4				4
General Expenses	5	5	1		1	4
Contractual Services	30	30				30
Commissioner of Accounts Total	<u>331</u>	<u>319</u>	<u>252</u>	<u>(112)</u>	<u>140</u>	<u>179</u>
Consumer Affairs						
Salaries	2,419	2,399	1,941	(124)	1,817	582
Fringe Benefits	1,132	1,069	1,148	(90)	1,058	11
Equipment	4	4	3		3	1
General Expenses	22	42	12	11	23	19
Interdepartmental Charges	702	702				702
Consumer Affairs Total	<u>4,279</u>	<u>4,216</u>	<u>3,104</u>	<u>(203)</u>	<u>2,901</u>	<u>1,315</u>
Medical Examiner						
Salaries	4,915	4,915	5,147	(461)	4,686	229
Fringe Benefits	1,615	1,605	1,706	(122)	1,584	21
Equipment	17	17	4		4	13
General Expenses	447	447	367	53	420	27
Contractual Services	76	76	43	27	70	6
Interdepartmental Charges	4,982	4,982	4,939		4,939	43
Medical Examiner Total	<u>12,052</u>	<u>12,042</u>	<u>12,206</u>	<u>(503)</u>	<u>11,703</u>	<u>339</u>
Total Protection of Persons	<u>17,798</u>	<u>17,671</u>	<u>16,558</u>	<u>(864)</u>	<u>15,694</u>	<u>1,977</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
HEALTH						
Health Department						
Administration						
Salaries	\$ 2,091	\$ 2,091	\$ 1,794	\$ (86)	\$ 1,708	\$ 383
Fringe Benefits	980	916	977	(70)	907	9
General Expenses	280	280	85	192	277	3
Interdepartmental Charges	6,363	6,318	6,318		6,318	
Environmental Health						
Salaries	6,809	6,809	6,803	(324)	6,479	330
Fringe Benefits	3,250	3,474	3,710	(271)	3,439	35
Equipment	10	10	1		1	9
General Expenses	271	271	195	13	208	63
Contractual Services	155	155	64	40	104	51
Interdepartmental Charges	40	56	56		56	
Laboratory Research						
Salaries	1,671	1,671	1,358	(65)	1,293	378
Fringe Benefits	731	693	741	(54)	687	6
Equipment	8	8	7	7	7	1
General Expenses	710	710	634	25	659	51
Interdepartmental Charges	154	133	133		133	
Public Health						
Salaries	1,859	1,859	1,510	(72)	1,438	421
Fringe Benefits	808	771	822	(59)	763	8
General Expenses	183	150	72	2	74	76
Contractual Services	1,851	1,850	591	223	814	1,036
Various Direct Expenses	5,000	5,000	5,000		5,000	
Interdepartmental Charges	86	137	137		137	
Early Intervention						
Salaries	4,057	4,057	3,829	(183)	3,646	411
Fringe Benefits	2,055	1,955	2,089	(153)	1,936	19
General Expenses	551	584	583	1	584	
Contractual Services	24	24				24
Early Intervention Charges	59,841	59,841	38,390	7,394	45,784	14,057
Preschool Education						
Salaries	349	349	354	(17)	337	12
Fringe Benefits	163	181	194	(15)	179	2
General Expenses	2	2	2		2	
Contractual Services	119	119	47	67	114	5
Early Intervention Charges	150,942	150,942	109,062	25,726	134,788	16,154
Health Department Total	251,413	251,416	185,551	32,321	217,872	33,544
Mental Health, Chemical Dependency and Disabled Services						
Administration						
Salaries	2,692	2,692	2,510	(128)	2,382	310
Fringe Benefits	1,486	1,481	1,632	(160)	1,472	9
General Expenses	54	54	35		35	19
Contractual Services	40	40	40		40	
Interdepartmental Charges	2,131	2,217	2,217		2,217	
Contractual Services						
Contractual Services	12,527	12,303	5,999	3,724	9,723	2,580
Interfund Charges		91	91		91	
Direct Services						
Salaries	3,220	3,220	2,960	(151)	2,809	411
Fringe Benefits	2,001	1,992	2,164	(187)	1,977	15
General Expenses	559	559	462	5	467	92
Contractual Services	1,989	1,989	755	401	1,156	833
Interdepartmental Charges	3					
Mental Health, Chemical Dependency and Disabled Services	26,702	26,638	18,865	3,504	22,369	4,269
Total Health	278,115	278,054	204,416	35,825	240,241	37,813

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
PUBLIC WORKS						
Administration						
Salaries	\$ 2,816	\$ 2,516	\$ 2,486	\$ (143)	\$ 2,343	\$ 173
Fringe Benefits	1,389	1,351	1,439	(102)	1,337	14
Worker's Compensation	1,563	1,813	1,706		1,706	107
General Expenses	72	72	32	7	39	33
Contractual Services	55	55	15		15	40
Highway and Engineering						
Salaries	9,692	8,536	8,540	(491)	8,049	487
Fringe Benefits	4,623	4,643	4,944	(349)	4,595	48
Equipment	24	24	16		16	8
General Expenses	41	41		1	1	40
Contractual Services	3,797	3,797	2,977	559	3,536	261
Utility Costs	2,083	2,663	2,401	196	2,597	66
Highway and Bridge Maintenance						
Salaries	23,599	22,691	24,075	(1,385)	22,690	1
Fringe Benefits	11,548	13,112	13,966	(989)	12,977	135
Equipment	171	171	128		128	43
General Expenses	2,220	3,569	3,363	188	3,551	18
Contractual Services	5,791	5,275	3,297	1,791	5,088	187
Utility Costs	31,415	30,835	24,203	2,225	26,428	4,407
Interdepartmental Charges	10,504	8,119				8,119
Groundwater Remediation						
Salaries	7,300	3,447	3,656	(210)	3,446	1
Fringe Benefits	3,604	1,988	2,117	(150)	1,967	21
Equipment	352	352	69	(30)	39	313
General Expenses	5,782	4,949	2,874	359	3,233	1,716
Contractual Services	178	178	50	50	100	78
Utility Costs	551	551				551
Total Public Works	129,170	120,748	102,354	1,527	103,881	16,867
RECREATION AND PARKS						
Administration						
Salaries	2,496	2,216	2,281	(99)	2,182	34
Fringe Benefits	930	922	979	(67)	912	10
Equipment	10	10		9	9	1
General Expenses	90	90	39	16	55	35
Contractual Services	1,165	1,165	948	110	1,058	107
Recreation Service						
Salaries	4,539	4,949	5,163	(224)	4,939	10
Fringe Benefits	2,348	2,086	2,215	(151)	2,064	22
Equipment	47	47	14	13	27	20
General Expenses	137	197	102	19	121	76
Contractual Services	461	461	289	40	329	132
Museum						
Salaries	3,101	3,101	2,975	(129)	2,846	255
Fringe Benefits	1,390	1,202	1,276	(87)	1,189	13
Equipment	5	5	1	3	4	1
General Expenses	75	125	70	19	89	36
Contractual Services	1,070	3,065	659	2,406	3,065	
Golf Operations						
Salaries	3,545	3,545	3,684	(160)	3,524	21
Fringe Benefits	1,617	1,488	1,580	(107)	1,473	15
Equipment	129	129	109	19	128	1
General Expenses	364	514	506	4	510	4
Contractual Services	478	478	392	62	454	24
Total Recreation and Parks	23,997	25,795	23,282	1,696	24,978	817

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
SOCIAL SERVICES						
Bar Association - Public Defender	\$ 6,269	\$ 6,942	\$ 6,942	\$	\$ 6,942	\$
CASA						
Salaries	458	390	254	(28)	226	164
Fringe Benefits	160	144	149	(7)	142	2
General Expenses	5	9	5		5	4
Contractual Services	44	39	16		16	23
CASA Total	667	582	424	(35)	389	193
Legal Aid Society	5,538	5,538	8,460	(2,922)	5,538	
Minority Affairs						
Salaries	496	448	555	(111)	444	4
Fringe Benefits	187	199	219	(22)	197	2
Equipment	1	1				1
General Expenses	27	27	11		11	16
Contractual Services	72	52	4		4	48
Minority Affairs Total	783	727	789	(133)	656	71
Senior Citizens Affairs						
Administration						
Salaries	2,221	2,313	2,268	(280)	1,988	325
Fringe Benefits	1,268	1,286	1,400	(125)	1,275	11
General Expenses	25	25	10		10	15
Contractual Services	1,030	1,132	831	116	947	185
Interdepartmental Charges	1,382	1,382	1,360		1,360	22
Community Services						
Contractual Services	2,431	2,431	1,559	704	2,263	168
Nutrition Program						
Contractual Services	5,263	5,263	4,179	416	4,595	668
Community Centers						
General Expenses	3	3	2		2	1
Contractual Services	160	160	70	10	80	80
Area Agency Title III						
Contractual Services	2,199	2,199	1,944	54	1,998	201
Foster Grandparents Program						
General Expenses	10	10	1		1	9
Extended In-home Services						
Contractual Services	6,362	6,362	4,830	819	5,649	713
SNAP (Nutrition)						
Contractual Services	1,872	1,872	1,191	402	1,593	279
TITLE IID/CSI (Health Promotion)						
Contractual Services	166	166	108	33	141	25
TITLE IIIE (Caregivers)						
Contractual Services	968	968	706	162	868	100
Senior Citizens Affairs Total	25,360	25,572	20,459	2,311	22,770	2,802
Social Services Department						
Administration						
Salaries	3,981	3,981	3,937	(125)	3,812	169
Fringe Benefits	1,737	1,829	1,882	(76)	1,806	23
Equipment	16	16	7	2	9	7
General Expenses	379	379	333	8	341	38
Contractual Services	2,827	2,327	1,358	383	1,741	586
Interdepartmental Charges	22,800	22,800	21,662		21,662	1,138
Public Financial Assistance						
Salaries	25,644	24,594	24,683	(782)	23,901	693
Fringe Benefits	11,062	11,467	11,809	(482)	11,327	140
Equipment	15	15	12		12	3
General Expenses	447	447	396	27	423	24
Contractual Services	15,765	15,765	9,822	3,064	12,886	2,879

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Positive (Negative)
SOCIAL SERVICES (continued)						
Division of Services						
Salaries	\$ 19,461	\$ 18,800	\$ 19,146	\$ (607)	\$ 18,539	\$ 261
Fringe Benefits	8,533	8,895	9,162	(376)	8,786	109
General Expenses	241	241	177	17	194	47
Contractual Services	258	178	102	40	142	36
Juvenile Detention Center						
Salaries	3,273	3,023	3,043	(96)	2,947	76
Fringe Benefits	1,365	1,429	1,472	(61)	1,411	18
Equipment	20	20	3	9	12	8
General Expenses	186	186	79	72	151	35
Contractual Services	1,596	1,596	702	668	1,370	226
Interdepartmental Charges	739	739	492		492	247
Real Estate						
General Expenses	1	1				1
Handicapped Children Education						
Emergency Vendor Payments	16,930	16,530	14,798	218	15,016	1,514
Physically Challenged						
Salaries	268	268	253	(71)	182	86
Fringe Benefits	121	111	116	(7)	109	2
Equipment	3	3				3
General Expenses	34	34	4	5	9	25
Interdepartmental Charges	316	316	246		246	70
Aid to Dependent Children						
Recipient Grants	25,500	28,601	28,601		28,601	
Emergency Vendor Payments	6,765	9,599	9,542	57	9,599	
Home Relief						
Recipient Grants	28,000	31,399	31,399		31,399	
Emergency Vendor Payments	4,500	6,517	6,517		6,517	
Children in Institutions						
Emergency Vendor Payments	20,426	20,426	20,179	134	20,313	113
Children in Foster Homes						
Recipient Grants	1,350	1,448	1,448		1,448	
Purchased Services	1	1				1
Emergency Vendor Payments	425	642	580		580	62
Juvenile Delinquents						
Emergency Vendor Payments	8,413	8,413	8,180	233	8,413	
Training Schools						
Emergency Vendor Payments	4,850	4,850	4,850		4,850	
Children in Institutions - Title 4E						
Emergency Vendor Payments	2,216	1,621	785	509	1,294	327
Children in Foster Homes - Title 4E						
Recipient Grants	500	540	520		520	20
Emergency Vendor Payments	250	250	248		248	2
Subsidized Adoptions						
Recipient Grants	5,400	5,070	4,994		4,994	76
Burials						
Emergency Vendor Payments	300	300	241		241	59
Medicaid						
Purchased Services		1,836	1,836		1,836	
Medicaid	237,500	238,873	238,873		238,873	
Home Energy Assistance						
Recipient Grants	1,000	700	700		700	
Title-XX						
Purchased Services	53,269	57,693	54,341	1,737	56,078	1,615
Social Services Department Total	<u>538,683</u>	<u>554,769</u>	<u>539,530</u>	<u>4,500</u>	<u>544,030</u>	<u>10,739</u>
Veterans Service Agency						
Salaries	576	576	497	(27)	470	106
Fringe Benefits	269	288	296	(12)	284	4
General Expenses	22	22	8		8	14
Contractual Services	1	1				1
Interdepartmental Charges	1,133	1,133				1,133
Veterans Service Agency Total	<u>2,001</u>	<u>2,020</u>	<u>801</u>	<u>(39)</u>	<u>762</u>	<u>1,258</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

