NASSAU COUNTY DEFERRED COMPENSATION PLAN

FINANCIAL STATEMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Nassau County
Deferred Compensation Board and Participants:

We have audited the accompanying statements of fiduciary net assets available for plan benefits of the Nassau County Deferred Compensation Plan (the "Plan") as of December 31, 2010 and 2009, and the related statements of changes in fiduciary net assets for the years then ended, which collectively comprise the Plan's basic financial statements. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nassau County Deferred Compensation Plan as of December 31, 2010 and 2009, and the changes in its financial position for the years then ended in conformity with U.S. generally accepted accounting principles.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 2 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Israeloff, Trattner & Co. P.C.

Garden City, New York
September 17, 2013

NASSAU COUNTY DEFERRED COMPENSATION PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

This section presents management's discussion and analysis of the Nassau County Deferred Compensation Plan's ("the Plan") financial performance during the years ended December 31, 2010 and 2009.

The Nassau County Deferred Compensation Plan is a voluntary retirement savings plan that is offered to Nassau County employees that have elected to participate in the Plan. Its purpose is to help County employees achieve their retirement savings goals by providing high quality, cost effective investment options. The Plan is governed by Section 457 of the Internal Revenue Code ("IRC"), Section 5 of the New York State Finance Law, and Parts 9000-9006 of the New York State Code of Rules and Regulations.

As of December 31, 2010, the Plan had approximately 9,000 total participants and $803 million of assets. Participant assets are accumulated through voluntary payroll deferrals, rollovers from other public deferred compensation plans, rollovers from other qualified retirement plans, and earnings on investments. Salary deferrals and rollover assets are invested at the direction of participants in one or more of 30 core investment options offered.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Nassau County Deferred Compensation Plan's basic financial statements, which comprise the following three components: (1) Statements of Net Assets Available for Plan Benefits, (2) Statements of Changes in Net Assets Available for Plan Benefits, and (3) Notes to Financial Statements. Collectively, this information presents the net assets held in trust for participants.

Management's discussion and analysis of the Plan's financial performance provides an overview of the Plan's financial activities for the calendar years ended December 31, 2010 and 2009. Please read it in conjunction with the Plan's financial statements.

Financial Highlights

2010 - 2009

- Net Assets Available for Benefits increased by $62,419,173 as a result of 2010's activities from $740,808,053 to $803,227,226.

- Additions for the year of $113,611,398 are comprised of participant contributions of $50,732,627 and net investment income of $62,878,771.

- Deductions for the year of $51,192,225 are comprised of benefit payments of $51,058,768, loan defaults of $12,301 and administrative expenses of $121,156.

Financial Highlights (Continued)

2009 – 2008

- Net Assets Available for Benefits increased by $127,497,699 as a result of 2009's activities from $613,310,354 to $740,808,053.
- Additions for the year of $161,484,186 are comprised of participant contributions of $52,078,768 and net investment income of $109,405,418.
- Deductions for the year of $33,986,487 are comprised of benefit payments of $33,867,812 and administrative expenses of $118,675.

The annual report consists of two financial statements: The Statements of Fiduciary Net Assets and The Statements of Changes in Fiduciary Net Assets. These financial statements report information about the Plan and about its activities to help you assess whether the Plan, as a whole, has improved or declined as a result of the year's activities. The financial statements were prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period they are earned, and expenses are recorded in the year they are incurred, regardless of when cash is received or paid.

The Statements of Fiduciary Net Assets show the balances in all of the assets and liabilities of the Plan at the end of the year. The difference between assets and liabilities represents the Plan's fiduciary net assets. Over time, increases or decreases in the Plan's fiduciary net assets provide one indication of whether the financial health of the Plan is improving or declining. The Statements of Changes in Fiduciary Net Assets show the results of financial operations for the year. The statements provide an explanation for the change in the Plan's net assets since the prior year.

Financial Analysis

Summary of Fiduciary Net Assets

2010 – 2009

	2010	2009	Increase
Assets	$ 803,296,226	$ 740,876,053	$ 62,420,173
Liabilities	69,000	68,000	1,000
	$ 803,227,226	$ 740,808,053	$ 62,419,173

Financial Analysis (Continued)

Total assets increased by $62.4 million or 8.43% between 2009 and 2010 due to the increase in fair value of the investments and contributions to the plan being greater than distributions from the plan.

Total liabilities increased by $1,000 or 1.47% due to the increase in audit fees payable.

Net assets increased by $62.4 million or 8.43%.

