

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 2, 2010

NEW ISSUE—FULL BOOK ENTRY

RATINGS:

S&P: SP-1+

Moody's: MIG 1

Fitch: F1+

(See "RATINGS" herein)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. See "TAX MATTERS."

**COUNTY OF NASSAU, NEW YORK
General Obligations**

\$210,000,000* REVENUE ANTICIPATION NOTES

\$130,000,000* REVENUE ANTICIPATION NOTES, 2010 SERIES A

Dated: Date of Delivery

Due: March 15, 2011

\$80,000,000* REVENUE ANTICIPATION NOTES, 2010 SERIES B

Dated: Date of Delivery

Due: April 15, 2011

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

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

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

The Notes are offered when, as and if issued and received by the Purchasers and subject to the approval of the legality thereof by Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the County by the Law Offices of Joseph C. Reid, P.A., New York, New York, Disclosure Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC in New York, New York on or about June 15, 2010.

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

_____, 2010

* Preliminary, subject to change.

COUNTY OF NASSAU, NEW YORK

COUNTY EXECUTIVE

Edward P. Mangano

COUNTY LEGISLATURE

Presiding Officer

Peter J. Schmitt

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

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

COUNTY COMPTROLLER

George Maragos

DEPUTY COUNTY EXECUTIVE FOR FINANCE

Timothy P. Sullivan

COUNTY TREASURER

Steven D. Conkling

BUDGET DIRECTOR

Jeffrey Nogid

COUNTY ATTORNEY

John Ciampoli, Esq.

FINANCIAL ADVISOR

Public Financial Management, Inc.

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP

DISCLOSURE COUNSEL

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

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

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

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

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OFFICIAL STATEMENT
of the
COUNTY OF NASSAU, NEW YORK

Relating to

\$210,000,000* REVENUE ANTICIPATION NOTES

\$130,000,000* REVENUE ANTICIPATION NOTES, 2010 SERIES A

Dated: Date of Delivery

Due: March 15, 2011

\$80,000,000* REVENUE ANTICIPATION NOTES, 2010 SERIES B

Dated: Date of Delivery

Due: April 15, 2011

INTRODUCTION

This Official Statement, which includes the cover page and appendices, has been prepared by the County of Nassau (the “County”), in the State of New York (the “State”), and provides certain information in connection with the sale by the County of \$210,000,000* aggregate principal amount of Revenue Anticipation Notes, consisting of \$130,000,000* principal amount of Revenue Anticipation Notes, 2010 Series A, dated the date of delivery and due on March 15, 2011 (the “Series A Notes”) and \$80,000,000* principal amount of Revenue Anticipation Notes, 2010 Series B, dated the date of delivery and due on April 15, 2011 (the “Series B Notes” with the Series A Notes, collectively the “Notes”).

THE NOTES

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

The Notes will be issued in anticipation of receipt by the County of net allocable sales taxes for County purposes for the County’s fiscal year commencing January 1, 2010 and ending December 31, 2010. The total amount of sales taxes estimated to be allocated and paid to the County for County purposes for its 2010 fiscal year is approximately \$785.4 million (net of NIFA set-asides). (See “STATEMENT OF REVENUES AND EXPENDITURES – Revenues – *Sales Tax*” in “APPENDIX A – INFORMATION ABOUT THE COUNTY” herein for a description thereof.) The County has not previously issued any notes or bonds in anticipation of its 2010 fiscal year sales tax revenues.

* Preliminary, subject to change.

The Notes have been authorized and are to be issued pursuant to the Constitution and laws of the State including the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York, an ordinance adopted by the Board of Supervisors, the predecessor legislative body to the County Legislature and approved by the County Executive pursuant to the Local Finance Law, the County Charter (the "County Charter"), the County Administrative Code and other related proceedings and determinations. In addition, as required by law, the Nassau County Interim Finance Authority ("NIFA"), created pursuant to the Nassau County Interim Finance Authority Act, codified as Title I of Article 10-D of the State Public Authorities Law (the "NIFA Act"), reviewed the terms of and commented upon the issuance of the Notes. See "APPENDIX A – INFORMATION ABOUT THE COUNTY" herein.

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

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

Revenues Available for the Payment of Notes

The County's anticipated revenues for fiscal year 2010 include allocation of sales taxes paid to the County by NIFA in various amounts approximately two to three times per month, pursuant to Section 1261 of the State Tax Law. Section 1261 specifically provides that all sales taxes, other than (i) amounts payable to towns, cities and villages in the County pursuant to a local government assistant program established by the County and (ii) amounts which the State Comptroller has reserved for refunds of taxes and the State's reasonable costs in administering, collecting and distributing such taxes, are paid by the State Comptroller to NIFA as long as NIFA bonds are outstanding. These monies are applied by NIFA in the following order of priority: first pursuant to NIFA's contracts with bondholders to pay debt service on NIFA bonds and notes, second to pay NIFA's operating expenses not otherwise provided for and then to the County as frequently as practicable. See "STATEMENT OF REVENUES AND EXPENDITURES – Revenues – *Sales Tax*" in "APPENDIX A - INFORMATION ABOUT THE COUNTY" herein for a description thereof.

The total amount of sales taxes received by the County in fiscal year 2009 was approximately \$769.4 million (net of NIFA set-asides). The County estimates its sales tax revenues for its 2010 fiscal year will be approximately \$785.4 million (net of NIFA-set asides).

The amount of sales taxes received by the County net of amounts paid by the State Comptroller to NIFA (as set forth above) for each of the last four fiscal years are set forth in Figure 1.

FIGURE 1
NET SALES TAXES RECEIVED BY THE COUNTY

<u>Fiscal</u> <u>Year</u>	<u>Amount</u>
2009	\$769,441,932
2008	820,665,218
2007	841,254,616
2006	849,100,528

County May Not File For Bankruptcy Protection

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

Contract Remedies

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

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

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

Book-Entry-Only System

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

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

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

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

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

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

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

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

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

Source: DTC

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

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

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

Certificated Notes

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

THE COUNTY

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

CASH FLOW STATEMENTS

Appendix H shows (i) the actual cash flows of the County for the period January 2009 through December 2009, (ii) the actual cash flows of the County for the period January 2010 through April 2010, (iii) preliminary pro forma projected cash flows of the County for the period May 2010 through December 2010 and (iv) preliminary pro forma projected cash flows of the County for the period January 2011 through December 2011, assuming 2010 budget assumptions are carried forward. Such cash flow statements have been prepared by the County and relate solely to the Major Operating Funds.

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

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

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

LITIGATION

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

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

OTHER INFORMATION

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

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

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

COVENANT TO MAKE CONTINUING DISCLOSURE

At the time of the issuance and delivery of the Notes, the County will make a covenant for the benefit of the Beneficial Owners (as hereinabove defined) of the Notes to provide in accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule") promulgated by the Securities and Exchange Commission in a timely manner, notices of the occurrence of certain events, as enumerated below, if material. The notices of material events will be provided by the County to the Municipal Securities Rulemaking Board.

Notices of Material Events - If applicable, and if material, notices of the occurrence of any of the following events shall be given in a timely manner:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults. It should be noted, however, that neither the Notes, the proceedings of the County authorizing the Notes, the Local Finance Law, nor any other law, makes any provision for non-payment related defaults on the Notes, or other general obligations issued by the County.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties. It should be noted, however, that the County is not legally authorized to establish, nor has it established, a debt service reserve securing the Notes.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions or events affecting the tax-exempt status of the Notes.
- (7) Modifications to rights of holders of the Notes.
- (8) Optional or other unscheduled calls for redemption of the Notes.
- (9) Defeasances. It should be noted, however, that neither the Notes, the proceedings of the County authorizing the Notes, the Local Finance Law, nor any other law, makes any provision for the legal defeasance of the Notes.

- (10) Release, substitution or sale of property securing repayment of the Notes. It should be noted, however, that the Notes are general obligations of the County and are not secured by any collateral, but rather are entitled to the pledge of the faith and credit of the County.
- (11) Rating changes.

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

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

RISK FACTORS

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

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

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

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

A major portion of the County's annual expenditures is utilized in the administration of various federal and State mandated aid programs, including Medicaid, Temporary Assistance to Needy Families,

and community services. Although a substantial portion of these expenditures (other than Medicaid) is reimbursed by the State and federal governments, typically at the rate of 75% of program costs, expenditures fluctuate in response to overall economic conditions and are difficult to predict. Given recent overall economic conditions, these expenditures are likely to increase.

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

LEGAL MATTERS

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

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

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

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

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

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

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

RATINGS

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

Moody's, Standard & Poor's and Fitch have assigned ratings of Aa3, A+ and AA-, respectively, to the County's long-term obligations. Such ratings are not applicable to the Notes.

Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041; Fitch Ratings, One State Street Plaza, New York, New York 10004. The ratings assigned by Moody's and Fitch reflect their recalibration of U.S. Public Finance credit ratings to a single global scale rating system. Generally, a rating agency bases its rating on the information and materials furnished to it

and on investigations, studies and assumptions of its own. There is no assurance that any of such ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of, or the availability of a secondary market for the Notes.

FINANCIAL ADVISOR

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

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

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

COUNTY OF NASSAU, NEW YORK

By: /s/ Steven D. Conkling
County Treasurer

June __, 2010

APPENDIX A

INFORMATION ABOUT THE COUNTY

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INFORMATION ABOUT THE COUNTY

The information below provides comprehensive information on the County, its financial management, current financial condition, litigation and other information and factors affecting the County. Results for 2009 contained herein have not yet been audited.

THE COUNTY

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

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

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

County Officials

County Executive – Edward P. Mangano

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

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

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

County Legislators

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

Presiding Officer, County Legislature – Peter J. Schmitt

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

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

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

County Comptroller – George Maragos

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

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

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

Deputy County Executive for Finance – Timothy P. Sullivan

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

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

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

County Treasurer – Steven D. Conkling

Steven D. Conkling was appointed County Treasurer in March 2006. Prior to his appointment as Treasurer, Mr. Conkling worked in investment banking, specializing in mergers & acquisitions. From 2001–2005, Mr. Conkling was an Investment Vice President in Prudential Financial Inc.'s Corporate Mergers & Acquisitions Group, responsible for executing domestic and international transactions. Prior to joining Prudential, Mr. Conkling worked at Chase Manhattan Corporation. From 1994-2001, he was a Vice President in the Global Mergers & Acquisitions Group of Chase Securities Inc. As a member of Chase's Corporate Finance Department from 1988-1994, Mr. Conkling assisted in managing and executing the bank's mergers & acquisitions, capital markets activities, and holding company liquidity.

Mr. Conkling earned an M.B.A. from New York University Stern School of Business and a B.S. in Finance and Economics from Boston College.

County Budget Director – Jeffrey Nogid

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

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

County Attorney – John Ciampoli

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

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

County Government

County Executive

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

County Legislature

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

County Financial Management

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

Key Departments

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

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

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

Financial Policies

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

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

Fund Balance Policy. The County Executive's fund balance and reserve policy draws upon the recommendations of the Government Finance Officers Association, the National Advisory Council on State and Local Government Budgeting and the credit rating agencies. The policy outlines an approach to the accumulation and use of unreserved fund balance and reserve funds that takes into consideration issues that are specific to the County. It identifies an array of reserve funds that helps the County stabilize its budget and finance important policy objectives. The policy sets recommended levels of unreserved fund balance of no less than 4% and no more than 5% of normal prior-year expenditures made from its general fund and the County-wide special revenue funds. Additionally, the policy calls for maintaining a combined level of financial resources in its unreserved fund balance and its reserve funds of no less than 5% and a target of 7.5% of normal prior-year expenditures. The policy outlines the conditions under which the County's unreserved fund balance ought to be replenished, and identifies the appropriate uses for its unreserved fund balance, its reserve funds, and any projected operating surpluses. As of December 31, 2009, the County's unreserved fund balance totaled \$65.3 million (unaudited) or 2.59% of the County's prior-year expenditures. The County also maintains various reserves created pursuant to GML; these reserves totaled approximately \$14.9 million as of December 31, 2009. See "COUNTY FINANCIAL CONDITION – Financial Projections and 2010 Budget and 2010-2013 Multi-Year Financial Plan Update" herein. These reserves may be utilized with the approval of the County Legislature.

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

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

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

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

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

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

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

Risk Management

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

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

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

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

Budget Process and Controls

The County Charter requires the County Executive to submit, no later than September 15th of each year, to the County Legislature for its review an annual operating budget for the ensuing fiscal year (January 1st through December 31st) and a multi-year financial plan. Each year during a control period (as described herein), the NIFA Act requires the County to submit the proposed budget to NIFA, which must be consistent with the accompanying multi-year financial plan.

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

the County Legislature must pass an appropriation ordinance for such budget and levy taxes for the ensuing year not later than October 30th.

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

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

COUNTY FINANCIAL CONDITION

Financial Projections

The County ended Fiscal Year 2009 with an operating surplus of \$1.2 million (unaudited).

2010 Budget and 2010-2013 Multi-Year Financial Plan Update

The County Executive submitted the proposed 2010 Budget to the County Legislature on September 15, 2009. The County Legislature adopted the budget on October 19, 2009, which included legislative amendments totaling \$13.3 million. The adopted 2010 Budget includes \$2.6 billion in appropriations, excluding interdepartmental and inter-fund transfers, to support the Major Operating Funds. The 2010 Budget growth is 0.59% over the 2009 Budget. The adopted 2010 Budget assumed that \$13.2 million in surplus from 2009 would be used to replenish the Retirement Contribution Reserve Fund; this did not occur as the final surplus was only \$1.2 million (unaudited). The 2010 Budget included a modest sales tax growth rate of 1.75%.

As required by the County Charter, the County Executive filed an update to the 2010-2013 Multi-Year Financial Plan on May 3, 2010 (the "2010-2013 Multi-Year Financial Plan Update"). The 2010-2013 Multi-Year Financial Plan Update contains the County's revised budget gap projections and gap closing plan. A summary of the revised budget gap projections is shown in Figure 2.

FIGURE 2
SUMMARY OF REVISED GAP PROJECTIONS
INCLUDED IN THE 2010-2013 MULTI-YEAR FINANCIAL PLAN UPDATE
MAJOR OPERATING FUNDS (IN MILLIONS)

Estimated Baseline Gap (from 2010 -2013 Adopted MYP)	-	(\$127.0)	(\$176.1)	(\$213.6)
2009 Sales Tax Shortfall	(12.7)	(12.7)	(12.7)	(12.7)
Repeal of Home Energy Tax	(19.8)	(41.4)	(43.0)	(44.6)
Cigarette Tax (No State Implementation)	(16.0)	(16.0)	(16.0)	(16.0)
Initial 2010 Gap Openers	(48.5)	(70.1)	(71.7)	(73.3)
2009 Projected Surplus (Did not materialize)	(12.9)	-	-	-
Parks Revenue	(2.8)	(2.8)	(2.8)	(2.8)
State Aid	(4.6)	-	-	-
Part County Sales Tax	(7.2)	-	7.2	-
Fringe Benefits	(8.9)	-	-	-
Investment Income	(4.0)	-	-	-
NYSHIP Increase	-	(20.5)	(21.5)	(22.6)
Increased Pension Costs	-	(4.2)	(3.8)	(3.9)
Tax Certiorari Cost to \$100 Million	(25.0)	(50.0)	(50.0)	(50.0)
Overtime PD/CC	(11.0)	(11.0)	(11.0)	(11.0)
1st Quarter Adjustments	(8.3)	(1.0)	(1.0)	(1.0)
Subtotal - 2010 New Exposures	(\$84.7)	(\$89.5)	(\$82.9)	(\$91.3)

As described in the 2010-2013 Multi-Year Financial Plan Update, the County is projecting a budget gap of \$133.2 million in 2010, \$286.5 million in 2011, \$330.7 million in 2012 and \$378.3 million in 2013. The projected 2010 gap results from a number of factors, among which are: a shortfall in the sales tax; repeal of the home energy tax; the failure to receive State authorization for a cigarette tax; the non-materialization of a 2009 projected surplus; increased property tax refund costs; and, increased police and correctional center overtime costs.

The County's gap closing plan is grouped into five areas: (1) assessment reform and bonding to pay property tax refunds; (2) labor concessions and early retirements; (3) departmental reductions and

eliminations and expense reductions; (4) revenue initiatives; and (5) financing options and asset sales; as indicated in Figure 3.

FIGURE 3
 SPECIFIC AREAS OF REVISED GAP PROJECTIONS
 INCLUDED IN THE 2010-2013 MULTI-YEAR FINANCIAL PLAN UPDATE
 MAJOR OPERATING FUNDS (IN MILLIONS)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Assessment Reform</u>				
Assessment Reform Changes	\$0.0	\$20.0	\$40.0	\$60.0
Bond Tax Certs	25.0	80.0	60.0	40.0
Bond Tax Certs (Add'l DS)	<u>0.0</u>	<u>(8.4)</u>	<u>(13.2)</u>	<u>(16.4)</u>
Subtotal – Assessment Reform	25.0	91.6	86.8	83.6
<u>Labor Concessions and Early Retirements</u>				
Labor Concessions and Early Retirements	15.0	60.0	120.0	120.0
<u>Expense Reductions</u>				
Departmental Reductions and Eliminations	0.0	24.6	24.6	24.6
Expense Reductions	<u>4.3</u>	<u>8.7</u>	<u>8.7</u>	<u>8.7</u>
	4.3	33.3	33.3	33.3
<u>Revenue Enhancements</u>				
Revenue Initiatives	4.0	24.0	38.4	38.4
<u>Financing Options/ Asset Sales</u>				
Bond Termination Payments (2010)	29.3	(3.5)	(3.5)	(3.5)
NIFA & County Debt Restructuring	0.0	25.0	25.0	(8.8)
Sale of County Buildings	0.0	0.0	20.0	20.0
Securitization of Mitchel Field Leases	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>40.0</u>
Subtotal - Financing Options/Asset Sales	\$29.3	\$21.5	\$41.5	\$47.7

The County plans to implement some or all of the gap-closing measures described above in this section to produce savings and/or generate revenues in order to close the projected gap in the 2010 Budget. One or more of these items may require State legislation, agreement by collective bargaining units, actions by the County legislature, participation by sufficient numbers of employees in an early retirement incentive and/or other actions beyond the control of the administration of the County. No assurance can be made that any such actions will be taken and/or necessary agreement will be achieved.

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

The County is in compliance with the requirements of GASB 45 and as of January 1, 2009, the County's unfunded accrued liability for OPEB is \$3.467 billion.

The 2010-2013 Multi-Year Financial Plan Update identifies a number of contingencies the County could exercise in the event that risks emerge which threaten the County's financial performance. For example, the County may continue using surplus current-year resources, if any, to defray non-recurring expenses in the out-years of the Multi-Year Financial Plan Update. The County has established various restricted reserve funds pursuant to the GML, including a Retirement Contribution Reserve Fund, an Employee Accrued Liability Reserve Fund, and a Reserve for the Retirement of Bonded Indebtedness. Such reserves were approximately \$14.9 million as of December 31, 2009. These reserves may be utilized with the approval of the County Legislature.

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

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

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

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

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

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

COUNTY GOVERNMENT AND FINANCIAL MANAGEMENT

MONITORING AND OVERSIGHT

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

Internal

County Comptroller

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

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada ("GFOA") has awarded a Certificate of Achievement for Excellence in Financial Reporting (a "Certificate") to the County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2008. A Certificate is valid for a period of one year only. The County believes that its current comprehensive annual financial report continues to meet the Certificate program's requirements and intends to submit it to GFOA to determine its eligibility for another Certificate.

Office of Legislative Budget Review

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

External

NIFA

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

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

As part of its oversight responsibilities, NIFA is required to review the terms of and comment on the prudence of each issuance of bonds or notes proposed to be issued by the County, and no such borrowing may be made unless first reviewed and commented upon by NIFA. NIFA has reviewed the terms of and commented upon the issuance of the Notes.

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

During a control period NIFA would be required to withhold transitional State aid and is empowered, among other things, to approve or disapprove proposed contracts and borrowings by the County and Covered Organizations; approve, disapprove or modify the County's Multi-Year Financial Plan; issue binding orders to the appropriate local officials; impose a wage freeze; and terminate the control period upon finding that no condition exists which would permit imposition of a control period. NIFA has never imposed a control period nor does the County anticipate that it will do so in the foreseeable future.

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

Independent Auditors

The County retains independent certified public accountants to audit the County's financial statements. The current audit report covers the years ended December 31, 2008 and 2007 and may be

found attached as APPENDIX B to this Official Statement. The County's financial statements are prepared in accordance with GAAP.

State Comptroller

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

STATEMENT OF REVENUES AND EXPENDITURES

Major Operating Funds

The 2010 Budget contains five major operating funds (the "Major Operating Funds") - the General Fund, the Police Headquarters Fund, the Police District Fund, the Fire Prevention Fund and the Debt Service Fund - that support the primary operations of the County. The Police Headquarters Fund and the Fire Prevention Fund are special revenue funds with the same tax base as the General Fund. The Police District Fund does not have the same tax base as the General Fund.

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

The Police Headquarters Fund contains revenues and expenses for services the Police Department provides to all County residents, including crime investigations, ambulance services, traffic safety, highway patrol and administrative/support services. Revenues in this fund come primarily from a designated portion of the County property tax, special taxes, and various fines, permits and fees.

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

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

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

Revenues

The County derives its revenues from a variety of sources. The largest of these are the sales tax, the property tax, federal and State aid and departmental revenues. Figure 4 shows Major Operating Funds revenues.

**FIGURE 4
REVENUES (MAJOR OPERATING FUNDS)**

<u>REVENUES CATEGORY</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010 Budget</u>	<u>2010 Projection</u>
SALES TAX	\$ 988,035,431	\$1,010,508,507	\$1,000,687,790	\$951,152,888	\$1,003,083,023	\$ 973,950,138
PROPERTY TAX	739,575,163	762,485,720	776,248,828	803,322,733	801,573,849	801,573,849
STATE AID	187,799,296	193,583,548	202,687,268	204,446,835	231,362,941	210,810,877
FEDERAL AID	115,189,637	112,112,114	110,045,026	161,886,184	177,501,822	180,406,841
DEPARTMENTAL REVENUES	84,416,802	92,087,472	86,930,037	96,027,120	101,012,150	98,266,350
OTHER REVENUES	224,466,606	370,510,796	323,877,637	286,863,609	302,890,075	278,870,946
INTERFUND/INTERDEPARTMENTAL REVENUES	<u>431,880,986</u>	<u>322,426,180</u>	<u>343,423,974</u>	<u>370,297,725</u>	<u>430,533,040</u>	<u>430,533,040</u>
TOTAL	\$2,771,363,921	\$2,863,714,337	\$2,843,900,558	\$2,873,997,094	\$3,047,956,900	\$2,974,412,041

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

Sales Tax

The largest source of revenues for the County in the Major Operating Funds is the sales and compensating use tax (referred to herein as the “sales tax”), which constitutes approximately 38.3% of the total revenues in the 2010 Budget (excluding interdepartmental and interfund revenues). Figure 5 shows budgeted and actual (if available) sales tax revenues compared to budgeted and actual total revenues for the Major Operating Funds. See “COUNTY FINANCIAL CONDITION”.

**FIGURE 5
BUDGETED AND ACTUAL SALES TAX REVENUES COMPARED TO BUDGETED
AND ACTUAL TOTAL REVENUES
(MAJOR OPERATING FUNDS)**

<u>Fiscal Year</u>	<u>Budgeted</u>			<u>Actual</u>		
	<u>Total Revenues</u>	<u>Sales Tax Revenues</u>	<u>Sales Tax as % of Total Revenues</u>	<u>Total Revenues</u>	<u>Sales Tax Collected</u>	<u>Sales Tax Collected as % of Total Revenues</u>
2010	\$2,617,423,860	\$1,003,083,023	38.3%	N/A	N/A	N/A
2009	2,520,764,724	1,037,778,713	41.2%	\$2,692,755,106	\$951,152,888	35.3%
2008	2,470,011,978	1,042,557,825	42.2%	2,425,129,338	1,000,687,790	41.3%
2007	2,410,825,867	1,030,913,922	42.8%	2,532,750,189	1,010,508,507	39.9%
2006	2,355,426,962	1,001,790,643	42.5%	2,339,482,935	988,035,431	42.2%

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

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

The County has enacted legislation to implement a local government assistance program with the villages for its 2010 fiscal year, allocating \$1.25 million of sales tax to the villages.

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

The State has authorized the County to continue to impose the 4-1/4% local sales tax until November 30, 2011, and the County Legislature has implemented this authorization. Absent such local implementation, the County portion of sales tax would have been reduced to 3% on November 30, 2009.

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

Real Property Tax

The County's second largest source of revenues in the Major Operating Funds is the real property tax, which constitutes approximately 30.6% of total revenues in the 2010 Budget (excluding interdepartmental and interfund revenues). The levy of the property tax is at the sole discretion of the County, subject to constitutional and statutory limitations. The County is only at approximately 18.47% of its constitutional tax limit. See "REAL PROPERTY ASSESSMENT AND TAX COLLECTION – Real Property Tax Limit" herein. Figure 6 shows property tax levies in the Major Operating Funds.

FIGURE 6
PROPERTY TAX LEVY
(MAJOR OPERATING FUNDS)

Fund	2007 Levy	2008 Levy	2009 Levy	2010 Levy
Police District Fund	\$331,639,639	\$332,325,833	\$345,035,890	\$343,354,134
Police Headquarters Fund	287,070,223	279,632,013	289,073,953	279,980,342
General Fund	123,962,486	145,858,384	153,747,355	162,838,578
Fire Prevention Fund	<u>15,698,706</u>	<u>15,554,824</u>	<u>15,465,535</u>	<u>15,400,795</u>
Total	\$758,371,054	\$773,371,054	\$803,322,733	\$801,573,849

The percentage of Major Operating Funds revenues derived from the property tax has varied in recent years depending on the size of the annual property tax levy. Figure 7 shows budgeted and actual (if available) property tax revenues compared to budgeted and actual total revenues for the Major Operating Funds.

FIGURE 7
BUDGETED AND ACTUAL PROPERTY TAX REVENUES
(MAJOR OPERATING FUNDS)

Fiscal Year	<u>Budget</u>			<u>Actual</u>		
	<u>Total Revenues</u>	<u>Property Tax Revenues</u>	<u>Property Tax as % of Total Revenues</u>	<u>Total Revenues</u>	<u>Property Tax Collected</u>	<u>Property Tax Collected as % of Total Revenues</u>
2010	\$2,617,423,860	\$801,573,849	30.62%	N/A	N/A	N/A
2009	2,520,764,724	806,073,849	31.64%	\$2,679,098,860	\$951,152,888	35.50%
2008	2,470,011,978	773,371,054	31.31%	2,425,129,338	776,248,828	32.01%
2007	2,410,825,867	758,371,054	31.46%	2,532,750,189	762,485,720	30.11%
2006	2,355,426,962	738,711,054	31.36%	2,339,482,935	739,575,163	31.61%

Note: All data excludes interdepartmental and interfund transfer revenues.

The County typically collects approximately 97% of its levy in the fiscal year in which it is due. Most of the remaining 3% is collected within two years, as shown in Figure 8.

FIGURE 8
PROPERTY TAX COLLECTIONS VERSUS LEVY
(IN THOUSANDS)
(MAJOR OPERATING FUNDS)

<u>Fiscal Year Beginning</u>	<u>Total Real Property Tax</u>	<u>Uncollected at End of Fiscal Year</u>	<u>Percentage Uncollected at End of Fiscal Year</u>	<u>Uncollected as of April 30, 2010</u>	<u>Percentage Uncollected as of April 30, 2010</u>
January 1, 2010	\$801,574	N/A	N/A	N/A	N/A
January 1, 2009	806,074	\$25,910	3.210%	\$4,342	0.539%
January 1, 2008	773,371	19,306	2.496%	587	0.076%
January 1, 2007	758,371	18,205	2.401%	721	0.095%
January 1, 2006	738,711	19,291	2.611%	527	0.071%

See "REAL PROPERTY ASSESSMENT AND TAX COLLECTION" herein.

