DAC Bond®

NEW ISSUE—FULL BOOK ENTRY

RATINGS: Insured Bonds: Moody's: Aaa
S&P: AAA
Fitch: AAA

Uninsured Bonds: Moody's: A2
S&P: A+
Fitch: 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, although Bond Counsel observes that such interest is 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
$171,810,000 GENERAL OBLIGATION BONDS, SERIES 2008
consisting of
$149,525,000 General Obligation Bonds, 2008 Series C

Dated: July 8, 2008 **Due: July 1, 2010 to 2028**

$22,285,000 General Obligation Bonds, 2008 Refunding Series D

Dated: July 8, 2008 **Due: January 1, 2009 to 2019**

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 at maturity 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 payment of principal of and interest on the Bonds maturing in 2013 and thereafter will be insured by a municipal bond insurance policy to be issued simultaneously with the delivery of the Bonds by Financial Security Assurance as more fully described herein under "BOND INSURANCE POLICY".

FSA®

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 Bonds are offered when, as and if issued and received by the Underwriters 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. Certain legal matters will be passed on for the Underwriters by their counsel, Hiscock & Barclay, LLP. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about July 8, 2008.

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

JPMorgan **MERRILL LYNCH & CO.**

BANC OF AMERICA SECURITIES LLC **LOOP CAPITAL MARKETS, LLC**

PIPER JAFFRAY & CO. **RAMIREZ & CO., INC.**

June 27, 2008

COUNTY OF NASSAU, NEW YORK
$171,810,000 GENERAL OBLIGATION BONDS, SERIES 2008

$149,525,000 General Obligation Bonds, 2008 Series C

AMOUNTS, MATURITIES AND INTEREST RATES

JULY 1	PRINCIPAL AMOUNT		INTEREST RATE	YIELD		CUSIP
2010	$ 7,800,000		4.00%	2.90%		63165NW95
2011	8,770,000		4.00	3.29		63165NX29
2012	9,125,000		4.00	3.51		63165NX37
2013	9,485,000	*	4.00	3.56		63165NX45
2014	9,865,000	*	4.00	3.70		63165NX52
2015	10,260,000	*	5.00	3.82		63165NX60
2016	10,770,000	*	5.00	3.94		63165NX78
2017	11,315,000	*	5.00	4.07		63165NX86
2018	11,875,000	*	0.00	4.43		63165NX94
2019	11,880,000	*	5.00	4.31	**	63165NY28
2020	12,470,000	*	5.00	4.41	**	63165NY36
2021	13,095,000	*	5.00	4.49	**	63165NY44
2022	13,750,000	*	5.00	4.54	**	63165NY51
2023	1,350,000	*	4.50	4.63		63165NY69
2024	1,410,000	*	4.50	4.68		63165NY77
2025	1,475,000	*	4.50	4.74		63165NY85
2026	1,540,000	*	4.50	4.79		63165NY93
2027	1,610,000	*	4.50	4.85		63165NZ27
2028	1,680,000	*	4.50	4.90		63165NZ35

$22,285,000 General Obligation Bonds, 2008 Refunding Series D

AMOUNTS, MATURITIES AND INTEREST RATES

JANUARY 1	PRINCIPAL AMOUNT		INTEREST RATE	YIELD	CUSIP
2009	$ 105,000		4.00%	2.00%	63165NZ43
2010	200,000		4.00	2.87	63165NZ50
2011	8,115,000		4.00	3.29	63165NZ68
2012	4,405,000		5.00	3.51	63165NZ76
2013	1,780,000	*	4.00	3.56	63165NZ84
2014	1,775,000	*	4.00	3.70	63165NZ92
2015	1,910,000	*	4.00	3.82	63165N2A5
2016	1,910,000	*	4.00	3.94	63165N2B3
2017	1,845,000	*	4.00	4.07	63165N2C1
2018	120,000	*	4.00	4.18	63165N2D9
2019	120,000	*	4.00	4.31	63165N2E7

* Insured Bonds.
** Priced to first optional call date.

COUNTY OF NASSAU, NEW YORK

COUNTY EXECUTIVE
Thomas R. Suozzi

COUNTY LEGISLATURE
Presiding Officer
Diane Yatauro

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.

COUNTY COMPTROLLER
Howard S. Weitzman

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

COUNTY TREASURER
Steven D. Conkling

BUDGET DIRECTOR
Elissa Tse Iannicello

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.

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No dealer, broker, salesman or other person has been authorized by the County or the Underwriters 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 Underwriters have provided the following sentence for inclusion in the Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with and, as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. 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.

Other than with respect to information concerning Financial Security Assurance Inc. ("Financial Security") contained under the caption "Bond Insurance Policy" and Appendix I specimen "Municipal Bond Insurance Policy" herein, none of the information in this Official Statement has been supplied or verified by Financial Security and Financial Security makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Bonds; or (iii) the tax exempt status of the interest on the Bonds.

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 CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

$171,810,000 GENERAL OBLIGATION BONDS, SERIES 2008

consisting of

$149,525,000 General Obligation Bonds, 2008 Series C

Dated: July 8, 2008 **Due: July 1, 2010 to 2028**

$22,285,000 General Obligation Bonds, 2008 Refunding Series D

Dated: July 8, 2008 **Due: January 1, 2009 to 2019**

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 $171,810,000 aggregate principal amount of General Obligation Bonds, Series 2008, dated July 8, 2008 and consisting of $149,525,000 General Obligation Bonds, 2008 Series C maturing annually on July 1, 2010 to 2028 (the "Series C Bonds") and $22,285,000 General Obligation Bonds, 2008 Refunding Series D maturing annually on January 1, 2009 to 2019 (the "Series D Bonds" and with the Series C Bonds, collectively, the "Bonds"). The Bonds are subject to optional redemption prior to maturity as described herein.

The Bonds are to be 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 Series C Bonds are being issued to fund various public purposes, including capital projects and certain judgments and settlements. The Series D Bonds are being issued to refund certain of the County's outstanding bonds and pay the costs of issuance of the Series D Bonds. See "PLAN OF REFINANCING" herein. The Bonds will be valid and legally binding general obligations of the County for which its faith and credit are pledged. The Bonds are payable as to principal and interest from *ad valorem* taxes which the County is empowered, obligated and directed by law to levy, without limitation, upon all assessable property within the corporate boundaries of the County, in each year in a rate and amount sufficient for such purpose until all of the Bonds and the interest thereon shall have been paid or provision shall have been made for such payment. For a discussion of the tax-exempt status of the Bonds, see "TAX MATTERS" herein.

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.

The Bonds do not constitute debt of the Nassau County Interim Finance Authority ("NIFA") or the State, and neither shall be liable on the Bonds. See "APPENDIX A – INFORMATION ABOUT THE COUNTY" herein.

Optional Redemption

The Bonds maturing after July 1, 2018 will be subject to redemption prior to their maturity, at the election of the County at any time, on or after July 1, 2018, in whole or in part, on any date from time to time, and in such maturity or maturities as the County shall determine, at a redemption price equal to 100% of the principal amount thereof, together with interest accrued and unpaid on the Redemption Date.

County May Not File For Bankruptcy Protection

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

Contract Remedies

The General Municipal Law ("GML") of the State provides that it shall be the duty of the governing board (in the case of the County, the County Legislature) to assess, levy and cause to be collected a sum of money sufficient to pay a final judgment which has been recovered against the County and remains unpaid. The GML further provides that the rate of interest to be paid by a municipal corporation upon any judgment against a municipal corporation shall not exceed the rate of nine per centum per annum. This provision might be construed to have application to the holders of the 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 bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

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

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 proceeds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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 registered form in denominations of $5,000 or integral multiples thereof.

PLAN OF REFINANCING

The Series D Bonds are being issued to refund all or a portion of selected maturities of certain outstanding bonds of the County, including the following:

Refunded Bonds

Series	Maturity Date	Principal Amount	Coupon	Call Date	Call Price
Series 1996W sewers	11/1/10	$110,000	5.30%	8/7/08	101%
Series 1996W sewers	11/1/09	110,000	5.30%	8/7/08	101%
Series 1997X sewers	3/1/12	115,000	5.30%	8/7/08	101%
Series 1997X sewers	3/1/11	115,000	5.30%	8/7/08	101%
Series 1997Y sewers	9/1/16	70,000	5.00%	8/7/08	102%
Series 1997Y sewers	9/1/15	75,000	5.00%	8/7/08	102%
Series 1997Y sewers	9/1/14	70,000	5.00%	8/7/08	102%
Series 1997Y sewers	9/1/13	75,000	5.00%	8/7/08	102%
Series 1997Y sewers	9/1/12	70,000	5.00%	8/7/08	102%
Series 1997Y sewers	9/1/11	70,000	5.00%	8/7/08	102%
Series 1998A sewers	3/1/17	225,000	5.00%	8/7/08	102%
Series 1998A sewers	3/1/16	220,000	5.00%	8/7/08	102%
Series 1998A sewers	3/1/15	225,000	5.00%	8/7/08	102%
Series 1998A sewers	3/1/14	220,000	5.00%	8/7/08	102%
Series 1998A sewers	3/1/13	230,000	5.00%	8/7/08	102%
Series 1998A sewers	3/1/12	250,000	5.00%	8/7/08	102%
Series 1998B sewers	9/1/17	85,000	5.00%	9/1/08	102%
Series 1998B sewers	9/1/16	85,000	5.00%	9/1/08	102%
Series 1998B sewers	9/1/15	85,000	5.00%	9/1/08	102%
Series 1998B sewers	9/1/14	85,000	5.00%	9/1/08	102%
Series 1998B sewers	9/1/13	85,000	5.00%	9/1/08	102%
Series 1998B sewers	9/1/12	80,000	5.00%	9/1/08	102%
Series 1998B sewers	9/1/11	80,000	5.00%	9/1/08	102%
Series 1998Y general	3/1/17	1,405,000	5.00%	8/7/08	102%
Series 1998Y general	3/1/16	1,385,000	5.00%	8/7/08	102%
Series 1998Y general	3/1/15	1,365,000	5.00%	8/7/08	102%
Series 1998Y general	3/1/14	1,335,000	5.00%	8/7/08	102%
Series 1998Y general	3/1/13	1,310,000	5.00%	8/7/08	102%
Series 1998Y general	3/1/12	3,805,000	5.00%	8/7/08	102%
Series 1998Z general	9/1/11	7,550,000	5.00%	9/1/08	102%
Series 1999D sewers	1/1/19	120,000	5.50%	1/1/10	102%
Series 1999D sewers	1/1/18	120,000	5.50%	1/1/10	102%
Series 1999D sewers	1/1/17	120,000	5.50%	1/1/10	102%
Series 1999D sewers	1/1/16	120,000	5.50%	1/1/10	102%
Series 1999D sewers	1/1/15	115,000	5.50%	1/1/10	102%
Total		**$21,585,000**			

Upon delivery of the Series D Bonds, proceeds will be deposited in an escrow fund with Well Fargo Bank, N.A. (the "Escrow Agent"), under an Escrow Agreement (the "Escrow Agreement") to be dated as of July 8, 2008, between the Escrow Agent and the County. The Escrow Agent will deposit in an irrevocable trust fund called $22,483,957.43 of the net proceeds of the Series D Bonds of which $22,483,956, which will be used to purchase direct obligations or obligations guaranteed by the United States of America, including State and Local Government Series Securities (the "Government Obligations"), the principal of and interest on which, when due, along with the uninvested cash amounts, will provide amounts sufficient to meet principal, interest payments and redemption prices on the Refunded Bonds on the dates such payments are due. All investment income on and maturing principal of the Government Obligations held in the Escrow Fund and needed to pay the principal and premium of, and interest on the Refunded Bonds will be irrevocably deposited by the County, or its agent, for payment of the Refunded Bonds.

Under the Refunding Financial Plan (as defined in the applicable ordinance of the County authorizing the issuance of the Bonds), the Refunded Bonds will continue to be general obligations of the County and will continue to be payable from County funds legally available therefore. However, since the maturing Government Obligations together with interest earnings thereon and cash held in the Escrow Fund will be sufficient to meet all required payments of principal of, and interest on, and redemption premiums payable with respect to, the Refunded Bonds, it is not anticipated that other sources of payment will be utilized. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS".

SOURCES AND USES OF PROCEEDS OF THE BONDS

The County expects to apply the proceeds from the sale of the Bonds as follows:

Sources	
Par Amount of the Series C Bonds	$149,525,000.00
Par Amount of the Series D Bonds	22,285,000.00
Net Original Issuance Premium of the Series C Bonds	925,7427.40
Net Original Issuance Premium of the Series D Bonds	424,809.05
Total Sources	$173,160,536.45
Uses	
New Money County Purposes	$148,500,000.00
Deposit to Escrow Fund	22,483,957.43
Costs of Issuance for the Bonds	1,402,169.71*
Underwriters' Discount for the Bonds	774,409.31
Total Uses	$173,160,536.45

* Includes bond insurance premium.

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.

County Budget Director - Elissa Tse Iannicello

Elissa Tse Iannicello joined the Office of Management and Budget ("OMB") in August 2003 and was named Budget Director in November 2007. Prior to becoming Budget Director, she was the OMB Finance and Operations Unit Director. Her responsibilities include developing and implementing the annual budget and multi-year financial plan, monthly monitoring of departmental expenditures and revenues, providing fiscal support to departments via the processing of financial transactions, conducting monthly performance measurement of the County departments, and addressing policy issues and recommending operational improvements. In addition, she is the point person for all interaction between OMB and the fiscal monitors, ratings agencies and State and local entities. This liaison work includes directing interaction and presentations to the ratings agencies and other counties in the State, and leading all monthly fiscal monitoring meetings. Prior to her employment with the County, she was employed at Coty US LLC from 2000 in various positions, including brand manager. Other prior experience includes five years with AIG from 1995 to 2000, including three years as a senior financial analyst. She graduated from Hofstra University with a bachelor's degree in Marketing in 1993 and an M.B.A. with a focus in Banking and Finance from Dowling College in 2003.

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 and capital budgets, 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 excess cash 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 2008-2011 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 or 3.57% of the County's prior-year expenditures. The County also maintains various reserves created pursuant to GML: these reserves totaled approximately $89.7 million as of December 31, 2006 and approximately $40.2 million (unaudited) as of December 31, 2007. See "COUNTY FINANCIAL CONDITION – 2008 Budget and 2008-2011 Multi-Year Financial Plan Update" herein. These reserves may be utilized with the approval of the County Legislature.