Summary of Fiduciary Net Assets

2009 – 2008

	2009	2008	Increase (Decrease)
Assets	$ 740,876,053	$ 613,355,354	$ 127,520,699
Liabilities	68,000	45,000	23,000
	$ 740,808,053	$ 613,310,354	$ 127,497,699

Total assets increased by $127.5 million or 20.8% between 2008 and 2009 due to the increase in fair value of the investments and contributions to the plan being greater than distributions from the plan.

Total liabilities increased by $23,000 or 51.1% due to the accrual for one additional year of audit fees.

Net assets increased by $127.5 million or 20.8%.

Summary of Changes in Fiduciary Net Assets

2010 – 2009

	2010	2009	Increase (Decrease)
Additions:			
Member contributions	$ 50,732,627	$ 52,078,768	$ (1,346,141)
Net investment income	62,878,771	109,405,418	(46,526,647)
Total additions	$ 113,611,398	$ 161,484,186	$ (47,872,788)
Deductions:			
Benefits	$ 51,058,768	$ 33,867,812	$ 17,190,956
Loan defaults distributions	12,301	-	12,301
Administrative expenses	121,156	118,675	2,481
Total deductions	51,192,225	33,986,487	17,205,738
Change in net assets	$ 62,419,173	$ 127,497,699	

Financial Analysis (Continued)

Additions consist of member contributions, including rollover contributions and earnings from investment activities. Total additions decreased by $47.9 million between 2009 and 2010 primarily due to a smaller increase in net investment income from 2009 to 2010. The large increase in 2009 is partly due to a reversal of the downward correction to the market that occurred in 2008.

Deductions consist of benefit payments, loan defaults and administrative expenses. Benefit payments increased by $17.2 million or 50.8% between 2009 and 2010.

The change in net assets of $62.4 million was primarily a result of a continued increase in the fair value of assets following the market downward correction in 2008.

Summary of Changes in Fiduciary Net Assets

2009 – 2008

	2009	2008	Increase (Decrease)
Additions:			
Member contributions	$ 52,078,768	$ 54,820,095	$ (2,741,327)
Net investment income (loss)	109,405,418	(165,073,275)	274,478,693
Total additions	$ 161,484,186	$ (110,253,180)	$ 271,737,366
Deductions:			
Benefits	$ 33,867,812	$ 36,115,559	$ (2,247,747)
Administrative expenses	118,675	332,046	(213,371)
Total deductions	33,986,487	36,447,605	(2,461,118)
Change in net assets	$ 127,497,699	$ (146,700,785)	

Additions consist of member contributions, including rollover contributions and earnings from investment activities. Total additions increased by $271.7 million between 2008 and 2009 primarily due to appreciation in investments from 2008 to 2009.

Deductions consist of benefit payments, and administrative expenses. Benefit payments decreased by $2.25 million or 6.2% between 2008 and 2009.

The change in net assets of $127.5 million in 2009 was primarily a result of an appreciation in net investment income following a large loss incurred in 2008.

Retirement System as a Whole

Members are 100% vested in the present value of their contributions.

Retirement System as a Whole (Continued)

The following is a listing of all the Plan's investment options offered and their related rate of return for 2010. The rate of return percentage reflects changes in share price, reinvestment of dividends and capital gains and losses and includes the effect of any applicable recurring and non-recurring fees. Investment decisions should be based upon a thorough reading of the appropriate prospectus and/or consultation with professional advisors. Past performance is no guarantee of future results:

Mutual Fund Select Portfolio Description	Investment Value	Percentage of Total Assets	Rate of Return %
Prudential Stable Value Fund	346,841,311	43.57	3.00
American Funds American Balanced R4	24,774,214	3.11	13.01
Vanguard Total Bond Market Institutional Index	10,857,497	1.36	6.58
Core Bond Plus PIMCO	22,918,492	2.88	7.14
T.Rowe Price Growth Stock Fund	105,892,431	13.30	16.93
Legg Mason ClearBridge Appreciation Fund	18,885,983	2.37	12.70
Vanguard Institutional Index	37,196,122	4.67	15.05
Invesco Van Kampen Growth and Income Fund	34,550,466	4.34	12.92
Morgan Stanley Institutional Mid Cap Growth Fund	18,809,637	2.36	32.94
Vanguard Mid-Cap Index Institutional	15,244,213	1.91	25.67
Pioneer Mid-Cap Value	9,774,922	1.23	17.75
Perkins Mid-Cap Value	1,669,860	0.21	14.65
Legg Mason ClearBridge Small Cap Growth	8,060,212	1.01	25.85
Royce Mutual Investment	15,513,817	1.95	23.86
Vanguard Small Cap Institutional Index	10,833,619	1.36	27.95
Allianz NJF Small Cap Value	9,277,216	1.17	25.36
American Funds EuroPacific Growth R4	50,614,248	6.36	9.39
Oppenheimer Developing Markets	2,957,714	0.37	27.39
Vanguard REIT Index	1,631,823	0.21	28.30
T. Rowe Price Retirement Income	1,168,998	0.15	10.11
T. Rowe Price Retirement 2010	7,518,176	0.94	12.70
T. Rowe Price Retirement 2015	2,642,310	0.33	13.79
T. Rowe Price Retirement 2020	2,562,234	0.32	14.74
T. Rowe Price Retirement 2025	23,526,396	2.96	15.37
T. Rowe Price Retirement 2030	2,606,982	0.33	16.01
T. Rowe Price Retirement 2035	791,958	0.10	16.34

