OFFICIAL STATEMENT DATED APRIL 28, 2009

NEW ISSUE—FULL BOOK ENTRY

RATINGS:	Insured	Uninsured
Moody's:	Aa2	A2
S&P:	AAA	A+
Fitch:	AAA	A+

(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 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). In the further opinion of Bond Counsel, interest on the Bonds 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 Bonds. See "TAX MATTERS."

COUNTY OF NASSAU, NEW YORK

$114,000,000 GENERAL OBLIGATION BONDS, SERIES 2009

consisting of

$99,000,000 General Improvement Bonds, 2009 Series A

Dated: Date of Delivery **Due: May 1, 2011-2029**

$15,000,000 Sewer and Storm Water Resources District Bonds, 2009 Series B

Dated: Date of Delivery **Due: May 1, 2011-2034**

The Bonds 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 Bonds.

Interest on the Bonds is payable on May 1 and November 1 of each year commencing November 1, 2009 and shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds are payable from amounts provided by the County. See "THE BONDS" herein.

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

The payment of the principal of and interest on the Series A Bonds maturing in 2013 and thereafter, as well as all Series B Bonds (the "Insured Bonds") when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Corp., as more fully described herein under "BOND INSURANCE POLICY."

ASSURED GUARANTY®

The Bonds 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 Bonds will be available for delivery through the facilities of DTC in New York, New York on or about May 5, 2009.

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

Citi

April 28, 2009

AMOUNTS, MATURITIES, INTEREST RATES AND YIELDS

$99,000,000 General Improvement Bonds, 2009 Series A

Maturity	Principal Amount	Interest Rate	Yield
5/1/2011	$3,490,000	4.00%	1.60%
5/1/2012	3,630,000	5.00	1.85
5/1/2013	3,810,000	2.50	1.90
5/1/2014	4,280,000	2.50	2.22
5/1/2015	4,390,000	3.00	2.48
5/1/2016	4,520,000	3.00	2.68
5/1/2017	4,655,000	5.00	2.90
5/1/2018	4,890,000	5.00	3.12
5/1/2019	5,135,000	5.00	3.35
5/1/2020	5,390,000 *	5.00	3.53
5/1/2021	5,660,000 *	5.00	3.68
5/1/2022	5,940,000 *	5.00	3.82
5/1/2023	6,235,000 *	4.00	4.00
5/1/2024	6,485,000 *	4.00	4.10
5/1/2025	6,740,000 *	4.25	4.25
5/1/2026	7,030,000 *	4.25	4.35
5/1/2027	7,325,000 *	4.375	4.45
5/1/2028	4,595,000 *	4.50	4.55
5/1/2029	4,800,000 *	4.50	4.60

$15,000,000 Sewer and Storm Water Resources District Bonds, 2009 Series B

Maturity	Principal Amount	Interest Rate	Yield
5/1/2011	$320,000	6.00%	1.50%
5/1/2012	335,000	6.00	1.65
5/1/2013	360,000	5.00	1.90
5/1/2014	420,000	5.00	2.25
5/1/2015	435,000	5.00	2.50
5/1/2016	455,000	5.00	2.75
5/1/2017	485,000	5.00	2.90
5/1/2018	500,000	5.00	3.12
5/1/2019	520,000	5.00	3.35
5/1/2020	545,000 *	5.00	3.53
5/1/2021	570,000 *	5.00	3.68
5/1/2022	595,000 *	5.00	3.82
5/1/2023	625,000 *	4.00	4.00
5/1/2024	645,000 *	4.00	4.10
5/1/2025	670,000 *	4.50	4.25
5/1/2026	700,000 *	4.50	4.35
5/1/2027	730,000 *	4.50	4.45
5/1/2028	760,000 *	4.50	4.55
5/1/2029	795,000 *	4.50	4.60
5/1/2030	830,000 *	4.75	4.65
5/1/2031	865,000 *	4.75	4.75
5/1/2032	905,000 *	4.75	4.80
5/1/2033	945,000 *	4.75	4.85
5/2/2034	990,000 *	4.75	4.85

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* ***The Bonds stated to mature on or after May 1, 2020 shall be subject to optional redemption on May 1, 2019 or on any date thereafter (see "Optional Redemption").***

COUNTY OF NASSAU, NEW YORK

COUNTY EXECUTIVE
Thomas R. Suozzi

COUNTY LEGISLATURE
Presiding Officer
Diane Yatauro

Kevan M. Abrahams	Judith A. Jacobs
Francis X. Becker, Jr.	Edward P. Mangano
Judi Bosworth	David Mejias
John J. Ciotti	Vincent T. Muscarella
Roger H. Corbin	Richard J. Nicolello
David W. Denenberg	Joseph K. Scannell
Dennis Dunne, Sr.	Peter J. Schmitt
Denise Ford	Jeffrey W. Toback
Norma L. Gonsalves	Wayne H. Wink, Jr.

COUNTY COMPTROLLER
Howard S. Weitzman

DEPUTY COUNTY EXECUTIVE FOR MANAGEMENT, BUDGET AND FINANCE
Thomas W. Stokes

COUNTY TREASURER
Steven D. Conkling

ACTING BUDGET DIRECTOR
Martha H. Wong

COUNTY ATTORNEY
Lorna B. Goodman, 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 Bonds 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.

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

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 BONDS 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 BONDS MAY BE EXEMPT FROM THE REGISTRATION AND QUALIFICATION PROVISIONS OF THE SECURITIES LAWS OF THE VARIOUS STATES, SUCH EXEMPTION CANNOT BE REGARDED AS A RECOMMENDATION OF THE BONDS. NEITHER THE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS 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

$114,000,000 GENERAL OBLIGATION BONDS, SERIES 2009

consisting of

$99,000,000 General Improvement Bonds, 2009 Series A

Dated: Date of Delivery **Due: May 1, 2011-2029**

$15,000,000 Sewer and Storm Water Resources District Bonds, 2009 Series B

Dated: Date of Delivery **Due: May 1, 2011-2034**

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 $114,000,000 aggregate principal amount of General Obligation Bonds, Series 2009, dated the date of delivery and consisting of $99,000,000 General Improvement Bonds, 2009 Series A maturing on May 1, 2029 (the "Series A Bonds") and $15,000,000 Sewer and Storm Water Resources District Bonds, 2009 Series B maturing on May 1, 2034 (the "Series B Bonds", with the Series A Bonds, collectively, the "Bonds"). The Bonds are subject to optional redemption prior to maturity as described herein.

The Bonds are issued pursuant to the Constitution and statutes of the State, including among others, the Local Finance Law and the County Charter (the "County Charter"). The Bonds are being issued to fund various public purposes. The Bonds will be general obligations of the County for the payment of which the County has pledged its faith and credit.

THE BONDS

The Bonds have been authorized and are to be issued pursuant to the Constitution and laws of the State including the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York, and various ordinances adopted by the County Legislature and approved by the County Executive pursuant to the Local Finance Law, the County Charter and 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 on the issuance of the Bonds. See "COUNTY GOVERNMENT AND FINANCIAL MANAGEMENT - NIFA" herein.

The Bonds 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 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds are being issued to fund various public purposes, including capital projects and certain judgments and settlements.

The Bonds 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 Bonds, and, unless paid from other sources, the County is authorized to levy on all taxable real property such ad valorem taxes as may be necessary to pay the Bonds and the interest thereon without limitation as to rate or amount. The Bonds do not constitute debt of NIFA.

Optional Redemption

The Bonds stated to mature on or after May 1, 2020 shall be subject to redemption prior to maturity, at the option of the County, as a whole or in part, from time to time, in any order of maturity or portion of a maturity as designated by the County, on May 1, 2019, or on any date thereafter upon payment of a redemption price of 100% of the principal. If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected by the County by lot in any customary manner of selection as determined by the County Treasurer. Notice of such call for redemption shall be given by transmitting such notice to the registered holder not more than sixty (60) or no less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

County May Not File For Bankruptcy Protection

Under the NIFA Act, the County is prohibited from filing any petition with any United States district court or bankruptcy court for the composition or adjustment of municipal indebtedness without the approval of NIFA and the State Comptroller and no such petition may be filed while NIFA bonds or Bonds 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 Bonds in the event of a default in the payment of principal of and interest on the Bonds. Execution or attachment of County property cannot be obtained to satisfy a judgment by holders of the Bonds.

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 Bonds 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 Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of Bonds 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, Government Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds 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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Redemption proceeds, distributions, and dividend payments on the Bonds 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 Bonds 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 Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will 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 BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDOWNER.

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

DTC may discontinue providing its services with respect to the Bonds 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 at any time. In the event that such book-entry-only system is discontinued the Bonds will be issued in either bearer or registered form in denominations of $5,000 or integral multiples thereof. The Bonds will remain not subject to redemption prior to their stated final maturity date.

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. The County Treasurer is appointed by the County Executive and confirmed by the County Legislature.

For a description of the County and certain economic factors affecting the County, see "APPENDIX A – INFORMATION ABOUT THE COUNTY" and "APPENDIX H – ECONOMIC AND DEMOGRAPHIC PROFILE" herein.

County Officials

County Executive – Thomas R. Suozzi

Thomas R. Suozzi was first elected as County Executive on November 6, 2001 and sworn into office on January 1, 2002. Mr. Suozzi was re-elected on November 8, 2005. He lives in Glen Cove, New York, where he was born and raised. He graduated from Chaminade High School, Boston College, and Fordham University Law School.

Mr. Suozzi has been an auditor with one of the world's largest accounting firms, a commercial litigator for a major Wall Street law firm and a law clerk to the Chief Justice of the United States District Court for the Eastern District of New York. In 1993, Mr. Suozzi was elected Mayor of the City of Glen Cove and served four terms. Mr. Suozzi is the recipient of many awards for his efforts as an environmentalist and in labor relations and was named a public official of the year by Governing Magazine in November 2005.

County Legislators

Kevan M. Abrahams
Francis X. Becker, Jr.
Judi Bosworth
John J. Ciotti
Roger H. Corbin
David W. Denenberg
Dennis Dunne, Sr.
Denise Ford
Norma L. Gonsalves
Judith A. Jacobs
Edward P. Mangano
David Mejias
Vincent T. Muscarella
Richard J. Nicolello
Joseph K. Scannell
Peter J. Schmitt
Jeffrey W. Toback
Wayne H. Wink, Jr.
Diane Yatauro

Presiding Officer, County Legislature – Diane Yatauro

Nassau County Presiding Officer Diane Yatauro, of Glen Cove, represents the 18th Legislative District, covering Bayville, Brookville, Centre Island, Glen Cove, Glen Head, Lattingtown, Locust Valley, Matinecock, Mill Neck, Old Brookville, Old Westbury, Sea Cliff, Upper Brookville, and parts of Greenvale, Hicksville, Jericho, and Oyster Bay.

She was first elected to the County Legislature in 2004 and is currently serving her 3rd term. Presiding Officer Yatauro is Chair of the Rules and Procedures committees, Vice-chair of Budget Review Committee, and is a member of the Committee on Aging and the Labor Committee.

Ms. Yatauro is a former Second Vice President of Chase Manhattan Bank, and she is past Vice President of the Oyster Bay East Norwich Boys and Girls Club, as well as a former board member of Portledge School. She continues to teach religion at St. Rocco's Catholic Church in Glen Cove.

County Comptroller – Howard S. Weitzman

Howard Weitzman was elected as Nassau County's 11th Comptroller on November 6, 2001 and sworn into office in January 2002. Mr. Weitzman was re-elected on November 8, 2005. A graduate of Brooklyn Technical High School and Queens College, he also pursued management studies at Stanford University and Baruch College. He has resided in the County for more than 30 years.

A certified public accountant, Mr. Weitzman built and managed one of the largest accounting firms in the country specializing in health care before merging it into KPMG where he served as a national healthcare partner. After leaving public accounting, he founded and ran a public pharmaceutical company and a private medical finance company. Mr. Weitzman's prior public service career includes six years as Mayor of the Village of Great Neck Estates. He has also served as a member of the County's Board of Assessors, a village trustee, a director of the Water Authority of Great Neck North and as vice president of the Great Neck Village Officials Association.

Deputy County Executive for Management, Budget and Finance – Thomas W. Stokes

Thomas W. Stokes has served as Deputy County Executive for Management, Budget and Finance since February 2006. He was the County's Chief Financial Officer and Strategist for the County Department of Health & Human Services from 2002-2005 after working with his predecessor on the County's financial turnaround plan in early 2002. In 1995, Mr. Stokes joined Ernst & Young LLP's health care consulting division and rose to the rank of Assistant Director of Finance by 1997, prior to Cap Gemini's purchase of Ernst & Young's consulting division in 1999. As Assistant Director of Finance and Operations with Cap Gemini Ernst & Young LLC from 1999-2001, he managed the finance and operations for Strategy & Transformation, e-Commerce and New Business Ventures divisions. Mr. Stokes holds a bachelor's degree in business administration from the State University of New York and an MBA in corporate finance from Dowling College.

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.

Acting County Budget Director - Martha H. Wong

Martha Herrera Wong joined the Office of Management and Budget ("OMB") in 2002 and is currently serving as the Acting Budget Director of the County. In this capacity, her responsibilities include the development and implementation of the annual budget and multi-year financial plan, monitoring departmental expenses and revenues, providing fiscal support to departments and interacting with fiscal monitors. She has been the Chief Deputy Director for Revenue Management since March 2006. Ms. Wong held the position of Deputy Budget Director in OMB from 2002 to 2006. Prior to joining the County, she served for five years as the Controller of All-In-One Suppliers in New York City, where she instituted internal controls, policies and procedures. From 1978 to 1983, she worked in the Controller's Office of the Hoechst Celanese Corporation, a Fortune 100 company, and in the corporation's internal audit department, having previously worked for Deloitte & Touche. Ms. Herrera Wong graduated from Hunter College with a bachelor's degree in accounting and attended St. John's University Graduate School of Business

County Attorney – Lorna Bade Goodman

Lorna Bade Goodman was appointed as County Attorney in January 2002. As the chief legal officer of the County, Ms. Goodman is responsible for representing the County, its officers and employees in virtually every civil legal action brought on behalf of or against the County, and for prosecuting juveniles in Family Court. Ms. Goodman oversees all legal aspects relating to the County's contracts, acts as legal advisor for the County's bond offerings, and provides legal counsel to the executive and legislative branches of the County government. Prior to Ms. Goodman's appointment as County Attorney, she served as the Senior Assistant Corporation Counsel for Affirmative Litigation in the New York City Law Department from 1994 through 2001.

Ms. Goodman earned an A.B. degree from Vassar College in 1963 and a J.D. degree from Hofstra Law School in 1975.

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 (pursuant to the County Charter) and multi-year financial plans (pursuant to the NIFA Act, and the County Charter beginning after the conclusion of the interim finance period, as described herein). See "APPENDIX A – INFORMATION ABOUT THE COUNTY" herein.

The current County Executive has established a government management organization structure based on the concept of vertical accountability, with each line of managerial responsibility referred to as a "vertical." There are five verticals: Public Safety; Health and Human Services; Parks, Public Works and Partnerships; Management, Budget and Finance; and Economic Development, as well as a group of departments that support all verticals such as the Office of the County Attorney, Information Technology and Human Resources, known as Shared Services. A Deputy County Executive is responsible for the management of each vertical and for the departments within it. The County Executive believes that the vertical organization structure is critical in developing managerial accountability and ensuring a satisfactory level of service within the context of fiscal discipline.

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 Management, Budget and Finance is responsible for all budget and finance matters in the County - overseeing OMB, the Office of the County Treasurer, and the

Purchasing Department - and is the County Executive's principal liaison with the County Comptroller, the Department of Assessment 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 or vertical 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, as included in the 2009-2012 Multi-Year Financial Plan, 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. 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 has established a fund balance and reserve policy that 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. The County's current fund balance policy was first adopted as part of the 2006-2009 Multi-Year Financial Plan. As of December 31, 2007, the County's unreserved fund balance totaled $89.8 million or 3.57% of the County's prior-year expenditures. The County also maintains various reserves created pursuant to GML; these reserves totaled approximately $40.8 million as of December 31, 2007. See "COUNTY FINANCIAL CONDITION – 2008 Financial Projections and 2009-2012 Multi-Year Financial Plan" 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 Bonds and revenue anticipation Bonds 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, or swaps. NIFA and the Nassau Health Care Corporation ("NHCC") are statutorily empowered, under certain circumstances, to enter into swaps. NIFA and NHCC 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 (as defined 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 has established a Risk Management Unit to monitor and direct policies and procedures to reduce and control the County's overall risk exposures. The County self-insures for most risk exposures with all such loss payments paid directly by the County out of operating funds or bond proceeds. 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 contracted with Marsh Inc. to provide brokerage service for selected insurance programs.

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 programs, 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. A new subrogation procedure will be developed and implemented during the second quarter of 2009 to increase subrogation recoveries.

NIFA

NIFA is a corporate governmental agency and instrumentality of the State constituting a public benefit corporation with limited authority to oversee the County's finances. Since enactment in 2000 of the NIFA Act (as defined herein) creating NIFA, the County's finances have been subject to oversight by

NIFA. 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 Bonds proposed by the County, and no such borrowing may be made unless first reviewed and commented upon by NIFA. NIFA has reviewed and commented on the issuance of the Bonds. See "APPENDIX A – INFORMATION ABOUT THE COUNTY" herein.

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, beginning after the conclusion of the interim finance period, a multi-year financial plan. Each year during the interim finance period or during a control period (as each is 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. See "APPENDIX A – INFORMATION ABOUT THE COUNTY" herein.

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, which have not been expended or encumbered, lapse at the end of the year.

COUNTY FINANCIAL CONDITION

2008 Financial Projections

The County is projecting to end the 2008 fiscal year with a $2.1 million operating surplus in its Major Operating Funds.

2009 Budget and 2009-2012 Multi-Year Financial Plan

The County Executive submitted the proposed 2009 Budget to the County Legislature on September 14, 2008. The County Legislature adopted the budget on October 29, 2008, which included legislative amendments totaling $29 million. The adopted 2009 Budget includes $2.6 billion in appropriations, excluding interdepartmental and inter-fund transfers, to support the Major Operating Funds. The adopted 2009 year over year growth is 1.7% over the 2008 Budget, at a time when the Consumer Price Index was 4.3%. All positions were fully funded. The adopted 2009 Budget assumed that $11 million in surplus from 2008 would be used to replenish the Retirement Contribution Reserve Fund. The County, however, will not be able to replenish the Retirement Contribution Reserve Fund for purposes of making such pension payments during 2009. It also included a 3.9% property tax increase which will yield $35 million in revenues and for the first time the tax levies were adjusted to capture an additional $4.2 million for the value of new construction. The County addressed concerns about a slowing economy by using a modest sales tax growth rate of 0.5%.

On December 3, 2008, NIFA unanimously approved the 2009-2012 Multi-Year Financial Plan and the 2009 Budget. The 2009-2012 Multi-Year Financial Plan submitted to NIFA extends the core gap-closing measures that have been utilized previously by the County. A summary of such measures is shown in Figure 1. Subsequently, the County identified a potential gap in the 2009 Budget. See "2009 Gap-Closing Contingency Plan". The County will undertake to review and update the gap-closing measures described in the 2009-2012 Multi-Year Financial Plan.

FIGURE 1
SUMMARY OF GAP-CLOSING MEASURES
INCLUDED IN THE 2009-2012 MULTI-YEAR FINANCIAL PLAN
MAJOR OPERATING FUNDS (DOLLARS IN MILLIONS)

	2010	2011	2012
Estimated Baseline Gap	**($108.3)**	**($165.0)**	**($199.4)**
Gap Closing Measures			
Health Insurance	15.0	20.0	20.0
Property tax increases (3.9%)	31.6	64.5	98.7
Red Light Cameras	7.0	7.0	7.0
Strategic Government Initiatives	13.7	20.3	21.8
Workforce Management	15.0	20.0	20.0
Subtotal Gap Closing Measures	$82.3	$131.8	$167.5
Surplus/Deficit After Gap Closing Measures	**($26.0)**	**($33.2)**	**($31.9)**
Options to Close Remaining Gap			
Video Lottery Terminals	$20.0	$20.0	$20.0
Cigarette Tax	28.4	28.4	28.4
FIT Reimbursement	4.1	4.1	4.1
Residential Energy Tax	45.0	46.4	48.0
Discretionary Programming Reductions	7.5	7.5	7.5
Fast Food Tax	11.8	11.8	11.8
Debt Restructuring	0.0	5.0	5.0
Subtotal Options to Close Remaining Gap	$116.8	$123.2	$124.8
Surplus/Deficit Assuming Gap Closing Options	**$90.8**	**$90.0**	**$94.9**

Note: Totals may not add-up due to rounding.

These measures include continued workforce management, initiatives to reduce costs and generate new revenues, and further concessions from the County's labor unions. It assumes that the County will exhaust its Retirement Contribution Reserve Fund (discussed below in this section) in 2009. Beginning in 2009, the County has increased its property tax levy supporting the Major Operating Funds by 3.9% annually during the remainder of the plan period. The 2009-2012 Multi-Year Financial Plan continues support of the appropriation to finance a portion of the expense of judgments and settlements on a pay-as-you-go basis.

The County has identified a number of potential risks to its future financial performance. See "2009 Gap-Closing Contingency Plan". 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 already 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, 2008, the County's unfunded accrued liability for OPEB is $3.342 billion.

The 2009-2012 Multi-Year Financial Plan identifies a number of contingencies the County could exercise in the event that risks emerge which threaten the County's financial performance. For example, the County may continue using surplus current-year resources, if any, to defray non-recurring expenses in the out-years of the Multi-Year Financial Plan. 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 are projected to total approximately $28.3 million as of the end of the 2008 fiscal year and are projected to be approximately $4.2 million as of December 31, 2009. These reserves may be utilized with the approval of the County Legislature.

The County has been monitoring the ongoing economic and financial crisis and its potential impact on County finances. The County has prepared a contingency plan that includes program reductions, new sources of revenue, job cuts and other actions, should future budget projections show a budget imbalance. See "2009 Gap-Closing Contingency Plan".

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. See "APPENDIX A – INFORMATION ABOUT THE COUNTY" herein.

The County's projections in its multi-year financial plans are based on various assumptions which are uncertain and which 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 forecast 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 this Official Statement, including but not limited to those in "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.

2009 Gap-Closing Contingency Plan

The County projects a budget gap in 2009 of approximately $130 million, primarily caused by significant reduction in projected sales tax revenue. The County assumes a sales tax shortfall of 6%, or $100 million for 2009. In addition, the County projects a $10 million shortfall in investment income due to the Federal Reserve's aggressive lowering of interest rates. A third major risk to the 2009 Budget is the possibility that the State will not approve legislation necessary to implement certain County initiatives that contain revenue-generating components, particularly a red-light-camera safety program (approximately $12 million) and a parking ticket surcharge (approximately $7.9 million). Other potential material risks to the 2009 Budget include increased interest payments on variable rate debt, and costs associated with increased public assistance caseloads. On February 2, 2009 the County submitted a gap-closing contingency plan to NIFA.

The County plans to close the projected budget gap as follows:

<u>Medicaid cost savings in federal stimulus legislation:</u>

Following enactment of the federal stimulus legislation (The American Recovery and Reinvestment Act of 2009) on February 17, 2009, the County projects that the resulting net expenditure savings in Medicaid costs in 2009 to the County will be approximately $40-45 million.

<u>Various County initiatives:</u>

The County plans to continue working with the State for passage of State legislation necessary to implement County initiatives to generate revenue (for example, the red-light-camera safety program, which was recently signed into law, and the parking ticket surcharge described above, along with a cigarette tax). If the State does not enact these legislative items, the County plans to: implement by local action an energy tax; cut youth programs, public health, senior citizen, and social services, and behavioral health programs; and cut local government assistance to villages. Some combination of these two alternatives is expected to produce savings and/or generate revenue of approximately $30 million. The County has already enacted the local energy tax and has already undertaken to implement required procedural steps with the State.

<u>Workforce-cost and operational savings:</u>

The County plans to implement changes with respect to its workforce and operations to achieve approximately $55 million in budgetary savings. In furtherance of such savings target, the County will likely defer a portion of some or all employee 2009 wages until separation from employment. Also in furtherance of such savings target, the County has been considering certain workforce-cost savings proposals in negotiations with representatives of the County's applicable collective bargaining units. The County reached a tentative agreement with representatives of the majority of the collective bargaining units representing County employees for an employee separation incentive, subject to the approval of the membership of each of the units. Under this proposal, employees who meet defined eligibility criteria (based on length of service and eligibility to retire with a pension), and agree to resign from service and/or retire, will receive a one-time incentive payment (based on length of service) and payout of accumulated termination pay (vacation, personal and sick leave, longevity and similar payments) under currently-more favorable terms to the employee. The County will implement this proposal only upon the following conditions: (1) that a sufficient number of employees (commensurate with the layoff plan described in the next paragraph) elect to separate and (2) that the State enacts legislation necessary for the County to issue debt to finance the costs of the proposal, i.e., separation incentive payments, termination payments or similar payments. Further, assuming the State were to provide bonding authority, the County Legislature would then have to approve a bond ordinance in order for the County to issue debt for this purpose. The County intends to announce by June 15, 2009 whether these conditions have been met and the incentive is in effect. The plan allows the County to delay the benefits of the separation incentive with respect to certain employees if the County deems them necessary for continued operations.

If the County is unable to achieve its savings target as described in the previous paragraph, it plans to obtain some or all of such targeted savings from one or more of the of the following: through layoffs and reduced operations (office closings), and/or by reductions in salary or wages. Under the first alternative, the County would implement a layoff plan covering up to approximately 320 non-public safety unionized employees, up to approximately 100 corrections officers and up to approximately 250 police officers. Special units in both the Police Department and the Corrections Department could be reduced, and, in some cases, eliminated. All but nine parks facilities could be closed. The County would identify another 200 to 300 layoffs before the end of the second quarter. Commensurate layoffs of non-union employees would also occur. In addition, the County would close for business on 26 additional days in 2009. Under the second alternative, every employee would take a percentage reduction in salary or wages.

In all, 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 2009 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 the separation 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.

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 Bonds are to be issued by the General Municipal Law, the County Law, the County Charter, the County Administrative Code or other applicable State law.

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 Bonds, the County will make a covenant for the benefit of the Beneficial Owners (as hereinabove defined) of the Bonds to provide in accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule") promulgated by the Securities and Exchange Commission (the "Commission") (i) during any fiscal year in which the Bonds are outstanding, to each nationally recognized municipal securities information repository ("NRMSIR") designated by the Commission in accordance with the Rule, and to the New York State information depository, if New York State creates a depository ("SID"), certain annual financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained herein and a copy of the audited financial statement (prepared in accordance with generally accepted accounting principals in effect at the time of the audit) for the preceding fiscal year, if any; such information, data and audit, if any, will be so provided on or prior to August 1 of each such fiscal year, but in no event, not later than the last business day of each succeeding fiscal year and (ii) in a timely manner, 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 (the "MSRB") or as otherwise provided by the Rule.

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 Bonds, the proceedings of the County authorizing the Bonds, the Local Finance Law, nor any other law, makes any provision for non-payment related defaults on the Bonds, or other general obligations 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 Bonds.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

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

(6) Adverse tax opinions or events affecting the tax-exempt status of the Bonds.

(7) Modifications to rights of holders of the Bonds.

(8) Optional or other unscheduled calls for redemption of the Bonds.

(9) Defeasances. It should be noted, however, that neither the Bonds, the proceedings of the County authorizing the Bonds, the Local Finance Law, nor any other law, makes any provision for the legal defeasance of the Bonds.

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

(11) Rating changes.

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

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

RISK FACTORS

The following description summarizes some of the risk factors associated with the Bonds 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 Bonds could be affected by a variety of factors, some of which are beyond the County's control. See "2009 Gap-Closing Contingency Plan". 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 Bonds. If a significant default or other financial crisis should occur in the affairs of the State or any of its agencies or political subdivisions or in other jurisdictions of the country thereby further impacting the acceptability of obligations issued by borrowers within the State, both the ability of the County to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds, 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. In several recent years, payments of State aid to the County have been delayed which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. 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 Bonds. 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 Bonds.

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 Bonds 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 its disclosure counsel, the Law Offices of Joseph C. Reid, P.A., New York, New York.

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 Bonds 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 Bonds 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.

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

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

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

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

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

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

BOND INSURANCE POLICY

The following information is not complete and reference is made to Appendix H for a specimen of the financial guaranty insurance policy (the "Policy") of Assured Guaranty Corp. ("Assured Guaranty" or the "Insurer").

THE INSURANCE POLICY

Assured Guaranty has made a commitment to issue the Policy relating to the Bonds, effective as of the date of issuance of such Insured Bonds. Under the terms of the Policy, Assured Guaranty will unconditionally and irrevocably guarantee to pay that portion of principal of and interest on the Bonds that becomes Due for Payment but shall be unpaid by reason of Nonpayment (the "Insured Payments"). Insured Payments shall not include any additional amounts owing by the County solely as a result of the failure by the County to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the County by reason of such failure. The Policy is non-cancelable for any reason, including without limitation the non-payment of premium.

"Due for Payment" means, when referring to the principal of the Insured Bonds, the stated maturity date thereof, or the date on which such Insured Bonds shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless Assured Guaranty in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and, when referring to interest on such Insured Bonds, means the stated dates for payment of interest.

"Nonpayment" means the failure of the Issuer to have provided sufficient funds for payment in full of all principal and interest Due for Payment on the Bonds. It is further understood that the term Nonpayment in respect of an Insured Bond also includes any amount previously distributed to the Holder (as such term is defined in the Policy) of such Insured Bond in respect of any Insured Payment by or on behalf of the County, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. Nonpayment does not include nonpayment of principal or interest caused by the failure of the Trustee or the Paying Agent to pay such amount when due and payable.

Assured Guaranty will pay each portion of an Insured Payment that is Due for Payment and unpaid by reason of Nonpayment, on the later to occur of (i) the date such principal or interest becomes Due for Payment, or (ii) the business day next following the day on which Assured Guaranty shall have received a completed notice of Nonpayment therefor in accordance with the terms of the Policy.

Assured Guaranty shall be fully subrogated to the rights of the Holders of the Insured Bonds to receive payments in respect of the Insured Payments to the extent of any payment by Assured Guaranty under the Policy.

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

THE INSURER

Assured Guaranty Corp. ("Assured Guaranty") is a Maryland-domiciled insurance company regulated by the Maryland Insurance Administration and licensed to conduct financial guaranty insurance business in all fifty states of the United States, the District of Columbia and Puerto Rico. Assured Guaranty commenced operations in 1988. Assured Guaranty is a wholly owned, indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, structured finance and mortgage markets. Neither AGL nor any of its shareholders is obligated to pay any debts of Assured Guaranty or any claims under any insurance policy issued by Assured Guaranty.

Assured Guaranty is subject to insurance laws and regulations in Maryland and in New York (and in other jurisdictions in which it is licensed) that, among other things, (i) limit Assured Guaranty's business to financial guaranty insurance and related lines, (ii) prescribe minimum solvency requirements, including capital and surplus requirements, (iii) limit classes and concentrations of investments, (iv) regulate the amount of both the aggregate and individual risks that may be insured, (v) limit the payment of dividends by Assured Guaranty, (vi) require the maintenance of contingency reserves, and (vii) govern changes in control and transactions among affiliates. Certain state laws to which Assured Guaranty is subject also require the approval of policy rates and forms.

Assured Guaranty's financial strength is rated "AAA" (stable) by Standard & Poor's, a division of The McGraw-Hill Companies, Inc., "AAA" (stable) by Fitch, Inc. and "Aa2" (stable) by Moody's Investors Service, Inc. Each rating of Assured Guaranty should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by Assured Guaranty. Assured Guaranty does not guaranty the market price of the securities it guarantees, nor does it guaranty that the ratings on such securities will not be revised or withdrawn.

Recent Developments

On November 14, 2008, AGL announced that it had entered into a definitive agreement to purchase Financial Security Assurance Holdings Ltd. ("FSA"), the parent of financial guaranty insurance company Financial Security Assurance, Inc. For more information regarding the proposed acquisition by AGL of FSA, see the Annual Report on Form 10-K filed by AGL with the Securities and Exchange Commission (the "SEC") on February 26, 2009.

Capitalization of Assured Guaranty Corp.

As of December 31, 2008, Assured Guaranty had total admitted assets of $1,803,146,295 (unaudited), total liabilities of $1,425,012,944 (unaudited), total surplus of $378,133,351 (unaudited) and total statutory capital (surplus plus contingency reserves) of $1,090,288,113 (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of December 31, 2007, Assured Guaranty had total admitted assets of $1,361,538,502 (audited), total liabilities of $961,967,238 (audited), total surplus of $399,571,264 (audited) and total statutory capital (surplus plus contingency reserves) of $982,045,695 (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. The Maryland Insurance Administration recognizes only statutory accounting practices for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Maryland Insurance Code, and for determining whether its financial condition warrants the payment of a dividend to its stockholders. No consideration is given by the Maryland Insurance Administration to financial statements prepared in accordance with accounting principles generally accepted in the United States in making such determinations.

Incorporation of Certain Documents by Reference

The portions of the following documents relating to Assured Guaranty are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- The Annual Report on Form 10-K of AGL for the fiscal year ended December 31, 2008 (which was filed by AGL with the SEC on February 26, 2009); and

- The Current Reports on Form 8-K filed by AGL with the SEC, as they relate to Assured Guaranty.

All consolidated financial statements of Assured Guaranty and all other information relating to Assured Guaranty included in documents filed by AGL with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, subsequent to the date of this Official Statement and prior to the termination of the offering of the Bonds shall be deemed to be incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such consolidated financial statements.

Any statement contained in a document incorporated herein by reference or contained herein under the heading “BOND INSURANCE - The Insurer” shall be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any subsequently filed document which is incorporated by reference herein also modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

Copies of the consolidated financial statements of Assured Guaranty incorporated by reference herein and of the statutory financial statements filed by Assured Guaranty with the Maryland Insurance Administration are available upon request by contacting Assured Guaranty at 1325 Avenue of the Americas, New York, New York 10019 or by calling Assured Guaranty at (212) 974-0100. In addition, the information regarding Assured Guaranty that is incorporated by reference in this Official Statement that has been filed by AGL with the SEC is available to the public over the Internet at the SEC’s web site at http://www.sec.gov and at AGL’s web site at http://www.assuredguaranty.com, from the SEC’s Public Reference Room at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, and at the office of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

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

RATINGS

Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Services ("S&P") and Fitch Ratings ("Fitch") have assigned ratings of "A2", "A+", and "A+", respectively, to the Series A Bonds maturing in 2011 and 2012. Moody's, S&P and Fitch have assigned ratings of Aa2, AAA, and AAA, respectively, to the Insured Bonds with the understanding that a municipal bond insurance policy insuring the payment when due of the principal of and interest on the Insured Bonds will be issued by Assured Guaranty Corp.

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. 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 or the availability of a secondary market for the Bonds.

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 Bonds. 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 Bonds.

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, and Law Offices of Joseph C. Reid, P.A., New York, New York, Disclosure 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 Bonds, 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 Bonds 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, or to the knowledge of the County, threatened affecting the Bonds.

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 Bonds 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 and its delivery 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

April 28, 2009

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.

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.

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

The Government Finance Officers Association of the United States and Canada ("GFOA") has awarded a Certificate of Achievement for Excellence in Financial Reporting (a "Certificate") to the County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2006. 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. NIFA is a corporate governmental agency and instrumentality of the State constituting a public benefit corporation with limited authority to oversee the

County's finances. Under the NIFA Act, NIFA has both limited authority to oversee the County's finances, including covered organizations as defined in the NIFA Act and discussed further below ("Covered Organizations"), and during the interim finance period (described below) and further upon the declaration of a control period (described below), additional oversight authority.

