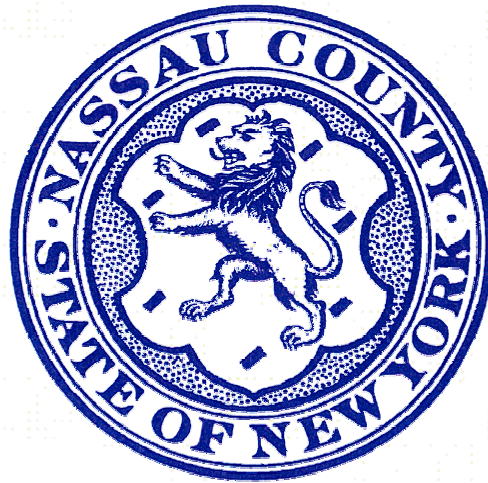


NASSAU COUNTY
NEW YORK



COMPREHENSIVE
ANNUAL FINANCIAL
REPORT
OF THE
COMPTROLLER

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2002

HOWARD S. WEITZMAN
COMPTROLLER

NASSAU COUNTY
NEW YORK



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FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2002

HOWARD S. WEITZMAN
COMPTROLLER

JANE LEVINE
CHIEF DEPUTY COMPTROLLER

SUSAN D. WAGNER
DEPUTY COMPTROLLER FOR OPERATIONS



HOWARD S. WEITZMAN
COMPTROLLER

COUNTY OF NASSAU, NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

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PART I

INTRODUCTORY SECTION

HOWARD S. WEITZMAN
COUNTY COMPTROLLER



**OFFICE OF THE COUNTY
COMPTROLLER**

240 Old Country Road
Mineola, NY 11501
(516) 571-2386
Fax (516) 571-5900

E-Mail: Howard.Weitzman@mail.co.nassau.ny.us

June 30, 2003

Hon. Thomas R. Suozzi, Nassau County Executive
Members of the Nassau County Legislature:

I am pleased to submit this Comprehensive Annual Financial Report (“the report”) for the year ended December 31, 2002, as required by New York State County Law, Article 14 § 577.1(j-k). Although the county continues to face serious financial difficulties, significant progress was made towards achieving structural budgetary balance during 2002. In my role as independent fiscal watchdog, I remain committed to working with you to help return the county to fiscal health.

This year’s financial statements are presented using Governmental Accounting Standards Board Statement No. 34 (GASB 34) – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The entirely new accounting model promulgated by GASB 34 incorporates significant changes, intended to make annual reports more comprehensive and easier to understand. The changes include, but are not limited to, consolidated financial statements for all county operations, utilization of the full accrual basis of accounting and presentation of the county’s net asset value, including infrastructure assets and depreciation.

On a budgetary basis, the financial results of operations of the county’s five primary funds (General Fund, Police Headquarters, Police Districts, County Parks and Fire Safety), remain a leading indicator of the county’s fiscal health. Nassau County completed the fiscal year ended December 31, 2002, with a combined surplus in its primary funds of \$40.5 million, as determined by current governmental accounting principles generally accepted in the United States.

The 2002 surplus is primarily attributable to corrective budgetary actions taken by the administration and the financial intervention of the Nassau Interim Finance Authority (NIFA). Without the infusion of \$78.3 million in aid from NIFA, as well as the use of some \$10.1 million of accumulated fund balance from prior years, \$9.9 million from the settlement of a dispute with a construction contractor and \$2.9 million of tobacco settlement monies, the county would have ended 2002 with a \$60.7 million deficit. While non-recurring revenue enhancers still play a part in balancing Nassau’s budget, the county’s reliance on them has been greatly reduced. NIFA is reported as a blended component unit in the county’s financial statements.

Responsibility for the accuracy of the report's data and the completeness and fairness of the data's presentation – including all disclosures – rests with the county. I believe the data, as presented, is accurate in material aspects; and fairly presents the financial and operational condition of the county – as measured by the financial activity of the governmental entity, and its various funds and component units, and that necessary disclosures have been included.

The report contains four sections: introduction, management's discussion and analysis, financial statements and supplementary information. In addition to this transmittal letter, the introductory section includes the county's organizational chart and a listing of principal officials. The management's discussion and analysis presents summary financial information and facts regarding the fiscal condition of the county. The financial section incorporates the basic and fund financial statements and schedules, as well as the independent auditors' report prepared by Deloitte & Touche, LLP. The Notes to the Combined Financial Statements are an integral part of this report and must be referred to when assessing the financial data. The supplementary information section includes selected financial and demographic information that is generally presented on a multi-year basis. While the data included in the statistical section has been verified and is believed to be accurate, it has not been subject to the audit process applied to the statements and schedules contained within the financial section.

The county is also required to undergo an annual "single audit" in conformance with the provisions of the Federal Single Audit Act (as amended) and the United States Office of Management and Budget's Circular A-133: *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit – including the schedule of expenditures of federal grants, findings, recommendations and corrective action plan; the independent auditors' report on internal controls over financial reporting, based on an audit of financial statements performed in accordance with *Government Auditing Standards* and its report on compliance with applicable laws, regulations, contracts and grants applicable to major federal programs; and internal controls over such compliance – are usually not provided in this report. This information is usually presented as a separate report. The independent auditors' report on compliance and on internal controls over financial reporting is included as an appendix.

The county funds a full range of municipal services – including public safety, health and education, highways and sanitation, public improvements and parks, recreational facilities and cultural events, as well as planning and general administrative services.

The various funds and component units included in this report are deemed to be controlled by, or financially accountable to, the county based on criteria set forth by the Governmental Accounting Standards Statement No. 14 as discussed in Note 1 to the Combined Financial Statements.