Retirement System as a Whole (Continued)

Mutual Fund Select Portfolio Description	Investment Value	Percentage of Total Assets	Rate of Return %
T. Rowe Price Retirement 2040	460,408	0.06	16.51
T. Rowe Price Retirement 2045	75,134	0.01	16.44
T. Rowe Price Retirement 2050	508	0.00	16.41
T. Rowe Price Retirement 2055	8,293,208	1.04	16.41
Self Directed Brokerage	169,981	0.02	
	$ 796,120,090	100.00	

Effective September 1, 2009, the revenue sharing agreement between the Plan and its service provider was terminated. The agreement called for the service provider to share its revenues earned from the assets held with the Plan. The arrangement is described in more detail in Note 4 to the financial statements. These fees earned from the revenue sharing agreement were maintained in a separate shared revenue money market account. The funds maintained in the account were to be used at the Board's discretion. The Plan used part of the funds earned to pay for consulting, auditing and other administrative expenses of the Plan in 2010 and 2009. At August 1, 2010, the balance in the shared revenue money market account of $746,167 was transferred to the Prudential Stable Value Fund. For the years ended December 31, 2010 and 2009, the plan earned $-0- and $224,677 in revenue sharing income.

In March 2011, with the approval of the Deferred Compensation Plan Board (the "Board"), approximately six hundred thousand dollars was transferred from the shared revenue account to all active participants' accounts on a pro-rata basis. These funds represent monies that were earned from the revenue sharing agreement in prior years.

In August 2010, with the approval of the Board, the Plan instituted a participant loan program. (See note 1(d) to the financial statements for more details.) As of December 31, 2010, the Plan had loans outstanding from participants totaling approximately $7.2 million.

Effective August 1, 2010, the Plan transferred the custodial functions from Metropolitan Life Insurance Company ("MetLife") to Prudential Retirement Insurance and Annuity Company ("Prudential"). During the transfer an issue occurred with the conversion wires authorizing the transfer of funds to Prudential. On August 2, 2010, the issue was resolved and all transactions were posted. In August 2010, MetLife remitted $1,039,236 to Prudential representing the drop in market value of the Plan's investments during the one day lag. In November 2010, with the approval of the Board, the Plan passed along these funds to impacted participants.

Decisions and Conditions Expected to Have Significant Impact on the Plan's Future Financial Position

The annual maximum contribution for 2010 and 2009 was $16,500 ($22,000 if employee is age 50 or older). The annual maximum contributions have been set for the coming years as follows:

2011	$16,500 ($22,000 if age 50 or older)
2012	$17,000 ($22,500 if age 50 or older)
2013	$17,500 ($23,000 if age 50 or older)

Due to the demographics of our employee base as well as the number of participants who contribute the maximum amount each year, the amount categorized as participant contributions may increase (decrease) in the foreseeable future.

Contact Information

The financial report is designed to provide our participants, beneficiaries, and other interested parties with a general overview of the Plan's finances and to show the Plan's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact:

Nassau County Deferred Compensation Plan Board
One West Street
Mineola, NY 11501

FINANCIAL STATEMENTS

NASSAU COUNTY DEFERRED COMPENSATION PLAN

STATEMENT OF FIDUCIARY NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31,

ASSETS

	2010	2009
Investments, at fair value		
Guaranteed investment account	$ 346,841,311	$ 335,038,703
Pooled separate accounts	-	228,540,147
Mutual funds	449,278,779	176,533,317
Total investments	796,120,090	740,112,167
Cash	-	763,886
Participant notes receivable	7,176,136	-
Total Assets	803,296,226	740,876,053
LIABILITIES		
Accrued expenses	69,000	68,000
FIDUCIARY NET ASSETS AVAILABLE FOR BENEFITS	$ 803,227,226	$ 740,808,053

See accompanying notes to the financial statements.