Investment Policy. Under the law of the State, the County is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State (or public authorities of the State as may be provided by law); (5) with the approval of the State Comptroller, tax anticipation notes and revenue anticipation notes issued by any municipality (other than the County), school district or district corporation in the State; (6) certain certificates of participation issued on behalf of political subdivisions of the State; and (7) in the case of County monies held in certain reserve funds established pursuant to law, obligations issued by the County. The law further requires that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by a pledge of eligible securities (or a pro rata portion of a pool of eligible securities), an eligible surety bond or an eligible letter of credit, as those terms are defined in the law. The County's investment policy authorizes the County to enter into repurchase agreements, subject to certain restrictions. From time to time, the County Legislature adopts resolutions setting forth the County's investment policy in accordance with the above statutory limitations, which policy currently substantially mirrors (1) through (7) above. The primary objectives of the County's investment program are to: (1) comply with all applicable provisions of law; (2) safeguard the principal of all investments; (3) provide sufficient liquidity to ensure that monies invested are available to meet expenditures and fulfill obligations as they come due; and (4) obtain the maximum rate of return that is consistent with the preceding objectives.

Swap Policy. State law does not empower the County to enter into interest rate exchange agreements, 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 is now underway.

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.

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.

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 notes 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

Financial Results 2006

The County ended the 2006 fiscal year with a $45.5 million operating surplus in its Major Operating Funds.

The County directed $25 million of such surplus toward the payment of property tax refunds in 2007. The County transferred $16 million of the 2006 surplus into its Retirement Contribution Reserve Fund and $2 million was used as part of an agreement to transfer certain park lands and roads to the Town of North Hempstead.

Financial Results 2007

The County ended the 2007 fiscal year with a $23.8 million (unaudited) operating surplus in its Major Operating Funds. The County transferred the entire $23.8 million surplus to undesignated fund balance.

2008 Budget and 2008-2011 Multi-Year Financial Plan Update

The County Executive submitted his proposed 2008 Budget to the County Legislature on September 17, 2007. The County Legislature adopted the budget on October 29, 2007 after making amendments totaling $1.4 million. The adopted 2008 Budget includes $2.6 billion in appropriations, excluding interdepartmental and inter-fund transfers, to support the Major Operating Funds. The adopted 2008 Budget was 1.9% more than the 2007 Budget, at a time when the Consumer Price Index is twice that, at 3.8%. Also, it did not rely upon any NIFA transitional assistance or debt restructuring. All positions were fully funded. The adopted 2008 Budget drew down on $24.5 million of the Retirement Contribution Reserve Fund and included a transfer of $10 million from the projected 2007 operating surplus to the operating fund. See "APPENDIX A – INFORMATION ABOUT THE COUNTY" herein. The adopted 2008 Budget held the tax levy constant in county-wide funds in the aggregate for the fifth consecutive year.

On November 8, 2007, NIFA approved the 2008-2011 Multi-Year Financial Plan and the 2008 Budget. The 2008-2011 Multi-Year Financial Plan Update, submitted to NIFA on May 1, 2008, extends the core gap-closing measures that have been utilized previously by the County. A summary of such measures is shown in Figure 1.

FIGURE 1
SUMMARY OF GAP-CLOSING MEASURES
INCLUDED IN THE 2008-2011 MULTI-YEAR FINANCIAL PLAN UPDATE
MAJOR OPERATING FUNDS (DOLLARS IN MILLIONS)

	2008	2009	2010	2011
Estimated Baseline Gap	**$0.0**	**($134.3)**	**($174.6)**	**($194.6)**
Gap Closing Measures				
Smart Government Initiatives	0.0	5.5	11.3	13.4
Workforce Management	0.0	10.0	15.0	15.0
Annual CPI Property Tax Growth	0.0	29.6	60.3	92.2
Value of New Construction	0.0	3.9	7.8	11.7
Use of Remaining Tobacco Proceeds	0.0	23.0	5.0	0.0
Pension Reserve	0.0	0.5	0.0	0.0
Health Insurance Cost Reductions	0.0	15.0	20.0	20.0
PAYGO Judgments and Settlements	0.0	(5.0)	(10.0)	(15.0)
Subtotal Gap Closing Measures	$0.0	$82.5	$109.3	$137.2
Surplus/Deficit After Gap Closing Measures	**$0.0**	**($51.8)**	**($65.2)**	**($57.3)**
Options to Close Remaining Gap				
Video Lottery Terminals	$0.0	$20.0	$20.0	$20.0
Proposed Legislative Cigarette Tax	0.0	28.4	28.4	28.4
Red Light Cameras	0.0	7.0	7.0	7.0
Residential Energy Tax	0.0	21.0	21.6	22.3
Discretionary Programming Reductions	0.0	7.5	7.5	7.5
Debt Restructuring	0.0	0.0	5.0	5.0
Subtotal Options to Close Remaining Gap	$0.0	$83.9	$89.5	$90.2
Surplus/Deficit Assuming Gap Closing Options	**$0.0**	**$32.1**	**$24.3**	**$32.8**

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 expects to increase its property tax levy supporting the Major Operating Funds by 3.9% annually during the remainder of the plan period. The 2008-2011 Multi-Year Financial Plan Update continues support of the appropriation to finance a portion of the expense of judgments and settlements on a pay-as-you-go basis. This appropriation is expected to grow steadily in each successive year until it reaches approximately $15 million in 2011.

The County has identified a number of potential risks to its future financial performance. Such risks include, but are not limited to, the continuation of slow growth in County sales tax revenues, a continued cooling off of 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. GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start. The County expects to be in compliance with the requirements of GASB 45 and as of January 1, 2008, the County's unfunded accrued liability for OPEB is $3.343 billion.

The 2008-2011 Multi-Year Financial Plan Update identifies a number of contingencies the County could exercise in the event that risks emerge which threaten the County's financial performance. For example, the County may continue using surplus current-year resources 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 totaled approximately $40.2 million (unaudited) as of the end of the 2007 fiscal year and are projected to be approximately $15.7 million as of December 31, 2008. These reserves may be utilized with the approval of the County Legislature.

As discussed herein, the County is required to close substantial 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 and contingencies which are uncertain and which may not materialize. Such assumptions and contingencies 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.

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.

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

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

COVENANT TO MAKE CONTINUING DISCLOSURE

At the time of the issuance and delivery of the 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.

The County has made covenants to provide annual financial information, audited financial statements and notices of material events for the benefit of the holders of its bonds and notes issued to the public since July 3, 1995, as well as for the benefit of the holders of certain bonds issued by the New York State Environmental Facilities Corporation ("EFC") with respect to which, and to the extent, the County is an "obligated person" as defined in the Rule. During the period after the County issued bonds in May of 2000 until December of 2003 (at which time NIFA issued bonds and notes on behalf of the County), the County did not fully comply with its covenants to provide such continuing disclosure. Instead, the County relied on the more limited general and economic information disclosed regarding the County as set forth in the offering circulars or official statements prepared in connection with the issuance of NIFA obligations. The County has implemented, through the County Treasurer's Office and the County Attorney's Office, a process by which an annual financial information statement will be made available to the marketplace on a regular basis if subsequent disclosure documents prepared in connection with future County borrowings do not satisfy the Rule. The first annual information statement under such process was filed in July of 2004, and the County has remained in compliance with the Rule since then.

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. 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 on 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 the Law Offices of Joseph C. Reid, P.A., New York, New York, Disclosure Counsel, and for the Underwriters by Hiscock & Barclay, LLP, Albany, 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, although Bond Counsel observes that such interest is 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.

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 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). 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.

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.

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 federal 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, or 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

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Financial Security Assurance Inc. ("Financial Security") will issue its Municipal Bond Insurance Policy (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds maturing in the years 2013 and thereafter (the “Insured Bonds”) when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

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

Financial Security Assurance Inc.

Financial Security is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Financial Security Assurance Holdings Ltd. ("Holdings"). Holdings is an indirect subsidiary of Dexia, S.A., a publicly held Belgian corporation, and of Dexia Credit Local, a direct wholly-owned subsidiary of Dexia, S.A. Dexia, S.A., through its bank subsidiaries, is primarily engaged in the business of public finance, banking and asset management in France, Belgium and other European countries. No shareholder of Holdings or Financial Security is liable for the obligations of Financial Security.

At March 31, 2008, Financial Security's consolidated policyholders' surplus and contingency reserves were approximately $3,012,872,486 and its total net unearned premium reserve was approximately $2,419,501,630 in accordance with statutory accounting principles. At March 31, 2008, Financial Security's consolidated shareholder’s equity was approximately $3,053,752,711 and its total net unearned premium reserve was approximately $1,882,057,335 in accordance with generally accepted accounting principles.

The consolidated financial statements of Financial Security included in, or as exhibits to, the annual and quarterly reports filed after December 31, 2007 by Holdings with the Securities and Exchange Commission are hereby incorporated by reference into this Official Statement. All financial statements of Financial Security included in, or as exhibits to, documents filed by Holdings pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this Official Statement and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement. Copies of materials incorporated by reference will be provided upon request to Financial Security Assurance Inc.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

The Policy does not protect investors against changes in market value of the Insured Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings or other causes. Financial Security makes no representation regarding the Bonds or the advisability of investing in the Bonds. Financial Security makes no representation regarding the Official Statement, nor has it participated in the preparation thereof, except that Financial Security has provided to the County the information presented under this caption for inclusion in the Official Statement.

RATINGS

Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Services ("S&P") and Fitch Ratings ("Fitch") are expected to assign the Bonds maturing in 2013 and thereafter ratings of Aaa, AAA and AAA, respectively, based on the FSA Insurance Policy. Moody's, S&P and Fitch have assigned the Bonds maturing in 2009 through 2012 ratings of A2, A+ and A+, respectively.

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 of, 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.

UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions precedent, to purchase all, but not less than all, of the Bonds from the County at an aggregate purchase price of $172,386,127.14 (representing the aggregate principal amount of the Bonds plus net original issue premium of $408,358.99 and less Underwriters' discount of $774,409.31) and also pay the bond insurance premium. The Bonds may be reoffered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than those stated on the inside cover page of this Official Statement and such public offering prices may be changed, from time to time, by the Underwriters.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Robert Thomas CPA, LLC, will deliver to the County, on or before the closing date of the Series D Bonds, its attestation report indicating that it has examined the information and assertions provided by the County and its representatives. Included in the scope of its examination will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Government Obligations to pay, when due, the maturing principal of and interest and redemption premium on the Refunded Bonds, and (b) the mathematical computations supporting the conclusion of Bond Counsel that the Series D Bonds are not "arbitrage bonds" under the Code.

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 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 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 have been duly authorized by the County Treasurer on behalf of the County.

COUNTY OF NASSAU, NEW YORK

By: /s/ Steven D. Conkling
County Treasurer

June 27, 2008

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APPENDIX A

INFORMATION ABOUT THE COUNTY

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INFORMATION ABOUT THE COUNTY

The information below provides comprehensive information on the County, its financial management, current financial condition, litigation and other information and factors affecting the County.

COUNTY GOVERNMENT AND FINANCIAL MANAGEMENT

MONITORING AND OVERSIGHT

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

Internal

County Comptroller

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

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada ("GFOA") has awarded a Certificate of Achievement for Excellence in Financial Reporting (a "Certificate") to the County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 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 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 upon the issuance of the Bonds.

In addition to its general monitoring and review authority described above, during the "interim finance period," as defined in the NIFA Act, NIFA is empowered, among other things, to review the four year financial plans of the County (each a "Multi-Year Financial Plan") (which are required to be submitted to NIFA by September 15th of each year during such period and during a control period, as further discussed below), to make recommendations and require modifications thereon or, if necessary, to make adverse findings thereon. The NIFA Act also requires the County to submit each year its proposed budget to NIFA consistent with the Multi-Year Financial Plan. The interim finance period has been in effect since enactment of the NIFA Act in June of 2000, and will continue through 2008 under current law. Such Multi-Year Financial Plans cover for the four-year period beginning with the ensuing fiscal year for the County and Covered Organizations, and must provide that the Major Operating Funds are balanced in accordance with generally accepted accounting principles. The NIFA Act imposes certain limits on the County's ability to count as operating revenues in its Multi-Year Financial Plans, among other things, the proceeds of County or NIFA debt issued to finance the payment of tax certiorari judgments and settlements.

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 or notes 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, 2006 and 2005 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 2008 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. All 2007 amounts are unaudited.

FIGURE 2
REVENUES (MAJOR OPERATING FUNDS)

REVENUES CATEGORY	**2004**	**2005**	**2006**	**2007**	**Adopted 2008 Budget**
SALES TAX	$ 939,861,602	$ 953,816,120	$ 988,035,431	$1,011,868,760	$1,042,557,825
PROPERTY TAX	743,001,328	745,914,600	739,575,163	762,485,720	773,371,054
STATE AID	209,124,400	194,881,556	187,799,296	193,583,548	220,965,546
FEDERAL AID	126,207,269	114,518,569	115,189,637	112,112,114	120,396,948
DEPARTMENTAL REVENUES	82,337,675	84,633,482	84,416,802	92,087,472	95,621,707
MEDICAID INTER-GOVERNMENTAL TRANSFER REVENUES	121,715,135	38,533,915	0	0	0
OTHER REVENUES	183,081,807	224,306,074	224,466,606	293,985,229	217,098,898
STATE (NIFA) AID	7,500,000	12,332,938	0	0	0
INTERFUND/INTER-DEPARTMENTAL REVENUES	438,178,442	421,485,584	431,880,986	397,591,494	480,421,833
TOTAL	**$2,851,007,658**	**$2,790,422,838**	**$2,771,363,921**	**$2,863,714,337**	**$2,950,433,811**

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 42.2% of the total revenues in the 2008 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.

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**
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%
2004	2,251,242,280	901,876,911	40.1%	2,412,829,216	939,861,602	39.0%

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 2007 through 2009 fiscal years. The amount so allocated for the 2007 fiscal year was approximately $1.25 million; the County projects the amount to be so allocated to the villages to be approximately $1.25 million in its 2008 fiscal year.

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 31.3% of total revenues in the 2008 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 22.12% of its constitutional tax limit. See "REAL PROPERTY TAX ASSESSMENT AND COLLECTION – Real Property Tax Limit" herein. The 2008 Budget assumes a $15 million real property tax levy increase in the Major Operating Funds offset by a $15 million decrease in the Sewer and Storm Water Resources District Fund levy. Figure 4 shows property tax levies in the Major Operating Funds.

FIGURE 4
PROPERTY TAX LEVY
(MAJOR OPERATING FUNDS)

Fund	2006 Levy	2007 Levy	2008 Levy
Police District Fund	$333,627,075	$331,639,639	$332,325,833
Police Headquarters Fund	258,049,976	287,070,223	279,632,013
General Fund	80,016,368	123,962,486	145,858,384
Parks, Recreation and Museums Fund*	51,167,929	0	0
Fire Prevention Fund	15,849,706	15,698,706	15,554,824
Total	**$738,711,054**	**$758,371,054**	**$773,371,054**

* The Parks, Recreation and Museums Fund was consolidated into the General Fund in 2007.