<u>FUNCTIONS</u>	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual Expenditures</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<u>SOCIAL SERVICES (continued)</u>						
Youth Board						
Salaries	\$ 376	\$ 376	\$ 423	\$ (85)	\$ 338	\$ 38
Fringe Benefits	265	255	290	(36)	254	1
General Expenses	9	9	1		1	8
Contractual Services	10,389	10,389	6,795	1,147	7,942	2,447
Interdepartmental Charges	566	566	556		556	10
Youth Board Total	11,605	11,595	8,065	1,026	9,091	2,504
Total Social Services	590,906	607,745	585,470	4,708	590,178	17,567
<u>CORRECTIONS</u>						
Correctional Center						
Salaries	118,668	119,028	122,197	(3,353)	118,844	184
Fringe Benefits	42,227	43,459	44,498	(1,654)	42,844	615
Worker's Compensation	3,850	4,812	4,812		4,812	
Equipment	22	22	19		19	3
General Expenses	3,684	3,239	2,891	321	3,212	27
Contractual Services	39,292	42,104	14,272	18,049	32,321	9,783
Utility Costs	536	485	484		484	1
Interfund Charges	8,846	5,139	23		23	5,116
Correctional Center Total	217,125	218,288	189,196	13,363	202,559	15,729
Sheriff						
Salaries	6,246	6,318	6,473	(178)	6,295	21
Fringe Benefits	2,408	2,783	2,927	(175)	2,752	31
Equipment	2	2				2
General Expenses	25	25	18	3	21	4
Sheriff Total	8,681	9,126	9,418	(350)	9,068	58
Correctional Center and Sheriff Total	225,806	227,414	198,614	13,013	211,627	15,787
Probation Administration						
Salaries	17,569	15,569	16,914	(1,522)	15,392	177
Fringe Benefits	8,502	8,583	9,285	(781)	8,504	79
Equipment	18	18	16	1	17	1
General Expenses	211	211	135	22	157	54
Contractual Services	470	470	242	51	293	177
Interfund Charges	1	1	1		1	
Probation Total	26,771	24,852	26,593	(2,229)	24,364	488
Total Corrections	252,577	252,266	225,207	10,784	235,991	16,275
<u>EDUCATION</u>						
Payment to Long Beach Schools	106	106	106		106	
Public Library Services	11,528	5,197				5,197
State School Tuition	7,796	10,796	10,377		10,377	419
Total Education	19,430	16,099	10,483		10,483	5,616
<u>PAYMENTS FOR TAX CERTIORARI AND OTHER JUDGMENTS</u>						
	50,000	43,528	106,483	(72,991)	33,492	10,036
<u>OTHER EXPENDITURES</u>						
Nassau Health Care Corporation	35,970	35,970	36,759	(3,026)	33,733	2,237
Aid to Towns and Cities	57,856	59,675	59,675		59,675	
County Executive Associations	52	52	(14)		(14)	66
Lido-Point Lookout Fire District	6	6	6		6	
Climate Change	9	9				9
LI Association	1	1				1
Local Governments for Sustain	6	6				6
Healthy Nassau	16	16	2		2	14
HIPPA Payments	25	25				25
Miscellaneous Expense	25,530	30,495	29,946	(1,646)	28,300	2,195
NYS Association of Counties	55	55	55		55	
NIFA Expenditures	1,400	1,450				1,450
Suits and Damages	1,254	1,254	1,179		1,179	75
Total Other Expenditures	122,180	129,014	127,608	(4,672)	122,936	6,078
Total Expenditures	1,802,798	1,830,455	1,691,734	(19,860)	1,671,874	158,581

(Continued)

EXHIBIT B-2

COUNTY OF NASSAU, NEW YORK

COMPARATIVE STATEMENT OF ACTUAL EXPENDITURES
VS. TOTAL BUDGETARY AUTHORITY
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

<u>FUNCTIONS</u>	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual Expenditures</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
TRANSFERS OUT						
Debt Service Fund	\$ 283,820	\$ 280,049	\$ 240,142	\$	\$ 240,142	\$ 39,907
Total Transfers Out	283,820	280,049	240,142		240,142	39,907
TOTAL EXPENDITURES AND TRANSFERS OUT	\$ 2,086,618	\$ 2,110,504	\$ 1,931,876	\$ (19,860)	\$ 1,912,016	\$ 198,488

*Appropriations per the 2010 budget as adopted	\$ 1,985,626
Outstanding encumbrances, January 1, 2010	100,992
Original Budget per above	2,086,618
Add: Supplemental appropriations	23,886
Total Budgetary Authority	\$ 2,110,504

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 TOTAL BUDGETARY AUTHORITY AND ACTUAL
 FIRE PREVENTION, SAFETY, COMMUNICATION AND EDUCATION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:						
Interest Income	\$ 3	\$ 3	\$ 1	\$	\$ 1	\$ (2)
Departmental Revenue	5,897	5,897	5,918		5,918	21
Interdepartmental Revenue	100	100				(100)
State Aid	190	190	120		120	(70)
Property Taxes	15,401	15,401	15,401		15,401	
Other Revenues	28	28	32	(32)		(28)
Total Revenues	21,619	21,619	21,472	(32)	21,440	(179)
Expenditures:						
Salaries	10,648	10,576	10,762	(640)	10,122	454
Fringe Benefits	3,513	3,560	3,792	(232)	3,560	
Equipment	35	35	1	1	2	33
Other	7,030	7,055	6,223	61	6,284	771
Total Expenditures	21,226	21,226	20,778	(810)	19,968	1,258
Excess of Revenues Over Expenditures	393	393	694	778	1,472	1,079
Other Financing Use:						
Transfers In		584	640	(640)		(584)
Transfers Out	(436)	(1,020)	(1,571)		(1,571)	(551)
Total Other Financing Use	(436)	(436)	(931)	(640)	(1,571)	(1,135)
Net Change in Fund Balance	(43)	(43)	(237)	138	(99)	(56)
Fund Balance Beginning of Year	43	43	99		99	56
Fund Balance (Deficit) End of Year	\$	\$	\$ (138)	\$ 138	\$	\$

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY AND ACTUAL
POLICE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:						
Rents and Recoveries	\$ 350	\$ 350	\$ 840	\$	\$ 840	\$ 490
Licenses & Permits	2,828	2,828	1,904		1,904	(924)
Fines and Forfeits	1,750	1,750	960		960	(790)
Interest Income	110	110	103		103	(7)
Departmental Revenue	3,412	3,412	3,297		3,297	(115)
Interdepartmental Revenue	552	552	280		280	(272)
Property Tax	343,354	343,354	343,354		343,354	
Other Revenue	1,417	1,417	1,369	(1,369)		(1,417)
Total Revenues	<u>353,773</u>	<u>353,773</u>	<u>352,107</u>	<u>(1,369)</u>	<u>350,738</u>	<u>(3,035)</u>
Expenditures:						
Salaries	225,669	227,740	247,231	(20,798)	226,433	1,307
Fringe Benefits	103,999	103,779	108,419	(4,786)	103,633	146
Equipment	643	388	363	10	373	15
Other	34,712	33,116	28,095	362	28,457	4,659
Total Expenditures	<u>365,023</u>	<u>365,023</u>	<u>384,108</u>	<u>(25,212)</u>	<u>358,896</u>	<u>6,127</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,250)</u>	<u>(11,250)</u>	<u>(32,001)</u>	<u>23,843</u>	<u>(8,158)</u>	<u>3,092</u>
Other Financing Sources (Uses):						
Transfers In	11,000	11,000	21,869	(21,869)		(11,000)
Transfers Out	(152)	(152)	(1,041)		(1,041)	(889)
Total Other Financing Sources (Uses)	<u>10,848</u>	<u>10,848</u>	<u>20,828</u>	<u>(21,869)</u>	<u>(1,041)</u>	<u>(11,889)</u>
Net Change in Fund Balance	(402)	(402)	(11,173)	1,974	(9,199)	(8,797)
Fund Balance Beginning of Year	<u>402</u>	<u>402</u>	<u>14,841</u>		<u>14,841</u>	<u>14,439</u>
Fund Balance End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 3,668</u>	<u>\$ 1,974</u>	<u>\$ 5,642</u>	<u>\$ 5,642</u>

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 TOTAL BUDGETARY AUTHORITY AND ACTUAL
 POLICE HEADQUARTERS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:						
Rents and Recoveries	\$ 400	\$ 400	\$ 564	\$	\$ 564	\$ 164
Licenses and Permits	900	900	452		452	(448)
Interest Income	2	2	14		14	12
Departmental Revenue	21,833	21,833	18,952		18,952	(2,881)
Interdepartmental Revenue	14,726	14,726	12,742		12,742	(1,984)
Federal Aid	3,664	3,664	125		125	(3,539)
State Aid	2,589	2,589	246		246	(2,343)
Property Tax	279,980	279,980	279,980		279,980	
Special Taxes	23,901	23,901	23,846		23,846	(55)
Other Revenues	1,938	1,938	1,844	(1,844)		(1,938)
Total Revenues	349,933	349,933	338,765	(1,844)	336,921	(13,012)
Expenditures:						
Salaries	201,115	198,302	228,059	(33,151)	194,908	3,394
Fringe Benefits	94,602	95,770	99,490	(5,866)	93,624	2,146
Equipment	829	861	256	34	290	571
Other	48,939	44,070	37,855	1,286	39,141	4,929
Total Expenditures	345,485	339,003	365,660	(37,697)	327,963	11,040
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,448	10,930	(26,895)	35,853	8,958	(1,972)
Other Financing Sources (Uses):						
Transfers In			34,696	(34,696)		
Transfers Out	(6,199)	(12,681)	(12,433)		(12,433)	248
Total Other Financing Sources (Uses)	(6,199)	(12,681)	22,263	(34,696)	(12,433)	248
Net Change in Fund Balance	(1,751)	(1,751)	(4,632)	1,157	(3,475)	(1,724)
Fund Balance Beginning of Year	1,751	1,751	3,475		3,475	1,724
Fund Balance (Deficit) End of Year	\$	\$	\$ (1,157)	\$ 1,157	\$	\$

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

TOTAL BUDGETARY AUTHORITY AND ACTUAL

SEWER & STORM WATER DISTRICT FUND

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

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:						
Licenses and Permits	\$ 242	\$ 242	\$ 296	\$	\$ 296	\$ 54
Rents and Recoveries	2,007	2,007				(2,007)
Interest Income	1,294	1,294	1,049		1,049	(245)
Departmental Revenue	9,726	9,726	2,032		2,032	(7,694)
Interdepartmental Revenue	619	619	56		56	(563)
Other Revenues			165	(165)		
Total Revenues	<u>13,888</u>	<u>13,888</u>	<u>3,598</u>	<u>(165)</u>	<u>3,433</u>	<u>(10,455)</u>
Expenditures:						
Salaries	19,905	19,655	18,381		18,381	1,274
Fringe Benefits	9,545	9,545	9,665	(573)	9,092	453
Equipment	303	303	32	28	60	243
Other	101,650	101,900	53,828	11,131	64,959	36,941
Debt Service						
Principal	22,046	22,046	21,896		21,896	150
Interest	11,352	11,352	8,348		8,348	3,004
Total Expenditures	<u>164,801</u>	<u>164,801</u>	<u>112,150</u>	<u>10,586</u>	<u>122,736</u>	<u>42,065</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(150,913)</u>	<u>(150,913)</u>	<u>(108,552)</u>	<u>(10,751)</u>	<u>(119,303)</u>	<u>31,610</u>
Other Financing Sources (Uses):						
Other Financing Sources - Premium			335		335	335
Transfer In of Investment Income			85		85	85
Transfer In			1,222		1,222	1,222
Transfer Out	(9,560)	(9,560)	(8,948)		(8,948)	612
Transfer In from SFA			104,055		104,055	104,055
Total Other Financing Sources (Uses)	<u>(9,560)</u>	<u>(9,560)</u>	<u>96,749</u>		<u>96,749</u>	<u>106,309</u>
Net Change in Fund Balances	(160,473)	(160,473)	(11,803)	(10,751)	(22,554)	137,919
Fund Balance (Deficit) Beginning of Year	<u>160,473</u>	<u>160,473</u>	<u>114,370</u>		<u>114,370</u>	<u>(46,103)</u>
Fund Balance (Deficit) End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 102,567</u>	<u>\$ (10,751)</u>	<u>\$ 91,816</u>	<u>\$ 91,816</u>