NASSAU COUNTY DEFERRED COMPENSATION PLAN

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AVAILABLE FOR BENEFITS

FOR YEARS ENDED DECEMBER 31,

	2010	2009
ADDITIONS TO NET ASSETS ATTRIBUTED TO:		
Investment income:		
Interest and dividends	$ 9,825,326	$ 5,454,233
Revenue sharing	-	224,667
Capital gains		-
Net appreciation in fair value of investments	53,053,445	103,726,518
	62,878,771	109,405,418
Contributions:		
Plan participants - deferrals of compensation	50,644,927	52,056,529
Rollovers, transfers and other adjustments, net	87,700	19,053
Other income	-	3,186
Total contributions, rollovers, transfers and other adjustments, net	50,732,627	52,078,768
Total additions	113,611,398	161,484,186
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:		
Benefits paid to participants and beneficiaries	51,058,768	33,867,812
Loan defaults	12,301	-
Administrative expenses	121,156	118,675
Total deductions	51,192,225	33,986,487
Increase in fiduciary net assets available for benefits	62,419,173	127,497,699
FIDUCIARY NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	740,808,053	613,310,354
FIDUCIARY NET ASSETS AVAILABLE FOR BENEFITS, end of year	$ 803,227,226	$ 740,808,053

See accompanying notes to the financial statements.

1. DESCRIPTION OF PLAN

The following description of the Nassau County Deferred Compensation Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

(a) General:

The Plan is a defined contribution plan which permits employees and elected officials of Nassau County (the "County") to defer a portion of their current salary until future years. Nassau County does not make any contributions to the Plan. Participants do not pay income taxes on their contributions or investment returns while these funds remain in the Plan. The Plan's membership was approximately 9,000 at December 31, 2010 and 2009.

The assets of the Plan are being held in trust for the exclusive benefit of Plan members and their beneficiaries as required by Internal Revenue Code Section 457.

(b) Employees of the County are eligible to participate in the Plan as of any enrollment date following the date he or she becomes an employee.

(c) Contributions:

Participants may defer a minimum of $260 and up to 100% of their compensation, not to exceed the maximum deferral amount under Internal Revenue Service regulations in a calendar year ($16,500 in 2010 and 2009). Participants that have attained age 50 before the close of a plan year are permitted to contribute an additional catch-up amount ($5,500 in 2010 and 2009).

In addition, through a limited "catch-up" provision included in the Plan, a participant may be eligible to defer up to a maximum of twice the annual maximum in the three years immediately preceding the retirement age at which no reduction in benefits would be applicable.

Federal income taxes are not due on deferred amounts or on any accumulated earnings until the participant receives a distribution of assets. Participants may elect to invest their contributions in multiples of 1% in any of the investment fund options, and may increase, decrease or suspend their deferrals once a month. Compensations amounts deferred and accumulated earnings thereon are held in trust by the Plan trustee for the exclusive benefit of the Plan's participants and their beneficiaries. Participants are always fully vested for the accumulated units in their accounts. Participation in the Plan ceases at retirement, termination of service, disability or death. The employer does not make contributions to the Plan.

1. DESCRIPTION OF PLAN (CONTINUED)

(d) Participant Loans

Participants may borrow from their accrued benefit balance in accordance with applicable Internal Revenue Service ("IRS") regulations. The maximum amount a participant may borrow is equal to the lesser of (a) 50% of their accrued benefit or (b) $50,000. Interest on the loan is at the prime rate, as published in the *Wall Street Journal*, plus 1%. All loans must be repaid on a periodic basis over a period not to exceed five years, with the exception of loans used to acquire, construct, reconstruct or substantially rehabilitate a dwelling that is to be used as a principal residence. Such loans shall provide for repayment over a period not to exceed fifteen years. Loans that are not repaid in accordance with the repayment schedule will be deemed to be a benefit distribution and will be subject to federal and state income taxes. Interest rates on outstanding loans were 4.25% at December 31, 2010.

(e) Participants' Accounts and Vesting:

Each participant's account is credited with the participant's contributions as of the date at which the participant's contribution is remitted. The account is also credited with any increase or charged with any decrease related to the transactions of the Plan. Each participant's account balance is invested in accordance with the investment option(s) selected by the participant. Participants are 100% vested in their account balance at all times.