The 2008-2011 Multi-Year Financial Plan Update has as one of its gap closing measures an increase in the property tax levy for approximately 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)

	Budgeted			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**
2008	$2,470,011,978	$773,371,054	31.3%	N/A	N/A	N/A
2007	2,410,825,867	758,371,054	31.5%	$2,466,122,843	$762,485,720	30.9%
2006	2,355,426,962	738,711,054	31.4%	2,339,482,935	739,575,163	31.6%
2005	2,368,625,777	738,711,109	31.2%	2,368,937,254	745,914,600	31.5%
2004	2,251,242,280	738,711,111	32.8%	2,412,829,216	743,001,328	30.8%

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 December 31, 2007	Percentage Uncollected as of December 31, 2007
January 1, 2008	$773,371	N/A	N/A	N/A	N/A
January 1, 2007	758,371	$18,205	2.4005%	$18,205	2.4005%
January 1, 2006	738,711	19,291	2.6115%	682	.0923%
January 1, 2005	738,711	20,924	2.8325%	419	.0567%
January 1, 2004	738,711	17,959	2.4311%	445	.0602%

See "REAL PROPERTY TAX ASSESSMENT AND COLLECTION" herein.

State and Federal Aid

Approximately 13.8% of the total revenues in the 2008 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 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. All 2007 amounts are unaudited.

FIGURE 7
EXPENDITURES BY CATEGORY
(MAJOR OPERATING FUNDS)

EXPENDITURE CATEGORY	2004	2005	2006	2007	Adopted 2008 Budget
SALARIES & WAGES	$740,233,395	$784,252,654	$801,531,668	$850,523,710	$855,007,143
FRINGE BENEFITS	322,223,830	349,179,136	379,118,929	403,805,624	388,398,214
MEDICAID	247,553,091	238,948,840	212,598,284	218,991,351	225,698,854
MEDICAID IGT	121,715,135	40,973,707	1,171,947	0	0
DSS ENTITLEMENT PROGRAMS	140,793,931	142,553,122	143,307,894	146,071,410	147,647,397
CONTRACTUAL SERVICES	159,626,424	121,929,372	134,540,248	129,142,585	136,517,138
ADMINISTRATIVE EXPENSES	76,929,017	75,432,252	76,675,552	72,679,227	80,468,912
DEBT SERVICE (Interest & Principal)*	232,132,291	176,281,941	145,215,305	122,447,059	131,002,547
LOCALGOVERNMENT ASSISTANCE	55,516,592	56,946,225	59,742,639	60,603,147	62,621,959
MASS TRANSPORTATION	41,214,474	45,172,998	45,902,617	46,933,855	47,370,357
OTHER EXPENSES	313,198,367	324,138,791	363,425,196	466,606,952	483,788,927
INTERFUND/INTERDEPARTMENTAL TRANSFERS	390,369,786	366,344,540	384,163,387	322,133,378	391,912,363
TOTAL	**$2,841,506,333**	**$2,722,153,578**	**$2,747,393,666**	**$2,839,938,298**	**$2,950,433,811**

* 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	2006 Actual	2007 Actual	2008 Budget
GENERAL FUND	$1,420,119,711	$1,569,234,706	$1,584,811,460
DEBT SERVICE FUND	290,592,260	292,695,316	314,726,838
POLICE DISTRICT FUND	303,981,203	322,405,353	328,138,625
POLICE HEADQUARTERS FUND	290,317,966	315,462,357	312,048,401
PARKS, RECREATION AND MUSEUMS FUND*	41,083,012	0	0
FIRE PREVENTION FUND	17,136,127	18,007,187	18,796,124
Total	**$2,363,230,279**	**$2,517,804,919**	**$2,558,521,448**

* The Parks, Recreation and Museums Fund was consolidated into the General Fund in 2007.

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 50% of total Major Operating Funds expenditures in the 2008 Budget.

Employee Earnings

Employee earnings include base wages, overtime, termination pay and other payments made to employees. Growth relates primarily to annual step increases and cost of living increases pursuant to collective bargaining agreements (see Appendix F – COUNTY WORKFORCE for details of wage packages and agreements). The County's workforce reduction initiative, which has resulted in a 503-person reduction in the size of the full-time workforce in the Major Operating Funds between January 2002 and March 2008, 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 2008	8,972

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. Over the last five years, the County's health insurance costs have increased by 60% for active employees and 54% for retirees. The 2008 Budget assumes a 7.0% increase for active employees and a 5.25% increase for retirees. In 2008, the County has 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	2004	2005	2006	2007	Adopted 2008 Budget
Active Employees	$80,455,061	$89,777,754	$101,479,559	$108,138,677	$119,322,241
Retirees	71,383,571	90,992,634	96,089,548	96,680,561	101,336,921
Total Health Insurance	**$151,838,632**	**$180,770,388**	**$197,569,107**	**$204,819,238**	**$220,659,162**

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 2008, the contribution rate will average 9.98% of payroll for ERS members and 16.94% for PFRS members. This has resulted in substantial increases in the County's pension costs, as shown in Figure 10.

State law enacted in 2003 requires the County to make a minimum contribution of 4.5% of payroll every year. 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 impact of this deferral on the County's 2004 finances was a savings of $78.5

million in the Major Operating Funds, which was reserved in full to assist the County in making future pension payments. The County recognized this liability during 2004 consistent with the GASB's guidance regarding the correct accounting treatment of pension expense for financial reporting purposes. However, consistent with the intent of the State legislation, the County did not recognize the obligation on a budgetary basis until 2005. This resulted in a significant decrease in the County's 2004 pension costs and a significant increase in such costs in 2005, as shown in Figure 11. From the 2006 surplus, the County added $16 million to its Retirement Contribution Reserve Fund.

The County used $35 million, $34.2 million and $26.4 million of the reserve in 2005, 2006 and 2007, respectively, to pay part of its 2005, 2006 and 2007 pension bills from the State. The 2008 Budget assumes the use of $24.5 million of the reserve to pay part of the County's pension bill in 2008. The 2008-2011 Multi-Year Financial Plan Update has, as a gap closing measure, the use of the remainder of the reserve, approximately $0.5 million.

FIGURE 11
PENSION COSTS

Pension System	**2003**	**2004**	**2005**	**2006**	**2007**	**Adopted 2008 Budget**
Employees Retirement System (ERS)	$35,283,696	$4,561,727	$36,199,006	$37,358,160	$31,812,324	$30,687,215
Police and Fire Retirement System (PFRS)	18,857,359	4,701,246	47,490,709	39,337,656	49,942,580	45,714,291
Total	**$54,141,055**	**$9,262,973**	**$83,689,715**	**$76,695,816**	**$81,754,904**	**$76,401,506**
Draw from reserve fund	0	0	34,405,384	33,458,590	26,400,000	24,500,000
Total Pension Payment	**$54,141,055**	**$9,262,973**	**$118,095,099**	**$110,154,406**	**$108,154,904**	**$100,901,506**

Medicaid

Under the Medicaid cap law established in 2006, local expenses are capped at a formula-derived base amount, which is a percentage growth 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.

The County's 2008 Medicaid appropriation, which includes 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 County has elected to continue to pay an annual increase of 3% from each prior year, rather than swap with the State an equivalent percentage of sales tax revenue otherwise payable to the County. The 2008-2011 Multi-Year Financial Plan Update reflects Medicaid expenses of $237.4 million in 2010 and $244.5 in 2011.

Other Social Services Entitlement Programs

Other County Department of Social Services entitlement programs comprise approximately 4.7% of the 2008 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 4.6% of the 2008 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, are expected to total $314.7 million in fiscal year 2008, 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 and associated debt service 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 April 30, 2008)
(Dollars in Thousands)

Average Full Valuation of Real Estate for the Fiscal Years Ended in 2003 Through 2007	
2007 Full Valuation	$244,238,974
2006 Full Valuation	212,313,816
2005 Full Valuation	193,592,238
2004 Full Valuation	179,807,935
2003 Full Valuation	161,160,799
	$991,113,762
Average Full Valuation	$198,222,752
Constitutional Debt Margin:	
Constitutional Limit of Total Indebtedness, 10% Average Full Valuation	$19,822,275
Outstanding Indebtedness	
General Government	$444,660
NIFA	1,958,525
Sewer District	98,635
Environmental Facilities Corporation	144,932
Notes	200,000
Real Property Liabilities	7,700
Guarantees	315,110
Contract Liabilities	189,569
Total Outstanding Indebtedness	$3,359,131
Less: Constitutional Exclusions	
Cash and Investments - Capital Projects Funds	$23,820
Tax and Revenue Anticipation Notes Payable	200,000
Less: Total Exclusions	$223,820
Net Outstanding Indebtedness (15.82%)	$3,135,311
Constitutional Debt Margin (84.18%)	$16,686,964

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 APRIL 30, 2008)

General Purposes[1]		
County Debt		$437,402,362
NIFA Debt		1,905,087,513
	Subtotal	$2,342,489,874
Sewer Districts Purposes[2]		
County Debt		$250,824,618
NIFA Debt		53,437,487
	Subtotal	$304,262,106
	Total	$2,646,751,980

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, 2007 (IN THOUSANDS)

Purpose	**Amount Authorized but Unissued**
Community College	$ 15,950
Health	70,037
Information Technology	49,043
Infrastructure	325,574
Land Acquisition	30,966
Mass Transportation	64,193
Miscellaneous	13,710
Parks & Recreation	71,931
Public Safety	88,983
Sewer & Storm Water	349,457
Special Equipment	15,918
Property Tax Refunds & Other Judgments & Settlements	169,882
Total	$1,265,645

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 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. Such figures do not reflect the following:

On May 15, 2008, NIFA issued $605,055,000 of Sales Tax Secured Variable Rate Bonds, Series 2008A-E, structured as variable rate demand obligations, to refund in full NIFA's $450,000,000 outstanding Sales Tax Secured Variable Rate Bond, Series 2004B-G (Auction Rate Securities) and $150,000,000 outstanding Sales Tax Secured Variable Rate Bond, Series 2004I-K (Auction Rate Securities). NIFA's interest rate swap agreements were maintained. On June 2, 2008, NIFA issued $123,185,000 of Sales Tax Secured Variable Rate Bonds, Series 2008F, structured as variable rate demand obligations, to refund in full NIFA's outstanding $118,650,000 Sales Tax Secured Variable Rate Bonds, Series 2005B-C (Auction Rate Securities); $7,090,000 of the outstanding Sales Tax Secured Bonds, Series 2001A; $4,505,000 of the outstanding Sales Tax Secured Bonds, Series 2002A; and $1,490,000 of the outstanding Sales Tax Secured Bonds, Series 2002B.

Figure 15

Total County and NIFA Debt Service
(as of April 30, 2008)

	County Bonds [1,2]			NIFA Bonds[3,4]			Total		
Date	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
12/31/2008	$70,836,980	$19,975,311	$82,762,311	$82,412,500	$69,110,118	$151,522,618	$153,249,480	$89,085,429	$234,284,929
12/31/2009	104,020,500	29,568,113	133,588,613	104,486,667	79,055,426	183,542,093	208,507,167	108,623,540	317,130,706
12/31/2010	88,125,500	24,289,753	112,415,253	109,850,000	74,149,857	183,999,857	197,975,500	98,439,610	296,415,110
12/31/2011	64,923,500	20,074,518	84,998,018	128,035,000	69,041,261	197,076,261	192,958,500	89,115,779	282,074,279
12/31/2012	40,722,500	16,982,287	57,704,787	146,986,667	62,939,484	209,926,150	187,709,167	79,921,770	267,630,937
12/31/2013	36,094,000	15,027,152	51,121,152	149,571,667	55,906,816	205,478,483	185,665,667	70,933,968	256,599,634
12/31/2014	30,018,000	13,253,704	43,271,704	144,960,000	49,180,520	194,140,520	174,978,000	62,434,224	237,412,224
12/31/2015	28,619,000	11,834,710	40,453,710	141,400,000	42,779,478	184,179,478	170,019,000	54,614,188	224,633,188
12/31/2016	21,511,000	10,594,442	32,105,442	134,161,667	36,543,941	170,705,607	155,672,667	47,138,383	202,811,050
12/31/2017	20,925,000	9,531,159	30,456,159	124,745,000	31,034,185	155,779,185	145,670,000	40,565,344	186,235,344
12/31/2018	19,505,000	8,544,139	28,049,139	120,690,000	25,822,519	146,512,519	140,195,000	34,366,659	174,561,659
12/31/2019	19,598,000	7,582,610	27,180,610	124,423,333	21,029,564	145,452,897	144,021,333	28,612,174	172,633,507
12/31/2020	20,358,000	6,572,519	26,930,519	112,166,667	16,385,981	128,552,647	132,524,667	22,958,500	155,483,166
12/31/2021	19,716,000	5,544,002	25,260,002	89,941,667	12,019,744	101,961,411	109,657,667	17,563,746	127,221,412
12/31/2022	20,569,000	4,547,251	25,116,251	77,485,000	8,299,590	85,784,590	98,054,000	12,846,841	110,900,841
12/31/2023	19,900,000	3,528,128	23,428,128	60,855,000	4,951,851	65,806,851	80,755,000	8,479,978	89,234,978
12/31/2024	16,160,000	2,567,815	18,727,815	42,816,667	2,450,760	45,267,427	58,976,667	5,018,576	63,995,242
12/31/2025	11,135,000	1,766,186	12,901,186	15,880,000	700,263	16,580,263	27,015,000	2,466,449	29,481,449
12/31/2026	9,160,000	1,320,511	10,480,511	0	0	0	9,160,000	1,320,511	10,480,511
12/31/2027	9,525,000	930,744	10,455,744	0	0	0	9,525,000	930,744	10,455,744
12/31/2028	9,885,000	525,758	10,410,758	0	0	0	9,885,000	525,758	10,410,758
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	$688,226,980	$215,271,488	$895,448,488	$1,910,867,500	$661,401,358	$2,572,268,858	$2,599,094,480	$876,672,846	$3,467,717,346

1. Payments under the 2004 County Guaranty 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, 2005B and 2005C variable rate bonds, and the rate on the NIFA 2004 Series B-G and I-K auction rate debt is calculated using the fixed rate swap.
4. Total NIFA principal amount of $1,910,867,500 is net of the NIFA debt service set asides.