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 and commented on the issuance of the Bonds.

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; (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; or (5) if, in regard to the County's financial plan covering the County and the Covered Organizations, NIFA adopts a resolution finding, as required by the NIFA Act, that the County has failed to make required modifications after reductions in revenue estimates, or to provide a modified plan in detail and within such time period required by NIFA.

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. See also "NASSAU COUNTY INTERIM FINANCE AUTHORITY" herein for a discussion of NIFA's former authority to issue debt on behalf of the County.

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, 2007 and 2006 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. The County also complies with the Uniform System of Accounts as prescribed for counties in the State.

STATEMENT OF REVENUES AND EXPENDITURES

Major Operating Funds

The 2009 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. See "NASSAU COUNTY INTERIM FINANCE AUTHORITY" herein. Because the County charges debt service payments to specific projects in departments, the Debt Service Fund is entirely supported by revenues transferred from other funds.

Revenues

The County derives its revenues from a variety of sources. The largest of these are the sales tax, the property tax, federal and State aid and departmental revenues. Figure 2 shows Major Operating Funds revenues.

FIGURE 2
REVENUES (MAJOR OPERATING FUNDS)

REVENUES CATEGORY	2005	2006	2007	Adopted 2008 Budget	Projected 2008	Adopted 2009 Budget
SALES TAX	$ 953,816,120	$ 988,035,431	$1,011,868,760	$1,042,557,825	$1,030,167,722	$1,037,778,713
PROPERTY TAX	745,914,600	739,575,163	762,485,720	773,371,054	776,227,616	806,073,849
STATE AID	194,881,556	187,799,296	193,583,548	220,965,546	198,400,664	230,340,743
FEDERAL AID	114,518,569	115,189,637	112,112,114	120,396,948	118,617,617	119,325,281
DEPARTMENTAL REVENUES	84,633,482	84,416,802	92,087,472	95,621,707	88,406,618	106,782,732
MEDICAID INTER-GOVERNMENTAL TRANSFER REVENUES	38,533,915	0	0	0	0	0
OTHER REVENUES	224,306,074	224,466,606	293,985,229	305,608,368	318,709,115	301,721,645
STATE (NIFA) AID	12,332,938	0	0	0	0	
INTERFUND/INTER-DEPARTMENTAL REVENUES	421,485,584	431,880,986	397,591,494	391,912,363	372,635,077	406,835,839
TOTAL	**$2,790,422,838**	**$2,771,363,921**	**$2,863,714,337**	**$2,950,433,811**	**$2,903,164,429**	**$3,008,858,802**

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 39.9% of the total revenues in the 2009 Budget (excluding interdepartmental and interfund revenues). Figure 3 shows budgeted and actual (if available) sales tax revenues compared to budgeted and actual total revenues for the Major Operating Funds. See "COUNTY FINANCIAL CONDITION - "2009 Gap-Closing Contingency Plan".

FIGURE 3
BUDGETED AND ACTUAL SALES TAX REVENUES COMPARED TO BUDGETED AND ACTUAL TOTAL REVENUES
(MAJOR OPERATING FUNDS)

	Budgeted			Actual		
Fiscal Year	**Total Revenues**	**Sales Tax Revenues**	**Sales Tax as % of Total Revenues**	**Total Revenues**	**Sales Tax Collected**	**Sales Tax Collected as % of Total Revenues**
2009	$2,602,022,963	$1,037,778,713	39.9%	N/A	N/A	N/A
2008	2,470,011,978	1,042,557,825	42.2%	N/A	N/A	N/A
2007	2,410,825,867	1,030,913,922	42.8%	$2,466,122,843	$1,011,868,760	41.0%
2006	2,355,426,962	1,001,790,643	42.5%	2,339,482,935	988,035,431	42.2%
2005	2,368,625,777	964,657,090	40.7%	2,368,937,254	953,816,120	40.3%

Note: All data excludes interdepartmental and interfund revenues.
Sales tax revenues budgeted and collected is gross of NIFA set-asides.

The County's sales tax is collected by the State. The total current sales tax rate in the County is 8-5/8%, of which (i) 4-3/8% is the State's share (including a 3/8% component that is imposed within the Metropolitan Commuter Transportation District pursuant to Section 1109 of the State Tax Law) and (ii) 4-¼% is the County's share, out of which the County (a) must allocate a ¼% component to towns and cities within the County under a local government assistance program established by the County and authorized pursuant to Section 1262-e of the State Tax Law and (b) is authorized to allocate up to a 1/12% component to the villages within the County under a local government assistance program.

The County has enacted legislation to implement a local government assistance program with the villages for its 2008 and 2009 fiscal years. For each of the 2008 and 2009 fiscal years, the County has so allocated $1.25 million to the villages. Applicable committees of the County Legislature, however, have approved legislation to eliminate the local government assistance program for villages for 2009. Approval by the full County Legislature is necessary to implement this legislation.

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 4-¼% local sales tax until November 30, 2009, and the County Legislature has implemented this authorization. If the County had not so implemented this authorization, the County portion of sales tax would have been reduced to 3%.

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 32.0% of total revenues in the 2009 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 21.35% of its constitutional tax limit. See "REAL PROPERTY TAX ASSESSMENT AND COLLECTION – Real Property Tax Limit" herein. Figure 4 shows property tax levies in the Major Operating Funds.

FIGURE 4
PROPERTY TAX LEVY
(MAJOR OPERATING FUNDS)

Fund	**2007 Levy**	**2008 Levy**	**2009 Levy**
Police District Fund	$331,639,639	$332,325,833	$345,035,890
Police Headquarters Fund	287,070,223	279,632,013	289,073,953
General Fund	123,962,486	145,858,384	156,498,471
Fire Prevention Fund	15,698,706	15,554,824	15,465,535
Total	**$758,371,054**	**$773,371,054**	**$806,073,849**

The 2009-2012 Multi-Year Financial Plan has, as one of its gap closing measures, an increase in the property tax levy of $4.2 million for the amount generated by the addition to the tax roll of new construction.

The percentage of Major Operating Funds revenues derived from the property tax has varied in recent years depending on the size of the annual property tax levy. Figure 5 shows budgeted and actual (if available) property tax revenues compared to budgeted and actual total revenues for the Major Operating Funds.

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

	Budget			**Actual**		
Fiscal Year	**Total Revenue**	**Property Tax Revenues**	**Property Tax as % of Total Revenues**	**Total Revenues**	**Property Tax Collected**	**Property Tax Collected as % of Total Revenues**
2009	$2,520,764,724	$806,073,849	31.98%	N/A	N/A	N/A
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%
2005	2,368,625,777	738,711,109	31.19%	2,368,937,254	745,914,600	31.49%

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 6.

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

Fiscal Year Beginning	Total Real Property Tax	Uncollected at End of Fiscal Year	Percentage Uncollected at End of Fiscal Year	Uncollected as of March 31, 2009	Percentage Uncollected as of March 31, 2009
January 1, 2009	$806,074	N/A	N/A	N/A	N/A
January 1, 2008	773,371	$19,306	2.496%	$814	0.105%
January 1, 2007	758,371	18,205	2.401%	832	0.110%
January 1, 2006	738,711	19,291	2.611%	619	0.084%
January 1, 2005	738,711	17,046	2.308%	393	0.0533%

See "REAL PROPERTY TAX ASSESSMENT AND COLLECTION" herein.

State and Federal Aid

Approximately 13.4% of the total revenues in the 2009 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. Federal and State aid levels also vary from year to year in non-mandated areas, such as State probation aid, State transportation aid and federal reimbursement for housing federal inmates at Nassau County Correctional Center on behalf of the federal government.

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 7 shows annual expenditures by category.

FIGURE 7
EXPENDITURES BY CATEGORY
(MAJOR OPERATING FUNDS)

EXPENDITURE CATEGORY	2006	2007	Adopted 2008 Budget	Projected 2008	Adopted 2009 Budget
SALARIES & WAGES	$801,531,668	$850,523,710	$855,007,143	$840,753,123	$863,927,328
FRINGE BENEFITS	379,118,929	403,805,624	388,398,214	393,413,771	407,470,578
MEDICAID	212,598,284	218,991,351	225,698,854	225,227,469	231,588,243
MEDICAID IGT	1,171,947	0	0	0	0
DSS ENTITLEMENT PROGRAMS	143,307,894	146,071,410	147,647,397	150,846,234	157,880,000
CONTRACTUAL SERVICES	134,540,248	129,142,585	136,517,138	121,876,191	127,546,707
ADMINISTRATIVE EXPENSES	76,675,552	72,679,227	80,468,912	69,405,902	80,140,569
DEBT SERVICE (Interest & Principal)*	145,215,305	122,447,059	131,002,547	106,761,315	121,115,447
LOCALGOVERNMENT ASSISTANCE	59,742,639	60,603,147	62,621,959	60,474,022	62,393,789
MASS TRANSPORTATION	45,902,617	46,933,855	47,370,357	47,581,487	48,565,563
OTHER EXPENSES	363,425,196	466,606,952	483,788,927	482,031,495	501,394,728
INTERFUND/INTERDEPARTMENTAL TRANSFERS	384,163,387	322,133,378	391,912,363	343,423,974	406,835,840
TOTAL	**$2,747,393,666**	**$2,839,938,298**	**$2,950,433,811**	**$2,841,794,984**	**$3,008,858,802**

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

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

FIGURE 8
EXPENDITURES BY FUND
(MAJOR OPERATING FUNDS)

Fund	2007 Actual	2008 Projected	2009 Budget
GENERAL FUND	$1,569,234,706	$1,530,442,588	$1,617,868,161
DEBT SERVICE FUND	292,695,316	292,006,903	310,467,051
POLICE DISTRICT FUND	322,405,353	334,883,228	339,610,218
POLICE HEADQUARTERS FUND	315,462,357	321,724,781	315,305,802
FIRE PREVENTION FUND	18,007,187	19,313,511	18,271,730
Total	**$2,517,804,919**	**$2,498,371,011**	**$2,602,022,963**

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 49% of total Major Operating Funds expenditures in the 2009 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 COUNTY WORKFORCE for details of wage packages and agreements). The County's workforce reduction initiative, which has resulted in a 553-person reduction in the size of the full-time workforce in the Major Operating Funds between January 2002 and March 2009, has partially offset this baseline wage growth since fiscal year 2002, as shown in Figure 9.

FIGURE 9
FULL-TIME EMPLOYEES

Date	**Full-Time Employees**
January 2002	9,475
March 2009	8,922

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 2009 Budget assumes a 7.75% increase for active employees and a 7.75% increase for retirees. In 2008, the County experienced a 5.0% health insurance growth rate for active employees (compared to the 7.0% rate incorporated into the 2008 Budget) and a 7.26% health insurance growth rate for retired employees (compared to the 5.25% rate incorporated into the 2008 Budget). Figure 10 displays the growth in County's health insurance costs.

FIGURE 10
HEALTH INSURANCE COSTS

Health Insurance Category	**2005**	**2006**	**2007**	**2008 Projection**	**Adopted 2009 Budget**
Active Employees	$89,777,754	$101,479,559	$108,138,677	$113,409,154	$126,937,599
Retirees	90,992,634	96,089,548	96,680,561	102,926,601	109,885,329
Total Health Insurance	**$180,770,388**	**$197,569,107**	**$204,819,238**	**$216,335,755**	**$236,822,928**

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 have 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 2009, the contribution rate will average 8.78% of payroll for ERS members and 16.21% for PFRS members. This has resulted in substantial increases in the County's pension costs, as shown in Figure 11.

In 2004, State law was enacted moving the annual payment date for contributions from December 15 of each year to February 1 of the following year. By deferring the pension payment date from December 15 to February 1, the State allowed governments that operate on a calendar year (such as the County) to avoid accruing pension contribution expenses in the 2004 fiscal year, thereby creating – on a budgetary basis – a one-time reprieve from these pension expenses.

The County used $33.4 million, $26.4 million and $24.5 million of the reserve in 2006, 2007 and 2008, respectively, to pay part of its 2006, 2007 and 2008 pension bills from the State. The 2009 Budget assumed the use of $11 million of the Retirement Contribution Reserve Fund to pay part of the County's pension contribution in 2009, fully utilizing the balance of the Retirement Contribution Reserve Fund. The County, however, will not be able to replenish the Retirement Contribution Reserve Fund for purposes of making such pension payments in 2009. See "COUNTY FINANCIAL CONDITION" - "2009 Gap-Closing Contingency Plan".

FIGURE 11
PENSION COSTS

Pension System	**2005**	**2006**	**2007**	**2008 Projection**	**Adopted 2009 Budget**
Employees Retirement System (ERS)	$ 36,199,006	$ 37,358,160	$ 31,812,324	$ 31,295,828	$29,417,667
Police and Fire Retirement System (PFRS)	47,490,709	39,337,656	49,942,580	45,,619,445	55,137,764
Total	**$ 83,689,715**	**$76,695,816**	**$ 81,754,904**	**$ 76,915,273**	**$84,555,431**
Draw from reserve fund	34,405,384	33,458,590	26,400,000	24,500,000	11,493,967
Total Pension Payment	**$118,095,099**	**$110,154,406**	**$108,154,904**	**$101,415,273**	**$96,049,398**

Medicaid

Under the Medicaid cap law established in 2006, local 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 Medicaid base was finalized on June 30, 2006 for all counties in the State.

The County projects that its 2008 Medicaid expenditures, which include the impact of an annual $14 million Indigent Care payment to NHCC, will be $225.7 million, increasing to $231.7 million in 2009. The 2009-2012 Multi-Year Financial Plan reflects Medicaid expenses of $238.1 million in 2010, $244.8 in 2011 and $251.7 million in 2012.

Other Social Services Entitlement Programs

Other County Department of Social Services entitlement programs comprise approximately 6.1% of the 2009 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 2009 Budget. This category covers payments to outside vendors for a variety of services, including community-based human services programming, consulting and legal services.

Debt Service

Debt service expenditures, which include interest and principal payments and NIFA set-asides, total $333.2 million in the 2009 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; mandated payments to NHCC; 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 12 sets forth the debt limit of the County and its debt contracting margin. As shown in Figure 12 the County has substantial additional debt issuance capacity.

Figure 12

STATEMENT OF CONSTITUTIONAL DEBT MARGIN
(As of March 31, 2009)
(Dollars In Thousands)

Average Full Valuation of Real Estate for the Fiscal Years Ended in 2005 Through 2009	
2009 Full Valuation	$ 268,100,000
2008 Full Valuation	261,249,503
2007 Full Valuation	244,238,974
2006 Full Valuation	212,313,816
2005 Full Valuation	193,592,238
	$1,179,494,531
Average Full Valuation	$ 235,898,906
Constitutional Debt Margin:	
Constitutional Limit of Total Indebtedness, 10% Average Full Valuation	$ 23,589,891
Outstanding Indebtedness	
General Improvement (including College)	$ 513,715
NIFA Serial Bonds	1,875,075
Sewer District	74,000
Environmental Facilities Corporation	136,543
Notes Payable	362,000
Real Property Liabilities	7,700
Guarantees	279,565
Contract Liabilities	237,405
Total Outstanding Indebtedness	$ 3,486,003

Less: Constitutional Exclusions		
Cash and Investments - Capital Projects Funds	$	77,847
Tax and Revenue Anticipation Notes Payable		237,000
Less: Total Exclusions	$	314,847
Net Outstanding Indebtedness (13.44%)	$	3,171,156
Constitutional Debt Margin (86.56%)	$	20,418,735

Outstanding County Bonds

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

FIGURE 13
OUTSTANDING BONDS
(AS OF MARCH 31, 2009)

General Purposes[1]		
County Debt		$ 492,985,754
NIFA Debt		1,825,875,809
	Subtotal	$2,318,861,563
Sewer Districts Purposes[2]		
County Debt		$ 231,271,747
NIFA Debt		49,199,191
	Subtotal	$ 280,470,938
	Total	$2,599,332,501

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 herein for a list of outstanding County and NIFA obligations.

Figure 14 sets forth the amount of County debt that has been authorized but unissued by purpose.

FIGURE 14
SUMMARY OF BONDS AUTHORIZED BUT UNISSUED
AS OF DECEMBER 31, 2008 (IN THOUSANDS)

Purpose	**Amount Authorized but Unissued**
Community College	$ 20,222
Health	69,359
Information Technology	116,005
Infrastructure	407,230
Land Acquisition	87,333
Mass Transportation	64,377
Miscellaneous	28,228
Parks & Recreation	89,125
Public Safety	111,709
Sewer & Storm Water	566,795
Special Equipment	30,046
Property Tax Refunds & Other Judgments & Settlements	163,181
Total	$1,753,610

The authorized amounts in Figure 14 refer to amounts for which the County has adopted ordinances authorizing the issuance of debt for capital projects and other purposes pursuant to the Local Finance Law, but has not yet issued debt pursuant to such authority. Such authorization expires ten years after adoption of the approving bond ordinance if it has not been used, encumbered or rescinded prior to that time. See “CAPITAL PLANNING AND BUDGETING” herein.

Debt Service Requirements

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

Figure 15

Total County and NIFA Debt Service
(as of March 31, 2009)

	County Bonds [1,2]			NIFA Bonds[3,4]			**Total**		
Date	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
12/31/2009	$60,658,000	$34,499,450	$95,157,450	$104,486,667	$82,654,546	$187,141,213	$165,144,667	$117,153,996	$282,298,663
12/31/2010	96,015,500	30,525,983	126,541,483	109,850,000	77,748,977	187,598,977	205,865,500	108,274,961	314,140,461
12/31/2011	73,993,500	25,841,326	99,834,826	128,035,000	72,640,381	200,675,381	202,028,500	98,481,707	300,510,207
12/31/2012	49,932,500	22,618,339	72,550,839	146,986,667	66,538,604	213,525,271	196,919,167	89,156,943	286,076,110
12/31/2013	45,659,000	20,302,902	65,961,902	153,526,667	59,454,103	212,980,770	199,185,667	79,757,005	278,942,671
12/31/2014	39,948,000	18,164,329	58,112,329	152,870,000	52,348,914	205,218,914	192,818,000	70,513,243	263,331,243
12/31/2015	38,924,000	16,366,573	55,290,573	141,400,000	45,344,542	186,744,542	180,324,000	61,711,114	242,035,114
12/31/2016	32,311,000	14,631,242	46,942,242	134,161,667	38,901,131	173,062,798	166,472,667	53,532,374	220,005,040
12/31/2017	32,250,000	13,049,584	45,299,584	124,745,000	33,091,006	157,836,006	156,995,000	46,140,590	203,135,590
12/31/2018	31,380,000	11,509,114	42,889,114	120,690,000	27,590,254	148,280,254	152,070,000	39,099,369	191,169,369
12/31/2019	31,478,000	10,549,385	42,027,385	124,423,333	22,452,182	146,875,515	155,901,333	33,001,567	188,902,900
12/31/2020	32,828,000	8,946,194	41,774,194	112,166,667	17,380,163	129,546,830	144,994,667	26,326,357	171,321,024
12/31/2021	32,811,000	7,294,177	40,105,177	89,941,667	12,677,765	102,619,432	122,752,667	19,971,942	142,724,609
12/31/2022	34,319,000	5,642,676	39,961,676	77,485,000	8,740,004	86,225,004	111,804,000	14,382,680	126,186,680
12/31/2023	21,250,000	3,936,053	25,186,053	60,855,000	5,247,936	66,102,936	82,105,000	9,183,989	91,288,989
12/31/2024	17,570,000	2,914,990	20,484,990	42,816,667	2,597,015	45,413,682	60,386,667	5,512,006	65,898,672
12/31/2025	12,610,000	2,049,911	14,659,911	15,880,000	729,763	16,609,763	28,490,000	2,779,674	31,269,674
12/31/2026	10,700,000	1,537,861	12,237,861	0	0	0	10,700,000	1,537,861	12,237,861
12/31/2027	11,135,000	1,078,794	12,213,794	0	0	0	11,135,000	1,078,794	12,213,794
12/31/2028	11,565,000	601,358	12,166,358	0	0	0	11,565,000	601,358	12,166,358
12/31/2029	1,860,000	272,233	2,132,233	0	0	0	1,860,000	272,233	2,132,233
12/31/2030	1,175,000	185,878	1,360,878	0	0	0	1,175,000	185,878	1,360,878
12/31/2031	1,225,000	136,078	1,361,078	0	0	0	1,225,000	136,078	1,361,078
12/31/2032	1,270,000	84,308	1,354,308	0	0	0	1,270,000	84,308	1,354,308
12/31/2033	1,320,000	30,579	1,350,579	0	0	0	1,320,000	30,579	1,350,579
12/31/2034	70,000	1,599	71,599	0	0	0	70,000	1,599	71,599
Total	$724,257,500	$252,770,916	$977,028,416	$1,840,320,000	$626,137,289	$2,466,457,289	$2,564,577,500	$878,908,204	$3,443,485,704

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 assumes an interest rate of 5.05% on the NIFA Series 2002A, Series 2002B, and 2008F variable rate bonds, and the rate on the NIFA 2008 A-E variable rate debt is calculated using the fixed rate swap.
4. Outstanding NIFA principal amount is net of the NIFA debt service set asides.

Figure 16

County and NIFA Debt Service on Self-supporting Debt Issued for County Sewer and Storm Water Resources Purposes
(as of March 31, 2009)

	County Bonds [1,2]			NIFA Bonds[3]			**Total**		
Date	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
12/31/2009	$18,674,321	$11,764,258	$30,438,579	$2,920,609	$2,266,065	$5,186,674	$21,594,930	$14,030,323	$35,625,253
12/31/2010	23,971,310	10,597,881	34,569,191	3,363,929	2,127,210	5,491,139	27,335,239	12,725,091	40,060,329
12/31/2011	20,603,724	9,411,539	30,015,263	3,980,360	1,964,694	5,945,054	24,584,083	11,376,233	35,960,316
12/31/2012	18,203,194	8,397,242	26,600,436	3,632,512	1,765,413	5,397,924	21,835,705	10,162,655	31,998,360
12/31/2013	15,426,946	7,518,355	22,945,302	3,520,616	1,591,051	5,111,667	18,947,562	9,109,406	28,056,968
12/31/2014	14,725,393	6,735,833	21,461,226	3,560,770	1,431,601	4,992,371	18,286,164	8,167,433	26,453,597
12/31/2015	13,659,330	6,027,936	19,687,266	3,228,324	1,271,583	4,499,907	16,887,654	7,299,520	24,187,174
12/31/2016	10,946,555	5,415,026	16,361,581	3,605,813	1,129,015	4,734,828	14,552,368	6,544,041	21,096,409
12/31/2017	10,104,292	4,881,538	14,985,830	3,513,889	975,126	4,489,015	13,618,181	5,856,664	19,474,845
12/31/2018	9,965,059	4,359,266	14,324,325	3,736,803	821,831	4,558,634	13,701,862	5,181,097	18,882,959
12/31/2019	10,237,453	3,868,954	14,106,407	3,938,413	661,508	4,599,921	14,175,866	4,530,462	18,706,327
12/31/2020	10,651,540	3,306,894	13,958,434	3,468,790	498,540	3,967,330	14,120,331	3,805,434	17,925,764
12/31/2021	9,781,652	2,716,913	12,498,565	2,633,225	351,645	2,984,870	12,414,877	3,068,558	15,483,435
12/31/2022	10,195,121	2,168,054	12,363,175	2,117,286	236,314	2,353,600	12,312,408	2,404,368	14,716,776
12/31/2023	8,044,388	1,617,010	9,661,399	1,757,799	141,567	1,899,367	9,802,187	1,758,578	11,560,765
12/31/2024	6,805,075	1,197,164	8,002,239	1,109,365	64,863	1,174,228	7,914,440	1,262,028	9,176,468
12/31/2025	4,709,355	807,553	5,516,908	376,719	17,074	393,794	5,086,074	824,628	5,910,702
12/31/2026	2,473,262	623,653	3,096,915	0	0	0	2,473,262	623,653	3,096,915
12/31/2027	2,567,701	506,275	3,073,976	0	0	0	2,567,701	506,275	3,073,976
12/31/2028	2,657,141	384,474	3,041,614	0	0	0	2,657,141	384,474	3,041,614
12/31/2029	1,860,000	272,233	2,132,233	0	0	0	1,860,000	272,233	2,132,233
12/31/2030	1,175,000	185,878	1,360,878	0	0	0	1,175,000	185,878	1,360,878
12/31/2031	1,225,000	136,078	1,361,078	0	0	0	1,225,000	136,078	1,361,078
12/31/2032	1,270,000	84,308	1,354,308	0	0	0	1,270,000	84,308	1,354,308
12/31/2033	1,320,000	30,579	1,350,579	0	0	0	1,320,000	30,579	1,350,579
12/31/2034	70,000	1,599	71,599	0	0	0	70,000	1,599	71,599
Total	$231,322,811	$93,016,496	$324,339,307	$50,465,223	$17,315,100	$67,780,323	$281,788,034	$110,331,596	$392,119,630

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 assumes an interest rate of 5.05% on the NIFA Series 2002A, Series 2002B, and 2008F variable rate bonds, and the rate on the NIFA 2008 Series A-E variable rate debt is calculated using the fixed rate swap.

Figure 17

County and NIFA Debt Service on Debt Issued for County General Purposes
(as of March 31, 2009)

	County Bonds [1,2]			NIFA Bonds[3]			**Total**		
Date	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
12/31/2009	$41,983,679	$22,735,192	$64,718,871	$101,566,057	$80,388,482	$181,954,539	$143,549,736	$103,123,673	$246,673,410
12/31/2010	72,044,190	19,928,102	91,972,293	106,486,071	75,621,768	182,107,839	178,530,261	95,549,870	274,080,131
12/31/2011	53,389,776	16,429,786	69,819,563	124,054,640	70,675,687	194,730,328	177,444,417	87,105,474	264,549,890
12/31/2012	31,729,306	14,221,097	45,950,403	143,354,155	64,773,191	208,127,346	175,083,461	78,994,288	254,077,749
12/31/2013	30,232,054	12,784,546	43,016,600	150,006,051	57,863,052	207,869,103	180,238,105	70,647,598	250,884,703
12/31/2014	25,222,607	11,428,496	36,651,103	149,309,230	50,917,313	200,226,543	174,531,836	62,345,809	236,877,646
12/31/2015	25,264,670	10,338,636	35,603,306	138,171,676	44,072,958	182,244,634	163,436,346	54,411,594	217,847,941
12/31/2016	21,364,445	9,216,217	30,580,662	130,555,854	37,772,116	168,327,969	151,920,299	46,988,332	198,908,631
12/31/2017	22,145,708	8,168,045	30,313,754	121,231,111	32,115,880	153,346,991	143,376,819	40,283,926	183,660,745
12/31/2018	21,414,941	7,149,848	28,564,789	116,953,197	26,768,423	143,721,620	138,368,138	33,918,271	172,286,410
12/31/2019	21,240,547	6,680,431	27,920,978	120,484,921	21,790,674	142,275,595	141,725,468	28,471,105	170,196,573
12/31/2020	22,176,460	5,639,300	27,815,760	108,697,876	16,881,623	125,579,499	130,874,336	22,520,923	153,395,259
12/31/2021	23,029,348	4,577,263	27,606,612	87,308,441	12,326,121	99,634,562	110,337,790	16,903,384	127,241,174
12/31/2022	24,123,879	3,474,622	27,598,501	75,367,714	8,503,690	83,871,404	99,491,592	11,978,312	111,469,904
12/31/2023	13,205,612	2,319,042	15,524,654	59,097,201	5,106,369	64,203,569	72,302,813	7,425,411	79,728,224
12/31/2024	10,764,925	1,717,826	12,482,751	41,707,302	2,532,152	44,239,454	52,472,226	4,249,978	56,722,205
12/31/2025	7,900,645	1,242,358	9,143,003	15,503,281	712,689	16,215,966	23,403,926	1,955,046	25,358,972
12/31/2026	8,226,738	914,208	9,140,946	0	0	0	8,226,738	914,208	9,140,946
12/31/2027	8,567,299	572,519	9,139,817	0	0	0	8,567,299	572,519	9,139,817
12/31/2028	8,907,859	216,884	9,124,743	0	0	0	8,907,859	216,884	9,124,743
12/31/2029	0	0	0	0	0	0	0	0	0
12/31/2030	0	0	0	0	0	0	0	0	0
12/31/2031	0	0	0	0	0	0	0	0	0
12/31/2032	0	0	0	0	0	0	0	0	0
12/31/2033	0	0	0	0	0	0	0	0	0
12/31/2034	0	0	0	0	0	0	0	0	0
Total	$492,934,689	$159,754,420	$652,689,109	$1,789,854,777	$608,822,188	$2,398,676,965	$2,282,789,466	$768,576,608	$3,051,366,074

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 assumes an interest rate of 5.05% on the NIFA Series 2002A, Series 2002B, and 2008F variable rate bonds, and the rate on the NIFA 2008 Series A-E variable rate debt is calculated using the fixed rate swap.

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 has historically funded substantially all of its significant capital expenditures with bond proceeds. It is the County's current 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 TAX ASSESSMENT AND 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.

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 converted to variable-rate bonds) that were hedged through a series of LIBOR-based interest rate swaps and the NHCC, backed by the 2004 County Guaranty (as defined in "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 – 2004 Refunding" 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 18 shows the future minimum lease payments due on such obligations and the present value of these minimum payments.

FIGURE 18
MINIMUM LEASE PAYMENTS
CAPITAL LEASES (IN THOUSANDS)
(AS OF DECEMBER 31, 2007)

Fiscal Year Ending December 31:	
2008	$ 749
2009	757
2010	766
2011	777
2012	787
2013-2017	4,112
2018-2022	4,435
2023-2026	2,433
Future Minimum Payments	$14,816
Less Interest	9,266
Present Value Minimum Lease Payments	$ 5,550

Short-Term Indebtedness

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

Bond Anticipation Notes

The County utilizes BANs for short-term financing of capital expenditures with the expectation that the principal amount thereof will be refinanced with the proceeds of long-term bonds or repaid with State or federal funds. Figure 19 shows recent and expected issuance of BANs by the County.

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

2006	**2007**	**2008**	**2009**[1]	**2010**[1]
$0.00	$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 20 shows recent and expected issuance of RANs and TANs by the County.

FIGURE 20
SHORT-TERM INDEBTEDNESS
CASH FLOW NOTES (IN MILLIONS)

Obligation	**2006**	**2007**	**2008**	**2009** [1]	**2010** [1]
Revenue Anticipation Notes	$ 0.00	$ 75.00	$105.00	$165.00	$165.00
Tax Anticipation Notes	150.00	125.00	132.00	140.00	140.00
Total	$150.00	$ 200.00	$237.00	$305.00	$305.00

[1] Projected.

In the 2009-2012 Multi-Year Financial Plan, the County projects that it will continue to undertake one or more cash flow borrowings annually.

Current and Projected Bond Issuance

In order to finance various general capital programs, property tax refunds (subject to the NIFA Act; see "MONITORING AND OVERSIGHT – External – *NIFA*" and "REAL PROPERTY TAX ASSESSMENT AND COLLECTION – Real Property Assessment – *Administrative Review of Assessments"* herein) and other judgments and settlements, the County issued $296.81 million in bonds in 2008, and expects to issue an additional $325 million of bonds during 2009[1].

FIGURE 21
COUNTY BONDS (IN MILLIONS)

2008	**Projected 2009**
$296.81	$325.00[1]

[1] Pending State and local approvals, the County may issue up to an additional $100 million in bonds to finance payment of separation incentives and termination pay to County employees. See "COUNTY FINANCIAL CONDITION – 2009 Gap-Closing Contingency Plan".

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 any, or other 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. there has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and 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.

Except on rare occasions the County complies with this estoppel procedure. It is a procedure that is recommended by bond counsel, but it is not an absolute legal requirement.

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 2009 (as it may be amended from time to time, the "2009 Capital Budget") and the capital plan for fiscal years 2009-2012 (as it may be amended from time to time, the "2009-2012 Capital Plan"). The 2009 Capital Budget is approximately $275.4 million, the revenue for which is a combination of long-term debt (or bond anticipation notes) and local, State or federal aid. The amount of such debt projected to be issued by or on behalf of the County for objects or purposes in the 2009 Capital Budget is approximately $238.8 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 2009 Capital Budget and the 2009-2012 Capital Plan are listed in Figure 22.

FIGURE 22
2009-2012 CAPITAL PLAN

Project Category	2009	2010	2011	2012
Building Consolidation Program	$ 9,800,000	$ 0	$ 0	$ 0
Buildings	21,050,000	24,700,000	52,300,000	66,400,000
Environmental Bond Act	75,000,000	0	0	0
Equipment	3,518,625	3,425,000	3,625,000	3,500,000
Infrastructure (including for Nassau Community College)	21,250,000	37,650,000	39,050,000	25,250,000
Judgments and settlements	10,000,000	5,000,000	0	0
Parks	18,400,000	17,850,000	25,300,000	6,650,000
Property	0	1,000,000	1,000,000	1,000,000
Public Safety	17,976,000	25,775,000	15,250,000	21,700,000
Roads	37,450,000	36,901,000	28,760,000	22,500,000
Sewer and Storm Water	34,992,000	31,550,000	29,000,000	28,950,000
Technology	17,205,000	17,885,000	16,780,000	19,900,000
Traffic	5,782,000	11,881,000	11,520,000	0
Transportation	3,027,500	2,728,500	5,368,800	5,257,000
Total	$275,453,134	$216,347,510	$227,955,811	$201,109,012
Non-debt financed	$ 36,644,009	$ 38,523,010	$ 58,774,011	$ 32,377,012
Debt financed	$238,809,125	$177,824,500	$169,181,800	$168,732,000

REAL PROPERTY TAX ASSESSMENT AND 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 225 County and town special districts. The County is one of only two county assessing units in the State.

Assessment Roll

In 2002, the County completed a revaluation of all properties on the assessment roll. This was the County's first mass appraisal of commercial properties since 1986 and its first mass appraisal of residential properties. The revaluation assessment roll was promulgated as a tentative roll in January 2003. Revaluation of Class One property on the assessment roll was required by the terms of the consent decree in *Coleman v. County*, Nassau County Supreme Court.

Prior to 2002, there was no effective administrative review of assessment grievances in the County, so virtually all such cases were resolved in court proceedings. See "*Administrative Review of Assessments"* within this section. Because of the delays and inefficiencies inherent in the judicial process, a large backlog of commercial assessment challenges accumulated. The County's commercial refund expense was approximately $110 million annually from 1995 through 2002. See "LITIGATION - Property Tax Litigation - Challenges to Assessed Valuations" herein. The County's residential refund expense was approximately $13 million annually in the same period. By updating its assessment rolls annually, the County reasonably anticipates that it will be able to promulgate more accurate assessments than in the past, and thereby reduce the level of property tax refund liability that each assessment roll generates.

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.

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. Legislation enacted by the State in 2002 provides ARC with additional time (up to a total of 15 months) to correct the tentative assessment roll before the assessments become final. The law became fully effective for the first time on the 2005/2006 assessment roll. During such period, ARC is able to review and correct assessments without generating any refund liability for the County.

Prior to 2002, the estimated annual amount of property tax refund liability avoided as a result of ARC reductions prior to the promulgation of the final roll was less than $10 million. From 2002 to 2007, the amount of property tax refund liability avoided as a result of ARC reductions was approximately $638 million, including $161 million on the 2008/09 assessment roll. ARC seeks to correct as many assessments as possible prior to the promulgation of the final roll as a means to reduce the County's liability for refunds. 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.