State and Federal Aid

Approximately 16.1% of the total revenues in the 2010 Budget (excluding interdepartmental and interfund revenues) come from federal and State reimbursement, mainly for human services and other mandated entitlement programs. Consequently, changes in the amount of County revenues derived from federal and State aid result from the levels of payments in connection with public assistance, day care,

foster care, early intervention and special education. Overall, federal and State aid levels have dropped slightly in recent years in some non-mandated areas, such as State probation aid, State transportation aid and federal reimbursement for local correctional center custody of aliens held on behalf of the federal government.

Departmental Revenues

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

Other Revenues

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

Expenditures

The County charges expenditures to the Major Operating Funds to fund personnel-related costs, Medicaid, other social services entitlement programs, contractual services, debt service and a variety of other expenditures. Figure 9 shows annual expenditures by category.

FIGURE 9
EXPENDITURES BY CATEGORY
(MAJOR OPERATING FUNDS)

EXPENDITURE CATEGORY	2007	2008	2009	2010 Budget
SALARIES & WAGES	\$850,523,710	\$840,753,123	\$789,728,959	\$857,342,140
FRINGE BENEFITS	403,805,624	393,413,771	388,332,836	389,250,608
MEDICAID	218,991,351	225,227,469	227,852,906	237,500,000
DSS ENTITLEMENT PROGRAMS	146,071,410	150,846,234	167,570,552	170,246,207
CONTRACTUAL SERVICES	129,142,585	121,876,191	118,732,603	128,325,939
ADMINISTRATIVE EXPENSES	72,679,227	69,405,902	65,211,548	72,525,155
DEBT SERVICE (Interest & Principal)*	122,447,059	106,761,315	109,476,407	133,136,466
LOCAL GOVERNMENT ASSISTANCE	60,603,147	60,474,022	56,091,788	57,855,586
MASS TRANSPORTATION	46,933,855	47,581,487	47,818,616	46,819,670
OTHER EXPENSES	466,606,952	482,031,495	529,448,498	524,422,089
INTERFUND/INTERDEPARTMENTAL TRANSFERS	322,133,378	343,423,974	370,215,544	430,533,040
TOTAL	\$2,839,938,298	\$2,841,794,984	\$2,870,480,256	\$3,047,956,900

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

Figure 10 shows annual expenditures by fund, excluding interfund and interdepartmental expenses, in the Major Operating Funds.

FIGURE 10
EXPENDITURES BY FUND
(MAJOR OPERATING FUNDS)

<u>Fund</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010 Budget</u>	<u>2010 Projections</u>
GENERAL FUND	\$1,569,234,706	\$1,530,442,588	\$1,551,531,381	\$1,624,326,721	\$1,578,403,058
DEBT SERVICE FUND	292,695,316	292,006,903	303,933,020	327,315,677	327,315,677
POLICE DISTRICT FUND	322,405,353	334,883,228	314,854,612	337,008,026	338,701,779
POLICE HEADQUARTERS FUND	315,462,357	321,724,781	311,535,648	310,037,726	311,675,768
FIRE PREVENTION FUND	<u>18,007,187</u>	<u>19,313,511</u>	<u>18,410,051</u>	<u>18,735,710</u>	<u>18,624,978</u>
Total	\$2,517,804,919	\$2,498,371,011	\$2,500,264,712	\$2,617,423,860	\$2,574,721,260

Personnel-Related Expenditures

The largest category of expenditures in the Major Operating Funds is for personnel-related costs, including employee earnings and fringe benefits expenses, which comprise approximately 48% of total Major Operating Funds expenditures in the 2010 Budget.

Employee Earnings

Employee earnings include base wages, overtime, termination pay and other payments made to employees. Growth relates primarily to annual step increases and cost of living increases pursuant to collective bargaining agreements (see Appendix F - COUNTY WORKFORCE, for details of wage packages and agreements). The County's full-time workforce has been reduced by 1,090 people in the Major Operating Funds between January 2002 and May 2010, which has partially offset this baseline wage growth since fiscal year 2002, as shown in Figure 11.

FIGURE 11
FULL-TIME EMPLOYEES

<u>Date</u>	<u>Full-Time Employees</u>
January 2002	9,475
May 2010	8,471

Health Insurance Contributions

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

Health insurance rates are set by the State with respect to employees enrolled in the Empire Plan. The 2010 Budget projects a 1.3% health insurance growth rate from 2009's actual in the aggregate. Figure 12 displays the growth in County's health insurance costs.

FIGURE 12
HEALTH INSURANCE COSTS

Health Insurance Category	2007	2008	2009	2010 Budget
Active				
Employees	\$108,138,677	\$113,409,154	\$112,177,159	\$111,814,091
Retirees	<u>96,680,561</u>	<u>102,926,601</u>	<u>104,495,861</u>	<u>107,600,710</u>
Total Health Insurance	\$204,819,238	\$216,335,755	\$216,673,020	\$219,414,801

Pension Contributions

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

The County is required to make contributions on behalf of its employees into the pension system (employees hired on or after July 27, 1976 who worked less than ten years are required to contribute 3% of their gross salaries). Its expenses are funded on an actuarial basis determined by the State, and it is assessed on an annual basis for its share of the State retirement system's pension costs. The County's local pension contributions have risen dramatically since fiscal year 2000. In particular, in fiscal year 2000 the County's average contribution was 0.1% of payroll for ERS members and 8.3% for PFRS members. In fiscal year 2010, the contribution rate will average 7.8% of payroll for ERS members and 15.0% for PFRS members. This has resulted in substantial increases in the County's pension costs, as shown in Figure 13.

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

. FIGURE 13
PENSION COSTS

<u>Pension System</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010 Budget</u>
Employees Retirement System (ERS)	\$31,812,324	\$31,295,828	\$40,860,838	\$24,522,512
Police and Fire Retirement System (PFRS)	<u>49,942,580</u>	<u>45,619,445</u>	<u>55,241,155</u>	<u>52,051,802</u>
Total	\$81,754,904	\$76,915,273	\$96,101,993	\$76,574,314
Draw from reserve fund	<u>26,400,000</u>	<u>24,500,000</u>	<u>18,543,996</u>	<u>13,000,000</u>
Total Pension Payment	\$108,154,904	\$101,415,273	\$114,645,989	\$89,574,314

Medicaid

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

The County projects that its 2010 Medicaid expenditures, other than its required local share of Medicaid disproportionate share payments to NHCC, will be \$237.5 million. The County's required local share of Medicaid disproportionate share payments to NHCC are expected to be approximately \$50.7 million in 2010. In the past, in addition to certain other monies, the County has met its disproportionate share payment obligations to NHCC using tobacco securitization revenues. By the end of 2009, tobacco securitization revenues were substantially exhausted as a source of funding for disproportionate share payments. The County expects to fund its 2010 and later disproportionate share payments through inter-governmental transfer payments from NHCC. The 2010-2013 Multi-Year Financial Plan reflects Medicaid expenses (excluding the County's required local share of Medicaid disproportionate share payments to NHCC) of \$244.2 million in 2010, \$251.1 million in 2012 and \$258.2 million in 2013.

Other Social Services Entitlement Programs

Other County Department of Social Services entitlement programs comprise approximately 6.5% of the 2010 Budget, such as payments for public assistance, foster care, day care and preventive services, the majority of which are partially reimbursed by the federal government or the State. In recent years, this expenditure category has remained relatively flat, primarily due to declining public assistance and day care caseloads and State-mandated rate increases.

Contractual Services

Contractual services total 4.9% of the 2010 Budget. This category covers payments to outside vendors for a variety of services, including community-based human services programming, consulting services and legal services.

Debt Service

Debt service expenditures, which include interest and principal payments and NIFA set-asides, total \$327.3 million in the 2010 Budget, and are the third largest category of expenditures in the operating budget. See "COUNTY INDEBTEDNESS AND DEBT LIMITATIONS" herein.

Other Expenses

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

Other Funds

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

The Community College Fund supports the County's financial obligations with respect to NCC, which receives approximately 30% of its operating revenues from a dedicated property tax levied County-wide.

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

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

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

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

COUNTY INDEBTEDNESS AND DEBT LIMITATIONS

Computation of County Debt Limit

The Constitutional limit of total indebtedness that can be incurred by the County is 10% of the average full valuation of real estate for the latest five years. See "COUNTY INDEBTEDNESS AND DEBT LIMITATION – Constitutional Provisions." Figure 14 sets forth the debt limit of the County and its debt contracting margin. As shown in Figure 14, the County has substantial additional debt issuance capacity.

Figure 14
Nassau County
STATEMENT OF CONSTITUTIONAL DEBT MARGIN
(as of May 31, 2010)
(Dollars in Thousands)

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	\$261,249,503
2007 Full Valuation	\$244,238,960
2006 Full Valuation	\$212,313,809
	\$1,227,710,814
Average Full Valuation	\$245,542,163
Constitutional Debt Margin:	
Constitutional Limit of Total Indebtedness, 10% Average Full Valuation	\$24,554,216
Outstanding Indebtedness	
General Improvement	\$875,800
NIFA Bonds	1,752,600
Sewer and Storm Water Resources District	81,485
Environmental Facilities Corporation	126,532
Notes	150,000
Real Property Liabilities	8,657
Guarantees	277,495
Contract Liabilities	<u>270,328</u>
Total Outstanding Indebtedness	\$3,542,897
Less: Constitutional Exclusions	
Cash and Investments - Capital Projects Funds	\$15,340
Tax and Revenue Anticipation Notes Payable	150,000
Less: Total Exclusions	\$165,340
Net Outstanding Indebtedness (13.7555%)	\$3,377,557
Constitutional Debt Margin (86.24449%)	\$21,176,659

Bonded Indebtedness

Figure 15 shows outstanding County and NIFA bonds and the purposes for which such debt was issued.

FIGURE 15
BONDED INDEBTEDNESS
(as of May 31, 2010)

General Purposes ¹	
County Debt	\$838,357,420
NIFA Debt	<u>1,704,588,798</u>
Subtotal	\$2,542,946,218
Sewer Districts Purposes ²	
County Debt	\$245,459,580
NIFA Debt	<u>48,011,202</u>
Subtotal	\$293,470,782
Total	\$2,836,417,000

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

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

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

The County has historically funded substantially all of its significant capital expenditures with bond proceeds. It is the County's goal to transition to funding shorter-lived assets with current revenues. Prior to 2006, the County had also funded all of its costs associated with payment of property tax refunds with bonds. See "REAL PROPERTY ASSESSMENT AND TAX COLLECTION – Real Property Assessment – *Administrative Review of Assessments*" and "LITIGATION – Property Tax Litigation" herein. The County intends to transition gradually away from the use of bond proceeds to finance non-property tax refund judgments and settlements. See "LITIGATION" herein.

Figure 16 sets forth the amount of County debt that has been authorized but unissued by purpose.

FIGURE 16
SUMMARY OF BONDS AUTHORIZED BUT UNISSUED
AS OF APRIL 30, 2010 (IN THOUSANDS)

Purpose	Amount Authorized but Unissued
Community College	\$ 32,470
Health	67,913
Information Technology	89,126
Infrastructure	418,749
Land Acquisition	47,099
Mass Transportation	67,786
Miscellaneous	16,990
Parks & Recreation	67,603
Public Safety	128,941
Sewer & Storm Water	399,662
Special Equipment	20,279
Property Tax Refunds & Other- Judgments & Settlements	<u>38,901</u>
Total	\$1,395,518

The authorized amounts in Figure 16 refer to amounts for which the County has adopted ordinances authorizing the issuance of debt for capital projects and other purposes pursuant to the Local Finance Law, but has not yet issued debt pursuant to such authority. Such authorization expires ten years after adoption of the approving bond ordinance if it has not been used, encumbered or rescinded prior to that time. See “CAPITAL PLANNING AND BUDGETING” herein.

Debt Service Requirements

Figure 17, Figure 18 and Figure 19 set forth the principal and interest payments on various categories of outstanding County bonds and NIFA bonds.

FIGURE 17
TOTAL COUNTY AND NIFA DEBT SERVICE
(as of May 31, 2010)

<u>Date</u>	<u>County Bonds</u> ^{1,2}			<u>NIFA Bonds</u> ³			<u>Total</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
12/31/2010	\$55,018,000	\$51,690,992	\$106,708,992	\$83,421,250	\$54,876,901	\$138,298,151	\$138,439,250	\$106,567,892	\$245,007,142
12/31/2011	87,698,500	47,251,221	134,949,721	128,023,333	68,899,880	196,923,214	215,721,833	116,151,101	331,872,934
12/31/2012	63,997,500	43,638,078	107,635,578	146,708,333	63,083,798	209,792,131	210,705,833	106,721,875	317,427,709
12/31/2013	60,309,000	40,781,219	101,090,219	152,926,667	56,280,911	209,207,578	213,235,667	97,062,129	310,297,796
12/31/2014	56,053,000	38,090,483	94,143,483	152,090,000	49,462,310	201,552,310	208,143,000	87,552,793	295,695,793
12/31/2015	56,329,000	35,729,150	92,058,150	140,431,667	42,792,107	183,223,773	196,760,667	78,521,257	275,281,923
12/31/2016	50,441,000	33,266,232	83,707,232	133,050,000	36,604,291	169,654,291	183,491,000	69,870,523	253,361,523
12/31/2017	51,110,000	30,914,757	82,024,757	123,518,333	31,079,056	154,597,390	174,628,333	61,993,814	236,622,147
12/31/2018	51,150,000	28,452,326	79,602,326	119,360,000	25,837,117	145,197,117	170,510,000	54,289,444	224,799,444
12/31/2019	52,163,000	26,569,556	78,732,556	122,945,000	20,997,657	143,942,657	175,108,000	47,567,214	222,675,214
12/31/2020	54,478,000	23,992,859	78,470,859	110,611,667	16,235,357	126,847,024	165,089,667	40,228,216	205,317,883
12/31/2021	55,496,000	21,287,342	76,783,342	88,308,333	11,798,260	100,106,593	143,804,333	33,085,601	176,889,935
12/31/2022	58,024,000	18,606,741	76,630,741	75,753,333	8,080,914	83,834,247	133,777,333	26,687,655	160,464,988
12/31/2023	46,015,000	15,860,255	61,875,255	59,053,333	4,769,797	63,823,130	105,068,333	20,630,052	125,698,385
12/31/2024	43,370,000	13,711,380	57,081,380	40,923,333	2,295,389	43,218,723	84,293,333	16,006,770	100,300,103
12/31/2025	39,605,000	11,621,070	51,226,070	14,566,667	607,238	15,173,905	54,171,667	12,228,308	66,399,975
12/31/2026	28,480,000	9,791,207	38,271,207	0	0	0	28,480,000	9,791,207	38,271,207
12/31/2027	29,770,000	8,451,581	38,221,581	0	0	0	29,770,000	8,451,581	38,221,581
12/31/2028	28,085,000	7,096,898	35,181,898	0	0	0	28,085,000	7,096,898	35,181,898
12/31/2029	19,225,000	5,906,291	25,131,291	0	0	0	19,225,000	5,906,291	25,131,291
12/31/2030	14,420,000	5,022,751	19,442,751	0	0	0	14,420,000	5,022,751	19,442,751
12/31/2031	15,190,000	4,240,525	19,430,525	0	0	0	15,190,000	4,240,525	19,430,525
12/31/2032	9,165,000	3,412,802	12,577,802	0	0	0	9,165,000	3,412,802	12,577,802
12/31/2033	9,615,000	2,956,066	12,571,066	0	0	0	9,615,000	2,956,066	12,571,066
12/31/2034	8,785,000	2,503,568	11,288,568	0	0	0	8,785,000	2,503,568	11,288,568
12/31/2035	8,120,000	2,081,631	10,201,631	0	0	0	8,120,000	2,081,631	10,201,631
12/31/2036	8,535,000	1,664,513	10,199,513	0	0	0	8,535,000	1,664,513	10,199,513
12/31/2037	8,980,000	1,216,425	10,196,425	0	0	0	8,980,000	1,216,425	10,196,425
12/31/2038	9,455,000	744,975	10,199,975	0	0	0	9,455,000	744,975	10,199,975
12/31/2039	4,735,000	248,588	4,983,588	0	0	0	4,735,000	248,588	4,983,588
12/31/2040	0	0	0	0	0	0	0	0	0
Total	\$1,083,817,000	\$536,801,480	\$1,620,618,480	\$1,691,691,250	\$493,700,982	\$2,185,392,232	\$2,775,508,250	\$1,030,502,462	\$3,806,010,712

1. Payments under County guarantees in connection with NHCC debt are not included in the chart.
2. Includes debt service payable on the bonds issued to EFC without regard to the subsidy provided by the State. Such subsidy is expected to be at least 33 1/3% of interest for the life of the obligations.
3. Based on a monthly 1/6th interest, 1/12th principal payment basis for a fiscal year ending February 28, and the interest rate on the NIFA 2008 Series A-E variable rate bonds is calculated using the fixed rate swap plus 75 basis points. Total NIFA principal amount is net of the NIFA debt service set asides.

Figure 18
COUNTY AND NIFA DEBT SERVICE ON SELF-SUPPORTING DEBT ISSUED FOR COUNTY SEWER AND STORM WATER RESOURCES
PURPOSES
(as of May 31, 2010)

<u>Date</u>	<u>County Bonds</u> ^{1,2}			<u>NIFA Bonds</u> ³			<u>Total</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
12/31/2010	\$10,514,764	\$12,641,750	\$23,156,514	\$2,252,034	\$1,448,132	\$3,700,166	\$12,766,798	\$14,089,882	\$26,856,680
12/31/2011	21,972,922	11,659,602	33,632,523	3,246,981	1,810,601	5,057,582	25,219,902	13,470,203	38,690,105
12/31/2012	19,187,116	10,593,802	29,780,919	3,701,775	1,659,804	5,361,580	22,888,892	12,253,607	35,142,498
12/31/2013	16,467,409	9,670,491	26,137,899	3,562,245	1,488,779	5,051,024	20,029,654	11,159,270	31,188,923
12/31/2014	15,830,015	8,841,636	24,671,651	3,573,733	1,337,755	4,911,488	19,403,749	10,179,390	29,583,139
12/31/2015	15,013,264	8,082,998	23,096,262	3,273,348	1,189,682	4,463,030	18,286,611	9,272,680	27,559,292
12/31/2016	12,242,342	7,408,650	19,650,993	3,656,879	1,054,527	4,711,405	15,899,221	8,463,177	24,362,398
12/31/2017	11,470,644	6,815,492	18,286,136	3,579,598	910,599	4,490,197	15,050,241	7,726,092	22,776,333
12/31/2018	11,421,098	6,225,632	17,646,730	3,804,788	765,561	4,570,349	15,225,885	6,991,194	22,217,079
12/31/2019	11,827,320	5,663,069	17,490,389	3,997,267	615,552	4,612,819	15,824,586	6,278,622	22,103,208
12/31/2020	12,318,596	5,023,239	17,341,835	3,511,942	465,606	3,977,548	15,830,539	5,488,844	21,319,383
12/31/2021	11,528,741	4,349,672	15,878,413	2,670,281	329,137	2,999,418	14,199,022	4,678,809	18,877,831
12/31/2022	12,020,206	3,717,693	15,737,899	2,151,702	220,448	2,372,151	14,171,908	3,938,141	18,110,049
12/31/2023	9,953,510	3,085,108	13,038,619	1,758,000	129,652	1,887,652	11,711,510	3,214,761	14,926,271
12/31/2024	8,788,778	2,578,970	11,367,748	1,108,017	58,605	1,166,621	9,896,794	2,637,575	12,534,369
12/31/2025	6,785,301	2,095,643	8,880,944	386,723	15,648	402,371	7,172,024	2,111,291	9,283,315
12/31/2026	4,076,828	1,810,317	5,887,146	0	0	0	4,076,828	1,810,317	5,887,146
12/31/2027	4,243,136	1,613,822	5,856,959	0	0	0	4,243,136	1,613,822	5,856,959
12/31/2028	4,388,995	1,409,130	5,798,124	0	0	0	4,388,995	1,409,130	5,798,124
12/31/2029	3,674,541	1,210,136	4,884,677	0	0	0	3,674,541	1,210,136	4,884,677
12/31/2030	3,698,019	1,032,652	4,730,671	0	0	0	3,698,019	1,032,652	4,730,671
12/31/2031	3,876,416	846,572	4,722,989	0	0	0	3,876,416	846,572	4,722,989
12/31/2032	3,098,655	650,948	3,749,603	0	0	0	3,098,655	650,948	3,749,603
12/31/2033	3,236,945	505,113	3,742,058	0	0	0	3,236,945	505,113	3,742,058
12/31/2034	2,080,849	379,490	2,460,339	0	0	0	2,080,849	379,490	2,460,339
12/31/2035	1,075,367	301,141	1,376,508	0	0	0	1,075,367	301,141	1,376,508
12/31/2036	1,130,702	245,060	1,375,762	0	0	0	1,130,702	245,060	1,375,762
12/31/2037	1,187,264	185,698	1,372,962	0	0	0	1,187,264	185,698	1,372,962
12/31/2038	1,249,849	123,366	1,373,215	0	0	0	1,249,849	123,366	1,373,215
12/31/2039	1,099,988	57,749	1,157,738	0	0	0	1,099,988	57,749	1,157,738
12/31/2040	0	0	0	0	0	0	0	0	0
Total	\$245,459,580	\$118,824,643	\$364,284,223	\$46,235,311	\$13,500,090	\$59,735,401	\$291,694,892	\$132,324,733	\$424,019,624

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

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

3. Based on a monthly 1/6th interest, 1/12th principal payment basis for a fiscal year ending February 28, and the interest rate on the NIFA 2008 Series A-E variable rate bonds is calculated using the fixed rate swap plus 75 basis points. Total NIFA principal amount is net of the NIFA debt service set asides.

Figure 19
COUNTY AND NIFA DEBT SERVICE ON DEBT ISSUED FOR COUNTY GENERAL PURPOSES
(as of May 31, 2010)

Date	County Bonds ^{1,2}			NIFA Bonds ³			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
12/31/2010	\$44,503,236	\$39,049,242	\$83,552,478	\$81,169,216	\$53,428,768	\$134,597,985	\$125,672,452	\$92,478,010	\$218,150,462
12/31/2011	65,725,578	35,591,619	101,317,197	124,776,352	67,089,279	191,865,632	190,501,931	102,680,898	293,182,829
12/31/2012	44,810,384	33,044,276	77,854,659	143,006,558	61,423,993	204,430,551	187,816,942	94,468,269	282,285,210
12/31/2013	43,841,591	31,110,728	74,952,319	149,364,422	54,792,132	204,156,553	193,206,013	85,902,860	279,108,873
12/31/2014	40,222,985	29,248,848	69,471,832	148,516,267	48,124,555	196,640,821	188,739,251	77,373,402	266,112,654
12/31/2015	41,315,736	27,646,152	68,961,888	137,158,319	41,602,424	178,760,743	178,474,055	69,248,576	247,722,632
12/31/2016	38,198,658	25,857,582	64,056,240	129,393,121	35,549,764	164,942,885	167,591,779	61,407,346	228,999,125
12/31/2017	39,639,356	24,099,265	63,738,621	119,938,736	30,168,457	150,107,193	159,578,092	54,267,722	213,845,814
12/31/2018	39,728,902	22,226,694	61,955,597	115,555,212	25,071,556	140,626,768	155,284,115	47,298,250	202,582,365
12/31/2019	40,335,680	20,906,487	61,242,167	118,947,733	20,382,105	139,329,838	159,283,414	41,288,592	200,572,005
12/31/2020	42,159,404	18,969,620	61,129,024	107,099,725	15,769,751	122,869,476	149,259,128	34,739,372	183,998,500
12/31/2021	43,967,259	16,937,669	60,904,928	85,638,053	11,469,123	97,107,175	129,605,312	28,406,792	158,012,104
12/31/2022	46,003,794	14,889,048	60,892,843	73,601,631	7,860,466	81,462,097	119,605,425	22,749,514	142,354,939
12/31/2023	36,061,490	12,775,147	48,836,637	57,295,334	4,640,144	61,935,478	93,356,823	17,415,291	110,772,114
12/31/2024	34,581,222	11,132,410	45,713,632	39,815,317	2,236,785	42,052,101	74,396,539	13,369,195	87,765,734
12/31/2025	32,819,699	9,525,427	42,345,126	14,179,944	591,590	14,771,534	46,999,643	10,117,017	57,116,659
12/31/2026	24,403,172	7,980,890	32,384,062	0	0	0	24,403,172	7,980,890	32,384,062
12/31/2027	25,526,864	6,837,758	32,364,622	0	0	0	25,526,864	6,837,758	32,364,622
12/31/2028	23,696,005	5,687,768	29,383,773	0	0	0	23,696,005	5,687,768	29,383,773
12/31/2029	15,550,459	4,696,155	20,246,613	0	0	0	15,550,459	4,696,155	20,246,613
12/31/2030	10,721,981	3,990,099	14,712,079	0	0	0	10,721,981	3,990,099	14,712,079
12/31/2031	11,313,584	3,393,952	14,707,536	0	0	0	11,313,584	3,393,952	14,707,536
12/31/2032	6,066,345	2,761,854	8,828,199	0	0	0	6,066,345	2,761,854	8,828,199
12/31/2033	6,378,055	2,450,953	8,829,008	0	0	0	6,378,055	2,450,953	8,829,008
12/31/2034	6,704,151	2,124,078	8,828,229	0	0	0	6,704,151	2,124,078	8,828,229
12/31/2035	7,044,633	1,780,490	8,825,124	0	0	0	7,044,633	1,780,490	8,825,124
12/31/2036	7,404,298	1,419,453	8,823,751	0	0	0	7,404,298	1,419,453	8,823,751
12/31/2037	7,792,736	1,030,727	8,823,463	0	0	0	7,792,736	1,030,727	8,823,463
12/31/2038	8,205,151	621,609	8,826,760	0	0	0	8,205,151	621,609	8,826,760
12/31/2039	3,635,012	190,838	3,825,850	0	0	0	3,635,012	190,838	3,825,850
12/31/2040	0	0	0	0	0	0	0	0	0
Total	\$838,357,420	\$417,976,837	\$1,256,334,257	\$1,645,455,939	\$480,200,892	\$2,125,656,831	\$2,483,813,358	\$898,177,729	\$3,381,991,088

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

2. Includes debt service payable on the bonds issued to EFC without regard to the subsidy provided by the State. Such subsidy is expected to be at least 33 1/3% of interest for the life of the obligations
3. Based on a monthly 1/6th interest, 1/12th principal payment basis for a fiscal year ending February 28, and the interest rate on the NIFA 2008 Series A-E variable rate bonds is calculated using the fixed rate swap plus 75 basis points. Total NIFA principal amount is net of the NIFA debt service set asides.

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

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

Refunded Bonds

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

Capital Leases

The County has entered into various capital leases, installment sales contracts and lease purchase agreements. Figure 20 shows the future minimum lease payments due on such obligations and the present value of these minimum payments.

FIGURE 20
 MINIMUM LEASE PAYMENTS
 CAPITAL LEASES (IN THOUSANDS)
 (AS OF DECEMBER 31, 2008)

Fiscal Year Ending December 31:	
2009	\$ 757
2010	766
2011	777
2012	787
2013	799
2014-2018	4,172
2019-2023	4,506
2024-2026	<u>1,503</u>
Future Minimum Payments	\$14,067
Less Interest	<u>8,545</u>
Present Value Minimum Lease Payments	\$ 5,522

Short-Term Indebtedness

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

Bond Anticipation Notes

The County utilizes BANs for short-term financing of capital expenditures with the expectation that the principal amount thereof will be refinanced with the proceeds of long-term bonds or repaid with State or federal funds. Figure 21 shows recent and expected issuance of BANs by the County.

FIGURE 21
 SHORT-TERM INDEBTEDNESS
 BOND ANTICIPATION NOTES (in millions)

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010¹</u>
\$87.35	\$125.00	\$0.00	\$0.00

¹ Projected

Cash Flow Notes

The County has periodically issued RANs and TANs to fund the County’s short-term cash flow needs. Figure 22 shows recent and expected issuance of RANs and TANs by the County.