FINANCIAL CONDITION

Although it continues to be one of America's wealthiest suburban communities, Nassau County has, in recent years increasingly encountered severe financial difficulties, including deepening structural deficits and diminished debt ratings. This occurred during a decade of substantial economic growth nationwide, as county services and expenses grew over the years without a corresponding increase in revenues. In response to the increasingly perilous financial situation, the Nassau County Interim Finance Authority (NIFA) was created by New York State to reduce the cost of borrowing and oversee the county's financial plan.

With NIFA's aid, and due to better fiscal management, the county ended 2002 with a combined operating surplus of \$40.5 million for its five primary funds. Additionally, the county and NIFA have approved the *Multi-Year Financial Plan*, which presents the administration's strategy for achieving structural budgetary balance. Citing their increasing confidence in the county's ability to manage its fiscal situation, the three principal debt-rating agencies all raised their ratings for the county's debt (see p. 10).

MAJOR INITIATIVES

The county's capital improvement program has been negatively affected by the substantial amount of debt incurred to pay successful property tax assessment challenges, of which close to \$1 billion in bonds remain outstanding. However, during 2002 the county has been able to complete major public works projects previously under way. They include \$9.7 million of various road, parking lot and recreational area rehabilitations, \$10 million of aeration tank improvements at the Bay Park Sewage Treatment Plant and \$9.4 million of various sewer and pond dredging projects. Building construction and improvements included completion of the \$22.6 million Cradle of Aviation Museum, \$7.2 million for a number of Fire Academy Burn Buildings, \$2 million of Americans with Disability Act improvements at the Supreme and County Court buildings, and \$1.3 million of other miscellaneous building improvements.

Significant projects currently under way include construction of aeration tank covers at the Bay Park Sewerage Treatment Plant at a cost of \$18 million, and aeration tank covers and an odor control system at the Cedar Creek Water Pollution Control Plant at a cost of \$15 million. Also under construction are \$6 million of improvements to the Secondary Gas Compressor Facility at Cedar Creek and \$4.4 million of various sewer rehabilitations. Major building construction includes a \$1.8 million renovation of the Police Department's Marine Bureau facility.

Pending certain approvals, work slated to begin in 2003 includes approximately \$29 million of road improvements, \$31 million of additions and improvements to the Cedar Creek Plant Dewatering Facility, \$3.7 million for the final grading and capping of the Beacon Hill Landfill, and various sewer, pumping station, drainage and pond rehabilitation projects at a cost of approximately \$18 million. An estimated \$6.3 million planning and design phase of the county's real estate consolidation project is anticipated to begin, of which approximately one-half is to be funded by real estate sales and savings generated by the consolidation program. A number of building improvements, at a cost of \$8.4 million, are also expected.

FINANCIAL INFORMATION

Internal Controls

The county comptroller is responsible for auditing, establishing and maintaining an internal control structure designed to ensure that the assets of the county are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for preparation of financial statements in conformance with accounting principles generally accepted in the United States. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgment by county managers.

As a recipient of federal grants, the county also is responsible for establishing an internal control structure in compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by personnel in the comptroller's office as well as by the independent auditors engaged to conduct the annual single audit as required by law.

Budgetary Controls

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

General Governmental Functions

The schedule below presents a summary of the revenues and other financing sources for the General Fund, Police Headquarters, County Parks and Fire Safety Fund, for the year ended December 31, 2002, and the amount and percentage of increases/ decreases in relation to prior-period revenues and other financing sources. Certain financial exhibit details have been combined for letter of transmittal presentation, in addition to the netting of sources and use of funds for debt refunding. In order to facilitate equivalent comparisons, certain fiscal 2001 details have been restated to conform to the 2002 presentation. These figures do not include the Police District Fund, which does not cover all county residents:

Table 1: Summary of Revenues and Other Financing Sources, \$ thousands

	2002 Amount	Percent of Total	Increase (Decrease) From 2001	Percent of of Increase (Decrease)
Interest and Penalties on Taxes	\$ 20,156	1.0%	\$ 1,142	6.0%
Investment Income	6,530	0.3%	(9,727)	-59.8%
Departmental	172,723	8.2%	23,566	15.8%
Interdepartmental	105,025	5.0%	3,400	3.3%
Federal Aid	124,491	5.9%	18,454	17.4%
State Aid	191,488	9.1%	16,396	9.4%
Sales Tax	862,636	41.2%	33,825	4.1%
NIFA withholding	(39,664)		(17,536)	
Net Sales Tax	822,972	39.4%	16,289	2.0%
Property Taxes	348,236	16.6%	57,168	19.6%
Proceeds from Tax Certiorari and Other Judgements & Borrowings	125,545	6.0%	(60,557)	-32.5%
Operating Transfers In	71,132	3.4%	(108,691)	-60.4%
Other	107,443	5.1%	15,201	16.5%
TOTAL	\$ 2,095,741	100.0%	\$ (27,359)	