Figure 16

County and NIFA Debt Service on Debt Issued for County Sewer and Storm Water Resources Purposes
(as of April 30, 2008)

	County Bonds [1,2]			NIFA Bonds[3,4]			**Total**		
Date	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
12/31/2008	$23,012,161	$12,394,481	$35,406,642	$2,196,908	$1,806,286	$4,003,194	$25,209,069	$14,200,767	$39,409,836
12/31/2009	26,982,449	11,527,653	38,510,101	2,916,516	2,064,812	4,981,328	29,898,965	13,592,465	43,491,430
12/31/2010	23,440,198	10,128,693	33,568,891	3,362,504	1,926,170	5,288,675	26,802,702	12,054,863	38,857,565
12/31/2011	18,772,144	8,987,656	27,759,800	3,977,856	1,763,726	5,741,582	22,750,000	10,751,382	33,501,382
12/31/2012	17,327,267	8,024,644	25,351,912	3,745,050	1,564,566	5,309,615	21,072,317	9,589,210	30,661,527
12/31/2013	14,818,043	7,173,539	21,991,582	3,835,571	1,389,713	5,225,284	18,653,614	8,563,251	27,216,866
12/31/2014	14,074,548	6,411,044	20,485,592	3,833,060	1,232,950	5,066,009	17,907,607	7,643,994	25,551,601
12/31/2015	13,079,728	5,721,965	18,801,693	3,707,654	1,080,855	4,788,509	16,787,382	6,802,820	23,590,202
12/31/2016	10,323,119	5,133,971	15,457,090	4,261,169	934,929	5,196,098	14,584,288	6,068,900	20,653,188
12/31/2017	9,386,447	4,627,218	14,013,665	3,867,704	777,221	4,644,925	13,254,151	5,404,439	18,658,590
12/31/2018	9,141,469	4,137,891	13,279,361	3,713,456	629,075	4,342,531	12,854,925	4,766,966	17,621,891
12/31/2019	9,413,651	3,641,665	13,055,316	4,068,733	489,904	4,558,637	13,482,383	4,131,569	17,613,953
12/31/2020	9,683,584	3,122,844	12,806,428	3,370,112	347,875	3,717,986	13,053,696	3,470,718	16,524,414
12/31/2021	8,765,029	2,581,259	11,346,288	1,902,266	224,141	2,126,407	10,667,296	2,805,400	13,472,696
12/31/2022	9,127,649	2,083,229	11,210,878	1,526,252	146,223	1,672,475	10,653,901	2,229,452	12,883,353
12/31/2023	7,943,534	1,585,557	9,529,091	1,146,793	79,762	1,226,555	9,090,328	1,665,319	10,755,647
12/31/2024	6,697,529	1,170,225	7,867,754	590,030	32,338	622,368	7,287,559	1,202,562	8,490,121
12/31/2025	4,594,398	785,441	5,379,839	177,292	8,779	186,072	4,771,691	794,220	5,565,911
12/31/2026	2,353,240	606,713	2,959,953	0	0	0	2,353,240	606,713	2,959,953
12/31/2027	2,442,223	494,737	2,936,960	0	0	0	2,442,223	494,737	2,936,960
12/31/2028	2,526,207	378,582	2,904,789	0	0	0	2,526,207	378,582	2,904,789
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	$250,824,618	$101,429,682	$352,254,300	$52,198,927	$16,499,324	$68,698,251	$303,023,545	$117,929,005	$420,952,551

1. Payments under the 2004 County Guaranty 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, 2005B and 2005C variable rate bonds, and the rate on the NIFA 2004 Series B-G and I-K auction rate debt is calculated using the fixed rate swap.
4. Total NIFA principal amount of $52,198,927 is net of NIFA debt service set asides.

Figure 17

County and NIFA Debt Service on Debt Issued for County General Purposes
(as of April 30, 2008)

	County Bonds [1,2]			NIFA Bonds[3,4]			**Total**		
Date	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
12/31/2008	$47,824,819	$7,580,830	$47,355,669	$80,215,592	$67,303,831	$147,519,424	$128,040,411	$74,884,661	$194,875,093
12/31/2009	77,038,051	18,040,461	95,078,512	101,570,150	76,990,614	178,560,765	178,608,202	95,031,075	273,639,276
12/31/2010	64,685,302	14,161,061	78,846,363	106,487,496	72,223,687	178,711,182	171,172,798	86,384,747	257,557,545
12/31/2011	46,151,356	11,086,862	57,238,218	124,057,144	67,277,535	191,334,680	170,208,500	78,364,397	248,572,897
12/31/2012	23,395,233	8,957,642	32,352,875	143,241,617	61,374,918	204,616,535	166,636,850	70,332,560	236,969,410
12/31/2013	21,275,957	7,853,613	29,129,570	145,736,095	54,517,103	200,253,198	167,012,052	62,370,716	229,382,768
12/31/2014	15,943,452	6,842,660	22,786,112	141,126,940	47,947,571	189,074,511	157,070,393	54,790,230	211,860,623
12/31/2015	15,539,272	6,112,745	21,652,017	137,692,346	41,698,623	179,390,969	153,231,618	47,811,369	201,042,986
12/31/2016	11,187,881	5,460,471	16,648,352	129,900,498	35,609,012	165,509,510	141,088,379	41,069,483	182,157,862
12/31/2017	11,538,553	4,903,940	16,442,494	120,877,296	30,256,964	151,134,260	132,415,849	35,160,905	167,576,754
12/31/2018	10,363,531	4,406,248	14,769,779	116,976,544	25,193,445	142,169,989	127,340,075	29,599,693	156,939,768
12/31/2019	10,184,349	3,940,945	14,125,294	120,354,601	20,539,659	140,894,260	130,538,950	24,480,604	155,019,554
12/31/2020	10,674,416	3,449,675	14,124,091	108,796,555	16,038,106	124,834,661	119,470,971	19,487,781	138,958,752
12/31/2021	10,950,971	2,962,743	13,913,713	88,039,401	11,795,603	99,835,003	98,990,371	14,758,345	113,748,716
12/31/2022	11,441,351	2,464,022	13,905,373	75,958,748	8,153,367	84,112,115	87,400,099	10,617,389	98,017,488
12/31/2023	11,956,466	1,942,571	13,899,037	59,708,207	4,872,089	64,580,295	71,664,672	6,814,660	78,479,332
12/31/2024	9,462,471	1,397,591	10,860,062	42,226,637	2,418,423	44,645,059	51,689,108	3,816,013	55,505,121
12/31/2025	6,540,602	980,745	7,521,347	15,702,708	691,484	16,394,191	22,243,309	1,672,229	23,915,538
12/31/2026	6,806,760	713,798	7,520,558	0	0	0	6,806,760	713,798	7,520,558
12/31/2027	7,082,777	436,007	7,518,784	0	0	0	7,082,777	436,007	7,518,784
12/31/2028	7,358,793	147,176	7,505,969	0	0	0	7,358,793	147,176	7,505,969
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	$437,402,362	$113,841,806	$543,194,188	$1,858,668,573	$644,902,034	$2,503,570,607	$2,296,070,935	$758,743,840	$3,046,764,795

1. Payments under the 2004 County Guaranty 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, 2005B and 2005C variable rate bonds, and the rate on the NIFA 2004 Series B-G and I-K auction rate debt is calculated using the fixed rate swap.
4. Total NIFA principal amount of $1,858,668,573 is net of NIFA debt service set asides.

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

The County 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 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.

NHCC executed a callable floating-to-fixed LIBOR-based interest rate swap with a notional amount of $65.5 million that hedged a like amount of taxable auction rate debt. LIBOR-based interest rate swaps carry certain risks, notably basis risk, tax risk, counterparty or credit risk, termination risk, and rollover risk. In June 2008, the NHCC received a HEAL IV grant from the Department of Health in the amount of $34 million, which will be used to defease $33,700,000 of the outstanding amount of the Nassau Health Care Corporation Bonds, Series 2004A taxable auction rate securities (the "Series 2004A Bonds") and fund the termination of the portion of the interest rate swap associated with those bonds. NHCC will convert the remaining outstanding $25,775,000 of Series 2004A Bonds to variable rate demand obligations that will be insured by FSA and maintain a liquidity facility provided by Dexia Credit Local. Contingent on the receipt of the Heal IV grant, the conversion of the $25,750,000 Series 2004A auction rate securities to variable rate demand obligations is anticipated to be completed by July 9. Though the County is not a counterparty 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, 2006)

Fiscal Year Ending December 31:	
2007	$ 741
2008	749
2009	757
2010	766
2011	777
2012-2016	4,052
2017-2021	4,367
2022-2026	3,348
Future Minimum Payments	$15,557
Less Interest	9,990
Present Value Minimum Lease Payments	$5,567

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)

2005	**2006**	**2007**	**2008** [1]	**2009** [1]
$0.00	$0.00	$87.35	$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	2005	2006	2007	2008 [1]	2009 [1]
Revenue Anticipation Notes	$ 0.00	$ 0.00	$ 75.00	$110.00	$125.00
Tax Anticipation Notes	120.00	150.00	125.00	132.00	132.00
Total	$120.00	$150.00	$ 200.00	$242.00	$257.00

[1] Projected.

In the 2008-2011 Multi-Year Financial Plan Update, 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 $75 million in bonds in 2007, and expects to issue an additional $250 million of bonds during 2008.

FIGURE 21
COUNTY BONDS (IN MILLIONS)

2007	Projected 2008
$ 75.00	$250.00

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 the 2004 County Guaranty 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 the 2004 County Guaranty (as defined herein), as executed and delivered, be deemed indebtedness for the purpose of this constitutional provision. See “NASSAU HEALTH CARE CORPORATION – 2004 Refunding” 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 specifically 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. From 2000 through 2005, NIFA borrowed for such objects or purposes on the County's behalf after adoption of said bond ordinances.

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 adopted the capital budget for fiscal year 2008 (as it may be amended from time to time, the "2008 Capital Budget") and the capital plan for fiscal years 2008-2011 (as it may be amended from time to time, the "2008-2011 Capital Plan"). The 2008 Capital Budget is approximately $239 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 2008 Capital Budget is approximately $195.8 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 2008 Capital Budget and the 2008-2011 Capital Plan are listed in Figure 22.

FIGURE 22
2008-2011 CAPITAL PLAN

Project Category	2008	2009	2010	2011
Buildings	$ 10,415,000	$ 20,650,000	$ 70,400,000	$70,400,000
Equipment	6,600,000	4,275,000	2,850,000	2,875,000
Infrastructure (including Community College)	15,200,000	39,600,000	21,950,000	10,250,000
Open Space Preservation	25,000,000	50,000,000	25,000,0000	0
Parks	16,033,500	19,550,000	29,950,000	10,350,000
Property	0	1,000,000	0	1,000,000
Public Safety	20,545,000	28,050,000	19,825,000	20,550,000
Roads	41,757,000	44,600,000	30,660,000	29,140,000
Sewer and Storm Water	33,250,000	32,150,000	15,700,000	27,000,000
Technology	30,855,000	23,330,000	12,080,000	17,050,000
Traffic	19,911,000	9,517,000	8,497,000	11,520,000
Transportation	6,425,500	3,027,500	2,728,500	4,668,800
Judgments and Settlements	15,000,000	10,000,000	5,000,000	0
Total	$238,992,000	$284,750,000	$237,241,000	$204,803,800
Non-debt Financed	43,078,500	39,310,000	52,480,000	36,712,000
Debt Financed	$195,913,500	$245,440,000	$184,761,000	$168,091,800

REAL PROPERTY TAX ASSESSMENT AND COLLECTION

Real Property Assessment

The County assesses all real property within the County to support its own 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.

Pursuant to the County Charter, it is the duty of the Board of Assessors to assess all real property situated in the County. The Board of Assessors has four members who are appointed by the County Executive and an elected Chairman who is also the administrator of the County Department of Assessment.

State Real Property Tax Law ("RPTL") Article 18 requires that all County real property be assessed in one of the following four classes:

Class One – one, two and three-family homes, residential condominiums of three stories or less and residential vacant land.

Class Two – apartments, residential cooperatives and residential condominiums of four stories or more.

Class Three – utility equipment and special franchise property (poles, wires and equipment on public property).

Class Four – all other property, principally commercial and industrial buildings and vacant land zoned for nonresidential use.

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 ever 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.

In 2003, the County Executive and the Chairman of the Board of Assessors jointly filed a six-year plan for assessment roll updates with the State Office of Real Property Services. The County also entered into a contract for annual updates to the revalued roll and the annual updates were promulgated as tentative assessment rolls in January 2004 and January 2005. The contract runs through 2008 but permits the County to terminate all or part of the revaluation contractor's services as it develops the internal expertise to carry out assessment roll updates with County personnel. The County took over valuation of commercial parcels in 2005 and plans to take over all aspects of residential valuation before the end of the contract. The County has worked with the revaluation contractor since 2003 to improve the quality of the annual updates to the assessment roll, resulting in substantial improvements to the quality of commercial and residential assessments.

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.

By operation of State law, when commercial assessments are updated annually, only 20% of the assessment increase is deemed taxable in the first year. Transition assessments therefore are expected to have the effect of reducing the refund expense caused by inaccurate commercial assessments. Effective with the tentative roll promulgated in 2006, residential assessments have a similar restriction: increases are capped at 6% annually and no more than 20% over five years.

Property Tax Refunds

The RPTL provides for the County to pay 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 RPTL. See “LITIGATION - Property Tax Litigation” herein.

Administrative Review of Assessments

Administrative review of assessments 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 to correct the tentative assessment roll before the assessments become final. The Department of Assessment promulgates the tentative assessment roll in January of each year. The law moved the date of the promulgation of the tentative assessment roll back one year. The law became fully effective for the first time with the roll promulgated tentatively in January 2004, which became final in April 2005, leaving a 15-month period between the issuance of the tentative and final rolls. During such period, ARC is able to review and correct erroneous 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 has completed its review of the 2008/2009 tentative roll prior to publication of the final 2008/2009 assessment roll on April 1, 2008. 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 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. 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. Preliminary numbers show that small claims filings for 2008/09 declined by 30% - 33% to approximately 35,000 and are below the filings in the last year prior to revaluation.