FIGURE 22
SHORT-TERM INDEBTEDNESS
CASH FLOW NOTES (in millions)

<u>Obligation</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010¹</u>	<u>2011¹</u>
Revenue Anticipation Notes	\$75.00	\$105.00	\$190.00	\$210.00	\$210.00
Tax Anticipation Notes	<u>\$125.00</u>	<u>\$132.00</u>	<u>\$150.00</u>	<u>\$150.00</u>	<u>\$150.00</u>
Total	\$200.00	\$237.00	\$340.00	\$360.00	\$360.00

¹ Projected

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

Recent and Projected Bond Issuances

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

FIGURE 23
LONG-TERM INDEBTEDNESS
COUNTY BONDS (IN MILLIONS)

<u>2009</u>	<u>Projected 2010¹</u>
\$515.09	\$219.00

¹ The County may issue an additional \$75-100 million in bonds to finance payment of separation incentives and termination payments to County employees. See “COUNTY FINANCIAL CONDITION – 2010 Budget and 2010-2013 Multi-Year Financial Plan Update” herein.

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

Constitutional Provisions

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

Article VIII, Section 1

The County shall not give or loan any money or property to or in aid of any individual or private corporation, association or private undertaking nor shall the County give or loan its credit to or in aid of any of the foregoing or a public corporation. This provision does not prevent the County from contracting indebtedness for the purpose of advancing to a town or school district pursuant to law the amount of unpaid taxes returned to the County. Notwithstanding the provisions of Article VIII, Section 1 of the State Constitution, Article 17, Section 7 provides that the State Legislature may authorize a municipality to lend its money or credit to or in aid of any corporation or association, regulated by law as to its charges,

profits, dividends, and disposition of its property or franchises, for the purpose of providing such hospital or other facilities for the prevention, diagnosis or treatment of human disease, pain, injury, disability, deformity or physical condition, and for facilities incidental or appurtenant thereto as may be prescribed by law.

Article VIII, Section 2

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

Article VIII, Section 4

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

Statutory Provisions

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

Statutory Procedure

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

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

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

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

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

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

CAPITAL PLANNING AND BUDGETING

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

Capital Plan(s) and Capital Budget(s)

The County Legislature has approved the capital budget for fiscal year 2010 (as it may be amended from time to time, the “2010 Capital Budget”) and the capital plan for fiscal years 2010-2013 (as it may be amended from time to time, the “2010-2013 Capital Plan”). The 2010 Capital Budget is approximately \$187.5 million, the revenue for which is a combination of long-term debt (or bond anticipation notes) and local, State or federal aid. The amount of such debt projected to be issued by or on behalf of the County for objects or purposes in the 2010 Capital Budget is approximately \$166.8 million. The amount of debt issued by the County each year will vary depending upon capital expenditure requirements. County financings often include prior-year approved capital items. The major components of the 2010 Capital Budget and the 2010-2013 Capital Plan are listed in Figure 24.

FIGURE 24
2010-2013 CAPITAL PLAN

Category	2010	2011	2012	2013
Buildings	\$20,900,000	\$32,800,000	\$33,400,000	\$71,000,000
Equipment	4,610,000	3,250,000	2,500,000	2,400,000
Infrastructure	19,630,000	33,500,000	9,500,000	7,550,000
Parks	11,875,000	9,950,000	21,850,000	6,550,000
Property	-	1,000,000	-	-
Public Safety	23,040,000	11,325,000	7,650,000	15,600,000
Roads	26,900,000	35,701,000	27,485,000	25,000,000
Technology	14,015,218	20,824,782	21,180,000	1,600,000
Traffic	15,774,500	5,633,500	17,480,000	-
Transportation	2,937,500	5,368,800	5,257,000	-
BCP	7,500,000	-	-	-
Sewer and Storm Water	40,350,000	49,499,666	54,325,000	13,400,000
Environmental Bond Act	-	-	-	-
Total	\$187,532,218	\$208,852,748	\$200,627,000	\$143,100,000
Non Debt Financed	\$20,770,000	\$36,003,000	\$36,628,000	\$28,000,000
Debt Financed	\$166,762,218	\$172,849,748	\$163,999,000	\$115,100,000

REAL PROPERTY ASSESSMENT AND TAX COLLECTION

Real Property Assessment

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

Property Tax Refunds

The County pays refunds of property taxes levied or imposed by the County Legislature, which, in addition to County taxes, includes those of the towns, special districts and all but one of the school districts in the County. Based on a provision of the County Administrative Code, the County does not charge the cost of such refunds to the towns, special districts and school districts, as would otherwise be required by the State Real Property Tax Law ("RPTL"). See "LITIGATION - Property Tax Litigation" herein. The County is currently challenging the legal basis for reliance on the Code provision as an exception to the RPTL.

Administrative Review of Assessments

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

Real Property Tax Limit

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

Figure 25 sets forth the real property taxing limit of the County.

FIGURE 25
COMPUTATION OF CONSTITUTIONAL
TAXING POWER
(in Thousands)

<u>Year Roll Completed</u>	Full Valuation of Real Estate ^(d)
2010	\$252,854,423
2009	\$257,054,119
2008	\$261,249,503
2007	\$244,238,960
2006	\$212,313,809
Total	\$1,227,710,814
Five-Year Average Full Valuation	 \$245,542,163
Tax Limit ^(a)	\$4,910,843
Total Exclusions ^(b)	\$467,383
Total Taxing Power for 2010 Levy	\$5,378,226
Total Levy for 2010 ^(c)	\$906,897
Tax Margin	\$4,471,328
Percentage of Taxing Power Exhausted	18.47%

- (a) The State Constitution limits the tax on real estate to one and one-half per centum of the average five-year full valuation, and provides that the State Legislature may prescribe a method to increase this limitation to not to exceed two per centum. The tax limit was raised to two per centum by provisions of the County Law and a resolution adopted by the County Board of Supervisors, predecessor to the County Legislature.
- (b) Interest on and principal of all indebtedness for fiscal year 2009 is excluded from the calculation of real estate taxes limited under the provisions of Article VIII, Section 10 of the State Constitution.
- (c) Includes the tax levies for the General Fund, the Police District Fund, the Police Headquarters Fund, the Fire Prevention Fund, and the Community College Fund.
- (d) Full valuation figures are computed by the State Office of Real Property Services.

Largest Real Property Taxpayers

Figure 26 shows the largest real property taxpayers in the County.

FIGURE 26
LARGEST REAL PROPERTY TAXPAYERS
2010

Taxpayer	Taxable Assessed Value ¹	Taxable Assessed Value (%)
KEYSPAN GAS EAST	\$15,462,304	1.85%
LIPA	15,149,542	1.81%
VERIZON NEW YORK	6,287,810	0.75%
RETAIL PROPERTY TRUST	4,183,200	0.50%
CLK-HP	2,824,849	0.34%
GREEN ACRES MALL	2,147,701	0.26%
SUNRISE MALL LLC	1,839,542	0.22%
REXCORP PLAZA SPE LLC	1,771,549	0.21%
1 PARK LAKE SUCCESS LLC	1,532,052	0.18%
RECKSON ASSOCIATION	1,435,194	0.17%
BROADWAY MALL EAT II LLC	1,410,380	0.17%
PEOPLE OF THE STATE OF NEW YORK	1,328,928	0.16%
FEIGA-OLIVE TREE/MARCUS AVE LLC	1,280,474	0.15%
WE'RE ASSOCIATES INC	1,216,973	0.15%
E Q K GREEN ACRE L P	1,166,848	0.14%
W & S ASSOCIATES LP	1,110,000	0.13%
JQ ASSOCIATES	1,109,855	0.13%
ONE-TWO JERICHO PLAZA OWNER LLC	1,089,043	0.13%
CORPORATE PROPERTY INVESTORS	990,241	0.12%
TREELINE FRANKLIN AVENUE PLAZA LLC	950,317	0.11%
FIFTH AVENUE OF LONG ISLAND REALTY	922,534	0.11%
TREELINE 100-400 GCP LLC	807,006	0.10%
JMM RACEWAY INC MATTONI GROUP	771,427	0.09%
P1 WESTBURY LLC	747,693	0.09%
COUNTRY GLEN LLC	684,421	0.08%
TOTAL (Top 25)	\$68,219,883	8.15%
TOTAL TAX BASE	\$837,451,885	100.00%

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

Collection

County, Town and Special District Taxes

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

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

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

School District Taxes

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

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

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

Delinquency Procedure

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

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

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

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

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

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

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

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

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

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

NASSAU HEALTH CARE CORPORATION

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

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

County-guaranteed NHCC Bonds

NHCC issued \$259,734,845.44 of its Series 1999 Bonds on September 29, 1999, which bonds were guaranteed by the County. The proceeds of the Series 1999 Bonds were used to fund the acquisition price, working capital, reserves, capitalized interest and cost of issuance.

On October 14, 2004, NHCC issued \$303,355,000 of its Series 2004 Bonds, and used a portion of the proceeds of such bonds, together with other available funds (including the release of reserve funds), to refund the Series 1999 Bonds. At that time, the County ceased to be obligated under its guaranty of the Series 1999 Bonds. The County provided a guaranty on said Series 2004 Bonds.

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

As a result of higher than expected remarketing rates for the Series 2004 variable rate bonds, NHCC issued its Series 2009 A Bonds and Series 2009 B, C and D Bonds on April 8, 2009 and April 28, 2009, respectively, to refund all of the outstanding Series 2004 variable rate bonds. The Series 2009 A Bonds and Series 2009 B, C and D Bonds are variable rate bonds secured by letters of credit. The County has also provided a guaranty on such bonds.

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

SEWER AND STORM WATER RESOURCES SERVICES

Nassau County Sewer and Storm Water Finance Authority

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

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

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

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

Nassau County Sewer and Storm Water Resources District

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

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

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

LITIGATION

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

condemnation proceedings, medical malpractice actions and other alleged violations of law. The County intends to defend itself vigorously against all claims and actions.

The County self-insures for all significant risks (everything except helicopter accidents and employee bonding). See “COUNTY GOVERNMENT AND FINANCIAL MANAGEMENT – County Financial Management – *Risk Management*” herein. The County annually appropriates sums for the payment of judgments and settlements relating to such actions, which appropriations may be financed, in whole or in part, pursuant to the Local Finance Law by the issuance of County bonds or bond anticipation notes. Estimated liabilities of approximately \$225 million for settlement of litigation and malpractice claims (excluding tax certiorari claims) were recorded as a long-term liability in the County’s government-wide financial statement of net assets at December 31, 2008 and 2007. Approximately \$248.9 and \$124.2 million has been accrued as a liability at December 31, 2008 and 2007, respectively, related to workers’ compensation claims where the County Attorney can reasonably estimate the ultimate outcome. In 2008 the methodology used to estimate the long-term liability for workers’ compensation claims was changed from valuations discounted by 6% (compounded) to full values. The liability for certain other asserted and unasserted malpractice claims could not be estimated as of December 31, 2008. All malpractice occurrences prior to September 29, 1999 are the responsibility of the County; subsequent malpractice occurrences in connection with NHCC are the responsibility of NHCC. Such amounts are only estimates, and no assurance can be given that additional claims will not be made or that the ultimate liability on existing and future claims will not be greater.

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

Property Tax Litigation

Assessments

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

The amount expended for all such claims in each of the fiscal years 2005 to 2009, inclusive, is shown below (in millions):

2009	\$114.5
2008.....	98.8
2007.....	87.1
2006.....	70.5
2005.....	250.7

The County Comptroller recorded a long-term liability of \$164 million (unaudited) for estimated future property tax refunds in the County’s government-wide financial statement of net assets as of December 31, 2009. Over the past couple of years the courts, the Department of Assessment and the Assessment Review Commission have acted to expedite the resolution of outstanding claims. In this effort, the court calendar has been doubled to accommodate increased caseload. In addition, the County Treasurer’s office has applied additional staff to expedite payments. The 2010 Budget includes \$50 million in operating funds for property tax refunds. The County intends to use the proceeds of borrowings to fund the payment of property tax refunds in the out-years of the 2010-2013 Multi-Year Financial Plan. See “COUNTY FINANCIAL CONDITION – 2010 Projected Budget and 2010-2013 Multi-Year Financial Plan Update” herein.

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

Other Pending Property Tax Litigation

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

Other Litigation

(i) In *Restivo et al. v. County of Nassau, et al.* and *Kogut v. County of Nassau, et al.*, plaintiffs are suing in their own behalf for compensatory and punitive damages arising out of their 1985 arrests and 1986 convictions in the rape and murder of Theresa Fusco. In 2003 the Nassau County District Attorney's Office joined plaintiffs' (then defendants') counsel in a motion to vacate the judgment of conviction against them because DNA technology disclosed that John Kogut, John Restivo and Dennis Halstead were not the sources of the DNA found in the victim's body. Based upon Mr. Kogut's prior confession, he was re-tried in 2005. After a bench trial, the County Court Judge acquitted Mr. Kogut. Shortly thereafter, the indictment against Mr. Restivo and Mr. Halstead was dismissed. The County filed motions to dismiss the respective actions. The U.S. District Court granted much of the relief sought by the County and dismissed many of the claims in the respective complaints. All plaintiffs made motions asking the Judge to reconsider her decision. Upon reconsideration, the Court reinstated many of the plaintiffs' claims. In a subsequent ruling, the Court denied the County's request to certify a question to the Second Circuit. The stay on discovery, which had been pending until determination of the motions to dismiss, has been lifted. Depositions and document discovery continue. The County will continue to defend itself vigorously in these proceedings. It is not possible to predict the outcome of these actions and proceedings or their ultimate impact on the County's financial condition.

(ii) *In re: Nassau County Strip Search Cases* is a class action lawsuit concerning the County's former policy of strip searching non-felony arrestees upon their admission to the County Correctional Center even if there was no suspicion that they were secreting drugs, weapons or other contraband. These searches were ended in 1999 as a result of another lawsuit. Three cases that were later consolidated into this class action were then filed seeking damages for arrestees searched during the last three years that the policy was in effect. (Claims for searches before this were barred by the statute of limitations). Key court rulings by the U.S. Second Circuit Court of Appeals in August 2006 and the District Court in March 2008 "certified" the case as a class action on behalf of approximately 17,000 non-felony arrestees admitted to the correctional center between May 20, 1996 and June 1, 1999, and allowed it to go forward based on a theory that everyone searched suffered a common "injury to human dignity." A non-jury trial to determine the amount of this common injury was held on November 30 through December 16, 2009, and post-trial proposed findings were submitted to the judge in March and April, 2010. A decision is expected imminently. In addition, a second trial stage is contemplated in which individual class members could seek additional compensation for any actual injuries they could document. While a ruling against the County could have a material impact on the County's financial condition, it is difficult to approximate what such impact would be, if there is an impact at all.

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

TAX RATES

Figures 27 and 28 show County tax rates. The tables do not include local, town, city, school, village or special district tax rates for the respective political subdivisions in the County.

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

	1/1/2010	1/1/2009	<u>Town of Hempstead</u>		1/1/2006	<u>Town of North Hempstead</u>				1/1/2006	<u>Town of Oyster Bay</u>			1/1/2007	1/1/2006
			1/1/2008	1/1/2007		1/1/2010	1/1/2009	1/1/2008	1/1/2007		1/1/2010	1/1/2009	1/1/2008		
General County (a)															
I	23.168	22.067	21.106	18.965	6.092	23.158	22.067	21.108	18.968	6.094	23.161	22.068	21.100	18.961	6.092
II	15.475	15.777	17.577	15.990	13.049	15.465	15.776	17.578	15.993	13.050	15.468	15.778	17.570	15.986	13.048
III	20.360	23.256	22.340	19.896	18.352	20.350	23.256	22.342	19.898	18.354	20.354	23.257	22.333	19.892	18.352
IV	12.796	13.731	14.559	14.085	12.239	12.786	13.730	14.561	14.088	12.241	12.790	13.732	14.553	14.081	12.238
Community College															
I	6.965	6.911	6.852	6.957	3.908	6.965	6.911	6.852	6.957	3.908	6.965	6.911	6.852	6.957	3.908
II	5.201	5.463	6.034	6.212	6.105	5.201	5.463	6.034	6.212	6.105	5.201	5.463	6.034	6.212	6.105
III	6.321	7.184	7.138	7.190	7.781	6.321	7.184	7.138	7.190	7.781	6.321	7.184	7.138	7.190	7.781
IV	4.587	4.992	5.334	5.734	5.850	4.587	4.992	5.334	5.734	5.850	4.587	4.992	5.334	5.734	5.850
Police Headquarters															
I	37.703	38.662	38.532	41.706	21.873	37.703	38.662	38.532	41.706	21.873	37.703	38.662	38.532	41.706	21.873
II	28.154	30.560	33.931	37.238	34.172	28.154	30.560	33.931	37.238	34.172	28.154	30.560	33.931	37.238	34.172
III	34.218	40.194	40.140	43.103	43.550	34.218	40.194	40.140	43.103	43.550	34.218	40.194	40.140	43.103	43.550
IV	24.831	27.924	29.997	34.377	32.740	24.831	27.924	29.997	34.377	32.740	24.831	27.924	29.997	34.377	32.740
Fire Prevention															
I	2.091	2.088	2.162	2.300	1.352	2.091	2.088	2.162	2.300	1.352	2.091	2.088	2.162	2.300	1.352
II	1.561	1.650	1.904	2.054	2.112	1.561	1.650	1.904	2.054	2.112	1.561	1.650	1.904	2.054	2.112
III	1.898	2.171	2.252	2.377	2.692	1.898	2.171	2.252	2.377	2.692	1.898	2.171	2.252	2.377	2.692
IV	1.377	1.508	1.683	1.896	2.024	1.377	1.508	1.683	1.896	2.024	1.377	1.508	1.683	1.896	2.024
County Parks															
I					4.596					4.596					4.596
II	Part of General County for 2010	Part of General County for 2008	Part of General County for 2007	Part of General County for 2007	7.180	Part of General County for 2010	Part of General County for 2009	Part of General County for 2008	Part of General County for 2007	7.180	Part of General County for 2010	Part of General County for 2009	Part of General County for 2008	Part of General County for 2007	7.180
III					9.150					9.150					9.150
IV					6.879					6.879					6.879
Environmental Bond															
I	1.233	0.678	1.042	0.631		1.233	0.678	1.042	0.631		1.233	0.678	1.042	0.631	
II	0.921	0.536	0.918	0.564		0.921	0.536	0.918	0.564		0.921	0.536	0.918	0.564	
III	1.119	0.705	1.085	0.652	Not Levied for 2006	1.119	0.705	1.085	0.652	Not Levied for 2006	1.119	0.705	1.085	0.652	Not Levied for 2006
IV	0.812	0.49	0.811	0.520		0.812	0.49	0.811	0.520		0.812	0.49	0.811	0.520	

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

FIGURE 28

GENERAL COUNTY TAX RATES
 COUNTY-WIDE PURPOSES, BY FUND AND CLASS (I-IV)

PER \$100 OF ASSESSED VALUATION - FISCAL YEAR BEGINNING AS SHOWN

	<u>City of Glen Cove</u>					<u>City of Long Beach</u>				
	1/1/2010	1/1/2009	1/1/2008	1/1/2007	1/1/2006	1/1/2010	1/1/2009	1/1/2008	1/1/2007	1/1/2006
General County (a)										
I	23.161	22.085	21.125	18.979	6.120	30.374	30.000	29.545	27.766	12.367
II	15.467	15.795	17.595	16.004	13.076	22.680	23.709	26.015	24.792	19.324
III	20.353	23.274	22.358	19.909	18.380	27.566	31.189	30.779	28.697	24.627
IV	12.789	13.748	14.578	14.099	12.266	20.002	21.663	22.998	22.887	18.514
Community College										
I	6.965	6.911	6.852	6.957	3.908	6.965	6.911	6.852	6.957	3.908
II	5.201	5.463	6.034	6.212	6.105	5.201	5.463	6.034	6.212	6.105
III	6.321	7.184	7.138	7.190	7.781	6.321	7.184	7.138	7.190	7.781
IV	4.587	4.992	5.334	5.734	5.850	4.587	4.992	5.334	5.734	5.850
Police Headquarters										
I	37.703	38.662	38.532	41.706	21.873	37.703	38.662	38.532	41.706	21.873
II	28.154	30.560	33.931	37.238	34.172	28.154	30.560	33.931	37.238	34.172
III	34.218	40.194	40.140	43.103	43.550	34.218	40.194	40.140	43.103	43.550
IV	24.831	27.924	29.997	34.377	32.740	24.831	27.924	29.997	34.377	32.740
Fire Prevention										
I	2.091	2.088	2.162	2.300	1.352	2.091	2.088	2.162	2.300	1.352
II	1.561	1.650	1.904	2.054	2.112	1.561	1.650	1.904	2.054	2.112
III	1.898	2.171	2.252	2.377	2.692	1.898	2.171	2.252	2.377	2.692
IV	1.377	1.508	1.683	1.896	2.024	1.377	1.508	1.683	1.896	2.024
County Parks										
I					4.596					4.596
II	Part of General County for 2010	Part of General County for 2009	Part of General County for 2008	Part of General County for 2007	7.180	Part of General County for 2010	Part of General County for 2009	Part of General County for 2008	Part of General County for 2007	7.180
III					9.150					9.150
IV					6.879					6.879
Environmental Bond										
I	1.233	0.678	1.042	0.631		1.233	0.678	1.042	0.631	
II	0.921	0.536	0.918	0.564		0.921	0.536	0.918	0.564	
III	1.119	0.705	1.085	0.652	Not Levied for 2006	1.119	0.705	1.085	0.652	Not Levied for 2006
IV	0.812	0.49	0.811	0.520		0.812	0.49	0.811	0.520	

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

Figure 29 shows tax rates for special districts in the County. Beginning in 2004, County sewage collection and disposal districts became zones of assessment within the consolidated Nassau County Sewer and Storm Water Resources District.

FIGURE 29
TAX RATES FOR SPECIAL DISTRICTS/ZONES OF ASSESSMENT
BY FUND AND CLASS (I-IV)
PER \$100 OF ASSESSED VALUATION-FISCAL YEAR BEGINNING AS SHOWN

	1/1/2010	1/1/2009	1/1/2008	1/1/2007	1/1/2006
Police District					
I	49.552	49.561	49.521	52.412	31.048
II	46.156	49.182	50.476	55.049	56.928
III	123.505	138.637	146.549	160.156	190.842
IV	52.113	55.504	55.626	61.009	61.735
Sewage Districts:					
Disposal District No. 1					
I	12.833	12.212	12.212	19.886	11.799
II	3.256	3.280	6.031	10.143	11.595
III	98.619	47.926	41.085	64.429	68.839
IV	14.487	13.866	13.195	22.663	22.945
Disposal District No. 2					
I	12.826	12.212	12.212	14.173	10.403
II	11.993	119.480	12.200	14.833	18.736
III	31.598	34.658	36.365	44.280	63.771
IV	13.564	13.846	13.987	16.855	21.077
Disposal District No. 3					
I	12.788	12.212	12.212	15.177	8.852
II	11.420	11.913	12.075	15.392	15.793
III	31.387	33.197	36.120	45.809	50.649
IV	13.057	13.243	13.118	16.901	16.893
Collection District No. 1					
I	5.505	5.204	5.204	19.578	14.206
II	1.397	1.398	2.571	9.985	13.959
III	42.305	20.423	17.509	63.428	82.880
IV	6.215	5.909	5.623	22.311	27.625
Collection District No. 2 ^(a)					
I	5.188	4.648	3.779	6.605	4.756
II	5.236	4.879	4.096	7.278	9.604
III	12.617	12.746	11.429	22.395	30.294
IV	5.269	4.941	4.051	5.819	6.950
Collection District No. 3 ^(a)					
I	5.099	5.204	4.832	5.999	5.289
II	4.529	5.194	4.992	6.069	9.507
III	13.080	14.425	14.681	18.494	30.908
IV	5.294	5.886	5.389	7.008	10.635

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

Property Tax Levies

Figure 30 below lists the percentage of the total tax levy of all political subdivisions (by category) that real property taxes bear in relation to each other.

FIGURE 30
COUNTY OF NASSAU, NEW YORK
PROPERTY TAX LEVIES
COUNTY, TOWN, CITY, VILLAGE GOVERNMENTS AND SPECIAL DISTRICTS
2004 THROUGH 2007
(\$ IN THOUSANDS)

	2007		2006		2005		2004	
	Tax Levy	% of Total	Tax Levy	% of Total	Tax Levy	% of Total	Tax Levy	% of Total
Nassau County Government	806,752	15.60%	785,257	15.18%	783,512	16.41%	781,828	17.50%
Sewer & Storm Water Consolidated	118,932	2.30%	138,932	2.69%	138,932	2.91%	138,932	3.11%
Environmental Bond Fund	4,128	0.08%		0.00%		0.00%	-	0.00%
Town & City Governments	220,779	4.27%	206,090	3.99%	208,654	4.37%	183,267	4.10%
Incorporated Villages	367,733	7.11%	367,408	7.10%	344,668	7.22%	330,851	7.41%
School Districts	3,167,626	61.25%	3,010,688	58.22%	2,833,955	59.34%	2,618,054	58.60%
Special Districts:								
Fire	96,001	1.86%	97,873	1.89%	88,558	1.85%	84,143	1.88%
Fire Protection	16,882	0.33%	15,853	0.31%	15,292	0.32%	14,239	0.32%
Garbage, Refuse & Sanitary	201,869	3.90%	191,776	3.71%	174,235	3.65%	169,131	3.79%
Lighting	15,358	0.30%	14,525	0.28%	14,194	0.30%	12,643	0.28%
Park	67,036	1.30%	64,291	1.24%	80,837	1.69%	54,730	1.23%
Parking & Improvement	43,807	0.85%	42,116	0.81%	49,159	1.03%	38,582	0.86%
Sewer Special	13,776	0.27%	12,866	0.25%	12,015	0.25%	11,501	0.26%
Water	34,975	0.68%	34,295	0.66%	31,739	0.66%	29,405	0.66%
Total Special Districts	489,704	9.47%	473,595	9.16%	466,029	9.76%	414,374	9.28%
Totals	5,171,526	100.00%	4,981,970	100.00%	4,775,750	100.00%	4,467,306	100%

Data extracted from County of Nassau, Comprehensive Annual Financial Report of the Comptroller for the Fiscal Years ended December 31, 2008 and 2007.