The increase in interest and penalties on taxes results from the implementation of revenue generating initiatives related to penalties and fees on delinquent property taxes. The decrease in investment income resulted from a significant decrease in the amount of available cash to invest and a dramatic decline in interest rates. The lower cash level is indicative of improved cash management, with significantly less cash flow borrowings and related borrowing costs. Departmental revenues increased primarily due to the contractual reimbursement of the intergovernmental transfer of charity care funding from New York State to the Nassau Health Care Corporation (NHCC) and improved collections and fee increases for ambulance services provided by the Police Department. The revenue generated by intergovernmental transfer is offset by county expense. A transfer of Drug and Alcohol funds from the Grant Fund to the General Fund, in order to properly match reimbursements for expenditures, resulted in the increase in interdepartmental revenues. The increase in total federal aid was primarily due to increased reimbursement for Social Service program costs and payment for federal inmates held at the Nassau County Correctional Center. Reimbursements for various Social Service programs and an increase in the caseload participating in the early intervention program administered by the Health Department, primarily accounted for the increase in state aid. Sales tax receipts grew by approximately 4.1 percent over the prior year, although the increase in the net amount actually received by the county was less, due to the increase in the amount of set-aides for debt repayment held by NIFA. Property tax receipts increased as a result of an increase in the county tax levy. The borrowing necessary to fund successful property tax challenges decreased, as did associated payments, since the county processed a large portion of the backlog of these liabilities during 2001. While there were a number of offsetting variances from the prior year, operating transfers declined substantially due to a budget policy change whereby Police Headquarters funding is currently provided by property tax revenues in the Headquarters Fund, as opposed to a transfer from the General Fund, where the related property taxes were initially recorded in the past. Additionally, less investment and inactive capital project cash was available for the payment of debt service costs. While recognition of revenues due from the NHCC was offset by the deferral of tobacco settlement proceeds, the resolution of a dispute with a construction contractor and collection of disputed revenues from the Coliseum were principally responsible for the increase in other revenues.

The schedule on the following page summarizes expenditures and other uses for the General Fund, Police Headquarters, County Parks and Fire Safety Fund, for the year ended December 31, 2002 and the amount and percentage of increases/ decreases in relation to prior-period expenditures and other uses as previously presented. Certain financial exhibit details have been combined for letter of transmittal presentation. Additionally, in order to facilitate equivalent comparisons, certain fiscal 2001 details have been restated to conform to the 2002 presentation. These figures also do not include the Police District Fund, which does not cover all county residents.

Table 2: Summary of Expenditures, \$ thousands

	2002 Amount	Percent of Total	Increase (Decrease) From 2001	Percent of of Increase (Decrease)
Legislative	\$ 5,865	0.3%	\$ 222	3.8%
Judicial	39,049	1.9%	(1,051)	1.5%
General Administration	181,928	8.9%	(3,019)	-1.7%
Protection of Persons	297,002	14.5%	10,506	3.5%
Health	169,065	8.2%	6,712	4.0%
Public Works	44,104	2.1%	65	0.1%
Recreation and Parks	59,886	2.9%	1,588	2.7%
Social Services	538,402	26.3%	19,762	3.7%
Corrections	171,289	8.3%	(266)	-0.2%
Education	5,017	0.2%	238	4.7%
Aid to Towns and Cities	51,489	2.5%	2,392	4.6%
Payments for Tax Cert and Other Judgements & Borrowings	125,545	6.1%	(49,929)	-39.8%
Other Expenditures	64,764	3.2%	19,021	29.4%
Debt Service	495	0.0%	(926)	-187.1%
Operating Transfers	<u>297,608</u>	<u>14.6%</u>	<u>(74,480)</u>	<u>-25.0%</u>
TOTAL	\$ <u>2,051,508</u>	<u>100.0%</u>	\$ <u>(69,165)</u>	

County expenditures typically increase as a result of scheduled step and cost of living increases paid to county workers pursuant to various collective bargaining agreements and county ordinances. Additionally, while the county's workforce was significantly reduced during 2002, payroll expenditures were higher than the prior year due primarily to termination pay for the sizeable number of police officer retirements. The cost of employee health insurance also increased, by approximately 11 percent, however, this increase was more than offset by the reduction in retirement expense. During 2001, the remaining balance of early retirement incentive programs and certain other retirement benefit costs, historically financed over a five year period, were paid in full from fiscal 2000 surplus funds. The county was not burdened by this expense during 2002. As a result, although pension contributions increased during 2002, the county's net retirement expense decreased significantly.

In addition to the personnel costs described above, there were a number of other significant expenditure variances from the prior fiscal year. Reimbursable health expenditures rose as a result of an increased early intervention caseload and an increase in chemical dependency program costs. Expenditures for social services grew due to increased mandated Medicaid costs, related to increased caseload. County aid to towns and cities increases in proportion to overall sales tax revenue growth. Payments for successful property tax assessment challenges decreased significantly from the prior since the county processed a large portion of the backlog of these liabilities during 2001. The increase in other expenditures was related to accruals made for potential county responsibility for obligations on behalf of the Nassau Health Care Corporation and the increased level of miscellaneous settlements properly paid from the General Fund, as opposed to funding them through long-term debt. Operating transfers decreased substantially, due to a budget policy change whereby certain Police Headquarters funding is currently provided by property tax revenues in the Headquarters Fund, as opposed to a transfer from the General Fund, where the related property taxes were initially recorded in the past. This decrease was partially offset by transfers for increased debt service funding requirements.

General Fund

The County ended the 2002 year with a \$68.3 million accumulated unreserved budgetary fund balance in the General Fund. The ending fund balance included \$27.5 million from prior years, as well as a number of other significant non-recurring revenues and savings. NIFA generated \$58.3 million of savings from the restructuring of outstanding county debt. Other non-recurring gains include \$10.1 million of prior year surplus funds that were used for debt service expenditures, \$9.9 million from the settlement of a contract dispute with a construction contractor and \$2.9 million from tobacco securitization.

Special Revenue Funds

Unreserved fund balances (deficits) for each of the special revenue funds are set forth below – as of December 31, 2002 and December 31, 2001 – together with the amount of increase or decrease over 2001.