EXHIBIT B-7

COUNTY OF NASSAU, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY AND ACTUAL
RED LIGHT CAMERA FUND
FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<u>Other Financing Sources (Uses):</u>						
Transfer In	\$	\$ 14,000	\$ 10,271	\$	\$ 10,271	\$ (3,729)
Transfers Out		(14,000)	(10,271)		(10,271)	3,729
Total Other Financing Source (Uses)						
Net Change in Fund Balance						
Fund Balance Beginning of Year						
Fund Balance End of Year	\$	\$	\$	\$	\$	\$

COUNTY OF NASSAU, NEW YORK

STATEMENT OF EXPENDITURES BY COUNTY DEPARTMENTS AND OFFICES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010
(INCLUDING LIFETIME ACTIVITY THROUGH DECEMBER 31, 2010) (Dollars in Thousands)

County Departments, Offices and Boards	Budgetary Authority as of December 31, 2010	Expenditures through December 31, 2009	Available Budgetary Authority for 2010	2010 Expenditures	Remaining Budgetary Authority December 31, 2010
Affirmative Action	\$ 1,240	\$ 1,140	\$ 100	\$	\$ 100
Assessment	13,000	11,363	1,637		1,637
Behavioral Health	204,752	96,215	108,537	32,934	75,603
CASA	735	627	108		108
Consumer Affairs	250		250		250
Correctional Center	10,630	9,338	1,292	468	824
County Attorney	295	295			
County Clerk	321	189	132		132
County Comptroller	805	446	359		359
Criminal Justice Coordinating Council	57,525	52,432	5,093	816	4,277
Cultural Development	441	437	4		4
District Attorney	25,146	15,892	9,254	2,790	6,464
Drug and Alcohol	693,474	527,097	166,377	94	166,283
Board of Election	1,378	195	1,183	454	729
Emergency Management	13,300	6,107	7,193	1,145	6,048
Fire Commission	2,469	1,648	821	30	791
General Services	415	335	80		80
Health	227,110	168,160	58,950	17,703	41,247
Housing and Inter- governmental Affairs	689,546	573,535	116,011	34,608	81,403
Human Rights	1,897	1,817	80		80
Information Technology	198	158	40	29	11
Labor	50	46	4		4
Medical Center	5,119	188	4,931		4,931
Medical Examiner	6,907	4,228	2,679	1,026	1,653
Mental Health	213,875	169,628	44,247	29	44,218
Miscellaneous	91,126	72,570	18,556		18,556
Planning	28,234	20,352	7,882	522	7,360
Police	98,712	63,198	35,514	8,050	27,464
Probation	38,530	31,728	6,802	1,019	5,783
Public Works	16,812	13,340	3,472		3,472
Records Management	58	57	1		1
Recreation and Parks	21,245	8,768	12,477	4,467	8,010
Senior Citizen Affairs	62,786	59,621	3,165	414	2,751
Sheriff	66	55	11		11
Social Services	58,900	34,812	24,088	7,252	16,836
Traffic Safety Board	58,443	52,304	6,139	2,113	4,026
Veterans Services	458	428	30		30
Women's Services	194	148	46		46
Youth Board	38,028	30,384	7,644	815	6,829
Total	\$ 2,684,470	\$ 2,029,281	\$ 655,189	\$ 116,778	\$ 538,411

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 TOTAL BUDGETARY AUTHORITY AND ACTUAL
 ENVIRONMENTAL PROTECTION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:						
Interest Income	\$ 36	\$ 36	\$ 54	\$	\$ 54	\$ 18
Property Taxes	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>		<u>9,000</u>	
Total Revenues	<u>9,036</u>	<u>9,036</u>	<u>9,054</u>		<u>9,054</u>	<u>18</u>
Other Financing Use:						
Transfer Out	<u>(9,127)</u>	<u>(9,127)</u>	<u>(6,662)</u>		<u>(6,662)</u>	<u>2,465</u>
Total Other Financing Uses	<u>(9,127)</u>	<u>(9,127)</u>	<u>(6,662)</u>		<u>(6,662)</u>	<u>2,465</u>
Net Change in Fund Balance	(91)	(91)	2,392		2,392	2,483
Fund Balance Beginning of Year	<u>91</u>	<u>91</u>	<u>9,215</u>		<u>9,215</u>	<u>9,124</u>
Fund Balance End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 11,607</u>	<u>\$</u>	<u>\$ 11,607</u>	<u>\$ 11,607</u>

EXHIBIT C-1

COUNTY OF NASSAU, NEW YORK

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

	Land	Land Improvements	Buildings	Equipment	Infrastructure	Total
Legislative	\$	\$	\$ 254	\$ 77	\$	\$ 331
Judicial	2,593	1,933	73,629	3,129		81,284
General Administration	122,603	1,197	56,158	32,646		212,604
Protection of Persons	4,251	190	74,846	91,041		170,328
Health	475		4,709	3,242		8,426
Public Works	13,491	1,522	338,111	48,952	1,688,981	2,091,057
Recreation and Parks	28,952	69,281	87,605	13,727	23,439	223,004
Social Services	545	3,840	19,687	1,853		25,925
Corrections			183,287	9,344		192,631
Other Expenditures/MSBA		716	26,409	160,762		187,887
Metropolitan Transportation Authority				140,040		140,040
Misc. Unclassified	58,640		134,439			193,079
Total	231,550	78,679	999,134	504,813	1,712,420	3,526,596
Less: Accumulated Depreciation		44,667	354,030	364,082	685,470	1,448,249
	\$ 231,550	\$ 34,012	\$ 645,104	\$ 140,731	\$ 1,026,950	2,078,347
Construction in Progress						367,391
Intangible Assets						8,804
Total Net Capital Assets						\$ 2,454,542

COUNTY OF NASSAU, NEW YORK

STATEMENT OF CHANGES IN CAPITAL ASSETS BY FUNCTION
DECEMBER 31, 2010 (Dollars in Thousands)

	Capital Assets January 1, 2010	Additions*	Deletions*	Capital Assets December 31, 2010
Legislative	\$ 365	\$	\$ 34	\$ 331
Judicial	81,076	208		81,284
General Administration	172,695	39,954	45	212,604
Protection of Persons	163,489	7,656	817	170,328
Health	8,243	183		8,426
Public Works	1,821,777	269,585	305	2,091,057
Recreation and Parks	214,950	8,115	61	223,004
Social Services	25,727	198		25,925
Corrections	192,233	398		192,631
Other Expenditures/MSBA	187,887			187,887
Metropolitan Transportation Authority	140,040			140,040
Misc. Unclassified	193,079			193,079
Construction in Progress	588,700	93,045	314,354	367,391
Intangible Assets	8,804			8,804
Total	3,799,065	419,342	315,616	3,902,791
Less: Accumulated Depreciation	1,334,634	114,633	1,018	1,448,249
Total Changes in Net Capital Assets	\$ 2,464,431	\$ 304,709	\$ 314,598	\$ 2,454,542

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

EXHIBIT D-1**COUNTY OF NASSAU, NEW YORK**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 TOTAL BUDGETARY AUTHORITY AND ACTUAL
 DEBT SERVICE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion (Note 12)</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:						
Federal Aid	\$	\$	\$ 1,600	\$	\$ 1,600	\$ 1,600
Expenditures:						
Debt Service:						
Principal	82,477	82,477	76,710		76,710	5,767
Interest	50,660	50,660	44,956		44,956	5,704
Financing Costs	5,650	5,650	7,069		7,069	(1,419)
Total Expenditures	<u>138,787</u>	<u>138,787</u>	<u>128,735</u>		<u>128,735</u>	<u>10,052</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(138,787)</u>	<u>(138,787)</u>	<u>(127,135)</u>		<u>(127,135)</u>	<u>11,652</u>
Other Financing Sources (Uses):						
Other Financing Sources - Premium on Bonds			28,413		28,413	28,413
Transfers In	327,316	327,316	266,203		266,203	(61,113)
Transfers Out	(188,529)	(188,529)	(320,430)		(320,430)	(131,901)
Issuance of Bonds			152,949		152,949	152,949
Total Other Financing Sources (Uses)	<u>138,787</u>	<u>138,787</u>	<u>127,135</u>		<u>127,135</u>	<u>(11,652)</u>
Net Change in Fund Balance						
Fund Balance Beginning of Year						
Fund Balance End of Year	\$	\$	\$	\$	\$	\$

COUNTY OF NASSAU, NEW YORK

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 DECEMBER 31, 2010 (Dollars in Thousands)

	Balance January 1, <u>2010</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2010</u>
Agency Fund				
<u>ASSETS:</u>				
Cash	\$ 76,932	\$ 1,095,863	\$ 1,107,225	\$ 65,570
Due From Component Unit	<u>1,339</u>	<u>92,574</u>	<u>92,439</u>	<u>1,474</u>
TOTAL ASSETS	<u>\$ 78,271</u>	<u>\$ 1,188,437</u>	<u>\$ 1,199,664</u>	<u>\$ 67,044</u>
<u>LIABILITIES:</u>				
Accounts Payable	\$ 1,821	\$ 357,507	\$ 358,299	\$ 1,029
Other Liabilities	<u>76,450</u>	<u>1,150,228</u>	<u>1,160,663</u>	<u>66,015</u>
TOTAL LIABILITIES	<u>\$ 78,271</u>	<u>\$ 1,507,735</u>	<u>\$ 1,518,962</u>	<u>\$ 67,044</u>
Nassau County Tobacco Securitization Corporation Residual Trust				
<u>ASSETS:</u>				
Cash	<u>\$ 43,581</u>	<u>\$ 193</u>	<u>\$ 25,362</u>	<u>\$ 18,412</u>
<u>LIABILITIES:</u>				
Accounts Payable	\$ 25,362	\$	\$ 25,362	\$
Other Liabilities	<u>18,219</u>	<u>193</u>	<u></u>	<u>18,412</u>
TOTAL LIABILITIES	<u>\$ 43,581</u>	<u>\$ 193</u>	<u>\$ 25,362</u>	<u>\$ 18,412</u>

EXHIBIT E-2

COUNTY OF NASSAU, NEW YORK

**STATEMENT OF CHANGES IN OTHER LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)**

	<u>Balance</u> <u>January 1,</u> <u>2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31,</u> <u>2010</u>
Agency Fund				
Cash Bail	\$ 13,649	\$ 15,071	\$ 13,229	\$ 15,491
Coliseum Deferred Revenue	4,663	21		4,684
Contractors' Cash Bond Escrow	2,283	824	26	3,081
Declining Balance Account - Staples		1,405	1,405	
Dental Insurance	118	5,485	5,518	85
Eggers College Settlement	1,659	2		1,661
Estate Suspense Account	513	1,931	1,666	778
Federal Withholding Taxes	4,463	161,735	165,250	948
Flex Benefit Plan		4,247	4,247	
Health Insurance		255,284	255,284	
Medical Assistance Pay In	3,536	1,014	853	3,697
Mortgage Taxes	6,319	37,680	39,203	4,796
MTA Commuter Transportation Mobility Tax		3,664	3,664	
New York City Withholding Taxes	40	1,263	1,258	45
New York State Withholding Taxes	1,853	63,651	63,285	2,219
Optical Insurance	78	1,675	1,543	210
Payments in Lieu of Taxes	6,793	25,331	14,953	17,171
Payroll Deductions - others	62	64,535	64,535	62
Payroll Deferred Compensation		55,313	55,313	
Real Estate Escrow	3,872	95	948	3,019
Retirement System	85	124,184	122,913	1,356
Social Security Taxes	3,233	140,509	143,308	434
Social Service Trust	872	10,490	11,362	
TIAA/CREF Payroll Deductions	830	7,617	7,602	845
Traffic Violations Clearing Account	3,226	29,348	28,343	4,231
Triad Worker's Compensation Account		22,787	22,663	124
Trust Fund Deposits	1,228	56,368	58,981	(1,385)
Trust Fund Deposits - short term		1,003	1,003	
Unclaimed Matured Bonds and Coupons	15,814	51,258	66,927	145
Unemployment Insurance	202	2,069	2,310	(39)
All Other Liabilities	<u>1,059</u>	<u>4,369</u>	<u>3,071</u>	<u>2,357</u>
Total Other Liabilities	<u>\$ 76,450</u>	<u>\$ 1,150,228</u>	<u>\$ 1,160,669</u>	<u>\$ 66,015</u>
 Nassau County Tobacco Securitization Corporation Residual Trust				
Other Liabilities - undisbursed bond proceeds	<u>\$ 18,219</u>	<u>\$ 193</u>	<u>\$</u>	<u>\$ 18,412</u>