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APPENDIX B

**GENERAL PURPOSE AUDITED FINANCIAL STATEMENTS FOR FISCAL YEARS ENDED
DECEMBER 31, 2008 AND 2007**

THE FINANCIAL STATEMENTS OF THE COUNTY AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007, INCLUDED IN APPENDIX B, HAVE BEEN AUDITED BY DELOITTE & TOUCHE LLP, INDEPENDENT AUDITORS. THE FOLLOWING IS AN EXCERPT FROM SUCH AUDIT. THE AUDITED FINANCIAL STATEMENTS AND OPINION WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT. THE AUDITOR HAS NOT ASKED TO AND HAS NOT REVIEWED OR COMMENTED UPON THE OFFICIAL STATEMENT.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

7. 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, 2006			Balance August 31, 2007			Balance August 31, 2008
		Additions	Reductions		Additions	Reductions	
Capital Assets Not Being Depreciated							
Land	\$ 2,733	\$	\$	\$ 2,733	\$	\$	\$ 2,733
Library	899	5		904	4		908
Total Capital Assets, Not Being Depreciated	<u>3,632</u>	<u>5</u>	<u></u>	<u>3,637</u>	<u>4</u>	<u></u>	<u>3,641</u>
Capital Assets Being Depreciated							
Land Improvements	1,133			1,133			1,133
Infrastructure	1,275			1,275	1,628		2,903
Buildings	166,131	81		166,212	767		166,979
Building Improvements	24,779	874		25,653	896		26,549
Equipment	6,247	340	56	6,531	821	253	7,099
Total Capital Assets, Being Depreciated	<u>199,565</u>	<u>1,295</u>	<u>56</u>	<u>200,804</u>	<u>4,112</u>	<u>253</u>	<u>204,663</u>
Total Capital Assets	<u>203,197</u>	<u>1,300</u>	<u>56</u>	<u>204,441</u>	<u>4,116</u>	<u>253</u>	<u>208,304</u>
Less Accumulated Depreciation:							
Land Improvements	751	48		799	38		837
Infrastructure	736	63		799	116		915
Buildings	75,930	3,115		79,045	3,123		82,168
Building Improvements	12,092	1,219		13,311	1,231		14,542
Equipment	5,204	264	56	5,412	248	253	5,407
Total Accumulated Depreciation	<u>94,713</u>	<u>4,709</u>	<u>56</u>	<u>99,366</u>	<u>4,756</u>	<u>253</u>	<u>103,869</u>
Net Capital Assets Being Depreciated	<u>104,852</u>	<u>(3,414)</u>	<u></u>	<u>101,438</u>	<u>(645)</u>	<u></u>	<u>100,794</u>
Capital Assets - net	<u>\$ 108,484</u>	<u>\$ (3,409)</u>	<u>\$</u>	<u>\$ 105,075</u>	<u>\$ (641)</u>	<u>\$</u>	<u>\$ 104,435</u>

NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2008 AND 2007

7. CAPITAL ASSETS (Continued)

Capital assets of the Faculty-Student Association, the Component unit of Nassau Community College as of August 31, 2008 and 2007, respectively, consisted of the following (dollars in thousands):

	Balance August 31, <u>2008</u>	Balance August 31, <u>2007</u>
Furniture and equipment	\$ 337	\$ 284
Vans	<u>225</u>	<u>194</u>
	562	478
Less accumulated depreciation	<u>(345)</u>	<u>(280)</u>
Total Capital assets (net)	<u>\$ 217</u>	<u>\$ 198</u>

Total capital assets of the Nassau Community College and Faculty-Student Association, the component unit of Nassau Community College as of August 31, 2008, was \$205,225 with accumulated depreciation of \$104,214

8. LEASES

The County leases some property and equipment. Leased property having elements of ownership is recorded in the government-wide financial statements. The related obligations, in amounts equal to the present value of minimum lease payments payable during the remaining term of the leases, are also recorded in the government-wide financial statements. The County leases a building valued at \$5.5 million, under a capital lease. Other leased property, not having elements of ownership, are classified as operating leases. Both capital and operating lease payments are recorded as expenditures when payable. Total expenditures on such leases for the fiscal year ended December 31, 2008 and 2007 were approximately \$7.7 and \$7.2 million, respectively.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

8. LEASES (Continued)

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

	<u>Capital Lease</u>	<u>Operating Leases</u>	<u>Total Capital & Operating Leases</u>
Governmental Activities			
Fiscal Year ending December 31:			
2009	\$ 757	\$ 7,871	\$ 8,628
2010	766	7,419	8,185
2011	777	7,545	8,322
2012	787	7,689	8,476
2013	799	7,646	8,445
2014-2018	4,172	21,286	25,458
2019-2023	4,506		4,506
2024-2026	<u>1,503</u>		<u>1,503</u>
Future Minimum Payments	14,067	<u>\$ 59,456</u>	<u>\$ 73,523</u>
Less Interest	<u>8,545</u>		
Present value of future Minimum lease payments	<u>\$ 5,522</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 2008 and 2007 was \$6.0 and \$5.9 million, respectively.

As of December 31, 2008, the following future minimum rentals are provided for by the leases (dollars in thousands):

Fiscal year ending December 31:	<u>Operating Leases</u>
2009	\$ 6,041
2010	6,168
2011	6,216
2012	6,231
2013	6,271
2014-2018	25,683
2019-2023	11,022
2024-2028	2,441
2029-2033	<u>559</u>
Total	<u>\$ 70,632</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

8. LEASES (Continued)

These leases are for land and buildings with the total cost and carrying amount of \$10,552,023 for land, and the original cost, accumulated depreciation and carrying cost of \$19,793,464, \$19,546,046 and \$247,418 respectively for buildings at December 31, 2008.

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

On June 18, 2008, the County issued Revenue Anticipation Notes in the amount of \$ 105 million to finance cash flow needs within the County.

On December 18, 2008, the County issued \$ 85 million Tax Anticipation Notes, Series 2008A and \$47 million Tax Anticipation Notes, Series 2008B, (the "2008A Notes" and "2008B Notes", respectively). The Notes were issued to finance cash flow needs of the County. The 2008A Notes bear interest at the rate of 2.0% to 2.5% per annum, pay interest only at maturity, and will mature on September 30, 2009. The 2008B Notes bear interest at the rate of 2.25% to 2.5% per annum, pay interest only at maturity, and will mature on October 30, 2009.

On December 18, 2008, the County issued \$ 125 million Bond Anticipation Notes, Series 2008 to finance cash flow needs of the County (\$ 122.6 million) and Nassau Community College (\$ 2.4 million) capital projects.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

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

County of Nassau Notes Payable (Continued)

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

	Balance, December 31, <u>2006</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2008</u>
General Fund:							
Tax Anticipation Notes - (2.0% to 3.75% issued 2006 to 2008, maturity dates in 2008 to 2009)	\$ 150,000	\$ 125,000	\$ 150,000	\$ 125,000	\$ 132,000	\$ 125,000	\$ 132,000
Revenue Anticipation Notes - (3.0% to 4.25% issued in 2007 to 2008, maturity dates in 2008 to 2009)	_____	75,000	_____	75,000	105,000	75,000	105,000
Total General Fund	<u>\$ 150,000</u>	<u>\$ 200,000</u>	<u>\$ 150,000</u>	<u>\$ 200,000</u>	<u>\$ 237,000</u>	<u>\$ 200,000</u>	<u>\$ 237,000</u>
County Capital Projects Funds:							
Bond Anticipation Notes - (2.5% issued in 2008, maturity dates in 2009):							
General County Projects	\$	\$ 77,175	\$	\$ 77,175	\$ 57,242	\$ 77,175	\$ 57,242
Tax Certiorari and Other Judgments*					50,757	50,757	
Sewage and Storm water Projects		2,406		2,406	3,782	2,406	3,782
Sewage Disposal Districts		6,796		6,796	10,835	6,796	10,835
Sewage Collection Districts	_____	21	_____	21	_____	21	_____
Total County Capital Projects Funds	<u>\$ _____</u>	<u>\$ 86,398</u>	<u>\$ _____</u>	<u>\$ 86,398</u>	<u>\$ 122,616</u>	<u>\$ 137,155</u>	<u>\$ 71,859</u>
Component Unit:							
Bond Anticipation Notes - (3.625% issued in 2007, maturity date in 2008):							
Nassau Community College	\$ _____	\$ 947	\$ _____	\$ 947	\$ 2,384	\$ 947	\$ 2,384

* The \$50,757 million of Bond Anticipation Notes (BANS) issued in the General Fund for Tax Certiorari and Other Judgment payments have been redeemed by bonds issued in June 2009.

Reconciliation of BANS reported

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

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

Long – Term Obligations

Long-term obligations of the County, NIFA, NCTSC and NCSSWFA are recorded in the government-wide financial statements of net assets. The amounts including the range of interest rates, issue dates, and maturity dates, are as follows (dollars in thousands):

	Balance December 31, 2006			Balance December 31, 2007			Balance December 31, 2008		Due Within One Year
	Balance	Additions	Reductions	Balance	Additions	Reductions	Balance	Due Within	One Year
General Long-Term Obligations									
Debt:									
General Obligation County Bonds - (2.90% to 11.50%, issued in 1970 through 2000, maturity dates 2002 through 2028)	\$ 382,036	\$ 74,562	\$ 93,298	\$ 363,300	\$ 272,863	\$ 96,671	\$ 539,492	\$ 76,761	
Sewage purpose bonds - (2.20% to 7.90%, issued in 1970 through 2000, maturity dates 2002 through 2033) - County	105,176		21,784	83,392	20,000	24,327	79,065	16,575	
State Water Pollution Control Revolving Fund revenue bonds - (1.46% to 7.10%, issued in 1991 through 2005, maturity dates 2002 through 2034) - County	155,814	356	8,791	147,379		8,569	138,810	8,726	
Total Serial Bonds - County	643,026	74,918	123,873	594,071	292,863	129,567	757,367	102,062	
Sales Tax Secured Bonds -NIFA, various interest rates % and maturity dates	2,038,500		79,975	1,958,525	728,240	811,690	1,875,075	104,265	
Nassau County Sewer and Storm Water Finance Authority System Revenue Bonds, Series 2004A&B & Series 2008A (2004-2028)	75,450		3,225	72,225	152,240	48,670	175,795	6,545	
Tobacco Settlement Asset-Backed Bonds, Series A (variable rate) Term Bond Due 2029 with mandatory sinking fund redemptions 2004-2039 - NCTSC, Series 2006A&B	431,034			431,034		4,683	426,351	2,105	
Total Serial Bonds - NIFA, NCSSWFA, NCTSC	2,544,984		83,200	2,461,784	880,480	865,043	2,477,221	112,915	
Total Serial Bonds	3,188,010	74,918	207,073	3,055,855	1,173,343	994,610	3,234,588	214,977	
Other:									
Deferred Payroll	36,837	15,535	7,105	45,267	23,627	15,295	53,599	15,032	
Accrued Vacation and Sick Pay	536,831	60,328	36,580	560,579	48,665	38,338	570,906	38,079	
Capital Lease Obligations	5,567		17	5,550		28	5,522	40	
Estimated Tax Certiorari Payable	137,200	51,708	87,059	101,849	135,901	98,768	138,982	50,000	
Estimated Liability for Litigation & Malpractice Claims	225,000	34,361	34,361	225,000	17,329	17,329	225,000	5,531	
Estimated Liability for Workers' Compensation	132,631	10,209	18,644	124,196	147,269	22,549	248,916	17,502	
Total Other	1,074,066	172,141	183,766	1,062,441	372,791	192,307	1,242,925	126,184	
Total General Long-Term Obligations	\$ 4,262,076	\$ 247,059	\$ 390,839	\$ 4,118,296	\$ 1,546,134	\$ 1,186,917	\$ 4,477,513	\$ 341,161	

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 General Fund. Also, for the governmental activities, claims and judgments are generally liquidated by the general fund and compensated absences are liquidated principally by the general, police, and fire safety funds.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

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

Long – Term Obligations (Continued)

The annual requirements and sources to amortize the County’s General Obligation serial bonds payable as of December 31, 2008 are as follows (dollars in thousands):

Year Ending	Debt Service Requirements			Sources		
	Principal	Interest	Total	General County	Sewer District	Total
				Budgets	Budgets	
2009	\$ 102,062	\$ 113,337	\$ 215,399	\$ 179,068	\$ 36,331	\$ 215,399
2010	94,739	104,170	198,909	167,181	31,729	198,910
2011	72,925	81,631	154,556	128,000	26,555	154,555
2012	49,055	55,976	105,031	80,941	24,090	105,031
2013	44,836	51,675	96,511	75,506	21,006	96,512
2014-2018	172,673	194,869	367,542	289,113	78,429	367,542
2019-2023	151,283	144,463	295,746	238,636	57,110	295,746
2024-2028	62,874	53,583	116,457	94,967	21,489	116,456
2029-2033	6,850	709	7,559		7,559	7,559
2034-2038	70	2	72		72	72
Total	\$ 757,367	\$ 800,415	\$ 1,557,782	\$ 1,253,412	\$ 304,370	\$ 1,557,782

The County’s constitutional debt margin was approximately \$18.7 and \$16.7 billion and total long-term obligation bonds authorized but unissued for general County and sewage district purposes were approximately \$ 1,399.0 and \$1,265.7 million at December 31, 2008 and 2007, respectively.

NIFA Long-Term Debt

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

	Balance			Balance		
	December 31, 2007	Additions	Reductions	December 31, 2008	Due within one year	Non-current
Bonds payable:						
Sales tax secured bonds payable	\$ 1,958,525	\$ 728,240	\$ (811,690)	\$ 1,875,075	\$ 104,265	\$ 1,770,810
Premiums	76,261		(23,246)	53,015	4,100	48,915
Total bonds payable	2,034,786	728,240	(834,936)	1,928,090	108,365	1,819,725
OPEB liability	788	120	(16)	892	16	876
Compensated absences	392		(124)	268		268
Total long term debt	\$ 2,035,966	\$ 728,360	\$ (835,076)	\$ 1,929,250	\$ 108,381	\$ 1,820,869

Bonds of the Authority are issued pursuant to an Indenture, as supplemented and amended (the “Indenture”) between the Authority and the United States Trust Company of New York and its successor The Bank of New York Mellon (the “Trustee”), under which the Authority has pledged its right, title and interest in the revenues of the Authority to secure repayment of Authority debt. The Act provides that the Authority’s pledge of its revenues represents a perfected first security interest on behalf of holders of its

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

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

bonds. The lien of the indenture on the revenues for the security of Authority bonds is prior to all other liens thereon. The Authority does not have any significant assets or sources of funds other than sales tax revenues and amounts on deposit pursuant to the indenture. The Authority does not have independent taxing power.

As of December 31, 2008, the Authority had outstanding sales tax secured bonds in the amount of \$1,875,075,000, maturing through the year 2025 which are comprised of fixed and variable rate bonds issued at variable rates, which are discussed below. Other than a possible refunding of its debt if market conditions permit, the Authority has no plans or authority to issue additional bonds, expect to cover the costs of issuance incurred in connection with the refunding of its bonds.

Fixed Rate Bonds - The Authority has outstanding fixed rate bonds at rates ranging between 2% and 6%. Interest on the Authority's fixed rate bonds is payable on May 15 and November 15 of each year, and interest on the variable rate bonds is payable on the first business day of each month. Principal on all bonds is payable on November 15. A debt service account has been established under the indenture to provide for the payment of interest and principal of bonds outstanding under the indenture. The trustee makes monthly deposits to the debt service account in the amount of debt service accrued through the end of that month. For the fixed rate bonds, this is essentially one-sixth of the next interest payment and one-twelfth of the next principal payment. For the variable rate bonds, this is one-twelfth of the next principal payment and the amount needed to maintain a prudent level of funding in excess of the anticipated interest expense to be accrued that month. Because of this monthly deposit requirement, the amount accrued for debt service in the Authority's financial statements in any year will not be the same as the debt service on the bonds paid to bondholders in that year.

Variable Rate Bonds - Interest rates on the variable rate bonds are currently reset weekly by a remarketing agent at the minimum rate necessary for the bonds to have a market value equal to the principal amount. Interest rates are set separately for each series of variable rate bonds. The variable rate bonds are in most circumstances subject to tender at the option of the bondholder. Payment of the purchase price of eligible Series 2008 A-F and Series 2002 A-B bonds are subject to optional or mandatory tender for purchase and if not remarketed by the remarketing agent, payment will be made under and pursuant to, and subject to the terms, conditions and provisions of liquidity facility agreements. The liquidity facility agreements are slated to expire as follows: 2008 Series between May and June 2011, and the 2002 Series on November 15, 2022 and are subject to extension or early termination. Bonds that are purchased by financial institutions under the liquidity facility and not remarketed, if any, must be paid over a five year period. If this was to occur, annual Authority debt service expense would increase substantially.

The County has assumed responsibility for calculating and paying arbitrage rebate liability on bonds or notes issued by the Authority.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

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

NIFA Long-Term Debt (Continued)

Aggregate debt service to maturity as of December 31, 2008, is as follows (dollars in thousands):

Years Ending December 31,	Principal	Interest*	Total
2009	\$ 104,265	\$ 81,218	\$ 185,483
2010	104,930	76,296	181,226
2011	119,690	71,446	191,136
2012	144,725	65,844	210,569
2013	151,510	58,768	210,278
2014-2018	566,315	167,773	734,088
2019-2023	542,380	90,510	632,890
2024-2025	<u>141,260</u>	<u>10,022</u>	<u>151,282</u>
	<u>\$ 1,875,075</u>	<u>\$ 621,877</u>	<u>\$ 2,496,952</u>

* Interest on the Variable Rate Bonds is calculated at 5%. During 2008, the interest rate on the Variable Rate Bonds ranged from 0.5% to 8.8%.

Refunding Bond - During 2008, the Authority issued \$728,240,000 of Sales Tax Secured Bonds, 2008 Series A-F with a variable interest rate to refund \$722,775,000 of Sales Tax Secured Series 2004 B-K, Series 2002 A-B, and Series 2005 B-C auction rate bonds with a variable interest rate. The Authority’s refunding noted above is expected to result in a present value savings of approximately \$63.9 million.

SWAP AGREEMENTS

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

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

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

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

NIFA Long-Term Debt (Continued)

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

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

- \$50 million notional amount (2004 Series I – swap agreement) with Goldman Sachs Mitsui Marine Derivative Products, L.P.
- \$50 million notional amount (2004 Series J - swap agreement) with UBS AG
- \$50 million notional amount (2004 Series K – swap agreement) with Morgan Stanley Capital Services (“MSCS”)

Fair Value - Replacement interest rates on the swaps, as of December 31, 2008, 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, 2008, the swaps had negative fair values. In the event there is a positive fair value, NIFA would be exposed to the credit risk of the counterparties in the amount of the swaps’ fair value should the Swap be terminated.

The total value of each swap, including accrued interest, is provided in the chart. The total value of each swap listed represents the theoretical value/(cost) to NIFA if it terminated the swap as of the date indicated, assuming that a termination event occurred on that date. Negative fair values may be offset by reductions in total interest payments required under the related variable interest rate bonds. The market value is calculated at the mid-market for each of the swaps. Fair values were estimated using the zero coupon methodology. This methodology calculates the future net settlement payments under the swap agreement, assuming the current forward rates implied by the yield curve correctly anticipate future spot rates. These payments are then discounted using rates derived from the same yield curve. As of December 31, 2008, the total market-to-market valuation, net of accruals, of NIFA’s swaps was negative \$80,328,731. 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

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

NIFA Long-Term Debt (Continued)

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

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

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

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

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

NIFA insured its performance in connection with the swaps associated with the Series 2004 B-G bonds with Ambac Assurance Corporation (“Ambac”), which is rated Baa1/A/NR (Moody’s/S&P/Fitch), including NIFA termination payments. NIFA’s payments to the counterparties on the swaps associated with the Series 2004 I-K bonds are insured with CDC IXIS Financial Guaranty North America, Inc. (“CIFG NA”), which is rated B3/B/NR (Moody’s/S&P/Fitch). However, termination payments from NIFA are not guaranteed except on NIFA’s swap with UBS AG, where it is guaranteed up to a maximum of \$2 million.

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

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

associated bonds. Conversely, if the bond interest rate is lower than the counterparty's rate on the swap, there is a net benefit to NIFA.

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

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

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

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

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

COUNTY OF NASSAU, NEW YORK

EXHIBIT X-16

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

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

NIFA Long-Term Debt (Continued)

As of December 31, 2008, NIFA's Interest Rate Swap Valuation is as follows:

Nassau County Interim Finance Authority
Interest Rate Swap Valuation
(as of December 31, 2008)

Swap Agreements	<u>2004 Series B</u>	<u>2004 Series C</u>	<u>2004 Series D</u>	<u>2004 Series E</u>	<u>2004 Series F</u>	<u>2004 Series G</u>	<u>2004 Series I</u>	<u>2004 Series J</u>	<u>2004 Series K</u>	<u>Total</u>
Notional Amount	\$ 72,500,000	\$ 72,500,000	\$ 80,000,000	\$ 72,500,000	\$ 72,500,000	\$ 80,000,000	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000	\$ 600,000,000
Counterparty	GSMMDP	GSMMDP	GSMMDP	UBS	UBS	UBS	GSMMDP	UBS	MSCS	
Counterparty Rating (1)	Aaa/AAA/NR	Aaa/AAA/NR	Aaa/AAA/NR	Aa2/A+/A+	Aa2/A+/A+	Aa2/A+/A+	Aaa/AAA/NR	Aa2/A+/A+	A2/A/A	
Effective Date	April 8, 2004	April 8, 2004	April 8, 2004	April 8, 2004	April 8, 2004	April 8, 2004	December 9, 2004	December 9, 2004	December 9, 2004	
Maturity Date	November 15, 2024	November 15, 2024	November 15, 2016	November 15, 2024	November 15, 2024	November 15, 2016	November 15, 2025	November 15, 2025	November 15, 2025	
NIFA Pays	3.146 %	3.146 %	3.002 %	3.146 %	3.146 %	3.003 %	3.432 %	3.432 %	3.432 %	
Replacement Rate	1.747 %	1.747 %	1.643 %	1.747 %	1.747 %	1.624 %	1.898 %	1.898 %	1.898 %	
NIFA Receives	60% of LIBOR plus 16 basis points weekly (Tuesday)	60% of LIBOR plus 16 basis points weekly (Friday)	60% of LIBOR plus 26 basis points monthly (4th Monday)	60% of LIBOR plus 16 basis points weekly (Tuesday)	60% of LIBOR plus 16 basis points weekly (Friday)	60% of LIBOR plus 26 basis points monthly (5th Thursday)	61.5% of LIBOR plus 20 basis points	61.5% of LIBOR plus 20 basis points	61.5% of LIBOR plus 20 basis points	
Net Accrued	\$ (290,562)	\$ (286,984)	\$ (251,867)	\$ (290,562)	\$ (286,984)	\$ (283,067)	\$ (203,927)	\$ (203,927)	\$ (203,927)	\$ (2,281,807)
Net Present Value	<u>(9,743,173)</u>	<u>(9,739,950)</u>	<u>(6,691,099)</u>	<u>(9,742,505)</u>	<u>(9,739,950)</u>	<u>(6,692,577)</u>	<u>(8,565,890)</u>	<u>(8,565,890)</u>	<u>(8,565,890)</u>	<u>(78,046,924)</u>
Total Fair Value of Swap	<u>\$ (10,033,735)</u>	<u>\$ (10,026,934)</u>	<u>\$ (6,942,966)</u>	<u>\$ (10,033,067)</u>	<u>\$ (10,026,934)</u>	<u>\$ (6,955,644)</u>	<u>\$ (8,769,817)</u>	<u>\$ (8,769,817)</u>	<u>\$ (8,769,817)</u>	<u>\$ (80,328,731)</u>

(1) Moodys/S&P/Fitch.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

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

NIFA Long-Term Debt (Continued)

Swap Payments and Associated Debt - Using rates as of December 31, 2008, 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 (dollars in thousands).

Years Ending December 31,	Variable-Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2009	\$ -	\$ 11,293	\$ 16,277	\$ 27,570
2010		11,293	16,277	27,570
2011		11,293	16,277	27,570
2012		11,324	16,269	27,593
2013	31,100	11,215	16,181	58,496
2014-2018	259,130	35,039	65,221	359,390
2019-2023	275,375	5,507	23,360	304,242
2024-2025	39,450	251	1,263	40,964
Total	\$ 605,055	\$ 97,215	\$ 171,125	\$ 873,395

*Note: As a result of credit and liquidity concerns among short-term investors, the variable rate demand bond market witnessed unusual volatility between the middle of September and the end of the year. Although there can be no assurance that market volatility will not return, it appears that NIFA’s variable rate problem peaked in September when the weighted average of weekly interest rates exceeded 8 percent. In addition, a portion of NIFA’s variable rate demand bonds were temporarily put back to NIFA’s liquidity facilities and accrued interest at the Bank Bond rates defined in the respective Standby Bond Purchase Agreement (“SBPA”).

NCSSWFA Long-Term Debt

The Authority issued its System Revenue Bonds, 2008 Series A (the “2008A Bonds”) pursuant to the Authority’s General Revenue Bond Resolution dated as of March 1, 2004, as supplemented by a Third Supplemental Resolution dated as of May 13, 2008.

The 2008A Bonds were issued to refund the 2004 Series A (the “2004A Bonds”) Authority Bonds, to refund all of the Authority’s Tax-Exempt Commercial Paper Notes outstanding 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 is subject to redemption on or after November 1, 2018 at the option of the Authority, in whole, or in part by lot on any date, at a Redemption Price of 100% of the principal amount of such 2008A Bond or portions thereof to be redeemed, plus accrued interest to the date of redemption. The 2008A Bonds bear interest rates ranging from 3.000% to 5.375%, per annum.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

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

Berkshire Hathaway Assurance Corporation has provided a bond insurance policy for certain of the Series 2008A Bonds.

The 2004A 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.

The 2004A Bonds bore interest at an auction rate, which rates varied from 3.60% to 9.18% per annum at December 31, 2008, and were wholly refunded by the 2008A Bonds in 2008.

The Authority issued its System Revenue Bonds, 2004 Series B (the "2004B Bonds") pursuant to the Authority's General Revenue Bond Resolution dated as of March 1, 2004, as supplemented by a Second Supplemental Resolution dated as of October 1, 2004. Proceeds of the 2004B Bonds included a \$1,787,498 original issue premium.

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

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

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

The Authority issued \$7,345,000 and \$24,700,000 of Tax-Exempt Commercial Paper Notes in 2008 and 2007, respectively, at interest rates ranging between 0.5% and 4.0%. Rollovers totaled \$1,330,005 in 2008. As of December 31, 2008 there were no Tax-Exempt Commercial Paper Notes outstanding.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

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

NCSSWFA Long-Term Debt (Continued)

Aggregate debt service to maturity as of December 31, 2008, is as follows (dollars in thousands):

Year	Ending	Principal	Interest	Total
2009	\$ 6,545	\$ 8,279	\$ 14,824	
2010	7,295	8,321	15,616	
2011	7,360	7,992	15,352	
2012	7,800	7,679	15,479	
2013	7,955	7,310	15,265	
2014-2018	44,780	31,036	75,816	
2019-2023	55,040	19,115	74,155	
2024-2028	39,020	6,271	45,291	
Total	<u>\$ 175,795</u>	<u>\$ 96,003</u>	<u>\$ 271,798</u>	

NCTSC Long-Term Debt

In 1999, the NCTSC issued \$294,500,000 of the 1999 Bonds. On April 5, 2006, NCTSC issued \$431,034,246 of Tobacco Settlement Asset-Backed Bonds, Series 2006 ("Series 2006 Bonds") pursuant to an Amended and Restated Indenture dated as of March 1, 2006 ("Indenture"). The Series 2006 Bonds consist of the "Series 2006A-1 Taxable Senior Current Interest Bonds" of \$42,645,000, the "Series 2006A-2 Senior Convertible Bonds" of \$37,905,610, the "Series 2006A-3 Senior Current Interest Bonds" of \$291,540,000, and the "Series 2006B-F Subordinate CABs" of \$58,943,636. Unless otherwise indicated, defined terms have the meanings ascribed to them in the Offering Circular for the Series 2006 Bonds dated March 31, 2006.

NCTSC used the proceeds from the Series 2006 Bonds, along with other funds, to (i) refund all of the 1999 Bonds then-currently outstanding in the aggregate principal amount of \$272,125,000; (ii) fund a Senior Liquidity Reserve for the Series 2006 Senior Bonds of \$24,009,156; (iii) pay the costs of issuance of the Series 2006 Bonds; (iv) fund certain projected requirements for the Operating Account; (v) fund interest on the Series 2006 Bonds through the December 1, 2007 payment; and (vi) pay certain amounts to the NCTSC Residual Trust as registered owner of the Residual Certificate. Pursuant to the Indenture, TSRs paid on or after April 1, 2008, are subject to the lien of the Indenture.