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**
2008	$263,960,000
2007	244,238,974
2006	212,313,816
2005	193,592,238
2004	179,807,935
Total	$1,093,912,963
Five-year average full valuation	$218,782,593
Tax Limit (2.0%)[a]	$4,375,652
Total Exclusions[b]	148,820
Total Taxing Power for 2008 Levy	$4,226,832
Total Levy for 2008[c]	$934,925
Tax Margin	$3,291,907
Percentage of Taxing Power Exhausted	22.12%

(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 2008 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
2007

Taxpayer	Total Assessed Value ($)	Total Assessed Value (%)
LONG ISLAND LIGHTING CO.& LIPA	$ 16,412,945	2.25%
KEYSPAN	6,324,673	0.87
VERIZON NEW YORK INC.	5,762,352	0.79
RETAIL PROPERTY TRUST	2,484,115	0.34
E Q K GREEN ACRES LP	2,315,620	0.32
RECKSON ASSOCIATION	2,040,713	0.28
CLK-HP (INDUSTRIAL RESEARCH)	2,071,657	0.28
BEC EAB LLC & RECKSON (Formerly Galaxy LI Assoc.)	1,593,812	0.22
G G & A BROADWAY PARTNERS LLC	1,540,745	0.21
WE'RE ASSOCIATES (Includes Rechter Family Assoc.)	1,272,301	0.17
JQI ASSOCIATES LLC	1,098,763	0.15
LONG ISLAND WATER CORP.	1,097,531	0.15
SUNRISE MALL LLC	1,086,672	0.15
GREATER NY ASSOC INC (NY RACING)	1,068,280	0.15
FAIRHAVEN APTS	948,149	0.13
CORPORATE PROPERTY INVESTORS	894,230	0.12
Beechwood Benedict, EB Raceway, LNR & LNR Hldgs	818,716	0.11
RP STELLAR STRONG ISLAND LLC(Matterhorn USA)	751,997	0.10
S & E REALTY	725,696	0.10
NEW YORK WATER SERVICE	667,249	0.09
HOME DEPOT	575,558	0.08
P1 WESTBURY LLC	532,882	0.07
FIFTH AVENUE OF LI REALTY ASSOCIATES	531,083	0.07
NORTHROP GRUMMAN CORP	528,306	0.07
FRANKLIN AVENUE PLAZA ONE LLC	522,712	0.07
TOTAL (Top 25)	$ 53,666,757	7.37%
TOTAL TAX BASE	$728,595,011	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 assess and collect their own city taxes separately from the bills they render for County general 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. Since the cities of Glen Cove and Long Beach render their own tax bills, any shortfalls in those local taxes are borne by the cities themselves.

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 the entire County except the City of Glen Cove, which has a coterminous school district; the City of Glen Cove, and not the County, guarantees that the Glen Cove School District receives the total tax amounts billed.

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, between 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 all those amounts 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 annually holds a tax lien sale. This sale commences on the third Tuesday of each February. The taxpayer is charged an additional 10% penalty 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 in ¼ point increments. The most desirable properties have their liens purchased for less than 10% interest because the property owners will probably 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 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. The County has also in the past contracted with one or more collection firms to collect the balances owed on its tax liens. These firms are paid a contingent commission after the County has been paid the total amount owed.

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. NHCC operates 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.

The 1999 Financing and Agreements with the County

On September 29, 1999, NHCC issued its $259,734,845.44 aggregate principal amount Health System Revenue Bonds, Series 1999 (Nassau County (NY) Guaranteed) (the "Series 1999 Bonds") to, among other things, (i) provide funds to finance the purchase by NHCC from the County of the hospital, nursing home, clinics and certain other health care programs of the County (collectively, the "Health Facilities") pursuant to an Acquisition Agreement (the "Acquisition Agreement") between NHCC and the County and (ii) fund initial working capital for NHCC. Pursuant to the Acquisition 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 "1999 County Guaranty") to guarantee the scheduled payment of principal of, sinking fund installments and interest on the Series 1999 Bonds. Pursuant to the 1999 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. Additionally, the County agreed pursuant to the Acquisition Agreement to make certain payments to NHCC ("Historical Mission Payments" and "Article 6 Payments"), not subject to annual appropriation, for certain services provided by NHCC under the Acquisition Agreement. In 2004, NHCC issued 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 outstanding Series 1999 Bonds. At that time the County ceased to be obligated under the 1999 County Guaranty. See "2004 Refunding" in this section.

Despite the initial cash furnished by the Series 1999 Bonds, NHCC did not make all of the changes in its operations necessary to stabilize its finances. From September of 1999 through June of 2004, NHCC's net assets fell $105.2 million from a positive balance of $52.6 million to a negative balance of approximately the same amount. At the same time, NHCC's cash and cash equivalents dropped from $139.2 million as of December 31, 1999 to $16.6 million as of June 30, 2004.

The County and NHCC executed in September 2004 an amendment to the Acquisition Agreement (the "Stabilization Agreement") that resolved certain of the historical disputes between the parties, provides a period of stability while NHCC implements various reforms and places the relationship between the parties on a more reasonable and workable basis.

The Acquisition Agreement remains in effect to the extent that it is not modified by the Stabilization Agreement. Under the Acquisition Agreement the County is responsible for claims relating to the Health Facilities incurred prior to September 29, 1999. See "LITIGATION" herein. In addition, the County and NHCC have entered into certain leases for space at the Health Facilities. The Stabilization Agreement has been subsequently amended from time to time to enable the continuation of advances.

In February 2008, the County and NHCC entered into a series of successor agreements (including the Successor Agreement dated as of November 1, 2007, (as amended, the "Successor Agreement") to supplement or replace the Acquisition Agreement and Stabilization Agreement.

The County and NHCC have also executed a regulatory agreement (the "Regulatory Agreement") in connection with the issuance of the Series 2004 Bonds, concerning the operation of the Health Facilities, as required by the NHCC Act.

The Regulatory Agreement includes pledges by NHCC to grant the County liens on its real and personal property to secure NHCC's obligation to repay to the County funds the County pays directly to the bond trustee under the guaranty of the Series 2004 Bonds. See “2004 Refunding” in this section. The Successor Agreement modifies this pledge and lien with respect to certain of NHCC’s property.

2004 Refunding

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 the 1999 County Guaranty. See “The 1999 Financing and Agreements with the County” in this section.

There were three components to the Series 2004 Bonds: approximately $18.3 million in tax-exempt fixed-rate bonds; approximately $65.5 million in 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. It is expected that NHCC will use $15 million of the fixed-rate component of the Series 2004 Bonds to finance new capital projects. 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, in effect the County receives a credit for such debt service and related payments against amounts that it would otherwise be obligated to make to NHCC.

The 2004 County Guaranty eliminated the need for a debt service reserve fund, an operating reserve fund, and the County’s replenishment requirement. The funds released from the debt service reserve fund and the operating reserve fund were used in the refunding escrow, lowering the refunding par needed to legally defease the Series 1999 Bonds by approximately $26 million. This, in turn, allowed NHCC to issue taxable auction rate debt in roughly the same amount in order to make its 2005 pension payment. The additional taxable auction rate debt was issued in anticipation of a possible sale to a private developer of property in Uniondale upon which AHP is located.

The approximately $219.6 million of synthetic fixed rate bonds took advantage of NHCC’s ability to enter into three separate interest rate exchange agreements to hedge its floating rate debt exposure. Subsequent to the issuance of the Series 2004 Bonds, NHCC executed a callable floating-to-fixed interest rate swap on the $65.5 million of taxable auction rate debt, creating a low-cost synthetic fixed-rate structure to hedge against the possibility of rising interest rates in the period before the potential sale of the Uniondale property. On November 28, 2005, S&P assigned these NHCC swaps a Debt Derivative Profile (DDP) score of “2” on a scale of “1” to “5”, with “1” representing the lowest risk and “5” being the highest.

As mentioned previously, NHCC has redeemed $33,700,000 and anticipates $22,775.00 of auction rate bonds to variable rate demand bonds.

LIBOR-based interest rate swaps carry certain risks. See “COUNTY INDEBTEDNESS AND DEBT LIMITATIONS – Debt Service Requirements” and “COUNTY GOVERNMENT AND FINANCIAL MANAGEMENT – County Financial Management - *Swap Policy*” herein. The Stabilization 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. The County and NHCC took steps in the Series 2004 Bonds to mitigate these risks, which the County and NHCC monitor regularly.

NHCC's Financial Condition

NHCC reported a deficit balance of net assets of $7.9 million for its activities during the 2006 fiscal year. In total, NHCC reported a deficit balance of net assets of $77.2 million as of December 31, 2005 and a deficit balance of $85.1 million as of December 31, 2006. NHCC's unrestricted cash and cash equivalents increased from $13 million as of December 31, 2005 to $22.9 million as of December 31, 2006 due to an increase in net patient service revenue. Specifically, there was a change in the intergovernmental transfer (IGT) program payment methodology. In prior years, NHCC was entitled to retain, on net basis, 10% of the IGT amount. Beginning in 2006, NHCC retains the full IGT amount, as the Centers for Medicaid and Medicare Services now require.

NHCC ended the 2007 fiscal year with a loss of $5 million, before factoring in any impact from the change in the fair value of its derivative instruments and the amortization of its refunding loss, neither of which are cash items. NHCC's board of directors adopted a break-even budget for 2008, though its ability to achieve balanced operations will depend upon cost control and reimbursement improvements.

The Berger Commission, HEAL NY, and NHCC's Strategic Plan

The Governor and the State Legislature established the Commission on Health Care Facilities for the 21st Century ("Berger Commission") to make recommendations for rightsizing the health care system in the State. The Berger Commission released its recommendations on November 30, 2006; these recommendations became law on December 31, 2006. The Berger Commission recommended the downsizing of NUMC by a net of 101 inpatient beds, the construction of a nursing home to replace AHP sized at approximately 300 beds, and the development of a Medicaid Assisted Living Facility with 150 beds.

NHCC earned two awards through the State's Health Care Efficiency and Affordability Law for New Yorkers Grant Program ("HEAL NY"). These awards are designed to assist NHCC in the implementation of the Berger Commission's recommendations. In Phase II of the HEAL NY program, the State awarded NHCC a grant totaling $24 million, subject to a local match of an additional $10.2 million. The County has provided the local match from the proceeds of the 2006 Tobacco Bonds (as defined in "TOBACCO LITIGATION SETTLEMENT PAYMENTS SECURITIZATION" herein). The combined grant of approximately $34.2 million will support NHCC's capital program. In Phase IV of the HEAL NY program, the State awarded NHCC $37 million - $34 million to retire outstanding debt and $3 million for capital improvements.

As part of the Successor Agreement and related agreements, the County has agreed to provide approximately $95 million in funding (appropriated from the 2006 Tobacco Bonds) to NHCC for various capital and operating purposes.

NHCC has embarked on a significant effort to strategically reposition NUMC, AHP and the clinics in the health care market in Nassau County. NHCC will be executing a series of volume growth strategies for its major clinical service lines, and it will commence discussions with its union regarding the adoption of a sustainable collective bargaining agreement. NHCC has replaced eight of its clinical chairs in the past two years and secured full accreditation from the Joint Commission on the Accreditation of Health Care Organizations. In October 2006, NHCC's board of directors approved a $240 million modernization program to improve NHCC's physical plant, consolidate its real estate, enhance its clinical equipment, make improvements to its information technology and efficiently reconfigure operations. Improvements to NHCC's physical plant will include the construction of a new emergency department, new intensive care units, new ambulatory surgery suites, labor-delivery-recovery facilities, the replacement of two of NHCC's community health centers, and the construction of a new nursing home to replace AHP. The program is expected to be funded as follows: (1) $15 million annually from its capital budget for a total of $60 million over four years; (2) $15 million from the Series 2004 Bonds; (3) $85 million in new financing for the replacement of AHP, which will be mostly reimbursed by the State Medicaid program; and (4) $80 million from the 2006 Tobacco Bonds (included in the overall amount described above), subject to requisite County approvals.

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. No more than four SSWFA board members may be members of the same political party. 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 March 2004. The SSWFA began issuing debt in June 2004.

Nassau County Sewer and Storm Water Resources District

Upon the affirmative vote of the County Legislature in December 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 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 redetermination 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 redetermination of assessed valuations. The County intends to defend itself vigorously against all such claims and actions.

The amount expended for all property tax reduction claims in each of the fiscal years 2003 to 2007, inclusive, is shown below (in millions):

2007	$ 87.1
2006	70.5
2005	250.7
2004	184.0
2003	112.5

The County Comptroller recorded a long-term liability of $101.8 million for estimated future property tax settlements and judgments in the County's government-wide financial statement of net assets as of December 31, 2007. The County's 2008 budget includes $50,000,000 in non-borrowed funds for tax refunds and cancellations. Late in 2007, the number of settlements coming in from the courts accelerated and this increased activity is expected to continue in 2008. Another factor which increased recent activity is the enhanced coordination efforts between the 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 reduce its interest expenses going forward. In addition, taxpayers will receive refunds sooner. As a result of this increased activity, the County recognized that the budgeted amount would not cover its 2007 refund expenses. In December 2007, the County borrowed $50,000,000 for the payment of claims in fiscal years 2007 and 2008 in excess of the budgeted amounts. As of May 1, 2008 the County projects that it will have expenses for 2008 of approximately $68 million. Going forward the County projects that the expected reduction of liability arising out of past assessment rolls and improved assessment accuracy on current rolls will reduce annual operating budget requirements for refunds and cancellations.

Until 2006, all of such amounts were financed through the County's issuance of bond anticipation notes and bonds under the provisions of the Local Finance Law or through NIFA's issuance of its bonds and notes on behalf of the County.

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 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 the Utilities. The Appellate Division, Second Department, in 2002 determined that the County had 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 refunds due and on 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 no decision has been rendered on such motions. The County is preparing for the trial, which may occur sometime in 2008. The Supreme Court has also ruled that any refunds due would be the responsibility of the County, rather than the special districts. 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.

In the event a refund should be ordered and the County borrowed to pay the refund and if NIFA determines that the refund is a "tax certiorari judgment or settlement" within the meaning of the NIFA Act, the refund could trigger certain provisions of the NIFA Act that could be given effect to provide that borrowing for "tax certiorari judgments or settlements" may not be considered County operating revenues after 2007. In that case, if the borrowing caused a deficit of one percent or more in the aggregate results of the County's major operating funds, NIFA could impose a control period pursuant to the NIFA Act.

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 plaintiffs have served document demands, notices to admit and interrogatories to which the County has responded. Plaintiffs have responded to the County's first set of document demands. The court has extended the initial discovery deadlines *sine die* (without a date) pending the next conference, which is November 21, 2008. The plaintiffs have expressed an intent to conduct voluminous depositions of defendants and non-party witnesses. No depositions have been scheduled, but deposition notices are expected to be issued in the near future. The County intends to continue to defend itself vigorously in these proceedings.

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.