Nassau County is only under a contractual obligation to make payments under this Plan in accordance with the provisions of the applicable statute as payments become due. Nassau County is not a guarantor of the Plan.

(f) Investment Options

The Plan's investment policy was developed by the Board. The actions of the Board are governed by the terms of the Plan, Internal Revenue Code Section 457, the Rules and Regulations of the New York State Deferred Compensation Board (the "State Board"), and New York State Finance Law Section 5.

The Plan's policy allows for a selection of investment choices within three broad risk/return categories:

- Conservative, with the primary investment objective being protection of principal,
- Moderate, with the objective of a somewhat higher return at the cost of low to moderate fluctuation in principal value,
- Aggressive, with the objective of maximum returns with commensurately higher risk and principal volatility.

1. DESCRIPTION OF PLAN (CONTINUED)

(f) Investment Options (Continued)

The Board has overall responsibility for establishing and maintaining this investment policy, selecting the investment options available under the Plan, regularly evaluating the Plan's investment performance, providing Plan participants with investment education and communications regarding the Plan and its investments, and ensuring that the assets of the Plan are in compliance with all applicable laws governing the operation of the Plan.

The Board has authorized the Plan to offer the following investment types that fall within the broad categories listed above:

- Fixed Investment Options
  - Stable Income Fund
- Variable Investment Options
  - Bond Funds
  - Balanced Funds
  - Target Date Retirement Funds
  - Large Cap Equity Funds
  - Mid-Cap Equity Funds
  - Small Cap Equity Funds
  - International Equity Funds

(g) Payment of Benefits and Transfers:

A participant of the Plan or beneficiary may receive a distribution of assets under the Plan upon a participant's retirement, termination of service, disability, death or the attainment of age 70½. A participant may elect to receive a lump sum amount equal to the value of his or her account, or periodic payments in monthly, quarterly, semiannual or annual installments. In addition to these regular periodic payments, a participant may also request a nonscheduled distribution of at least $500 no more than twelve times a year.

Participants also have the right to redirect the timing, the amount, and the method of payment of the distribution. In connection with a participant's severance from employment, the participant may elect to have all or a portion of his/her account rolled over into another qualified retirement account.

Certain eligible participants are entitled to a full distribution ("inactive account distribution") of their account prior to separation from service if the total amount payable does not exceed $1,000 and there have been no deferrals to the Plan by the participant in the prior two years. Participants are not eligible for an inactive account distribution if they have taken a prior inactive account distribution election.

1. DESCRIPTION OF PLAN (CONTINUED)

(g) Payment of Benefits and Transfers: (Continued)

A distribution is also permitted in the case of an unforeseen emergency, as defined by Internal Revenue Code 457 regulations. A participant may also elect to receive an in-service distribution if the participant has not made deferrals into the Plan for 24 consecutive months and the total value of the participant's account does not exceed $5,000.

(h) Allocation of Contributions:

Contributions are allocated among investment options based on participants' designations through the Plan's recordkeepers.

(i) Unforeseeable Emergency (UFE):

Participants, after approval from the Third Party Administrator or the Plan's Board, may receive a UFE withdrawal which may not exceed the lesser of the amount reasonably needed to meet the financial need created by such unforeseeable emergency or the value of the participant's plan balance as of the most recent valuation date. All payments shall be made in one lump cash sum within sixty days after approval of the request.

(j) Vesting and Benefit Provisions:

Assets in the Plan are held in trust for the exclusive benefit of Plan members and their beneficiaries in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Plan members are fully vested for the current valuation of their account from the date of enrollment in the Plan. Benefits are payable upon separation from service with Nassau County.

2. SUMMARY OF ACCOUNTING POLICIES

(a) Basis of Accounting

The Plan's financial statements have been prepared using the accrual basis of accounting and conform to the provisions of GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* and Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.*

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(b) Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(c) Unit Valuation

Participants' net asset value per unit is determined on a daily basis for each of the Plan's 30 investment fund options. Net asset value per unit is computed on the total fair value at the end of the day of the Plan's net assets divided by the total outstanding units of the Plan.

(d) Risks and Uncertainties

The Plan provides for participant-directed investments in various mutual funds and in a stable income fund. Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near-term could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Plan Benefits and the Statements of Changes in Net Assets Available for Plan Benefits.