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

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

NCTSC Long-Term Debt (Continued)

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

Year	Ending	Principal	Interest	Total
2009	\$ 2,105	\$ 18,513	\$ 20,618	
2010	1,270	19,569	20,839	
2011	1,610	19,471	21,081	
2012	1,965	19,349	21,314	
2013	2,340	19,202	21,542	
2014-2018	17,125	93,119	110,244	
2019-2023	32,661	88,369	121,030	
2024-2028	42,416	76,375	118,791	
thereafter	<u>324,859</u>	<u>1,090,497</u>	<u>1,415,356</u>	
Total	<u>\$ 426,351</u>	<u>\$ 1,444,464</u>	<u>\$ 1,870,815</u>	

Nassau Community College Long-Term Debt

Long-term liability activity for the year ended August 31, 2008 follows (dollars in thousands):

	Balance August 31, 2007	Additions	Reductions	Balance August 31, 2008	Due within one year
General Obligation Bonds	\$ 8,680	\$ 4,945	\$ 3,200	\$ 10,425	\$ 2,039
Dormitory Authority - State of NY bonds	32,072		526	31,546	1,552
Litigation Liability	2,500			2,500	
Postemployment Retirement					
Benefits Payable	262,281	21,467	5,900	277,848	
Insurance Reserve Liability	1,873	70		1,943	
Accrued Compensated Absences	<u>45,317</u>	<u>4,021</u>		<u>49,338</u>	<u>1,367</u>
Total long term liabilities	<u>\$ 352,723</u>	<u>\$ 30,503</u>	<u>\$ 9,626</u>	<u>\$ 373,600</u>	<u>\$ 4,958</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

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

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

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

County of Nassau - The County of Nassau has issued general obligation serial bonds in the name of the County for various College construction projects. The amount of serial bonds outstanding at August 31, 2008 is \$10,425,254 and principal is scheduled to mature from 2009 to 2028. This debt is the obligation of the County. No revenues or assets of the College have been pledged or will be available to pay debt service on the bonds. The County has pledged its full faith and credit to the payment of principal and interest on the bonds. As of August 31, 2008, principal and interest payments relating to the DASNY and General Obligation bonds are as follow (dollars in thousands):

NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2008 AND 2007

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

Nassau Community College Long-Term Debt (Continued)

Principal				
Year Ending			General	
August 31	DASNY	Obligations	Total	
2009	\$ 1,552	\$ 2,039	\$	3,591
2010	1,623	1,298		2,921
2011	1,702	1,085		2,787
2012	1,456	901		2,357
2013	1,506	821		2,327
2014-2018	9,802	2,138		11,940
2019-2023	10,718	1,395		12,113
2024-2028	2,010	748		2,758
2029-2033	1,112			1,112
2034-2035	<u>65</u>	<u> </u>		<u>65</u>
Total	<u>\$ 31,546</u>	<u>\$ 10,425</u>	<u>\$</u>	<u>41,971</u>

Interest				
Year Ending			General	
August 31	DASNY	Obligations	Total	
2009	\$ 1,487	\$ 468	\$	1,955
2010	1,418	387		1,805
2011	1,339	315		1,654
2012	1,258	264		1,522
2013	1,210	221		1,431
2014-2018	4,985	687		5,672
2019-2023	2,219	323		2,542
2024-2028	549	77		626
2029-2033	129			129
2034-2035	<u>5</u>	<u> </u>		<u>5</u>
Total	<u>\$ 14,599</u>	<u>\$ 2,742</u>	<u>\$</u>	<u>17,341</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

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

Interest on the DASNY and General Obligation bonds range from 3.094% to 5.5% and from 3.25% to 9%, respectively. The current amortization expense for the deferred financing costs for these bonds is \$193,218.

On January 24, 2007, the County issued Bond Anticipation Notes in the amount of \$947,567 on behalf of the College to temporarily fund capital project expenditures. The Notes were paid in full on February 24, 2008. In December, 2007, the County issued \$75,000,000 General Obligation Bonds of which \$526,104 were earmarked for the various College construction projects. In January, 2008, the County issued \$125,000,000 General Obligation Bonds Series A and B, and in June, 2008 the County issued \$171,810,000 General

Obligation Bonds Series C and D, of which \$3,841,453 were earmarked for the various College construction projects and \$559,603 were issued to refund existing College related debt in the amount of \$577,751.

NHCC Long-Term Debt

In October 2004, the Series 2004 Bonds were issued to refund the NHCC Series 1999 Revenue Bonds, finance capital projects and pay the costs of issuance, including the required premium of the Bond Insurer. The bond issuance resulted in NHCC receiving approximately \$41 million of cash at closing of which \$26 million is available for working capital and \$15 million for financing new capital project. The net present value savings from lower debt service payment requirements was approximately \$22 million. In connection with the refunding, the NHCC incurred a loss of approximately \$38 million. 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 sheet. Amortization of the deferred loss is \$2.3 million for each of the years ended December 31, 2008 and 2007.

The County guarantees to the Trustee, the Owners of Series 2004 Bonds and the Bond Insurer, the full and prompt payment of the principal and interest of Series of 2004 Bonds. The County guaranty may be amended without consent of the bond owners but only with consent of the Bond Insurer. Payments with respect to principal of and interest in the Series 2004 bonds under the County guaranty are required to be made directly by the County to the Trustee. Pursuant to the Stabilization Agreement, superseded by the Successor Agreement, the County deposits Article VI Health Center subsidies, payable to the NHCC monthly, in an escrow account reserved for payment of the Series 2004 Bonds. In addition to the County guarantee, the bond payments are insured by a municipal bond insurance policy, through a commercial insurer. In 2006, NHCC agreed to forego the historical mission service payments due to the change in NHCC's IGT entitlement. The Successor Agreement, which commenced in November 2007 and is in effect to 2029, clarifies the services provided by NHCC to the County and establishes the mechanism for payments to the Corporation. The agreement also provides NHCC with capital funding.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

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

NHCC Long-Term Debt (Continued)

Long-term debt at December 31, 2008 and 2007 consists of the following (dollars in thousands):

	December 31, 2008	December 31, 2007
2004 Series A Bonds payable at varying dates through August 1, 2022 bearing interest at taxable variable rates	\$ 25,775	\$ 59,475
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%	16,735	17,126
2004 Series C Bonds payable at varying dates through August 1, 2029 bearing interest at tax-exempt variable rates	<u>219,610</u>	<u>219,610</u>
	262,120	296,211
Deferred loss on refunding	(27,860)	(30,169)
Net unamortized bond premium	669	897
Current portion	<u>(2,065)</u>	<u>(2,390)</u>
Total long term debt	<u>\$ 232,864</u>	<u>\$ 264,549</u>

Principal payments are due annually on August 1. Interest payments are due semiannually on February 1 and August 1. Payments applicable to long-term debt for years subsequent to December 31, 2008 are as follows (dollars in thousands):

Years Ending December 31,	Estimated		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 2,065	\$ 9,858	\$ 11,923
2010	2,420	9,765	12,185
2011	2,440	9,614	12,054
2012	4,815	9,407	14,222
2013	3,960	9,137	13,097
2014-2018	61,635	38,477	100,112
2019-2023	74,715	26,248	100,963
2024-2028	89,990	10,855	100,845
2029	<u>20,080</u>	<u>1,140</u>	<u>21,220</u>
	<u>\$ 262,120</u>	<u>\$ 124,501</u>	<u>\$ 386,621</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

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

In connection with the issuance of the Series 2004 Bonds, the NHCC entered into interest rate swap agreements with commercial banks to convert the variable interest rate Series C Bonds to a fixed interest rate based on total initial notional amount of \$220 million. 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 expire on August 1, 2029.

NHCC also entered into a cancelable swap agreement with a commercial bank to convert the variable interest rate Series A Bonds to a fixed interest rate based on an initial notional amount of \$65 million. 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 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 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 \$39.5 million at December 31, 2008 and \$5.9 million at December 31, 2007.

In 2008, NHCC received a \$37 million grant award from the Health Care Efficiency and Affordability Law for New Yorkers Capital Grant Program ("HEAL"), as established pursuant to Section 2818 of the Public Health Law. A portion HEAL grant award will be used by NHCC to redeem approximately \$34 million of the 2004 Series A bonds. The redemption does not impact the 2008 amortization of the bonds.

10. REFINANCING OF LONG-TERM OBLIGATIONS

Prior to December 31, 2008, 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, 2008 and 2007, approximately \$319.4 million and \$365.5 million of outstanding bonds (including NIFA), respectively, are considered defeased.

11. PENSION PLANS

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

NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2008 AND 2007

11. PENSION PLANS (Continued)

Plan Descriptions (Continued)

That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

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

In addition, legislation enacted in New York State during 2004 changed the date by which municipalities are required to make yearly New York State & Local Retirement System contributions, from December 15 to February 1 of the following year. Consistent with GASB's guidance, the County recognized this liability during 2004 for financial reporting purposes. As a result of the new State legislation, which was enacted to grant counties budgetary relief, the Nassau County Legislature established a reserve to fund anticipated higher pension costs in 2006, 2007 and 2008. During 2008, the County used approximately \$24.5 million of the Retirement Contribution Reserve Fund to offset a portion the 2008 pension expense. The balance remaining in that reserve at December 31, 2008 is approximately \$0.5 million. The use of such funds is under the control of the Nassau County Legislature.

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

		<u>ERS</u>		<u>PFRS</u>
2008	\$	46,306	\$	55,882
2007		50,642		56,575
2006		54,531		60,497

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

12. RECONCILIATION OF GAAP FUND BALANCES TO BUDGETARY BASIS

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

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

The following reconciles fund balances at December 31, 2007 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 Fund	Sewer & Storm Water District Fund	Capital Fund	Nonmajor Governmental Funds
Fund Balances at December 31, 2007 Prepared in Accordance with GAAP	\$ 138,314	\$ 6,731	\$ 941	\$ (38)	\$ 170,596	\$ (20,907)	\$ (3,443)
Add:							
Funding for Tax Certiorari and Other Judgements	13,707						
Medicare and Pension Benefits - Accrual Basis Only	13,069	6,088		38	(160)		
Less:							
Encumbrances	(73,592)	(670)	(941)		(8,462)		(35)
Payments for Tax Certiorari and Other Judgments	(13,707)						
Unbudgeted Grant Fund							(17,604)
Unbudgeted NIFA Capital Projects Fund							(2,649)
Unbudgeted NCTSC General Fund							416
Open Space Fund							(1,363)
Unbudgeted Sewage Disposal Construction Fund							15,626
Unbudgeted Sewer and Storm Water District							3,797
Unbudgeted Sewage Collection Construction Fund							444
Unbudgeted Capital Project Fund						20,907	
Unbudgeted NCTSC Debt Service Fund							(24,682)
Unbudgeted SFA Debt Service Fund							42,815
Unbudgeted SFA General Fund							7,226
Unbudgeted NIFA Debt Service Fund							(15,718)
Fund Balances at December 31, 2007 Prepared on the Budgetary Basis of Reporting	\$ 77,791	\$ 12,149	\$	\$	\$ 161,974	\$	\$ 4,830

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

13. DESIGNATION OF UNRESERVED FUND BALANCES

Portions of the unreserved fund balances at December 31, 2008 and 2007 were designated as sources of revenue in the ensuing year's operating budgets as follows (dollars in thousands)

<u>Nonmajor Governmental Funds</u>	<u>Total Fund Balance (Deficit) Unreserved</u>	<u>Fund Balance Unreserved and Designated for Ensuing Year's Budget</u>	<u>Fund Balance (Deficit) Unreserved and Undesignated</u>
December 31, 2008	\$ (33,864)	\$ _____	\$ (33,864)
December 31, 2007	\$ (116,410)	\$ _____	\$ (116,410)
 <u>Major Governmental Funds</u>			
December 31, 2008	\$ 27,288	\$ 69,496	\$ (42,208)
December 31, 2007	\$ 63,832	\$ 63,203	\$ 629

14. OTHER POSTEMPLOYMENT BENEFITS

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

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

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

premiums apply. NYSHIP plan insurance premiums are billed in advance and therefore the County has recorded a prepaid asset for these amounts at December 31, 2008 and 2007. The total cost for providing health care benefits was \$225.4 and \$213.2 million in 2008 and 2007, respectively, of which approximately \$105.3 and \$98.8 million was for retirees and approximately \$120.1 and \$114.4 million was for active employees and other eligible individuals, in 2008 and 2007 respectively. In 2008 and 2007, the subsidy provided by the Medicare Reform Act of 2003 to employers who continued prescription drug coverage for its Medicare eligible retirees of \$6.5 and \$7.1 million respectively was recorded as income.

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

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

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

The County elected to record the entire amount of the Unfunded Actuarial Accrued Liability ("UAAL"), totaling approximately \$3.5 billion in the fiscal year ended December 31, 2007, and not to fund the UAAL. The UAAL, including accrued interest relating to postemployment benefits remains at approximately \$3.5 billion as of December 31, 2008 which included both the County and an allocation of the Nassau Health Care Corporation's cost as of December 31, 2008. 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, 2008, the County paid \$105.3 million on behalf of the Plan.

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The following table shows the elements of the County's annual OPEB cost for the year, the amount actually paid, and changes in the County's net OPEB obligation to the plan for the year ended December 31, 2008. (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	\$ 3,465,346	\$ 272,204	\$ 16,630	\$ 41,954	\$ 822	\$ 3,796,956
Normal Cost at the Beginning of year	91,520	11,047	23,682	1,874	82	128,205
Interest on Normal Cost	4,118	497	1,066	84	4	5,769
Annual Required Contribution	<u>3,560,984</u>	<u>283,748</u>	<u>41,378</u>	<u>43,912</u>	<u>908</u>	<u>3,930,930</u>
Interest on net OPEB Obligations	150,929	11,803	1,841	1,972	35	166,580
Adjustment to ARC	(3,504,911)	(274,084)	(2,511)	(43,912)	(823)	(3,826,241)
Total Annual OPEB cost	<u>207,002</u>	<u>21,467</u>	<u>40,708</u>	<u>1,972</u>	<u>120</u>	<u>271,269</u>
Actual Contributions	105,347	5,900	2,395	842	16	114,500
Increase in net OPEB obligation	101,655	15,567	38,313	1,130	104	156,769
Net OPEB Obligation at December 31, 2007	3,353,982	262,281	40,908	43,828	788	3,701,787
Net OPEB Obligation at December 31, 2008	<u>\$ 3,455,637</u>	<u>\$ 277,848</u>	<u>\$ 79,221</u>	<u>\$ 44,958</u>	<u>\$ 892</u>	<u>\$ 3,858,556</u>

* Nassau Community College data as of fiscal year ended August 31, 2008

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

As of December 31, 2008, the OPEB liability was approximately \$3.5 billion and the 2008 payroll cost was \$882.4 million or 391.6% of the unfunded liability amount. The County's annual OPEB cost, the actual annual OPEB amount contributed to the plan, and the net OPEB obligation for the fiscal year ended December 31, 2008 and 2007, were as follows (dollars in thousands):

Fiscal Year Ended	Annual OPEB Cost	Actual Annual OPEB Cost Paid	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2008	\$ 207,002	\$ 105,347	50.9%	\$ 3,455,637
12/31/2007	3,452,801	98,819	2.9%	3,352,982

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions - The OPEB-specific actuarial assumptions used (which is required at least biennially) in the January 1, 2007, OPEB actuarial valuations are as follows:

Valuation date:	January 1, 2007
Actuarial cost method:	Projected Unit Credit Method
Discount rate:	4.50% 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.

Initial monthly premium rates are shown in the following table:

Monthly Rate for Fiscal Year 2007	
Pre-65 Non-Medicare:	
Single	\$ 564.84
Family	1,198.07
Post-65 Medicare:	
Single	333.18
Family	734.81
Medicare (Part B)	93.50 per person

Medicare Part B Premiums	
Calendar Year	Monthly Premium
2006	\$88.50 per person
2007	93.50 per person

Medicare Part B premiums are assumed to increase by the following trend rates;

Calendar Year	Trend Rates
2007	7.00 %
2008	6.67
2009	6.33
2010	6.00
2011	5.75
2012	5.50
2013	5.25
2014 +	5.00

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

HCCTR Assumptions

Year Ending	Annual Rates of Increase
2007	9.50 %
2008	8.75
2009	8.00
2010	7.25
2011	6.50
2012	6.00
2013	5.50
2014 and later	5.00

Mortality - Mortality rates are those recommended by the actuary:

Preretirement

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

Postretirement

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

NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2008 AND 2007

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The cost of providing health care to retirees not including the accrual for prior service costs, totaled \$105.3 million during fiscal year 2008 and \$98.8 million during fiscal year 2007.

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

Required Supplemental Information:

The schedule of funding progress presents the results of OPEB valuations as of January 1, 2008 and 2007 for the fiscal year ending December 31, 2008. The schedule provides trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. (dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)* (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
1/1/2008	\$ 0	\$ 3,316,121	\$ 3,316,121	0.0%	\$ 882,420	375.8%
1/1/2007	0	3,222,200	3,222,200	0.0%	890,843	361.7%

* Based on the Projected Unit Credit Actuarial Cost Method.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

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

The County, its officers and employees are defendants in litigation. Such litigation includes, but is not limited to, actions commenced and claims asserted against the County arising out of alleged torts, alleged breaches of contracts (which include union and employee disputes), condemnation proceedings, medical malpractice actions and other alleged violations of law. The County self-insures for everything except helicopter accidents and employee bonding. The County annually appropriates sums for the payment of judgments and settlements of claims and litigation, which appropriations may be financed, in whole or in part, pursuant to the Local Finance Law by the issuance of County debt. The County intends to defend itself vigorously against all claims and in all litigation. Estimated liabilities of approximately \$225 million for claims and litigation (excluding tax certiorari claims) have been recorded as a long-term liability in the government-wide financial statement of net assets as of December 31, 2008 and 2007. The County Attorney is of the opinion that the ultimate resolution of such claims and litigation outstanding at December 31, 2008 will not result in a material adverse effect on the County's financial position. Approximately \$248.9 and \$124.2 million has been accrued as a liability at December 31, 2008 and 2007, respectively, related to workers' compensation claims where the County Attorney can reasonably estimate the ultimate outcome. In 2008 the methodology used to estimate the long-term liability for worker's compensation claims was changed from valuations discounted by 6% (compounded) to full values. The liability for certain other asserted and unasserted malpractice claims cannot be estimated as of December 31, 2008. All malpractice occurrences prior to September 29, 1999 are the responsibility of the County. Subsequent malpractice occurrences arising from events in connection with NHCC are the responsibility of NHCC.

B. Tax Certioraris

In fiscal 2008 and 2007, respectively, there were approximately 132,992 and 140,397 taxpayers' claims filed against the Board of Assessors, for the incorrect determination of assessed valuation (certiorari proceedings) for the 2009 (May 1, 2008) and 2008 (May 1, 2007) 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, 2008 and \$1.3 billion at December 31, 2007. 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 \$139.0 million and \$101.8 million has also been recorded as a long-term liability in the government-wide financial statements of net assets at December 31, 2008 and 2007, respectively. In prior years, tax certiorari settlements were financed by the issuance of long-term debt or through BANs which are thereafter refinanced by bond issuances. Pursuant to NIFA enabling legislation, beginning in 2006, the County began to pay a portion of property tax refunds from operating funds. For the year ended December 31, 2008, tax certiorari expenditures were \$98.8 million, \$40 million financed by operating funds in addition to \$58.8 million of borrowed funds. For the year ended December 31, 2007, tax certiorari payments were \$87.1 million. In December 2008, the County, issued \$48.2 million of debt for the anticipated payment of future tax certiorari claims.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

15. CONTINGENCIES AND COMMITMENTS (Continued)**C. Contingencies under Grant Programs**

The County participates in a number of Federal and State grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. As of December 31, 2008, the audits of certain programs have not been completed. Provisions for certain expected disallowances, where considered necessary, have been made as of December 31, 2008. In the County's opinion, any additional disallowances resulting from these audits will not be material.

D. Certain Third - Party Reimbursement Matters

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

E. Insurance

The County carries property insurance on its police helicopters and a blanket fidelity bond covering all County employees. Essentially all other risks are assumed directly by the County. The County suffered no material property losses during 2008 and 2007.

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 \$570.9 and \$560.6 million at December 31, 2008 and 2007, respectively. At August 31, 2008 and 2007, the Nassau Community College's vacation leave and sick leave liability was \$49.3 and \$45.3 million, respectively.

G. Deferred Payroll

The County has entered into agreements with the Civil Service Employees' Association ("CSEA"), the Police Benevolent Association, ("PBA"), Superior Officers Association, ("SOA"), and the Detective Association, Inc. ("DAI"), and certain Ordinance employees, to defer 10 days pay which shall be paid to the employee on separation of service at the salary rate then in effect. The County has also entered into bargaining agreements with CSEA, PBA, SOA, DAI, and ShOA that include deferrals of wages and longevity that cover various periods of time during 2007 through 2011 and are scheduled to be paid to the employee during the period 2009 through 2015 depending on the bargaining unit, or at termination at the rate earned. The amount deferred at December 31, 2008 and 2007 was approximately \$ 33.1 million and \$22.6 million, respectively. This deferral is reported as a long-term liability in the government-wide financial statement of net assets, as certain contractual arrangements to provide for the payment of these commitments at specific dates in future fiscal periods. The College, a component unit of the County, entered into a similar agreement in 1992 payable to eligible employees on September 1, 2002. The amount deferred at the College close of August 31, 2008 and 2007 was approximately \$ 1.1 million and \$1.1 million, respectively, and is also reported in the government-wide financial statement

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

15. CONTINGENCIES AND COMMITMENTS (Continued)**G. Deferred Payroll (Continued)**

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, 2008 and 2007 was approximately \$ 19.4 million and \$21.6 million, respectively, and is also reported in the government-wide financial statement of net assets.

H. Capital Commitments

At December 31, 2008 and 2007, there were capital project contract commitments of \$223.1 and \$174.9 million, respectively.

I. MTA Commitment

Under the Mass Transportation Funding Agreement (the "Agreement") between the County and Metropolitan Transportation Authority (the "MTA") dated as of December 30, 1996, The County agreed to pay \$102 million over time to the MTA for MTA capital improvements in return for a cash payment or payments totaling \$51 million. As of December 31, 2008, the MTA has paid the County \$51 million under the agreement and the County has paid to the MTA approximately \$81 million for such capital improvements. There has been a long-term disagreement between the County and the MTA as to the validity of any claim by the MTA to any further payments under the Agreement. Authorization for the County to fund any potential further payments under the Agreement nevertheless remains available under approved County bond ordinances.

16. NASSAU HEALTH CARE CORPORATION ("NHCC")

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

NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2008 AND 2007

16. NASSAU HEALTH CARE CORPORATION (“NHCC”) (Continued)

At December 31, 2008 and 2007, the NHCC had total net assets deficiency of \$133.3 million and \$121.2 million, respectively. The deficiency arose from operating losses and the adoption of Governmental Accounting Standards Board Statement No. 45. NHCC plans to reduce its net asset deficiency by achieving profitability, continuing to progress with collecting on patient accounts, especially those accounts eligible for Medicaid that are being processed by the Department of Social Services, and cash flow provided by government subsidies and funding of capital projects. NHCC has undertaken a number of initiatives to reduce its operating losses and sustain positive cash flows. Such actions include continued revenue cycle enhancements, changes to medical management practices, improved supply chain and inventory management and further cost reductions and a major modernization program. The modernization program includes significant investments in real estate consolidation, facility improvements, clinical equipment and information technology, the replacement (rebuilding) of the nursing home and enhancements to the community health centers. The Successor Agreement, which commenced in November 2007 and is in effect to 2029, clarifies the services provided by NHCC to the County and establishes the mechanism for payments to the Corporation. The agreement also provides NHCC with capital funding.

17. FUND BALANCE SURPLUS/DEFICIT

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

	<u>2008</u>	<u>2007</u>
Tobacco Settlement Corporation:		
General Fund	\$ (561)	\$ (416)
Debt Service Fund	<u>25,230</u>	<u>24,682</u>
Total	<u>\$ 24,669</u>	<u>\$ 24,266</u>
Sewer Financing Authority:		
General Fund	\$ 29,169	\$ (7,226)
Debt Service Fund	<u> </u>	<u>(42,815)</u>
Total	<u>\$ 29,169</u>	<u>\$ (50,041)</u>

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APPENDIX C

FORM OF BOND COUNSEL OPINION

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FORM OF BOND COUNSEL OPINION

[Letterhead of Orrick, Herrington & Sutcliffe LLP]

June [], 2010

County of Nassau,
State of New York

Re: County of Nassau, New York

\$210,000,000* REVENUE ANTICIPATION NOTES, 2010 SERIES A & 2010 SERIES B

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the County of Nassau, New York (the "County"), of \$210,000,000* aggregate principal amount of Revenue Anticipation Notes, consisting of \$130,000,000* principal amount of Revenue Anticipation Notes 2010 Series A, dated the date of delivery and maturing on March 15, 2011 (the "Series A Notes") and \$80,000,000* principal amount of Revenue Anticipation Notes, 2010 Series B, dated the date of delivery and maturing on April 15, 2011 (the "Series B Notes" and the Series A Notes, collectively the "Notes"). The Notes are issued pursuant to the Constitution and statutes of the State of New York and proceedings of the finance board of the County.

In such connection, we have reviewed the Constitution and statutes of the State of New York, the Tax Certificate of the County dated the date hereof (the "Tax Certificate"), the Note Determination Certificate of the County dated the date hereof (the "County Certificate"), a certified copy of proceedings of the finance board of the County and such other documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Notes has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the County.

We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the County Certificate and the Tax

* Preliminary, subject to change.