TOBACCO LITIGATION SETTLEMENT PAYMENTS SECURITIZATION

On November 23, 1999, the Nassau County Tobacco Settlement Corporation ("Nassau CTSC"), a local development corporation organized under the Not-For-Profit Corporation Law of the State, issued its $294,500,000 of Tobacco Settlement Asset-Backed Bonds, Series A (the "1999 Tobacco Bonds") to finance its purchase pursuant to a Purchase and Sale Agreement (the "Sale Agreement") of all of the County's future right, title and interest under the master settlement agreement (the "MSA") entered into by participating cigarette manufacturers (the "PMs"), the State, forty-five other states, the District of Columbia, Puerto Rico, Guam, the United States Virgin Islands, American Samoa and the Northern Marianas Islands (the "Settling States") in November 1998 in settlement of certain smoking-related litigation, and the Consent Decree and Final Judgment entered in State Supreme Court for New York County (the "Consent Decree"), including the right to receive certain initial and annual payments (the "TSRs") to be made by the PMs under the MSA. The 1999 Tobacco

Bonds were not a debt or liability of the County and were secured primarily by the TSRs to be received by Nassau CTSC by virtue of the Sale Agreement.

Pursuant to the Sale Agreement, the County received $247,500,000 from Nassau CTSC on November 23, 1999 (the "1999 Sale Proceeds"), as partial consideration of the sale of its interests under the MSA and the Consent Decree, the balance of such consideration being received in the form of a 100% beneficial interest in a residual trust (the "Residual Trust") in the TSRs that are not required to pay various expenses, debt service or required reserves for the 1999 Tobacco Bonds or subsequent Nassau CTSC bonds. Of the $247,500,000 of 1999 Sale Proceeds received by the County for the 1999 Tobacco Bonds, $77,500,000 was deposited by Nassau CTSC in an escrow account (the "1999 Escrow Account") held by Deutsche Bank Trust Company Americas, formerly Bankers Trust Company, as escrow agent (the "Escrow Agent"), pursuant to an escrow agreement between Nassau CTSC and the Escrow Agent, to be used to fund the County's obligation to make Historical Mission Payments and Article 6 Payments to NHCC pursuant to the Acquisition Agreement and to fund, in the amount of up to $250,000 per year, a program of education to discourage smoking and to pay such other expenses, capital expenditures or other County purposes as shall be approved by transaction counsel to the Nassau CTSC and Board of Nassau CTSC. Nassau CTSC subsequently transferred the balance (approximately $60,000,000) of the 1999 Escrow Account to the County as approved by transaction counsel, whereupon the County placed such balance in its tobacco settlement fund.

On April 5, 2006, Nassau CTSC issued $431,034,245.85 of its Tobacco Settlement Asset-Backed Bonds, Series 2006 (the "2006 Tobacco Bonds") a portion of the proceeds of which were used to defease the 1999 Tobacco Bonds and to generate approximately $119.9 million in proceeds for the County from its beneficial interest in the Residual Trust. TSR's received by the County from April 5, 2006 through March 31, 2008 were not pledged to the holders of the 2006 Tobacco Bonds. The County has, and is expected to continue to, appropriate such 2006 Tobacco Bond proceeds and unpledged TSRs to finance various capital projects or designated operating expenses of the County or NHCC. The 2006 Tobacco Bonds are not a debt or liability of the County and are secured primarily by the TSRs pledged to and to be received by Nassau CTSC.

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

	1/1/08	1/1/07	1/1/06	1/1/05	1/1/04
General County (a)					
I	21.106	18.965	6.092	4.897	5.958
II	17.577	15.990	13.049	22.348	25.245
III	22.340	19.896	18.352	29.041	30.679
IV	14.559	14.085	12.239	19.076	22.459
Community College					
I	6.852	6.957	3.908	2.259	2.095
II	6.034	6.212	6.105	6.685	6.437
III	7.138	7.190	7.781	8.382	7.660
IV	5.334	5.734	5.850	5.855	5.810
Police Headquarters					
I	38.532	41.706	21.873	12.867	11.728
II	33.931	37.238	34.172	38.073	36.002
III	40.140	43.103	43.550	47.740	42.844
IV	29.997	34.377	32.740	33.347	32.495
Fire Prevention					
I	2.162	2.300	1.352	0.791	0.875
II	1.904	2.054	2.112	2.339	2.687
III	2.252	2.377	2.692	2.933	3.197
IV	1.683	1.896	2.024	2.049	2.425
County Parks					
I	Part of	Part of	4.596	2.599	2.264
II	General	General	7.180	7.691	6.956
III	County	County	9.150	9.643	8.278
IV	for 2008	for 2007	6.879	6.736	6.278
Environmental Bond					
I	1.042	0.631	Not	Not	Not
II	0.918	0.564	Levied	Levied	Levied
III	1.085	0.652	For	For	For
IV	0.811	0.520	2006	2005	2004

Town of North Hempstead

	1/1/08	1/1/07	1/1/06	1/1/05	1/1/04
General County (a)					
I	21.108	18.968	6.094	4.919	5.972
II	17.578	15.993	13.050	22.370	25.259
III	22.342	19.898	18.354	29.064	30.694
IV	14.561	14.088	12.241	19.098	22.473
Community College					
I	6.852	6.957	3.908	2.259	2.095
II	6.034	6.212	6.105	6.685	6.437
III	7.138	7.190	7.781	8.382	7.660
IV	5.334	5.734	5.850	5.855	5.810
Police Headquarters					
I	38.532	41.706	21.873	12.867	11.728
II	33.931	37.238	34.172	38.073	36.002
III	40.140	43.103	43.550	47.740	42.844
IV	29.997	34.377	32.740	33.347	32.495
Fire Prevention					
I	2.162	2.300	1.352	0.791	0.875
II	1.904	2.054	2.112	2.339	2.687
III	2.252	2.377	2.692	2.933	3.197
IV	1.683	1.896	2.024	2.049	2.425
County Parks					
I	Part of	Part of	4.596	2.599	2.264
II	General	General	7.180	7.691	6.956
III	County	County	9.150	9.643	8.278
IV	for 2008	for 2007	6.879	6.736	6.278
Environmental Bond					
I	1.042	0.631	Not	Not	Not
II	0.918	0.564	Levied	Levied	Levied
III	1.085	0.652	For	For	For
IV	0.811	0.520	2006	2005	2004

Town of Oyster Bay

	1/1/08	1/1/07	1/1/06	1/1/05	1/1/04
General County (a)					
I	21.100	18.961	6.092	4.915	5.971
II	17.570	15.986	13.048	22.366	25.258
III	22.333	19.892	18.352	29.059	30.692
IV	14.553	14.081	12.238	19.094	22.472
Community College					
I	6.852	6.957	3.908	2.259	2.095
II	6.034	6.212	6.105	6.685	6.437
III	7.138	7.190	7.781	8.382	7.660
IV	5.334	5.734	5.850	5.855	5.810
Police Headquarters					
I	38.532	41.706	21.873	12.867	11.728
II	33.931	37.238	34.172	38.073	36.002
III	40.140	43.103	43.550	47.740	42.844
IV	29.997	34.377	32.740	33.347	32.495
Fire Prevention					
I	2.162	2.300	1.352	0.791	0.875
II	1.904	2.054	2.112	2.339	2.687
III	2.252	2.377	2.692	2.933	3.197
IV	1.683	1.896	2.024	2.049	2.425
County Parks					
I	Part of	Part of	4.596	2.599	1.213
II	General	General	7.180	7.691	1.395
III	County	County	9.150	9.643	0.454
IV	for 2008	for 2007	6.879	6.736	1.092
Environmental Bond					
I	1.042	0.631	Not	Not	Not
II	0.918	0.564	Levied	Levied	Levied
III	1.085	0.652	For	For	For
IV	0.811	0.520	2006	2005	2004

[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				
	1/1/08	1/1/07	1/1/06	1/1/05	1/1/04	1/1/08	1/1/07	1/1/06	1/1/05	1/1/04
General County (a)										
I	21.125	18.979	6.120	4.890	5.961	29.545	27.766	12.367	8.904	9.295
II	17.595	16.004	13.076	22.341	25.248	26.015	24.792	19.324	26.355	28.582
III	22.358	19.909	18.380	29.035	30.683	30.779	28.697	24.627	33.048	34.017
IV	14.578	14.099	12.266	19.069	22.463	22.998	22.887	18.514	23.083	25.797
Community College										
I	6.852	6.957	3.908	2.259	2.095	6.852	6.957	3.908	2.259	2.095
II	6.034	6.212	6.105	6.685	6.437	6.034	6.212	6.105	6.685	6.437
III	7.138	7.190	7.781	8.382	7.660	7.138	7.190	7.781	8.382	7.660
IV	5.334	5.734	5.850	5.855	5.810	5.334	5.734	5.850	5.855	5.810
Police Headquarters										
I	38.532	41.706	21.873	12.867	11.728	38.532	41.706	21.873	12.867	11.728
II	33.931	37.238	34.172	38.073	36.002	33.931	37.238	34.172	38.073	36.002
III	40.140	43.103	43.550	47.740	42.844	40.140	43.103	43.550	47.740	42.844
IV	29.997	34.377	32.740	33.347	32.495	29.997	34.377	32.740	33.347	32.495
Fire Prevention										
I	2.162	2.300	1.352	0.791	0.875	2.162	2.300	1.352	0.791	0.875
II	1.904	2.054	2.112	2.339	2.687	1.904	2.054	2.112	2.339	2.687
III	2.252	2.377	2.692	2.933	3.197	2.252	2.377	2.692	2.933	3.197
IV	1.683	1.896	2.024	2.049	2.425	1.683	1.896	2.024	2.049	2.425
County Parks										
I	Part of	Part of	4.596	2.599	2.264	Part of	Part of	4.596	2.599	2.264
II	General	General	7.180	7.691	6.956	General	General	7.180	7.691	6.956
III	County	County	9.150	9.643	8.278	County	County	9.150	9.643	8.278
IV	for 2008	for 2007	6.879	6.736	6.278	for 2008	for 2007	6.879	6.736	6.278
Environmental Bond										
I	1.042	0.631	Not	Not	Not	1.042	0.631	Not	Not	Not
II	0.918	0.564	Levied	Levied	Levied	0.918	0.564	Levied	Levied	Levied
III	1.085	0.652	For	For	For	1.085	0.652	For	For	For
IV	0.811	0.520	2006	2005	2004	0.811	0.520	2006	2005	2004

[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

	1/1/08	1/1/07	1/1/06	1/1/05	1/1/04
Police District					
I	49.521	52.412	31.048	17.691	16.932
II	50.476	55.049	56.928	53.867	49.625
III	146.549	160.156	190.842	175.221	174.579
IV	55.626	61.009	61.735	57.307	54.593
Sewage Districts:					
Disposal District No. 1					
I	12.212	19.886	11.799	7.452	7.366
II	6.031	10.143	11.595	12.165	11.899
III	41.085	64.429	68.839	75.988	77.468
IV	13.195	22.663	22.945	22.854	22.541
Disposal District No. 2					
I	12.212	14.173	10.403	6.333	6.217
II	12.200	14.833	18.736	18.706	17.955
III	36.365	44.280	63.771	62.612	64.443
IV	13.987	16.855	21.077	21.101	20.622
Disposal District No. 3					
I	12.212	15.177	8.852	5.499	5.181
II	12.075	15.392	15.793	16.232	14.934
III	36.120	45.809	50.649	52.052	51.539
IV	13.118	16.901	16.893	16.898	15.748
Collection District No. 1					
I	5.204	19.578	14.206	8.972	8.868
II	2.571	9.985	13.959	14.646	14.326
III	17.509	63.428	82.880	91.487	93.269
IV	5.623	22.311	27.625	27.515	27.139
Collection District No. 2[a]					
I	3.779	6.605	4.756	2.904	2.857
II	4.096	7.278	9.604	9.725	9.567
III	11.429	22.395	30.294	29.203	29.970
IV	4.051	5.819	6.950	6.617	6.539
Collection District No. 3[a]					
I	4.832	5.999	5.289	3.278	3.275
II	4.992	6.069	9.507	9.564	9.285
III	14.681	18.494	30.908	31.525	32.662
IV	5.389	7.008	10.635	10.635	10.474

[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
2002 THROUGH 2005
($ IN THOUSANDS)

	2005		2004		2003		2002	
	Tax Levy	% of Total	Tax Levy	% of Total	Tax Levy	% of Total	Tax Levy	% of Total
Nassau County Government	$783,512	16.41%	$781,828	17.50%	$780,211	18.45%	$655,612	16.86%
Sewer & Storm Water Consolidated	138,932	2.91%	138,932	3.11%	-	0.00%	-	0.00%
Sewer Collection		0.00%	-	0.00%	102,422	2.42%	39,290	1.01%
Sewer Disposal		0.00%	-	0.00%	40,217	0.95%	100,131	2.57%
Town & City Governments	208,654	4.37%	183,267	4.10%	175,251	4.14%	165,369	4.25%
Incorporated Villages	344,668	7.22%	330,851	7.41%	311,028	7.35%	328,463	8.44%
School Districts	2,833,955	59.34%	2,618,054	58.60%	2,431,227	57.49%	2,229,206	57.31%
Special Districts:								
Fire	88,558	1.85%	84,143	1.88%	78,685	1.86%	76,239	1.96%
Fire Protection	15,292	0.32%	14,239	0.32%	13,595	0.32%	12,751	0.33%
Garbage, Refuse & Sanitary	174,235	3.65%	169,131	3.79%	160,868	3.80%	150,799	3.88%
Lighting	14,194	0.30%	12,643	0.28%	12,027	0.28%	12,010	0.31%
Park	80,837	1.69%	54,730	1.23%	51,548	1.22%	47,496	1.22%
Parking & Improvement	49,159	1.03%	38,582	0.86%	33,876	0.80%	35,528	0.91%
Sewer Special	12,015	0.25%	11,501	0.26%	11,258	0.27%	11,051	0.28%
Water	31,739	0.66%	29,405	0.66%	27,094	0.64%	25,504	0.66%
Total Special Districts	466,029	9.76%	414,374	9.28%	388,951	9.20%	371,378	9.55%
Totals	4,775,750	100.00%	4,467,306	100.00%	4,229,307	100.00%	3,889,449	100.00%

Data extracted from County of Nassau, Comprehensive Annual Financial Report of the Comptroller for the Fiscal Years ended December 31, 2006 and 2005. Data for 2006 and later is not available for all jurisdictions at this time.

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.

The audited financial statement 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.

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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)	108,376	
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.