(e) Investment Valuation and Income Recognition

Prudential Retirement is the third-party administrator for the Nassau County Deferred Compensation Plan. Prudential Retirement provides recordkeeping, administration services and access to 30 investments through retail branded mutual funds.

Investments in mutual funds are stated at the net asset values of the shares held by the Plan at year-end, which are determined by quoted market prices.

Guaranteed interest contracts (GICs), are valued at contract value as estimated by the respective insurance company or investment managers. GICs provide for a guaranteed return on the principal invested over a specified time period. The contract value, which approximates fair value, is guaranteed through a related contract with a separate provider. The credited interest rates are reset periodically on such contracts, subject to a minimum guaranteed return.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(e) Investment Valuation and Income Recognition (Continued)

Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. Gains and losses on the sale of investments are recognized when realized, while unrealized gains and losses are recognized daily, based on fluctuations in market value.

The Plan presents in the Statement of Changes in Net Assets Available for Benefits the net change in the fair value of its mutual funds which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those mutual funds.

(f) Payments of Benefits:

Benefits are recorded when paid.

(g) Fixed Income Accounts

Participants can allocate account funds to the Plan's guaranteed interest account. The guaranteed interest rate, under the terms of the contract at December 31, 2010, was 3%. The average guaranteed interest rate credited to the accounts in 2009 was 3%.

3. INVESTMENTS

The Plan's investments at December 31, 2010 and 2009 are as follows:

	2010	2009
Mutual funds	$ 449,278,779	$ 176,533,317
Pooled separate accounts	-	228,540,147
Fixed interest account	346,841,311	335,038,703
Total Plan Investments	$ 796,120,090	$ 740,112,167

The Plan's investments are subject to various risks. Among these risks are custodial credit risk, credit risk, concentration of credit risk, interest rate risk, and market risk.

3. INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk, as it relates to investments, is the risk that in the event of the failure of the custodian, the Plan will not be able to recover the value of investments or collateral securities that are in the possession of the third party. The Plan's investment securities are not exposed to custodial credit risk as they are held in segregated trust accounts in the name of the Plan with the custodians.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities could occur in the near term.

As of December 31, 2010 and 2009, the following investments represented 5% or more of the Plan's net assets:

	2010	2009
Janus Forty	$ -	$ 45,662,581
Metlife Gold Track Select (previously Travelers GTS Liquid Fixed Fund)	$ -	$ 335,038,703
SA/T. Rowe Price Growth Stock Strategy	$ 105,892,431	$ -
Prudential Stable Value Fund	$ 346,841,311	$ -
American Fund EuroPacific Growth R4	$ 50,614,248	$ -

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates could adversely affect the fair value of an investment. Since all investments are participant directed, all risks exist at the participant level. Each individual within the Plan has the ability to liquidate their positions on demand and have responsibility for managing the exposure to fair value loss.

As of December 31, the Plan had the following investments in its fixed earnings investments and mutual fund investments which include investments in bonds.

	2010	2009
Fixed earnings investments		
Stable Income Fund	$ 346,841,311	$ 335,038,703
Variable earnings investments		
T. Rowe Price Retirement 2010 Fund	7,518,176	1,244,922
T. Rowe Price Retirement 2015 Fund	2,642,310	2,060,403
T. Rowe Price Retirement 2020 Fund	2,562,234	1,991,435
T. Rowe Price Retirement 2025 Fund	23,526,396	2,406,024

3. INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

	2010	2009
T. Rowe Price Retirement 2030 Fund	$ 2,606,982	$ 2,174,164
T. Rowe Price Retirement 2035 Fund	791,958	621,833
T. Rowe Price Retirement 2040 Fund	460,408	268,482
T. Rowe Price Retirement 2045 Fund	75,134	49,859
T. Rowe Price Retirement 2050 Fund	508	19,682
T. Rowe Price Retirement 2055 Fund	8,293,208	26,272
T. Rowe Price Retirement Income Fund	1,168,998	494,008
American Funds American Balanced Fund R3	-	3,447,497
American Funds American Balanced Fund R4	24,774,214	-
Vanguard Total Bond Index	10,857,497	9,615,082
Core Bond Plus PIMCO	22,918,492	-

4. RECORDKEEPING AND ADMINISTRATIVE EXPENSES

The Deferred Compensation Plan Board (the "Board") serves as the Plan Administrator and represents the County in all matters concerning administration of the Plan.

Expenditures for recordkeeping and administrative expenses rendered in connection with the administration of the Plan were paid with funds received by the Plan from the service provider pursuant to the revenue sharing agreement.