Certificate, including (without limitation) covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Notes, the County Certificate, and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against counties in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue waiver or severability provisions contained in the documents described in the second paragraph hereof. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Notes and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes constitute valid and binding obligations of the County.
2. The County Certificate has been duly executed and remains in full force and effect.
3. The County Legislature has power and is obligated to levy ad valorem taxes without limitation as to rate or amount upon all property within the County's boundaries subject to taxation by the County for the payment of the Notes and the interest thereon.
4. Interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes nor is it included in adjusted current earnings in calculating corporate alternative minimum taxable income. We express no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

APPENDIX D
OUTSTANDING OBLIGATIONS

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County of Nassau, New York
General Obligation Bonds of the County and Nassau County Interim Finance Authority Bonds
as of May 31, 2010

County General Improvement Bonds

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding as of 5/31/10
12/15/2009	General Improvement Series 2009I	\$35,000,000	5.75 - 6.20%	2025-2031	\$35,000,000
12/15/2009	General Improvement Series 2009H	55,215,000	2.00 - 4.00%	2010-2025	55,215,000
9/9/2009	General Improvement Series 2009G	26,400,000	5.25 - 5.375%	2023-2025	26,400,000
9/9/2009	General Improvement Series 2009F	83,600,000	4.00 - 5.00%	2011-2023	83,600,000
8/19/2009	General Improvement Refunding Series 2009E	50,875,000	3.00 - 5.00%	2010-2018	50,875,000
7/21/2009	General Improvement Series 2009C	135,300,000	2.50 - 5.00%	2010-2039	135,300,000
5/5/2009	General Improvement Series 2009A	99,000,000	2.50%-5.00%	2011-2029	99,000,000
7/8/2008	General Improvement Refunding Series 2008D	22,285,000	4.00% - 5.00%	2009 -2019	21,980,000
7/8/2008	General Improvement Series 2008C	149,525,000	0.00% - 5.00%	2010 -2028	149,525,000
1/22/2008	General Improvement Series 2008A	105,000,000	3.25% -5.00%	2009 -2028	98,160,000
12/13/2007	General Improvement Series 2007B	40,000,000	VRDB	2009 -2024	38,080,000
12/13/2007	General Improvement Series 2007A	35,000,000	VRDB	2009 -2023	33,180,000
9/1/1999	General Improvement Series 1999D	61,964,000	5.25% -5.30%	2001 -2019	1,110,000
7/1/1999	General Improvement Series 1999C	138,388,000	5.13% -5.25%	2001 -2019	4,525,000
6/1/1999	General Improvement Series 1999B	141,800,000	4.50% -5.25%	2001 -2024	4,670,000
4/1/1999	General Improvement Series 1999A	83,256,000	3.50% -4.50%	2000 -2018	1,930,000
8/1/1998	General Improvement Series 1998Z	179,272,000	4.00% -5.00%	1999 -2017	7,400,000
8/1/1997	General Improvement Refunding Series 1997A	110,230,000	3.85% -6.00%	1998 -2013	24,200,000
2/24/1994	General Improvement Refunding Series 1994A	168,850,000	2.20% - 6.50%	1994 -2015	95,000
6/10/1993	General Improvement Refunding Series 1993H	73,740,000	2.40% - 5.50%	1993 - 2017	1,585,000
11/1/1985	General Improvement Series 1985X	35,680,000	7.80% -8.00%	1986 -2015	1,090,000
7/1/1985	General Improvement Series 1985W	20,560,000	7.80% -8.00%	1986 -2015	380,000
11/1/1984	General Improvement Series 1984V	31,880,000	8.50% -8.80%	1985 -2014	575,000
7/1/1984	General Improvement Series 1984U	21,981,000	9.00% -9.30%	1985 -2014	175,000
12/1/1983	General Improvement Series 1983T	38,230,000	8.50% -8.80%	1984 -2013	930,000
3/1/1983	General Improvement Series 1983R	44,080,000	8.00% -8.10%	1984 -2012	440,000
12/1/1982	General Improvement Series 1982Q	18,860,000	9.38% -9.38%	1983 -2011	80,000
7/1/1982	General Improvement Series 1982P	28,060,000	11.25% - 11.50%	1983 -2011	250,000
5/1/1981	General Improvement Series 1981N	33,530,000	9.10% -10.00%	1982 -2011	50,000
Total					\$875,800,000

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

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding as of 5/31/10
7/21/2009	Sewers Series 2009D	\$14,700,000	5.00 - 5.50%	2010 - 2035	\$14,700,000
5/5/2009	Sewers Series 2009B	15,000,000	4.00 - 6.00%	2011 - 2034	15,000,000
1/22/2008	Sewers Series 2008B	20,000,000	3.125% -5.00%	2009-2033	19,110,000
9/1/1999	Sewers Series 1999E	810,000	5.75% -5.80%	2001 -2019	40,000
7/1/1999	Sewers Series 1999D	1,957,000	5.30% -5.50%	2001 -2019	105,000
4/1/1999	Sewers Series 1999C	1,575,000	4.75% -4.88%	2000 -2018	90,000
11/1/1997	Sewers Refunding Series 1997A	20,545,000	4.50% -6.00%	2000 -2013	5,505,000
2/24/1994	Sewers Refunding Series 1994B	83,835,000	2.20% -6.00%	1994 -2016	8,655,000
6/10/1993	Sewers Refunding Series 1993G	80,845,000	2.80% -5.45%	1994 -2015	11,175,000
6/10/1993	Sewers Refunding Series 1993F	89,665,000	2.40% -5.40%	1993 -2010	1,270,000
6/10/1993	Sewers Refunding Series 1993E	35,045,000	2.80% -5.50%	1994 -2016	5,835,000
Total					\$81,485,000

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

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding as of 5/31/10
3/3/05	EFC Series 2005A	\$1,774,980	2.09% -4.57%	2006 -2034	\$1,565,000
3/4/04	EFC Series 2004 B	4,065,914	1.06% -4.60%	2004 -2028	3,235,000
7/24/03	EFC Series 2003F	8,506,016	0.77% -4.61%	2004 -2029	6,860,000
3/20/03	EFC Series 2003B	42,530,000	2.54% -6.26%	2003 -2029	32,500,000
8/7/02	EFC Series 2002I	36,018,000	1.81% -5.38%	2003 -2022	25,911,000
7/25/02	EFC Series 2002G	7,380,000	2.03% -5.80%	2003 -2028	5,860,000
6/20/02	EFC Series 2002F	59,220,000	2.52% -6.18%	2003 -2024	42,980,000
12/16/98	EFC Series 1998G	20,780,000	2.95% -4.90%	1999 -2017	6,685,000
10/15/92	EFC Series 1992B	28,870,000	3.00% -6.65%	1993 -2012	2,550,000
10/15/92	EFC Series 1992A	32,869,000	3.25% -6.60%	1993 -2012	1,942,500
5/15/91	EFC Series 1991B	35,010,000	4.75% -7.10%	1992 -2011	136,000
Total					\$126,532,000

Nassau County Interim Finance Authority Bonds

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding as of 5/31/10
4/21/2009	NIFA Series 2009A	\$303,100,000	1.00%-5.00%	2010 -2025	298,850,000
5/16/08	NIFA Series 2008E	55,055,000	VRDB	2013 -2014	50,000,000
5/16/08	NIFA Series 2008D	150,000,000	VRDB	2014 -2017	150,000,000
5/16/08	NIFA Series 2008C	150,000,000	VRDB	2017 -2019	150,000,000
5/16/08	NIFA Series 2008B	125,000,000	VRDB	2019 -2021	125,000,000
5/16/08	NIFA Series 2008A	125,000,000	VRDB	2021 -2025	125,000,000
12/15/2005	NIFA Series 2005D	143,795,000	3.25%-5.00%	2007-2025	119,640,000
7/14/2005	NIFA Series 2005A	124,200,000	3.25%-5.00%	2011-2024	124,200,000
12/9/2004	NIFA Series 2004 H	187,275,000	2.15%-5.25%	2006-2017	155,455,000
4/8/2004	NIFA Series 2004A	153,360,000	2.00%-5.00%	2005-2013	75,735,000
5/21/2003	NIFA Series 2003 A&B	514,475,000	2.00%-6.00%	2004-2023	354,450,000
6/27/2001	NIFA Series 2001A	181,480,000	4.00%-5.37%	2002-2021	24,270,000

Total

\$1,752,6000

Total County
and NIFA
Obligations

\$2,836,417,000

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APPENDIX E

UNDERLYING INDEBTEDNESS OF POLITICAL SUBDIVISIONS WITHIN THE COUNTY

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UNDERLYING INDEBTEDNESS OF POLITICAL SUBDIVISIONS WITHIN THE COUNTY

The estimated gross outstanding bonded indebtedness of other governmental entities and political subdivisions within the County, based on unverified information furnished by such entities, is described below. These figures also include the gross outstanding bonded indebtedness of the County. These figures do not include the indebtedness of the school districts and certain other taxing districts within the County. The figures are shown as of December 31 for each of the years as shown. The underlying indebtedness is an aggregate figure so that the gross bonded debt per capita and net bonded debt per capita figures show only total bonded debt in the County divided by the estimated population in the County. Actual per capita bonded debt varies as a function of geographic and jurisdictional location within the County.

Figure 1
GENERAL COUNTY GOVERNMENT, TOWNS AND CITIES
COMPUTATION OF DIRECT AND OVERLAPPING NET DEBT
FOR THE FISCAL PERIODS ENDED AS SHOWN
(DOLLARS in Thousands)

	<u>2007</u>		<u>2006</u>		<u>2005</u>		<u>2004</u>		<u>2003</u>		<u>2002</u>
DIRECT DEBT, COUNTY OF NASSAU:											
General Government:											
Bonds	2,752,859 *		2,851,570 *		3,162,586 *		3,091,974 *		2,933,562 *		2,870,029 *
Other Debt Obligations	<u>77,175</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u> *		<u>202,155</u> *
Total	2,851,570		2,851,570		3,162,586		3,091,974		2,933,339		3,072,184
Sewer & Storm Water District Fund											
Bonds	302,996		336,440		371,042		400,458		416,447 *		465,251 *
Other Debt Obligations	<u>9,223</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>
Total	312,219		336,440		371,042		400,458		416,447		465,251
Total Direct Debt, County of Nassau:											
Bonds	3,055,855		3,188,010		3,533,628		3,492,432		3,350,009		3,335,280
Other Debt Obligations	<u>86,398</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>		<u>202,155</u>
Total	3,142,253		3,188,010		3,533,628		3,492,432		3,349,786		3,537,435

*Beginning with fiscal year 1999, County of Nassau direct debt also includes blended component units, NHCC (proprietary component unit) and DASNY debt.

** Prior to 2004 Sewer funds listed separately, combined for comparison purposes

SOURCE: County of Nassau, Comprehensive Annual Financial Report of the Comptroller for Fiscal Years ended December 31, 2008 and 2007 (including data received from respective towns and cities as to which the County makes no representations). Such data for 2008 and later is not yet available.

FIGURE 2
GENERAL COUNTY GOVERNMENT, TOWNS AND CITIES
COMPUTATION OF DIRECT AND OVERLAPPING NET DEBT
FOR THE FISCAL PERIODS AS SHOWN
(Dollars in Thousands)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
OVERLAPPING DEBT, TOWNS AND CITIES						
Town of Hempstead						
Bonds	1,153,943	1,119,647	1,050,622	988,954	871,471	801,123
Other Debt Obligations	78,502	71,950	29,336	77,920	152,269	90,467
Less Sinking Funds	<u>0</u>	<u>-4,191</u>	<u>-1,435</u>	<u>-1,605</u>	<u>-1,611</u>	<u>-1,511</u>
Total	1,232,445	1,187,406	1,078,523	1,065,269	1,022,129	890,079
Town of North Hempstead:						
Bonds	676,906	601,741	660,883	599,574	619,421	487,111
Other Debt Obligations	22,966	20,387	35,550	63,990	98,143	135,633
Less Sinking Funds	<u>-565</u>	<u>-540</u>	<u>-105</u>	<u>-114</u>	<u>-53</u>	<u>-53</u>
Total	699,307	621,588	696,328	663,450	717,511	622,691
Town of Oyster Bay:						
Bonds	698,343	653,792	597,447	626,207	566,167	502,638
Other Debt Obligations	128,201	96,922	141,085	76,152	74,153	62,479
Less Sinking Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-871</u>	<u>-871</u>
Total	826,544	750,714	738,532	702,359	639,449	564,246
City of Glen Cove:						
Bonds	56,016	34,166	35,884	34,605	28,530	32,309
Other Debt Obligations	<u>12,109</u>	<u>18,142</u>	<u>17,123</u>	<u>16,054</u>	<u>19,115</u>	<u>17,661</u>
Total	68,125	52,308	53,007	50,659	47,645	49,970
City of Long Beach:						
Bonds	39,851	52,390	39,657	64,673	34,204	37,275
Other Debt Obligations	0	0	0	0	10,000	4,065
Less Sinking Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-418</u>	<u>-576</u>
Total	39,851	52,390	39,657	64,673	43,786	40,764
Total Overlapping Debt, Towns and Cities:						
Bonds	2,625,059	2,461,736	2,384,483	2,314,013	2,119,793	1,860,456
Other Debt Obligations	241,778	207,401	223,094	234,118	353,680	310,305
Less Sinking Funds	<u>-565</u>	<u>-4,731</u>	<u>-1,540</u>	<u>-1,719</u>	<u>-2,935</u>	<u>-3,011</u>
Total	2,866,272	2,664,406	2,606,037	2,546,412	2,470,538	2,167,750
TOTAL DIRECT & OVERLAPPING NET DEBT:						
Bonds	5,680,914	5,649,746	5,918,111	5,806,445	5,469,802	5,195,736
Other Debt Obligations	328,176	207,401	223,094	234,116	353,680	512,460
Less Sinking Funds	<u>-565</u>	<u>-4,731</u>	<u>-1,540</u>	<u>-1,719</u>	<u>-2,935</u>	<u>-3,011</u>
Total	\$6,008,525	\$5,852,416	\$6,139,665	\$6,038,842	\$5,820,547	\$5,705,185

SOURCE: County of Nassau, Comprehensive Annual Financial Report of the Comptroller for Fiscal Years ended December 31, 2008 and 2007 (including data received from respective towns and cities as to which the County makes no representations). Such data for 2008 and later is not yet available.

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APPENDIX F

COUNTY WORKFORCE

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COUNTY WORKFORCE

As of May 20, 2010, the full-time County workforce totaled 8,471. This represents a decrease of 1,004 full-time positions in the Major Operating Funds, including contract employees, when compared to January 1, 2002 and is evidence of the County's workforce reduction initiative.

County Employees

County employees are represented by six labor organizations recognized under the provisions of the New York State Taylor Law. These are the Nassau County Civil Service Employees Association ("CSEA"), the Nassau County Police Benevolent Association ("PBA"), the Detectives Association, Inc. ("DAI"), the Superior Officers Association ("SOA"), the Sheriff Officers Association ("ShOA") and the Investigators Police Benevolent Association ("IPBA"). The following table summarizes labor organization enrollment:

Full Time County Workforce as of May 20, 2010

Labor Organization	Full-Time Employees
CSEA	4,172
PBA	1,759
DAI	397
SOA	393
ShOA	1,059
IPBA	39
Non-Labor Organization	566
Sub Total	8,385
Contract Employees	86
Total	8,471

Civil Service Employees Association (CSEA)

The CSEA represents all County titles other than those represented by the other unions and those titles classified as management or confidential. The County entered into a Stipulation of Agreement amending the established contract for the CSEA. The County's current contract covers January 1, 2008 through December 31, 2015. The total wage increase is 25.55% over that period, with 0% increase in the first year. Other features of the award include:

- Special separation incentive for full time employees who met all of the requirements was effective June 15, 2009. In addition to the 2009 separation incentive, a current Memorandum of Agreement and Understanding was signed whereas the County seeks to develop a Voluntary Retirement Incentive Program requiring a retirement effective date between June 22, 2010 and August 2, 2010;
- There shall be no layoffs of bargaining unit members through December 31, 2011. The County may not unilaterally cut an employee's pay through closings or furloughs through December 31, 2011;
- Wage increases owed for the period April 1, 2010 to November 1, 2010 will be paid in the first pay period of 2014, or upon separation of service, whichever occurs first; Likewise,

increases due April 1, 2011 to November 1, 2011 will be paid in the first pay period of 2015, or upon separation of service, whichever occurs first;

- The County implemented a two-week lag payroll after July, 2009. This 10-day contractual deferral was banked and employees are to be paid upon separation from County employment, at their then-current rate of pay;
- Reduction of overtime rate for certain titles;
- Ending the practice of allowing married couples who are County employees to obtain duplicate health benefits;
- Consolidation of certain functions in the Parks Department, the Department of Information Technology and Department of Public Works;
- Elimination of a “gain-sharing” provision whereby the County had been required to share health care savings with the union; and
- The ability to establish a merit pay system for unionized workers.

Police Benevolent Association (PBA)

The PBA represents all of the County’s full-time police officers. On July 2, 2007, the panel for the PBA interest arbitration issued its award to both parties, covering the six-year period from January 1, 2007 through December 31, 2012. The County entered into a Stipulation of Agreement amending the established contract for the PBA. The County’s current contract covers January 1, 2007 through December 31, 2015 (the “2007 Award”). The total wage increase is 27.25% over that period. Other features of the award include the following key provisions:

- Wage and longevity increases set forth in the 2007 Award due for the period April 1, 2007 to September 30, 2007, shall be paid on January 1, 2011; wage and longevity increases set forth in the 2007 Award due for the period April 1, 2008 to August 31, 2008, shall be paid on January 1, 2011; and wage and longevity increases set forth in the 2007 Award due for the period April 1, 2009, to September 30, 2009, shall be paid on January 1, 2012;
- Added one step to the compensation plan which expires December 31, 2015. In addition police officers hired between January 1, 2004 and July 31, 2008 shall receive a one step jump. This jump in step will occur on the date that such officers would otherwise have reached the second to last step of the salary plan;
- Special separation incentive for full time employees who met all of the requirements was effective June 15, 2009. In addition to the 2009 separation incentive, a current Memorandum of Agreement and Understanding was signed whereas the County seeks to develop a Voluntary Retirement Incentive Program (“VRIP”) requiring a retirement effective date between September 15, 2010 and November 1, 2010. The termination pay cap (described below) shall be considered null and void for those employees who participate in and meet all the eligibility requirements of the County’s VRIP;
- The County implemented a two-week lag payroll after July, 2009. This 10-day contractual deferral was banked and employees are to be paid upon separation from County employment, at their then current rate of pay;

- Further minimum staffing relief;
- Termination pay cap at no greater than twice an officer's final year salary;
- Revised calculation denominator for termination pay that reflects a 5% reduction from previous levels;
- The ability for the County to civilianize approximately 50 positions currently occupied by sworn officers;
- Elimination of dual County health insurance coverage when an officer's spouse or domestic partner is also covered in the County's health insurance plan;
- Establishment of a benefit fund to be managed by the PBA to secure dental, optical and legal benefits for members in lieu of County coverage; and
- Increased annual longevity payments for officers.

Detectives Association, Inc. (DAI)

On January 11, 2007, the panel for the DAI interest arbitration issued its award, covering the six-year period from January 1, 2007 through December 31, 2012. The County entered into a Stipulation of Agreement amending the established contract for the DAI. The County's current contract covers January 1, 2007 through December 31, 2015 (the "2008 Award"). The total wage increase is 27.37% over that period. Other features of the award include the following key provisions:

- Wage increase delays (the first three increases occur July 1 and the last three June 1. This results in 33 months of zero percent increase). Wage and longevity increases set forth in the 2008 Award due for the period July 1, 2007 to December 31, 2007, shall be paid on January 1, 2011; wage and longevity increases set forth in the 2008 Award due for the period July 1, 2008 to October 31, 2008, shall be paid on January 1, 2011; and wage and longevity increases set forth in 2008 Award due for the period July 1, 2009, to December 31, 2009, shall be paid on January 1, 2012;
- Ends the practice of middle-level PBA members being promoted to detectives and receiving increases of approximately \$25,000. Now, the first detective step will be indexed at \$2,400 above what they would have made had he or she stayed a police officer;
- Detectives designated between January 9, 2008 and February 28, 2009 shall receive a one step jump at the second to last step;
- The County implemented a two-week lag payroll after July, 2009. This 10-day contractual deferral was banked and employees are to be paid upon separation from County employment, at their then current rate of pay;
- Special separation incentive for full time employees who met all of the requirements was effective June 15, 2009. In addition to the 2009 separation incentive, a current Memorandum of Agreement and Understanding was signed whereas the County seeks to develop a Voluntary Retirement Incentive Program (VRIP) requiring a retirement effective date between September 15, 2010 and November 1, 2010. The termination pay cap (described below) shall be considered null and void for those employees who participate in and meet all the eligibility requirements of the County's VRIP;

- The County received several work-rule concessions that will result in the more efficient operation of the Police Department;
- Eliminated the wasteful practice of allowing a detective and his or her spouse who is also a County employee to have two health insurance plans;
- Reduced termination pay by 5% and capped it at no more than 2 times the final salary of the detective; and
- Reduced sick leave accruals from 26 days per year to 24, beginning the process of reducing excessive leave accruals in public employment.

Superior Officers Association (SOA)

On May 6, 2009, the panel for the SOA interest arbitration issued its award, covering the six-year period from January 1, 2008 through December 31, 2013. The County entered into a Stipulation of Agreement amending the established contract for the SOA. The County's current contract covers January 1, 2008 through December 31, 2015 (the "2008 Award"). The total wage increase is 31.45% over that period. Other features of the award include the following key provisions:

- Wage and longevity increases set forth in the 2008 Award due for the period April 1, 2008 to December 31, 2008, shall be paid on January 1, 2011; wage and longevity increases set forth in the 2008 Award due for the period April 1, 2009 to December 31, 2009, shall be paid on January 1, 2012;
- Elimination of Step 5 for members promoted to sergeant after the date of the 2008 Award;
- Establishment of a benefit fund to be managed by the SOA to secure legal benefits for members in lieu of County coverage;
- Eliminated the wasteful practice of allowing a SOA member and his or her spouse who is also a County employee to have two health insurance plans;
- Special Separation Incentive for full time employees who met all of the requirements was effective June 15, 2009. In addition to the 2009 separation incentive, a current Memorandum of Agreement and Understanding was signed whereas the County seeks to develop a Voluntary Retirement Incentive Program (VRIP) requiring a retirement effective date between September 15, 2010 and November 1, 2010. The termination pay cap (described below) shall be considered null and void for those employees who participate in and meet all the eligibility requirements of the County's VRIP;
- Reduced termination pay by 5% and capped it at no more than 2 times the final salary of the Detective;
- Reduced sick leave accruals from 26 days per year to 24, beginning the process of reducing excessive leave accruals in public employment; and
- The County implemented a two-week lag payroll after July, 2009. This 10-day contractual deferral was banked and employees are to be paid upon separation from County employment, at their then current rate of pay.

Sheriff Officers Association (ShOA)

ShOA and the County negotiated an agreement which was ratified by the County Legislature on April 28, 2008. The contract covers the period January 1, 2005 through December 31, 2012. It established a frozen first salary step of \$30,000 for the life of the contract. The first year of the contract contains no increase (0%); on January 1, 2006 there was a 3.25% increase; and on July 1, 2007 there was a 3.5% increase. Starting April 1, 2008 and on each April 1 through 2012, steps 2-10 receive a 1% increase and top step receives 3.65%. Other significant savings includes a reduction of the overtime rate from 1.74 times base to 1.5 times base. In addition, certain contractual rules that had increased total overtime costs were reduced. The County entered into a Stipulation of Agreement amending the established contract for the ShOA extending it through December 31, 2015. Effective January 1, 2013 and 2014 an increase of 3.5% for all steps and effective January 1, 2015 an increase of 3.75%.

- The County implemented a two week lag payroll after July, 2009. This 10 day contractual deferral was banked and employees are to be paid upon separation from County employment at their then current rate of pay;
- Wage increases for the period April 1, 2010 to November 1, 2010, shall be paid on January 1, 2014; wage increases for the period April 1, 2011 to November 1, 2011, shall be paid on January 1, 2015;
- Overtime calculation on January 1, 2010 from 1.75 to 1.5;
- Special separation incentive for full time employees who met all of the requirements was effective June 15, 2009. In addition to the 2009 separation incentive, a current Memorandum of Agreement and Understanding was signed whereas the County seeks to develop a Voluntary Retirement Incentive Program (VRIP) requiring a retirement effective date between September 15, 2010 and November 1, 2010. The termination cap shall be considered null and void for those employees who participate in and meet all the eligibility requirements of the County's VRIP;
- May accrue an additional 35 days of sick leave; and
- Effective January 2012, members not at top pay will jump step 10 which will expire December 31, 2015.

Investigators Police Benevolent Association ("IPBA")

The IPBA represents investigators employed by the Nassau County District Attorney having decertified from the CSEA in December 2004. Since that time they have been working under the terms of the CSEA contract. Negotiations did not result in a successor agreement and the parties have agreed to submit the matter to binding arbitration utilizing the same panel that determined the PBA and DAI awards discussed above.

Nassau Community College Employees

Not considered employees in the Major Operating Funds, members of the Nassau Community College Federation of Teachers ("NCCFT") and the Adjunct Faculty Association ("AFA"), total approximately 740 full-time faculty and 3,600 part-time faculty, respectively. The contract which commenced September 1, 2008 for the NCCFT expires August 31, 2013. The contract for the AFA, which commenced October 1, 2005, expires on September 30, 2010.

The wage package for the NCCFT is:

<u>Effective Date</u>	<u>Wage Increase</u>
9/1/08	2.75%
9/1/09	0%
9/1/10	1.09%
9/1/11	2.75%
9/1/12	2.50%

The wage package for the AFA is:

<u>Effective Date</u>	<u>Wage Increase</u>
11/01/05	3.9%
9/01/06	3.9%
9/01/07	3.9%
9/01/08	3.9%
9/01/09	3.9%

APPENDIX G

ECONOMIC AND DEMOGRAPHIC PROFILE

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ECONOMIC AND DEMOGRAPHIC PROFILE

OVERVIEW

Established in 1899, Nassau County (the “County”) is the site of some of New York State’s (the “State”) earliest colonial settlements, some of which date to the 1640’s. With a total land area of 287 square miles and a population of over 1.3 million, the County is bordered to the west by the New York City borough of Queens, to the east by Suffolk County, to the north by Long Island Sound and to the south by the Atlantic Ocean. Together, the northern and southern boundaries of the County comprise nearly 188 miles of scenic coastline. The County includes 3 towns, 2 cities, 64 incorporated villages, 56 school districts and various special districts that provide fire protection, water supply and other services. Land uses within the County are predominantly single-family residential, commercial and industrial.

POPULATION

Table 1 below shows the County's population from 1970 to 2009. The County’s population has experienced two major growth periods over the past 100 years, reaching a peak of approximately 1,428,080 residents in 1970. Between 1970 and 1990, the County’s population decreased 10% to 1,287,348 residents. By 2009, the U.S. Census Bureau estimates the County's population had increased by 5.4% (from 1990) to approximately 1,357,429 residents. Based upon U.S. Census Bureau data, residents over 75 years of age are the fastest growing segment of the population, increasing by 125% from 42,100 in 1970 to 94,880 in 2000.

TABLE 1

COUNTY POPULATION, 1970-2009

<u>Year</u>	<u>Population</u>
2009	1,357,429*
2008	1,353,151*
2007	1,353,061*
2006	1,351,870
2000	1,336,073
1990	1,287,348
1980	1,321,582
1970	1,428,080

SOURCES: U.S. Census Decennial, *U.S. Census 2009 Population Estimates.

ECONOMIC INDICATORS

Median Household Income

As shown on Table 2, the County’s estimated median household income was \$95,282 in 2008, significantly higher than those of the State (\$56,033) and the United States as a whole (\$52,029). Moreover, the County has a smaller percentage of families below the poverty level (3.3%) than the State (10.3%) and the United States (9.7%).

TABLE 2

**MEDIAN HOUSEHOLD INCOME IN THE COUNTY
IN COMPARISON TO THE STATE AND THE U.S. - 2008**

<u>Area</u>	<u>Median Household Income</u>	<u>Families Below Poverty (%)</u>
County	\$95,282	3.3
State	56,033	10.3
United States	52,029	9.7

SOURCE: U.S. Census, 2008 American Community Survey

Consumer Price Index

The Consumer Price Index (“CPI”) represents changes in prices of a typical market basket of all goods and services that are purchased by households over time and is used to gauge the level of inflation. The CPI includes user fees such as water and sewer service and sales and excise taxes paid by the consumer, but does not include income taxes and investment items such as stocks, bonds, and life insurance. Annual totals and increases in the CPI for both the New York-Northern New Jersey-Long Island, NY-NJ-CT-PA Consolidated Metropolitan Statistical Area (“CMSA”) and U.S. cities between the years 2000 and 2009 are shown in Table 3 below.⁽¹⁾

As indicated in Table 3 below, prices in the CMSA rose by .42% in 2009. The 2009 U.S. city average percentage decrease was .37%.

⁽¹⁾ Throughout this document references are made to the U.S. Office of Management and Budget’s definitions of metropolitan areas that are applied to U.S. Census Bureau data. These areas include Metropolitan Statistical Areas (“MSAs”), Consolidated Metropolitan Statistical Areas (“CMSAs”) and Primary Metropolitan Statistical Areas (“PMSAs”). An MSA is a county or group of contiguous counties that contains at least one city with a population of 50,000 or more, or a Census Bureau-defined urbanized area of at least 50,000 with a metropolitan population of at least 100,000. An MSA with a population of one million or more and which meets various internal economic and social requirements is termed a CMSA, consisting of two or more major components, each of which is recognized as a PMSA. For example, the Nassau-Suffolk PMSA is part of the New York-Northern New Jersey – Long Island, NY-NJ-CT-PA CMSA.

TABLE 3
CONSUMER PRICE INDEX, 2000-2009

Year	U.S. City Average (1,000s)	Percentage Change	NY-NJ-CT-PA CMSA (1,000s)	Percentage Change
2009	214.5	-.37%	236.8	.42%
2008	215.3	3.8%	235.8	3.9%
2007	207.3	2.8%	226.9	2.8%
2006	201.6	3.2%	220.7	3.8%
2005	195.3	3.4%	212.7	3.9%
2004	188.9	2.7%	204.8	3.5%
2003	184.0	2.3%	197.8	3.1%
2002	179.9	1.6%	191.9	2.6%
2001	177.1	2.8%	187.1	2.5%
2000	172.2	3.4%	182.5	3.1%

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

RETAIL SALES AND BUSINESS ACTIVITY

The County is served by six major regional shopping centers: Broadway Mall in Hicksville, Roosevelt Field in Garden City, Green Acres Mall in Valley Stream, Americana Manhasset in Manhasset, Sunrise Mall in Massapequa, and the Simon Mall at the Source in Westbury. According to the International Council of Shopping Centers, a global trade association of the shopping center industry, these regional malls have a total of 6,889,934 square feet of gross leaseable area.

The County boasts a wide range of nationally recognized retailers that provide goods and services, including home furnishing stores, supermarkets and gourmet food markets, electronic stores, and bookstores. Major retailers in the County include Saks Fifth Avenue, Bloomingdales, Lord & Taylor, Nordstrom's, Macy's, Sears, JC Penney, Marshalls, Old Navy, Kohl's and Target. Commercial outlet stores in the County include, but are not limited to Costco, Bed, Bath & Beyond and Best Buy. In addition, there are designer boutique shops and specialty department stores such as Barneys, Brooks Brothers, Giorgio Armani, Ralph Lauren and Prada, and jewelers such as Tiffany & Co., Cartier and Van Cleef & Arpels.

Based on the 2007 Economic Census, the County ranked second in the State to New York County (Manhattan) in retail sales (see Table 4).