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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	50,628	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 YEAR	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	Investments
	(Dollars in Thousands)		
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	Investments
	(Dollars in Thousands)		
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:

	Dollars in Thousands			
	Bond Par Issued	Balance at December 31, 2006	Retired	Balance at December 31, 2007
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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APPENDIX C

FORM OF BOND COUNSEL OPINION

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FORM OF BOND COUNSEL OPINION

[Letterhead of Orrick, Herrington & Sutcliffe LLP]

July ____, 2008

County of Nassau,
State of New York

Re: County of Nassau, New York

$171,810,000 GENERAL OBLIGATION BONDS, 2008 SERIES

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the County of Nassau, New York (the "County"), of $171,810,000 aggregate principal amount of General Obligation Bonds, Series 2008, dated July 8, 2008 and consisting of $149,525,000 General Obligation Bonds, 2008 Series C maturing annually on July 1, 2010 to 2028 (the "Series C Bonds") and $22,285,000 General Obligation Bonds, 2008 Refunding Series D maturing annually on January 1, 2009 to 2019 (the "Series D Bonds" and with the Series C 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 speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the County.

We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the County 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, waiver or severability provisions contained in the documents described in the second paragraph hereof. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the 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, although we observe that interest on the Bonds is 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.

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 ("NIFA") Bonds
As of April 30, 2008

Serial General Improvement Bonds

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding As of 4/30/08
1/22/08	Series 2008A general	$105,000,000	3.25% -5.00%	2009 -2028	$105,000,000
12/13/07	Series 2007A general	35,000,000	VRDB	2009 -2023	35,000,000
12/13/07	Series 2007B general	40,000,000	VRDB	2009 -2024	40,000,000
5/1/00	Series 2000E general	90,000,000	5.25% -7.00%	2002 -2020	13,895,000
5/1/00	Series 2000F general	151,149,000	6.50% -7.00%	2001 -2020	12,515,000
9/1/99	Series 1999D general	61,964,000	5.25% -5.30%	2001 -2019	4,540,000
7/1/99	Series 1999C general	138,388,000	5.13% -5.25%	2001 -2019	35,250,000
6/1/99	Series 1999B general	141,800,000	4.50% -5.25%	2001 -2024	18,680,000
4/1/99	Series 1999A general	83,256,000	3.50% -4.50%	2000 -2018	18,470,000
8/1/98	Series 1998Z general	179,272,000	4.00% -5.00%	1999 -2017	29,270,000
3/1/98	Series 1998Y general	95,168,000	4.00% -5.00%	1999 -2017	21,485,000
10/15/97	Series 1997X general	88,291,000	4.80% -5.10%	1998 -2016	8,070,000
8/1/97	Series 1997A Refunding general	110,230,000	3.85% -6.00%	1998 -2013	44,175,000
7/15/97	Series 1997W general	191,185,000	4.50% -5.00%	1998 -2016	19,340,000
3/1/97	Series 1997V general	185,365,000	5.13% -5.25%	1998 -2016	17,555,000
11/1/96	Series 1996U general	89,860,000	5.13% -5.25%	1997 -2015	3,560,000
2/24/94	Series 1994A Refunding general	93,910,000	6.30% -6.50%	1995 -2013	8,485,000
8/31/93	Series 1993J Refunding general	168,850,000	2.20% -6.50%	1994 -2015	140,000
6/10/93	Series 1993H Refunding general	91,350,000	5.50% -5.75%	1994 -2005	2,040,000
11/1/85	Series 1985X general	7,730,000	3.20% -5.00%	1993 -2008	1,460,000
7/1/85	Series 1985W general	73,740,000	2.40% -5.50%	1993 -2017	510,000
11/1/84	Series 1984V general	35,680,000	7.80% -8.00%	1986 -2015	805,000
7/1/84	Series 1984U general	20,560,000	7.30% -7.40%	1986 -2015	245,000
12/1/83	Series 1983T general	31,880,000	8.50% -8.80%	1985 -2014	1,860,000
3/1/83	Series 1983R general	21,980,000	9.00% -9.30%	1985 -2014	880,000
12/1/82	Series 1982Q general	38,230,000	8.50% -8.80%	1984 -2013	160,000
7/1/82	Series 1982P general	44,080,000	8.00% -8.10%	1984 -2012	500,000
5/1/81	Series 1981N general	18,860,000	9.38% -9.38%	1983 -2011	395,000
10/1/80	Series 1980M general	28,060,000	11.25% -11.50%	1983 -2011	345,000
7/15/80	Series 1980L general	33,530,000	9.10% -10.00%	1982 -2011	30,000
Total					$444,660,000

County Serial Combined Sewer District Bonds

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding As of 4/30/08
1/22/08	Series 2008B sewers	$20,000,000	3.125% -5.00%	2009-2033	$20,000,000
5/1/00	Series 2000F sewers	12,832,000	6.25% -7.00%	2001 -2020	1,275,000
9/1/99	Series 1999E sewers	810,000	5.75% -5.80%	2001 -2019	120,000
7/1/99	Series 1999D sewers	1,957,000	5.30% -5.50%	2001 -2019	1,245,000
4/1/99	Series 1999C sewers	1,575,000	4.75% -4.88%	2000 -2018	975,000
8/1/98	Series 1998B sewers	1,421,000	5.00% -5.00%	1999 -2017	820,000
3/1/98	Series 1998A sewers	6,766,000	4.90% -5.00%	1999 -2017	2,125,000
11/1/97	Series 1997A Refunding sewers	20,545,000	4.50% -6.00%	2000 -2013	10,010,000
7/15/97	Series 1997Y sewers	3,205,000	5.00% -5.00%	1998 -2016	625,000
3/1/97	Series 1997 X sewers	4,715,000	5.25% -5.38%	1998 -2016	450,000
8/1/96	Series 1996W sewers	1,960,000	5.25% -5.38%	1997 -2015	330,000
2/24/94	Series 1994B Refunding sewers	83,835,000	2.20% -6.00%	1994 -2016	19,275,000
8/31/93	Series 1993I Refunding sewers	29,910,000	3.20% -5.00%	1993 -2008	1,695,000
6/10/93	Series 1993G Refunding sewers	80,845,000	2.80% -5.45%	1994 -2015	18,085,000
6/10/93	Series 1993F Refunding sewers	89,665,000	2.40% -5.40%	1993 -2010	10,635,000
6/10/93	Series 1993E Refunding sewers	35,045,000	2.80% -5.50%	1994 -2016	9,585,000
10/1/80	Series 1980R sewers	2,455,000	8.70% -9.00%	1981 -2010	160,000
5/1/78	Series 1978M sewers	$37,590,000	6.00% -6.25%	1979 -2008	1,225,000
Total					$98,635,000

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

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding As of 4/30/08
3/3/05	EFC Series 2005 A	$1,774,980	2.09% -4.57%	2006 -2034	$1,674,980
3/4/04	EFC Series 2004 B	4,065,914	1.06% -4.60%	2004 -2028	3,505,000
7/24/03	EFC Series 2003F	8,506,016	0.77% -4.61%	2004 -2029	7,410,000
3/20/03	EFC Series 2003B	42,530,000	2.54% -6.26%	2003 -2029	35,245,000
8/7/02	EFC Series 2002I	36,018,000	1.81% -5.38%	2003 -2022	28,572,000
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	47,440,000
12/16/98	EFC Series 1998G	20,780,000	2.95% -4.90%	1999 -2017	7,830,000
10/15/92	EFC Series 1992A	28,870,000	3.00% -6.65%	1993 -2012	2,568,000
10/15/92	EFC Series 1992B	32,869,000	3.25% -6.60%	1993 -2012	4,175,000
5/15/91	EFC Series 1991B	35,010,000	4.75% -7.10%	1992 -2011	422,000
Total					$144,931,980

NIFA Bonds*

Dated Date		Original Issue Size	Original Interest Rates	Maturity	Principal Outstanding As of 4/30/08
12/15/05	NIFA Series 2005D	$143,795,000	3.25%-5.00%	2007-2025	$143,025,000
7/14/05	NIFA Series 2005C	61,150,000	ARS	2007-2025	59,325,000
7/14/05	NIFA Series 2005B	61,150,000	ARS	2007-2025	59,325,000
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,I,J,K	337,275,000	ARS	2005-2025	326,165,000
4/8/04	NIFA Series 2004 B,C,D,E,F,G	450,000,000	ARS	2013-2024	450,000,000
4/8/04	NIFA Series 2004A	153,360,000	2.00%-5.00%	2005-2013	121,435,000
5/21/03	NIFA Series 2003 A&B	514,475,000	2.00%-6.00%	2004-2023	422,625,000
7/10/02	NIFA Series 2002 A&B	225,650,000	VRDB	2003-2022	191,180,000
6/27/01	NIFA Series 2001A	181,480,000	4.00%-5.37%	2002-2021	48,400,000
10/25/00	NIFA Series 2000A	254,720,000	4.50%-5.75%	2002-2020	12,845,000
Total					$1,958,525,000
Total County and NIFA Obligations					$2,646,751,980

*See paragraph below.

The table above, regarding NIFA bonds, is as of April 30, 2008. On May 15, 2008, NIFA issued $605,055,000 of Sales Tax Secured Variable Rate Bonds, Series 2008A-E, structured as variable rate demand obligations, to refund in full NIFA's $450,000,000 outstanding Sales Tax Secured Variable Rate Bond, Series 2004B-G (Auction Rate Securities) and $150,000,000 outstanding Sales Tax Secured Variable Rate Bond, Series 2004I-K (Auction Rate Securities). NIFA's interest rate swap agreements were maintained. On June 2, 2008, NIFA issued $123,185,000 of Sales Tax Secured Variable Rate Bonds, Series 2008F, structured as variable rate demand obligations, to refund in full NIFA's outstanding $118,650,000 Sales Tax Secured Variable Rate Bonds, Series 2005B-C (Auction Rate Securities); $7,090,000 of the outstanding Sales Tax Secured Bonds, Series 2001A; $4,505,000 of the outstanding Sales Tax Secured Bonds, Series 2002A; and $1,490,000 of the outstanding Sales Tax Secured Bonds, Series 2002B.

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)

	2005	2004	2003	2002	2001	2000
DIRECT DEBT, COUNTY OF NASSAU:						
General Government:						
Bonds	$3,162,586 *	$3,091,974 *	$2,933,562 *	$2,870,029 *	$2,868,307 *	$2,911,365 *
Other Debt Obligations	0	0	0 *	202,155 *	465,965 *	224,360 *
Total	3,162,586	3,091,974	2,933,339	3,072,184	3,334,272	3,135,725
Sewer & Storm Water District Fund						
Bonds	371,042	400,458	416,447 **	465,251 **	519,149 **	568,639 **
Other Debt Obligations	0	0	0	0	2,696	2,696
Total	371,042	400,458	416,447	465,251	521,845	571,335
Total Direct Debt, County of Nassau:						
Bonds	3,533,628	3,492,432	3,350,009	3,335,280	3,387,456	3,480,004
Other Debt Obligations	0	0	0	202,155	468,661	227,056
Total	3,533,628	$3,492,432	$3,349,786	$3,537,435	$3,856,117	$3,707,060

*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, 2006 and 2005 (including data received from respective towns and cities as to which the County makes no representations). Such data for 2006 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)

	2005	2004	2003	2002	2001	2000
OVERLAPPING DEBT, TOWNS AND CITIES						
Town of Hempstead						
Bonds	$1,050,622	$988,954	$871,471	$801,123	$737,337	$724,874
Other Debt Obligations	29,336	77,920	152,269	90,467	113,413	29,488
Less Sinking Funds	(1,435)	(1,605)	(1,611)	(1,511)	(1)	(1,501)
Total	$1,078,513	$1,065,269	$1,022,129	$890,079	$850,749	$752,861
Town of North Hempstead:						
Bonds	$660,883	$599,574	$619,421	$487,111	$430,789	$435,450
Other Debt Obligations	35,550	63,990	98,143	135,633	109,528	42,656
Less Sinking Funds	(105)	(114)	(53)	(53)	-	(95)
Total	$696,328	$663,450	$717,529	$622,691	$540,317	$478,011
Town of Oyster Bay:						
Bonds	$597,447	$626,207	$566,167	$502,638	$453,624	$362,325
Other Debt Obligations	141,085	76,152	74,153	62,479	106,283	115,952
Less Sinking Funds	-	-	(871)	(871)	7,377	-
Total	$738,532	$702,359	$639,449	$564,246	$559,907	$478,277
City of Glen Cove:						
Bonds	$35,884	$34,605	$28,530	$32,309	$37,765	$38,248
Other Debt Obligations	17,123	16,054	19,115	17,661	7,377	5,794
Total	$53,007	$50,659	$47,645	$49,970	$45,142	$44,042
City of Long Beach:						
Bonds	$39,657	$64,673	$34,204	$37,275	$40,205	$27,758
Other Debt Obligations	-	-	10,000	4,065	7,050	13,312
Less Sinking Funds	-	-	(418)	(576)	(781)	(1,033)
Total	$39,657	$64,673	$43,786	$40,764	$46,474	$40,037
Total Overlapping Debt, Towns and Cities:						
Bonds	$2,384,483	$2,314,013	$2,119,793	$1,860,456	$1,699,720	$1,588,655
Other Debt Obligations	223,094	234,118	353,680	310,305	343,651	207,202
Less Sinking Funds	(1,540)	(1,719)	(2,935)	(3,011)	(782)	(2,629)
Total	$2,606,037	$2,546,412	$2,470,538	$2,167,750	$2,042,589	1,793,228
TOTAL DIRECT & OVERLAPPING NET DEBT:						
Bonds	$5,918,111	$5,806,445	$5,469,802	$5,195,736	$5,087,176	$5,068,659
Other Debt Obligations	223,094	234,116	353,680	512,460	812,312	434,258
Less Sinking Funds	(1,540)	(1,719)	(2,935)	(3,011)	(782)	(2,629)
Total	$6,139,665	$6,038,842	$5,820,547	$5,705,185	$5,898,706	$5,500,288

Source: County of Nassau Comprehensive Annual Financial Report of the Comptroller for Fiscal Years ended December 31, 2006 and 2005 (including data received from respective town and cities as to which the County makes no representations). Such data for 2006 and later is not yet available.

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APPENDIX F
COUNTY WORKFORCE

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COUNTY WORKFORCE

As of March 31, 2008, the full-time County workforce totaled 8,972, including 8,787 direct County employees and 60 contract employees. This represents a decrease of 503 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, 2008

Labor Organization	Full-Time Employees
CSEA	4,487
PBA	1,892
DAI	434
SOA	411
ShOA	1,068
IBPA	43
Non-Labor Organization	777
Total	**8,972**

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 collective bargaining agreement with the County expired on December 31, 2007. Negotiations did not produce a successor agreement. The County and CSEA agreed to submit the matter to binding arbitration. The first hearing date is scheduled for June 23, 2008 with other sessions to be scheduled during the summer of 2008.