Effective September 1, 2009, the revenue sharing agreement between the Board and Metropolitan Life Insurance Company ("MetLife") was terminated. The original agreement was in effect since September 1, 2004, whereby the Board agreed to a revenue sharing agreement between the Plan and its service provider. Under this arrangement, the service provider was to pay the Plan a portion of revenues earned from the assets held by the Plan. The arrangement called for 80% of annual revenues in excess of $1,669,000 earned by the provider to be remitted to the Plan and no less than $337,000. Such revenues were remitted directly to the Plan and used in the best interest of the plan as determined by the Board (i.e., plan expenses). In case the Board finds such revenues to be significantly more than the sum of the plan's incurred and anticipated expenses and a prudent reserve for future expenses, the Board may instruct that the difference be allocated among plan participants.

For the years ended December 31, 2010 and 2009, earnings by the Plan from the revenue sharing agreement amounted to $ -0- and $224,667, respectively. Effective August 1, 2010, the balance in the revenue sharing account was transferred to the Prudential Stable Value Fund. Prior to August 1, 2010, the balance in the revenue sharing account was invested in the Vanguard Fund (the "Fund") formerly the Legg Mason Money Market Fund. The funds in the revenue sharing account were used to pay consulting, auditing and miscellaneous other plan expenses in 2010 and 2009.

4. RECORDKEEPING AND ADMINISTRATIVE EXPENSES (CONTINUED)

In March 2011, with the approval of the Board, approximately six hundred thousand dollars was transferred from the shared revenue account to all active participant's accounts on a pro rata basis. These funds represent monies that were earned from the revenue sharing agreement in prior years in excess of Plan expenses.

Effective August 1, 2010 the Plan transferred the custodial functions from MetLife to Prudential. During the transfer an issue occurred with the conversion wires authorizing the transfer of funds to Prudential. On August 2, 2010, the issue was resolved and all transactions were posted. In August 2010, MetLife remitted $1,039,236 to Prudential representing the drop in value of Plan investments during the one day lag. In November 2010, with the approval of the Board, the Plan passed along these funds to impacted participants.

5. RELATED PARTY TRANSACTIONS

MetLife was the Plan's trustee through July 31, 2010. Certain Plan investments which consisted of shares of pooled separate accounts and/or annuity investment options formerly managed by MetLife were terminated on July 31, 2010, when the Plans' agreement with MetLife was terminated and Prudential Retirement Insurance and Annuity Company replaced Met Life as the Plan's trustee.

6. PLAN TERMINATION

Although it has not expressed any intent to do so, the Nassau County Legislature has the authority to discontinue deferrals and to terminate the Plan. Upon termination of the Plan, all amounts deferred would be payable as provided in the Plan document.

7. TAX STATUS

The Internal Revenue Service has determined that the Plan and related trust are designed in accordance with Section 457 of the Internal Revenue Code (IRC) and, as such, are not subject to tax under present income tax law. The Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 17, 2013, the date the financial statements were available for issuance.

9. SCHEDULE OF ASSETS HELD

	2010	2009
Allianz NFJ Small Cap Value Fund A	$ 9,277,216	$ 6,208,982
Allianz NJF Small Cap Value I	-	-
American Fund Europacific Growth R4	50,614,248	-
American Balanced Fund R4	24,774,214	-
American Funds ® Balanced Allocation Class C	-	229,805
American Funds ® Growth Allocation Class C	-	147,744
American Funds ® Moderate Allocation Class C	-	79,694
American Funds American Balanced Fund R3	-	3,447,497
American Funds Europacific Growth R3	-	25,412,039
Barclays Cap Aggregate Bond Index Class A	-	5,545,939
BlackRock Bond Income Class A	-	1,842,752
Blackrock High Yield Class A	-	2,036,445
BlackRock Large Cap Value Class B	-	270,131
BlackRock Legacy Large Cap Growth Class A	-	10,737,548
Clarion Global Real Estate Class A	-	426,528
Core Plus Bond PIMCO	22,918,492	-
Davis Venture Value Class A	-	39,199
Fidelity VIP Asset Manager Portfolio - Initial Class	-	9,406,300
Fidelity VIP Equity-Income Portfolio-Initial Class	-	14,092,010
Fidelity VIP High Income Portfolio - Initial Class	-	2,557,325
GTS Fixed Account	-	335,038,703
Invesco Van Kampen Growth & Income Y	34,550,466	-
Janus Forty Class A	-	45,662,581
Janus PRK Mid Cap Value Fund A	1,669,860	-
Lazard Mid Cap Class A	-	4,255,589
Legg Mason Clearbridge	18,885,983	-
Legg Mason ClearBridge Appreciation - Class A	-	16,615,236
Legg Mason ClearBridge Small Cap Gr A	-	4,029,555
Legg Mason Clearbridge Small Cap Growth I	8,060,212	-
Legg Mason Partners Aggressive Growth Class B	-	93,076
Legg Mason Partners Variable High Income	-	697,613
Legg Mason Partners Variable International All Cap Opp	-	1,354,659
Legg Mason Partners Variable Investors Class A	-	1,092,135
Legg Mason Partners Variable Money Market	-	2,454,294
Legg Mason Partners Variable Social Awareness Portfolio	-	1,309,762
Legg Mason Value Equity Class B	-	114,813
Legg Mason WA Government Securities	-	926,142