Table 3: Unreserved Fund Balances for Each of the Special Revenue Funds, \$ thousands

December 31, 2002					
	Fund Balance (Deficit) Unreserved	Fund Balance Unreserved and Designated for Ensuing Year's Budget	Fund Balance (Deficit) Unreserved and Undesignated	Fund Balance (Deficit) Unreserved, December 31, 2001	Increase (Decrease) over 2001
Police District	\$ -	\$ -	\$ -	\$ -	\$ -
Police Headquarters					
Fire Prevention, Safety, Communication and Education				235	(235)
Sewage Disposal District #1	809	421	388	697	112
Sewage Disposal District #2	24,496	11,526	12,970	13,520	10,976
Sewage Disposal District #3	15,647	5,564	10,083	9,826	5,821
Sewage Collection Districts	12,012	5,794	6,218	11,011	1,001
Grant	(40,134)		(40,134)	(52,374)	12,240
County Parks and Recreation					
NIFA General Fund	624		624	526	98
Technology Reserve	7,100	-	7,100	7,100	-
TOTAL	\$ 20,554	\$ 23,305	\$ (2,751)	\$ (9,459)	\$ 30,013

The Police Headquarters Fund's initial 2002 deficit was eliminated as a result of a \$7.9 million transfer from the county's General Fund and \$8.4 million of NIFA transitional state aid. The initial Police District Fund deficit was eliminated by the transfer of \$11.6 million of NIFA transitional state aid.

Pension Funding

Almost all county employees are members of either the New York State and Local Employees' Retirement System or the New York State and Local Police and Fire Retirement System. During 2001, the remaining balance of early retirement incentive programs and certain other retirement benefit costs, historically financed over a five year period, were paid in full from fiscal 2000 surplus funds. The county was not burdened by this expense during 2002. As a result, although pension contributions for police and non-police employees increased during 2002, the county's net total retirement expense decreased significantly.

Debt Administration

On December 31, 2002, the county had approximately \$2.1 billion of long-term serial bonds outstanding, with \$1.6 billion for general county purposes; this includes \$799 million for financing tax certiorari settlements, and nearly \$468 million for sewage district purposes. NIFA had \$650 million of bonds for county purposes outstanding, of which \$157.1 million was for tax settlements. Despite the continued economic downturn and uncertainty regarding the future, during 2002 and 2003, the county earned rating upgrades from each of the three principal debt-rating agencies. Citing improvements in the county's fiscal situation, the rating agencies indicated their confidence in the county, by improving its debt ratings and rating outlooks. Moody's Investors Service upgraded the county's rating from Baa3 to Baa2, Standard and Poor's Rating Group upgraded the rating from BBB- to BBB and changed the outlook to positive, and Fitch Ratings upgraded the rating from BBB to BBB+ and changed the outlook to positive. Under current New York State law, the county's bonded debt issuances, excluding debt for sewage and water projects, are subject to a constitutional limitation based on ten percent of the average full valuation of real property for the latest five years. The county's net outstanding indebtedness on December 31, 2002 was 25.4% of its constitutional debt limit, which represents a decrease of 1.4 percent from 2001. The county's bonded debt per-capita, including NIFA and Nassau Community College debt, was \$2,084.

Cash Management

While the county has an aggressive cash-management program, its policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Substantially all idle funds are invested from one to 28 days and are fully collateralized by securities prescribed in the law and held in trust by the county's agent, in the name of the county, for this purpose. As of December 31, 2002, \$329 million was invested at rates ranging from 0.8 to 1.28 percent annually. These investments were in repurchase agreements and certificates of deposit.

Risk Management

The county is exposed to various risks of loss related to torts, property loss, employee injuries, errors related to and omissions of its employees, and natural disasters. The county carries property insurance on its police helicopters and a blanket fidelity bond covering all county employees. Essentially all other risks are assumed by the county directly and are paid out of its operating or capital funds. Expenditures for claims are recorded when paid or when liabilities are recorded if it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

OTHER INFORMATION

Independent Audit

The accounting firm of Deloitte & Touche, LLP was selected by the county to perform an independent audit of the county's financial statements as of, and for the year ended, December 31, 2002. The auditors' report on the general-purpose financial statements and combined and individual fund statements and schedules is in the Financial Section.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the county for its Comprehensive Annual Financial Report for the year ended December 31, 2001. This is the 18th consecutive year in which the county's Comprehensive Annual Financial Report has been so honored. In order to be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

Respectfully submitted,



Howard S. Weitzman
Nassau County Comptroller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Nassau,
New York

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

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



President

Executive Director

COUNTY OF NASSAU, NEW YORK

PRINCIPAL OFFICIALS

December 31, 2002

Executive

County Executive
County Comptroller
County Treasurer
County Attorney
Director of the Budget
District Attorney
County Clerk
Chairman, Board of Assessors

Thomas R. Suozzi
Howard S. Weitzman
Henry M. Dachowitz
Lorna B. Goodman
Mark D. Young
Denis Dillon
Karen V. Murphy
Charles O'Shea