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. No hearing dates have yet been scheduled.

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
COUNTY MANAGEMENT ORGANIZATION CHART

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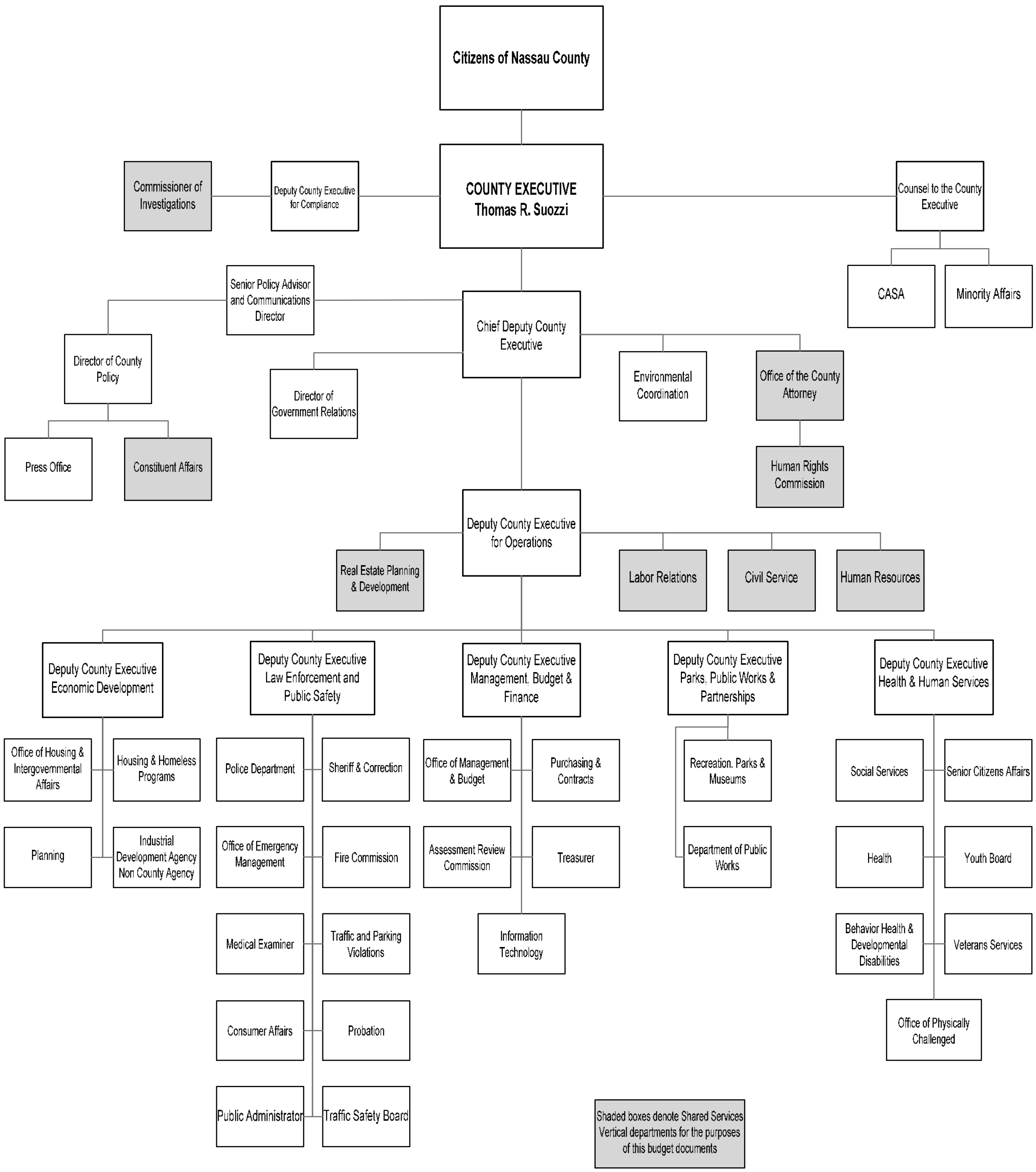
COUNTY ORGANIZATION CHART



APPENDIX H

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 2006. 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 1,325,662 in 2006.

TABLE 1

COUNTY POPULATION, 1970-2006

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

SOURCES: U.S. Census, 1970-2006

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 $85,994 in 2006, significantly higher than those of the State ($51,384) and the United States as a whole ($48,451). Moreover, the County (3.3%) has a smaller percentage of families below the poverty level than the State (10.9%) and the United States (9.8%).

TABLE 2

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

Area	Median Household Income	Families Below Poverty (%)
County	$85,994	3.3
State	51,384	10.9
United States	48,451	9.8

SOURCE: U.S. Census, 2006 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 2007 are shown in Table 3 below.[1]

As indicated in Table 3 below, prices in the CMSA rose by 2.8% in 2007, marking a one percent decrease in the annual percentage change. 2007 was the second year since 2001 in which the percentage change in the CPI for the region did not increase. Similarly CPI increased by only 2.8% in U.S. cities in 2007, marking a decline in the annual percentage change.

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

TABLE 3

CONSUMER PRICE INDEX, 1998-2007

Year	U.S. City Average (1,000s)	Percentage Change	NY-NJ-CT-PA CMSA (1,000s)	Percentage Change
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	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	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 leaseable area.

The County boasts a wide range of nationally recognized retailers that provide goods and services, including home furnishing stores, supermarkets and gourmet food markets, electronic stores and bookstores. Major retailers in the County include Saks Fifth Avenue, Bloomingdales, Lord & Taylor, Nordstrom's, Macy's, 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 670,800 employees in 2006. The unemployment rate in the County was 3.7% in 2006 versus 4.1% in 2005. 2006 marked the eleventh consecutive year in which the County's unemployment rate was less than Suffolk County (3.9%), New York City (4.9%), the State (4.5%) and the United States (4.6%).

TABLE 5

ANNUAL AVERAGE EMPLOYMENT (in thousands) AND UNEMPLOYMENT RATE (%), 1997 - 2006

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
2006	670.8	3.7	755.1	3.9	3,616	4.9	9,122	4.5	136,174	4.6
2005	666.2	4.1	746.7	4.2	3,519	7.0	8,944	5.0	141,730	5.1
2004	687.3	4.5	767.5	4.7	3,720	7.1	9,355	5.8	139,252	5.5
2003	718.5	3.9	733.2	4.4	3,715	8.3	9,300	6.4	137,736	6.0
2002	683.3	4.1	724.8	4.4	3,731	8.0	9,311	6.2	136,485	5.8
2001	674.1	3.1	711.9	3.5	3,666	6.0	9,178	4.9	136,933	4.7
2000	677.7	2.7	707.0	3.2	3,664	5.8	9,180	4.5	136891	4.0
1999	699.2	3.0	704.4	3.6	3,621	6.9	9,134	5.2	133,488	4.2
1998	696.4	2.9	697.7	3.5	3,568	7.9	9,059	5.7	131,463	4.5
1997	693.4	3.5	686.7	4.3	3,524	9.4	8,998	6.5	129,558	4.9

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 2006 in the Nassau-Suffolk PMSA[3] remained strong. Industries that achieved their highest level of employment during this period include: natural resources, construction and 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 remained virtually constant in 2006, but decreased by a total of 17.4% since 1999. Meanwhile, jobs within the natural resources, construction & mining industries increased by 26% since 1999.

Most industries within the service producing sector experienced little change during 2006 with the largest gains made in the educational & health services (1.4%) and the professional & business services industries (2.9%). Moreover, since 1999 the educational & health services sector achieved a 15.2% increase in employment while the leisure & hospitality sector increased by 17.3%.

(3) 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
1999-2006
(in thousands)

Nassau-Suffolk Employment by Industry	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
				Goods Producing				
Natural Resources Construction & Mining	57.5	61.0	62.4	64.3	64.2	65.6	66.4	69.4
Manufacturing	105.7	105.5	98.9	92.1	88.2	88.1	87.3	85.9
Total Employment Goods Producing	163.2	166.5	161.2	156.4	152.5	153.6	153.7	155.3
				Service Producing				
Trade, Transportation & Utilities	267.1	273.1	271.9	267.5	270.3	271.9	271.2	270.5
Financial Activities	85.5	84.2	81.4	82.0	82.0	83.5	81.9	80.0
Information	30.7	31.8	32.9	32.5	32.9	28.9	29.4	29.8
Educational & Health Services	175.6	178.5	180.9	187.5	193.2	196.8	199.5	202.3
Leisure & Hospitality	82.8	86.0	88.8	90.1	92.8	96.1	95.7	96.9
Other Services	50.8	52.1	49.7	50.1	50.8	51.1	52.1	52.0
Professional & Business Services	148.7	155.6	157.7	153.1	152.0	154.2	158.4	163.0
Government	185.7	190.2	194.1	196.3	198.9	197.6	198.5	199.0
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
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

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, 18% of jobs were in the goods producing sector compared to 10% in the Nassau-Suffolk PMSA.

TABLE 7

PERCENTAGE OF NON-FARM EMPLOYMENT BY BUSINESS SECTOR, 2006

BUSINESS SECTOR	**Nassau-Suffolk PMSA (%)**	**United States (%)**
GOODS PRODUCING		
Natural Resources*, Construction & Mining	5	7
Manufacturing	5	11
Total Goods Producing	10	18
SERVICE PROVIDING** OR SERVICE PRODUCING*		
Trade, Transportation & Utilities	23	20
Financial Activities* or Finance, Insurance & Real Estate**	9	6
Assorted Services	43	41
Government	15	16
Total Service Providing / Producing	90	82

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 County's major commercial and industrial employers. Consistent with recent job growth in the educational & health services industry, the County's largest employer, with a work force of approximately 31,000, is the North Shore-Long Island Jewish Health System based in Great Neck.

TABLE 8

MAJOR COUNTY COMMERCIAL AND INDUSTRIAL EMPLOYERS

Employer	**Type**	***Approx. no. Employees***
North Shore-Long Island Jewish Health System	Health Care	31,000*
Winthrop – South Nassau University Health System	Health Care	7,579
Stop & Shop	Food Retailing	7,000
Cablevision	Entertainment	6,300
Adecco	Workforce Staffing	5,600
Verizon	Communications	5,300
Waldbaum's (A&P Stores)	Food Retailing	5,100
Pathmark Stores	Food Retailing	4,600
King Kullen Grocery	Food Retailing	4,500

SOURCES: Compiled by the County from: ProQuest Database supplied by Newsday
*Number includes only employees who work in the County.

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 1997 through 2006. Overall construction activity has been uneven since 1996, reaching its high point in 2000 with 1,887 permits issued. In 2003 the number of permits issued had decreased to 800. The County's construction activity 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.

TABLE 9

COUNTY CONSTRUCTION ACTIVITY, 1997-2006

Year	Single-Family Dwellings	Other Housing Units*	Business Buildings	Industrial Buildings	Public Buildings	Total
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
1997	860	862	56	14	7	1,799
Totals	7,448	6,159	354	79	89	14,129

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 2006. Class 4 property includes commercial, industrial, institutional buildings and vacant land. As indicated in the table, there were 38 building permits issued for Class 4 properties in 2006. Since 2002, the estimated value on such permits increased by 298.5%.

TABLE 10

NUMBER AND VALUE OF BUILDING PERMITS ISSUED, CLASS 4 PROPERTY, 2002 – 2006

Year	Number of Permits Issued	Estimated Value on Permits
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 the County had 1,476 office buildings containing approximately 43.7 million square feet. 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 did not change appreciably in 2006 compared to 2005. The value of new residential construction over the same period decreased slightly (1.3%).

TABLE 11

COUNTY NEW RESIDENTIAL CONSTRUCTION ACTIVITY, 1997 - 2006

Year	Value of New Residential Construction (in thousands)	No. of New Dwelling Units By Building Permit
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
1997	188,345	1,372

SOURCES: U.S. Census Bureau, Construction Statistics Division-Building Permit Branch (1997-2004). Nassau County Planning Department (2005-2006).

Table 12 shows the breakdown of new housing units by type and size. In 2006 the County showed a 7.85% increase in the construction of single-family dwellings.

TABLE 12

NUMBER OF COUNTY NEW RESIDENTIAL HOUSING UNITS AUTHORIZED BY BUILDING PERMIT BY SIZE CATEGORY, 1997- 2006

Year	1 Family	2 Family	3-4 Family	5 or more Family	Total
2006	993	62	4	349	1,446
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
1997	925	42	34	371	1,372

SOURCES: U.S. Census Bureau, Construction Statistics Division-Building Permit Branch (1997-2004). Nassau County Planning Department (2005-2006).
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 have increased by more than 100% from 2000 to 2006. Additionally, in 2006, the County reached a high for annual median sales price ($513,866). According to the Multiple Listing Service of Long Island, the median value of owner-occupied homes in the County ($513,866) was much higher than that of the nation ($221,900). A published report, however, indicated that Realty Trac estimates that foreclosures in Nassau County have risen by an unprecedented 82% over the past year.

TABLE 13

COUNTY HOME SALES, 1997-2006

Year	Median Sales Price	No. of Homes Sold
2006	$513,866	16,555
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
1998	204,500	8,199
1997	180,000	7,835

SOURCES: Compiled by the County from: The October 2001 LIPA Annual Business Fact Book, 1997-2000; Multiple Listing Service of Long Island Inc., 2001-2006; New York State Association of Realtors, *2006 No. of Homes Sold* from LI Profiles (www.LIProfiles.com).

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 107,000 passengers each weekday and serves 96 communities, 46 Long Island Rail Road ("LIRR") stations, most area colleges and universities, as well as employment centers and shopping malls.

The adopted budget as of February 2008 showed that the total MTALIB estimated cash budget for 2008 was $133 million, of which $44.1 million or 33.2% 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 $79 million. The County's share of the cost was approximately $10.5 million; State subsidies and additional State aid accounted for approximately $48.2 million; MTA subsidies accounted for the remaining $20.3 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, the County provides 4,669 certified hospital beds in 13 hospitals and according to the New York State Board of Professions, 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 employer (approximately 31,000 employees), is the third largest non-profit, secular health care system in the nation and is part of the largest integrated healthcare network (Modern Healthcare) in the Northeast United States. 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 tabloid 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 209,112 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 2005 Newsweek magazine article cited 7 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.

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

APPENDIX I

SPECIMEN BOND INSURANCE POLICY

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FINANCIAL SECURITY ASSURANCE®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: Effective Date:

Premium: $

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same 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 call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

[Countersignature] FINANCIAL SECURITY ASSURANCE INC.

By ______________________ By ______________________
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd. (212) 826-0100
31 West 52nd Street, New York, N.Y. 10019

Form 500NY (5/90)

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