The number of commercial protests was essentially unchanged after the revaluation because virtually every commercial parcel already protested its assessment for every year. The number of residential grievances (including duplicate proceedings) almost doubled after the revaluation from 61,028 for the 2002/2003 tax year to 122,027 for 2007/2008. For 2008/09 the number of residential grievances declined to 114,808 and the numbers declined for 2009/2010 to 110,379. Current data for residential grievances filed for the 2010/2011 tentative assessment roll indicated that they will be slightly higher than 2009/2010. In the last year before the revaluation, 40,097 residential cases went on to small claims assessment review proceedings in State Supreme Court. Since the revaluation, the number of residential cases has ranged from a low of 31,415 for 2003/2004 to a high of 56,834 for 2006/2007. For 2007/08 the number of residential cases filing a small claims assessment review proceeding dropped to 50,784, and for 2008/2009 small claims dropped to 32,460.

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

FIGURE 23
COMPUTATION OF CONSTITUTIONAL TAXING POWER
(IN THOUSANDS)

Year Roll Completed	**Full Valuation[d] of Real Estate**
2009	$268,100,000
2008	261,249,503
2007	244,238,960
2006	212,313,809
2005	193,592,283
Total	1,179,494,555
Five-year average full valuation	235,898,911
Tax Limit (2.0%)[a]	4,717,978
Total Exclusions[b]	159,805
Total Taxing Power for 2009 Levy	$4,558,173
Total Levy for 2009[c]	$973,163
Tax Margin	$3,585,010
Percentage of Taxing Power Exhausted	21.35%

(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 24 shows the largest real property taxpayers in the County.

FIGURE 24
LARGEST REAL PROPERTY TAXPAYERS
2008

Taxpayer	Total Assessed Value ($)	Total Assessed Value (%)
LIPA	17,932,972	2.30%
KEYSPAN GAS EAST	7,282,202	0.93
VERIZON NEW YORK	5,164,898	0.66
RETAIL PROPERTY TRUST	3,495,844	0.45
GREEN ACRES MALL LLC	1,990,658	0.26
SUNRISE MALL LLC	1,441,889	0.19
BEC EAB LLC & RECKSON EAB LLC	2,072,012	0.27
LONG ISLAND WATER	1,182,003	0.15
GREATER NEW YORK ASSOC INC	1,224,524	0.16
RECKSON ASSOCIATION	1,595,083	0.20
BROADWAY MALL EAT II LLC	1,374,899	0.18
JERICHO QUADS	1,244,561	0.16
W & S ASSOCIATION	1,061,500	0.14
NEW YORK WATER	692,121	0.09
1 PARK LAKE SUCCESS	1,470,722	0.19
FEIGA-OLIVE TREE	1,008,505	0.13
MASS ONE	576,109	0.07
FRANKLIN AVENUE PLAZA	802,966	0.10
HUBSPOT	498,399	0.06
CAF REALTY LLC	397,358	0.05
TREELINE I ORC LLC	126,606	0.02
BROADVAL LLC	126,606	0.02
NASSAU MALL PLAZA ASSOC.	296,119	0.04
RECKSON OPERATING PARTNERS	402,571	0.05
1979 MARCUS AVE ASSOC.	540,716	0.07
TOTAL (Top 25)	54,001,843	6.93
TOTAL TAX BASE	779,378,364	100.00%

Collection

County, Town and Special District Taxes

General taxes are levied 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 County 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 exceptions are the cities of Glen Cove and Long Beach, which separately assess real property and levy and collect their respective city taxes.

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 cities of Glen Cove and Long Beach are responsible for collection of their delinquent taxes.

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 levied 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 towns and cities. See *"Delinquency Procedure"* within this section. This procedure covers all school districts in the County except the City of Glen Cove School District; the City of Glen Cove, and not the County, guarantees that the Glen Cove School District receives the total tax amounts levied.

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, special districts and any other special assessments.

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. Since 1999, NHCC has operated the Nassau University Medical Center (the "hospital" or "NUMC"), the A. Holly Patterson Nursing Home (the "nursing home" or "AHP"), six health centers and one school health clinic (the "clinics"). NHCC also provides health services to inmates of the Nassau County Correctional Center. Pursuant to State authorizing legislation codified at Public Authorities Law §3400 *et seq*. (hereinafter referred to as the "NHCC Act"), the County transferred the hospital, nursing home and clinics to NHCC effective September 29, 1999.

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. The NHCC Act also provides for three additional non-voting members, one of whom is the Chief Executive Officer. NHCC has the power to acquire, operate and manage health care facilities, to issue notes and bonds to finance the capital costs thereof, including the costs of acquiring such facilities from the County and to enter into interest rate exchange agreements to hedge its variable rate debt exposure. 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.

Pursuant to an Acquisition Agreement dated as of September 24, 1999, between the County and NHCC (the "Acquisition Agreement"), the NHCC agreed to acquire the Health Facilities from the County for a purchase price of approximately $82 million. To effectuate this transfer, and to advance other corporate purposes, the NHCC issued $259,734,845.44 of its Series 1999 Bonds on September 29, 1999. The proceeds of the Series 1999 Bonds were used to fund the acquisition price, working capital, reserves, capitalized interest and cost of issuance.

In 2004, a study of NHCC's delivery of health care to residents of the County, commissioned by the County, recommended a 5-point plan to restructure NHCC's operations, as the working capital raised in 1999 had been expended and NHCC lacked sufficient financial liquidity to meet certain upcoming obligations. Both the County and NHCC agreed to use the 5-point plan as a guide to future negotiations. In 2004, the County and NHCC negotiated a stabilization agreement (the "Stabilization Agreement"), which was an amendment to the Acquisition Agreement, in order to stabilize the financial condition of NHCC and provide it with the monies and time necessary to become financially viable in the future.

In June 2006, NHCC issued an update to its Strategic Plan that included a variety of multi-year initiatives, including major real estate transactions that will help ensure the financial viability of NHCC going forward. NHCC has indicated to the County that it has made significant progress in its financial restructuring, in particular improving bottom line performance in excess of $250 million per year, prospectively, on its $543 million annual operating budget.

In December 2006, the Commission on Health Care Facilities in the 21st Century (the "Berger Commission") released its final report. The report provides a series of recommendations to restructure the health care system in New York State. The Berger Commission issued a number of favorable specific recommendations regarding NHCC, including a mandate that it replace its existing 589 bed nursing home with a state of the art 320 bed skilled nursing facility and 150-bed assisted living facility. Directly related to the favorable Berger report, NHCC was the recipient of two HEAL (Health Care Efficiency and Affordability Law) awards from New York State totaling $61 million, $34 million of which was used to reduce debt in 2008.

Effective November 2007, the Stabilization Agreement was superseded by a Successor Agreement which helped further clarify the relationship between the County and NHCC. Included in this agreement were provisions to provide NHCC with approximately $115 million of Tobacco Securitization Funds to be used for capital improvements and selected operating activities to further support the mission of NHCC.

On October 14, 2004, NHCC issued $303,355,000 of its Nassau Health Care Corporation Bonds, Series 2004 (Nassau County Guaranteed) (the "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.

Pursuant to the Stabilization Agreement and in accordance with the NHCC Act and Article 17, Section 7 of the State Constitution, the County agreed pursuant to a guaranty (the "2004 County Guaranty") to guarantee the scheduled payment of principal and interest on the Series 2004 Bonds. Pursuant to the 2004 County Guaranty, the County pledged its faith and credit to payments made under such guaranty in the same manner as it does with general obligation debt of the County. Pursuant to the 2004 County Guaranty, the County is required to make payments directly to the trustee for the Series 2004 Bonds up to the amount required for debt service and other related payments. In accordance with the Successor Agreement, the County effectively receives a credit for such debt service and related payments against amounts that it would otherwise be obligated to make to NHCC under the Acquisition Agreement or Stabilization Agreement.

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 auction rate bonds were defeased in July 2008 and the balance of such bonds were converted to variable rate. All of such bonds and related swaps are insured by FSA. The variable rate bonds are additionally secured by standby bond purchase agreements with Dexia. As a result of higher than expected remarketing rates for the NHCC variable rate bonds, NHCC has refunded such bonds, with variable rate bonds secured by letters of credit. The County has provided a guaranty on such bonds similar to the 2004 County Guaranty.

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 permits the County to offset any net increases in payments to swap counterparties against any payments it makes to NHCC. Accordingly, NHCC bears the exposure for swaps that under-perform expectations and benefits in the event the swaps out-perform expectations.

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, 2007 and 2006. Approximately $124.2 million and $132.6 million was accrued as a liability at December 31, 2007 and 2006, respectively, related to workers' compensation claims where the County Attorney can reasonably estimate the ultimate outcome. The liability for certain other asserted and unasserted malpractice claims could not be estimated as of December 31, 2007. All malpractice occurrences prior to September 29, 1999 are the responsibility of the County; subsequent malpractice occurrences in connection with the Health Facilities 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 their assessed valuations. See "Property Tax Litigation – *Challenges to Assessed Valuations"* within this section.

Property Tax Litigation

Challenges to Assessed Valuations

The County is a party to numerous claims and legal actions for refunds of real property taxes asserted by taxpayers seeking review of assessed valuations. 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 2004 to 2008, inclusive, is shown below (in millions):

2008	$ 98.8
2007	87.1
2006	70.5
2005	250.7
2004	184.0

The County's estimate of long-term liability, as of December 31, 2008, was $138.98 million for estimated future property tax settlements and judgments. This estimate is currently being reviewed by the County Comptroller's office. The 2008 estimate represents an increase over the 2007 audited estimate of $102 million. The increase is attributable to a modification in the methodology used to determine long-term liability. This modification included certain items in the liability estimate that, in past years, were excluded. History has shown that some of these past exclusions may have underestimated liability. The 2009 Budget includes $50,000,000 in operating funds for tax refunds and cancellations. In 2007, the number of settlements coming in from the courts accelerated and this increased activity is expected to continue into 2009. Another factor which increased activity is the enhanced coordination efforts between ARC and the County Attorney's office. This has led to more settlements being reached sooner. This is a positive development in that it should allow the County to reduce its liability backlog and its interest expenses going forward. As a result of this increased activity, the County recognized that the budgeted amount would not cover its 2008 refund expenses. In December 2008, the County borrowed $48,000,000 for the payment of claims in fiscal years 2008 and later in excess of the budgeted amounts.

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 assessed property valuations. 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 has 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 has 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 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

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 County District Attorney's Office joined plaintiffs' (then defendant's) 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 which are now pending before the U.S. District Court. Because discovery is not stayed, discovery has been proceeding. Notices to take plaintiffs' depositions starting in mid-June 2009 have been served. 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.

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

TAX RATES

Figures 25 and 26 show County tax rates. The tables do not include local, town, city, school, village or special district tax rates for the respective political subdivisions in the County.

FIGURE 25

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

	Town of Hempstead				
	1/1/2009	1/1/2008	1/1/2007	1/1/2006	1/1/2005
General County (a)					
I	22.067	21.106	18.965	6.092	4.897
II	15.777	17.577	15.990	13.049	22.348
III	23.256	22.340	19.896	18.352	29.041
IV	13.731	14.559	14.085	12.239	19.076
Community College					
I	6.911	6.852	6.957	3.908	2.259
II	5.463	6.034	6.212	6.105	6.685
III	7.184	7.138	7.190	7.781	8.382
IV	4.992	5.334	5.734	5.850	5.855
Police Headquarters					
I	38.662	38.532	41.706	21.873	12.867
II	30.560	33.931	37.238	34.172	38.073
III	40.194	40.140	43.103	43.550	47.740
IV	27.924	29.997	34.377	32.740	33.347
Fire Prevention					
I	2.088	2.162	2.300	1.352	0.791
II	1.650	1.904	2.054	2.112	2.339
III	2.171	2.252	2.377	2.692	2.933
IV	1.508	1.683	1.896	2.024	2.049
County Parks					
I				4.596	2.599
II	Part of General County for 2009	Part of General County for 2008	Part of General County for 2007	7.180	7.691
III				9.150	9.643
IV				6.879	6.736
Environmental Bond					
I	0.678	1.042	0.631		
II	0.536	0.918	0.564		
III	0.705	1.085	0.652	Not Levied for 2006	Not Levied for 2005
IV	0.49	0.811	0.520		

	Town of North Hempstead				
	1/1/2009	1/1/2008	1/1/2007	1/1/2006	1/1/2005
General County (a)					
I	22.067	21.108	18.968	6.094	4.919
II	15.776	17.578	15.993	13.050	22.370
III	23.256	22.342	19.898	18.354	29.064
IV	13.730	14.561	14.088	12.241	19.098
Community College					
I	6.911	6.852	6.957	3.908	2.259
II	5.463	6.034	6.212	6.105	6.685
III	7.184	7.138	7.190	7.781	8.382
IV	4.992	5.334	5.734	5.850	5.855
Police Headquarters					
I	38.662	38.532	41.706	21.873	12.867
II	30.560	33.931	37.238	34.172	38.073
III	40.194	40.140	43.103	43.550	47.740
IV	27.924	29.997	34.377	32.740	33.347
Fire Prevention					
I	2.088	2.162	2.300	1.352	0.791
II	1.650	1.904	2.054	2.112	2.339
III	2.171	2.252	2.377	2.692	2.933
IV	1.508	1.683	1.896	2.024	2.049
County Parks					
I				4.596	2.599
II	Part of General County for 2009	Part of General County for 2008	Part of General County for 2007	7.180	7.691
III				9.150	9.643
IV				6.879	6.736
Environmental Bond					
I	0.678	1.042	0.631		
II	0.536	0.918	0.564		
III	0.705	1.085	0.652	Not Levied for 2006	Not Levied for 2005
IV	0.49	0.811	0.520		

	Town of Oyster Bay				
	1/1/2009	1/1/2008	1/1/2007	1/1/2006	1/1/2005
General County (a)					
I	22.068	21.100	18.961	6.092	4.915
II	15.778	17.570	15.986	13.048	22.366
III	23.257	22.333	19.892	18.352	29.059
IV	13.732	14.553	14.081	12.238	19.094
Community College					
I	6.911	6.852	6.957	3.908	2.259
II	5.463	6.034	6.212	6.105	6.685
III	7.184	7.138	7.190	7.781	8.382
IV	4.992	5.334	5.734	5.850	5.855
Police Headquarters					
I	38.662	38.532	41.706	21.873	12.867
II	30.560	33.931	37.238	34.172	38.073
III	40.194	40.140	43.103	43.550	47.740
IV	27.924	29.997	34.377	32.740	33.347
Fire Prevention					
I	2.088	2.162	2.300	1.352	0.791
II	1.650	1.904	2.054	2.112	2.339
III	2.171	2.252	2.377	2.692	2.933
IV	1.508	1.683	1.896	2.024	2.049
County Parks					
I				4.596	2.599
II	Part of General County for 2009	Part of General County for 2008	Part of General County for 2007	7.180	7.691
III				9.150	9.643
IV				6.879	6.736
Environmental Bond					
I	0.678	1.042	0.631		
II	0.536	0.918	0.564		
III	0.705	1.085	0.652	Not Levied for 2006	Not Levied for 2005
IV	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 26

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

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

	City of Glen Cove					City of Long Beach				
	1/1/2009	1/1/2008	1/1/2007	1/1/2006	1/1/2005	1/1/2009	1/1/2008	1/1/2007	1/1/2006	1/1/2005
General County (a)										
I	22.085	21.125	18.979	6.120	4.890	30.000	29.545	27.766	12.367	8.904
II	15.795	17.595	16.004	13.076	22.341	23.709	26.015	24.792	19.324	26.355
III	23.274	22.358	19.909	18.380	29.035	31.189	30.779	28.697	24.627	33.048
IV	13.748	14.578	14.099	12.266	19.069	21.663	22.998	22.887	18.514	23.083
Community College										
I	6.911	6.852	6.957	3.908	2.259	6.911	6.852	6.957	3.908	2.259
II	5.463	6.034	6.212	6.105	6.685	5.463	6.034	6.212	6.105	6.685
III	7.184	7.138	7.190	7.781	8.382	7.184	7.138	7.190	7.781	8.382
IV	4.992	5.334	5.734	5.850	5.855	4.992	5.334	5.734	5.850	5.855
Police Headquarters										
I	38.662	38.532	41.706	21.873	12.867	38.662	38.532	41.706	21.873	12.867
II	30.560	33.931	37.238	34.172	38.073	30.560	33.931	37.238	34.172	38.073
III	40.194	40.140	43.103	43.550	47.740	40.194	40.140	43.103	43.550	47.740
IV	27.924	29.997	34.377	32.740	33.347	27.924	29.997	34.377	32.740	33.347
Fire Prevention										
I	2.088	2.162	2.300	1.352	0.791	2.088	2.162	2.300	1.352	0.791
II	1.650	1.904	2.054	2.112	2.339	1.650	1.904	2.054	2.112	2.339
III	2.171	2.252	2.377	2.692	2.933	2.171	2.252	2.377	2.692	2.933
IV	1.508	1.683	1.896	2.024	2.049	1.508	1.683	1.896	2.024	2.049
County Parks										
I	Part of General County for 2009	Part of General County for 2008	Part of General County for 2007	4.596	2.599	Part of General County for 2009	Part of General County for 2008	Part of General County for 2007	4.596	2.599
II				7.180	7.691				7.180	7.691
III				9.150	9.643				9.150	9.643
IV				6.879	6.736				6.879	6.736
Environmental Bond										
I	0.678	1.042	0.631	Not Levied for 2006	Not Levied for 2005	0.678	1.042	0.631	Not Levied for 2006	Not Levied for 2005
II	0.536	0.918	0.564			0.536	0.918	0.564		
III	0.705	1.085	0.652			0.705	1.085	0.652		
IV	0.49	0.811	0.520			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 27 shows tax rates for special districts in the County. Beginning in 2004, County sewage collection and disposal districts became zones of assessment within the consolidated Nassau County Sewer and Storm Water Resources District.

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

	1/1/2009	1/1/2008	1/1/2007	1/1/2006	1/1/2005
Police District					
I	49.561	49.521	52.412	31.048	17.691
II	49.182	50.476	55.049	56.928	53.867
III	138.637	146.549	160.156	190.842	175.221
IV	55.504	55.626	61.009	61.735	57.307
Sewage Districts:					
Disposal District No. 1					
I	12.212	12.212	19.886	11.799	7.452
II	3.280	6.031	10.143	11.595	12.165
III	47.926	41.085	64.429	68.839	75.988
IV	13.866	13.195	22.663	22.945	22.854
Disposal District No. 2					
I	12.212	12.212	14.173	10.403	6.333
II	119.480	12.200	14.833	18.736	18.706
III	34.658	36.365	44.280	63.771	62.612
IV	13.846	13.987	16.855	21.077	21.101
Disposal District No. 3					
I	12.212	12.212	15.177	8.852	5.499
II	11.913	12.075	15.392	15.793	16.232
III	33.197	36.120	45.809	50.649	52.052
IV	13.243	13.118	16.901	16.893	16.898
Collection District No. 1					
I	5.204	5.204	19.578	14.206	8.972
II	1.398	2.571	9.985	13.959	14.646
III	20.423	17.509	63.428	82.880	91.487
IV	5.909	5.623	22.311	27.625	27.515
Collection District No. 2[a]					
I	4.648	3.779	6.605	4.756	2.904
II	4.879	4.096	7.278	9.604	9.725
III	12.746	11.429	22.395	30.294	29.203
IV	4.941	4.051	5.819	6.950	6.617
Collection District No. 3[a]					
I	5.204	4.832	5.999	5.289	3.278
II	5.194	4.992	6.069	9.507	9.564
III	14.425	14.681	18.494	30.908	31.525
IV	5.886	5.389	7.008	10.635	10.635

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

Property Tax Levies

Figure 28 below lists the percentage of the total tax levy of all political subdivisions (by category) that real property taxes bear in relation to each other.

FIGURE 28
COUNTY OF NASSAU, NEW YORK
PROPERTY TAX LEVIES
COUNTY, TOWN, CITY, VILLAGE GOVERNMENTS AND SPECIAL DISTRICTS
2003 THROUGH 2006
($ IN THOUSANDS)

	2006		2005		2004		2003	
	Tax Levy	% of Total	Tax Levy	% of Total	Tax Levy	% of Total	Tax Levy	% of Total
Nassau County Government	$785,257	15.76%	$783,512	16.41%	$781,828	17.50%	$780,211	18.45%
Sewer & Storm Water Consolidated	138,932	2.79%	138,932	2.91%	138,932	3.11%	-	0.00%
Sewer Collection		0.00%		0.00%	-	0.00%	102,422	2.42%
Sewer Disposal		0.00%		0.00%	-	0.00%	40,217	0.95%
Town & City Governments	206,090	4.14%	208,654	4.37%	183,267	4.10%	175,251	4.14%
Incorporated Villages	367,408	7.37%	344,668	7.22%	330,851	7.41%	311,028	7.35%
School Districts	3,010,688	60.43%	2,833,955	59.34%	2,618,054	58.60%	2,431,227	57.49%
Special Districts:								
Fire	97,873	1.96%	88,558	1.85%	84,143	1.88%	78,685	1.86%
Fire Protection	15,853	0.32%	15,292	0.32%	14,239	0.32%	13,595	0.32%
Garbage, Refuse & Sanitary	191,776	3.85%	174,235	3.65%	169,131	3.79%	160,868	3.80%
Lighting	14,525	0.29%	14,194	0.30%	12,643	0.28%	12,027	0.28%
Park	64,291	1.29%	80,837	1.69%	54,730	1.23%	51,548	1.22%
Parking & Improvement	42,116	0.85%	49,159	1.03%	38,582	0.86%	33,876	0.80%
Sewer Special	12,866	0.26%	12,015	0.25%	11,501	0.26%	11,258	0.27%
Water	34,295	0.69%	31,739	0.66%	29,405	0.66%	27,094	0.64%
Total Special Districts	473,595	9.51%	466,029	9.76%	414,374	9.28%	388,951	9.20%
Totals	4,981,970	100.00%	4,775,750	100.00%	4,467,306	100.00%	4,229,307	100.00%

Data extracted from County of Nassau, Comprehensive Annual Financial Report of the Comptroller for the Fiscal Years ended December 31, 2007 and 2006. Data for 2007 and later is not available for all jurisdictions at this time.

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APPENDIX B
GENERAL PURPOSE AUDITED FINANCIAL STATEMENTS FOR FISCAL YEARS ENDED DECEMBER 31, 2007 AND 2006

THE FINANCIAL STATEMENTS OF THE COUNTY AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006, INCLUDED IN APPENDIX B, HAVE BEEN AUDITED BY DELOITTE & TOUCHE LLP, INDEPENDENT AUDITORS. THE FOLLOWING IS AN EXCERPT FROM SUCH AUDIT.

Please note that there is a typographical error on page B-75 of this Appendix B. The 2005 A and 2005 D NIFA bonds are fixed rate bonds, not auction rate bonds as set forth in the 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 been asked to and has not reviewed or commented upon the Official Statement.

MANAGEMENT DISCUSSION AND ANALYSIS

Nassau County's comprehensive annual financial report ("CAFR") complies with the requirements of Governmental Accounting Standards Board Statement No. 34 ("GASB 34"). This section of the report, required under GASB 34, presents management's discussion and analysis ("MD&A") of the County's financial activities and performance for the fiscal years ended December 31, 2007 and 2006. This section should be read in conjunction with the letter of transmittal and the County's financial statements.

FINANCIAL HIGHLIGHTS

- The County's net worth declined by $3 billion during 2007 to negative $4.4 billion. This was primarily due to two factors, the result of accruing $3.4 billion for postemployment benefits pursuant to the implementation of GASB 45; offset by the implementation of GASB 48, which resulted in an increase in net assets of $375.8 million from the Nassau County Tobacco Settlement Corporation ("NCTSC"). The remaining balance of $1.4 billion is primarily attributable to outstanding borrowings for real estate tax refunds.

- The County generated a budgetary surplus of $23.8 million in its major operating funds in 2007. This surplus can be attributed to conservative budgeting, expense relief, one-time revenues, and progress in the implementation of key components of the multi-year financial plan.

- In 2007, the County paid $87 million in refund payments to residential and commercial property taxpayers who successfully challenged their assessments. The Administration funded $75 million in tax certiorari payments, ($50 million from the operating budget, $25 million of prior years fund balance) which supports the County's transition to pay-as-you-go financing ("PAYGO"). The balance of $12 million was funded by debt.

- These financial statements are presented in accordance with Generally Accepted Accounting Principles ("GAAP"). In addition, certain statements present GAAP to budgetary basis conversion columns to present actual results on a budgetary basis. Unreserved fund balance in the County's primary operating funds (General, Police Headquarters, Police Districts and Fire Safety) total $89.9 million on a budgetary basis, and $70.8 million on a GAAP basis, of which $64.7 million is in the General Fund. Unreserved fund balance in the Sewer and Storm Water District Fund totals $162.1 million.

- From February of 2003 through June 2008 the County's credit rating has been increased a total of 13 times by the three major rating agencies. The latest increase was received from Standard and Poor's, from A to A+.

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2007

GASB 45 requires accrual based accounting for the cost of Postemployment Benefits Other Than Pensions ("OPEB") effective for the year 2007. The County has accrued $3.4 billion for the cost of providing health insurance to the County's current and future retirees. This amount is not required to be recorded on a budgetary basis, and is only included in financial statements prepared on a GAAP basis.

GASB 48 establishes standards for GAAP basis financial statements on the reporting and recording of sales and pledges of receivables and future revenues and intra-entity transfers of assets and future revenue. In 2007, the County recorded $375.8 million of revenue from this activity. GASB 48 requires the NCTSC to record the transfer of funds made to the County as a deferred charge. As such, an adjustment was made to net assets to change to this method of accounting for deferred charges.

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

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

The statement of net assets reports everything the County owns (its assets) and owes (its liabilities) as of the end of the year. Net assets are what remain after all liabilities have been paid off or otherwise satisfied; they signify the net worth of the government. This statement is designed to display assets and liabilities in order of their basic liquidity and maturity while presenting the basic accounting relationship applicable to public sector entities: *assets – liabilities = net assets*. This statement also presents all of the County's economic resources – that is, all of its assets and liabilities, both financial and capital. The statement of activities tracks the County's annual revenues and expenses as well as any other transactions that increase or reduce net assets. It divides the County's activities into three elements: its governmental activities, its business-type activities (if applicable), and the activities of its component units.

The Statement of Net Assets

The statement of net assets for the 2007 fiscal year shows that Nassau County has a deficit balance of $4.4 billion. Table 1 shows that the County's negative net worth increased by $3 billion during 2007 primarily due to the net effect of GASB 45 and GASB 48.

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

	Total Primary Governmental Activities		
	2007	2006	Change
Current and Other Assets	$ 1,592.3	$ 1,177.0	$ 415.3
Capital Assets	2,318.7	2,332.9	(14.2)
Total Assets	3,911.0	3,509.9	401.1
Long-Term Liabilities	7,226.3	4,114.5	3,111.8
Other Liabilities	1,112.2	859.9	252.3
Total Liabilities	8,338.5	4,974.4	3,364.1
Net Assets			
Invested in Capital Assets, Net of Related Debt	1,602.2	1,556.2	46.0
Restricted	-	32.7	(32.7)
Unrestricted	(6,029.7)	(3,053.4)	(2,976.3)
Total Net Assets (Deficit)	$ (4,427.5)	$ (1,464.5)	$ (2,963.0)

The County's total assets increased by $401.1 million in 2007, from $3.5 billion to $3.9 billion. The major increase of $375.8 million was due to the implementation of GASB 48.

Table 1 also shows that total liabilities increased in 2007 by $3.4 billion. This was primarily due to the implementation of GASB 45.

The County has $1.6 billion invested in its capital assets, recorded at acquisition cost, net of related debt. Capital assets are used by the County in the provision of services to the taxpayers; hence, this investment of County equity, because it is tied up in the County's capital assets, is not immediately available to support future expenses.

Finally, the County's statement of net assets shows a deficit balance of $4.4 billion in net assets at December 31, 2007, which represents an increase in the deficit of $3 billion since the close of the 2006 fiscal year. Unrestricted net assets reflect all liabilities that are not related to the County's capital assets and which are not expected to be repaid from restricted resources. Accordingly, the County will have to allocate future revenues towards the payment of these liabilities as well.

As of December 31, 2007, Nassau County and its blended component units had a combined $3.1 billion in outstanding long-term debt. The County's debt indicators and ratios are disproportionately high. This is because the County has historically issued long-term debt to finance judgments, settlements, and the payment of property tax refunds resulting from successful grievances of property tax assessments.

Nassau County is responsible under State law for guaranteeing the tax levy of the three towns within the County, all but one of the 56 school districts, and approximately 200 special districts. Prior to the court ordered mass property revaluation which was completed in 2002, the County had not reassessed its residential properties since 1938, nor had it reassessed its commercial properties since 1986. Even after the revaluation, over one-hundred thousand grievances have been filed annually by residential and commercial property owners protesting the accuracy of the assessed values assigned to their properties. Starting in 2006 and continuing in 2007, the County has been transitioning to pay-as-you-go financing for tax certiorari settlements.

The Statement of Activities

The statement of activities for the fiscal year that ended December 31, 2007 details the decline in the County's net worth from 2006 to 2007. Table 2 summarizes the changes in the County's net assets. Several factors impacted the County's net worth. They include:

- Revenue from operating grants increased by $14.5 million primarily due to increased State Aid in the Departments of Social Services and Mental Health, Chemical Dependency and Disabled Services.

- Sales Tax Revenues increased $21.3 million, as the County experienced a 2.1 percent growth over 2006, a slower pace than the 3.9 percent gain during 2006. The national economy recorded moderating gains at the end of 2007 due to the credit crunch resulting from the slowdown for housing and the sub-prime borrowing crisis. For the region, strong gains for payroll employment and relatively low unemployment were somewhat offset by the sluggish regional housing market.

- General Government Expenses decreased by a net of $58.6 million. Approximately $119 million of the decrease was related to residual tobacco payments, offset by a loss on disposition of land and building of $27 million, adjustments in long-term liabilities of $14 million and an increase in tax certiorari expense of $12 million.

- Postemployment retirement benefits of $3.4 billion have been recorded due to the requirements of GASB 45.

- Protection of persons increased by $39.1 million due to increases in salaries and related employee benefits. Salaries increased primarily because of overtime, settlements of the PBA labor contract and other related labor contract accruals.

- Social Services increased by $11 million primarily due to increase in the cost of Medicaid of $6.5 million and increases in contractual expenses.

Table 2
Change in Net Assets
(dollars in millions)

	2007	2006	Change
Revenues			
Program Revenues			
Charges for Services	$ 194.4	$ 195.4	$ (1.0)
Operating Grants	397.5	383.0	14.5
Capital Grants	37.0	32.5	4.5
General Revenues			
Property Taxes	886.7	883.6	3.1
Sales Taxes	1,010.5	989.2	21.3
Other Taxes	45.0	39.5	5.5
Tobacco Settlement Revenues	59.2	53.7	5.5
Investment Income	45.3	49.4	(4.1)
Other General Revenues	21.9	22.5	(0.6)
Total Revenues	2,697.5	2,648.8	48.7
Expenses			
Legislative	9.8	8.8	1.0
Judicial	49.9	45.0	4.9
General Government	529.2	587.8	(58.6)
Postemployment retirement benefits	3,354.8		3,354.8
Protection of Persons	672.3	633.2	39.1
Health	254.9	248.8	6.1
Public Works	221.7	226.6	(4.9)
Recreation and Parks	48.8	45.7	3.1
Social Services	501.3	490.3	11.0
Corrections	226.0	225.3	0.7
Education	10.2	10.5	(0.3)
Interest on Long Term Debt	157.4	160.9	(3.5)
Total Expenses	6,036.3	2,682.9	3,353.4
Decrease in Net Assets	(3,338.8)	(34.1)	(3,304.7)
Implementation of GASB 48	375.8		375.8
Net Assets - (Deficit) Beginning	(1,464.5)	(1,430.4)	(34.1)
Net Assets - (Deficit) Ending	$ (4,427.5)	$ (1,464.5)	$ (2,963.0)

ANALYSIS OF FUND FINANCIAL STATEMENTS FOR 2007

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

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

The County's general operations are financed through four primary operating funds: the General Fund; the Fire Prevention, Safety, Communication, and Education Fund; the Police Headquarters Fund; and the Police District Fund. In 2007, the County Parks and Recreation Fund was merged into the General Fund. With the exception of the Police District Fund, the remaining primary operating funds have identical tax bases; accordingly, the resources in these funds are fungible. The County also has a debt service fund into which resources are transferred to pay current and future debt service obligations. The County's sewer and storm water operations are funded through a sewer and storm water resources district, which through state legislation consolidated three sewage disposal district maintenance funds as well as a sewage collection district maintenance fund for the twenty-seven sewer collection districts located throughout Nassau County. The County also has a Technology Fund, an Open Space Fund, as well as a series of other non-major operating and capital project funds.

The Governmental Fund Statements
Nassau County ended the 2007 fiscal year with a budgetary surplus of $23.8 million aggregated across its primary operating funds.

Table 3
Summary of Changes in Unreserved Fund Balance
Major Operating Funds and Sewer District Fund
(dollars in millions)

	2007	2006	Change
Primary Operating Funds			
General Fund	$ 64.7	$ 85.8	$ (21.1)
Parks Fund	-	(0.2)	0.2
Fire Commission	-	(0.2)	0.2
Police Headquarters	-	(12.0)	12.0
Police District	6.1	14.3	(8.2)
Total Primary Operating Funds	$ 70.8	$ 87.7	$ (16.9)
Sewer District Fund -			
Sewer and Storm Water District	$ 162.1	$ 121.3	$ 40.8

As Table 3 shows, accumulated unreserved, undesignated fund balance in the primary operating funds totaled $70.8 million at the end of 2007 on a financial reporting basis. On a budgetary basis, while the County ended 2007 with accumulated unreserved and undesignated fund balance totaling $89.9 million. $10 million of prior years surplus has been appropriated into the 2008 budget to make tax certiorari payments.

Unreserved fund balance in the sewer and storm water resources district grew by $40.8 million, reflecting several factors including budget surpluses, debt restructuring, and the receipt of Federal and State grant revenues.

The County's operating surplus on a budgetary basis was the result of conservative budgeting, a series of one-time benefits, and substantial progress in the implementation of core elements of the multi-year financial plan. Specific factors that contributed to the County's fiscal performance were as follows:

- The County's workforce management program limited new hiring primarily to essential and/or emergency functional areas, and throughout the year, full-time staffing levels were below budgeted levels. For example, on December 20, 2007, full-time staffing in the primary operating funds was 356 positions below the budget allotment of 9,195.

- The County successfully implemented a series of "smart government initiatives" the value of which totaled $5.9 million. These initiatives included Persons in Need of Supervision ("PINS") individuals being diverted to less costly alternatives and human services administrative consolidation and various expense savings.

- Investment income exceeded budget by $7.5 million due to a conservative budget estimate and higher than expected short-term interest rates.

- There were several one-time recoveries in 2007, including $2 million in retroactive rate reduction from BOCES and $2 million in Payment in Lieu of Taxes ("PILOT") settlements.

- Partially offsetting these positive results were several negative factors including a $7.6 million shortfall in sales tax receipts on a budgetary basis, increasing Early Intervention and Special Education costs and rising energy rates.

CAPITAL INVESTMENTS

The County completed a number of capital projects during the 2007 fiscal year, including the construction of the South Franklin Street Recharge Basin in Hempstead, improvement of downtown streetscapes along Merrick and Jerusalem Avenues in Merrick and Merrick Road in Massapequa and Broadway in Bethpage. The Nassau Road project in Roosevelt which replaced concrete curbs and sidewalks at intersections, the addition of new drainage structure and the installation of new center islands was completed. The County's first synthetic turf field was installed and completed at Mitchel Field. The renovations at the Old County Courthouse were substantially completed in 2007 and the building was opened and dedicated in February 2008. The Police and Fire Communication Center continues to undergo structural expansion and improvements to include system upgrades for the County radio system, records CADD/RMS (computer assisted dispatch records management system) and E911. The Nunley's Carousel is currently being renovated and will make its new home on Museum Row.