Legislative

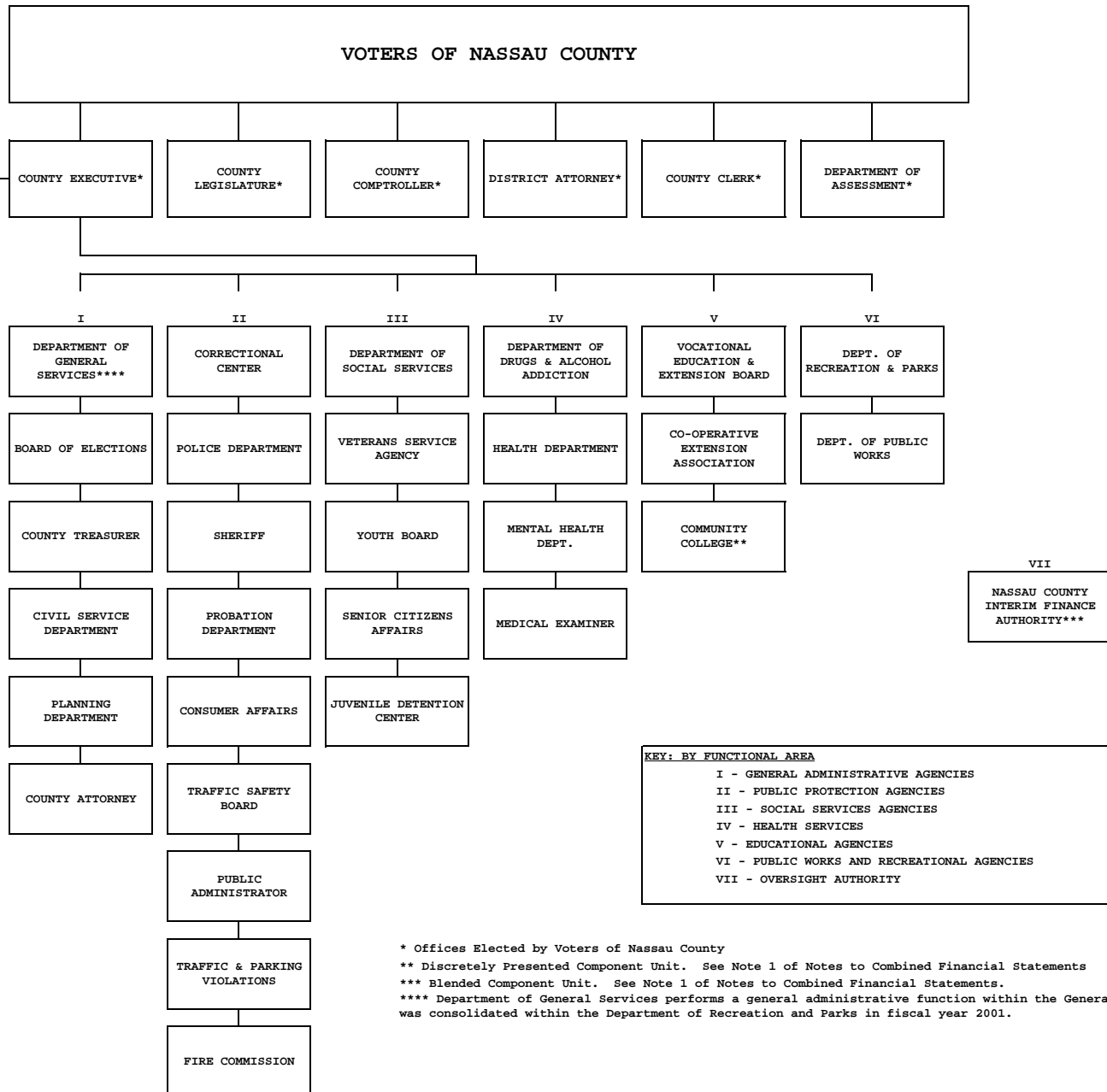
Judith A. Jacobs, Presiding Officer
Roger Corbin, Deputy Presiding Officer
Lisanne G. Altmann, Alternate Deputy Presiding Officer
Peter J. Schmitt, Minority Leader
Legislator Kevan M. Abrahams
Legislator John J. Ciotti
Legislator Michael Zapson
Legislator Joseph Scannell
Legislator Francis X. Becker, Jr.
Legislator Jeffrey Toback
Legislator Vincent T. Muscarella
Legislator Richard J. Nicoletto
Legislator Craig M. Johnson
Legislator Norma Gonsalves
Legislator Salvatore B. Pontillo
Legislator Dennis Dunne, Sr.
Legislator Edward P. Mangano
Legislator Brian Muellers
Legislator David Denenberg

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

COUNTY OF NASSAU, NEW YORK

COUNTY DEPARTMENTS AND OFFICES

AS OF DECEMBER 31, 2002



COUNTY EXECUTIVE OFFICES
 CASA
 COMMISSIONER OF ACCOUNTS
 HOUSING & INTERGOVT. AFFAIRS
 HUMAN RIGHTS COMMISSION
 MINORITY AFFAIRS
 MANAGEMENT & BUDGETS
 PERSONNEL
 PHYSICALLY CHALLENGED

KEY: BY FUNCTIONAL AREA
 I - GENERAL ADMINISTRATIVE AGENCIES
 II - PUBLIC PROTECTION AGENCIES
 III - SOCIAL SERVICES AGENCIES
 IV - HEALTH SERVICES
 V - EDUCATIONAL AGENCIES
 VI - PUBLIC WORKS AND RECREATIONAL AGENCIES
 VII - OVERSIGHT AUTHORITY

* Offices Elected by Voters of Nassau County
 ** Discretely Presented Component Unit. See Note 1 of Notes to Combined Financial Statements
 *** Blended Component Unit. See Note 1 of Notes to Combined Financial Statements.
 **** Department of General Services performs a general administrative function within the General Fund, but was consolidated within the Department of Recreation and Parks in fiscal year 2001.