COUNTY OF NASSAU, NEW YORK

**STATEMENT OF CASH IN BANKS*
ALL FUNDS OF THE PRIMARY GOVERNMENT
DECEMBER 31, 2010 (Dollars in Thousands)**

CASH BALANCES BY FUND:

General Fund	\$	179,482
NIFA General Fund		612
Police District		726
Police Headquarters		4,255
Capital		285,205
Fire Prevention, Safety, Communication and Education Fund		1,782
Debt Service Fund		2,629
Sewer & Storm Water		131,296
Nonmajor Governmental Funds		127,539
Agency Fund		<u>83,982</u>
Total Cash Balances By Funds	\$	<u>817,508</u>

CASH BALANCES BY BANK:

The Bank of New York	\$	15,786
JP Morgan Chase		60,599
The Bank of New York		3
Citibank		4,312
Wachovia Bank		264,340
TD Bank		218,702
Capital One Bank		134,237
Signature Bank		115,276
City National Bank of New Jersey		3,315
Petty Cash		<u>938</u>
Total Cash Balances By Bank	\$	<u>817,508</u>

*See Exhibit X-15 Note 2, Deposits and Investments

STATISTICAL SECTION

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

Contents

Financial Trends Information

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

Revenue Capacity Information

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

Debt Capacity Information

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

Economic and Demographic Information

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

Operating Information

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

Note: Certain information prior to 2002 is presented when available. Implementation of GASB 34 in 2002 precludes the reporting of similar financial information in the prior year.

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

FINANCIAL TRENDS INFORMATION

COUNTY OF NASSAU, NEW YORK

Net Assets of Primary Government
 Last Nine Fiscal Years
 (Accrual Basis of Accounting)
 (Dollars in Thousands)

	Fiscal Year								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Primary Government									
Invested in Capital Assets, Net of Related Debt	\$ 1,534,318	\$ 1,503,411	\$ 1,356,866	\$ 1,602,186	\$ 1,556,170	\$ 1,429,730	\$ 1,554,862	\$ 1,530,864	\$ 1,491,579
Restricted:									(2,076,191)
Statutory									(227,012)
Special Revenue	226,915	143,133	56,742		32,719	113,534	136,826	136,327	78,167
Capital Projects	(7,068,439)	(6,656,450)	(6,132,850)	(6,029,636)	(3,053,438)	(2,973,679)	(3,120,945)	(3,136,151)	(510,432)
Unrestricted (Deficit)									
Total Primary Government Net Assets / (Deficit)	\$ (5,307,206)	\$ (5,009,906)	\$ (4,719,242)	\$ (4,427,450)	\$ (1,464,549)	\$ (1,430,415)	\$ (1,429,457)	\$ (1,468,960)	\$ (1,243,889)

COUNTY OF NASSAU, NEW YORK

Change in Net Assets
Last Nine Fiscal Years
(Accrual Basis of Accounting)
(Dollars in Thousands)

Expenses	Fiscal Year								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Primary Government:									
Legislative	\$ 10,213	\$ 10,109	\$ 10,126	\$ 9,789	\$ 8,754	\$ 8,321	\$ 6,886	\$ 6,525	\$ 6,847
Judicial	65,765	51,142	52,598	49,895	45,018	42,533	45,584	42,764	40,974
General Government	739,650	752,102	769,182	529,185	587,841	493,012	660,382	788,063	479,242
Postemployment Retirement Benefits				3,354,770					
Protection of Persons	771,460	725,762	718,984	672,293	633,154	638,393	620,384	522,711	556,196
Health	243,078	268,204	259,517	254,856	248,782	239,111	293,918	230,590	207,803
Public Works	238,683	218,257	224,577	221,678	226,599	228,119	222,859	177,691	177,416
Recreation and Parks	34,035	33,369	43,125	48,833	45,687	41,541	37,704	46,037	44,778
Social Services	564,636	539,817	519,326	501,254	490,302	535,021	627,511	529,093	540,759
Corrections	231,627	263,676	212,124	228,968	225,334	213,053	193,434	164,199	172,361
Education	12,086	11,457	10,741	10,216	10,545	13,621	14,975	22,649	10,997
Debt Service Interest	171,156	164,498	169,632	157,439	180,847	150,564	122,391	166,041	214,186
Total Primary Government Expenses	3,082,409	3,028,292	2,970,312	6,036,276	2,662,863	2,608,289	2,686,006	2,736,363	2,449,661
Program Revenues									
Primary Government:									
Charges for services:									
Legislative	193	274	233	122	16	1	23	2	
Judicial	33,961	19,705	17,953	18,329	20,062	18,065	13,047	11,121	10,514
General Government	61,742	45,522	43,712	70,641	71,494	55,543	55,609	45,211	77,893
Protection of Persons	36,495	37,462	33,285	35,544	36,127	31,406	29,379	31,002	19,371
Health	22,196	22,245	22,208	22,798	19,307	29,209	17,021	16,712	17,521
Public Works	6,060	9,146	7,612	5,386	5,245	5,975	2,764	10,813	10,182
Recreation and Parks	19,426	19,665	19,775	17,902	17,458	16,623	16,335	14,229	16,791
Social Services	18,497	17,903	19,227	14,558	20,364	55,782	138,304	77,277	115,040
Corrections	4,784	5,300	7,420	5,483	4,822	5,389	2,579	2,269	1,206
Education		1,011	2,579	3,668			7,186	7,399	233
Operating Grants	485,243	463,438	412,985	397,531	382,964	381,293	448,824	397,876	396,994
Capital Grants	42,576	63,479	15,106	37,031	32,484	27,269	56,369	29,548	35,932
Total Primary Government Program Revenues	731,173	705,160	602,075	628,673	610,835	625,555	787,240	643,459	699,577
Total Primary Government Net (Expenses)/Revenues	(2,351,236)	(2,323,132)	(2,368,237)	(5,407,603)	(2,072,028)	(1,982,734)	(1,898,766)	(2,092,904)	(1,750,084)
General Revenues and Other Changes in Net Assets									
Primary Government:									
Taxes:									
Property Taxes	931,585	919,653	889,519	866,691	863,637	884,859	861,934	883,616	757,481
Sales Taxes	997,175	949,710	998,733	1,010,566	989,243	952,675	933,863	890,860	863,157
Other Taxes	40,900	41,149	39,991	45,037	39,452	40,870	36,027	30,187	28,321
Tobacco Settlement Revenue and Tobacco Receipts	19,881	82,210	74,073	59,153	53,561	45,301	46,656	26,186	26,180
Investment Income	13,654	13,757	48,701	45,284	49,369	36,622	18,066	13,560	15,906
Other Federal and State Aid									20,000
Other	26,521	25,999	26,423	21,865	22,532	21,449	22,723	23,424	21,472
Total Primary Government	2,029,716	2,032,478	2,076,445	2,068,596	2,037,864	1,981,776	1,938,269	1,867,833	1,732,517
Change in Net Assets	(321,520)	(290,664)	(291,792)	(3,338,707)	(34,134)	(958)	39,503	(225,071)	(17,567)
Implementation of GASB 48				375,906					
Net Assets (Deficit) - Beginning	(4,985,686) *	(4,719,242)	(4,427,450)	(1,464,549)	(1,430,415)	(1,429,457)	(1,468,960)	(1,243,889)	(1,226,322)
Net Assets (Deficit) - Ending	\$ (5,307,206)	\$ (5,009,906)	\$ (4,719,242)	\$ (4,427,450)	\$ (1,464,649)	\$ (1,430,415)	\$ (1,429,457)	\$ (1,468,960)	\$ (1,243,889)

* Opening Net Assets for 2010 has been restated

COUNTY OF NASSAU, NEW YORK

**Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Dollars in Thousands)**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Preempted Sales Tax in Lieu of Property Taxes</u>	<u>Payments in Lieu of Taxes</u>	<u>Special Taxes*</u>	<u>Total</u>
2010	\$ 931,585	\$ 939,610	\$ 57,565	\$ 6,881	\$ 34,019	\$1,969,660
2009	919,653	887,530	62,180	6,158	34,991	1,910,512
2008	889,519	936,304	62,429	4,154	34,837	1,927,243
2007	886,691	948,937	61,629	7,356	37,681	1,942,294
2006	883,637	929,817	59,426	4,551	34,901	1,912,332
2005	884,859	895,107	57,568	4,298	36,572	1,878,404
2004	881,934	883,892	49,971	3,632	32,395	1,851,824
2003	883,616	841,940	48,920	4,205	25,982	1,804,663
2002	757,481	814,160	48,997	2,974	25,347	1,648,959
2001	706,584	785,094	43,717	3,450	19,086	1,557,931

*For 2001, Special Taxes were previously presented as "Other Revenues" in the Police Department Headquarters Fund.

COUNTY OF NASSAU, NEW YORK

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Dollars in Thousands)

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Fund (Includes NIFA General Fund)										
Reserved for Encumbrances	\$ 86,227	\$ 68,459	\$ 72,597	\$ 73,592	\$ 56,324	\$ 65,052	\$ 67,123	\$ 91,483	\$ 70,433	\$ 66,907
Unreserved and Designated for Ensuing Year's Budget	93,498	52,784	47,928	56,271	73,342	75,771	86,084	76,706	68,956	18,000
Unreserved	179,725	121,243	130,525	139,863	142,741	154,190	153,207	168,189	139,389	94,432
Total General Fund										
All Other Governmental Funds										
Reserved for Retirement of Temporary Financing	8,588	8,835	4,679	7,326	25,961	7,816	64,106	54,642	36,590	16,718
Reserved for State Revolving Fund									1,499	13,647
Reserved for Encumbrances	342,310	339,976	339,524	241,394	266,165	245,489	170,363	136,614	141,057	211,355
Reserved for Police Terminations										
Restricted - Senior Liquidity Reserve	24,009	24,009	24,009	24,009	24,009					
Unreserved and Designated for Ensuing Year's Budget	35,538	52,785	59,496	53,203		52,087	10,000	44,311	23,305	9,819
Unreserved:										
Special Revenue Fund	56,481	71,477	65,174	114,954	123,199	(10,376)	4,870	4,870		(19,278)
Capital Fund	(11,774)	(75,019)	(155,310) *							
Nonmajor Special Revenue Funds	(10,353)	(11,348)	(31,613)	(41,132)	(29,733)	72,140	77,362	15,469	(3,372)	
Nonmajor Capital Projects Funds	(32,730)	(48,728)	(23,728)	(219,450)	(149,672)	33,923	132,855	92,765	50,168	26,314
Nonmajor Debt Service Funds	16,295	18,054	21,477	(26,424)	2,054	3,994	51,017	55,999	45,273	10,121
Total All Other Governmental Funds	428,364	380,041	303,708	153,880	261,983	405,073	510,573	443,170	294,520	268,696
Total Governmental Funds	\$ 608,089	\$ 501,284	\$ 434,233	\$ 293,743	\$ 404,724	\$ 559,263	\$ 663,780	\$ 611,359	\$ 433,909	\$ 363,128

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

REVENUE CAPACITY INFORMATION

COUNTY OF NASSAU, NEW YORK

Governmental Activities Tax Revenues By Source
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)
 (Dollars in Thousands)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Preempted Sales Tax in Lieu of Property Taxes</u>	<u>Payments in Lieu of Taxes</u>	<u>Special Taxes*</u>	<u>Total</u>
2010	\$ 932,205	\$ 939,610	\$ 57,565	\$ 6,881	\$ 34,019	\$ 1,970,280
2009	919,653	887,530	62,180	6,158	34,991	1,910,512
2008	889,519	936,304	62,429	4,154	34,837	1,927,243
2007	886,691	948,937	61,629	7,356	37,681	1,942,294
2006	884,512	929,817	59,426	4,551	34,901	1,913,207
2005	884,859	895,107	57,568	4,298	36,572	1,878,404
2004	881,934	883,892	49,971	3,632	32,395	1,851,824
2003	884,417	841,940	48,920	4,205	25,982	1,805,464
2002	758,267	814,160	48,997	2,974	25,347	1,649,745
2001	706,584	785,094	43,717	3,450	19,086	1,557,931

*For 2001, Special Taxes were previously presented as "Other Revenues" in the Police Department Headquarters Fund.