The County made capital improvements during 2007 in the following areas:

Table 4
Capital Improvements
Janurary 1, 2007 to December 31, 2007
(amounts in millions)

Project Category	Amount
Building Consolidation Plan	$ 29.5
Building Improvements	8.1
Equipment	4.8
Infrastructure and Economic Development	6.3
Open Space Property Purchases	17.0
Parks	4.8
Property Acquisition	0.7
Public Safety	20.2
Roads	23.4
Sewer and Storm Water	20.9
Technology	5.7
Traffic	5.6
Total	$ 147.0

Detailed information on capital asset activity is available in the Notes to the Financial Statements Exhibit X-16, Note 7.

DEBT

Nassau County and its blended component units - NIFA, NCTSC, and the SSWFA - had approximately a combined $3.1 billion in outstanding long-term debt as of December 31, 2007, representing a net decrease of $132.2 million over the combined long-term debt outstanding as of December 31, 2006. The County also provides a direct-pay guarantee of $296.2 million outstanding from the refunding and new money debt issued in October of 2004 by the Nassau Health Care Corporation and $18.9 million outstanding from the refunding and new money debt issued in June of 2005 by the Nassau Regional Off-Track Betting Corporation. Since the two corporations are discretely-presented component units of the County, their debt is not itemized in Table 5 below.

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

	Balance 31-Dec-06	Additions	Reductions	Balance 31-Dec-07
General Obligation County Bonds	$ 382,036	$ 74,562	$ 93,298	$ 363,300
Sewage Purpose Bonds	105,176		21,784	83,392
SRF Revenue Bonds	155,814		8,435	147,379
Total county Long -Term Debt	643,026	74,562	123,517	594,071
NIFA Sales Tax Secured Bonds	2,038,500		79,975	1,958,525
Tobacco Settlement Asset-Backed Bonds	431,034			431,034
Sewer Financing Authority	75,450		3,225	72,225
TOTAL LONG TERM DEBT	$ 3,188,010	$ 74,562	$ 206,717	$ 3,055,855

Starting in 2007, the County resumed issuing long-term debt under its own credit. In 2007, the County issued $74.6 of long-term debt and retired $123.5 million of debt. Between 2001 and 2006 the County has been issuing long-term debt through NIFA. During 2007, the County re-entered the bond markets and issued its first general obligation bonds since the creation of NIFA. During this time, the only exception has been the County's continued issuance of debt through the State Revolving Loan Fund ("SRF") for sewer and storm water improvement initiatives. The SRF is administered by the New York State Environmental Facilities Corporation. It provides interest-subsidized loans to local governments for eligible environmental projects.

NIFA's long-term debt decreased $80.0 million during the 2007 fiscal year. This decrease reflects the maturing and run-off of the existing NIFA debt.

The amount of outstanding debt of the NCTSC has remained constant.

During fiscal year 2007, the SSWFA added $24.9 million in commercial paper notes and repaid $3.2 million of outstanding bonds.

The County issued two cash flow notes during the 2007 fiscal year. Management anticipates issuing one or more cash flow notes in 2008.

Detailed information on long-term debt activity is available in the Notes to the Financial Statements Exhibit X-16, Note 9.

NASSAU COUNTY'S CREDIT RATING

The three major credit rating agencies have responded to the County's fiscal progress by increasing the ratings assigned to the County's long-term general obligation debt a total of 13 times from February of 2003 through June of 2008.

In June 2008, Standard and Poor's raised Nassau County credit rating from A to A+.

CONCLUSION

The County's net worth declined by $3 billion during 2007 to negative $4.4 billion. This decline was due to two factors. The result of recording the past service liability of current and future retirees' health insurance in accordance with GASB 45 offset by the implementation of GASB 48, which resulted in an increase in net assets of $375.8 million from the Nassau County Tobacco Settlement Corporation ("NCTSC"). The remaining balance of $1.4 billion is primarily attributable to outstanding borrowings for real estate tax refunds.

During 2007, the County generated a positive budgetary surplus of $23.8 million across its major operating funds. This surplus was a result, in large part, of conservative budgeting, one time benefits, and progress in the implementation of the multi-year financial plan. At the end of 2007, unreserved, undesignated fund balance in the County's primary operating funds stood at $89.9 million on a budgetary basis.

The County's recent history of credit rating upgrades reflects the County's improved financial management and performance. Nassau County faces difficult challenges as other municipalities around the Country. The Multi Year Plan acknowledges these challenges by addressing the structural imbalance with a combination of recurring revenue options. The Administration is aggressively pursuing the passage of legislation of the cigarette tax, red light cameras and Uniform filing fee, among others, which are part of the State legislative package. The successful achievement of these options will result in less reliance on one time revenues. As part of a two year effort to reduce the tax certiorari liability, the County will use bond proceeds in order to stabilize tax certiorari payments. Cost initiatives are pursued and funding maximized before relying on taxpayers to bear additional burden.

BASIC FINANCIAL STATEMENTS

EXHIBIT X-1

COUNTY OF NASSAU, NEW YORK

STATEMENT OF NET ASSETS
DECEMBER 31, 2007 (Dollars in Thousands)

	Primary Government	
	Governmental Activities	Component Units
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 500,254	$ 66,342
Investments, Including Accrued Interest (Note 2)	68,557	
Assets Whose Use is Limited- Current		32,632
Sales Tax Receivable	108,211	
Interest Receivable	5,781	
Student Accounts and Loans Receivable		6,933
Less Allowance for Doubtful Amounts		(3,131)
Due from Primary Government		
Due from Other Governments (Note 3)	175,056	3,335
Less Allowance for Doubtful Accounts	(1,751)	
Other Receivables		4,169
Accounts Receivable	17,892	269,804
Less Allowance for Doubtful Accounts		(172,507)
Real Property Taxes Receivable	61,538	
Less Allowance for Doubtful Accounts	(6,995)	
Due from Component Unit (Note 6)	21,402	
Inventories		5,269
Prepaids	108,436	
Other Assets - Current	16,945	15,302
Total Current Assets	1,075,326	228,148
NON CURRENT ASSETS:		
Deferred Financing Costs	164,012	8,149
Less Accumulated Amortization	(33,341)	(2,235)
Deferred Charges	375,806	
Assets Whose Use is Limited		50,831
Capital Assets Not Being Depreciated (Note 7)	561,979	18,365
Depreciable Capital Assets (Note 7)	2,878,334	640,510
Less Accumulated Depreciation	(1,121,509)	(409,804)
Leasehold Acquisition Costs		
Less Accumulated Amortization		
Deposits Held by Trustees		10,908
Deposits Held in Custody for Others		3,081
Tax Sale Certificates (Note 5)	3,953	
Tax Real Estate Held for Sale (Note 4)	6,473	
Other Assets		8,292
Total Non Current Assets	2,835,707	328,097
Total Assets	3,911,033	556,245
LIABILITIES		
CURRENT LIABILITIES:		
Accounts Payable	90,164	42,428
Accrued Liabilities	224,492	19,783
Tax Anticipation Notes Payable	125,000	
Bond Anticipation Notes Payable	86,398	947
Revenue Anticipation Notes Payable	75,000	
Accrued Interest Payable	13,300	1,144
Notes Payable - Current	69,135	49
Due to Primary Government (Note 6)		559
Due to Other Governments		
Unearned Revenue - Current	32,162	18,001
Current Portion of Long Term Liabilities (Note 9)	373,375	7,012
Other Liabilities - Current	23,183	2,336
Total Current Liabilities	1,112,209	92,259
NON CURRENT LIABILITIES:		
Notes Payable		241
Serial Bonds Payable (Notes 9 and 10)	2,846,425	319,579
Deferred Bond Premium (Net of Amortization)	83,197	2,408
Unearned Revenue	3,159	
Accrued Vacation and Sick Pay (Note 9 and 15)	524,326	77,591
Estimated Workers' Compensation Liability (Notes 9 and 15)	106,376	
Estimated Tax Certiorari Payable (Notes 9 and 15)	51,849	
Estimated Liability for Litigation and Malpractice (Notes 9 and 15)	208,424	44,661
Liability for Future Pension Expense		15,870
Capital Lease (Note 8)	5,522	
Other Liabilities - Non Current	40,226	20,523
Deposits Held in Custody for Others		2,643
Insurance Reserve Liability		1,873
Postemployment Retirement Benefits Liability	3,354,770	347,017
Total Non Current Liabilities	7,226,274	832,406
Total Liabilities	8,338,483	924,665
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	1,602,186	131,691
Restricted:		
Special Revenue		2,413
Capital Projects		918
Debt Service		14,546
Student Loans		505
Unrestricted Deficit	(6,029,636)	(518,493)
Total Net Assets (Deficit)	$ (4,427,450)	$ (368,420)

See accompanying notes to financial statements.

EXHIBIT X-1

COUNTY OF NASSAU, NEW YORK

STATEMENT OF NET ASSETS
DECEMBER 31, 2006 (Dollars in Thousands)

	Primary Government Governmental Activities	Component Units
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 439,529	$ 77,170
Investments, Including Accrued Interest (Note 2)	84,186	
Assets Whose Use is Limited- Current		15,137
Sales Tax Receivable	98,128	
Interest Receivable	6,107	
Student Accounts and Loans Receivable		5,970
Less Allowance for Doubtful Amounts		(2,287)
Due from Other Governments (Note 3)	177,603	5,786
Less Allowance for Doubtful Accounts	(1,752)	
Other Receivables		6,568
Accounts Receivable	27,674	266,296
Less Allowance for Doubtful Accounts		(167,903)
Real Property Taxes Receivable	61,189	
Less Allowance for Doubtful Accounts	(7,945)	
Due from Component Unit (Note 6)	14,710	
Inventories		4,652
Prepaids	111,196	
Other Assets - Current	16,215	17,586
Total Current Assets	1,026,840	228,975
NON CURRENT ASSETS:		
Deferred Financing Costs	164,012	8,525
Less Accumulated Amortization	(25,099)	(2,193)
Assets Whose Use is Limited		35,582
Capital Assets Not Being Depreciated (Note 7)	500,002	17,517
Depreciable Capital Assets (Note 7)	2,852,059	626,496
Less Accumulated Depreciation	(1,019,240)	(403,083)
Leasehold Acquisition Costs		1,020
Less Accumulated Amortization		(1,020)
Deposits Held by Trustees		7,669
Deposits Held in Custody for Others		1,496
Tax Sale Certificates (Note 5)	4,681	
Tax Real Estate Held for Sale (Note 4)	6,578	
Other Assets		7,442
Total Non Current Assets	2,482,993	299,451
Total Assets	3,509,833	528,426
LIABILITIES		
CURRENT LIABILITIES:		
Accounts Payable	70,433	39,912
Accrued Liabilities	194,619	20,019
Tax Anticipation Notes Payable	150,000	
Accrued Interest Payable	13,088	1,459
Notes Payable - Current	44,435	46
Due to Primary Government (Note 6)		6,993
Unearned Revenue - Current	30,634	16,250
Current Portion of Long Term Liabilities (Note 9)	326,651	8,040
Other Liabilities - Current	30,026	17,359
Total Current Liabilities	859,886	110,078
NON CURRENT LIABILITIES:		
Notes Payable		291
Serial Bonds Payable (Notes 9 and 10)	2,981,294	321,527
Deferred Bond Premium (Net of Amortization)	89,289	2,426
Unearned Revenue	2,034	
Accrued Vacation and Sick Pay (Note 9 and 15)	513,587	75,100
Estimated Workers' Compensation Liability (Notes 9 and 15)	132,631	
Estimated Tax Certiorari Payable (Notes 9 and 15)	87,200	
Estimated Liability for Litigation and Malpractice (Notes 9 and 15)	215,163	42,236
Capital Lease (Note 8)	5,550	
Other Liabilities - Non Current	87,748	2,198
Deposits Held in Custody for Others		1,496
Insurance Reserve Liability		1,775
Total Non Current Liabilities	4,114,496	447,049
Total Liabilities	4,974,382	557,127
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	1,556,170	97,870
Restricted:		
Special Revenue		2,006
Capital Projects	32,719	1,397
Debt Service		9,852
Student Loans		502
Unrestricted Deficit	(3,053,438)	(140,328)
Total Net Assets (Deficit)	$ (1,464,549)	$ (28,701)

See accompanying notes to financial statements.

EXHIBIT X-2

COUNTY OF NASSAU, NEW YORK

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007 (Dollars in Thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
					Primary Government	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants**	**Capital Grants**	**Governmental Activities**	**Component Units**
Primary Government:						
Legislative	$ 9,789	$ 122	$	$	$ (9,667)	$
Judicial	49,995	18,329	5,062		(26,604)	
General Government	529,185	70,641	28,182		(430,362)	
Postemployment Retirement Benefits	3,354,770				(3,354,770)	
Protection of Persons	672,293	35,544	12,668		(624,081)	
Health	254,856	22,798	145,603		(86,455)	
Public Works	221,678	5,366	534	37,031	(178,747)	
Recreation and Parks	48,833	17,902			(30,931)	
Social Services	501,254	14,558	181,081		(305,615)	
Corrections	225,968	5,483	24,401		(196,084)	
Education	10,216	3,668			(6,548)	
Debt Service Interest	157,439				(157,439)	
Total Primary Government	$ 6,036,276	$ 194,411	$ 397,531	$ 37,031	(5,407,303)	
Component Units	$ 1,110,942	$ 617,461	$ 132,074	$ 21,822		(339,585)
	General Revenues:					
	Taxes:					
	Property Taxes				$ 886,691	
	Sales Taxes				1,010,566	
	Other Taxes				45,037	
	Tobacco Settlement Revenue and Tobacco Receipts				59,153	
	Investment Income				45,284	6,062
	Other				21,865	(6,196)
	Total General Revenues				2,068,596	(134)
	Change in Net Assets				(3,338,707)	(339,719)
	Implementation of GASB 48				375,806	
	Subtotal				(2,962,901)	(339,719)
	Net Assets (Deficit) - Beginning				(1,464,549)	(28,701)
	Net Assets (Deficit) - Ending				$ (4,427,450)	$ (368,420)

See accompanying notes to financial statements.

EXHIBIT X-2

COUNTY OF NASSAU, NEW YORK

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006 (Dollars in Thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
					Primary Government	
Functions/Programs	Expenses	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Component Units
Primary Government:						
Legislative	$ 8,754	$ 18	$	$	$ (8,736)	$
Judicial	45,018	20,062	4,724		(20,232)	
General Government	587,841	71,494	30,358		(485,989)	
Protection of Persons	633,154	36,127	9,378		(587,649)	
Health	248,782	19,807	138,271		(90,704)	
Public Works	226,599	5,245	621	32,484	(188,249)	
Recreation and parks	45,687	17,458			(28,229)	
Social Services	490,302	20,364	179,355		(290,583)	
Corrections	225,334	4,822	20,247		(200,265)	
Education	10,545				(10,545)	
Debt Service Interest	160,847				(160,847)	
Total Primary Government	$ 2,682,863	$ 195,397	$ 382,954	$ 32,484	(2,072,028)	
Component Units	$ 743,251	$ 594,809	$ 129,760	$ 1,077		(17,605)
General Revenues:						
Taxes:						
Property Taxes					$ 883,637	
Sales Taxes					989,243	
Other Taxes					39,452	
Tobacco Settlement Revenue and Tobacco Receipts					53,661	
Investment Income					49,369	5,097
Other					22,532	4,585
Total General Revenues					2,037,894	9,682
Change in Net Assets					(34,134)	(7,923)
Net Assets (Deficit) - Beginning					(1,430,415)	(20,778)
Net Assets (Deficit) - Ending					$ (1,464,549)	$ (28,701)

See accompanying notes to financial statements.

EXHIBIT X-3

COUNTY OF NASSAU, NEW YORK

GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2007 (Dollars in Thousands)

ASSETS	**General Fund**	**NIFA General Fund**	**Debt Service Fund**	**Fire Prevention, Safety, Communication and Education Fund**	**Police District Fund**	**Police Headquarters Fund**	**Sewer and Storm Water District Fund**	**Nonmajor Governmental Funds**	**Total Governmental Funds**
Cash	$ 109,221	$ 663	$ 5,260	$ 2,013	$ 15,499	$ 1,391	$ 98,977	$ 267,230	$ 500,254
Investments (Note 2)								68,557	68,557
Sales Tax Receivable		108,211							108,211
Interest Receivable		1						3,129	3,130
Due from Other Governments (Note 3)	163,229					1,554		10,273	175,056
Less Allowance for Doubtful Accounts	(1,751)								(1,751)
Accounts Receivable	12,814				769	3,319	338	652	17,892
Real Property Taxes Receivable	61,538								61,538
Less Allowance for Doubtful Accounts	(6,995)								(6,995)
Tax Sale Certificates (Note 5)	3,953								3,953
Tax Real Estate Held for Sale (Note 4)	6,473								6,473
Interfund Receivables (Note 6)	255,906		35,751	23	2,296	13,109	84,258	70,365	461,708
Prepaids	41,637			1,017	31,437	31,033	1,700	1,612	108,436
Due from Component Units (Note 6)	21,904							1,617	23,521
Other Assets	9,189	27			3,478	3,577	424	250	16,945
TOTAL ASSETS	$ 677,118	$ 108,902	$ 41,011	$ 3,053	$ 53,479	$ 53,983	$ 185,697	$ 423,685	$ 1,546,928
LIABILITIES AND FUND EQUITY									
LIABILITIES:									
Accounts Payable	$ 58,950	$	$	$ 67	$ 719	$ 617	$ 6,128	$ 23,683	$ 90,164
Accrued Liabilities	137,318	115		534	14,143	10,233	4,022	58,121	224,486
Bonds Anticipation Notes Payable (Note 9)								86,398	86,398
Tax Anticipation Notes Payable (Note 9)	125,000								125,000
Revenue Anticipation Notes Payable (Note 9)	75,000								75,000
Commercial Paper Notes Payable								69,135	69,135
Unearned Revenue	25,434							30,332	55,766
Interfund Payables (Note 6)	94,732	107,238	41,011	2,486	31,886	42,145	4,885	137,325	461,708
Due to Component Units (Note 6)				4		47	66	2,002	2,119
Other Liabilities	22,370							41,039	63,409
Total Liabilities	538,804	107,353	41,011	3,091	46,748	53,042	15,101	448,035	1,253,185
FUND EQUITY :									
Fund Balances:									
Reserved for Retirement of Temporary Financing								7,326	7,326
Reserved for Encumbrances	73,592				670	941	8,462	231,321	314,986
Restricted - Senior Liquidity Reserve								24,009	24,009
Unreserved and Designated for Ensuing Year's Budget (Note 13):									
General	10,000								10,000
Special Revenue							53,203		53,203
Unreserved Nonmajor Fund Balances (Deficits):									
Special Revenue								(41,132)	(41,132)
Capital Projects								(219,450)	(219,450)
Debt Service								(26,424)	(26,424)
Unreserved Major Fund Balances (Deficits) (Note 13)	54,722	1,549		(38)	6,061		108,931		171,225
Total Fund Equity	138,314	1,549		(38)	6,731	941	170,596	(24,350)	293,743
Commitments and Contingencies (Note 15)									
TOTAL LIABILITIES AND FUND EQUITY	$ 677,118	$ 108,902	$ 41,011	$ 3,053	$ 53,479	$ 53,983	$ 185,697	$ 423,685	$ 1,546,928

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

See accompanying notes to financial statements.

EXHIBIT X-3

COUNTY OF NASSAU, NEW YORK

GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2006 (Dollars in Thousands)

ASSETS	General Fund	NIFA General Fund	Debt Service Fund	Fire Prevention, Safety, Communication and Education Fund	County Parks and Recreation Fund	Police District Fund	Police Headquarters Fund	Sewer and Storm Water District Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash	$ 47,411	$ 633	$ 43	$ 3,221	$ 23,010	$ 9,262	$ 1,356	$ 93,331	$ 261,262	$ 439,529
Investments (Note 2)									84,186	84,186
Sales Tax Receivable		98,128								98,128
Interest Receivable		2							3,494	3,496
Due from Other Governments (Note 3)	163,845						502		13,256	177,603
Less Allowance for Doubtful Accounts	(1,752)									(1,752)
Accounts Receivable	19,661				917	873	1,674	555	3,994	27,674
Real Property Taxes Receivable	61,189									61,189
Less Allowance for Doubtful Accounts	(7,945)									(7,945)
Tax Sale Certificates (Note 5)	4,681									4,681
Tax Real Estate Held for Sale (Note 4)	6,578									6,578
Interfund Receivables (Note 6)	213,143		38,415	17	1,228	1,180	7,182	43,628	53,675	358,468
Prepaids	39,908			946		35,527	31,207	1,992	1,616	111,196
Due from Component Units (Note 6)	14,850								1,512	16,362
Other Assets	7,665	64		127	508	3,394	3,512	407	538	16,215
TOTAL ASSETS	$ 569,234	$ 98,827	$ 38,458	$ 4,311	$ 25,663	$ 50,236	$ 45,433	$ 139,913	$ 423,533	$ 1,395,608
LIABILITIES AND FUND EQUITY										
LIABILITIES:										
Accounts Payable	$ 48,621	$	$	$ 216	$ 485	$ 949	$ 406	$ 5,277	$ 14,479	$ 70,433
Accrued Liabilities	111,078	112		571	1,044	9,276	19,460	2,484	50,626	194,653
Tax Anticipation Notes Payable (Note 9)	150,000									150,000
Commercial Paper Notes Payable									44,435	44,435
Unearned Revenue	26,144				18				27,307	53,469
Interfund Payables (Note 6)	62,226	98,127	38,458	3,635	20,424	22,827	34,435	4,486	73,850	358,468
Due to Component Units (Note 6)							14		1,638	1,652
Other Liabilities	29,012				210				88,552	117,774
Total Liabilities	427,081	98,239	38,458	4,422	22,181	33,052	54,315	12,247	300,889	990,884
FUND EQUITY:										
Fund Balances:										
Reserved for Retirement of Temporary Financing									25,961	25,961
Reserved for Encumbrances	56,324			109	3,717	2,845	3,081	6,388	250,025	322,489
Restricted - Senior Liquidity Reserve									24,009	24,009
Unreserved and Designated for Ensuing Year's Budget (Note 13):										
General	13,075									13,075
Unreserved Nonmajor Fund Balances (Deficits):										
Special Revenue									(29,733)	(29,733)
Capital Projects									(149,672)	(149,672)
Debt Service									2,054	2,054
Unreserved Major Fund Balances (Deficits) (Note 13)	72,754	588		(220)	(235)	14,339	(11,963)	121,278		196,541
Total Fund Equity	142,153	588		(111)	3,482	17,184	(8,882)	127,666	122,644	404,724
Commitments and Contingencies (Note 15)										
TOTAL LIABILITIES AND FUND EQUITY	$ 569,234	$ 98,827	$ 38,458	$ 4,311	$ 25,663	$ 50,236	$ 45,433	$ 139,913	$ 423,533	$ 1,395,608

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

See accompanying notes to financial statements.

EXHIBIT X-4

COUNTY OF NASSAU, NEW YORK

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS DECEMBER 31, 2007 (Dollars in Thousands)

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

Total fund balances - governmental funds	$ 293,743
Revenue recorded in the statement of net assets is recorded as unearned revenue in the governmental funds	20,445
Premium on debt issued is recorded in the governmental funds as revenue. In the statement of activities, the premium is amortized over the lives of the debt	(83,197)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net	2,318,804
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	130,671
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds:	
Bonds payable	(2,846,425)
Implementation of GASB 45 and GASB 48 (net)	(2,978,964)
Other long term liabilities	(898,497)
Current portion of long term liabilities and short term notes payable	(373,375)
Accrued expenses and interest payable	(10,655)
Net assets (deficit) of governmental activities	$ (4,427,450)

See accompanying notes to financial statements.

EXHIBIT X-4

COUNTY OF NASSAU, NEW YORK

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS DECEMBER 31, 2006 (Dollars in Thousands)

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

Total fund balances - governmental funds	$ 404,724
Revenue recorded in the statement of net assets is recorded as unearned revenue in the governmental funds	20,801
Premium on debt issued is recorded in the governmental funds as revenue. In the statement of activities, the premium is amortized over the lives of the debt	(89,289)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net	2,332,821
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	138,913
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds:	
Bonds payable	(2,981,294)
Other long term liabilities	(954,131)
Current portion of long term liabilities and short term notes payable	(326,651)
Accrued expenses and interest payable	(10,443)
Net assets (deficit) of governmental activities	$ (1,464,549)

See accompanying notes to financial statements.

EXHIBIT X-5

COUNTY OF NASSAU, NEW YORK

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2007 (Dollars in Thousands)

	General Fund	NIFA General Fund	Debt Service Fund	Fire Prevention, Safety, Communication and Education Fund	County Parks and Recreation Fund	Police District Fund	Police Headquarters Fund	Sewer and Storm Water District Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:										
Interest and Penalties on Taxes	$ 21,865	$	$	$	$	$	$	$	$	$ 21,865
Licenses and Permits	7,790					1,705	1,085			10,580
Fines and Forfeits	22,161					99	6		1,330	23,596
Interest Income	13,846	1,709		18		1,557	341	6,736	13,890	38,097
Rents and Recoveries	24,017			4		136	1,138	43	343	25,681
Tobacco Settlement Revenue	23,600									23,600
Tobacco Proceeds	14,500									14,500
Tobacco Receipts									21,053	21,053
Departmental Revenue	66,942			5,036		3,381	18,430	1,113	2,586	97,488
Interdepartmental Revenue	121,337					293	11,382	390	349	133,751
Federal Aid	111,892						221		59,714	171,827
State Aid	192,051			180			1,353		52,053	245,637
Sales Tax	778,483	170,454								948,937
Preempted Sales Tax in Lieu of Property Taxes	61,629									61,629
Property Taxes	129,220			15,699		331,640	287,070	118,934	4,128	886,691
Payments in Lieu of Taxes	7,356									7,356
Special Taxes	10,358						23,296		4,027	37,681
Other Revenues	9,746		19,281	27		1,334	1,867	252	17,989	50,496
Total Revenues	1,616,793	172,163	19,281	20,964		340,145	346,189	127,468	177,462	2,820,465
EXPENDITURES:										
Current:										
Legislative	9,781									9,781
Judicial	46,304								2,968	49,272
General Administration	227,812	1,244							27,125	256,181
Protection of Persons	13,711			19,646		350,404	330,017		7,951	721,729
Health	216,106								47,484	263,590
Public Works	99,780							86,201	208	186,189
Recreation and Parks	40,863								784	41,647
Capital Outlay									124,129	124,129
Sewage Districts									18,456	18,456
Social Services	516,968								5,802	522,770
Corrections	218,509								2,799	221,308
Education	7,325									7,325
Payments for Tax Certiorari and Other Judgments	87,251									87,251
Other	116,683									116,683
Total Current	1,601,093	1,244		19,646		350,404	330,017	86,201	237,706	2,626,311
Debt Service:										
Principal			96,190					30,217	83,200	209,607
Interest			26,257					9,690	113,487	149,434
Financing Costs			994							994
Total Debt Service			123,441					39,907	196,687	360,035
Total Expenditures	1,601,093	1,244	123,441	19,646		350,404	330,017	126,108	434,393	2,986,346
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	15,700	170,919	(104,160)	1,318		(10,259)	16,172	1,360	(256,931)	(165,881)
OTHER FINANCING SOURCES (USES):										
Other Financing Sources - Premium			1,055							1,055
Other Financing Sources - EFC drawdowns									356	356
Other Financing Uses - Funding of Residual Trust									(21,073)	(21,073)
Transfers In	176,372		272,359							448,731
Transfers In of Investment Income	5,390							1,294		6,684
Transfers Out	(221,138)		(169,254)	(1,245)	(3,482)	(194)	(6,349)	(7,030)	(40,039)	(448,731)
Transfers Out of Investment Income									(6,684)	(6,684)
Transfers In from NIFA	6,289	4,982							197,079	208,350
Transfers Out to NIFA		(174,940)							(33,410)	(208,350)
Transfers In from SFA								47,306	283,134	330,440
Transfers Out to SFA									(330,440)	(330,440)
Issuance of Debt	13,548								61,014	74,562
Total Other Financing Sources (Uses)	(19,539)	(169,958)	104,160	(1,245)	(3,482)	(194)	(6,349)	41,570	109,937	54,900
NET CHANGE IN FUND BALANCES	(3,839)	961		73	(3,482)	(10,453)	9,823	42,930	(146,994)	(110,981)
TOTAL FUND BALANCES (DEFICITS) AT BEGINNING OF YEAF	142,153	588		(111)	3,482	17,184	(8,882)	127,666	122,644	404,724
TOTAL FUND BALANCES (DEFICITS) AT END OF YEAR	$ 138,314	$ 1,549	$	$ (38)	$	$ 6,731	$ 941	$ 170,596	$ (24,350)	$ 293,743

See accompanying notes to financial statements.

EXHIBIT X-5

COUNTY OF NASSAU, NEW YORK

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2006 (Dollars in Thousands)

	General Fund	NIFA General Fund	Debt Service Fund	Fire Prevention, Safety, Communication and Education Fund	County Parks and Recreation Fund	Police District Fund	Police Headquarters Fund	Sewer and Storm Water District Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:										
Interest and Penalties on Taxes	$ 22,532	$	$	$	$	$	$	$	$	$ 22,532
Licenses and Permits	7,756				5	1,828	936			10,525
Fines and Forfeits	22,921					80			2,559	25,560
Interest Income	12,101	1,751		39	156	1,510	435	6,741	17,532	40,265
Rents and Recoveries	39,038			744	1,011	472	2,351	80	169	43,865
Tobacco Settlement Revenue	23,000									23,000
Tobacco Proceeds	10,273									10,273
Tobacco Receipts									20,388	20,388
Departmental Revenue	45,358			4,911	15,824	3,411	16,807	1,484	2,470	90,265
Interdepartmental Revenue	124,681					314	10,225	258	710	136,188
Federal Aid	114,965						228		54,461	169,654
State Aid	186,732			205			862		55,639	243,438
Sales Tax	783,680	146,137								929,817
Preempted Sales Tax in Lieu of Property Taxes	59,426									59,426
Property Taxes	86,875			15,850	51,168	333,627	258,050	138,942		884,512
Payments in Lieu of Taxes	4,551									4,551
Special Taxes	10,805				1,064		23,032			34,901
Other Revenues	10,528		10,900	27	292	1,356	1,828	150	2,448	27,529
Total Revenues	1,565,222	147,888	10,900	21,776	69,520	342,598	314,754	147,655	156,376	2,776,689
EXPENDITURES:										
Current:										
Legislative	8,747									8,747
Judicial	41,733								1,725	43,458
General Administration	227,312	1,139							28,360	256,811
Protection of Persons	11,961			19,131		325,827	315,102		8,497	680,518
Health	215,413								42,580	257,993
Public Works	95,862							86,718	223	182,803
Recreation and Parks					55,919				458	56,377
Capital Outlay									125,298	125,298
Sewage Districts									8,949	8,949
Social Services	505,817								5,258	511,075
Corrections	217,820								2,596	220,416
Education	6,898									6,898
Payments for Tax Certiorari and Other Judgements	74,670									74,670
Other	125,336									125,336
Total Current	1,531,569	1,139		19,131	55,919	325,827	315,102	86,718	223,944	2,559,349
Debt Service:										
Principal			114,845					31,479	94,015	240,339
Interest			30,370					11,005	118,643	160,018
Financing Costs			249						14,390	14,639
Total Debt Service			145,464					42,484	227,048	414,996
Total Expenditures	1,531,569	1,139	145,464	19,131	55,919	325,827	315,102	129,202	450,992	2,974,345
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	33,653	146,749	(134,564)	2,645	13,601	16,771	(348)	18,453	(294,616)	(197,656)
OTHER FINANCING SOURCES (USES):										
Other Financing Sources - EFC drawdowns									912	912
Other Financing Uses - Funding of Residual Trust									(140,265)	(140,265)
Deposited with Escrow Agent for Defeasance									(248,564)	(248,564)
Transfers In	197,098	5,437	279,692		7,077		1,429		149,675	640,408
Transfers In of Investment Income	4,139							799		4,938
Transfers Out	(258,190)	(145,568)	(145,128)	(2,723)	(18,029)	(737)	(3,511)	(11,085)	(55,437)	(640,408)
Transfers Out of Investment Income									(4,938)	(4,938)
Transfers In from NIFA	11,910								65,931	77,841
Transfers Out to NIFA		(6,677)							(71,164)	(77,841)
Transfers In from SFA								56,558	369,952	426,510
Transfers Out to SFA									(426,510)	(426,510)
Issuance of Debt									431,034	431,034
Total Other Financing Sources (Uses)	(45,043)	(146,808)	134,564	(2,723)	(10,952)	(737)	(2,082)	46,272	70,626	43,117
NET CHANGE IN FUND BALANCES	(11,390)	(59)		(78)	2,649	16,034	(2,430)	64,725	(223,990)	(154,539)
TOTAL FUND BALANCES (DEFICITS) AT BEGINNING OF YEAF	153,543	647		(33)	833	1,150	(6,452)	62,941	346,634	559,263
TOTAL FUND BALANCES (DEFICITS) AT END OF YEAR	$ 142,153	$ 588	$	$ (111)	$ 3,482	$ 17,184	$ (8,882)	$ 127,666	$ 122,644	$ 404,724

See accompanying notes to financial statements.

EXHIBIT X-6

COUNTY OF NASSAU, NEW YORK

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2007 (Dollars in Thousands)

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

Net change in fund balances - total governmental funds		$ (110,981)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period		
Purchase of capital assets	$ 177,423	
Depreciation expense	(111,248)	
Other	(80,192)	(14,017)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Implementation of GASB 45 and GASB 48 (net)	(2,978,964)	
Proceeds from sales of bonds	(74,663)	
Principal payments of bonds	209,607	
Accrued interest payable	(212)	
Amortized debt issuance costs	(8,242)	
Amortized deferred liabilities	6,092	
Payment of component unit debt costs	(2,791)	
Adjust long-term liabilities	11,625	
Other	(355)	(2,837,903)
Change in net assets - governmental activities		$ (2,962,901)

See accompanying notes to financial statements.

EXHIBIT X-6

COUNTY OF NASSAU, NEW YORK

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2006 (Dollars in Thousands)

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

Net change in fund balances - total governmental funds		$ (154,539)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period		
Purchase of capital assets	$ 174,972	
Depreciation expense	(110,426)	
Other	(44,767)	19,779
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Proceeds from sales of bonds	(125,673)	
Principal payments of bonds	197,909	
Accrued interest payable	7,173	
Amortized debt issuance costs	(8,451)	
Amortized deferred liabilities	6,493	
Payment of component unit debt costs	(3,648)	
Adjust long-term liabilities	25,986	
Other	837	100,626
Change in net assets - governmental activities		$ (34,134)

See accompanying notes to financial statements.