PART II

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Honorable Thomas R. Suozzi, County Executive
and Members of the County Legislature
County of Nassau, New York

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Nassau, New York, (the "County"), as of December 31, 2002, (with the Nassau Community College for the year ended August 31, 2002), which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of the County's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended December 31, 2002 and for the year then ended as listed in the table of contents. These financial statements are the responsibility of the County of Nassau's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Nassau Regional Off-Track Betting Corporation, the Nassau County Industrial Development Agency, and the Nassau Health Care Corporation, all discretely presented component units, which represent 11 percent and 22 percent, respectively, of the assets and revenues of the County. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions. The financial statements of the Nassau Regional Off-Track Betting Corporation were not audited in accordance with *Government Auditing Standards*.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Nassau, New York, as of December 31, 2002, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition,

in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of nonmajor governmental and fiduciary funds of the County of Nassau, New York, as of December 31, 2002, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, effective January 1, 2002 the County adopted Governmental Accounting Standards Board (“GASB”) Statement No. 34, *Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 37. Also, as discussed in Note 1 to the financial statements, effective September 1, 2001, the Nassau Community College adopted Governmental Accounting Standards Board (GASB) Statement No. 35, *“Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities”* and restated the opening net asset balance as of July 1, 2001.

The Management’s Discussion and Analysis on pages 21 through 29 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required 2002 supplementary information. However, we did not audit the information and express no opinion on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2003, on our consideration of the County of Nassau’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte + Touche LLA

May 9, 2003

BASIC FINANCIAL STATEMENTS

MANAGEMENT’S DISCUSSION AND ANALYSIS

Nassau County’s annual financial report (“the report”) complies with the requirements of Government Accounting Standards Board Statement Number 34 (“GASB 34”). This section of the report, newly required under GASB 34, presents management’s discussion and analysis (“MD&A”) of the county’s financial performance for the fiscal year ended December 31, 2002.

THE COUNTY’S RECENT FINANCIAL POSITION

Nassau County ranks in the top 1% of all counties in the United States in population and per-capita income. In spite of the wealth of its residents and the strength of its commercial base, the county’s financial position deteriorated beginning in the late 1990’s. In 1999, Nassau County realized a modest positive operating fund balance in its General Fund, but required \$356 million in one-time revenues in order to achieve this result. Due to its reliance on one-time revenues to cover ongoing operating expenses, the county borrowed over \$469.4 million in 2000 for cash flow purposes, marking the fourth successive year of substantial growth in the county’s cash flow borrowing requirements. From March of 1999 through February of 2000, all three of the rating agencies responded to the county’s declining financial position by reducing their respective ratings of Nassau’s general obligation debt, with Moody’s Investors Service and Standard and Poor’s assigning Nassau County ratings set one level above non-investment grade credit.

In light of the budgetary, cash flow, and market access problems facing Nassau County, the Governor, the Assembly, and the State Senate approved a special act of the State Legislature (“Act”) creating the Nassau County Interim Finance Authority (“NIFA”). NIFA is a public benefit corporation authorized by the Act to oversee and, if necessary, exercise direct control over the finances of the county. Additionally, the Act enables NIFA temporarily to provide transitional State assistance to the county, to issue debt on its behalf, and to restructure a portion of the county’s outstanding indebtedness to generate budgetary relief.

Chaired by Frank G. Zarb, NIFA initiated its operations in June of 2000. Exercising its oversight responsibilities, NIFA disciplined the county’s borrowing and directed the county to publish quarterly reports assessing its financial position. In addition, NIFA required the county to produce four-year financial plans outlining the recurring strategies the county intends to employ to achieve structurally balanced budgets. Though NIFA accepted the consensus financial plan for 2001-2004, the board of directors rejected the county’s initial 2002-2005 financial plan in the fall of 2001, precipitating the placement of the county on negative credit watch by Standard and Poor’s in December of 2001.

NIFA required the newly elected County Executive to compile a substitute multi-year financial plan by April 1, 2002. As submitted by the new County Executive, the 2002-2005 Multi-Year Financial Plan called for a large reduction in the size of the full-time workforce, concessions from the county’s five labor unions, cost cutting and revenue raising initiatives, property assessment and assessment review reform, debt restructuring and reduction, the creation by the New York State Legislature of a Nassau County Sewer and Storm Water Authority, and an increase in the county’s property tax levy. NIFA accepted the Plan. On the strength of the

2002-2005 Multi-Year Financial Plan, Standard and Poor's removed the county from negative credit watch on April 16, 2002.

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS FOR 2002

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

Government-wide financial statements are newly required under GASB 34. They present information about the county as a whole using accounting methods (full-accrual accounting) similar to those used by private-sector companies. 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 last day of the 2002 fiscal year. Net assets are what remain after 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.

As summarized in Table 1 below, the *statement of net assets* for Nassau County's governmental activities for the fiscal year that ended December 31, 2002 shows that the county has a deficit balance of net assets totaling \$991.8 million, while its unrestricted net assets (gross net assets less equity invested in capital assets net of related debt, and assets restricted for defined purposes internally by law or by other organizations external to the government) total a deficit balance of approximately \$1.5 billion. An evaluation of the county's substantially negative net asset position is warranted.

A deficit balance of net assets, in particular unrestricted net assets, does not necessarily indicate fiscal stress. Unrestricted net assets include all liabilities that are not connected to the county's capital assets and not expected to be paid from restricted resources, so these liabilities, by definition, include considerable long-term obligations, such as the value of accrued compensated absences that will be paid over time as workers separate from employment with the county.

Nassau County is obligated under its various collective bargaining agreements to compensate its employees, upon separation or retirement, for accumulated compensated absences, in particular vacation and sick leave. Accrued liabilities for vacation and sick leave reduce the county's net asset value by \$379.9 million. Like most governments, Nassau has elected to fund these liabilities as they come due, thereby committing a segment of future taxes and revenues to make

good on these obligations. Therefore, a deficit balance of net assets resulting from non-debt long-term liabilities should not, in and of itself, be construed as signaling fiscal stress.