COUNTY OF NASSAU, NEW YORK

Sales Tax, Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year Ended December 31	Sales Tax Revenue	Sales Tax Rate	Class 1 Assessed Value	Class 2 Assessed Value	Class 3 Assessed Value	Class 4 Assessed Value	Total Taxable Assessed Value	Levied Property Taxes	Total Direct Property Tax Rate per \$100 Assessed Value	Estimated Actual Taxable Full Valuation	Assessed Value as a Percentage of Actual Taxable Full Valuation
2010	\$ 997,175	4.25%	\$ 543,233 ****	\$ 35,924 ****	\$ 38,155 ****	\$ 220,140 ****	\$ 837,452 ***	\$ 932,205	\$ 111.31	\$ 252,854,423	0.33%
2009	949,710	4.25%	542,881 ****	34,202 ****	34,660 ****	207,054 ****	818,797 ***	919,653	112.32	257,054,119	0.32%
2008	996,733	4.25%	523,214 ****	31,036 ****	30,820 ****	193,634 ****	778,704 ***	889,519	114.23	261,031,961	0.30%
2007	1,010,566	4.25%	493,266 ****	28,852 ****	28,680 ****	177,787 ****	728,595 ***	886,691	121.70	244,238,974	0.30%
2006	989,243	4.25%	833,629	27,593	24,576	177,379	1,063,177 **	884,512	83.20	212,313,816	0.50%
2005	952,675	4.25%	1,353,982	26,684	24,748	176,878	1,582,292 *	884,859	55.92	193,592,238	0.82%
2004	933,863	4.25%	1,380,126	28,135	24,590	180,954	1,613,805 *	881,934	54.65	179,607,935	0.90%
2003	890,860	4.25%	2,455,967	142,131	453,775	1,067,207	4,119,080	884,417	21.47	161,160,799	2.56%
2002	863,157	4.25%	2,444,307	148,778	438,892	1,089,444	4,121,421	758,267	18.40	140,129,811	2.94%
2001	828,811	4.25%	2,434,142	149,466	401,100	1,098,352	4,083,060	706,584	17.31	125,852,983	3.24%

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

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

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

****Additional Source: Nassau County Adopted Budget

COUNTY OF NASSAU, NEW YORK

PROPERTY TAX LEVIES AND TAX RATES, DIRECT AND OVERLAPPING GOVERNMENTS

FOR THE FISCAL PERIODS ENDED IN 2000 THROUGH 2009 (Dollars in Thousands)

(Tax Rates per \$100 of Assessed Valuation)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
	Tax Levy	Tax Levy	Tax Levy	Tax Levy	Tax Levy	Tax Levy	Tax Levy	Tax Levy	Tax Levy	Tax Levy
	Tax Rate/Range	Tax Rate/Range	Tax Rate/Range	Tax Rate/Range	Tax Rate/Range	Tax Rate/Range	Tax Rate/Range	Tax Rate/Range	Tax Rate/Range	Tax Rate/Range
County of Nassau*										
General County Government (Net)	\$ 156,489	\$ 145,859	\$ 123,982	\$ 80,016	\$ 112,770	\$ 135,984	\$ 126,463	\$ 105,502	\$ 144,458	\$ 72,995
Police District	345,036	332,326	331,640	333,927	399,307	301,297	289,579	270,610	272,520	258,632
Police Headquarters	285,074	279,632	287,070	256,080	252,898	239,071	252,173	225,364	131,022	131,022
Fire Prevention	15,466	15,555	15,689	15,850	15,444	17,782	17,012	14,195	14,945	14,747
Community College	52,207	50,247	48,361	46,546	44,789	43,117	41,489	39,941	38,039	35,959
Sewage Disposal Districts										
Sewer & Storm Water District Fund	110,032	109,932	118,932	138,932	138,932	138,932	102,422	100,131	104,805	82,855
Sewage Collection Districts										
Parks & Recreation	4,860	7,375	4,128	51,168	48,294	43,577	43,085	39,290	36,182	43,779
Environmental Bond	570									
Total County of Nassau	973,163	894,925	839,792	924,189	922,444	920,760	922,850	795,033	749,982	575,851
Town and City Governments	247,128	231,735	220,779	206,090	208,654	189,267	175,251	165,369	181,635	190,739
Incorporated Village Governments	428,721	393,097	357,793	367,408	344,668	330,851	311,028	328,453	295,155	248,260
School Districts	3,480,489	3,309,803	3,167,526	3,010,688	2,833,955	2,618,054	2,431,227	2,229,206	2,111,613	1,984,885
Special Districts	109,452	101,065	96,001	97,873	88,558	84,143	78,585	76,239	73,344	72,091
Fire Protection	18,281	17,524	16,882	15,833	15,292	14,239	13,595	12,751	12,128	11,480
Garbage, Refuse and Sanitary	228,555	207,014	201,869	191,776	174,235	169,131	160,868	150,799	147,420	136,836
Lighting	17,125	15,972	15,358	14,825	14,194	12,643	12,027	12,010	11,792	11,414
Park	78,184	68,345	67,036	64,291	60,637	54,730	51,546	47,456	47,548	45,787
Parking and Improvement	45,882	44,294	43,807	42,116	40,159	38,582	33,876	32,528	32,337	32,814
Sewage - Special	13,602	14,809	13,776	12,866	12,015	11,501	11,258	11,051	10,576	10,174
Water	36,095	35,546	34,975	34,295	31,739	29,405	27,094	25,504	23,772	22,891
Total Special Districts	543,146	504,569	489,704	473,595	446,029	414,374	388,951	369,376	355,813	343,172
Totals	\$ 5,657,547	\$ 5,064,128	\$ 5,175,634	\$ 4,951,270	\$ 4,755,750	\$ 4,457,205	\$ 4,229,307	\$ 3,886,449	\$ 3,694,238	\$ 3,443,822
	(100.00)%	(100.00)%	(100.00)%	(100.00)%	(100.00)%	(100.00)%	(100.00)%	(100.00)%	(100.00)%	(100.00)%

* Per Approved Legislative Tax Ordinances.
 ** Indicates Tax Rate Credit.
 Note: Nassau County has elected to keep this schedule after it has been requested for both internal and external agency purposes. Fiscal Year 2009 is the most recent data available.
 Sources: Various County, Town, School, and Special Districts

COUNTY OF NASSAU, NEW YORK

Principal Sources of Own Source Revenue

Principal Property Taxpayers
December 31, 2010
(Dollars in Thousands)

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
KEYSPAN	\$ 15,462	1	1.85%	\$ 89,701	2	2.20%
Long Island Power Authority	15,150	2	1.81	212,997	1	5.22
Verizon	6,288	3	0.75	75,370	3	1.85
Retail Property Trust	4,183	4	0.50	17,303	5	0.42
CLK-HP	2,825	5	0.34			
E Q K Green Acres LP	2,148	6	0.26			
Sunrise Mall LLC	1,840	7	0.22			
Rexcorp Plaza Spa LLC (formerly Galaxy LI Assoc LLC)	1,772	8	0.21			
1 Park Lake Success LLC	1,532	9	0.18			
Reckson Association	1,435	10	0.17	16,693	6	0.41
Long Island Water Corp.				20,231	4	0.50
Greater NY Assoc & NYRA				11,182	7	0.27
Northrop Grumman Corp.				9,473	8	0.23
New York Water Corp				8,326	9	0.20
Coliseum Plaza Associates				8,171	10	0.20
Totals	\$ 52,635		6.29%	\$ 469,447		11.50%

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

Source: Department of Assessment

Taxable Sales by Industry
For Year Ending in February
(Dollars in Thousands)

Industry	2009*			2000		
	Tax Base	Rank	Percentage of Total Tax Base	Tax Base	Rank	Percentage of Total Tax Base
Retail Trade	\$ 10,143,250	1	52.6108%	\$ 10,546,889	1	59.6928%
Accommodation and Food Services	2,082,563	2	0.1080	1,433,049	2	0.0811
Wholesale Trade	1,458,300	3	0.0756	1,247,669	3	0.0706
Information	1,381,433	4	0.0717	1,137,503	4	0.0644
Ag., Mining, Trans., FIRE, Educ., Govt.	757,345	5	0.0393	869,181	5	0.0492
Administrative/Support Services	651,661	6	0.0338	429,424	7	0.0243
Utilities (excluding residential energy)	634,780	7	0.0329	441,939	6	0.0250
Other Services	569,642	8	0.0295	421,824	8	0.0239
Manufacturing	362,596	9	0.0188	319,044	9	0.0181
Arts, Entertainment, and Recreation	359,610	10	0.0187	269,646	10	0.0153
Construction	344,304	11	0.0179	257,038	11	0.0145
Professional, Scientific, and Technical	333,077	12	0.0173	206,732	12	0.0117
Unclassified by Industry	164,684	13	0.0085	67,063	13	0.0038
Health Care	36,537	14	0.0019	21,596	14	0.0012
Totals	\$ 19,279,782		100.00%	\$ 17,668,597		100.00%

* 2009 is Most Recent Available Data

Source: New York State Department of Taxation and Finance

COUNTY OF NASSAU, NEW YORK

STATEMENT OF CONSTITUTIONAL TAX MARGIN
FOR THE YEAR ENDED DECEMBER 31, 2010 (Dollars in Thousands)

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

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

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

2010 Full Valuation	\$ 252,854,423
2009 Full Valuation	257,054,119
2008 Full Valuation	261,031,961
2007 Full Valuation	244,238,974
2006 Full Valuation	<u>212,313,816</u>
	<u>1,227,493,293</u>

Average Full Valuation \$ 245,498,659

Constitutional Tax Margin:

Constitutional Limit of Real Property Taxation, 2% of Average Full Valuation	\$ 4,909,973
<u>Add: Exclusions for Debt Service</u>	<u>182,036</u>

Maximum Taxing Authority \$ 5,092,009

2010 Tax Levies:

General County Government	\$ 230,532
<u>Less: Sales Tax Allocation Credit and Other Adjustments</u>	<u>67,693</u>

General County Government - net	162,839
Police District	343,354
Police Headquarters	279,980
Fire Prevention, Safety, Communication and Education	15,401
Community College	52,207
Environmental Bond Fund	9,000
Sewer & Storm Water Financing Authority	<u>116,032</u>

Total 2010 Tax Levies which are subject to the Maximum Taxing Authority 978,813

Percentage of Taxing Authority Exhausted 19.22%

Constitutional Tax Margin \$ 4,113,196

Constitutional Tax Margin as a Percentage of Maximum Taxing Authority 80.78%

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

COUNTY OF NASSAU, NEW YORK

Property Tax Levies and Collections
 Last Ten Fiscal Years
 (Dollars in Thousands)

<u>Fiscal Year Beginning January 1</u>	<u>Total Ad Valorem or General Property Tax Levy</u>	<u>Amount Collected at End of Fiscal Year December 31</u>	<u>Percentage Collected at End of Fiscal Year December 31</u>	<u>Amount Collected in Subsequent Years</u>	<u>Amount Collected at December 31, 2010</u>	<u>Percentage Collected at December 31, 2010</u>
2010	\$ 1,719,446	\$ 1,696,405	98.6600%	\$	\$ 1,696,405	98.6600%
2009	1,710,828	1,684,918	98.4855%	24,742	1,709,660	99.9317%
2008	1,620,669	1,601,364	98.8088%	18,680	1,620,044	99.9614%
2007	1,592,436	1,574,231	98.8568%	17,451	1,591,682	99.9527%
2006	1,557,392	1,538,101	98.7613%	18,732	1,556,833	99.9641%
2005	1,531,582	1,514,518	98.8859%	16,755	1,531,273	99.9798%
2004	1,478,831	1,465,377	99.0902%	13,177	1,478,554	99.9813%
2003	1,451,342	1,437,849	99.0703%	13,176	1,451,025	99.9782%
2002	1,292,438	1,272,749	98.4766%	19,405	1,292,154	99.9780%
2001	1,230,980	1,214,515	98.6624%	16,121	1,230,636	99.9721%