EXHIBIT X-7

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	Variance Over (Under)
Revenues:						
Interest and Penalties on Taxes	$ 24,650	$ 24,650	$ 21,865	$	$ 21,865	$ (2,785)
Licenses and Permits	10,642	10,642	7,790		7,790	(2,852)
Fines and Forfeits	24,497	24,497	22,161		22,161	(2,336)
Interest Income	19,601	19,601	13,846		13,846	(5,755)
Rents and Recoveries	27,814	27,909	24,017	(337)	23,680	(4,229)
Tobacco Settlement Revenue	23,600	23,600	23,600		23,600	
Tobacco Proceeds		14,500	14,500		14,500	
Departmental Revenue	65,718	65,718	66,942		66,942	1,224
Interdepartmental Revenue	149,500	150,464	121,337		121,337	(29,127)
Federal Aid	111,129	111,278	111,892		111,892	614
State Aid	194,773	195,806	192,051		192,051	(3,755)
Sales Tax	968,142	968,142	778,483		778,483	(189,659)
Preempted Sales Tax in Lieu of Property Taxes	62,772	62,772	61,629		61,629	(1,143)
Property Taxes	123,962	123,962	129,220		129,220	5,258
Payments in Lieu of Taxes	5,914	5,914	7,356		7,356	1,442
Special Taxes	10,471	10,471	10,358		10,358	(113)
Other Revenues	11,095	11,545	9,746	(3,772)	5,974	(5,571)
Total Revenues	1,834,280	1,851,471	1,616,793	(4,109)	1,612,684	(238,787)
Expenditures:						
Current:						
Legislative	11,784	11,591	9,781	478	10,259	1,332
Judicial	48,153	47,696	46,304	468	46,772	924
General Administration	261,019	262,272	227,812	13,799	241,611	20,661
Protection of Persons	13,728	14,151	13,711	59	13,770	381
Health	245,079	248,950	216,106	15,143	231,249	17,701
Public Works	114,883	113,212	99,780	2,683	102,463	10,749
Recreation and Parks	43,065	43,996	40,863	3,085	43,948	48
Social Services	555,955	556,442	516,968	20,881	537,849	18,593
Corrections	220,050	234,370	218,509	14,382	232,891	1,479
Education	14,009	9,061	7,325		7,325	1,736
Payments for Tax Certiorari and Other Judgments	25,000	73,544	87,251	(13,707)	73,544	
Other	118,983	127,901	116,683	(14,538)	102,145	25,756
Total Expenditures	1,671,708	1,743,186	1,601,093	42,733	1,643,826	99,360
Excess (Deficiency) of Revenues Over (Under) Expenditures	162,572	108,285	15,700	(46,842)	(31,142)	(139,427)
Other Financing Sources (Uses):						
Transfers In			176,372		176,372	176,372
Transfers In of Investment Income			5,390		5,390	5,390
Transfers Out	(253,941)	(224,654)	(221,138)		(221,138)	3,516
Transfer In from NIFA			6,289	(133)	6,156	6,156
Issuance of Debt			13,548	(13,548)		
Total Other Financing Sources (Uses)	(253,941)	(224,654)	(19,539)	(13,681)	(33,220)	191,434
Net Change in Fund Balance	(91,369)	(116,369)	(3,839)	(60,523)	(64,362)	52,007
Fund Balance (Deficit) at Beginning of Year	91,369	116,369	142,153		142,153	25,784
Fund Balance (Deficit) at End of Year	$	$	$ 138,314	$ (60,523)	$ 77,791	$ 77,791

See accompanying notes to financial statements.

EXHIBIT X-7

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	Variance Over (Under)
Revenues:						
Interest and Penalties on Taxes	$ 24,000	$ 24,000	$ 22,532	$	$ 22,532	$ (1,468)
Licenses and Permits	9,987	9,987	7,756		7,756	(2,231)
Fines and Forfeits	22,584	22,584	22,921		22,921	337
Interest Income	13,474	16,249	12,101		12,101	(4,148)
Rents and Recoveries	29,185	29,186	39,038		39,038	9,852
Tobacco Settlement Revenue	23,000	23,000	23,000		23,000	
Tobacco Proceeds		10,273	10,273		10,273	
Departmental Revenue	84,256	84,256	45,358		45,358	(38,898)
Interdepartmental Revenue	131,845	132,184	124,681		124,681	(7,503)
Federal Aid	114,787	115,156	114,965		114,965	(191)
State Aid	170,520	172,334	186,732		186,732	14,398
Sales Tax	936,369	936,369	783,680		783,680	(152,689)
Preempted Sales Tax in Lieu of Property Taxes	65,421	65,421	59,426		59,426	(5,995)
Property Taxes	80,016	80,016	86,875		86,875	6,859
Payments in Lieu of Taxes	4,500	4,500	4,551		4,551	51
Special Taxes	11,060	11,060	10,805		10,805	(255)
Other Revenues	15,763	16,663	10,528	(3,445)	7,083	(9,580)
Total Revenues	1,736,767	1,753,238	1,565,222	(3,445)	1,561,777	(191,461)
Expenditures:						
Current:						
Legislative	9,671	9,801	8,747	355	9,102	699
Judicial	42,897	43,038	41,733	349	42,082	956
General Administration	246,156	247,804	227,312	14,026	241,338	6,466
Protection of Persons	13,000	13,009	11,961	36	11,997	1,012
Health	221,539	235,684	215,413	12,844	228,257	7,427
Public Works	102,825	103,546	95,862	4,546	100,408	3,138
Social Services	579,397	548,172	505,817	18,950	524,767	23,405
Corrections	220,480	228,794	217,820	2,711	220,531	8,263
Education	5,999	6,899	6,898		6,898	1
Payments for Tax Certiorari and Other Judgments		19,562	74,670	(55,108)	19,562	
Other	124,662	125,426	125,336	(2,828)	122,508	2,918
Total Expenditures	1,566,626	1,581,735	1,531,569	(4,119)	1,527,450	54,285
Excess (Deficiency) of Revenues Over (Under) Expenditures	170,141	171,503	33,653	674	34,327	(137,176)
Other Financing Sources (Uses):						
Transfers In			197,098	(50,000)	147,098	147,098
Transfers In of Investment Income			4,139		4,139	4,139
Transfers Out	(257,717)	(259,079)	(258,190)		(258,190)	889
Transfer In from NIFA			6,896		6,896	6,896
Transfer from NIFA Tax Certiorari and Other Judgment Borrowings			5,014	(5,014)		
Total Other Financing Sources (Uses)	(257,717)	(259,079)	(45,043)	(55,014)	(100,057)	159,022
Net Change in Fund Balance	(87,576)	(87,576)	(11,390)	(54,340)	(65,730)	21,846
Fund Balance (Deficits) at Beginning of Year	87,576	87,576	153,543		153,543	65,967
Fund Balance (Deficits) at End of Year	$	$	$ 142,153	$ (54,340)	$ 87,813	$ 87,813

See accompanying notes to financial statements.

EXHIBIT X-8

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
FIRE PREVENTION, SAFETY, COMMUNICATION AND EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2007 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	Variance Over (Under)
Revenues:						
Rents and Recoveries	$	$	$ 4	$	$ 4	$ 4
Interest Income			18		18	18
Departmental Revenue	5,364	5,364	5,036		5,036	(328)
State Aid	120	170	180		180	10
Property Taxes	15,699	15,699	15,699		15,699	
Other Revenues			27	(27)		
Total Revenues	21,183	21,233	20,964	(27)	20,937	(296)
Expenditures:						
Current:						
Protection of Persons	20,646	20,099	19,646	(65)	19,581	518
Total Expenditures	20,646	20,099	19,646	(65)	19,581	518
Excess of Revenues Over Expenditures	537	1,134	1,318	38	1,356	222
Other Financing Uses:						
Transfers Out	(649)	(1,245)	(1,245)		(1,245)	
Total Other Financing Sources (Uses)	(649)	(1,245)	(1,245)		(1,245)	
Net Change in Fund Balance	(112)	(111)	73	38	111	222
Fund Balance (Deficit) at Beginning of Year	112	111	(111)		(111)	(222)
Fund Balance (Deficit) at End of Year	$	$	$ (38)	$ 38	$	$

See accompanying notes to financial statements.

EXHIBIT X-8

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
FIRE PREVENTION, SAFETY, COMMUNICATION AND EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2006 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	Variance Over (Under)
Revenues:						
Rents and Recoveries	$	$ 753	$ 744	$	$ 744	$ (9)
Interest Income	45	45	39		39	(6)
Departmental Revenue	4,237	4,765	4,911		4,911	146
Interdepartmental Revenue	108	108				(108)
State Aid	120	190	205		205	15
Property Taxes	15,850	15,850	15,850		15,850	
Other Revenues	47	47	27	(27)		(47)
Total Revenues	20,407	21,758	21,776	(27)	21,749	(9)
Expenditures:						
Current:						
Protection of Persons	19,899	19,296	19,131	(138)	18,993	303
Total Expenditures	19,899	19,296	19,131	(138)	18,993	303
Excess of Revenues Over Expenditures	508	2,462	2,645	111	2,756	294
Other Financing Uses:						
Transfers Out	(768)	(2,723)	(2,723)		(2,723)	
Total Other Financing Sources (Uses)	(768)	(2,723)	(2,723)		(2,723)	
Net Change in Fund Balance	(260)	(261)	(78)	111	33	294
Fund Balance (Deficit) at Beginning of Year	260	261	(33)		(33)	(294)
Fund Balance (Deficit) at End of Year	$	$	$ (111)	$ 111	$	$

See accompanying notes to financial statements.

EXHIBIT X-9

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
COUNTY PARKS AND RECREATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2007 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	Variance Over (Under)
Revenues:						
Rents and Recoveries	$	$	$	$	$	$
Licenses and Permits						
Interest Income						
Departmental Revenue						
Property Taxes						
Special Taxes						
Other Revenues						
Total Revenues						
Expenditures:						
Current:						
Recreation and Parks						
Total Expenditures						
Excess (Deficiency) of Revenues Over (Under) Expenditures						
Other Financing Sources (Uses):						
Transfers In						
Transfers Out			(3,482)		(3,482)	(3,482)
Total Other Financing Uses			(3,482)		(3,482)	(3,482)
Net Change in Fund Balance			(3,482)		(3,482)	(3,482)
Fund Balance (Deficit) at Beginning of Year			3,482		3,482	3,482
Fund Balance (Deficit) at End of Year	$	$	$	$	$	$

See accompanying notes to financial statements.

EXHIBIT X-9

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
COUNTY PARKS AND RECREATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2006 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	Variance Over (Under)
Revenues:						
Rents and Recoveries	$ 1,416	$ 1,416	$ 1,011	$	$ 1,011	$ (405)
Licenses and Permits			5		5	5
Interest Income	250	250	156		156	(94)
Departmental Revenue	17,107	17,118	15,824		15,824	(1,294)
Property Taxes	51,168	51,168	51,168		51,168	
Special Taxes	975	975	1,064		1,064	89
Other Revenues	511		292	(292)		
Total Revenues	71,427	70,927	69,520	(292)	69,228	(1,699)
Expenditures:						
Current:						
Recreation and Parks	59,705	59,422	55,919	3,190	59,109	313
Total Expenditures	59,705	59,422	55,919	3,190	59,109	313
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,722	11,505	13,601	(3,482)	10,119	(1,386)
Other Financing Sources (Uses):						
Transfers In		5,000	7,077		7,077	2,077
Transfers Out	(17,736)	(18,029)	(18,029)		(18,029)	
Total Other Financing Uses	(17,736)	(13,029)	(10,952)		(10,952)	2,077
Net Change in Fund Balance	(6,014)	(1,524)	2,649	(3,482)	(833)	691
Fund Balance (Deficit) at Beginning of Year	6,014	1,524	833		833	(691)
Fund Balance (Deficit) at End of Year	$	$	$ 3,482	$ (3,482)	$	$

See accompanying notes to financial statements.

EXHIBIT X-10

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
POLICE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	Variance Over (Under)
Revenues:						
Rents and Recoveries	$ 150	$ 150	$ 136	$	$ 136	$ (14)
Licenses and Permits	1,792	1,792	1,705		1,705	(87)
Fines and Forfeits	110	110	99		99	(11)
Interest Income	117	117	1,557		1,557	1,440
Departmental Revenue	3,188	3,188	3,381		3,381	193
Interdepartmental Revenue	127	127	293		293	166
Property Taxes	331,640	331,640	331,640		331,640	
Other Revenue	1,038	1,038	1,334	(1,334)		(1,038)
Total Revenues	338,162	338,162	340,145	(1,334)	338,811	649
Expenditures:						
Current:						
Protection of Persons	349,793	355,094	350,404	(6,752)	343,652	11,442
Total Expenditures	349,793	355,094	350,404	(6,752)	343,652	11,442
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,631)	(16,932)	(10,259)	5,418	(4,841)	12,091
Other Financing Sources (Uses):						
Transfers In	9,153	9,153				(9,153)
Transfer Out	(197)	(197)	(194)		(194)	3
Total Other Financing Sources (Uses)	8,956	8,956	(194)		(194)	(9,150)
Net Change in Fund Balance	(2,675)	(7,976)	(10,453)	5,418	(5,035)	2,941
Fund Balance (Deficit) at Beginning of Year	2,675	7,976	17,184		17,184	9,208
Fund Balance (Deficit) at End of Year	$	$	$ 6,731	$ 5,418	$ 12,149	$ 12,149

See accompanying notes to financial statements.

EXHIBIT X-10

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
POLICE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	Variance Over (Under)
Revenues:						
Rents and Recoveries	$ 150	$ 150	$ 472	$	$ 472	$ 322
Licenses and Permits	1,680	1,680	1,828		1,828	148
Fines and Forfeits	100	100	80		80	(20)
Interest Income	113	113	1,510		1,510	1,397
Departmental Revenue	3,166	3,166	3,411		3,411	245
Interdepartmental Revenue	936	936	314		314	(622)
Property Taxes	333,627	333,627	333,627		333,627	
Other Revenue	1,468	1,468	1,356	(1,356)		(1,468)
Total Revenues	341,240	341,240	342,598	(1,356)	341,242	2
Expenditures:						
Current:						
Protection of Persons	335,302	335,302	325,827	(316)	325,511	9,791
Total Expenditures	335,302	335,302	325,827	(316)	325,511	9,791
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,938	5,938	16,771	(1,040)	15,731	9,793
Other Financing Sources (Uses):						
Transfer Out	(7,301)	(7,301)	(737)		(737)	6,564
Total Other Financing Sources (Uses)	(7,301)	(7,301)	(737)		(737)	6,564
Net Change in Fund Balance	(1,363)	(1,363)	16,034	(1,040)	14,994	16,357
Fund Balance (Deficit) at Beginning of Year	1,363	1,363	1,150		1,150	(213)
Fund Balance (Deficit) at End of Year	$	$	$ 17,184	$ (1,040)	$ 16,144	$ 16,144

See accompanying notes to financial statements.

EXHIBIT X-11

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
POLICE HEADQUARTERS FUND
FOR THE YEAR ENDED DECEMBER 31, 2007 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	Variance Over (Under)
Revenues:						
Licenses and Permits	$ 1,070	$ 1,070	$ 1,085	$	$ 1,085	$ 15
Fines and Forfeits			6		6	6
Rents and Recoveries	200	200	1,138		1,138	938
Interest Income	125	125	341		341	216
Departmental Revenue	15,722	15,722	18,430		18,430	2,708
Interdepartmental Revenue	15,239	15,239	11,382		11,382	(3,857)
Federal Aid	428	428	221		221	(207)
State Aid	589	589	1,353		1,353	764
Property Taxes	287,070	287,070	287,070		287,070	
Special Taxes	23,453	23,453	23,296		23,296	(157)
Other Revenues	1,442	1,442	1,867	(1,829)	38	(1,404)
Total Revenues	345,338	345,338	346,189	(1,829)	344,360	(978)
Expenditures:						
Current:						
Protection of Persons	345,487	344,809	330,017	(888)	329,129	15,680
Total Expenditures	345,487	344,809	330,017	(888)	329,129	15,680
Excess (Deficiency) of Revenues Over (Under) Expenditures	(149)	529	16,172	(941)	15,231	14,702
Other Financing Sources (Uses):						
Transfers In		2,600				(2,600)
Transfers Out	(3,071)	(6,349)	(6,349)		(6,349)	
Total Other Financing Sources (Uses)	(3,071)	(3,749)	(6,349)		(6,349)	(2,600)
Net Change in Fund Balance	(3,220)	(3,220)	9,823	(941)	8,882	12,102
Fund Balance (Deficit) at Beginning of Year	3,220	3,220	(8,882)		(8,882)	(12,102)
Fund Balance (Deficit) at End of Year	$	$	$ 941	$ (941)	$	$

See accompanying notes to financial statements.

EXHIBIT X-11

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
POLICE HEADQUARTERS FUND
FOR THE YEAR ENDED DECEMBER 31, 2006 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	Variance Over (Under)
Revenues:						
Licenses and Permits	$ 800	$ 800	$ 936	$	$ 936	$ 136
Rents and Recoveries	200	2,449	2,351		2,351	(98)
Interest Income	121	121	435		435	314
Departmental Revenue	14,879	14,879	16,807		16,807	1,928
Interdepartmental Revenue	13,977	13,977	10,225		10,225	(3,752)
Federal Aid	330	330	228		228	(102)
State Aid	589	589	862		862	273
Property Taxes	258,050	258,050	258,050		258,050	
Special Taxes	23,453	23,453	23,032		23,032	(421)
Other Revenues			1,828	(1,828)		
Total Revenues	312,399	314,648	314,754	(1,828)	312,926	(1,722)
Expenditures:						
Current:						
Protection of Persons	115,919	316,464	315,102	(10,710)	304,392	12,072
Total Expenditures	115,919	316,464	315,102	(10,710)	304,392	12,072
Excess (Deficiency) of Revenues Over (Under) Expenditures	196,480	(1,816)	(348)	8,882	8,534	10,350
Other Financing Sources (Uses):						
Transfers In			1,429		1,429	1,429
Transfers Out	(3,134)	(3,511)	(3,511)		(3,511)	
Total Other Financing Sources (Uses)	(3,134)	(3,511)	(2,082)		(2,082)	1,429
Net Change in Fund Balance	193,346	(5,327)	(2,430)	8,882	6,452	11,779
Fund Balance (Deficit) at Beginning of Year	(193,346)	5,327	(6,452)		(6,452)	(11,779)
Fund Balance (Deficit) at End of Year	$	$	$ (8,882)	$ 8,882	$	$

See accompanying notes to financial statements.

EXHIBIT X-12

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY AND ACTUAL
SEWER & STORM WATER DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
Revenues:						
Rents and Recoveries	$ 288	$ 288	$ 43	$	$ 43	$ (245)
Interest Income	1,067	1,067	6,736		6,736	5,669
Departmental Revenue	1,656	1,656	1,113		1,113	(543)
Interdepartmental Revenue	463	463	390		390	(73)
Interfund Revenue	16,985	16,985				(16,985)
Property Taxes	118,932	118,932	118,934		118,934	2
Other Revenues			252	(143)	109	109
Total Revenues	139,391	139,391	127,468	(143)	127,325	(12,066)
Expenditures:						
Current:						
Public Works	174,320	174,321	126,108	8,479	134,587	39,734
Total Expenditures	174,320	174,321	126,108	8,479	134,587	39,734
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,929)	(34,930)	1,360	(8,622)	(7,262)	27,668
Other Financing Sources (Uses):						
Transfers In of Investment Income	703	703	1,294		1,294	591
Transfers Out	(6,293)		(7,030)		(7,030)	(7,030)
Transfers In from SFA			47,306		47,306	47,306
Total Other Financing Sources (Uses)	(5,590)	703	41,570		41,570	40,867
Net Change in Fund Balance	(40,519)	(34,227)	42,930	(8,622)	34,308	68,535
Fund Balance (Deficit) at Beginning of Year	40,519	34,227	127,666		127,666	93,439
Fund Balance (Deficit) at End of Year	$	$	$ 170,596	$ (8,622)	$ 161,974	$ 161,974

See accompanying notes to financial statements.

EXHIBIT X-12

COUNTY OF NASSAU, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY AND ACTUAL
SEWER & STORM WATER DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
Revenues:						
Rents and Recoveries	$ 325	$ 325	$ 80	$	$ 80	$ (245)
Interest Income	750	750	6,741		6,741	5,991
Departmental Revenue	1,788	1,788	1,484		1,484	(304)
Interdepartmental Revenue	452	452	258		258	(194)
Interfund Revenue	24,813	24,813				(24,813)
Property Taxes	138,932	138,932	138,942		138,942	10
Other Revenues			150	(150)		
Total Revenues	167,060	167,060	147,655	(150)	147,505	(19,555)
Expenditures:						
Current:						
Public Works	241,995	241,995	129,202	5,834	135,036	106,959
Total Expenditures	241,995	241,995	129,202	5,834	135,036	106,959
Excess (Deficiency) of Revenues Over (Under) Expenditures	(74,935)	(74,935)	18,453	(5,984)	12,469	87,404
Other Financing Sources (Uses):						
Transfers In of Investment Income	500	500	799		799	299
Transfers Out	(5,587)		(11,085)		(11,085)	(11,085)
Transfers In from SFA			56,558		56,558	56,558
Total Other Financing Sources (Uses)	(5,087)	500	46,272		46,272	45,772
Net Change in Fund Balance	(80,022)	(74,435)	64,725	(5,984)	58,741	133,176
Fund Balance (Deficit) at Beginning of Year	80,022	74,435	62,941		62,941	(11,494)
Fund Balance (Deficit) at End of Year	$	$	$ 127,666	$ (5,984)	$ 121,682	$ 121,682

See accompanying notes to financial statements.

EXHIBIT X-13

COUNTY OF NASSAU, NEW YORK

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
DECEMBER 31, 2007 (Dollars in Thousands)

AGENCY FUND

		Balance December 31, 2007
ASSETS:		
Cash	$	100,944
Due From Component Unit		956
TOTAL ASSETS	$	101,900
LIABILITIES:		
Accounts Payable	$	3,895
Other Liabilities		98,005
TOTAL LIABILITIES	$	101,900

See accompanying notes to financial statements.

EXHIBIT X-13

COUNTY OF NASSAU, NEW YORK

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
DECEMBER 31, 2006 (Dollars in Thousands)

AGENCY FUND

	Balance December 31, 2006
ASSETS:	
Cash	$ 225,757
TOTAL ASSETS	$ 225,757
LIABILITIES:	
Accounts Payable	$ 3,725
Due to Component Unit	1,155
Other Liabilities	220,877
TOTAL LIABILITIES	$ 225,757

See accompanying notes to financial statements.

EXHIBIT X-14

COUNTY OF NASSAU, NEW YORK

STATEMENT OF NET ASSETS
ALL DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2007 (WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2007)
(Dollars in Thousands)

	Nassau Community College	Nassau Health Care Corporation	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Total
ASSETS					
CURRENT ASSETS:					
Cash and Cash Equivalents	$ 43,138	$ 5,736	$ 11,427	$ 6,041	$ 66,342
Assets Whose Use is Limited - Current		32,632			32,632
Student Accounts and Loans Receivable	6,933				6,933
Less Allowance for Doubtful Amounts	(3,131)				(3,131)
Due from Other Governments	3,335				3,335
Due from Primary Government	1,767	2,962			4,729
Other Receivables	110	4,054		5	4,169
Accounts Receivable		269,636	140	28	269,804
Less Allowance for Doubtful Amounts		(172,507)			(172,507)
Inventories		5,269			5,269
Other Assets - Current	765	13,919	603	15	15,302
Total Current Assets	52,917	161,701	12,170	6,089	232,877
NON CURRENT ASSETS:					
Deferred Financing Costs	2,836	4,781	532		8,149
Less Accumulated Amortization	(1,184)	(962)	(89)		(2,235)
Assets Whose Use is Limited		50,831			50,831
Capital Assets Not Being Depreciated	3,637	12,498	2,230		18,365
Depreciable Capital Assets	201,282	402,084	37,074	70	640,510
Less Accumulated Depreciation	(99,646)	(294,682)	(15,419)	(57)	(409,804)
Leasehold Acquisition Costs					
Less Accumulated Amortization					
Deposits Held by Trustees	10,908				10,908
Deposits Held in Custody for Others	3,081				3,081
Other Assets		8,292			8,292
Total Non Current Assets	120,914	182,842	24,328	13	328,097
Total Assets	173,831	344,543	36,498	6,102	560,974
LIABILITIES					
CURRENT LIABILITIES:					
Accounts Payable	8,347	32,200	1,806	75	42,428
Accrued Liabilities		15,071	4,712		19,783
Interest Payable		1,144			1,144
Notes Payable - Current			49		49
Due To Primary Government	4,585		703		5,288
Due To Other Governments					
Unearned Revenue	17,917			84	18,001
Bond Anticipation Notes	947				947
Current Portion of Long Term Liabilities	3,167	2,390	1,455		7,012
Other Liabilities	601		1,735		2,336
Total Current Liabilities	35,564	50,805	10,460	159	96,988
NON CURRENT LIABILITIES:					
Notes Payable			241		241
Serial Bonds Payable	37,585	264,549	17,445		319,579
Accrued Vacation and Sick Pay	45,317	32,241		33	77,591
Estimated Liability for Litigation	2,500	42,161			44,661
Deposits Held in Custody for Others	2,643				2,643
Insurance Reserve Liability	1,873				1,873
Deferred Bond Premium Net of Amortization	2,408				2,408
Liability for Future Pension Expense	1,334	14,536			15,870
Postemployment retirement benefits payable	262,281	40,908	43,828		347,017
Other Liabilities		20,523			20,523
Total Non Current Liabilities	355,941	414,918	61,514	33	832,406
Total Liabilities	391,505	465,723	71,974	192	929,394
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	68,291	58,673	4,714	13	131,691
Restricted:					
Special Revenue	2,413				2,413
Capital Projects	918				918
Debt Service	10,908		3,638		14,546
Student Loans	505				505
Unrestricted (deficit)	(300,709)	(179,853)	(43,828)	5,897	(518,493)
Total Net Assets (deficit)	$ (217,674)	$ (121,180)	$ (35,476)	$ 5,910	$ (368,420)

See accompanying notes to financial statements.

EXHIBIT X-14

COUNTY OF NASSAU, NEW YORK

STATEMENT OF NET ASSETS
ALL DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2006 (WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2006)
(Dollars in Thousands)

	Nassau Community College	Nassau Health Care Corporation	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Total
ASSETS					
CURRENT ASSETS:					
Cash and Cash Equivalents	$ 39,209	$ 22,875	$ 11,694	$ 3,392	$ 77,170
Assets Whose Use is Limited - Current		15,137			15,137
Student Accounts and Loans Receivable	5,970				5,970
Less Allowance for Doubtful Amounts	(2,287)				(2,287)
Due from Other Governments	5,786				5,786
Due from Primary Government		3			3
Other Receivables	108	6,454		6	6,568
Accounts Receivable		265,815	447	34	266,296
Less Allowance for Doubtful Amounts		(167,903)			(167,903)
Inventories		4,652			4,652
Other Assets - Current	872	15,839	868	7	17,586
Total Current Assets	49,658	162,872	13,009	3,439	228,978
NON CURRENT ASSETS:					
Deferred Financing Costs	3,186	4,807	532		8,525
Less Accumulated Amortization	(1,421)	(719)	(53)		(2,193)
Assets Whose Use is Limited		35,582			35,582
Capital Assets Not Being Depreciated	3,632	12,498	1,387		17,517
Depreciable Capital Assets	200,001	389,500	36,926	69	626,496
Less Accumulated Depreciation	(94,997)	(294,682)	(13,355)	(49)	(403,083)
Leasehold Acquisition Costs			1,020		1,020
Less Accumulated Amortization			(1,020)		(1,020)
Deposits Held by Trustees	7,669				7,669
Deposits Held in Custody for Others	1,496				1,496
Other Assets		7,442			7,442
Total Non Current Assets	119,566	154,428	25,437	20	299,451
Total Assets	169,224	317,300	38,446	3,459	528,429
LIABILITIES					
CURRENT LIABILITIES:					
Accounts Payable	6,507	31,704	1,599	102	39,912
Accrued Liabilities		14,935	5,084		20,019
Interest Payable		1,459			1,459
Notes Payable - Current			46		46
Due To Primary Government	6,071		925		6,996
Unearned Revenue	16,171			79	16,250
Current Portion of Long Term Liabilities	4,205	2,380	1,455		8,040
Other Liabilities	641	14,832	1,886		17,359
Total Current Liabilities	33,595	65,310	10,995	181	110,081
NON CURRENT LIABILITIES:					
Notes Payable			291		291
Serial Bonds Payable	37,825	264,802	18,900		321,527
Accrued Vacation and Sick Pay	44,715	30,348		37	75,100
Estimated Liability for Litigation	2,500	39,736			42,236
Deposits Held in Custody for Others	1,496				1,496
Insurance Reserve Liability	1,775				1,775
Deferred Bond Premium Net of Amortization	2,426				2,426
Other Liabilities		2,198			2,198
Total Non Current Liabilities	90,737	337,084	19,191	37	447,049
Total Liabilities	124,332	402,394	30,186	218	557,130
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	66,457	25,316	6,077	20	97,870
Restricted:					
Special Revenue	2,006				2,006
Capital Projects	1,397				1,397
Debt Service	7,669		2,183		9,852
Student Loans	502				502
Unrestricted (deficit)	(33,139)	(110,410)		3,221	(140,328)
Total Net Assets (deficit)	$ 44,892	$ (85,094)	$ 8,260	$ 3,241	$ (28,701)

See accompanying notes to financial statements.

EXHIBIT X-15

COUNTY OF NASSAU, NEW YORK

STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY
FOR THE YEAR ENDED DECEMBER 31, 2007 (WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2007)
(Dollars in Thousands)

	Nassau Community College	Nassau Health Care Corporation	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Total
Expenses	$ 448,933	$ 544,408	$ 117,121	$ 480	$ 1,110,942
Program Revenues:					
Charges for Services	53,143	492,355	69,001	2,962	617,461
Operating Grants and Contributions	132,074				132,074
Capital Grants and Contributions		20,773	1,049		21,822
Total Program Revenues	185,217	513,128	70,050	2,962	771,357
Net (Expenses) Program Revenues	(263,716)	(31,280)	(47,071)	2,482	(339,585)
General Revenues (Expenses):					
Investment Income	693	4,709	473	187	6,062
Other	457	(9,515)	2,862		(6,196)
Net General Revenues (Expenses)	1,150	(4,806)	3,335	187	(134)
Change in Net Assets	(262,566)	(36,086)	(43,736)	2,669	(339,719)
Net Assets (Deficits) - Beginning of Year	44,892	(85,094)	8,260	3,241	(28,701)
Net Assets (Deficits) - End of Year	$ (217,674)	$ (121,180)	$ (35,476)	$ 5,910	$ (368,420)

See accompanying notes to financial statements.

EXHIBIT X-15

COUNTY OF NASSAU, NEW YORK

STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY
FOR THE YEAR ENDED DECEMBER 31, 2006 (WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2006)
(Dollars in Thousands)

	Nassau Community College	Nassau Health Care Corporation	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Total
Expenses	$ 183,498	$ 483,117	$ 76,076	$ 560	$ 743,251
Program Revenues:					
Charges for Services	51,182	470,102	72,139	1,386	594,809
Operating Grants and Contributions	129,760				129,760
Capital Grants and Contributions			1,077		1,077
Total Program Revenues	180,942	470,102	73,216	1,386	725,646
Net (Expenses) Program Revenues	(2,556)	(13,015)	(2,860)	826	(17,605)
General Revenues (Expenses):					
Investment Income	496	3,960	510	131	5,097
Other	485	1,145	2,955		4,585
Net General Revenues (Expenses)	981	5,105	3,465	131	9,682
Change in Net Assets	(1,575)	(7,910)	605	957	(7,923)
Net Assets (Deficits) - Beginning of Year	46,467	(77,184)	7,655	2,284	(20,778)
Net Assets (Deficits) - End of Year	$ 44,892	$ (85,094)	$ 8,260	$ 3,241	$ (28,701)

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

(a) The Nassau Community College (the "College") provides educational services under New York State Education Law. It is reported as a component unit - governmental as the County appoints its governing body, the County approves its budget, issues debt for College purposes and provides approximately 27% of the College's revenues through a Countywide real property tax levy. The College has authority to enter into contracts under New York State Education Law and to sue and be sued. *The College is presented in accordance with policies prescribed by the Governmental Accounting Standards Board ("GASB"): Statement No.35, Basic Financial Statements – and Management's Discussion and Analysis for Public Colleges and Universities*, and in accordance with the New York State Education Law. Therefore, the College is discretely presented. This component unit is presented as of and for its fiscal years ended August 31, 2007 and 2006.

Financial Reporting Entity – GASB Statement No. 39, an amendment of GASB Statement No. 14, was issued and became effective for the year ended August 31, 2006. This statement provided additional guidance in determining whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. As a result of this statement, the College's financial statements include two component units as of August 31, 2007 and 2006.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Units (Continued)

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

(b) *Nassau Health Care Corporation* (the "NHCC") is a public benefit corporation created in 1997 by an act of the New York State Legislature for the purpose of acquiring and operating the health facilities of Nassau County, State of New York. Effective September 29, 1999 (the "Transfer Date"), a transaction was executed which transferred ownership of the County health facilities to the NHCC. Concurrent with the transaction, $259.7 million of Nassau Health Care Corporation Health System Revenue Bonds, Series 1999 were issued. During 2004, $303.4 million of Nassau Health Care Corporation Bonds, Series 2005 were issued to refund the Corporation's Revenue Bond Series 1999, fund certain capital projects and provide working capital. The bonds are insured and guaranteed by the County. NHCC is fiscally dependent on the County should certain NHCC debt service reserve funds fall below their requirements. NHCC is considered to be a component unit of the County and is presented as a proprietary type component unit on the accrual basis of accounting. The Corporation accounts for its investment in the limited liability company using the equity method.

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

(c) *The Nassau Regional Off-Track Betting Corporation* (the "OTB") was created by the New York State Legislature as a public benefit corporation. It is reported as a component unit as the County Legislature appoints its governing body and receives 4.375% of wagers made at Nassau County racetracks and all net operating profits from OTB. These revenues are recorded in the County's General Fund. The OTB is shown as a proprietary type component unit, and is presented on the accrual basis of accounting for its fiscal years ended December 31, 2007 and 2006, respectively.

(d) *The Nassau County Industrial Development Agency* (the "NCIDA") is a public benefit corporation established pursuant to the New York State General Municipal Law. The NCIDA's purpose is to arrange long-term low interest financing with the intent of developing commerce and industry in the County. It is reported as a component unit as the County appoints its governing body and may remove the NCIDA board at will. The County provides support to the NCIDA in the form of employees and facilities. Support expenditures are included in the County's General Fund under personal services. The NCIDA has sole authority for establishing administrative and fiscal policy in the pursuit of its objectives. The County is not liable for any obligations or deficits the NCIDA may incur, nor does it share in any surpluses. The NCIDA is shown as a proprietary type component unit and is presented on the accrual basis of accounting for its fiscal years ended December 31, 2007 and 2006, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Unit

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

The Nassau County Interim Finance Authority is a corporate governmental agency and instrumentality of the State of New York (the "State") constituting a public benefit corporation created by the Nassau County Interim Finance Authority Act, Chapter 84 of the Laws of 2000, as supplemented by Chapter 179 of the Laws of 2000 and as may be amended from time to time, including but not limited to Chapter 528 of the laws of 2002, and Chapters 314 and 685 of the Laws of 2004 (the "Act"). The Act became effective June 23, 2000.

The Authority is governed by seven directors, each appointed by the Governor, including one each appointed upon the recommendation of the Majority Leader of the State Senate, the Speaker of the Assembly and the State Comptroller. The Governor also designates the chairperson and vice-chairperson from among the directors. At present two Director's positions are vacant.

The Authority has power under the Act to monitor and oversee the finances of Nassau County, and upon declaration of a "Control Period" as defined in the Act, additional oversight authority. The Authority is also empowered to issue its bonds and notes for various County purposes, defined in the Act as "Financeable Costs". The Act authorizes the issuance of bonds and notes, without limit, to finance capital projects and cash flow needs of the County, as well as, to the extent authorized by State law, any County deficit. In addition, the Authority may issue bonds up to the limits as currently set forth in the Act, exclusive of any bonds issued to finance reserves, capitalized interest or costs of issuing such obligations, to refinance any County's indebtedness (up to $415,000,000); to refinance only tax certiorari settlements or assignments of any kind to which the County is a party (up to $790,000,000); and to finance tax certiorari judgments and settlements of the County (up to $400,000,000 if the proceeding commenced before June 1, 2000 and up to $400,000,000, in aggregate, for proceedings commenced between June 1, 2000 and December 31, 2007, however of said amount approximately $1.7 million of such capacity remains that could be borrowed in 2007. Bonds issued to refund bonds theretofore issued for purposes subject to the debt limits described above are not counted against such limits. The Act currently provides that the Authority may not issue bonds or notes after 2005, other than to retire or otherwise refund Authority debt and as discussed above to finance up to $1.7 million for tax certiorari purposes in 2007. No bond of the Authority may mature later than January 31, 2036 or more than 30 years from its date of issuance.