9. SCHEDULE OF ASSETS HELD (CONTINUED)

	2010	2009
Loan Fund	$ 7,176,136	$ -
Loomis Sayles Global Markets - Class A	-	10,031,408
Lord Abbett Growth and Income Class B	-	85,323
Lord Abbett Mid Cap Value Class B	-	249,671
Metlife - MFS Research Intl Po	-	44,799
Metlife Aggressive Allocation Class B	-	7,337,552
Metlife Conservative Allocation Class B	-	144,599
Metlife Conservative to Moderate Allocation Class B	-	663,257
Metlife Moderate Allocation Class B	-	5,789,730
Metlife Moderate to Aggressive AllocationClass B	-	19,305,448
MetLife Stock Index Class A	-	19,304,832
MFS ® Total Return Class F	-	2,012,689
Morgan Stanley EAFE ® Index	-	7,359,924
Morgan Stanley Institutional Fund Mid Cap Growth - Inst	18,809,637	13,838,894
Morgan Stanley Institutional Mid Cap Fund	-	-
Oppenheimer Appreciation Class A	-	20,870,233
Oppenheimer Developing Markets Y	2,957,714	-
Oppenheimer Global Equity Class A	-	15,622,593
Pennsylvania Mutual	-	-
Pennsylvania Mutual Fund - Inv	15,513,817	13,401,772
Pimco Total Return	-	441,431
Pioneer Fund Class A	-	755,773
Pioneer Mid Cap A	-	-
Pioneer Mid Cap Value A	9,774,922	4,808,872
Pioneer Strategic Income Class A	-	1,475,350
Prudential Stable Value Fund	346,841,311	-
Russell ® 2000 Index Class A	-	8,442,315
SA/T Rowe Price Growth Stock Strategy	105,892,431	-
Self Directed Brokerage	169,981	-
T Rowe Price Retire 2010	7,518,176	1,244,922
T Rowe Price Retire 2015	2,642,310	2,060,403
T Rowe Price Retire 2020	2,562,234	1,991,435
T Rowe Price Retire 2025	23,526,396	2,406,024
T Rowe Price Retire 2030	2,606,982	2,174,164
T Rowe Price Retire 2035	791,958	621,833
T Rowe Price Retire 2040	460,408	268,482
T Rowe Price Retire 2045	75,134	49,859

9. SCHEDULE OF ASSETS HELD (CONTINUED)

	2010	2009
T Rowe Price Retire 2050	$ 508	$ 19,682
T Rowe Price Retire 2055	8,293,208	26,272
T Rowe Price Retire 2055	8,293,208	26,272
T Rowe Price Retirement Income Fund	1,168,998	494,008
T. Rowe Price Large Cap Growth Class B	-	385,889
T. Rowe Price Small Cap Growth Class B	-	1,675,285
T.Rowe Price Growth Stock Fund	-	24,982,441
Van Kampen Growth & Income A	-	13,987,333
Van Kampen Mid Cap Growth Class B	-	2,728
Vanguard Institutional Index	-	-
Vanguard Institutional Index Fund	37,196,122	15,575,429
Vanguard Mid Cap Index Ins.	15,244,213	11,953,234
Vanguard Mid Cap Institutional	-	-
Vanguard REIT Index Fund	1,631,823	-
Vanguard Small Cap Institutional	10,833,619	-
Vanguard Total Bond Market Index - Inst.	10,857,497	9,615,082
Virtus Mid Cap Value Fund Class A	-	373,726
Western Asset Management U.S. Government	-	2,093,375
Cash	-	763,886
	$ 787,826,374	$ 740,876,053