DEBT CAPACITY INFORMATION

EXHIBIT I-12

COUNTY OF NASSAU, NEW YORK

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Dollars in Thousands, Except Per Capita Amount)

Fiscal Year	General Obligation Bonds (a)		Sewage Purpose Bonds		State Water Pollution Control Revolving Fund Revenue Bonds		Bond Anticipation Notes		Tax Anticipation Notes		Revenue Anticipation Notes		Nassau County Sewer and Storm Water Finance Authority Payable		Dormitory Authority State of NY Bonds (DASNY) (a)		NCC Endo Note (a)		Sales Tax Secured Bonds, NIFA		Nassau County Sewer and Storm Water Finance Authority System Revenue Bonds	
2010	\$ 1,175,289	\$ 77,755	\$ 121,169	\$	\$ 270,000	\$ 210,000	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2009	901,868	90,735	130,085		150,000	190,000																
2008	549,918	79,065	138,810		132,000 (g)	105,000																
2007	371,980	83,392	147,379		125,000	75,000																
2006	394,333	105,176	155,814		150,000																	
2005	509,170	128,308	164,159		120,000																	
2004	775,689	148,324	170,584		120,000																	
2003	1,239,234	244,394	174,771		68,920	109,145																
2002	1,646,214	277,093	191,030		159,150	180,920																
2001	1,851,917	317,140	205,390																			

continued

- (a) Includes debt of Nassau Community College as of August 31, a discretely presented component unit.
- (b) Includes debt of the Tobacco Settlement Corporation and NIFA (blended component units).
- (c) In 2004 and 2005, a new Department of Assessment methodology was developed and approved by the State in deriving total taxable assessed valuation by utilizing one percent of market value applicable to each of the four property classes.
- (d) For 2006, a new Department of Assessment methodology was developed and approved by the State in deriving total taxable assessed valuation by utilizing one half of one percent of market value applicable to Class I properties and utilizing one percent of market value for Class II, III, and IV property classes.
- (e) Includes all debt of blended component units stated in footnote (b) above, as well as, the debt for the Sewer and Storm Water Finance Authority Beginning in 2007, a new Department of Assessment methodology was developed and approved by the State in deriving total taxable assessed valuation by utilizing one quarter of one percent of market value applicable to Class I properties and utilizing one percent of market value for Class II, III, and IV property classes.
- (f) Includes debt of Nassau Community College as of December 31, a discretely presented component unit.
- (g) NA Not available

COUNTY OF NASSAU, NEW YORK

EXHIBIT T-12

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Dollars in Thousands, Except Per Capita Amount)

Fiscal Year	Tobacco Settlement Asset-Backed Bonds, Series A	Total Serial Bonds - NIFA			State Revolving Fund Loan	Capital Leases	Total Primary Government (a)	Taxable Assessed Valuation	Percentage of Debt to Taxable Assessed Valuation	Debt Per Capita	Percentage of Debt to Total Personal Income	Percentage of Debt to Estimated Total Full Valuation
		NHCC Bonds	OTB Bonds	NCTSC								
2010	\$ 446,382	\$ 259,085	\$ 14,535	\$ 2,256,522	\$ 5,426	\$ 4,427,300	\$ 837,452 (f)	528.66%	\$ 3,304	NA	1.75%	
2009	442,108	261,505	15,990	2,363,958	5,482	\$ 4,148,789	818,797 (f)	506.69%	3,057	4.93%	1.61%	
2008	442,389	262,120	17,445	2,493,259	5,522	\$ 3,939,685	778,704 (f)	505.93%	2,903	4.42%	1.56%	
2007	440,740	296,210	18,900	2,471,490	5,550	\$ 3,783,453	728,595 (f)	519.28%	2,792	4.43%	1.55%	
2006	434,765	298,591	20,355	2,548,715	5,567	\$ 3,752,719	1,063,177 (d)	352.97%	2,776	4.46%	1.76%	
2005	272,125	300,961	21,800	2,437,660	5,574	\$ 3,728,799	1,582,292 (c)	235.66%	2,766	5.03%	1.93%	
2004	275,295	303,355		2,105,270	5,573	\$ 3,536,088	1,613,805 (c)	219.11%	2,629	4.97%	1.97%	
2003	278,095	261,482		1,401,415	5,566	\$ 3,478,899	4,119,080	84.46%	2,590	5.20%	2.16%	
2002	283,625	261,482		933,805	5,552	\$ 3,724,599	4,121,421	90.37%	2,780	5.65%	2.66%	
2001	288,815	261,482		725,015		\$ 4,199,951	4,083,060	102.86%	3,146	6.34%	3.34%	

concluded

- (a) Includes debt of Nassau Community College as of August 31, a discretely presented component unit.
- (b) Includes debt of the Tobacco Settlement Corporation and NIFA (blended component units).
- (c) In 2004 and 2005, a new Department of Assessment methodology was developed and approved by the State in deriving total taxable assessed valuation by utilizing one percent of market value applicable to each of the four property classes.
- (d) For 2006, a new Department of Assessment methodology was developed and approved by the State in deriving total taxable assessed valuation by utilizing one half of one percent of market value applicable to Class I properties and utilizing one percent of market value for Class II, III, and IV property classes.
- (e) Includes all debt of blended component units stated in footnote (b) above, as well as, the debt for the Sewer and Storm Water Finance Authority.
- (f) Beginning in 2007, a new Department of Assessment methodology was developed and approved by the State in deriving total taxable assessed valuation by utilizing one quarter of one percent of market value applicable to Class I properties and utilizing one percent of market value for Class II, III, and IV property classes.
- (g) Includes debt of Nassau Community College as of December 31, a discretely presented component unit.

NA Not available

EXHIBIT T-13

COUNTY OF NASSAU, NEW YORK

**Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds (Expressed in Thousands) (a)	Percentage of Estimated Average Full Valuation of Property	Per Capita
2010	\$ 2,823,474	1.12%	\$ 2,107
2009	2,654,468	1.03%	1,952
2008	2,424,993	0.93%	1,787
2007	2,330,505	0.95%	1,720
2006	2,432,833	1.15%	1,799
2005	2,596,130	1.34%	1,926
2004	2,524,114	1.40%	1,877
2003	2,362,554	1.47%	1,759
2002	2,296,394	1.64%	1,714
2001	2,288,117	1.82%	1,766

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

EXHIBIT T-14**COUNTY OF NASSAU, NEW YORK****COUNTY, TOWNS AND CITIES
TAXABLE FULL VALUE CALCULATION FOR 2010*
(Dollars in Thousands)**

	Taxable Assessed Valuation, Real Property	Taxable Assessed Valuation, Special Franchises	Total Taxable Assessed Valuation	State Equali- zation Rate	Average Full Valuation
Town of Hempstead	\$ 369,571	\$ 11,920	\$ 381,491	0.33 %	\$ 115,603,333
Town of North Hempstead	201,418	4,667	206,085	0.33 %	62,450,000
Town of Oyster Bay	208,563	5,104	213,667	0.33 %	64,747,576
City of Long Beach	18,671	586	19,257	0.38 %	5,067,632
City of Glen Cove	<u>16,416</u>	<u>536</u>	<u>16,952</u>	0.34 %	<u>4,985,882</u>
	<u>\$ 814,639</u>	<u>\$ 22,813</u>	<u>\$ 837,452</u>		<u>\$ 252,854,423</u>

* Last completed assessed valuation fixed in 2009 on which the 2010 taxes are levied.

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

COUNTY OF NASSAU, NEW YORK

Legal Debt Margin Information
Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Debt Limit (10% of Average Full Valuation)*	\$ 24,549,866	\$ 23,368,973	\$ 21,824,049	\$ 19,822,275	\$ 17,740,092	\$ 16,010,875	\$ 14,440,870	\$ 12,873,258	\$ 11,649,191	\$ 10,779,437
Total Net Debt Applicable to Limit	3,246,603	3,211,256	3,115,417	3,140,619	3,161,557	3,326,385	3,085,302	3,264,837	2,958,862	2,887,184
Legal Debt Margin	\$ 21,303,263	\$ 20,157,717	\$ 18,708,632	\$ 16,681,656	\$ 14,578,535	\$ 12,684,490	\$ 11,355,568	\$ 9,608,421	\$ 8,690,329	\$ 7,892,253
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	13.22%	13.74%	14.28%	15.84%	17.82%	20.78%	21.37%	25.36%	25.40%	26.78%

Legal Debt Margin Calculation for Fiscal Year 2010

Average Full Valuation	\$ 245,498,659
Debt Limit (10% of Average Full Valuation)	24,549,866
Debt Applicable to Limit:**	
General Government (Including College)***	\$ 1,174,650
NIFA Serial Bonds	1,648,185
Sewer District	77,755
Environmental Facilities Corporation	121,169
Notes Payable	480,912
Real Property Liabilities	8,670
Guarantees	273,620
Contract Liabilities	260,104
Total Debt Applicable to Limit	4,045,085
Less: Legal Exclusions	
Cash and Investments -Capital Projects Funds	318,462
Tax and Revenue Anticipation Notes Payable	480,000
Less: Total Exclusions	798,462
Total Net Debt Applicable to Limit	3,246,603
Legal Debt Margin	\$ 21,303,263

Calculation of 2010 Constitutional limit of total indebtedness

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

Average Full Valuation of Real Estate for the Fiscal Years Ended in 2006 Through 2010

2010 Full Valuation	\$ 252,854,423
2009 Full Valuation	257,054,119
2008 Full Valuation	261,031,961
2007 Full Valuation	244,238,974
2006 Full Valuation	212,313,816
	<u>\$ 1,227,493,293</u>

Average Full Valuation \$ 245,498,659

Constitutional Debt Margin:
Constitutional Limit of Total Indebtedness, 10% Average Full Valuation \$ 24,549,866

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

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

*** The Community College Serial Bonds Payable as of December 31, 2010 are unaudited. The last Audit conducted on behalf of the Community College was for the Fiscal Year ended August 31, 2010.

COUNTY OF NASSAU, NEW YORK

Pledged-Revenue Coverage
 Last Ten Fiscal Years
 (Dollars in Thousands, Except for Coverage)

NIFA Sales Tax Secured Bonds
Debt Service

<u>Fiscal Year</u>	<u>Sales Tax Paid to NIFA</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
2010	\$ 950,852	\$ 104,415	\$ 64,849	\$ 5.62
2009	896,601	87,525	84,376	5.22
2008	944,104	88,915	96,501	5.09
2007	952,509	79,975	90,949	5.57
2006	932,573	48,460	94,397	6.53
2005	897,405	51,761	74,577	7.10
2004	884,384	26,260	58,323	10.46
2003	842,881	17,445	49,161	12.65
2002	814,350	11,670	22,465	23.86
2001	782,707		24,400	32.08

DEMOGRAPHIC AND ECONOMIC INFORMATION

COUNTY OF NASSAU, NEW YORK**DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years**

<u>Year</u>	<u>Population (In Thousands) (a)</u>	<u>Total Personal Income (In Thousands)</u>	<u>Per Capita Personal Income (b)</u>	<u>Unemployment Rate (c)</u>
2010	1,340	(1) \$ N/A	\$ N/A	7.1%
2009	1,360	84,144,560	61,871	6.9%
2008	1,357	89,111,476	65,668	4.7%
2007	1,355	85,339,255	62,981	3.6%
2006	1,352	84,199,856	62,278	3.7%
2005	1,348	74,060,468	54,941	4.1%
2004	1,345	71,149,155	52,899	4.5%
2003	1,343	66,923,033	49,831	3.9%
2002	1,340	65,945,420	49,213	4.1%
2001	1,335	66,264,060	49,636	3.1%

Sources:

(a) Annual LIPA Long Island Population Survey estimates

(b) United States Bureau of Economic Analysis

(c) NYS Department of Labor

(1) for 2010 used Census Bureau Number

COUNTY OF NASSAU, NEW YORK

Principal Employment by Sector
Current Year and Nine Years Ago*

Employment Sector	2010			2001		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Health Care and Social Assistance	111,493	1	19.56%	82,966	3	13.86%
Retail Trade	75,786	2	13.30%	82,070	1	13.71%
Government**	71,241	3	12.50%	82,506	2	13.78%
Accommodation and Food Services	41,273	4	7.24%	35,732	7	5.97%
Professional and Technical Services	33,993	5	5.96%	36,744	6	6.14%
Finance and Insurance	30,186	6	5.30%	40,211	4	6.72%
Administrative and Waste Services	28,174	7	4.94%	31,083	9	5.19%
Other Services	27,066	8	4.75%	25,735	11	4.30%
Wholesale Trade	26,720	9	4.69%	32,892	8	5.50%
Construction	26,262	10	4.61%	25,364	10	4.24%
Manufacturing	19,363	11	3.40%	35,366	5	5.91%
Educational Services	17,384	12	3.05%	16,309	12	2.72%
Information	14,077	13	2.47%	16,060	14	2.68%
Transportation and Warehousing	14,054	14	2.47%	14,251	13	2.38%
Arts, Entertainment, and Recreation	13,573	15	2.38%	10,461	16	1.75%
Real Estate and Rental and Leasing	9,594	16	1.68%	11,036	15	1.84%
Total	<u>560,239</u>		<u>98.30%</u>	<u>578,786</u>		<u>96.69%</u>

* Previously we provided a list of Principal Employers, Our Source No longer collects this Data
As an Alternative we are providing Principal Employment by Industry

** 2010 Government consists of 61,397 Local Govt, 6,114 Federal, and 3,730 State Employees
2000 Government consists of 70,361 Local Govt, 8,442 Federal, and 3,703 State Employees

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

COUNTY OF NASSAU, NEW YORK

Annual Average Employment by Industry
Last Ten Fiscal Years

Industry Title	Fiscal Year										
	2010(F)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Total, All Private	551,364	551,364	551,364	551,364	551,364	551,364	551,364	551,364	551,364	551,364	551,364
Total, All Industries	551,364	551,364	551,364	551,364	551,364	551,364	551,364	551,364	551,364	551,364	551,364
Accommodation and Food Services	260	260	260	260	260	260	260	260	260	260	260
Arts, Entertainment, and Recreation	30	30	30	30	30	30	30	30	30	30	30
Health Care and Social Assistance	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Information	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Media (Print and Except Recording)	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Motion Picture and Sound Recording Ind	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Broadcasting (Except Internet)	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Internet Publishing and Broadcasting	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Software Publishers	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Other Information Services	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Finance and Insurance	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Securities and Investment	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Finance and Credit	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Insurance Carriers & Related Activities	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Finance, Trusts & Other Financial Vehicles	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Real Estate and Rental and Leasing	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Rent and Leasing Services	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Lessors, Nonfinancial Intangible Assets	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Professional and Technical Services	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Management of Companies and Enterprises	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Administrative and Waste Services	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Administrative and Support Services	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Waste Management and Remediation Services	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Educational Services	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Health Care and Social Assistance	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Arts, Entertainment, and Recreation	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Performing Arts and Spectator Sports	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Accommodation and Food Services	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Amusement, Gambling & Recreation Ind	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Arts, Entertainment, and Recreation	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Food Services and Drinking Places	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Other Services	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Repair and Maintenance	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Membership Organizations & Associations	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Private Households	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Total, All Government	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Federal Government	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
State Government	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Local Government	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885
Unclassified	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885	1,885

(F) Data for 2010 is Preliminary 3rd Quarter Data and subject to revision.

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

OPERATING INFORMATION

COUNTY OF NASSAU, NEW YORK

Capital Asset Statistics by Function
Last Nine Fiscal Years*

Function	Fiscal Year								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Public Safety									
Police:									
Stations	9	9	9	9	9	9	9	9	9
Patrol Units	205	205	205	205	205	205	205	205	205
Highways, Streets, Bridges									
Streets (lane miles)	1,963	1,963	1,963	1,969	1,969	1,969	1,969	1,970	1,970
Streetlights	581	581	581	581	581	581 (2)	581 (2)	581 (2)	581 (2)
Miscellaneous Street Light Devices	22	22	22	22	22	22 (2)	22 (2)	22 (2)	22 (2)
Miscellaneous Traffic Control Devices	280	275	275	260	260	260 (2)	260 (2)	260 (2)	260 (2)
Traffic Signals	1,557	1,554	1,548	1,542	1,540	1,540 (2)	1,540 (2)	1,540 (2)	1,540 (2)
Bridges (Vehicle)	80 (4)	80 (4)	80 (4)	81 (3)	84 (1)	84 (1)	84 (1)	84 (1)	84 (1)
Bridges (Pedestrian)	26	26	27	27	27	27	27	27	27
Culture and Recreation									
Parks Acreage	5,187	5,187	5,187	5,810	6,116	6,116	6,116	6,116	6,116
Parks	68	68	68	70	80	80	80	80	80
Swimming Pools	5	5	5	5	7	7	7	7	7
Tennis Courts	70	70	70	70	72	72	72	72	72
Sewer and Drainage									
Bay Park Service Area Sanitary Sewers (miles)	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Cedar Creek Service Area Sanitary Sewers (miles)	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550
Bay Park Plant Design Flow (MGD)	49	49	70	70	70	70	70	70	70
Cedar Creek Plant Design Flow (MGD)	59.3	55.4	72	72	72	72	72	72	72
Storm Sewers (lane miles)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Storm Water Basins	560	560	560	559	559	559	559	559	559
Water Pump Stations	6	6	6	6	6	6	6	6	6
Drainage Stream Corridors (miles)	60	60	60	60	60	60	60	60	60

* Information prior to 2002 is not readily available.

MGD - Millions of Gallons per Day

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

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

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

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

Sources: Various Nassau County Departments

COUNTY OF NASSAU, NEW YORK

Operating Indicators by Function
Last Nine Fiscal Years*

Function	Fiscal Year								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Judicial									
District Attorney									
Felony Conviction Rate ⁽¹⁾	90.1%	90.2%	90.0%	91.2%	91.7%	91.1%	91.5%	90.6%	88.7%
Total Number of Cases Handled	32,463	32,824	34,460	36,399	38,397	36,264	35,118	38,015	38,014
Number of Indicted Cases	963	1,003	1,032	900	688	494	508	490	567
General Administration									
Assessment									
Number of Building Permits Issued	21,527	21,352	20,704	29,915	24,008	28,896	26,790	NA	NA
Number of Building Inspections Performed	26,641	36,022	23,641	22,373	47,169	40,099	36,657	24,380	19,686
Number of Basic STAR Exemptions	275,888	276,063	264,653	251,746	265,098	260,679	259,987	244,400	248,556
Number of Enhanced STAR Exemptions	35,282	35,587	49,865	49,238	50,276	51,385	52,014	48,675	51,132
Number of Veterans Exemptions	58,224	55,007	47,286	59,526	58,758	60,994	64,618	65,193	73,553
Number of Solar Energy Exemptions	29	29	37	37	37	37	38	39	70
Assessment Review Commission									
Number of Residential Appeal Applications Reviewed	107,547	107,287	110,379	114,808	122,027	128,220	106,678	141,043	98,984
Number of Commercial Appeal Applications Reviewed	19,076	19,077	16,391	18,161	18,370	18,219	18,336	19,505	18,320
Purchasing Department									
Number of Purchase Orders Processed (Including Nassau Community College)	10,687	10,954	10,232	11,983	11,581	12,401	13,299	12,106	10,461
County Comptroller									
Number of Claims Processed	85,137	66,705	91,117	93,033	97,500	101,919	110,072	83,817	83,400
County Treasurer									
Investment Portfolio Return	0.63%	0.97%	2.77%	5.28%	5.15%	3.41%	1.69%	1.35%	1.28%
Total number of Tax Liens Sold	4,395	4,513	5,390	4,520	3,748	3,498	3,426	3,791	3,790
County Clerk									
Land Records Recorded	127,954	129,984	123,471	191,121	211,790	273,496	308,324	236,170	208,851
Court Records Recorded	363,728	347,316	322,025	346,879	309,755	281,772	368,037	234,947	287,789
Miscellaneous Records Recorded	102,059	97,168	89,702	105,455	100,597	94,665	89,723	85,654	89,916
Certified Copies Issued	28,953	30,702	30,598	21,529	28,522	27,091	34,341	28,440	23,227
Board of Elections									
Voting Precincts	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160
Polling Places	389	389	389	388	388	388	388	388	388
Voters	903,102	898,064	906,054	866,978	853,651	888,631	886,352	844,156	867,611
Poll Workers	5,618	4,749	6,210	5,394	4,560	4,534	4,783	4,600	4,552
Civil Service									
Number of Position Classification Reviews	3,298	2,911	3,513	3,601	3,222	3,227	3,187	NA	4,401
Number of Performance Tests Conducted	3,015	1,675	2,008	2,270	753	903	2,245	NA	2,084
Number of Psychological Tests Conducted	439	390	747	822	896	369	505	NA	135
Planning Department									
Number of New Zoning Applications Received	2,314	2,852	2,938	2,924	2,989	2,623	2,759	2,947	NA
Number of Subdivision Waiver Applications Approved	43	45	72	102	129	108	95	65	NA
Number of Bus Shelters	342	340	340	340	340	340	341	340	340
Number of Maintenance Checks Performed	185	173	203	210	280	277	264	200	NA
Protection of Persons									
Police									
Physical Arrests	15,866	17,298	16,778	16,436	16,860	15,399	15,595	15,627	16,546
Parking Violations	92,043	99,857	108,975	113,203	118,855	115,013	100,218	164,924	117,027
Moving Violations	201,688	206,769	200,686	203,180	202,009	183,673	158,533	123,155	202,908
Fire Commission									
Emergency Light Tests	2,485	2,448	2,413	2,405	2,009	1,577	1,413	733	469
General Fire Marshal Inspections	6,304	6,722	4,473	4,823	3,931	2,895	1,508	1,122	620
Plans Reviewed ⁽¹⁴⁾	2,649	2,923	3,035	2,891	2,943	3,043	3,167	4,114	3,437
Rescue / Ambulance Dispatched	73,489	67,658	64,357	63,106	62,396	62,798	61,031	59,835	59,237
Medical Examiner									
Number of Cases Reported to ME Office and Investigated	5,124	5,214	6,302	4,966	4,825	5,036	4,990	5,130	5,064
Number of Cases Accepted and Certified by ME Office	1,280	1,326	1,352	1,289	1,353	1,370	1,345	1,456	1,495
Total Number of DNA Cases Received	593	583	617	654	482	412	484	NA	NA
Average Number of Days to complete Forensic DNA Cases	118	153 ⁽¹⁵⁾	65	63	60	86	42	NA	NA