Revenues of the Authority ("Revenues") consist of sales tax revenues, defined as net collections from sales and compensating use taxes, penalties and interest authorized by the State and imposed by the County on the sale and use of tangible personal property and services in the County ("Sales Tax Revenues"), and investment earnings on money and investments on deposit in various Authority accounts. Sales Tax Revenues collected by the State Comptroller for transfer to the Authority are not subject to

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Unit (Continued)

appropriation by the State or County. Revenues of the Authority that are not required to pay debt service, operating expenses and other costs of the Authority are payable to the County as frequently as practicable.

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

The board of directors of NCTSC has three members, one of which must meet certain requirements of independence: (i) one elected by the County Legislature, (ii) one, who must be the County Treasurer, *ex officio*, designated by the County Executive and (iii) one selected by (i) and (ii). Currently only two positions are occupied.

On November 23, 1999, NCTSC entered into a Purchase and Sale Agreement dated as of October 1, 1999 with the County pursuant to which NCTSC acquired from the County all of the County's right title and interest under the Master Settlement Agreement (the "MSA") and the Consent Decree and Final Judgment (the "Decree"). These rights include the County's share of all Tobacco Settlement Revenues received after November 23, 1999 and in perpetuity to be received under the MSA and the Decree. The consideration paid by NCTSC to the County for such acquisition consisted of $247,500,000 cash (of which $77,500,000 was paid into escrow for the benefit of the County) and the sole beneficial interest in NCTSC Residual Trust, a Delaware business trust to which NCTSC has conveyed a residual interest in all the Tobacco Settlement Revenues, annually received in excess of those required to pay debt service on the Series A Bonds (the "Residual"). NCTSC's right to receive Tobacco Settlement Revenues is its most significant asset and is expected to produce funding for all its obligations.

On March 31, 2006, NCTSC, issued $431,034,246 of Nassau County Tobacco Settlement Corporation Tobacco Settlement Asset-Backed bonds, Series 2006. Proceeds were used to refund all of NCTSC's 1999 Bonds and creation of a Residual Trust Fund for the benefit of the County and Senior Liquidity Reserve to pay future debt service on the new bonds.

(c) *The Nassau County Sewer and Storm Water Finance Authority* ("NCSSWFA") is a public benefit corporation established in 2003 by the State of New York under the Nassau County Sewer and Storm Water Finance Authority Act, codified as Title-10-D of Article 5 of the Public Authorities Law of the State. The NCSSWFA was established for the purpose of refinancing outstanding sewer and storm water resources debt issued by or on behalf of the County and financing future County sewer and storm water resources projects. The NCSSWFA may issue debt in an amount up to $350,000,000 for such purposes (exclusive of debt issued to refund or otherwise repay the NCSSWFA debt).

The NCSSWFA has acquired all of the sewer and storm water resources facilities, buildings, equipment and related assets other than land of the County pursuant to a Financing and Acquisition Agreement dated

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Unit (Continued)

as of March 1, 2004 by and between the NCSSWFA and the County. The NCSSWFA is to pay for the assets acquired in installments by undertaking to pay debt service on outstanding bonds issued by or on behalf of the County originally issued to finance the assets acquired ("County Bonds"). In addition, as part of such purchase price, the NCSSWFA may, at the request of the County, refinance County Bonds. Most of the NCSSWFA's revenues are derived through the imposition by the County of assessments for sewer and storm water resources services. The County has directed each city and town receiver of taxes to pay all such assessments directly to the trustee for the NCSSWFA's bonds. The NCSSWFA retains sufficient funds to service all debt (including County Bonds), and pay its operating expenses. Excess funds are remitted to the Nassau County Sewer and Storm Water Resources District (the "District"). The District is responsible for the operations of the County's sewer and storm water resources services.

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

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

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

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

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

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

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

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

In accordance with GASB Statement No.20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the County applies all

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Unit (Continued)

applicable GASB pronouncements and only Financial Accounting Standards Board ("FASB") Statements and Interpretations issued on or before November 30, 1989 that do not conflict with GASB pronouncements.

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

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

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

The Nassau Community College prepares its financial statements in accordance with GASB No. 35, "*Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*".

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

A. BASIS OF PRESENTATION

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

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

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

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

The County reports the following major governmental funds:

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

NIFA General Fund – This fund accounts for sales tax revenues received by NIFA and for general operating expenses of NIFA. Short term borrowings of NIFA are also accounted for in its General Fund except for those bond anticipation notes intended to be refinanced with long term obligations, which are accounted for in the NIFA's Capital Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION (Continued)

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

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

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

County Parks and Recreation Fund – This fund has been established to maintain parks, museums and all recreational facilities. The principal sources of revenue in this fund are user fees and through a special real property tax levied on a County-wide basis. In 2007, this fund was merged within the General Fund.

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

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

Additionally, the County reports the following fund type:

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

New Accounting Standards

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* The Statement establishes standards for the measurement, recognition, and display of Other Postemployment Benefits ("OPEB") expense and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (e.g., life insurance) when provided separately from a pension plan. The

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION (Continued)

approach followed in the Statement generally is consistent with the approach adopted in Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* with modifications to reflect differences between pension benefits and OPEB. Statement No. 45 improves the relevance and usefulness of financial reporting by: (i) recognizing the cost of benefits in periods when the related services are received by the employer; (ii) providing information about the actuarial accrued liabilities for promised benefits associated with past services and whether and to what extent those benefits have been funded; and (iii) providing information useful in assessing potential demands on the employer's future cash flows. The requirement applies to any state or local government employer that provides OPEB. As a result, the County has implemented GASB statement No. 45 for the fiscal year ended December 31, 2007. Prior to the implementation of GASB Statement No. 45, the County's postretirement benefits were accounted for on a pay-as-you-go basis.

In December 2004, GASB issued Statement No. 46, *Net Assets Restricted by Enabling Legislation.* This statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government can compel a government to honor. The County has determined that the adoption of this statement has no impact on the County's financial statements.

In July 2005, GASB issued statement No. 47, *Accounting for Termination Benefits.* There was no impact on the County's financial statements as a result of the implementation of Statement No. 47. For termination benefits provided through a deferred benefit OPEB plan, the provisions of this Statement have been implemented in conjunction with Statement No. 45.

In September 2005, GASB issued GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues.* The County has implemented this Statement in 2007.

In January 2006, GASB issued GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which is effective for periods beginning after December 15, 2007. The County has not completed the process of implementing this Statement and is therefore unable to determine the impact that adopting this Statement will have on its financial position and results of operations when such statement is adopted.

In May 2007, GASB issued Statement 50, *Pension Disclosure — an amendment of GASB Statements No. 25 and No. 27*, which should be implemented beginning with fiscal years ending December 31, 2008. The County has determined that there is no impact from Statement No. 50 on its financial position or results of operations resulting from the adoption.

In June 2007, GASB issued Statement 51, *Accounting and Financial Reporting for Intangible Assets*, which should be implemented beginning with fiscal years ending December 31, 2010. The County has not completed the process of implementing this Statement and is therefore unable to determine the impact that adopting this Statement will have on its financial position and results of operations when such statement is adopted.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION (Continued)

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

B. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BUDGETS AND BUDGETARY ACCOUNTING

An appropriated budget is legally adopted for each fiscal year for the General Fund, Debt Service Fund and each of the Special Revenue Funds, with the exception of NIFA, NCSSWFA, NCTSC and the Grant Fund. NIFA funds consist of sales tax revenues collected by the State Comptroller and transferred to the fund and are not subject to appropriation by the State or County. NCTSC Funds consist of Tobacco Settlement Revenues received annually as a result of a Master Settlement Agreement between the Tobacco Settlement Corporation and Tobacco Manufacturing Companies. The Grant Funds are appropriated for the life of specific grants, not for annual fiscal periods. Accordingly, the Grant Funds are excluded from the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance presented for budgeted special revenue funds. The budget amounts as shown include prior year encumbrances carried forward as well as current year authorizations. In the case of the Grant Fund, an appropriated budget is legally adopted for the life of each grant as it is received. The County Legislature also authorizes and rescinds spending and financing authority in a Capital Budget. Each project authorized has continuing budget authority until the project is completed or rescinded. All appropriated budgets are adopted by ordinance of the County Legislature on the same modified accrual basis of accounting used to report revenues and expenditures except that appropriations are not provided for certain interfund indirect costs and encumbrances are treated as charges to appropriations when incurred. All supplemental appropriations amending appropriated budgets as originally adopted are also provided by ordinance of the Legislature. During the fiscal years ended December 31, 2007 and 2006, supplemental appropriations for the General Fund, Debt Service Fund and for the Special Revenue Funds and appropriation budgets for the Grant Fund were adopted and are included in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budgeted Funds as follows (dollars in thousands):

	2007		2006	
Supplemental Appropriations:				
General Fund	$ 42,191		$ 16,471	
Police District	5,300			
Police Headquarters	2,600		2,249	
Fire Prevention, Safety, Communication and Education	50		1,351	
Sewer and Stormwater District Fund				
County Parks and Recreation			11	
Debt Service Fund				
Nonmajor Governmental				
Total Supplemental Appropriations		$ 50,141		$ 20,082
Grant Fund Appropriated Budgets		113,920		106,159
Total Supplemental Appropriations and Grant Fund Appropriated Budgets		$ 164,061		$ 126,241

C. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

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

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

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

2. Public hearings are conducted to obtain taxpayer comments.

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

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

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

D. ENCUMBRANCES

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

E. CASH AND INVESTMENTS

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

During the course of the 2007 and 2006 fiscal years, the County maintained approximately $576.1 million and $613.5 million of the total cash and cash equivalents of $601.2 million and $665.3 million, respectively, in money market interest bearing bank accounts at rates averaging 5.3% and 5.2% annually for the years ended December 31, 2007 and 2006, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. CAPITAL ASSETS

All capital assets which are acquired or constructed for general governmental purposes are reported as expenditures in the fund that finances the asset acquisition and are accounted for and reported in the government-wide financial statements, as capital assets, if they meet the County's capitalization criteria. These statements also contain the County's infrastructure elements that are now required to be capitalized under GAAP. Infrastructure assets include public domain assets such as roads, bridges, streets, sidewalks, curbs and gutters, drainage systems, lighting systems, and the like. Real property acquired in 1984 and prior (except for infrastructure assets) is recorded at historical cost based on an appraisal performed in 1984. Real property acquired after 1984 as well as all infrastructure assets are recorded at historical cost. Capital leases are classified as capital assets in amounts equal to the lesser of the fair market value or the present value of net minimum lease payments at the inception of the lease. Equipment with a unit cost of $5,000 or more is included in the financial statements as general capital assets of the County. Electronic equipment valued at a unit cost of $500 or more and all other equipment valued at $1,000 or more is inventoried and recorded for internal control purposes. Donated capital assets, if material, are stated at their fair market value as of the date of the donation.

G. DEPRECIATION

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. DEPRECIATION (Continued)

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

Nassau County Industrial Development Agency - Depreciation is calculated on the straight-line basis over an estimated useful life of five years, utilizing the half-year convention.

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

H. RESERVES

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

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

County employees receive vacation time, sick leave, and other benefits pursuant to the labor contract or County ordinance covering their terms of employment. The cash value of these accumulated unpaid employee benefits and the related employer costs (e.g. Social Security) has been accrued and reported with other long-term liabilities in the government-wide financial statements of net assets. The compensated absences for the governmental funds are treated as long term as they will not be liquidated with expendable available financial resources. For those employees who have retired prior to December 31, 2007, any accumulated and unpaid benefits as of that date have been recorded in the government-wide financial statements of net assets.

J. GRANTS AND OTHER INTERGOVERNMENT REVENUES

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

K. REAL PROPERTY TAX

County real property taxes are levied on or before the third Monday in December and recorded as a receivable on January 1, the first day of the fiscal year. They are collected in two semiannual installments, payable on January 1 and July 1 by the town and city receivers of taxes together with the town and city tax levies, all of which become a lien on January 1. At year-end, adjustments are made for taxes that are estimated to be uncollectible, or collectible but not available soon enough in the next year to

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. REAL PROPERTY TAX (Continued)

finance current period expenditures. The town receivers of taxes likewise collect real property taxes for all towns, school districts and special districts in the County, and return to the County after June 1 any uncollected taxes receivable. Pursuant to the Nassau County Administrative Code, the County assumes the burden of such uncollected taxes, and has the responsibility for their collection from the taxpayers.

The New York State constitutional limit of real property taxation for counties is set at two percent of the average full valuation of real estate for the five years preceding the current year for general government services other than the payment of principal and interest on its long-term debt. The constitutional tax limit controlling the levy of County real property taxes for 2007 and 2006 fiscal years was $3.9 billion and $3.4 billion, respectively. The constitutional tax margin was $2.9 billion or approximately 76.03% in 2007 and $2.6 billion or approximately 76.57% in 2006.

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

L. INTERFUND TRANSACTIONS

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

M. NOTES PAYABLE

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

N. LONG-TERM LIABILITIES

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. ISSUANCE COSTS

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

P. CLAIMS AND CONTINGENCIES

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

Q. USE OF ESTIMATES

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

2. DEPOSITS AND INVESTMENTS

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

Deposits - As required by law, all cash deposits and cash equivalents are required to be fully collateralized or insured. At December 31, 2007 and 2006, the carrying amount of the County's deposits was approximately $500.3 and $439.5 million, respectively and the bank balance was $609.5 and $492.5 million, respectively. The bank balance was covered by Federal depository insurance or by collateral consisting of obligations of the United States Government held by the County's agent in the County's name.

Investments - During the course of the 2007 and 2006 fiscal years, the County maintained approximately $576.1 and $613.5 million of the total cash and cash equivalents of $601.2 and $665.3 million, respectively, in money market interest bearing bank accounts at rates averaging 5.3% and 5.2% annually, respectively.

The investments at December 31, 2007 and 2006 consisted of U.S. Treasury Notes and other obligations of the U.S. government which are explicitly guaranteed by the U.S. government and therefore not considered to have credit risk.

2. DEPOSITS AND INVESTMENTS (Continued)

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

The following table summarizes the County's unrestricted cash and investment position at December 31, 2007, all investments mature in less than one year:

	Total	Cash and Cash Equivalents (Dollars in Thousands)	Investments
Cash	$ 576,080	$ 576,080	$
Treasury Notes, Commercial Paper and Investment Contract	93,675	25,118	68,557
Totals	$ 669,755	$ 601,198	$ 68,557
Governmental Funds	$ 568,811	$ 500,254	$ 68,557
Fiduciary Fund	100,944	100,944	
Totals	$ 669,755	$ 601,198	$ 68,557

The following table summarizes the County's unrestricted cash and investment position at December 31, 2006:

	Total	Cash and Cash Equivalents (Dollars in Thousands)	Investments
Cash	$ 613,455	$ 613,455	$
Treasury Notes & Commercial Paper	136,017	51,831	84,186
Totals	$ 749,472	$ 665,286	$ 84,186
Governmental Funds	$ 523,715	$ 439,529	$ 84,186
Fiduciary Fund	225,757	225,757	
Totals	$ 749,472	$ 665,286	$ 84,186

The County maintains a consolidated disbursement account with a financial institution on behalf of the College. At August 31, 2007 and 2006, the College had a cash balance of $43.1 and of $39.2 million, respectively; and the bank balance was $39.5 and $35.9 million, respectively. The bank balance is covered by Federal depository

2. DEPOSITS AND INVESTMENTS (Continued)

insurance or by collateral consisting of obligations of the United States Government held by the County's agent in the County's name.

At August 31, 2007 and 2006, the carrying amount (fair value) of the College's investments was $0.

At December 31, 2007 and 2006, the carrying amount of deposits for the OTB was $11.4 and $11.7 million; NHCC was $5.7 and $22.9 million; and NCIDA was $6.0 million and $3.4 million, respectively. The bank balance was $10.4 and $12.0 million for the OTB; NHCC was $61.5 and $55.9 million; and NCIDA was $6.1 million and $3.5 million, respectively. The bank balances were covered by Federal depository insurance or by collateral consisting of obligations of the United States Government which for the OTB, NHCC and NCIDA are held by an independent trustee serving as the OTB's, NHCC's and NCIDA's agent in the name of the OTB, NHCC and NCIDA.

3. DUE FROM OTHER GOVERNMENTS

The account "Due from Other Governments" at December 31, 2007 and 2006 represents aid, grants, and other amounts receivable from the State and Federal governments. The following summarizes such receivables (dollars in thousands):

	2007			2006		
Fund	Total	Federal	State/Other*	Total	Federal	State/Other*
General	$ 163,229	$ 54,794	$ 108,435	$ 163,845	$ 41,668	$ 122,177
Police Headquarters	1,554	92	1,462	502	94	408
Nonmajor Governmental	10,273	7,343	2,930	13,256	4,606	8,650
Totals	$ 175,056	$ 62,229	$ 112,827	$ 177,603	$ 46,368	$ 131,235

* Includes $ 11,174 and $10,677 of sales taxes receivable at December 31, 2007 and 2006, respectively.

4. TAX REAL ESTATE

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

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

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

5. TAX SALE CERTIFICATES

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

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

The individual fund Interfund Receivables and Interfund Payables as of December 31, 2007 and 2006 are reconciled as follows:

December 31, 2007	General Fund	NIFA General Fund	Debt Service Fund	Fire Comm Fund	Police District Fund	Police Headquarters Fund	Sewer & Storm Water District Fund	Nonmajor Funds	Total
INTERFUND RECEIVABLE									
General Fund	$	$	$	$	$	$	$ 64,683	$ 30,049	$ 94,732
NIFA General	78,346							28,892	107,238
Debt Service Fund	41,011								41,011
Fire Comm Fund	1,801		685						2,486
Parks Fund									
Police District	25,432		194			6,260			31,886
Police Headquarters	38,797		3,273					75	42,145
Sewer & Storm District			4,885						4,885
Nonmajor Funds	70,519		26,714	23	2,296	6,849	19,575	11,349	137,325
TOTAL RECEIVABLE	$255,906	$	$ 35,751	$ 23	$ 2,296	$ 13,109	$ 84,258	$ 70,365	$ 461,708
INTERFUND PAYABLE									
General Fund	$	$ (78,346)	$ (41,011)	$ (1,801)	$(25,432)	$ (38,797)	$	$ (70,519)	$(255,906)
NIFA General									
Debt Service Fund				(685)	(194)	(3,273)	(4,885)	(26,714)	(35,751)
Fire Comm Fund								(23)	(23)
Parks Fund									
Police District								(2,296)	(2,296)
Police Headquarters					(6,260)			(6,849)	(13,109)
Sewer & Storm District	(64,683)							(19,575)	(84,258)
Nonmajor Funds	(30,049)	(28,892)				(75)		(11,349)	(70,365)
TOTAL PAYABLE	$(94,732)	$(107,238)	$ (41,011)	$ (2,486)	$(31,886)	$ (42,145)	$ (4,885)	$(137,325)	$(461,708)

2007	Transfers In:		
Transfers Out:	General Fund	Debt Service Fund	Total
General Fund	$	$ 221,138	$ 221,138
Debt Service Fund	169,254		169,254
Fire Comm Fund	560	685	1,245
Parks Fund	3,482		3,482
Police District		194	194
Police Headquarters	3,076	3,273	6,349
Sewer & Storm District		7,030	7,030
Nonmajor Funds		40,039	40,039
TOTAL	$176,372	$ 272,359	$ 448,731

* Interfund transactions are described in Note 1 (L)

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

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

December 31, 2006	General Fund	NIFA General Fund	Debt Service Fund	Fire Comm Fund	Park Fund	Police District Fund	Police Headquarters Fund	Sewer & Storm Water District Fund	Nonmajor Funds	Total
INTERFUND RECEIVABLE										
General Fund	$	$	$	$	$ 1,153	$	$	$ 42,754	$ 18,319	$ 62,226
NIFA General	71,696								26,431	98,127
Debt Service Fund	38,458									38,458
Fire Comm Fund	2,883		752							3,635
Parks Fund			18,029				800		1,595	20,424
Police District	9,678		737				5,482		6,930	22,827
Police Headquarters	30,924		3,511							34,435
Sewer & Storm District			4,486							4,486
Nonmajor Funds	59,504		10,900	17	75	1,180	900	874	400	73,850
TOTAL RECEIVABLE	$ 213,143	$	$ 38,415	$ 17	$ 1,228	$ 1,180	$ 7,182	$ 43,628	$ 53,675	$ 358,468
INTERFUND PAYABLE										
General Fund	$	$ (71,696)	$ (38,458)	$ (2,883)	$	$ (9,678)	$ (30,924)	$	$ (59,504)	$ (213,143)
NIFA General										
Debt Service Fund				(752)	(18,029)	(737)	(3,511)	(4,486)	(10,900)	(38,415)
Fire Comm Fund									(17)	(17)
Parks Fund	(1,153)								(75)	(1,228)
Police District									(1,180)	(1,180)
Police Headquarters					(800)	(5,482)			(900)	(7,182)
Sewer & Storm District	(42,754)								(874)	(43,628)
Nonmajor Funds	(18,319)	(26,431)			(1,595)	(6,930)			(400)	(53,675)
TOTAL PAYABLE	$ (62,226)	$ (98,127)	$ (38,458)	$ (3,635)	$ (20,424)	$ (22,827)	$ (34,435)	$ (4,486)	$ (73,850)	$ (358,468)

2006	Transfers In:						
Transfers Out:	General Fund	Nifa General	Debt Service Fund	Parks Fund	Police Headquarters Fund	Nonmajor Funds	Total
General Fund	$	$	$ 249,684	$ 7,077	$ 1,429	$	$ 258,190
NIFA General						145,568	145,568
Debt Service Fund	145,128						145,128
Fire Comm Fund	1,970		753				2,723
Parks Fund			18,029				18,029
Police District			737				737
Police Headquarters			3,511				3,511
Sewer & Storm District			6,978			4,107	11,085
Nonmajor Funds	50,000	5,437					55,437
TOTAL	$ 197,098	$ 5,437	$ 279,692	$ 7,077	$ 1,429	$ 149,675	$ 640,408

* Interfund transactions are described in Note 1 (L)

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

A. Interfund Receivables, Payables and Transfers (Continued)

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

The total amounts shown as Due to Primary Government and Due from/to Component Units at December 31, 2007 and 2006 do not offset each other as they include accounts of the Nassau Community College at the end of their fiscal years on August 31, 2007 and 2006. The following reconciles the December 31, 2007 and 2006 amounts by carrying forward the Nassau Community College transactions affecting these accounts from September 1, 2007 through December 31, 2007 and from September 1, 2006 through December 31, 2006, respectively.

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

	Dollars in Thousands			
	2007		2006	
Net Due to Primary Government (Exhibit X-1)		$ (559)		$ (6,993)
Nassau Community College Transactions from September 1, to December 31:				
Increase in due to ATF	$ (1,489)		$ (1,397)	
Decrease in due from Capital fund	(520)		(12)	
(Increase) Decrease in due to Grant Fund	45		(26)	
Decrease in Capital Chargeback	68		322	
Decrease in due to General fund	2,734		5,096	
Subtotals		838		3,983
Nassau Health Care Corporation				
Net Change in Encumbrances	(15,836)		(4,045)	
Settlement in Transit	(6,801)			
NHCC Recognition of the IGT Revenues on the Cash Basis			(6,500)	
Subtotals		(22,637)		(10,545)
Due From (To) Component Units - Fiduciary per Balance Sheet: (Exhibit X-13)		956		(1,155)
Net Due From Component Units - Governmental per Balance Sheet (Exhibit X-1)		21,402		14,710
Net Due from Component Units - Fiduciary and Governmental		$ 559		$ 6,993

7. PROPERTY, PLANT AND EQUIPMENT

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

Primary Government	Balance, December 31, 2006	Additions	Deletions	Balance, December 31, 2007
Governmental activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 137,574	$ 12,735	$ 5,141	$ 145,168
Construction in progress	362,428	107,271	52,888	416,811
Total Capital Assets, Not Being Depreciated	500,002	120,006	58,029	561,979
Capital Assets, Being Depreciated:				
Land Improvements	77,587	307		77,894
Buildings	650,907	8,489	24,300	635,096
Equipment	424,515	16,912	6,842	434,585
Infrastructure	665,404	19,692		685,096
Total Capital Assets, Being Depreciated	1,818,413	45,400	31,142	1,832,671
Total Capital Assets	2,318,415	165,406	89,171	2,394,650
Less Accumulated Depreciation:				
Land Improvements	30,747	3,503		34,250
Buildings	238,351	14,544	2,794	250,101
Equipment	247,749	32,692	6,185	274,256
Infrastructure	402,105	21,375		423,480
Total Accumulated Depreciation	918,952	72,114	8,979	982,087
Total Capital Assets, Being Depreciated, Net	899,461	(26,714)	22,163	850,584
Governmental Activities Capital Assets, Net	$ 1,399,463	$ 93,292	$ 80,192	$ 1,412,563

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Primary Government	Balance, December 31, 2005	Additions	Deletions	Balance, December 31, 2006
Governmental activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 123,018	$ 14,575	$ 19	$ 137,574
Construction in progress	293,143	112,848	43,563	362,428
Total Capital Assets, Not Being Depreciated	416,161	127,423	43,582	500,002
Capital Assets, Being Depreciated:				
Land Improvements	77,446	142	1	77,587
Buildings	648,558	2,405	56	650,907
Equipment	418,960	18,563	13,008	424,515
Infrastructure	646,590	18,814		665,404
Total Capital Assets, Being Depreciated	1,791,554	39,924	13,065	1,818,413
Total Capital Assets	2,207,715	167,347	56,647	2,318,415
Less Accumulated Depreciation:				
Land Improvements	27,216	3,531		30,747
Buildings	223,032	15,349	30	238,351
Equipment	228,071	31,525	11,847	247,749
Infrastructure	380,969	21,136		402,105
Total Accumulated Depreciation	859,288	71,541	11,877	918,952
Total Capital Assets, Being Depreciated, Net	932,266	(31,617)	1,188	899,461
Governmental Activities Capital Assets, Net	$ 1,348,427	$ 95,806	$ 44,770	$ 1,399,463

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expense was charged to functions of the County for the fiscal year ended December 31, 2007 and 2006 as follows (dollars in thousands):

December 31, 2007	Land Improvements	Buildings	Equipment	Infrastructure	Total
Functions:					
Legislative	$	$ 6	$ 2	$	$ 8
Judicial	80	1,231	226		1,537
General Administration	60	591	2,030		2,681
Protection of Persons	9	1,738	6,522		8,269
Health		113	261		374
Public Works	7	275	2,702	20,716	23,700
Recreation and Parks	3,282	2,087	655	659	6,683
Social Services	60	189	84		333
Corrections		4,582	304		4,886
Other Expenditures/MSBA		660	8,823		9,483
Metropolitan Transportation Authority			11,083		11,083
Misc. Unclassified	5	3,072			3,077
Total Depreciation Expense	$ 3,503	$ 14,544	$ 32,692	$ 21,375	$ 72,114

December 31, 2006	Land Improvements	Buildings	Equipment	Infrastructure	Total
Functions:					
Legislative	$	$ 6	$ 1	$	$ 7
Judicial	60	1,409	168		1,637
General Administration	85	1,189	2,444		3,718
Protection of Persons	9	1,639	5,760		7,408
Health		113	182		295
Public Works		277	2,073	20,443	22,793
Recreation and Parks	3,308	2,064	555	693	6,620
Social Services	60	338	93		491
Corrections		4,582	304		4,886
Other Expenditures/MSBA		660	8,861		9,521
Metropolitan Transportation Authority			11,084		11,084
Misc. Unclassified	9	3,072			3,081
Total Depreciation Expense	$ 3,531	$ 15,349	$ 31,525	$21,136	$ 71,541

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Sources of funding of the general capital assets at December 31, 2007 and 2006 were as follows (dollars in thousands):

December 31,	2007	2006
Long Term Serial Bonds	$ 2,048,707	$ 1,946,951
Temporary Financing and Bond Anticipation Notes	59,922	59,922
Federal Grants	9,367	7,151
New York State Grants	47,191	45,945
General Fund Revenues	116,647	121,675
Special Revenue Funds Revenues	61,422	58,813
Gifts	4,364	28,577
Acquisitions Prior to December 31, 1985	41,573	43,924
Capitalized Lease	5,457	5,457
Total Funding Sources	$ 2,394,650	$ 2,318,415

General capital assets of the County by function at December 31, 2007 and 2006 were as follows (dollars in thousands):

	2007	2006
Legislative	$ 365	$ 364
Judicial	80,632	80,004
General Administration	92,560	107,637
Protection of Persons	153,368	138,592
Health	8,683	9,061
Public Works	1,781,491	1,747,495
Recreation and Parks	213,641	213,828
Social Services	25,620	25,607
Corrections	192,013	191,478
Other Expenditures/MSBA	141,993	142,431
Metropolitan Transportation Authority	140,040	140,040
Misc. Unclassified	193,096	193,096
Construction Work in Progress	416,811	362,428
Total	3,440,313	3,352,061
Less: Accumulated Depreciation	1,121,509	1,019,240
Total Net Capital Assets	$ 2,318,804	$ 2,332,821

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

Property, Plant & Equipment	Balance, December 31, 2005	Additions	Disposals	Balance, December 31, 2006	Additions	Disposals	Balance, December 31, 2007
Buildings	$ 305,735	$ 2,263	$	$ 307,998	$ 9,693	$	$ 317,691
Equipment	689			689	52		741
Infrastructure	719,597	5,362		724,959	2,272		727,231
Total Capital Assets	$ 1,026,021	$ 7,625	$	$ 1,033,646	$ 12,017	$	$ 1,045,663
Less Accumulated Depreciation:							
Buildings	$ 14,197	$ 8,997	$	$ 23,194	$ 9,146	$	$ 32,340
Equipment	96	61		157	66		223
Infrastructure	47,110	29,827		76,937	29,922		106,859
Total Accumulated Depreciation	$ 61,403	$ 38,885	$	$ 100,288	$ 39,134	$	$ 139,422
Property, Plant & Equipment (Net)	$ 964,618	$ (31,260)	$	$ 933,358	$ (27,117)	$	$ 906,241

Total combined Property, Plant & Equipment of the County, including its blended component unit, Nassau County Sewer and Storm Water Finance Authority as of December 31, 2007, is $3,440,313 with the Accumulated Depreciation of $1,121,509 .

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	Balance, December 31, 2005	Additions	Disposals	Balance, December 31, 2006	Additions	Disposals	Balance, December 31, 2007
Property, Plant & Equipment							
Not Being Depreciated							
Land	$ 2,733	$	$	$ 2,733	$	$	$ 2,733
Library	898	1		899	5		904
Total Capital Assets, Not Being Depreciated	3,631	1		3,632	5		3,637
Property, Plant & Equipment							
Not Being Depreciated							
Land Improvements	1,133			1,133			1,133
Infrastructure	1,275			1,275			1,275
Buildings	166,066	65		166,131	81		166,212
Building Improvements	24,024	755		24,779	874		25,653
Equipment	6,099	487	339	6,247	340	56	6,531
Total Capital Assets, Being Depreciated	198,597	1,307	339	199,565	1,295	56	200,804
Total Capital Assets	202,228	1,308	339	203,197	1,300	56	204,441
Less Accumulated Depreciation:							
Land Improvements	702	49		751	48		799
Infrastructure	672	64		736	63		799
Buildings	72,817	3,113		75,930	3,115		79,045
Building Improvements	10,896	1,196		12,092	1,219		13,311
Equipment	5,216	323	335	5,204	264	56	5,412
Total Accumulated Depreciation	90,303	4,745	335	94,713	4,709	56	99,366
Net Property, Plant & Equipment Being Depreciated	108,294	(3,438)	4	104,852	(3,414)		101,438
Property, Plant & Equipment (Net)	$ 111,925	$ (3,437)	$ 4	$ 108,484	$ (3,409)	$	$ 105,075

*Library items include books and audio visual items, all of which are signed a nominal value of $5 per item. Perodicals and micro-forms are excluded.

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Capital assets of the Faculty-Student Association, the Component unit of Nassau Community College as of August 31, 2007 and 2006 respectively, consisted of the following (dollars in thousands):

Property, Plant & Equipment	Balance, August 31, 2007	Balance, August 31, 2006
Furniture and Equipment	$ 284	$ 247
Vans	194	189
Total Capital Assets	478	436
Less Accumulated Depreciation:	280	284
Total Capital Assets (Net)	$ 198	$ 152

Total Property, Plant and Equipment of the Nassau Community College and Faculty-Student Association, the component unit of Nassau Community College as of August 31, 2007, were $204,919 with the accumulated depreciation of $99,646.

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, 2007 and 2006 were approximately $7.2 and $6.4 million, respectively.

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):

	Capital Leases	Operating Leases	Total
Govenmental Activities			
Fiscal Year Ending December 31,			
2008	$ 749	$ 7,655	$ 8,404
2009	757	7,871	8,628
2010	766	7,419	8,185
2011	777	7,545	8,322
2012	787	7,689	8,476
2013-2017	4,112	28,932	33,044
2018-2022	4,435		4,435
2023-2026	2,433		2,433
Future Minimum Payments	14,816	$ 67,111	$ 81,927
Less Interest	9,266		
Present Value of Future Minimum Lease Payments	$ 5,550		

8. LEASES (Continued)

The County also leases County-owned property to others and the leases are classified as operating leases. Total rental revenue on these leases for 2007 and 2006 was $5.9 and $6.0 million, respectfully.

As of December 31, 2007, the following future minimum rentals are provided for by the leases (dollars in thousands):

Fiscal Year Ending December 31	Operating Leases
2008	$ 5,930
2009	6,107
2010	6,234
2011	6,282
2012	6,297
2013-2017	28,190
2018-2022	13,688
2023-2027	4,310
2028-2032	1,108
2033-2037	329
2038-2042	329
2043-2047	329
2048-2052	329
2053-2057	329
2058-2062	329
2063-2067	329
2068-2072	329
2073-2077	329
2078-2079	11
Total	$ 81,118

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, $19,051,212 and $742,252 respectively for buildings at December 31, 2007.

9. NOTES PAYABLE AND LONG-TERM OBLIGATIONS

County of Nassau Notes Payable

On January 23, 2007, the County issued $87,345,000 Bond Anticipation Notes, Series 2007A to finance cash flow needs of the County ($86,398,000)) and Nassau Community College ($947,000) capital projects.

On July 31, 2007, the County issued Revenue Anticipation Notes in the amount of $75,000,000 to finance cash flow needs within the County.

On December 11, 2007 the County issued $75,000,000 Tax Anticipation Notes, Series 2007 A and $50,000,000 Tax Anticipation Notes, Series 2007 B, (the "2007 A Notes" and "2007 B Notes", respectively). The Notes were issued to finance cash flow needs of Nassau County. The 2007 A Notes bear interest at the rate of 3.75% per annum, pay interest only at maturity, and will mature on September 30, 2008. The 2007 B Notes bear interest at the rate of 3.75% per annum, pay interest only at maturity, and will mature on October 31, 2008.

9. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (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, 2005	Additions	Reductions	Balance, December 31, 2006	Additions	Reductions	Balance, December 31, 2007
General Fund:							
Tax Anticipation Notes - (3.75% issued in 2007, maturity dates in 2008)	$	$	$	$	$ 125,000	$	$ 125,000
Tax Anticipation Notes - (4.0% to 4.25% issued in 2006, maturity dates in 2007)		150,000		150,000		150,000	
Tax Anticipation Notes - (4.25% to 4.5% issued in 2005, maturity dates in 2006)	120,000		120,000				
Revenue Anticipation Notes - (4.25% issued in 2007, maturity dates in 2008					75,000		75,000
Total General Fund	120,000	150,000	120,000	150,000	200,000	150,000	200,000
County Capital Projects Funds:							
Bond Anticipation Notes - (3.625% issued in 2007, maturity dates in 2008:							
General County Projects	$	$	$	$	$ 77,175	$	$ 77,175
Sewage and Storm water Projects					2,406		2,406
Sewage Disposal Districts					6,796		6,796
Sewage Collection Districts					21		21
Total County Capital Projects Funds	$	$	$	$	$ 86,398	$	$ 86,398
Component Unit							
Bond Anticipation Notes - (3.625% issued in 2007, maturity date in 2008:							
Nassau Community College	$	$	$	$	$ 947	$	$ 947

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):

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

Long – Term Obligations

	Balance, December 31, 2005	Additions	Reductions	Balance, December 31, 2006	Additions	Reductions	Balance, December 31, 2007	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 2024)	$ 493,237	$	$ 111,201	$ 382,036	$ 74,562	$ 93,298	$ 363,300	$ 78,515
Sewage purpose bonds - (2.20% to 7.90%, issued in 1970 through 2000, maturity dates 2002 through 2020) - County	128,308		23,132	105,176		21,784	83,392	20,897
State Water Pollution Control RevolvingFund revenue bonds - (2.65% to 7.10%, issued in 1991 through 2002, maturity dates 2002 through 2029) - County	164,159		8,345	155,814		8,435	147,379	8,569
Total Serial Bonds - County	785,704		142,678	643,026	74,562	123,517	594,071	107,981
Sales Tax Secured Bonds, Series 2000A 4.50% to 5.625% Serial and term bonds due 2002 to 2020 - NIFA	12,845			12,845			12,845	
Sales Tax Secured Bonds, Series 2001A 4% to 5.375% Serial and term bonds due 2002 to 2021 - NIFA	62,695		6,740	55,955		7,555	48,400	7,840
Sales Tax Secured Bonds, Series 2002A&B (variable rate)Term Bond Due 2022 with mandatory sinking fund redemptions 2003-2021 - NIFA	207,655		8,035	199,620		8,440	191,180	8,860
Sales Tax Secured Bonds, Series 2003A&B 2% to 6% Serial Bonds Due 2023 with mandatory sinking fund redemptions 2004-2023 - NIFA	479,925		22,625	457,300		34,675	422,625	28,880
Sales Tax Secured Bonds, Series 2004A 2% to 5% Serial Bonds due 2005 to 2013	149,525		6,395	143,130		21,695	121,435	21,905
Sales Tax Secured Variable Rate Bonds, Series 2004 B-G								
Auction Rate Securities due 2016 to 2024	450,000			450,000			450,000	
Sales Tax Secured Bonds, Series 2004H, 2.15% to 5% Serial Bonds due 2005 to 2017	184,020		4,665	179,355		3,190	176,165	14,140
Sales Tax Secured Bonds, Series 2004 I-K, Auction Rate Securities due 2025	150,000			150,000			150,000	
Sales Tax Secured Bonds, Series 2005A, Auction Rate Securities due 2024	124,200			124,200			124,200	
Sales Tax Secured Bonds, Series 2005 B-C, Auction Rate Securities due 2025	122,300			122,300		3,650	118,650	2,275
Sales Tax Secured Bonds, Series 2005D, Auction Rate Securities due 2025	143,795			143,795		770	143,025	11,415
Nassau County Sewer and Storm Water Finance Authority System Revenue Bonds, Series 2004A&B 1.4% to 5% 2002-2029	78,575		3,125	75,450		3,225	72,225	3,295
Tobacco Settlement Asset-Backed Bonds, Series A (variable rate)Term Bond Due 2029 with mandatory sinking fund redemptions 2004-2039 - NCTSC	272,125		272,125					
Series 2006A Senior Bonds 2006 - 2046		372,090		372,090			372,090	2,840
Series 2006B-E CABs Due 2046 -2060		58,944		58,944			58,944	
Total Serial Bonds - NIFA, NCSSWFA, NCTSC	$ 2,437,660	$ 431,034	$ 323,710	$ 2,544,984	$	$ 83,200	$ 2,461,784	$ 101,450

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

Long – Term Obligations (Continued)

	Balance, December 31, 2005	Additions	Reductions	Balance, December 31, 2006	Additions	Reductions	Balance, December 31, 2007	Due Within One Year
General Long-Term Obligations (continued)								
Other:								
Deferred Payroll	$ 34,282	$ 8,127	$ 5,572	$ 36,837	$ 15,535	$ 7,105	$ 45,267	$ 45,267
Accrued Vacation and Sick Pay	615,279	60,804	139,252	536,831	60,328	36,580	560,579	36,253
Capital Lease Obligations	5,574		7	5,567		17	5,550	28
Estimated Tax Certiorari Payable	131,000	76,760	70,560	137,200	51,708	87,059	101,849	50,000
Estimated Liability for Litigation & Malpractice Claims	225,000	7,105	7,105	225,000	34,361	34,361	225,000	16,576
Estimated Liability for Workers' Compensation	88,917	62,315	18,601	132,631	10,209	18,644	124,196	15,820
Total Other	1,100,052	215,111	241,097	1,074,066	172,141	183,766	1,062,441	163,944
Total General Long-Term Obligations	$ 4,323,416	$ 646,145	$ 707,485	$ 4,262,076	$ 246,703	$ 390,483	$ 4,118,296	$ 373,375

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, parks and fire safety funds.

During 2006, NCTSC issued $431,034,246 of Tobacco Settlement Asset-Backed Bonds, Series 2006 pursuant to an Amended and Restated Indenture dated as of March 1, 2006. 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-E Subordinate CABs" of $58,943,636. NCTSC has used the proceeds from the Series 2006 Bonds to (i) refund all of the 1999 Bonds currently outstanding in the aggregate principal amount of $272,125,000; (ii) fund a 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 December 1, 2007 payment; and (vi) pay certain amounts to the Residual Trust as registered owner of the Residual Certificate.

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, 2007 are as follows (dollars in thousands):

	Debt Service Requirements			Sources		
Year Ending	Principal	Interest	Total	General County Budgets	Sewage District Budgets	Total
2008	$ 107,981	$ 28,981	$ 136,962	$ 95,669	$ 41,293	$ 136,962
2009	98,291	24,420	122,711	87,348	35,363	122,711
2010	83,135	19,355	102,490	71,719	30,771	102,490
2011	59,815	15,329	75,144	49,459	25,685	75,144
2012	35,508	12,448	47,956	24,500	23,456	47,956
2013-2017	110,184	40,413	150,597	68,029	82,568	150,597
2018-2022	68,585	19,017	87,602	33,078	54,524	87,602
2023-2027	28,032	3,322	31,354	9,690	21,664	31,354
2028-2032	2,400	207	2,607		2,607	2,607
2033-2037	140	6	146		146	146
Total	$ 594,071	$ 163,498	$ 757,569	$ 439,492	$ 318,077	$ 757,569

The County's constitutional debt margin was approximately $19.8 and $14.6 billion and total long-term obligation bonds authorized but unissued for general County and sewage district purposes were approximately $1,265.7 and $1,271.1 million at December 31, 2007 and 2006, respectively.

NIFA Long-Term Debt

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 (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 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, 2007, the Authority had outstanding bonds in the amount of $1,958,525,000. The Authority did not issue any new short- or long-term debt in 2007. However, NIFA does retain the authority to fund certain financeable costs described under the Act including approximately $20.6 million in statutory capacity to restructure or refund County indebtedness and approximately $318 million in statutory capacity to refund or restructure County tax certiorari related debt; however, it is unclear whether this debt will ever be economic to refund. In addition, the County or NIFA has the authority through the end of 2007 to issue approximately $1.7 million of debt to fund certiorari proceedings commended after June 1, 2000.

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

NIFA Long-Term Debt (Continued)

NIFA's debt matures through the year 2025, and is comprised of fixed, variable, and auction 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 to issue additional debt.

Fixed Rate Bonds — The Authority has issued 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 on 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.

The County has assumed responsibility for calculating arbitrage rebate liability on bonds or notes issued by the Authority. Since investment earnings on NIFA bond issues, that are subject to arbitrage, have been significantly lower than the average interest debt service payments on those issues, no provision for an arbitrage liability is required.

Variable Rate Bonds — Interest rates on the nonauction 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 2002A Bonds and 2002B Bonds subject to optional or mandatory tender for purchase and not remarketed by the remarketing agent, will be made under and pursuant to, and subject to the terms, conditions and provisions of, a liquidity facility issued by Dexia Credit Local, acting through its New York Agency, with respect to the Series 2002A Bonds; or a liquidity facility issued by BNP Paribas, acting through its New York branch, with respect to the Series 2002B Bonds. Each liquidity facility is slated to expire November 15, 2022, subject to extension or early termination. Bonds that are purchased by Dexia Credit Local or BNP Paribas 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.

Auction Rate Bonds — Auction rate bonds, which are variable rate bonds issued in an auction rate mode, are auctioned at intervals between 7 days, 28 days, and 35 days. As rates vary, variable rate and auction rate interest payments and net swap payments will vary. Also see note 7 regarding interest rate exchange agreements.

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

NIFA Long-Term Debt (Continued)

Bonds are recorded at the principal amount outstanding and consist of the following:

	Bond Par Issued	Balance at December 31, 2006	Retired	Balance at December 31, 2007
		Dollars in Thousands		
Sales Tax Secured Bonds, Series 2000A 4.50% to 5.625% Serial and term bonds due through 2020	$ 254,720	$ 12,845	$	$ 12,845
Sales Tax Secured Bonds, Series 2001A 4% to 5.375% Serial and term bonds due through 2021	181,480	55,955	7,555	48,400
Sales Tax Secured Bonds, Series 2002A (variable rate) Term bond due 2022 with mandatory sinking fund redemptions due through 2021	112,825	101,500	4,290	97,210
Sales Tax Secured Bonds, Series 2002B (variable rate) Term Bond due 2022 with mandatory sinking fund redemptions due through 2021	112,825	98,120	4,150	93,970
Sales Tax Secured Bonds, Series 2003A 2% to 6% Serial bonds due through 2023	275,990	244,460	10,410	234,050
Sales Tax Secured Refunding Bonds, Series 2003B 2% to 5% Serial bonds due through 2018	238,485	212,840	24,265	188,575
Sales Tax Secured Bonds, Series 2004A 2% to 5% Serial bonds due through 2013	153,360	143,130	21,695	121,435
Sales Tax Secured Variable Rate Bonds, Series 2004 B-G Auction Rate Securities due 2016 to 2024	450,000	450,000		450,000
Sales Tax Secured Bonds, Series 2004H 2.15% to 5% Serial bonds due through 2017	187,275	179,355	3,190	176,165
Sales Tax Secured Bonds, Series 2004 I-K Auction Rate Securities due through 2025	150,000	150,000		150,000
Sales Tax Secured Bonds Series 2005A 3.26% to 4.8% Serial due through 2024	124,200	124,200		124,200
Sales Tax Secured Variable Rate Bonds Series 2005 B-C Auction Rate Securities due through 2025	122,300	122,300	3,650	118,650
Sales Tax Secured Bonds Series 2005 D 3.23% to 4.32% Serial and term bonds due through 2022	143,795	143,795	770	143,025
	$ 2,507,255	$ 2,038,500	$ 79,975	$ 1,958,525

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

NIFA Long-Term Debt (Continued)

Aggregate debt service to maturity as of December 31, 2007, is as follows (dollars in thousands):

Years Ending December 31	Principal	Interest*	Total
2008	$ 95,315	$ 84,266	$ 179,581
2009	104,265	80,549	184,814
2010	104,930	75,627	180,557
2011	119,690	70,777	190,467
2012	144,725	65,174	209,899
2013–2017	705,960	225,203	931,163
2018–2022	542,380	90,510	632,890
2023–2025	141,260	10,022	151,282
	$1,958,525	$702,128	$2,660,653

*Interest on the Variable Rate Bonds is calculated at 5%. During 2007, the interest rate on the Variable Rate Bonds ranged from 2.93% to 3.90%.

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 Swaps 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.

- $72.5 million notional amount (2004 Series B) with Goldman Sachs Mitsui Marine Derivative Products, L.P. ("GSMMDP")
- $72.5 million notional amount (2004 Series C) with Goldman Sachs Mitsui Marine Derivative Products, L.P.
- $80 million notional amount (2004 Series D) with Goldman Sachs Mitsui Marine Derivative Products, L.P.

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

NIFA Long-Term Debt (Continued)

- $72.5 million notional amount (2004 Series E) with UBS AG
- $72.5 million notional amount (2004 Series F) with UBS AG
- $80 million notional amount (2004 Series G) 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.

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

Fair Value — Replacement interest rates on the Swaps, as of December 31, 2007, 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, 2007, 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 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 auction 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, 2007, the total marked-to-market valuation, net of accruals, of NIFA's Swaps was negative $9,617,218. In the event that both parties continue to perform their obligations under the swap, there is not a risk of termination and neither party is required to make a termination payment to the other. NIFA is not aware of any event that would lead to a termination event with respect to any of its Swaps.

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

- *Credit 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.

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

NIFA Long-Term Debt (Continued)

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	Notional Amount (Dollars in Millions)	% of Total Notional Percentage
GSMMDP	$ 275	45.80 %
UBS AG	275	45.80
MSCS	50	8.40
Total	$ 600	100.00 %

NIFA insured its performance in connection with the Swaps associated with the Series 2004 B-G bonds with Ambac Assurance (Aaa/AAA/AAA), 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 Aaa/AAA/AAA. 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 $2.0 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 auction rate bonds are not the same. If the counterparty's rate under the swap is lower than the bond interest rate, then the counterparty's payment under the swap agreement does not fully reimburse NIFA for its interest payment on the associated bonds. Conversely, if the bond interest rate is lower than the counterparty's rate on the swap, there is a net benefit to NIFA.

NIFA is exposed to basis risk on the Swaps. NIFA is paying a fixed rate of interest to the counterparties and the counterparties are paying a variable rate to NIFA represented by a percentage of the One-Month LIBOR ("London Inter-bank Offered Rate"), 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.

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

NIFA Long-Term Debt (Continued)

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 remote since the Swaps are insured and the insurers will control termination. 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.

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

NIFA Long-Term Debt (Continued)

As of December 31, 2007, NIFA's Interest Rate Swap Valuation is as follows:

Nassau County Interim Finance Authority

Interest Rate Swap Valuation
(as of December 31, 2007)

Series	2004 Series B	2004 Series C	2004 Series D	2004 Series E	2004 Series F	2004 Series G	2004 Series I	2004 Series J	2004 Series K	Total
Notional Amount	$72,500,000	$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	Aaa/AA/AA	Aaa/AA/AA	Aaa/AA/AA	Aaa/AAA/NR	Aaa/AA/AA	Aa3/AA-/AA-	
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	3.023 %	3.023 %	2.934 %	3.023 %	3.023 %	2.933 %	3.182 %	3.182 %	3.182 %	
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	$ (260,499)	$ (272,912)	$ (191,040)	$ (260,499)	$ (272,912)	$ (82,649)	$ (146,913)	$ (146,913)	$ (146,913)	$ (1,781,250)
Net Present Value	(817,817)	(817,290)	(347,531)	(817,563)	(817,290)	(353,912)	(1,288,189)	(1,288,189)	(1,288,189)	(7,835,970)
Total Fair Value of Swap	$ (1,078,316)	$ (1,090,202)	$ (538,571)	$ (1,078,062)	$ (1,090,202)	$ (436,561)	$ (1,435,102)	$ (1,435,102)	$ (1,435,102)	$ (9,617,220)

(a) Moodys/S&P/Fitch.

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

NIFA Long-Term Debt (Continued)

Swap Payments and Associated Debt — Using rates as of December 31, 2007, 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.

Nassau County Interim Finance Authority
Swap Payments and Associated Variable-Rate Debt (In thousands)

Years Ending December 31	Variable-Rate Bonds Principal	Variable-Rate Bonds Interest	Interest Rate Swaps, Net	Total
2008	$	$ 22,946	$ 935	$ 23,881
2009		22,883	984	23,867
2010		22,883	984	23,867
2011		22,883	984	23,867
2012		22,946	935	23,881
2013–2017	227,075	97,830	5,108	330,013
2018–2022	303,825	41,982	3,057	348,864
2023–2025	69,100	4,103	351	73,554
Total	$ 600,000	$ 258,456	$ 13,338	$ 871,794

*Note: As a result of credit and liquidity concerns among short-term investors, the auction rate securities market has witnessed unusual volatility since early November. Although there can be no assurance that market volatility will subside, it appears that NIFA's auction rate problem peaked in early February when several of its auctions failed and NIFA defaulted to its maximum interest rates on failed auctions of 15%. ARS interest rates in FY 2008 on NIFA 2004 series B-G have varied between 2.85% and 14% (no failed auctions). ARS interest rates in FY 2008 on NIFA 2004 series I-K have varied between 3.00% and 15% (one failed auction). Although not associated with any swaps, ARS interest rates in FY 2008 on NIFA 2005 series B-C have varied between 2.60% and 15% (six failed auctions).

NCSSWFA Long-Term Debt

The Authority issued its System Revenue Bonds, 2004 Series A (the "2004A Bonds") pursuant to the Authority's General Revenue Bond Resolution dated as of March 1, 2004, as supplemented by a First Supplemental Resolution dated as of March 1, 2004.

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

The 2004A Bonds bear interest at an auction rate (which rates vary from 3.31% to 4.00% per annum at December 31, 2007) and are subject to redemption at the option of the Authority, in whole on any date, or in part by lot on any interest payment date immediately following an auction period (35 day increments), at a

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

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

redemption price of 100% of the principal amount of such 2004A Bonds or portion thereof to be redeemed plus accrued interest to the date of redemption.

At the option of the Authority, all of the 2004A Bonds may be converted to a variable interest rate other than the auction rate or a fixed interest rate, as described in the Official Statement.

Unless the 2004A Bonds are bearing interest at the fixed interest rate, such 2004A Bonds are subject to redemption prior to maturity through sinking fund payments established by the First Supplemental Resolution on each of the dates set forth below and in the respective principal and interest amounts set forth opposite each such date (the particular 2004A Bonds or portion thereof are to be selected by the Trustee as described in the General Revenue Bond Resolution), in each case at a redemption price of 100% of the principal amount of the applicable 2004A Bonds or portion thereof to be redeemed, plus accrued interest to the date of redemption.

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.

The authority issued $24,700,000 and $32,550,000 of commercial paper notes in 2007 and 2006 respectively, at interest rates ranging between 2.50%–3.80%. Rollovers totaled $376,250,000 in 2007. As of December 31, 2007, $69,135,000 of commercial paper notes remained outstanding and is included in the following aggregate debt service to maturity as of December 31, 2007.

Aggregate debt service to maturity as of December 31, 2007 is as follows (in thousands):

Year Ending December 31,	Principal	Interest	Total
2008	$ 3,295	$ 3,577	$ 6,872
2009	3,430	3,346	6,776
2010	3,540	3,395	6,935
2011	3,655	3,024	6,679
2012	3,770	2,860	6,630
2013-2017	21,215	11,741	32,956
2018-2022	25,560	5,747	31,307
2023-2024	7,760	454	8,214
	$ 72,225	$ 34,144	$ 106,369

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

NCTSC Long-Term Debt

In 1999, the NCTSC issued $294,500,000 of Series 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-E 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 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 principal of the Series 2006 Bonds; or any Serial Maturity or Turbo Term Bond Maturity for Senior Bonds; when due on a Rated Maturity Date, among other things, will constitute an event of default.

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 expected debt service requirements are as follows:

	Principal	Interest	Total Debt Service
Twelve months ending December 31:			
2008	$ 2,840,000	$ 17,635,836	$ 20,475,836
2009	2,105,000	18,638,765	20,743,765
2010	1,270,000	19,695,308	20,965,308
2011	1,610,000	19,596,956	21,206,956
2012	1,965,000	19,474,870	21,439,870
2013-2017	13,730,000	94,782,343	108,512,343
2018-2022	31,930,000	87,312,652	119,242,652
2023-2027	40,590,000	77,327,675	117,917,675
2028-2032	51,235,000	65,772,970	117,007,970
Thereafter	283,759,246	1,432,589,051	1,716,348,297
	$431,034,246	$ 1,852,826,426	$ 2,283,860,672

Nassau Community College Long-Term Debt

Long-term obligations of the Nassau Community College and Nassau County general obligation serial bonds issued for various College constructions, including the range of interest rates, issue dates, and maturity dates are as follows (dollars in thousands):

	Balance, August 31, 2005	Additions	Reductions	Balance, August 31, 2006	Additions	Reductions	Balance, August 31, 2007	Current Portion
Debt:								
General Obligations	$ 15,933	$	$ 3,737	$ 12,196	$	$ 3,516	$ 8,680	$ 2,641
DASNY	27,293	5,802	3,362	29,733	2,927	588	32,072	526
Other:								
Accrued Vacation and Sick Pay	42,066	3,410	761	44,715	602		45,317	2,723
Postemployment Retirement Benefits					267,481	5,200	262,281	
Insurance Reserve Liability	1,644	130		1,774	99		1,873	
Estimated Liability for Litigation	2,500			2,500			2,500	
Total	$ 89,436	$ 9,342	$ 7,860	$ 90,918	$ 271,109	$ 9,304	$ 352,723	$ 5,890

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

Nassau Community College Long-Term Debt (Continued)

Dormitory Authority of the State of New York ("DASNY") - 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.

General Obligation Serial Bonds - 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, 2007 was $8,680,051 and principal is scheduled to mature from 2007 to 2035. 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, 2007, principal and interest payments relating to the Authority and general obligation bonds are as follows:

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

Nassau Community College Long-Term Debt (Continued)

Principal Year Ending August 31,	DASNY	General Obligations	Total
2008	$ 526,485	$ 2,640,502	$ 3,166,987
2009	1,552,330	1,979,970	3,532,300
2010	1,622,865	1,100,480	2,723,345
2011	1,702,332	658,732	2,361,064
2012	1,455,682	666,841	2,122,523
2013-2017	9,197,619	1,586,295	10,783,914
2018-2022	12,428,269	47,231	12,475,500
2023-2027	2,158,677		2,158,677
2028-2032	1,332,935		1,332,935
2033-2035	95,030		95,030
Total	$ 32,072,224	$ 8,680,051	$ 40,752,275

Interest Year Ending August 31,	DASNY	General Obligations	Total
2008	$ 1,464,385	$ 425,062	$ 1,889,447
2009	1,487,417	297,411	1,784,828
2010	1,418,317	210,925	1,629,242
2011	1,339,407	150,852	1,490,259
2012	1,258,149	114,672	1,372,821
2013-2017	5,390,755	175,888	5,566,643
2018-2022	2,848,626	2,125	2,850,751
2023-2027	660,240		660,240
2028-2032	187,906		187,906
2033-2035	9,656		9,656
Total	$ 16,064,858	$ 1,376,935	$ 17,441,793

Interest on the Authority and general obligation bonds range from 3.094% to 5.5% and from 4.25% to 9%, respectively. The current amortization expense for these bonds is $877,082.

During 2007, DASNY issued $2,926,896 of the 2007 Bonds. 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.

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

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 being available for working capital and $15 million of new capital project financing at closing and approximately $22 million in net present value savings from lower debt service payment requirements. 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 the year ended December 31, 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.

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

NHCC Long-Term Debt (Continued)

Long-term debt at December 31, 2007 and 2006 consists of the following (dollars in thousands):

	December 31 2007	December 31 2006
2004 Series A Bonds payable at varying dates through August 1, 2022 bearing interest at taxable variable rates.	$ 59,475	$ 61,475
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%.	17,126	17,506
2004 Series C Bonds payable at varying dates through August 1, 2029, bearing interest at tax-exempt variable rates.	219,610	219,610
	296,211	298,591
Deferred loss on refunding	(30,168)	(32,502)
Net unamortized bond premium	897	1,093
Current portion	(2,390)	(2,380)
	$ 264,549	$ 264,802

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, 2007 are as follows (dollars in thousands):

Years Ending December 31	Principal	Estimated Interest
2008	$ 2,390	$ 11,021
2009	7,090	10,869
2010	9,395	10,512
2011	9,840	10,078
2012	10,265	9,664
2013 to 2017	59,130	40,838
2018 to 2022	71,935	28,847
2023 to 2027	86,740	15,031
2028 to 2029	39,426	1,603
	$ 296,211	$ 138,463

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 $220,000,000. 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 $65,000,000. 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 an asset of approximately $1,288,000 at December 31, 2006 and a liability of approximately $5,893,000 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, 2007, 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, 2007 and 2006, approximately $493.5 million of bonds outstanding 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.

11. PENSION PLANS (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 legislature 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 2007, the County used approximately $26.5 million of the Retirement Contribution Reserve Fund to offset a portion the 2007 pension expense. 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):

	ERS	PFRS
2007	$ 50,642	$ 56,575
2006	54,531	60,497
2005	61,399	56,805

12. RECONCILIATION OF GAAP FUND BALANCES TO BUDGETARY BASIS

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	Nonmajor Governmental Funds
Fund Balances at December 31, 2007 Prepared in Accordance with GAAP	$ 138,314	$ 6,731	$ 941	$ (38)	$ 170,596	$ (24,350)
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 to Refunded Escrow Agent						
Payments for Tax Certiorari and Other Judgments	(13,707)					
Unbudgeted Grant Fund						(17,604)
Unbudgeted Capital Fund						20,907
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 Sewar and Storm Water District						3,797
Unbudgeted Sewage Collection Construction Fund						444
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

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

The following reconciles fund balances at December 31, 2006 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	County Parks and Recreation Fund	Sewer & Storm Water District Fund	Nonmajor Governmental Funds
Fund Balances at December 31, 2006 Prepared in Accordance with GAAP	$ 142,153	$ 17,184	$ (8,882)	$ (111)	$ 3,482	$ 127,666	$ 122,644
Add:							
Funding for Tax Certiorari and Other Judgements	55,108						
Medicare and Pension Benefits- Accrual Basis Only	1,984	1,805	11,963	220	235	404	
Less:							
Encumbrances	(56,324)	(2,845)	(3,081)	(109)	(3,717)	(6,388)	(570)
Payments for Tax Certiorari and Other Judgements	(55,108)						
Unbudgeted Grant Fund							(10,839)
Unbudgeted Capital Fund							(15,715)
Unbudgeted NIFA Capital Projects Fund							(31,497)
Unbudgeted NCTSC General Fund							289
Open Space Fund							(489)
Unbudgeted Sewage Disposal Construction Fund							(15,783)
Unbudgeted Sewer and Storm Water District							623
Unbudgeted Sewage Collection Construction Fund							(1,844)
Unbudgeted NCTSC Debt Service Fund							(40,608)
Unbudgeted SFA Debt Service Fund							32,744
Unbudgeted SWA General Fund							(19,514)
Unbudgeted NIFA Debt Service Fund							(18,199)
Fund Balances at December 31, 2006 Prepared on the Budgetary Basis of Reporting	$ 87,813	$ 16,144	$	$	$	$ 121,682	$ 1,242

13. DESIGNATION OF UNRESERVED FUND BALANCES

Portions of the unreserved fund balances at December 31, 2007 and 2006 were designated as sources of revenue in the ensuing year's operating budgets as follows (dollars in thousands)

Nonmajor Governmental Funds	Total Fund Balance Unreserved	Fund Balance Unreserved and Designated for Ensuing Year's Budget	Fund Balance Unreserved and Undesignated
December 31, 2007	$ (287,006)	$	$ (287,006)
December 31, 2006	$ (177,351)	$	$ (177,351)
Major Governmental Funds			
December 31, 2007	$ 234,428	$ 63,203	$ 171,225
December 31, 2006	$ 209,616	$ 13,075	$ 196,541

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. The current CSEA agreement increased the years of service required with the County to be eligible for post retirement health insurance benefits for CSEA members to 10 years of employment with the County; all other bargaining units 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

14. OTHER POSTEMPLOYMENT BENEFITS (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, 2007 and 2006. The total cost for providing health care benefits was $213.2 and $205.5 million in 2007 and 2006, respectively, of which approximately $98.8 and $98.0 million was for retirees and approximately $114.4 and $107.5 million was for active employees and other eligible individuals, in 2007 and 2006 respectively. In 2007 and 2006, the subsidy provided by the Medicare Reform Act of 2003 to employers who continued prescription drug coverage for its Medicare eligible retirees of $7.1 and $7.0 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 has elected to record the entire amount of the Unfunded Actuarial Accrued Liability ("UAAL") in the fiscal year ended December 31 2007, and not to fund the UAAL. The UAAL, including accrued interest relating to postemployment benefits is approximately $3,353,982 which included both the County and an allocation of the Nassau Health Care Corporation's cost as of December 31, 2007. 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, 2007, the County paid $98.8 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.

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

14. OTHER POSTEMPLOYMENT BENEFITS (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, 2007.

Calculation of ARC and Annual OPEB Cost

	Nassau County	*Nassau Community College	** Nassau Health Care Corportation	Nassau Regional Off-Track Betting Corp.	Nassau County Interim Finance Authority	Total
Amortization of UAAL over one year	$ 3,367,199	$ 256,434	$ 2,192	$ 41,954	$ 721	$ 3,668,500
Normal Cost at the Beginning of year	81,916	10,571	28,325	1,793	78	122,683
Interest on Normal Cost	3,686	476	1,275	81	4	5,522
Normal Cost with Interest to end of year	85,602	11,047	29,600	1,874	82	128,205
Annual Required Contribution	3,452,801	267,481	42,482	43,828	803	3,807,395
Interest on net OPEB Obligations	-	-	-	-	-	-
Adjustment to ARC	-	-	-	-	-	-
Total Annual OPEB cost	3,452,801	267,481	42,482	43,828	803	3,807,395
Actual Contributions	98,819	5,200	1,574		15	105,608
Net OPEB Obligation at December 31, 2007	$ 3,353,982	$ 262,281	$ 40,908	$ 43,828	$ 788	$ 3,701,787

* Nassau Community College data as of fiscal year ended August 31, 2007

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

As of December 31, 2007, the OPEB liability was $3,353,982 and the 2007 payroll cost was $890,843 or 376.5% of the unfunded liability amount.

The County's annual OPEB cost, the estimated annual OPEB amount contributed to the plan, and the net OPEB obligation for the fiscal year ended December 31, 2007, were as follows (dollars in thousands):

Fiscal Year Ended	Annual OPEB Cost	Estimated Annual OPEB Cost Paid	Net OPEB Obligation
12/31/2007	$3,452,801	$98,819	$3,353,982

Actuarial Methods and Assumptions — The OPEB-specific actuarial assumptions used 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.

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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.

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

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:

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

HCCTR Assumptions

Years 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

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

Postretirement

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

The cost of providing health care to retirees not including the accrual for prior service costs, totaled $98.8 million during fiscal year 2007 and $98.0 million during fiscal year 2006.

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

15. 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, including those claims arising from events which occurred prior to the closing date of the Nassau Health Care Corporation of September 29, 1999. The County self-insures for everything except helicopter accidents and employee bonding. The County annually appropriates sums for the settlement of claims and litigation. The County intends to defend itself vigorously against all claims. Estimated liabilities of approximately $225 million for settlement of litigation and malpractice claims have been recorded as a long-term liability in the government-wide financial statement of net assets as of December 31, 2007 and 2006. The County Attorney is of the opinion that the ultimate settlement of such claims and litigation outstanding at December 31, 2007 will not result in a material adverse effect on the County's financial position. Approximately $124.2 and $132.6 million has been accrued as a liability at December 31, 2007 and 2006, respectively, related to workers' compensation where the County Attorney can reasonably estimate the ultimate outcome. The liability for certain other asserted and unasserted malpractice claims can not be estimated as of December 31, 2007. All malpractice occurrences prior to September 29, 1999 are the responsibility of the County. Subsequent occurrences are the responsibility of the NHCC.

B. *Tax Certioraris*

In fiscal 2007 and 2006, respectively, there were approximately 140,397 and 146,439 taxpayers' claims filed against the Board of Assessors, for the incorrect determination of assessed valuation (certiorari proceedings) for the 2008 (May 1, 2007) and 2007 (May 1, 2006) assessment roll, respectively. The total amount of tax certiorari bonds issued and outstanding by both the County and NIFA was approximately $1.3 billion at December 31, 2007 and $1.4 billion at December 31, 2006. 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 $101.8 million and $137.2 million has also been recorded as a long-term liability in the government-wide financial statements of net assets at

15. CONTINGENCIES AND COMMITMENTS (Continued)

B. *Tax Certioraris* (Continued)

December 31, 2007 and 2006, 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 paid substantially all property tax refunds from operating funds. For the year ended December 31, 2007, tax certiorari expenditures were $87.1 million and were substantially financed by operations. For the year ended December 31, 2006, tax certiorari payments were $70.6 million and were substantially financed by operating funds. On December 13, 2007, the County, independently of NIFA, issued $50 million of general obligation bonds for the anticipated payment of future tax certiorari claims.

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, 2007, the audits of certain programs have not been completed. Provisions for certain expected disallowances, where considered necessary, have been made as of December 31, 2007. 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 payor 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 2007 and 2006. Settlements have not exceeded County insurance coverage for each of the past three years.

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 $560.6 and $536.8 million at December 31, 2007 and 2006, respectively. At August 31, 2007 and 2006, the Nassau Community College's vacation leave and sick leave liability was $45.3 and $44.7 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

15. CONTINGENCIES AND COMMITMENTS (Continued)

G. *Deferred Payroll (Continued)*

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 amount deferred at December 31, 2007 and 2006 was approximately $22.6 million and $23.1million, 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, 2007 and 2006 was approximately $1.1 million and $1.2 million, respectively, and is also reported in the government-wide financial statement of net assets. In addition, termination pay for accumulated leave in excess of $5,000 for CSEA and Ordinance members shall be paid by the County in three equal installments of accumulated days on the three consecutive Januarys following termination. The amount deferred at December 31, 2007 and 2006 was approximately $21.6 million and $12.6 million, respectively, and is also reported in the government-wide financial statement of net assets.

H. *Capital Commitments*

At December 31, 2007 and 2006, there were capital project contract commitments of $174.9 and $189.9 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, 2007, 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.

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

At December 31, 2007 and 2006, the NHCC had total net assets deficiency of $121,180 and $85,094, 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.

For purposes of comparison, certain reclassifications have been made to the 2006 consolidated financial statements of NHCC to conform to the 2007 presentation. These reclassifications relate to the presentation of investment income, as operating revenue, which was previously reported as non-operating revenue and to the presentation of health insurance for retirees, paid on behalf of the County, at gross in other revenue and employee benefit expense previously reported net in employee benefit expense. Management made the investment income change in presentation because investment income provides resources to fund certain operating expenses. These reclassifications had no effect on the performance indicator.