Table 1: Summary of Net Assets
Nassau County: Governmental Activities
(dollars in millions)

	Primary Government Activities
	2002
Current and Other Assets	\$ 1,099.0
Capital Assets	2,388.6
Total Assets	3,487.6
Long-Term Liabilities	3,296.0
Other Liabilities	1,183.4
Total Liabilities	4,479.4
Net Assets	
Invested in Capital Assets Net of Related Debt	146.9
Restricted	(628.3)
Unrestricted	(510.4)
Total Net Assets	\$ (991.8)

The county's governmental activities, however, result in a large deficit balance of gross and unrestricted net assets because of the county's historical debt issuance practices.

As of December 31, 2002, Nassau County had \$2.8 billion in outstanding long-term debt, including \$650.2 million in long-term NIFA debt secured by county sales-tax revenue. All of the county's debt indicators and ratios (e.g., historical changes in outstanding debt, exhausted constitutional debt limit, net direct debt per capita, net direct debt per capita to per capita income, debt service as a percentage of operating expenses) are disproportionately high, far exceeding indicators and ratios of peer counties in New York State and those recommended by, among others, the International City/County Management Association.

The county's debt profile is far out of alignment with its peers and with recommended best practices for two primary reasons:

- The county's historical practice has been to issue long-term debt to finance judgments and settlements related to legal claims against the county. On average, the county has borrowed between \$30 million and \$40 million every year to finance its settlements and judgments.

- The county has generated a substantial liability related to the payment of property tax refunds resulting from successful grievances of erroneous property tax assessments. Under State law, Nassau County is responsible for guaranteeing the tax levy not only for county property taxes, but also for the three towns within the county, all but one of the 56 school districts, more than 225 special districts, and seven villages (“Guarantee”). Until this year, Nassau County had not reassessed its residential properties since 1938, nor had it revalued its commercial properties since 1986. As a result, tens of thousands of grievances are filed each year by residential and commercial property owners protesting the accuracy of the assessed values assigned to their properties. Historically, the county had not put in place an administrative review process that could handle the volume of annual grievances, resulting in a substantial backlog of unresolved claims, and pushed the resolution of these claims to the court system, where cases have, on average, taken up to six years to resolve. This problem was compounded by the Guarantee; that is, even though the county only collects approximately 20% of property taxes levied in Nassau, the county is responsible for paying 100% of any refunds owed to property owners resulting from the over-assessment of their properties.

Since 1993, Nassau County has issued approximately \$1.4 billion in long-term debt on its own and through NIFA to finance the payment of judgments and settlements relating to tax certiorari claims. No corresponding assets exist to offset the liability generated by financing property tax refunds and resolutions of legal disputes through the issuance of long-term working capital debt. As the Government Finance Officers Association writes, “deficits [in net assets] resulting from the issuance of long-term debt to cover current operating costs should be a cause for concern.”

The administration recognizes that the county cannot continue its historical practice of issuing long-term working capital debt to finance property tax refunds and litigation resolutions. The 2003-2006 Multi-Year Financial Plan, as updated, provides a strategy for gradually shifting the responsibility for these liabilities to the annual operating budget. Specifically, the Plan anticipates the county transitioning to pay-as-you-go financing of tax certiorari obligations no later than 2006, after reforms to the county’s assessment and assessment review processes are in place and the backlog of open writs has been substantially reduced. Further, the Plan requires the county to increase by \$5 million each successive year its appropriation in the annual operating budget for judgment and settlements, with a full shift to pay-as-you-go funding of these liabilities occurring in 2012. In both cases, such a gradual shift is required given the magnitude of the county’s current annual expenses for these liabilities.

The *statement of activities* for the fiscal year that ended December 31, 2002, as summarized in Table 2 below, demonstrates that governmental activities during the fiscal year reduced the net asset value of the county by \$18.5 million. The year-over-year reduction in net assets was driven, in general terms, by the fact that revenues generated in the 2002 fiscal year did not offset the county’s expenses, accrued liabilities for compensated absences, and the cost of the county’s property tax refund payments, judgments, and settlements. In all likelihood, the county’s activities will continue to place downward pressure on its net asset value in the short term since the administration intends, pursuant to its Multi-Year Plan, to finance the cost of materially eliminating the backlog of open tax certiorari claims through the issuance of long-term debt. Once the county moves away from the issuance of long-term debt and begins to cover its annual

liability for property tax refunds, judgments, and settlements with current revenues, the county should start to improve its net asset value through its annual activities.

**Table 2: Summary of Governmental Activities in 2002 Fiscal Year
Expenses, Revenues, and Change in Net Assets**

(dollars in thousands)

Program Expense and Revenues	Expenses	Revenues
Program Areas		
Corrections	\$ (172,361)	\$ 24,830
Debt Service Interest	(187,521)	-
Education	(10,097)	603
General Government	(478,075)	143,017
Health	(207,803)	126,067
Judicial	(40,974)	15,581
Legislative	(5,847)	-
Protection of Persons	(556,196)	26,040
Public Works	(177,418)	16,967
Recreation and Parks	(44,778)	15,791
Social Services	(540,759)	330,681
Total Program Expense/Revenues	\$ (2,421,829)	699,577
General Revenues		
Taxes (net of refunds):		
Property Taxes		757,481
Sales Taxes		863,157
Other Taxes		28,321
Investment Income		14,609
Other Federal and State Aid		20,000
Other		20,168
Total General Revenues		1,703,736
Total Revenues		2,403,313
Total Expenses		(2,421,829)
Change in Net Assets		\$ (18,516)

Nevertheless, it should be noted that the results from activities in the 2002 fiscal year compare favorably to the results from activities in the 2001 fiscal year, where the county's activities led to a reduction in net asset value of \$113.4 million. The county achieved a \$94.8 million improvement in its year-over-year performance despite, among other things, accruing nearly \$17 million for disputed claims with the Nassau Health Care Corporation; deferring the receipt of

\$19.3 million in tobacco securitization proceeds; paying \$23.5 million more in termination pay due to numerous sworn officer separations; and absorbing increased Medicaid caseloads.