continued

COUNTY OF NASSAU, NEW YORK

Operating Indicators by Function
Last Nine Fiscal Years*

Function	Fiscal Year								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Probation Department									
Supervision Caseload (Criminal & Family)	8,543	8,796	8,453	8,418	8,245	7,975	7,800	7,894	6,950
Adult Intake: Number of Cases Assigned	0 ⁽¹⁴⁾	4,657	3,928	3,562	3,778	4,515	5,707	5,400	6,510
Juvenile Intake: Number of Cases Assigned	753	782 ⁽¹¹⁾	969 ⁽¹⁰⁾	1,874	1,948	1,963	2,376	2,524	2,203
Pre-trial Cases Interviewed	2,377	2,232	2,616	2,573	3,464	3,090	NA	NA	NA
Pre-trial Supervision Caseload (Criminal & Family)	895	1,217	1,235	813	627	519	NA	NA	NA
Investigations Assigned (Criminal & Family)	5,395	6,387	6,532	6,274	6,274	6,323	6,062	6,341	6,065
Consumers Affairs									
Number of Weights and Measures Inspections	4,101	4,402	4,512	4,439	NA	NA	NA	NA	NA
Number of Weights and Measures Devices Inspected	16,650	16,228	16,135	16,185	16,898	16,003	13,340	14,510	14,039
Total Number of Stores Participating In Item Price Exemption	190	185	190	158	160	170	151	73	NA
Number of Home Improvement License Applications Issued	4,216	5,605	4,038	5,846	4,169	5,845	3,852	5,260	2,941
Total Number of Violations Issued	1,579	2,144	1,667	1,566	1,445	1,590	1,652	1,094	1,255
Health									
Behavioral Health (Drug & Alcohol)									
Caseload Referred by DSS Screening	4,293 ⁽¹²⁾	7,673	6,687	6,778	6,262	6,996	5,432	4,681	NA
Assessments, Consultations, Support Services	2,288	4,307	4,459	3,136	3,693	3,775	2,896	2,374	NA
Referrals to Treatment	1,286	2,397	2,648	2,539	2,510	2,199	2,125	1,760	NA
TIPS Treatment Placement Number of Unique Clients Served	158 ⁽¹⁴⁾	582 ⁽¹²⁾	154 ⁽¹²⁾	976	1,194	1,232	1,050	415 ⁽⁵⁾	NA
EAP Number of Training and Management Consultation Attendees	2,552	1,372	1,376	930	519	788	679	1,521	NA
Methodone Maintenance Treatment Clinic Number of Clients Served	747	735	689	725	717	711	694	691	775
Behavioral Health (Mental Health)									
Average Monthly Assisted Outpatient Treatment (AOT) Caseload	149	140	132	111	108	131	130	NA	NA
Average Monthly AOT Cases Under Court Order	117	108	104	84	76	87	89	NA	NA
Average Monthly AOT Voluntary Cases	16	19	15	12	23	31	21	NA	NA
Average Monthly AOT Cases under Investigation	17	13	14	14	9	14	19	NA	NA
Significant AOT Event Episodes	403	307	186	309	338	397	373	NA	NA
Family Court Number of Individuals Remanded	50	71	110	91	109	149	146	NA	NA
Family Court Number of Diversions	36	24	50	42	63	66	79	NA	NA
Number of Forensic Evaluations	179	242	358	255	319	251	210	195	267
Number of Individuals Seen	163	227	308	223	283	285	230	182	244
Health Department									
Total Number of Communicable Diseases Reports Received	25,518	27,786	22,743	21,403	20,983	24,062	22,095	NA	NA
Total Number of Communicable Diseases Reports Confirmed	1,488	8,453	4,162	3,480	3,811	3,443	6,004	NA	NA
Number of Immediate Response Investigations	71	54	89	21	52	50	15 ⁽⁸⁾	NA	NA
Number of 72 Hour Response Investigations	1,074	3,394	1,337	1,025	1,390	1,421	871 ⁽⁸⁾	NA	NA
Number of 1 Week Response Investigations	1,416	5,037	2,704	2,103	2,369	1,971	2,076 ⁽⁸⁾	NA	NA
Monthly Environmental Nuisances All Cases	NA	3,168	3,674	3,730	3,880	4,872	5,127	NA	NA
Community Sanitation Inspections	2,925	2,915	3,395	3,098	3,100	3,261	2,659	NA	NA
Food Protection Inspections	13,462	17,059	14,734	16,426	14,811	15,667	14,254	NA	NA
Social Services									
Senior Citizens Affairs									
Number of Congregate Meals Served at Centers	219,986	211,888	237,855	247,179	251,675	264,520	260,901	260,368	273,555
Number of Seniors Served Meals	4,902	4,600	5,634	6,426	6,596	6,769	8,556	7,767	8,196
Number of Home Meals Served	469,418	387,019	500,203	535,882	508,508	410,734	404,113	400,157	393,934
Total Number of Funded Senior Center Trips	165,509	152,967	185,953	187,725	208,508	235,673	201,918	243,353	261,483
Number of Senior Passengers Transported	1,860	1,557	1,722	2,066	1,964	1,872	1,659	2,037	2,267
Social Services⁽⁹⁾									
Medicaid Total Medical Assistance Cases Only	86,436	75,552	63,908	67,970	75,959	74,346	70,391	58,626	48,005
Medicaid Applications Pending	2,442	4,233	7,538	4,893	3,393	4,416	3,727	9,488	8,471
Percentage of Applications Processed over 30 Days	18%	33%	54%	49%	37%	41%	33%	54%	63%
Child Protective Investigative Unit Caseload / Per Caseworker	22	16	19	17	16	18	20	19	24
Child Protection Total Caseload / Per Caseworker	19	17	18	15	14	17	19	18	21
Child Protective Services Primary Open Investigations	1,253	1,076	1,189	854	826	810	895	892	1,132
Child Protective Services Primary Open Investigations / Per Caseworker	16	14	15	14	13	14	13	14	17
Active Public Assistance Cases	8,538	6,932	5,695	4,865	4,754	5,031	4,704	4,399	3,891
Number of Public Assistance Applications Pending Over 30 Days	840	1,556	1,001	825	621	633	565	453	480
HEAP Individuals (Clients, HEAP-Only)	7,658	7,081	5,885	4,948	5,822	5,399	5,814	5,136	4,956
Social Service Applications Disposed	8,581	7,684	6,408	4,793	4,000	5,037	5,293	6,129	4,201
Emergency Shelter Individuals (Clients, Homeless)	805	515	509	380	433	479	458	584	430
Food Stamp Individuals (Clients, Total)	59,510	45,338	34,143	28,288	27,027	26,877	27,169	20,158	17,916
Services Cases	5,654	5,111	4,762	4,675	4,885	4,870	5,024	5,532	5,313
Number of Summer Lunches Served ⁽¹³⁾	71,488	79,000	71,127						
Office for Physically Challenged									
Number of Parking Permits Issued	14,945	17,087	11,201	13,806	15,511	18,053	19,411	20,280	12,593
Number of Inquiries Responded To	17,250	18,500	11,201	18,000	17,650	18,970	13,550	18,970	17,550
Number of Institutional Outreach Contacts	1,400	1,200	1,885 ⁽⁷⁾	285	280	295	275	195	150

continued

COUNTY OF NASSAU, NEW YORK

Operating Indicators by Function
Last Nine Fiscal Years*

Function	Fiscal Year								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Veterans Services									
Number of Clients Helped	15,079	10,844	12,476	14,383	11,506	12,726	12,395	20,373	24,648
Number of Services Provided	31,908	27,100	28,784	29,971	19,365	24,856	25,995	40,270	46,035
Number of Claims Opened	2,206	1,904	1,474	1,602	773	761	436	1,181	1,769
Veterans Population ⁽⁶⁾	50,000	90,000	79,146	85,794	87,721	91,269	94,953	95,582	102,256
Youth Board									
Number of Contacts for Contract Management and Assessment	562	851	783	860	1,379	1,350	1,385	1,323	1,350
Number of Youths Participating within Three Community Service Learning Programs	66	68	70	54	30	30	70	50	55
Number of Grant Applications Written by Department	18	10	12	4	7	7	5	3	9
Number of Youths Serviced Through Various Programs	22,000	25,078	24,390	25,000	22,000	22,000	22,000	21,500	21,500
Number of Referrals to Other Departments and Other Organizations	400	415	425	430	422	400	400	375	380
Number of Professional Development Trainings	22	12	21	16	15	15	10	6	10
Number of Staff Members Attending Training	880	625	1,365	1,159	1,000	1,000	800	220	525
Number of Summer Lunches Served ⁽¹³⁾				67,000	72,000	61,362	78,635	98,876	103,420
Public Works									
Maintenance / Engineering									
Lane Miles Resurfaced	85.6	83	127.26	120.95	111.11	122.19	98.60	66.47	22.93
Street Sweeping (lane miles)	8,886	7,313	11,611	25,628	34,172	36,809	NA	NA	NA
Bridge Maintenance (man hours/year)	119	52	145	35	97	62	58	NA	NA
Average Number of Potholes Filled (per month)	1,674	1,607	1,188	1,685	2,653	2,134	3,327	NA	NA
Snow PLOWing (man hours/year)	1576	3,270	5,903	2,750	2,277	4,592	2,396	NA	NA
Average Flow - Bay Sewage Treatment Plant (MGD)	49	49	60.1	60.3	59.4	58.1	57.1	57.4	55.3
Average Flow - Cedar Creek Water Pollution Control Plant (MGD)	59.3	55.4	55.3	55.4	57.3	61.2	53.8	55.2	50.4
Culture and Recreation									
Parks Department									
Athletic Field Use Permits Issued	NA	NA	440	653	442	450	440	NA	NA
Field/Court Reservations	9,476	8,057	8,258	8,943	8,734	NA	NA	NA	NA
Museum Admissions	821,416	921,983	941,608	899,065	909,928	342,365	681,542	312,403	263,089
Pool Admissions	427,148	374,728	418,842	446,800	447,050	NA	NA	NA	NA
Golf Admissions	277,035	295,463	273,540	271,641	254,632	245,077	259,709	245,039	304,281
Corrections									
Corrections / Sheriff									
Number of Inmates Transported To Court	33,573	34,121	34,306	34,278	22,409	21,045	23,570	20,069	NA
Average Monthly Number of Inmates	1,637	1,576	1,607	1,717	1,633	1,581	1,646	1,685	1,740
Number of Summonses Issued	2,827	7,000	5,674	5,939	8,645	10,008	10,234	8,818	10,444
Number of Court Orders Enforced	20,217	27,841	27,894	26,969	26,015	29,013	27,990	26,468	27,976

* Information prior to 2002 is not readily available.

NA - data not available

MGD - Millions of Gallons per Day

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

(2) Exemptions processed in 2002 are for Tax Year 2003/2004, Exemptions processed in 2003 are for Tax Year 2004/2005, Exemptions processed in 2004 are for Tax Year 2005/2006, Exemptions processed in 2005 are for Tax Year 2006/2007, Exemptions Processed in 2006 are for Tax Year 2007/2008, Exemptions processed in 2007 are for Tax Year 2008/2009, Exemptions processed in 2008 are for Tax Year 2009/2010, Exemptions processed in 2009 are for Tax Year 2010/2011, and Exemptions processed in 2010 are for Tax Year 2011/2012.

(3) Appeals for correction of assessments are filed yearly between January 1 and March 1 with the Assessment Review Commission. The appeals filed in 2010 were for the 2011/12 tax year, ARC reviews the applications and reduces the assessment toll where appropriate. The review process is completed on or around March 10th of the following year. The number of appeals represents the number of parcels appealed, multiple filings on a parcel is not included.

(4) Includes liens sold to Nassau County by Default

(5) Program Start - 7/03

(6) Statistics started to be collected in May 2004

(7) In 2008, Staff Members were increased to 4 that are doing Institutional Outreach.

(8) Data Sources: NYS WST-002, NYS WINR-1240, OCI Summary Report, CCRS/Connections, NCDSS Homeless Report

(9) Based on 2000 census - does not include Gulf War Veterans

(10) As of Jan 31, 2008, DSS took over all PINS (Persons in Need of Supervision) diversion cases at the intake level.

(11) As of January 1, 2010, Adult Intake Family Offenses will be handled by Family Court Personnel.

(12) TIPS Unit lost 3 Staff Personnel during 2008, TIPS had only 1 Staff Person in 2009

(13) Summer Lunch Program transferred to Department of Social Services in 2009

(14) Includes Sprinkler Systems, Fire Alarm Systems, Automatic Extinguishing Systems, Hood & Duct Systems, Flammable Liquid Storage Tank Installations, Site Plans, Flammable Finish Spray Booths, etc.

(15) Methodology of Tracking Case Turnaround was changed in 2009 along with an increase in DNA analysis requests as a result of increased amounts of evidence collected at crime scenes are reasons for the increase in the average number of days to complete DNA Cases

(16) As of January 1, 2010, Adult Intake Family Offenses will be handled by Family Court Personnel.

(17) Data from January through July 2010. Unit was transferred to Department of Social Services

(18) TIPS data for January through March 2010. Program Closed.

Sources: Various County of Nassau Departments, Office of Management and Budget

For more information about County Departments and Services please visit our website - www.nassaucountyny.gov

concluded

APPENDIX

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

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

We have audited financial statements of the County of Nassau, New York, (the "County") as of and for the year ended December 31, 2010, (with the Nassau Community College for the year ended August 31, 2010) and have issued our report thereon dated June 27, 2011.

We did not audit the financial statements of the Nassau Regional Off-Track Betting Corporation, the Nassau County Industrial Development Agency, and the Nassau Health Care Corporation, for the year ended December 31, 2010, all discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities is based solely on the reports of the other auditors. The report of the independent auditor contained explanatory paragraphs concerning the Nassau Regional Off-Track Betting Corporation's ability to continue as a going concern.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Nassau Health Care Corporation were not audited in accordance with *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any

deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

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

This report is intended solely for the information and use of the County Legislature, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

June 27, 2011