17. FUND BALANCE SURPLUS/DEFICIT

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

	2007	2006
Tobacco Settlement Corporation:		
General Fund	$ (416)	$ (289)
Debt Service Fund	24,682	40,608
Total	$ 24,266	$ 40,319
Sewer Financing Authority:		
General Fund	$ (7,226)	$ 19,514
Debt Service Fund	(42,815)	(32,744)
Total	$ (50,041)	$ (13,230)

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May 5, 2009

County of Nassau,
State of New York

COUNTY OF NASSAU, NEW YORK
$114,000,000 GENERAL OBLIGATION BONDS, 2009 SERIES A AND 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 $114,000,000 aggregate principal amount of General Obligation Bonds, Series 2009, dated the date of delivery and consisting of:

$99,000,000 General Improvement Bonds, 2009 Series A $3,490,000 on May 1, 2011, $3,630,000 on May 1, 2012, $3,810,000 on May 1, 2013, $4,280,000 on May 1, 2014, $4,390,000 on May 1, 2015, $4,520,000 on May 1, 2016, $4,655,000 on May 1, 2017, $4,890,000 on May 1, 2018, $5,135,000 on May 1, 2019, $5,390,000 on May 1, 2020, $5,660,000 on May 1, 2021, $5,940,000 on May 1, 2022, $6,235,000 on May 1, 2023, $6,485,000 on May 1, 2024, $6,740,000 on May 1, 2025, $7,030,000 on May 1, 2026, $7,325,000 on May 1, 2027, $4,595,000 on May 1, 2028, and $4,800,000 on May 1, 2029, and shall bear interest at the rate of four per centum (4%) per annum as to bonds maturing in 2011, at the rate of five per centum (5%) per annum as to bonds maturing in 2012, at the rate of two and fifty hundredths per centum (2.50%) per annum as to bonds maturing in each of the years 2013 and 2014, at the rate of three per centum (3%) per annum as to bonds maturing in each of the years 2015 and 2016, at the rate of five per centum (5%) per annum as to bonds maturing in each of the years 2017 to 2022, both inclusive, at the rate of four per centum (4%) per annum as to bonds maturing in each of the years 2023 and 2024, and at the rate of four and twenty-five hundredths per centum (4.25%) per annum as to bonds maturing in each of the years 2025 and 2026, at the rate of four and three-eighths per centum (4.375%) per annum as to bonds maturing in 2027, and at the rate of four and fifty hundredths per centum (4.50%) per annum as to bonds maturing in each of the years 2028 and 2029 (the "Series A Bonds"), and

$15,000,000 Sewer and Storm Water Resources District Bonds, 2009 Series B $320,000 on May 1, 2011, $335,000 on May 1, 2012, $360,000 on May 1, 2013, $420,000 on May 1, 2014, $435,000 on May 1, 2015, $455,000 on May 1, 2016, $485,000 on May 1, 2017, $500,000 on May 1, 2018, $520,000 on May 1, 2019, $545,000 on May 1, 2020, $570,000 on May 1, 2021, $595,000 on May 1, 2022, $625,000 on May 1, 2023, $645,000 on May 1, 2024, $670,000 on May 1, 2025, $700,000 on May 1, 2026, $730,000 on May 1, 2027, $760,000 on May 1, 2028, $795,000 on May 1, 2029, $830,000 on May 1, 2030, $865,000 on May 1, 2031, $905,000 on May 1, 2032, $945,000 on May 1, 2033, and $990,000 on May 1, 2034, and shall bear interest at the rate of six per centum (6%) per annum as to bonds maturing in each of the years 2011 and 2012, at the rate of five per centum (5%) per annum as to bonds maturing in each of the years 2013 to 2022, both inclusive, at the rate of four per centum (4%) per annum as to bonds maturing in each of the years 2023 and 2024, at the rate of four and fifty hundredths per centum (4.50%) per annum as to bonds maturing in each of the years

2025 to 2029, both inclusive, and at the rate of four and seventy-five hundredths per centum (4.75%) per annum as to bonds maturing in each of the years 2030 to 2034, both inclusive (the "Series B Bonds", with the Series A Bonds, collectively, the "Bonds"). The Bonds are issued pursuant to the Constitution and statutes of the State of New York and proceedings of the finance board of the County.

In such connection, we have reviewed the Constitution and statutes of the State of New York, the Tax Certificate of the County dated the date hereof (the "Tax Certificate"), the Bond 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 is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the County.

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

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

1. The Bonds constitute valid and binding obligations of the County.

2. The County 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 Bonds and the interest thereon.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, 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 Bonds.

Very truly yours,

/s/ORRICK, HERRINGTON & SUTCLIFFE LLP

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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 March 31, 2009

County General Improvement Bonds

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding As of 3/31/09
7/8/08	General Improvement Series 2008D general	$22,285,000	4.00% - 5.00%	2009 -2019	$ 22,180,000
7/8/08	General Improvement Series 2008C general	149,525,000	0.00% - 5.00%	2010 -2028	149,525,000
1/22/08	General Improvement Series 2008A	105,000,000	3.25% -5.00%	2009 -2028	101,605,000
12/13/07	General Improvement Series 2007A	35,000,000	VRDB	2009 -2023	35,000,000
12/13/07	General Improvement Series 2007B	40,000,000	VRDB	2009 -2024	40,000,000
5/1/00	General Improvement Series 2000E	90,000,000	5.25% -7.00%	2002 -2020	9,365,000
5/1/00	General Improvement Series 2000F	151,149,000	6.50% -7.00%	2001 -2020	4,945,000
9/1/99	General Improvement Series 1999D	61,964,000	5.25% -5.30%	2001 -2019	3,410,000
7/1/99	General Improvement Series 1999C	138,388,000	5.13% -5.25%	2001 -2019	27,290,000
6/1/99	General Improvement Series 1999B	141,800,000	4.50% -5.25%	2001 -2024	14,010,000
4/1/99	General Improvement Series 1999A	83,256,000	3.50% -4.50%	2000 -2018	12,850,000
8/1/98	General Improvement Series 1998Z	179,272,000	4.00% -5.00%	1999 -2017	14,640,000
3/1/98	General Improvement Series 1998Y	95,168,000	4.00% -5.00%	1999 -2017	7,345,000
10/15/97	General Improvement Series 1997X	88,291,000	4.80% -5.10%	1998 -2016	4,080,000
8/1/97	General Improvement Refunding Series 1997A	110,230,000	3.85% -6.00%	1998 -2013	33,920,000
7/15/97	General Improvement Series 1997W	191,185,000	4.50% -5.00%	1998 -2016	13,835,000
3/1/97	General Improvement Series 1997V	185,365,000	5.13% -5.25%	1998 -2016	8,845,000
2/24/94	General Improvement Refunding Series 1994A	168,850,000	2.20% -6.50%	1994 -2015	3,095,000
6/10/93	General Improvement Refunding Series 1993H	73,740,000	2.40% -5.50%	1993 -2017	1,810,000
11/1/85	General Improvement Series 1985X	35,680,000	7.80% -8.00%	1986 -2015	1,275,000
7/1/85	General Improvement Series 1985W	20,560,000	7.80% -8.00%	1986 -2015	445,000
11/1/84	General Improvement Series 1984V	31,880,000	8.50% -8.80%	1985 -2014	690,000
7/1/84	General Improvement Series 1984U	21,980,000	9.00% -9.30%	1985 -2014	210,000
12/1/83	General Improvement Series 1983T	38,230,000	8.50% -8.80%	1984 -2013	1,550,000
3/1/83	General Improvement Series 1983R	44,080,000	8.00% -8.10%	1984 -2012	660,000
12/1/82	General Improvement Series 1982Q	18,860,000	9.38% -9.38%	1983 -2011	120,000
7/1/82	General Improvement Series 1982P	28,060,000	11.25% -11.50%	1983 -2011	375,000
5/1/81	General Improvement Series 1981N	33,530,000	9.10% -10.00%	1982 -2011	280,000
10/1/80	General Improvement Series 1980M	22,540,000	8.70% -9.00%	1981 -2009	345,000
7/15/80	General Improvement Series 1980L	5,905,000	8.00% -8.40%	1981 -2009	15,000
Total					$513,715,000

County Combined Sewer District Bonds

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding As of 3/31/09
1/22/08	Sewers Series 2008B	$20,000,000	3.00% -5.00%	2009-2033	$19,555,000
5/1/00	Sewers Series 2000F	12,832,000	6.25% -7.00%	2001 -2020	645,000
9/1/99	Sewers Series 1999E	810,000	5.75% -5.80%	2001 -2019	80,000
7/1/99	Sewers Series 1999D	1,957,000	5.30% -5.50%	2001 -2019	550,000
4/1/99	Sewers Series 1999C	1,575,000	4.75% -4.88%	2000 -2018	890,000
8/1/98	Sewers Series 1998B	1,421,000	5.00% -5.00%	1999 -2017	160,000
3/1/98	Sewers Series 1998A	6,766,000	4.90% -5.00%	1999 -2017	480,000
11/1/97	Sewers Refunding Series 1997A	20,545,000	4.50% -6.00%	2000 -2013	7,765,000
7/15/97	Sewers Series 1997Y	3,205,000	5.00% -5.00%	1998 -2016	130,000
3/1/97	Sewers Series 1997 X	4,715,000	5.25% -5.38%	1998 -2016	110,000
2/24/94	Sewers Refunding Series 1994B	83,835,000	2.20% -6.00%	1994 -2016	15,045,000
6/10/93	Sewers Refunding Series 1993G	80,845,000	2.80% -5.45%	1994 -2015	14,580,000
6/10/93	Sewers Refunding Series 1993F	89,665,000	2.40% -5.40%	1993 -2010	5,905,000
6/10/93	Sewers Refunding Series 1993E	35,045,000	2.80% -5.50%	1994 -2016	7,945,000
10/1/80	Sewers Series 1980R	2,455,000	8.70% -9.00%	1981 -2010	160,000
Total					$74,000,000

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

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding As of 3/31/09
3/3/05	EFC Series 2005A	$1,774,980	2.09% -4.57%	2006 -2034	$ 1,620,000
3/4/04	EFC Series 2004 B	4,065,914	1.06% -4.60%	2004 -2028	3,370,000
7/24/03	EFC Series 2003F	8,506,016	0.77% -4.61%	2004 -2029	7,135,000
3/20/03	EFC Series 2003B	42,530,000	2.54% -6.26%	2003 -2029	33,820,000
8/7/02	EFC Series 2002I	36,018,000	1.81% -5.38%	2003 -2022	27,013,000
7/25/02	EFC Series 2002G	7,380,000	2.03% -5.80%	2003 -2028	6,090,000
6/20/02	EFC Series 2002F	59,220,000	2.52% -6.18%	2003 -2024	45,235,000
12/16/98	EFC Series 1998G	20,780,000	2.95% -4.90%	1999 -2017	6,685,000
10/15/92	EFC Series 1992A	28,870,000	3.25% -6.60%	1993 -2012	1,942,500
10/15/92	EFC Series 1992B	32,869,000	3.00% -6.65%	1993 -2012	3,370,000
5/15/91	EFC Series 1991B	35,010,000	4.75% -7.10%	1992 -2011	262,000
Total					$136,542,500

Nassau County Interim Finance Authority Bonds

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding As of 3/31/09
6/2/08	NIFA Series 2008F	$123,185,000	VRDB	2009 -2025	$ 123,185,000
5/16/08	NIFA Series 2008E	55,055,000	VRDB	2013 -2014	55,055,000
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
12/15/05	NIFA Series 2005D	143,795,000	3.25%-5.00%	2007-2025	131,610,000
7/14/05	NIFA Series 2005A	124,200,000	3.25%-5.00%	2011-2024	124,200,000
12/9/04	NIFA Series 2004 H	337,275,000	2.15%-5.25%	2005-2017	162,025,000
4/8/04	NIFA Series 2004A	153,360,000	2.00%-5.00%	2005-2013	99,530,000
5/21/03	NIFA Series 2003 A&B	514,475,000	2.00%-6.00%	2004-2023	393,745,000
7/10/02	NIFA Series 2002 A&B	225,650,000	VRDB	2003-2022	182,320,000
6/27/01	NIFA Series 2001A	181,480,000	4.00%-5.37%	2002-2021	40,560,000
10/25/00	NIFA Series 2000A	254,720,000	4.50%-5.75%	2002-2020	12,845,000
Total					$1,875,075,000

Total County and NIFA Obligations	$2,599,332,500

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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)

	2006		2005		2004		2003		2002		2001	
DIRECT DEBT, COUNTY OF NASSAU:												
General Government:												
Bonds	$2,851,570	*	$3,162,586	*	$3,091,974	*	$2,933,562	*	$2,870,029	*	$2,868,307	*
Other Debt Obligations	0		0		0		0	*	202,155	*	465,965	*
Total	2,851,570		3,162,586		3,091,974		2,933,339		3,072,184		3,334,272	
Sewer & Storm Water District Fund	336,440		371,042		400,458							
Bonds							416,447	**	465,251	**	519,149	**
Other Debt Obligations	0		0		0		0		0		2,696	
Total	336,440		371,042		400,458		416,447		465,251		521,845	
Total Direct Debt,												
County of Nassau:												
Bonds	3,188,010		3,533,628		3,492,432		3,350,009		3,335,280		3,387,456	
Other Debt Obligations	0		0		0		0		202,155		468,661	
Total	3,188,010		3,533,628		$3,492,432		$3,349,786		$3,537,435		$3,856,117	

*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, 2007 and 2006 (including data received from respective towns and cities as to which the County makes no representations). Such data for 2007 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)

	2006	2005	2004	2003	2002	2001
OVERLAPPING DEBT, TOWNS AND CITIES						
Town of Hempstead						
Bonds	$1,119,647	$1,050,622	$988,954	$871,471	$801,123	$737,337
Other Debt Obligations	71,950	29,336	77,920	152,269	90,467	113,413
Less Sinking Funds	-4,191	-1,435	-1,605	-1,611	-1,511	-1
Total	$1,187,406	$1,078,513	$1,065,269	$1,022,129	$890,079	$850,749
Town of North Hempstead:						
Bonds	$601,741	$660,883	$599,574	$619,421	$487,111	$430,789
Other Debt Obligations	20,387	35,550	63,990	98,143	135,633	109,528
Less Sinking Funds	-540	-105	-114	-53	-53	-
Total	$621,588	$696,328	$663,450	$717,529	$622,691	$540,317
Town of Oyster Bay:						
Bonds	$653,792	$597,447	$626,207	$566,167	$502,638	$453,624
Other Debt Obligations	96,922	141,085	76,152	74,153	62,479	106,283
Less Sinking Funds	-	-	-	-871	-871	7,377
Total	$750,714	$738,532	$702,359	$639,449	$564,246	$559,907
City of Glen Cove:						
Bonds	$34,166	$35,884	$34,605	$28,530	$32,309	$37,765
Other Debt Obligations	18,142	17,123	16,054	19,115	17,661	7,377
Total	$52,308	$53,007	$50,659	$47,645	$49,970	$45,142
City of Long Beach:						
Bonds	$52,390	$39,657	$64,673	$34,204	$37,275	$40,205
Other Debt Obligations	-	-	-	10,000	4,065	7,050
Less Sinking Funds	-	-	-	-418	-576	-781
Total	$39,657	$39,657	$64,673	$43,786	$40,764	$46,474
Total Overlapping Debt, Towns and Cities:						
Bonds	$2,461,736	$2,384,483	$2,314,013	$2,119,793	$1,860,456	$1,699,720
Other Debt Obligations	207,401	223,094	234,118	353,680	310,305	343,651
Less Sinking Funds	-4,731	-1,540	-1,719	-2,935	-3,011	-782
Total	$2,664,406	$2,606,037	$2,546,412	$2,470,538	$2,167,750	$2,042,589
TOTAL DIRECT & OVERLAPPING NET DEBT:						
Bonds	$5,649,746	$5,918,111	$5,806,445	$5,469,802	$5,195,736	$5,087,176
Other Debt Obligations	207,401	223,094	234,116	353,680	512,460	812,312
Less Sinking Funds	-4,731	-1,540	-1,719	-2,935	-3,011	-782
Total	$5,852,416	$6,139,665	$6,038,842	$5,820,547	$5,705,185	$5,898,706

SOURCE: County of Nassau, Comprehensive Annual Financial Report of the Comptroller for Fiscal Years ended December 31, 2007 and 2006 (including data received from respective towns and cities as to which the County makes no representations). Such data for 2007 and later is not yet available.

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APPENDIX F
COUNTY WORKFORCE

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COUNTY WORKFORCE

As of March 31, 2009, the full-time County workforce totaled 8,922, including 8,844 direct County employees and 78 contract employees. This represents a decrease of 553 full-time positions 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 March 31, 2009

Labor Organization	Full-Time Employees
CSEA	4,371
PBA	1,866
DAI	404
SOA	414
ShOA	1,072
IBPA	40
Non-Labor Organization	755
Total	**8,922**

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 received an interest arbitration award establishing the contract for the CSEA. The term of the award 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:

- Elimination of the no layoff clause that had existed in the prior contract.
- 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 Police 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
- 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 contract established by the award contained the following key provisions:

- Contained an average annual cost-of-living increase across the police ranks of 2.96% (16.5% total wage increase over 6 years);
- The annual wage increase (to be awarded on April 1 of each year) is as follows -- Steps 1 to 2 (0.0 %), Steps 3 to 8 (1.0%), Step 9 (4.0%)
- Added one step to the compensation plan;
- Further minimum staffing relief;
- Termination pay cap at no greater than twice an officer's final year salary;
- Revised calculation denominator for termination pay that reflects a 5% reduction from previous levels;
- The ability for the County to civilianize approximately 30 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 and optical 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 contract established by the award contained the following key provisions:

- The average net compounded cost of the award is 2.75%, the same as the PBA, representing approximately 1% below average inflation;
- The County is projected to save approximately $35 million over six years, which was approximately 75% of its target (the same percentage achieved in the PBA award);
- 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);
- 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;

- 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;
- 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)

The interest arbitration award that established the previous SOA contract expired on December 31, 2007. Negotiations did not produce a successor agreement. The parties agreed to submit the matter to the same interest arbitration panel that recently awarded the PBA and DAI awards discussed above.

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 though 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 is a 3.25% increase; and on July 1, 2007 there is 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.

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 743 full-time faculty and 3,624 part-time faculty, respectively. The contract for the NCCFT expires on August 31, 2008. There is a memorandum of understanding extending the contract for 3 years that has been approved by the NCCFT and the NCC Board of Trustees. The contract for the AFA expires on September 30, 2010.

The wage package for the NCCFT is:

Effective Date	Wage Increase
9/01/05	1.92%
9/01/06	2.35%
9/01/07	2.18%

The wage package for the AFA is:

Effective Date	Wage Increase
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 2007. 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 2000, the County's population had increased by 3.6% to approximately 1,334,544 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. The U.S. census estimates a decrease in population to 1,306,533 in 2007.

TABLE 1

COUNTY POPULATION, 1970-2007

Year	Population
2007	1,306,533
2006	1,325,662
2000	1,334,544
1990	1,287,348
1980	1,321,582
1970	1,428,080

SOURCES: U.S. Census, 1970-2007

Economic Indicators

Median Household Income

As shown on Table 2 below, according to the U.S. Census Bureau the County's estimated median household income was $89,782 in 2007, significantly higher than those of the State ($53,514) and the United States as a whole ($50,740). Moreover, the County (2.8%) has a smaller percentage of families below the poverty level than the State (10.3%) and the United States (9.5%).

TABLE 2

MEDIAN HOUSEHOLD INCOME IN THE COUNTY IN COMPARISON TO THE STATE AND THE U.S. 2007

Area	Median Household Income	Families Below Poverty (%)
County	$89,782	2.8
State	53,514	10.3
United States	50,740	9.5

SOURCE: U.S. Census, 2007 American Community Survey

Consumer Price Index

The Consumer Price Index ("CPI") represents changes in prices of all goods and services purchased by households over time and is used to gauge levels of inflation. 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 1998 and 2008 are shown in Table 3 below.[(1)]

As indicated in Table 3 below, prices in the CMSA rose by 3.9% in 2008. This equals the 2005 percentage increase, the greatest increase in the annual percentage change since 1998. The 2008 U.S. Cities Avg. percentage increase is also 3.9%. This is by far the greatest U.S. Cities Avg. percentage increase.

TABLE 3

CONSUMER PRICE INDEX, 1998-2008

Year	U.S. City Average (1,000s)	Percentage Change	NY-NJ-CT-PA CMSA (1,000s)	Percentage Change
2008	215.3	3.9%	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%
1999	166.6	2.2%	177.0	2.0%
1998	163.0	1.6%	173.6	1.6%

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 lease able area.

(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.

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, Fortunoff'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 in the County 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 2002 Economic Census, the County ranked second in the State to New York City in retail sales (see Table 4).

TABLE 4

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

	2002 Rank	2002 Retail Sales	1997 Rank	1997 Retail Sales
New York (Manhattan)	1	$26,431,688	1	$19,964,095
Nassau	**2**	**20,048,923**	**2**	**16,876,869**
Suffolk	3	18,884,440	3	13,879,345
Westchester	4	12,055,687	4	9,438,521
Queens	5	11,733,654	5	9,237,429
Kings	6	11,397,935	6	8,407,009
Erie	7	10,053,437	7	8,224,419
Monroe	8	7,612,733	8	6,681,881
Onondaga	9	5,451,227	9	4,485,858
Albany	10	4,581,206	10	3,634,657

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 672,700 employees in 2007. The unemployment rate in the County was 3.6 % in 2007 versus 3.8% in 2006. 2007 marked the eleventh consecutive year in which the County's unemployment rate was less than or equal to Suffolk County (3.8%), and less than New York City (5.0%), the State (4.5%) and the United States (4.6%).

TABLE 5

ANNUAL AVERAGE
EMPLOYMENT (in thousands)
AND UNEMPLOYMENT RATE (%), 1998 - 2007

Year	**Nassau County**		**Suffolk County**		**New York City**		**New York State**		**United States**	
	Employ-ment	Unemployment-Rate	Employ-ment	Unemploy-ment Rate	Employ-ment	Unemploy-ment Rate	Employ-ment	Unemploy-ment Rate	Employ-ment	Unemploy-ment Rate
2007	672.7	3.6	758.9	3.8	3,653	5.0	9087	4.5	146,047	4.6
2006	669.9	3.8	755.7	4.0	3,612	5.0	9057	4.6	144,427	4.6
2005	661.8	4.1	745.1	4.2	3,538	5.8	8,943	5.0	141,730	5.1
2004	654.5	4.5	734.1	4.7	3,458	7.1	8,800	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	6.0	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
1999	678.6	3.0	704.8	3.6	3,373	6.9	8,657	5.2	133,488	4.2
1998	673.1	3.0	694.5	3.6	3,284	7.9	8,547	5.7	131,463	4.5

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 years 1999 through 2007 in the Nassau-Suffolk PMSA[(2)] remained strong. Industries that achieved their highest level of employment during this period include: natural resources, construction & mining, educational and health services, professional & business services, leisure & hospitality, other services and government. Eighty-eight percent of jobs within the PMSA are in service producing industries. Within the goods producing category, manufacturing jobs decreased by a total of 21.5% since 1999. Meanwhile, jobs within the natural resources, construction & mining industries increased by 25% since 1999.

Most industries within the service producing sector experienced little change during 2007 with the largest gains made in the educational & health services (4.7%). Moreover, since 1999 the educational & health services sector achieved a 20.6% increase in employment while the leisure & hospitality sector increased by 20%.

[(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
1999-2007
(in thousands)

Nassau-Suffolk Employment by Industry	1999	2000	2001	2002	2003	2004	2005	2006	2007
Goods Producing									
Natural Resources Construction & Mining	57.5	61.0	62.4	64.3	64.2	65.6	66.4	69.4	71.9
Manufacturing	105.7	105.5	98.9	92.1	88.2	88.1	87.3	85.9	84.0
Total Employment Goods Producing	163.2	166.5	161.2	156.4	152.5	153.6	153.7	155.3	155.9
Service Producing									
Trade, Transportation & Utilities	267.1	273.1	271.9	267.5	270.3	271.9	271.2	270.5	273.7
Financial Activities	85.5	84.2	81.4	82.0	82.0	83.5	81.9	80.0	79.6
Information	30.7	31.8	32.9	32.5	32.9	28.9	29.4	29.8	28.1
Educational & Health Services	175.6	178.5	180.9	187.5	193.2	196.8	199.5	202.3	211.8
Leisure & Hospitality	82.8	86.0	88.8	90.1	92.8	96.1	95.7	96.9	99.4
Other Services	50.8	52.1	49.7	50.1	50.8	51.1	52.1	52.0	52.7
Professional & Business Services	148.7	155.6	157.7	153.1	152.0	154.2	158.4	163.0	164.2
Government	185.7	190.2	194.1	196.3	198.9	197.6	198.5	199.0	202.7
Total Employment Service Producing	1,027.0	1,051.5	1,057.4	1,059.1	1,070.2	1,080.0	1086.9	1093.4	1112.1
Total Non-Farm	1,190.2	1,218.0	1,218.6	1,215.5	1,222.2	1,233.5	1,240.6	1248.7	1268.1

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

Table 7 compares the employment rates, 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, 16% of jobs were in the goods producing sector compared to 13% in the Nassau-Suffolk PMSA.

TABLE 7

PERCENTAGE OF NON-FARM EMPLOYMENT BY BUSINESS SECTOR, 2007

BUSINESS SECTOR	**Nassau-Suffolk PMSA (%)**	**United States (%)**
GOODS PRODUCING		
Natural Resources*, Construction & Mining	6	6
Manufacturing	7	10
Total Goods Producing	13	16
SERVICE PROVIDING** OR SERVICE PRODUCING*		
Trade, Transportation & Utilities	22	19
Financial Activities* or Finance, Insurance & Real Estate**	6	6
Assorted Services	44	43
Government	16	16
Total Service Providing / Producing	88	84

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 1998 through 2007. 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. In 2007, building activity fell again with only 930 building permits issued.

TABLE 9

COUNTY CONSTRUCTION ACTIVITY, 1998 - 2007

Year	Single-Family Dwellings	Other Housing Units*	Business Buildings	Industrial Buildings	Public Buildings	Total
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
1999	639	540	34	8	16	1,237
1998	746	563	42	5	13	1,369
Totals	7,432	5,542	321	71	86	13,452

SOURCE: Nassau County Planning Commission
*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 on 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 changed appreciably in 2007 as compared to 2006. The value of new residential construction over the same period decreased by 26%.

TABLE 11

COUNTY NEW RESIDENTIAL CONSTRUCTION ACTIVITY, 1998 - 2007

Year	Value of New Residential Construction (in thousands)	No. of New Dwelling Units By Building Permit
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
1999	199,433	1,151
1998	189,668	1,021

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

Table 12 shows the breakdown of new housing units by type and size. In 2007 construction of single-family dwellings in Nassau County fell to just 57% of the 2006 figure.

TABLE 12

NUMBER OF COUNTY NEW RESIDENTIAL HOUSING UNITS AUTHORIZED BY BUILDING PERMIT BY SIZE CATEGORY, 1998- 2007

Year	1 Family	2 Family	3-4 Family	5 or more Family	Total
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
1999	730	50	3	368	1,151
1998	770	34	4	213	1,021

SOURCES: U.S. Census Bureau, Construction Statistics Division-Building Permit Branch (1997-2004). 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 (80%) had a higher percentage of owner-occupied units than the State (66%) and the nation (53%) as a whole.

Housing prices and sales have been one of the County's strongest economic indicators over the last several years (see Table 13). Median home prices in the County increased by more than 100% from 2000 to 2006. Additionally, in 2006, the County reached a high for annual median sales price ($490,000). In 2008, the annual median sales price decreased by 7.7% while the number of homes sold was 15.7% lower than in 2007.

TABLE 13

COUNTY EXISTING HOME SALES, 1999-2008

Year	Median Sales Price	No. of Homes Sold
2008	$420,000	7,410
2007	455,000	8,788
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
1999	230,000	7,389

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, 2006-2008

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 53 routes, the MTALIB provides transit service for most of the County as well as parts of eastern Queens and western Suffolk County. The density of MTALIB's route network conforms to the development pattern of the County. MTALIB operates approximately 333 fixed route buses and 86 para-transit vehicles, including service across the Queens-Nassau line to subway and bus stations in Flushing, Far Rockaway and Jamaica. MTALIB has an average ridership of 108,600 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 adopted budget as of February 2009 showed that the total MTALIB estimated cash budget for 2009 is $133 million, of which $45.7 million or 34.3% was derived from passenger fares and other operating revenue. The cost to the County, the State and the MTA of operating MTALIB in 2007 was approximately $82 million. The County's share of the cost was approximately $10.5 million; State subsidies and additional State aid accounted for approximately $57.5 million; MTA subsidies accounted for the remaining $14 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). The new mezzanine at Jamaica 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, 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 KeyspanEnergy 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 is funded through legislation that 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 12,542 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.

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 other 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 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 shoreline. 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 is scheduled to host 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 and the Arena Football League's New York Dragons. Eisenhower Park's 80,000 square foot Swimming and Diving 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, 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 3.5%. 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 month's 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.

Effective March 1, 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 early 2008, inter-municipal agreements were signed 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. The County continues to explore the possibility of consolidating other sewer systems in the County into the County's sewer system.

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APPENDIX H
SPECIMEN INSURANCE POLICY

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ASSURED GUARANTY®
ENDURING FINANCIAL STRENGTH℠

Financial Guaranty Insurance Policy

Issuer: **Policy No.:**

Obligations: **Premium:**

Effective Date:

Assured Guaranty Corp., a Maryland corporation ("**Assured Guaranty**"), in consideration of the payment of the Premium and on the terms and subject to the conditions of this Policy (which includes each endorsement hereto), hereby unconditionally and irrevocably agrees to pay to the trustee (the "**Trustee**") or the paying agent (the "**Paying Agent**") for the Obligations (as set forth in the documentation providing for the issuance of and securing the Obligations) for the benefit of the Holders, that portion of the Insured Payments which shall become Due for Payment but shall be unpaid by reason of Nonpayment.

Assured Guaranty will make such Insured Payments to the Trustee or the Paying Agent on the later to occur of (i) the date applicable principal or interest becomes Due for Payment, or (ii) the Business Day next following the day on which Assured Guaranty shall have Received a completed Notice of Nonpayment. If a Notice of Nonpayment by Assured Guaranty is incomplete or does not in any instance conform to the terms and conditions of this Policy, it shall be deemed not Received, and Assured Guaranty shall promptly give notice to the Trustee or the Paying Agent. Upon receipt of such notice, the Trustee or the Paying Agent may submit an amended Notice of Nonpayment. The Trustee or the Paying Agent will disburse the Insured Payments to the Holders only upon receipt by the Trustee or the Paying Agent, in form reasonably satisfactory to it of (i) evidence of the Holder's right to receive such payments, and (ii) evidence, including without limitation any appropriate instruments of assignment, that all of the Holder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Assured Guaranty. Upon and to the extent of such disbursement, Assured Guaranty shall become the Holder of the Obligations, any appurtenant coupon thereto and right to receipt of payment of principal thereof or interest thereon, and shall be fully subrogated to all of the Holder's right, title and interest thereunder, including without limitation the right to receive payments in respect of the Obligations. Payment by Assured Guaranty to the Trustee or the Paying Agent for the benefit of the Holders shall discharge the obligation of Assured Guaranty under this Policy to the extent of such payment.

This Policy is non-cancelable by Assured Guaranty for any reason. The Premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment premium or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Assured Guaranty, nor against any risk other than Nonpayment.

Except to the extent expressly modified by any endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "**Avoided Payment**" means any amount previously distributed to a Holder in respect of any Insured Payment by or on behalf of the Issuer, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. "**Business Day**" means any day other than (i) a Saturday or Sunday, (ii) any day on which the offices of the Trustee, the Paying Agent or Assured Guaranty are closed, or (iii) any day on which banking institutions are authorized or required by law, executive order or governmental decree to be closed in the City of New York or in the State of Maryland. "**Due for Payment**" means (i) when referring to the principal of an Obligation, the stated maturity date thereof, or the date on which such Obligation shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless Assured Guaranty in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and (ii) when referring to interest on an Obligation, the stated date for payment of such interest. "**Holder**" means, in respect of any Obligation, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Obligation to payment of principal or interest thereunder, except that Holder shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Obligations. "**Insured Payments**" means that portion of the principal of and interest on the Obligations that shall become Due for Payment but shall be unpaid by reason of Nonpayment. Insured Payments shall not include any additional amounts owing by the Issuer solely as a result of the failure by the Trustee or the Paying Agent to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee or the Paying Agent by reason of such failure. "**Nonpayment**" means, in respect of an Obligation, the failure of the Issuer to have provided sufficient funds to the Trustee or the Paying Agent for payment in full of all principal and interest Due for Payment on such Obligation. It is further understood that the term "Nonpayment" in respect of an Obligation includes any Avoided Payment. "**Receipt**" or "**Received**" means actual receipt or notice of or, if notice is given by overnight or other delivery service, or by certified or registered United States mail, by a delivery receipt signed by a person authorized to accept delivery on behalf of the person to whom the notice was given. Notices to Assured Guaranty may be mailed by registered mail or personally delivered or telecopied to it at 1325 Avenue of the Americas, New York, New York 10019, Telephone Number: (212) 974-0100, Facsimile Number: (212) 581-3268, Attention: Risk Management Department – Public Finance Surveillance, with a copy to the General Counsel, or to such other address as shall be specified by Assured Guaranty to the Trustee or the Paying Agent in writing. A Notice of Nonpayment will be deemed to be Received by Assured Guaranty on a given Business Day if it is Received prior to 12:00 noon (New York City time) on such Business Day; otherwise it will be deemed Received on the next Business Day. "**Term**" means the period from and including the Effective Date until the earlier of (i) the maturity date for the Obligations, or (ii) the date on which the Issuer has made all payments required to be made on the Obligations.

At any time during the Term of this Policy, Assured Guaranty may appoint a fiscal agent (the "**Fiscal Agent**") for purposes of this Policy by written notice to the Trustee or the Paying Agent, specifying the name and notice address of such Fiscal Agent. From and after the date of Receipt of such notice by the Trustee or the Paying Agent, copies of all notices and documents required to be delivered to Assured Guaranty pursuant to this Policy shall be delivered simultaneously to the Fiscal Agent and to Assured Guaranty. All payments required to be made by Assured Guaranty under this Policy may be made directly by Assured Guaranty or by the Fiscal Agent on behalf of Assured Guaranty. The Fiscal Agent is the agent of Assured Guaranty only, and the Fiscal Agent shall in no event be liable to the Trustee or the Paying Agent for any acts of the Fiscal Agent or any failure of Assured Guaranty to deposit, or cause to be deposited, sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Assured Guaranty hereby waives, in each case for the benefit of the Holders only, all rights and defenses of any kind (including, without limitation, the defense of fraud in the inducement or in fact or any other circumstance that would have the effect of discharging a surety, guarantor or any other person in law or in equity) that may be available to Assured Guaranty to deny or avoid payment of its obligations under this Policy in accordance with the express provisions hereof. Nothing in this paragraph will be construed (i) to waive, limit or otherwise impair, and Assured Guaranty expressly reserves, Assured Guaranty's rights and remedies, including, without limitation: its right to assert any claim or to pursue recoveries (based on contractual rights, securities law violations, fraud or other causes of action) against any person or entity, in each case, whether directly or acquired as a subrogee, assignee or otherwise, subsequent to making any payment to the Trustee or the Paying Agent, in accordance with the express provisions hereof, and/or (ii) to require payment by Assured Guaranty of any amounts that have been previously paid or that are not otherwise due in accordance with the express provisions of this Policy.

This Policy (which includes each endorsement hereto) sets forth in full the undertaking of Assured Guaranty with respect to the subject matter hereof, and may not be modified, altered or affected by any other agreement or instrument, including, without limitation, any modification thereto or amendment thereof. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. This Policy will be governed by, and shall be construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, Assured Guaranty has caused this Policy to be affixed with its corporate seal, to be signed by its duly authorized officer, and to become effective and binding upon Assured Guaranty by virtue of such signature.

ASSURED GUARANTY CORP.

(SEAL)

By:______________________________
[Insert Authorized Signatory Name]
[Insert Authorized Signatory Title]

Signature attested to by:

____
Counsel

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