TABLE 4**RETAIL SALES ACTIVITY RANKED BY COUNTY IN THE STATE
(in thousands)**

	2007 Rank	2007 Retail Sales	2002 Rank	2002 Retail Sales
New York (Manhattan)	1	38,797,518	1	\$26,431,688
Nassau	2	24,312,618	2	20,048,923
Suffolk	3	23,319,943	3	18,884,440
Kings	4	15,431,858	6	11,397,935
Queens	5	14,587,146	5	11,733,654
Westchester	6	14,205,055	4	12,055,687
Erie	7	11,217,146	7	10,053,437
Monroe	8	8,496,065	8	7,612,733
Onondaga	9	6,363,051	9	5,451,227
Orange*	10	5,729,216		N/A

*Orange County was not among top ten in 2002.

SOURCE: U.S. Census, Retail Trade

EMPLOYMENT

Table 5 compares employment totals and unemployment rates in the County to adjoining municipalities, the State and the United States. The County had a workforce of approximately 648,500 employees in 2009. The unemployment rate in the County was 6.9% in 2009 versus 4.7% in 2008. 2009 marked the thirteenth consecutive year in which the County's unemployment rate was less than or equal to Suffolk County (7.3%), and less than New York City (9.5%), the State (8.4%), and the United States (9.3%).

TABLE 5
ANNUAL AVERAGE
EMPLOYMENT (in thousands)
AND UNEMPLOYMENT RATE (%), 2000 - 2009

Year	Nassau County		Suffolk County		New York City		New York State		United States	
	Employment	Unemployment Rate	Employment	Unemployment Rate	Employment	Unemployment Rate	Employment	Unemployment Rate	Employment	Unemployment Rate
2009	648.5	6.9	738.2	7.3	3,606	9.5	8,886	8.4	139,877	9.3
2008	669.4	4.7	762.1	4.9	3,731	5.4	9,158	5.3	145,362	5.8
2007	671.7	3.7	761.4	3.9	3,699	4.9	9,125	4.5	146,047	4.6
2006	670.5	3.8	756.4	4.0	3,642	5.0	9,070	4.6	144,427	4.6
2005	662.6	4.1	745.9	4.2	3,557	5.8	8,947	5.0	141,730	5.1
2004	655.1	4.5	734.8	4.7	3,469	7.1	8,816	5.8	139,252	5.5
2003	649.1	4.7	723.8	4.8	3,413	8.3	8,704	6.4	137,736	6.0
2002	649.5	4.7	717.9	4.7	3,429	8.0	8,721	6.2	136,485	5.8
2001	651.3	3.7	714.6	3.8	3,452	6.1	8,744	4.9	136,933	4.7
2000	655.5	3.3	710.8	3.4	3,454	5.8	8,751	4.5	136,891	4.0

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

KEY EMPLOYMENT TRENDS

As indicated in Table 6, the annual average employment in non-farm jobs by industry for the year 2009 in the Nassau-Suffolk PMSA⁽²⁾ dropped by 2.95%. Only the Education and Health Services, the Government and the Information industries experienced any growth in the level of employment during this period. The Manufacturing, the Trade, Transportation and Utilities, and the Financial industries fell to their lowest points in this decade. Eighty-nine percent of jobs within the PMSA are in service producing industries.

⁽²⁾ Prior to 2004, statistical information compiled by the U.S. Census Bureau, the U.S. Department of Labor and other sources was compiled on the basis of MSAs, including the Nassau-Suffolk PMSA. Beginning in 2004, the U.S. Office of Management and Budget revised its geographic Census definitions and replaced MSAs with Core Based Statistical Areas (“CBSAs”). The County is now part of the New York-Newark-Edison, NY-NJ-PA CBSA.

TABLE 6
ANNUAL AVERAGE
NASSAU-SUFFOLK EMPLOYMENT,
NON-FARM, BY BUSINESS SECTOR
2001-2009
(in thousands)

Nassau-Suffolk Employment by Industry	2001	2002	2003	2004	2005	2006	2007	2008	2009
Goods Producing									
Natural Resources	62.4	64.3	64.4	66.4	66.7	69.8	72.0	73.1	65.1
Construction & Mining									
Manufacturing	98.9	92.1	88.4	88.2	86.9	85.9	83.8	81.3	75.0
Total Employment Goods Producing	161.2	156.4	152.8	154.6	153.6	155.7	155.8	154.4	140.0
Service Producing									
Trade, Transportation & Utilities	271.4	267.3	270.4	271.3	270.9	270.7	273.7	272.4	258.1
Financial Activities	81.9	82.2	82.7	83.4	81.6	80.4	79.2	75.0	70.3
Information	32.9	32.5	29.1	28.9	29.4	29.2	27.9	27.1	27.6
Educational & Health Services	184.4	191.2	196.8	200.7	203.0	206.2	210.8	215.7	220.3
Leisure & Hospitality	88.8	90.1	92.6	95.7	95.8	97.5	99.2	99.4	98.3
Other Services	49.7	50.1	50.7	51.4	51.9	51.9	52.7	53.6	52.7
Professional & Business Services	158.5	154.1	153.4	159.7	159.8	158.6	164.2	163.1	154.0
Government	194.1	196.3	198.9	196.9	198.7	198.7	202.1	203.2	205.3
Total Employment Service Producing	1,061.7	1,063.7	1,074.6	1,087.9	1,091.0	1,093.2	1,109.6	1,111.2	1086.6
Total Non-Farm	1,222.9	1220.1	1,227.3	1,242.6	1,244.6	1,248.9	1,265.6	1,264.0	1,226.7

SOURCE: New York State Department of Labor
Note: Totals may not add due to rounding.

Table 7 compares the employment shares by business sector and industry in the Nassau-Suffolk PMSA to the United States. The percentage of jobs within each category is fairly consistent with national figures. Nationwide, 14% of jobs were in the goods producing sector compared to 11% in the Nassau-Suffolk PMSA.

TABLE 7**PERCENTAGE OF NON-FARM EMPLOYMENT
BY BUSINESS SECTOR, 2009**

BUSINESS SECTOR	Nassau-Suffolk PMSA (%)	United States (%)
GOODS PRODUCING		
Natural Resources*, Construction & Mining	5	5
Manufacturing	<u>6</u>	<u>9</u>
Total Goods Producing	11	14
SERVICE PROVIDING** OR SERVICE PRODUCING*		
Trade, Transportation & Utilities	21	22
Financial Activities* or Finance, Insurance & Real Estate**	6	7
Assorted Services	45	44
Government	<u>17</u>	<u>17</u>
Total Service Providing / Producing	89	86

SOURCES: Compiled by the County from: New York State Department of Labor (Nassau-Suffolk PMSA) and the U.S. Department of Labor, Bureau of Labor Statistics (United States).

*Nassau-Suffolk PMSA

**United States

MAJOR COUNTY EMPLOYERS

Table 8 below shows the major commercial and industrial employers headquartered in the County.

TABLE 8**MAJOR COUNTY COMMERCIAL AND INDUSTRIAL EMPLOYERS**

Company	Type of Business	Employees
North Shore – LIJ Health Systems	Health Care	38,000 *
Cablevision Systems Corp.	Cable and pay television	16,705
Griffon Corp.	Specialty building products	5,300
Alcott Group	Professional employers organization	4,900
Winthrop Healthcare Systems	Health Care	4,345
1-800-Flowers	Flowers & gifts	4,000
National Envelope	Envelope manufacturer	4,000
Systemax, Inc.	Computers & related products	3,535
NY Community Bancorp Inc.	Banking	2,834
P.C. Richard & Sons	Appliance, electronics retailer	2,600

SOURCES: Compiled by the County from Crain's Book of Lists 2009; * North Shore – LIJ Medical System Human Resources Center

CONSTRUCTION ACTIVITY

Table 9 below is a composite list of construction activity in the County for residential, business, industrial and public buildings for the years 2000 through 2009. Overall construction activity has been uneven since 1996, reaching its high point in 2000 with 1,887 permits issued. By 2003, the number of permits issued had decreased to 800. Construction activity in the County rebounded in 2004 and 2005 as evidenced by the 1,383 and 1,719 permits issued, respectively. In 2006, building activity was slower with only 1,446 building permits issued for new construction. Building activity fell again with only 930 building permits issued in 2007, but rebounded in 2008 by increasing by almost 100% to 1,847. There is insufficient data available to draw any conclusion about all county construction activity in 2009. However, based on Single Family Dwelling data, the 2009 activity is less than 50% of that of any year since 2003.

TABLE 9
COUNTY CONSTRUCTION ACTIVITY, 2000 - 2009

Year	Single-Family Dwellings	Other Housing Units*	Business Buildings	Industrial Buildings	Public Buildings	Total
2009	334	8	N/A	N/A	N/A	342
2008	801	1,046	N/A	N/A	N/A	1,847
2007	790	113	20	3	4	930
2006	993	415	30	4	4	1,446
2005	922	756	37	1	3	1,719
2004	771	577	23	4	8	1,383
2003	564	203	23	2	8	800
2002	603	482	24	2	5	1,116
2001	614	884	30	21	16	1,565
2000	790	1,009	58	21	9	1,887
Totals	7,142	5,493	245	58	57	12,693

SOURCE: 2000 – 2007 Nassau County Planning Commission; 2008 - 2009 US Census Bureau Building Permits

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

Table 10 below shows the number and estimated dollar value of building permits issued for Class 4 property in the County for the years 2002 through 2007. Class 4 property includes commercial, industrial, institutional buildings and vacant land. As indicated in the table, there were 27 building permits issued for Class 4 properties in 2007.

TABLE 10
NUMBER AND VALUE OF BUILDING PERMITS ISSUED,
CLASS 4 PROPERTY, 2002 – 2007

Year	Number of Permits Issued	Estimated Value of Permits
2007	27	\$ 13,129,100
2006	38	59,862,365
2005	41	29,535,410
2004	15	7,339,475
2003	33	25,043,100
2002	32	20,052,498

SOURCE: Nassau County Planning Commission.

According to the CoStar Office Report (December 2006) provided by Greiner-Maltz Company, in 2006 there were 1,476 office buildings containing approximately 43.7 million square feet in the County. The vacancy rate decreased from 10.0% at the end of 2005 to 9.7% in 2006. There were 91 Class A buildings and 475 Class B buildings in the County. Class A buildings had an 11.3% vacancy rate while 10.2% of the Class B building space was vacant. More than 141,000 square feet of new office space construction was completed during 2006, and 325,000 square feet of office space was under construction in December 2006.

HOUSING

New residential construction activity in the County declined appreciably between 2008 and 2009. The value of new residential construction decreased by 58%, as shown in Table 11.

TABLE 11
COUNTY NEW RESIDENTIAL CONSTRUCTION ACTIVITY

Year	Value of New Residential Construction (in thousands)	No. of New Dwelling Units By Building Permit
2009*	\$156,870	378
2008*	374,000	1,868
2007*	272,576	822
2006	368,875	1,408
2005	373,879	1,672
2004	293,642	1,177
2003	195,435	978
2002	222,722	985
2001	229,464	989
2000	266,259	1,506

SOURCES: U.S. Census Bureau, Construction Statistics Division-Building Permit Branch (1997-2004); Nassau County Planning Department (2005-2007). *2007, 2008, 2009 figures from US Census Bureau; Construction Statistics Division-Building Permit Branch based on estimate and imputation and NYSAR residential price information.

Table 12 shows the breakdown of new housing units by type and size.

TABLE 12
NUMBER OF COUNTY NEW RESIDENTIAL HOUSING UNITS
AUTHORIZED BY BUILDING PERMIT BY SIZE CATEGORY

Year	1 Family	2 Family	3-4 Family	5 or more Family	Total
2009	334	4	0	0	342
2008	822	6	0	1040	1,868
2007	737	18	4	63	822
2006	993	62	4	349	1,408
2005	922	40	7	703	1,672
2004	735	68	0	374	1,177
2003	635	44	8	291	978
2002	740	30	3	212	985
2001	688	32	4	265	989
2000	753	142	6	605	1,506

SOURCES: U.S. Census Bureau, Construction Statistics Division-Building Permit Branch (2000-2004, 2008-2009); Nassau County Planning Department (2005-2007).

According to the 2000 U.S. Census, the number of housing units in the County increased from 446,292 in 1990 to 458,151 in 2000. The County had a higher percentage of owner-occupied units (80%) than the State (66%) and the nation (53%) as a whole.

Table 13 shows County existing home sales. In 2009, the annual median sales price decreased by 8.79% while the number of homes sold rose by 4%.

TABLE 13
COUNTY EXISTING HOME SALES, 2000 - 2009

Year	Median Sales Price	No. of Homes Sold
2009	\$415,000	7,710
2008	455,000	7,410
2007	490,000	8,778
2006	490,000	9,435
2005	489,000	10,343
2004	440,000	10,111
2003	395,000	8,646
2002	350,000	8,654
2001	290,000	7,545
2000	252,500	7,002

SOURCES: Compiled by the County from: The October 2001 LIPA Annual Business Fact Book, 1997-2000; Multiple Listing Service of Long Island Inc., 2001-2005; New York State Association of Realtors, 2006-2009

TRANSPORTATION

MTA Long Island Bus ("MTALIB"), a subsidiary of the Metropolitan Transportation Authority, is the County's principal public surface transit provider and the third largest suburban bus system in the United States. Operating a network of 53 routes, the MTALIB provides transit service for most of the County as well as parts of eastern Queens and western Suffolk County. This includes service across the Queens-Nassau line to subway and bus stations in Flushing, Far Rockaway and Jamaica. The density of MTA LIB's route network conforms to the development pattern of the County. MTALIB operates approximately 311 fixed route buses and 93 para-transit vehicles. MTALIB has an average ridership of 103,000 passengers each weekday and serves 96 communities, 46 Long Island Rail Road stations, most area colleges and universities, as well as employment centers and shopping malls.

The Non-Reimbursable Adopted Budget as of February 2010 showed that the total MTALIB estimated budget for 2010 is \$133 million, of which \$44.4 million or 33.5% was derived from passenger fares and other operating revenue. The Non-Reimbursable cost to the County, the State and the MTA of operating MTALIB in 2009 was approximately \$80 million. According to the MTALIB estimated budget, the County's share of the cost was approximately \$10.5 million; State subsidies and additional State aid accounted for approximately \$53.5 million; and MTA subsidies accounted for the remaining \$16.4 million.

The Long Island Rail Road (the "LIRR") is the largest and busiest commuter railroad in the United States, carrying 86.1 million passengers in 2007. On an average weekday, the LIRR carries 302,000 passengers.

The LIRR provides train service for the entire County. Its infrastructure includes 381 route miles of track, 296 at-grade-crossings, and 124 stations on 11 branch lines. These branches provide service through the County to eastern destinations in Suffolk County and western destinations of Penn Station in Manhattan, Flatbush Avenue in Brooklyn, as well as Jamaica and Hunters Point/Long Island City in Queens. Completion of the East Side Access project, which began tunneling work in 2007, will add a new hub in Grand Central Terminal, bringing LIRR customers directly to Manhattan's East Side. On weekdays, about 70% of the system's passenger trips occur during morning and evening peak travel periods.

Through its capital program, the LIRR recently renovated Jamaica Station (Queens) and the mezzanine at Jamaica providing links to the subway and the AirTrain to John F. Kennedy International Airport ("JFK").

A major project completed in 2006 was the \$45 million intermodal center at Mineola that provides easy access to parking and seamless transfers to seven local bus lines operated by MTALIB. The center has more than 700 parking spaces in a four-level garage, two elevators that connect to the station platforms, and a pedestrian overpass that connects the north and south sides of the station. Other station projects completed in 2006 included: new stairways and railings at Bellmore and Wantagh stations; station renovations at Garden City and Nassau Boulevard; a new overpass at Cold Spring Harbor; and parking improvements at Valley Stream.

Other important projects are the continual maintenance of tracks, ties, and switches and renovations underway at numerous stations. The LIRR also is expected to install a fiber-optic communications system for greater safety and is consolidating antiquated control towers into one modern center at Jamaica Station. Traditionally serving a Manhattan-bound market, the LIRR has undertaken extensive efforts to augment its reverse-commute and off-peak service to meet the needs of businesses in Nassau and Suffolk counties.

The County highway system consists of over 4,000 miles of paved roads that include parkways, highways, major arteries, collector streets, and local streets, which are operated and maintained by different levels of government. The eight major east-west roadways that provide direct through service to New York City and Suffolk County include: Northern Boulevard, Long Island Expressway, Northern State Parkway, Jericho Turnpike, Hempstead Turnpike, Southern State Parkway, Sunrise Highway, and Merrick Road.

The County is located within close proximity to JFK and LaGuardia Airport (“LaGuardia”), both located in Queens County, and to Islip Long Island MacArthur Airport (“Islip MacArthur”), located in Suffolk County. JFK and LaGuardia are easily accessible to County residents by all major east-west roadways as well as airport shuttle service. The AirTrain service, a light rail system connecting Jamaica Station in Queens to JFK, opened in early 2004. Islip MacArthur is accessible by the Long Island Expressway and Sunrise Highway, as well as the LIRR.

To help eliminate delays, congestion, and trouble spots on its highway network, the County receives federal and state funding through the federal Transportation Improvement Program (“TIP”), and is a voting member of the Nassau-Suffolk Transportation Coordinating Committee. The TIP is a compilation of transportation improvement projects, such as preserving and upgrading bridges, and highways and making system-wide capacity and safety improvements scheduled to take place during a five-year period. The present TIP covers the years 2008-2012.

UTILITY SERVICES

Electrical service is provided to the County by the Long Island Power Authority (“LIPA”), which became Long Island’s non-profit electric utility in 1998. LIPA’s electric system, which serves 1.1 million customers, is operated by National Grid (which acquired KeySpan Energy Delivery in August 2007), the largest investor-owned electric generator in the State. National Grid, which is the largest distributor of natural gas in the northeast United States, also provides gas distribution in the County. The incorporated villages of Freeport and Rockville Centre operate their own electrical generation plants.

LIPA’s governing legislation requires the utility to make payments in lieu of taxes (“PILOTS”) to municipalities and school districts commensurate with property taxes that would have been received by each jurisdiction from the Long Island Lighting Company (“LILCO”), the County’s former provider of electrical service. LIPA is also required to make PILOTS for certain State and local taxes which would otherwise have been imposed on LILCO. Numerous private companies in the County provide telephone service.

HEALTH AND HOSPITAL FACILITIES

Rated among the best health and hospital facilities in the country, thirteen hospitals located in the County provide 4,669 certified hospital beds. In addition, according to the New York State Board of Professions, the County is served by 8,170 licensed medical doctors, 2,029 dentists, 670 chiropractors, 333 podiatrists, and 19,265 registered nurses. The North Shore-Long Island Jewish Health System is the County’s largest health care employer (approximately 38,000 employees). The North Shore University Hospital is the recipient of the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) Codman Award, the first health system to attain this distinction. The Codman Award recognizes excellence in performance measurement.

Other hospitals of note in the County include the Nassau University Medical Center in East Meadow, St. Francis Hospital in Roslyn, the Winthrop-University Hospital in Mineola, and the Memorial-Sloan Kettering Cancer Center at Mercy Medical Center in Rockville Centre.

MEDIA

The daily newspaper Newsday is circulated in the County and Suffolk and Queens Counties. Approximately 80 weekly newspapers cover news and events in the County. Some of these focus on events in specific towns, villages and communities, and others focus on niche industries, such as Long Island Business News – a 50-year-old publication that covers both Nassau and Suffolk Counties.

The County is home to two broadcast television stations, Channels 21 and 57, and receives nine additional VHF and UHF stations. In addition, News 12 provides local news coverage (on cable only). Cable programming is available throughout the County via Cablevision Systems Corp., and provides access to channels with a local focus. Satellite programming and service by Verizon is also available in the County.

Because of its proximity to New York City, events in the County attract regular coverage in New York City newspapers such as the New York Times, the Daily News, and the New York Post. Radio coverage includes nine County-based stations and 52 regional and neighboring stations that consider the County as part of their listening area.

EDUCATIONAL FACILITIES

There are 56 school districts in the County, with a total enrollment of 264,485 students according to the State Education Department. Individual school boards and the Board of Cooperative Educational Services (BOCES) are the primary managers of these school districts and provide services such as career training for high-school students and adults, special education, alternative schools, technology education and teacher training. Various public and private organizations manage the County's other educational facilities. The County's non-public schools, which are located in a number of municipalities, provide education in the State Regents program as well as in special and technical programs.

Many County public schools have received national recognition. A 2008 Newsweek magazine article cited five County high schools among the top 100 public high schools in the nation.

Over 138,000 students attend County colleges and universities, some of which are highly specialized and have garnered nationwide attention for their programs. These institutions include: Long Island University/C.W. Post College, Adelphi University, Hofstra University, New York Institute of Technology, U.S. Merchant Marine Academy, Nassau Community College, Webb Institute, Molloy College, and the State University of New York/Old Westbury.

Colleges and universities in the County promote cross-disciplinary research, technology development and an integrated curriculum to prepare students for the growing bioscience industry. Undergraduate and graduate level programs available throughout the County's institutions of higher learning specialize in fields such as biology, chemistry, biochemistry, engineering, and physical sciences in courses such as bioengineering, biotechnology and pharmacology.

RECREATIONAL AND CULTURAL FACILITIES

The County has numerous recreational and cultural facilities. One of the most popular destinations among the County's parks and beaches is the 2,413-acre Jones Beach State Park in Wantagh. With approximately six to seven million visitors annually, Jones Beach State Park features a six-mile ocean beachfront, a two-mile boardwalk, and the 11,200-seat Jones Beach Theater performing arts center, which attracts world-class musical acts. There are dozens of other public beaches located along both the Atlantic Ocean and the Long Island Sound shorelines. In addition, the County is home to the 930-acre

Eisenhower Park in the Town of Hempstead, Bethpage State Park in Farmingdale, and numerous small local parks and campgrounds which offer a broad spectrum of recreational opportunities.

On a national level, the County is home to many high profile professional sporting events and teams. The Bethpage Golf Course, located in Bethpage State Park, hosted the 2002 U.S. Open and the 2009 U.S. Open. Belmont Racetrack, located in Elmont, is home to the Belmont Stakes, the third race in horse racing's prestigious Triple Crown. The Nassau Veterans Memorial Coliseum in Uniondale is home to the four-time Stanley Cup Champion New York Islanders of the National Hockey League. Eisenhower Park's 80,000 square foot Aquatic Center is the largest pool in the Northern Hemisphere.

In terms of cultural and historic resources, the County boasts eleven museums, including the County-owned Cradle of Aviation Museum and the Long Island Children's Museum in Garden City, as well as historic sites such as Old Bethpage Village and Theodore Roosevelt's estate at Sagamore Hill in Cove Neck.

In an effort to preserve open space and natural and scenic resources for additional recreational opportunities, in 2003 the County created the Open Space Fund, which receives 5% of the proceeds from County land sales for open space land acquisition purposes.

WATER SERVICE AND SANITARY SEWER FACILITIES

There are 48 public water suppliers in the County providing water service to over 90% of the County's residents. Approximately 3,550 residents of the less densely populated northern sections of the County draw their water from private wells.

The natural geology of the County yields three major aquifers situated atop bedrock. These aquifers serve the County with fresh water and are continuously recharged by precipitation.

The County's population remained essentially stable throughout the 1990s, exhibiting only a small increase of about 3.8 percent. The small increase in population had a negligible effect on water demand in the County. The sizable fluctuations in annual public water demand are a result of hot and dry weather patterns during the summer months.

Public water supply withdrawal during the base pumping months remained rather consistent during the 2000 – 2003 period at approximately 142 million gallons per day (mgd). During peak pumping months late spring and summer, pumping can increase considerably and is quite variable in response to weather conditions. The annual water demand between 2000 – 2003 ranged from 185 mgd to 200 mgd during the peak pumping period.

Recharge of the groundwater system has increased from 332 mgd to 341 mgd as a result of the County's storm water recharge basins capturing storm water for aquifer recharge. Based upon the peak months' average, this leaves a daily recharge surplus of between 161 to 181 million gallons. This recharge surplus ensures ample amounts of fresh water for the future. Furthermore, proposed developments and redevelopments within the County are required to retain all storm water on site. This requirement will ensure that the aquifer continues to be recharged.

The County Department of Public Works maintains and operates the County's sewerage and water resources facilities. In 2003, upon the approval of the County Legislature, state legislation created a single, County-wide sewer and storm water resources district, replacing the County's prior three sewage disposal districts and 27 sewage collection districts.

Most sewage collected in the County's sewer system is treated at either the Bay Park Sewage Treatment Plant ("Bay Park") in East Rockaway or the Cedar Creek Water Pollution Control Plant ("Cedar Creek") located in Wantagh. Sewage collected within the area corresponding to the former County sewage collection district of Lido Beach is processed at the City of Long Beach's sewage treatment plant.

In, 2008, the County assumed responsibility for the operation and maintenance of the Glen Cove Water Pollution Control Facility, sewage pumping stations, and the collection system piping. This is the first step in the process to ultimately transfer ownership of the facilities from the City of Glen Cove to the County. In 2008, inter-municipal agreements were entered into with each of the Village of Lawrence and the Village of Cedarhurst to consolidate each village's sewer system into the County's sewer system.

Six villages in the County (Freeport, Garden City, Hempstead, Mineola, Rockville Centre and Roslyn) and the city of Long Beach own and operate their own sewage collection systems which discharge sewage to the County's disposal system. The sewage collected by these systems is processed at one of the County-operated sewage treatment plants, either Bay Park or Cedar Creek. In addition, there are several sewage collection systems and treatment plants within the County that are operated by other governmental agencies or special districts.

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APPENDIX H
CASH FLOW STATEMENTS

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**Nassau County
Includes 5 Funds
December 2009 Actuals**

	<u>Jan-09</u>	<u>Feb-09</u>	<u>Mar-09</u>	<u>Apr-09</u>	<u>May-09</u>	<u>Jun-09</u>	<u>Jul-09</u>	<u>Aug-09</u>	<u>Sep-09</u>	<u>Oct-09</u>	<u>Nov-09</u>	<u>Dec-09</u>	2009 Summary	Foot Note
Opening Cash Balance	63,446,793	(10,857,103)	26,504,756	232,339,960	134,490,764	23,434,147	61,138,355	(35,841,172)	42,168,259	136,645,082	149,712,200	19,553,260	63,446,793	1
Receipts														
Receipt of Tax Levies	(370,000)	32,739,479	353,569,126	30,661,069	(13,430,311)	(10,567,049)	(2,041,726)	123,206,624	251,038,975	32,140	0	(4,850,000)	759,988,326	
Fed Aid, State Aid	14,556,769	14,855,995	46,755,239	11,188,735	8,917,509	35,374,266	10,680,910	38,031,752	17,501,011	77,570,241	11,661,858	23,914,380	311,008,665	
Non Tax	8,519,675	15,983,353	38,924,345	21,039,395	20,871,251	19,778,110	20,759,288	15,592,012	19,930,216	18,794,305	17,537,832	21,537,657	239,267,439	
Sales Tax (Nassau portion)	41,153,024	65,978,999	50,132,892	70,003,715	52,589,155	87,476,630	45,592,046	56,391,912	59,421,646	87,519,094	58,079,971	90,197,498	764,536,581	
Other Receipts	(9,165,961)	17,697,236	30,132,229	(1,177,582)	40,602,791	(98,980,955)	26,874,047	16,882,653	16,640,113	10,954,637	(16,328,965)	62,706,415	96,836,659	
RAN/TAN Received	0	0	0	0	0	190,000,000	0	0	0	0	0	150,000,000	340,000,000	
Total Cash Receipts	54,693,508	147,255,062	519,513,829	131,715,332	109,550,394	223,081,001	101,864,566	250,104,953	364,531,961	194,870,417	70,950,696	343,505,951	2,511,637,670	
Disbursements														
Salaries & Fringes	123,914,890	82,717,030	95,807,674	88,961,073	89,596,885	97,535,898	92,485,631	110,739,434	90,748,067	87,008,418	90,979,377	213,564,779	1,264,059,155	
Other Expenses	20,128,483	20,694,766	30,547,451	22,522,384	13,753,483	19,447,371	19,798,158	21,408,918	17,439,331	16,871,153	48,287,666	19,315,383	270,214,545	
Debt Service	19,040,438	20,034	26,959,143	1,870,799	4,998,725	7,498,789	17,389,885	12,473	16,873,735	3,539,762	6,703,049	4,569,576	109,476,407	
Social Services	31,835,816	54,059,746	42,734,187	36,042,894	33,549,409	36,818,122	35,862,435	36,789,659	35,765,947	51,287,814	16,124,803	757,400	411,628,233	
Local Governments Assistance	0	14,020,919	0	0	0	0	0	4,430,180	23,766,627	13,797,596	377,187	0	56,392,509	
Transfers Between Funds	(73,282,172)	(74,956,893)	94,603,810	(757,266)	(68,314)	(1,895,511)	(18,995,066)	(698,762)	(8,879,065)	(62,007,116)	6,365,112	21,158,949	(119,412,295)	
Other Disbursements	21,063,248	23,624,602	23,537,361	20,830,445	35,099,634	26,698,756	28,449,418	27,752,743	29,018,452	14,512,422	17,504,191	20,795,311	288,886,583	
RAN/TAN Paid	0	0	0	60,000,000	45,000,000	0	0	0	85,000,000	47,000,000	0	0	237,000,000	
Total Cash Disbursements	142,700,702	120,180,203	314,189,626	229,470,328	221,929,822	186,103,425	174,990,460	196,004,466	270,396,647	181,979,079	199,761,795	280,538,584	2,518,245,137	
Adjustments by Treasury	13,703,299	10,287,000	511,000	(94,200)	1,322,810	726,633	(23,853,632)	23,908,944	341,508	175,781	(1,347,841)	(1,267,454)	24,413,848	
Cash Flow for Period	(74,303,895)	37,361,859	205,835,204	(97,849,196)	(111,056,617)	37,704,208	(96,979,527)	78,009,431	94,476,822	13,067,118	(130,158,940)	61,699,914	17,806,381	
Ending Cash Balance	(10,857,103)	26,504,756	232,339,960	134,490,764	23,434,147	61,138,355	(35,841,172)	42,168,259	136,645,082	149,712,200	19,553,260	81,253,174	81,253,174	2
Liquid Funds (Tobacco & SSW)	85,238,554	29,678,241	158,387,943	136,642,627	131,148,457	126,449,300	72,727,197	166,266,054	161,723,458	158,524,946	153,593,232	144,593,232		
Ending Liquid Cash Balance	74,381,451	56,182,997	390,727,904	271,133,392	154,582,604	187,587,655	36,886,025	208,434,314	298,368,539	308,237,146	173,146,492	225,846,406		
Opening Cash Balance	63,446,793	(10,857,103)	26,504,756	232,339,960	134,490,764	23,434,147	61,138,355	(35,841,172)	42,168,259	136,645,082	149,712,200	19,553,260		
Total Cash Receipts	54,693,508	147,255,062	519,513,829	131,715,332	109,550,394	223,081,001	101,864,566	250,104,953	364,531,961	194,870,417	70,950,696	343,505,951		
Total Cash Disbursements	142,700,702	120,180,203	314,189,626	229,470,328	221,929,822	186,103,425	174,990,460	196,004,466	270,396,647	181,979,079	199,761,795	280,538,584		
RAN/TAN Paid	0	0	0	60,000,000	45,000,000	0	0	0	85,000,000	47,000,000	0	0		
Note Ran/Tan Debt Coverage				3.24	1.49				2.60	4.18				
Note Liquid Ran/Tan Debt Coverage				5.52	4.41				4.51	7.55				3

Footnotes:

- Summary column shows opening cash balance for 2009, and ending cash balance for the period.
- Monthly cash flow equals receipts less disbursements after adjustments by the Treasury Department.

**Nassau County
Includes 5 Funds
2010 Projections
April Actuals**

	<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	2010 Summary	Foot Note
Opening Cash Balance	81,253,174	(1,958,661)	8,346,430	331,313,596	85,846,402	5,172,426	120,218,682	15,373,032	83,772,245	182,823,371	155,085,579	55,419,868	81,253,174	1
Receipts														
Receipt of Tax Levies	(120,000)	4,471,386	418,405,482	(3,433,205)	(5,143,006)	(3,409,358)	(2,177,167)	93,656,871	247,084,321	31,643	0	0	749,366,966	
Fed Aid, State Aid	13,476,114	7,192,854	42,830,975	15,937,124	19,143,254	48,410,791	30,623,972	50,234,116	39,876,080	71,821,582	23,267,727	46,050,175	408,864,763	
Non Tax	12,762,939	15,491,643	14,106,586	13,932,154	23,315,249	28,862,223	26,330,960	22,723,477	22,359,603	26,641,134	23,833,278	22,355,106	252,714,352	
Sales Tax (Nassau portion)	51,123,505	69,510,823	56,265,000	77,561,348	53,994,409	95,658,136	51,514,183	63,919,337	63,597,933	88,286,041	59,177,060	92,997,772	823,605,548	
Other Receipts	1,086,694	12,313,898	29,836,984	12,649,425	13,277,346	(57,630,353)	30,044,180	14,008,656	40,937,526	(219,008)	(8,234,693)	65,811,256	153,881,911	
RAN/TAN Received	0	0	0	0	0	210,000,000	0	0	0	0	0	150,000,000	360,000,000	
Total Cash Receipts	78,329,251	108,980,603	561,445,026	116,646,846	104,587,252	321,891,439	136,336,127	244,542,457	413,855,463	186,561,392	98,043,372	377,214,310	2,748,433,540	
Disbursements														
Salaries & Fringes	99,232,650	87,825,667	97,397,987	84,389,917	80,813,682	88,813,368	111,691,606	89,066,211	85,864,946	86,372,894	81,385,249	130,522,956	1,123,377,131	
Other Expenses	16,524,560	21,156,101	23,567,627	13,653,136	19,346,362	23,219,415	22,308,495	27,422,625	36,067,650	21,830,055	38,180,050	21,071,811	284,347,888	
Debt Service	14,728,689	8,239	23,144,175	11,668,430	3,685,294	15,413,227	18,379,344	3,483,375	16,254,730	3,578,125	9,282,310	13,510,528	133,136,466	
Social Services	31,193,666	37,002,180	39,484,837	34,752,380	40,949,103	43,133,067	44,944,097	38,789,912	47,265,737	50,743,198	25,387,287	24,124,808	457,770,271	
Local Governments Assistance	0	10,585,011	18,137	3,113,722	0	0	0	0	0	0	0	44,138,716	57,855,586	
Transfers Between Funds	(8,589,847)	(67,579,423)	23,145,859	(6,952,155)	6,745,138	9,864,882	19,388,957	(12,791,475)	(86,245)	(15,214,858)	19,764,256	22,736,558	(9,568,352)	
Other Disbursements	16,687,919	13,823,717	33,698,129	33,654,570	33,721,649	26,401,224	24,469,279	30,172,597	29,437,519	16,989,770	23,709,931	20,836,172	303,602,477	
RAN/TAN Paid	0	0	0	190,000,000	0	0	0	0	100,000,000	50,000,000	0	0	340,000,000	
Total Cash Disbursements	169,777,637	102,821,492	240,456,751	364,280,001	185,261,228	206,845,183	241,181,778	176,143,244	314,804,337	214,299,185	197,709,083	276,941,549	2,690,521,467	
Adjustments by Treasury	8,236,551	4,145,980	1,978,891	2,165,961	0	0	0	0	0	0	0	0	16,527,383	
Cash Flow for Period	(83,211,835)	10,305,091	322,967,166	(245,467,194)	(80,673,977)	115,046,257	(104,845,650)	68,399,213	99,051,126	(27,737,793)	(99,665,711)	100,272,761	74,439,455	
Ending Cash Balance	(1,958,661)	8,346,430	331,313,596	85,846,402	5,172,426	120,218,682	15,373,032	83,772,245	182,823,371	155,085,579	55,419,868	155,692,629	155,692,629	2
Liquid Funds (SSW & EBF)	154,329,933	98,640,395	120,464,052	114,619,270	104,619,270	94,619,270	84,619,270	74,619,270	166,619,270	156,619,270	146,619,270	136,619,270		
Ending Liquid Cash Balance	152,371,272	106,986,826	451,777,648	200,465,673	109,791,696	214,837,953	99,992,302	158,391,515	349,442,642	311,704,849	202,039,138	292,311,899		
Opening Cash Balance	81,253,174	(1,958,661)	8,346,430	331,313,596	85,846,402	5,172,426	120,218,682	15,373,032	83,772,245	182,823,371	155,085,579	55,419,868		
Total Cash Receipts	78,329,251	108,980,603	561,445,026	116,646,846	104,587,252	321,891,439	136,336,127	244,542,457	413,855,463	186,561,392	98,043,372	377,214,310		
Total Cash Disbursements	169,777,637	102,821,492	240,456,751	364,280,001	185,261,228	206,845,183	241,181,778	176,143,244	314,804,337	214,299,185	197,709,083	276,941,549		
RAN/TAN Paid	0	0	0	190,000,000	0	0	0	0	100,000,000	50,000,000	0	0		
Note Ran/Tan Debt Coverage				1.44					2.83	4.10				
Note Liquid Ran/Tan Debt Coverage				2.04					4.49	7.23				3

Footnotes:

1. Summary column shows opening cash balance for 2010, and ending cash balance for the period.
2. Monthly cash flow equals receipts less disbursements after adjustments by the Treasury Department.
3. Transfers Between Funds include General Fund due to SSW \$0.

**Nassau County
Includes 5 Funds
2011 Projections**

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	2011 Summary	Foot Note
Opening Cash Balance	155,692,629	85,650,541	149,681,242	229,142,687	113,676,466	47,651,014	140,506,332	36,575,788	106,514,191	208,368,985	198,939,071	123,970,519	155,692,629	1
Receipts														
Receipt of Tax Levies	(120,000)	154,471,386	268,405,482	(3,433,205)	(5,143,006)	(3,409,358)	(2,177,167)	93,656,871	247,084,321	31,643	0	0	749,366,966	
Fed Aid, State Aid	13,476,114	7,192,854	42,830,975	15,937,124	19,143,254	48,410,791	30,623,972	50,234,116	39,876,080	71,821,582	23,267,727	46,050,175	408,864,763	
Non Tax	12,762,939	15,491,643	14,106,586	13,932,154	23,315,249	28,862,223	26,330,960	22,723,477	22,359,603	26,641,134	23,833,278	22,355,106	252,714,352	
Sales Tax (Nassau portion)	51,123,505	69,510,823	56,265,000	77,561,348	53,994,409	95,658,136	51,514,183	63,919,337	63,597,933	88,286,041	59,177,060	92,997,772	823,605,548	
Other Receipts	21,086,694	32,313,898	39,836,984	32,649,425	28,277,346	(79,630,353)	30,044,180	14,008,656	40,937,526	15,739,750	14,269,808	27,012,408	216,546,322	
RAN/TAN Received	0	0	0	0	0	210,000,000	0	0	0	0	0	150,000,000	360,000,000	
Total Cash Receipts	98,329,251	278,980,603	421,445,026	136,646,846	119,587,252	299,891,439	136,336,127	244,542,457	413,855,463	202,520,150	120,547,873	338,415,462	2,811,097,950	
Disbursements														
Salaries & Fringes	99,232,650	212,825,667	97,397,987	84,389,917	81,165,157	89,004,307	110,776,499	87,527,020	83,061,279	84,023,772	79,192,592	161,780,284	1,270,377,131	
Other Expenses	16,524,560	21,156,101	23,567,627	13,653,136	19,346,362	23,219,415	22,308,495	27,422,625	36,067,650	21,830,055	38,180,050	21,071,811	284,347,888	
Debt Service	14,728,689	8,239	23,144,175	11,668,430	3,685,294	15,413,227	18,379,344	3,483,375	16,254,730	3,578,125	9,282,310	13,510,528	133,136,466	
Social Services	31,193,666	37,002,180	39,484,837	34,752,380	40,949,103	43,133,067	44,944,097	38,789,912	47,265,737	50,743,198	25,387,287	24,124,808	457,770,271	
Local Governments Assistance	0	10,585,011	18,137	3,113,722	0	0	0	0	0	0	0	44,138,716	57,855,586	
Transfers Between Funds	(1,759,594)	(76,305,033)	(3,348,420)	(6,953,128)	6,745,138	9,864,882	19,388,957	(12,791,475)	(86,245)	(15,214,858)	19,764,256	22,736,558	(37,958,961)	
Other Disbursements	16,687,919	13,823,717	33,698,129	33,654,570	33,721,649	26,401,224	24,469,279	30,172,597	29,437,519	16,989,770	23,709,931	20,836,172	303,602,477	
RAN/TAN Paid	0	0	130,000,000	80,000,000	0	0	0	0	100,000,000	50,000,000	0	0	360,000,000	
Total Cash Disbursements	176,607,890	219,095,882	343,962,472	254,279,028	185,612,704	207,036,122	240,266,671	174,604,054	312,000,670	211,950,063	195,516,426	308,198,877	2,829,130,859	
Adjustments by Treasury	8,236,551	4,145,980	1,978,891	2,165,961	0	0	0	0	0	0	0	0	16,527,383	
Cash Flow for Period	(70,042,088)	64,030,701	79,461,445	(115,466,221)	(66,025,452)	92,855,318	(103,930,544)	69,938,403	101,854,794	(9,429,913)	(74,968,553)	30,216,585	(1,505,526)	
Ending Cash Balance	85,650,541	149,681,242	229,142,687	113,676,466	47,651,014	140,506,332	36,575,788	106,514,191	208,368,985	198,939,071	123,970,519	154,187,103	154,187,103	2
Liquid Funds (SSW & EBF)	126,619,270	116,619,270	157,619,270	147,619,270	137,619,270	127,619,270	117,619,270	107,619,270	148,619,270	138,619,270	128,619,270	118,619,270		
Ending Liquid Cash Balance	212,269,811	266,300,512	386,761,957	261,295,736	185,270,284	268,125,602	154,195,058	214,133,461	356,988,255	337,558,341	252,589,789	272,806,373		
Opening Cash Balance	155,692,629	85,650,541	149,681,242	229,142,687	113,676,466	47,651,014	140,506,332	36,575,788	106,514,191	208,368,985	198,939,071	123,970,519		
Total Cash Receipts	98,329,251	278,980,603	421,445,026	136,646,846	119,587,252	299,891,439	136,336,127	244,542,457	413,855,463	202,520,150	120,547,873	338,415,462		
Total Cash Disbursements	176,607,890	219,095,882	343,962,472	254,279,028	185,612,704	207,036,122	240,266,671	174,604,054	312,000,670	211,950,063	195,516,426	308,198,877		
RAN/TAN Paid	0	0	130,000,000	80,000,000	0	0	0	0	100,000,000	50,000,000	0	0		
Note Ran/Tan Debt Coverage			2.75	2.39					3.08	4.98				
Note Liquid Ran/Tan Debt Coverage			3.96	4.24					4.57	7.75				3

Footnotes:

1. Summary column shows opening cash balance for 2010, and ending cash balance for the period.
2. Monthly cash flow equals receipts less disbursements after adjustments by the Treasury Department.
3. Transfers Between Funds include General Fund due to SSW \$0.

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APPENDIX I
NOTICE OF SALE

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NASSAU COUNTY, NEW YORK

NOTICE OF SALE

\$210,000,000*
REVENUE ANTICIPATION NOTES, 2010
consisting of

\$130,000,000* Revenue Anticipation Notes, 2010 Series A

Dated: Date of Delivery

Due: March 15, 2011

\$80,000,000* Revenue Anticipation Notes, 2010 Series B

Dated: Date of Delivery

Due: April 15, 2011

Nassau County, New York (the "County") is accepting electronic bids for the \$210,000,000* aggregate principal amount of Revenue Anticipation Notes, 2010, dated date of delivery and consisting of \$130,000,000* Revenue Anticipation Notes, 2010 Series A maturing on March 15, 2011 (the "Series A Notes") and \$80,000,000* Revenue Anticipation Notes, 2010 Series B maturing on April 15, 2011 (the "Series B Notes" and with the Series A Notes, collectively, the "Notes"). Electronic bids for the Notes via iPreo's Parity Electronic Bid Submission System ("Parity") will be received until 11:00 A.M. prevailing Eastern time for the Series A Notes and 11:15 A.M. for the Series B Notes, on June 8, 2010 (unless postponed as described herein).

This Notice of Sale ("Notice") contains certain information for quick reference only, is not a summary of the issue and governs only the terms of the sale of, bidding for and closing procedures with respect to the Notes. Bidders must read the entire Preliminary Official Statement to obtain information essential to the making of an informed decision to bid.

Terms of the Notes

The Notes shall be dated June 15, 2010. Principal and interest on the Series A Notes shall be payable at maturity on March 15, 2011. Principal and interest on the Series B Notes shall be payable at maturity on April 15, 2011. Interest on the Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Notes are to be issued without option of prior redemption.

The Notes are being issued for the purpose of providing monies to meet a cash flow deficit expected to occur during the period the Notes are outstanding, and to pay costs of issuing the Notes.

The Notes are to be issued under and in full compliance with the Constitution and laws of the State of New York, including the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York, and a revenue anticipation note ordinance adopted by the Board of Supervisors (the predecessor legislative body to the County Legislature) and approved

* Preliminary, subject to change.

by the County Executive pursuant to the Local Finance Law, the County Charter and the County Administrative Code and other related proceedings and determinations.

The Notes are general obligations of the County, for the payment of which the County has pledged its faith and credit. All of the taxable real property within the County is subject to the levy of ad valorem taxes without limitation as to rate or amount to pay both the principal of and interest on the Notes. The Notes will be issued in anticipation of receipt by the County of net allocable sales taxes for County purposes for the County's 2010 fiscal year.

Optional Redemption

The Notes will not be subject to optional redemption prior to maturity.

Credit Rating

Moody's Investors Service, Standard & Poor's Rating Service and Fitch Ratings have assigned to the Notes municipal bond ratings of "MIG 1", "SP-1+" and "F1+", respectively. An explanation of the significance of these ratings may be obtained from Fitch Ratings, One State Street Plaza, New York 10004, Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, and Standard & Poor's Rating Service, 55 Water Street, New York, New York 10041. There is no assurance that these ratings will continue for any period of time or that the ratings will not be revised or withdrawn. Any such revision or withdrawal of any rating may have an adverse effect on the market price of the Notes.

Book-Entry System

The Notes will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Notes and each such Note shall be immobilized in the custody of DTC. DTC will act as securities depository for the Notes. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers will not receive physical delivery of certificates representing their interest in the Notes purchased. The winning bidder(s), as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC.

Principal of and interest on the Notes will be payable by the County by wire transfer or in clearinghouse funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to beneficial owners of the Notes by participants of DTC ("Participants") will be the responsibility of Participants and other nominees of beneficial owners. The County will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, Participants or persons acting through Participants.

Change of Bid Date and Closing Date

The County reserves the right to postpone, from time to time, the date established for the receipt of bids and will undertake to notify registered prospective bidders via email notification. Such changes will also be published on www.i-dealprospectus.com. Prospective bidders may request notification by facsimile transmission of any such changes in the date or time for the receipt of bids by so advising, and furnishing their telecopier numbers to Public Financial

Management at 212-809-4212 by 12 NOON, Eastern time, on the day prior to the announced date for receipt of bids.

A postponement of the bid date will be announced via i-Deal Prospectus not later than 4:00 P.M., Eastern time, on the last business day prior to any announced date for receipt of bids, and an alternative sale date and time will be announced via i-Deal Prospectus.

On any such alternative date and time for receipt of bids, the County will accept electronic bids for the purchase of the Notes, such bids to conform in all respects to the provisions of this Notice of Sale, except for the changes in the date and time for receipt of bids and any other changes announced by i-Deal Prospectus.

The County may change the scheduled delivery date for the Notes by notice given in the same manner as that set forth for a change in the date for the receipt of bids. See "Delivery" below.

Adjustment of Principal Amounts

The aggregate principal amount of the Notes is subject to adjustment by the County, both before and after the receipt of bids for their purchase. Changes to be made prior to the sale will be published by means of a supplemental notice of sale via e-mail notification sent by i-Deal Prospectus not later than 9:30 A.M. prevailing Eastern time on the date of sale and will be used to compare bids and select a winning bidder(s). Changes to be made after the sale of the maturity amount for the Notes will be communicated to the successful bidder by 12:30 P.M. prevailing Eastern time on the date of the sale, and will not reduce or increase the aggregate principal amount of the Notes by more than 10% from the amount bid upon. The dollar amount bid by the successful bidder(s) shall be adjusted to reflect any adjustments in the principal amount of the Notes to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and the original issue premium or discount, but will not change the per thousand underwriter's discount as calculated from the bid and initial offering prices (as herein defined) required to be delivered to the County as stated herein. The coupon rate specified by the successful bidder(s) will not change. The successful bidder(s) may not withdraw its bid as a result of any changes made within these limits.

Basis of Award

The Notes will be awarded to the bidder or bidders offering the lowest net interest cost, that being the rate of interest which will produce the least interest cost over the life of the Notes, after accounting for the premium offered, if any. In the event bids offering the same lowest net interest cost are received, an award will be made to the bidder offering to purchase the greater principal amount of the Notes. If two or more bids offering to purchase the same principal amount of Notes at the same lowest net interest rate are received, an award will be made by lot from among such lowest bids. The County reserves the right to award to any bidder all or any part of the Notes which such bidder offers to purchase and, in such event, the premium, if any, specified by such bidder will be pro-rated. In any event, the award of the Notes will be made on the basis of the bid or combination of bids offering to purchase the Notes on terms most

favorable to the County. The County reserves the right to reject any and all bids, and to reject any bid not complying with this Notice of Sale.

In awarding the Notes, the County may accept a bid in a principal amount less than the principal amount bid (including a principal amount less than \$5,000,000) in order that the total amount of bids accepted total the amount of Notes to be issued.

Procedures for Electronic Bidding

Bids must be submitted electronically via Parity pursuant to this Notice until 11:00 A.M. for the Series A Notes and 11:15 A.M. for the Series B Notes, prevailing Eastern time, on June 8, 2010. No bid will be received after the time for receiving bids specified above. Once the bids are communicated electronically via Parity to the County, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms therein provided.

Registration to Bid

Prospective bidders wishing to submit electronic bids must be contracted customers of Parity. If you do not have a contract with Parity, call (212) 404-8102 to become a customer. By submitting an electronic bid for the Notes, a bidder represents and warrants to the County that such bidder's bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Notes.

If any provisions of this Notice of Sale shall conflict with information provided by Parity, as approved provider of electronic bidding services, this Notice of Sale shall control. Further information about Parity, including any fee charged, may be obtained from Parity at (212) 404-8102.

The time maintained by Parity shall constitute the official time with respect to all bids submitted.

Bid Parameters

Bidders are required to submit unconditional bids specifying the rate of interest and premium, if any, at which the bidder will purchase all or any portion of the Notes. Rates shall be bid in multiples of 1/20th or 1/8th percent. No bid for less than \$5,000,000 principal amount of the Notes will be entertained, and all bids must be in multiples of \$1,000,000. The interest rate to be borne by the Notes shall not exceed five percent (5.00%). Notes may bear different interest rates and bidders may submit bids for Notes with different interest rates. No "all or none" bids will be accepted. Bidders shall specify (i) the principal amount of the Notes to be purchased pursuant to such bid, (ii) the interest rate to be borne by the Notes, (iii) the amount of premium, if any, that they will pay, in addition to the principal amount, to purchase the Notes, and (iv) the total purchase price, which price shall not be less than the principal amount of Notes bid for. No bid to purchase the Notes at less than par will be accepted. Separate proposals to purchase any part of the Notes may be contained in the same electronic bid as a convenience to the bidder. If more than one electronic bid is submitted by the same bidder, for any part of the Notes, each such bid shall be considered as a separate proposal for purchase of such part and no such bid for

less than \$5,000,000 principal amount of the Notes shall be entertained. Each bid submitted through Parity shall be deemed an irrevocable offer to purchase all or that portion of the Notes specified in the bid on the terms provided in this Notice of Sale, and shall be binding upon the bidder. The Notes are expected to be awarded at approximately 12:30 P.M. prevailing Eastern time on June 8, 2010. All proposals shall remain firm until the time of award.

Disclaimer

Each prospective electronic bidder shall be solely responsible to register to bid via Parity. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access Parity for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the County nor Parity shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or to assure such access to any qualified prospective bidder, and neither the County nor Parity shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by Parity. The County is using Parity as a communication mechanism, and not as the County's agent, to conduct the electronic bidding for the Notes. The County is not bound by any advice and determination of Parity to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Parameters" hereinafter set forth. The County reserves the right to verify any calculation made by or information provided by Parity. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via Parity are the sole responsibility of the bidders and the County is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid, or submitting or modifying a bid for the Notes, such bidder should telephone Parity and notify the County's Financial Advisor, Public Financial Management (the "Financial Advisor") at (212) 809-4212.

Approving Legal Opinion

The approving legal opinion of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel, will be furnished to the purchasers without cost. There will also be furnished the usual closing papers and, in addition, a certificate signed by an appropriate officer of the County, certifying that there is no litigation pending or, to the knowledge of the signer of such certificate, threatened affecting the validity of the Notes and that on the date of the Official Statement for the Notes, the Official Statement did not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the County is not guaranteed as to accuracy, completeness or fairness, said officer has no reason to believe and does not believe that such information is materially inaccurate or misleading; and to his knowledge, since the date of the Official Statement there have been no material transactions not in the ordinary course of affairs entered into by such County and no material adverse changes in the general affairs of such County or in its financial condition as shown in the Official Statement other than as disclosed in or contemplated by the Official Statement.

Preliminary Official Statement; Continuing Disclosure

The County has deemed the Preliminary Official Statement dated June 2, 2010 to be final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission, except for the omission of certain information permitted to be omitted by said Rule. The County agrees to deliver to the successful bidder(s) for its receipt no later than seven business days after the date of sale of the Notes such quantities of the final Official Statement as the successful bidder(s) shall request; provided, that the County shall deliver up to 300 copies of such Official Statement without charge to the successful bidder(s).

The County has made certain covenants for the benefit of the holders from time to time of the Notes to provide certain continuing disclosure, in order to assist successful bidders for the Notes in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission. Such covenants are described in the Preliminary Official Statement dated June 2, 2010.

Delivery

The Notes will be delivered on or about June 15, 2010 (UNLESS A NOTICE OF A CHANGE IN THE DELIVERY DATE IS ANNOUNCED VIA I-DEAL PROSPECTUS NOT LATER THAN 4:00 P.M., EASTERN TIME, ON THE LAST BUSINESS DAY PRIOR TO ANY ANNOUNCED DATE FOR RECEIPT OF BIDS) through the facilities of DTC in the City of New York, New York, against payment therefor in federal or other immediately available funds.

Good Faith Deposit

No good faith deposit is required to be submitted with bids.

Verification

All bids are subject to verification and approval by the County. The County shall have the right to deem each final bid reported on Parity immediately after the deadline for receipt of bids to be accurate and binding on the bidder(s). Information or calculations provided by Parity other than the information required to be provided by the bidder(s) in accordance with this Notice of Sale is for informational purposes only and shall not be binding on any of the bidder(s) and the County.

Miscellaneous

As a condition to the award of the Notes, the successful bidder(s) shall be required to communicate to the County the initial offering price at which a bona fide offering of Notes has been made to the public. Furthermore, as a condition to the delivery of the Notes, the successful bidder(s) shall be required to certify that a bona fide offering of the Notes has been made to the public (excluding bond houses, brokers and other intermediaries) and such initial offering price by written certificate, such certificate to be in form and substance reasonably satisfactory to the County's bond counsel.

It is expected that CUSIP numbers will be printed on the Notes. However, the validity, sale, delivery or acceptance of the Notes will not be affected in any manner by any failure to print, or any error in printing, the CUSIP numbers on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the County, provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid by the successful bidder(s).

The County reserves the right to reject any or all bids, or to waive any irregularity or informality in any bid.

The Preliminary Official Statement relating to the Notes may be downloaded from the County's website at <http://www.nassaucountyny.gov/treasurer>. Questions may be directed to the undersigned at Nassau County, New York, Office of the County Treasurer, County Office Building, 240 Old Country Road, Mineola, New York 11501 (tel. 516-571-2090), or to Tracey Keays or Christopher Pak at Public Financial Management (tel. 212-809-4212).

NASSAU COUNTY, NEW YORK

Dated: June 2, 2010

By: Steven D. Conkling
County Treasurer

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