The major reasons for the improvement in comparative performance in 2002 were the \$49.6 million increase in property tax revenues, a \$34.3 million increase in sales tax revenues, and the savings which resulted from the reduction in the size of the county's full-time workforce. Some additional reasons for the improvement in comparative performance include the receipt of \$14 million in 2001 Title XX assistance in the 2002 fiscal year, the recognition of \$9.9 million in revenues related to the settlement of a long-standing dispute with a construction contractor; the realization of \$4.9 million in additional revenues from improved ambulance billing collections and the new E911 surcharge; and the release of \$1.7 million in coliseum utility revenue.

ANALYSIS OF FUND FINANCIAL STATEMENTS FOR FY 2002

The remaining statements are *fund financial statements* (*governmental fund statements, and fiduciary fund statements*) that focus on individual parts of the county government, reporting 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 are presented on a modified-accrual basis and are consistent with the statements presented in the county's annual financial reports prior to its compliance with the requirements of GASB 34.

The county's *governmental fund statements* (*balance sheet and statement of revenues, expenditures and changes in fund balance*) tell how general government services such as police, public works, and parks were financed in the short term as well as what 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 current liabilities that current assets will be used to retire.

According to the county's *balance sheet*, the county increased its unreserved, undesignated fund balance in its General Fund from \$9.5 million to \$68.3 million over the course of the 2002 fiscal year. The county had designated \$18 million in unreserved fund balance in the 2001 operating budget to offset the contingent cost of a lag payroll payment in the event that the administration elected to layoff unionized workers, pursuant to related labor agreements. The administration utilized managed attrition and a State-sponsored early retirement incentive to reduce its full-time workforce, thereby averting a lag payroll payment. Through 2002 activities, the county increased its unreserved, undesignated fund balance in its General Fund by an additional \$40.8 million.

In addition to the activities discussed above, two other factors account for the increase in unreserved, undesignated fund balance in the county's General Fund. First, because the county's fund statements present current assets and current liabilities on a modified accrual accounting basis, the county's fund equity was not adversely affected by the liabilities generated through the practice of funding property tax refunds, judgments and settlements through the issuance of long-term working capital debt. Second, the county recognized just over \$100 million in one-time revenues in 2002 in order to achieve this increase in General Fund equity, including \$20 million

in NIFA transitional State aid and \$58.3 million in NIFA debt restructuring assistance. NIFA assistance ends after the 2004 fiscal year; at that time, the county must be able to achieve balanced operations on its own. As a result of these one-time revenues, and by overcoming the one-time budget exposures detailed above, the county's operations during the 2002 fiscal year, as reflected in the *statement of revenues, expenditures, and changes in fund balance*, yielded an excess of \$30.9 million of revenues and other financing sources over expenditures and other financing uses.

Finally, the *balance sheet* for the year ended December 31, 2002, showed a reduction in the amount of short-term notes the county had to issue in 2002 in order to support its cash flow requirements. From 1992 through 2001, the county's annual cash flow requirements averaged \$345.7 million, ranging from a low of \$255 million in 1994 to a peak of \$469.4 million in 2000. In 2002, the county's cash position had improved, primarily due to increased reserved fund equity and stronger cash management, such that the county issued only \$178.1 million in 2002 to meet its cash requirements. This represents a 62% reduction from the county's peak cash flow borrowing of \$469.4 million in 2000 and a 48.5% reduction from the county's average cash flow borrowing level from 1992 through 2001.

CHANGES TO THE COUNTY'S ASSESSMENT AND ASSESSMENT REVIEW PROCESSES

There were a number of important changes to the county's assessment and assessment review processes that occurred in 2002. These changes are necessary for the county's ongoing financial recovery and, accordingly, merit specific discussion.

The county completed a mass appraisal of all of its residential and commercial properties, representing the first time these classes of properties have been reassessed since 1938 and 1986 respectively. Though specific errors have been identified, statistical tests of the revalued roll have demonstrated that residential property variances, when considered on an aggregate, fall within acceptable industry standards, particularly for mass-appraisal efforts of this magnitude. No such analysis has been prepared for commercial properties. The county has engaged a contractor to conduct annual updates to the revalued roll. The revalued tax roll and the planned annual updates are essential to reducing errors in the county's underlying property assessment system, making sure that the tax roll reflects market-driven changes in property values, and reducing the county's ultimate tax refund exposure. As importantly, the administration directed considerable effort at reforming the county's Assessment Review Commission ("ARC"). During 2002, the administration professionalized and augmented ARC's staff. The administration also secured amendments to applicable State legislation providing ARC with enhanced powers to resolve the outstanding backlog of open tax certiorari grievances and do so in a way that minimizes the county's obligation to pay property tax refunds to resolve future grievances. Specifically, these State legislative reforms:

- Provide ARC with a full year (as opposed to a matter of days) to review and resolve assessment challenges before the assessment roll becomes final, starting with the roll that becomes final in April of 2004;

- Provide ARC with the power to resolve all open tax years through 2004 for as long as the NIFA Act, as amended, permits the county not to count property tax refund payments as operating expenses for the purpose of determining the size of the budget gap; and
- Provide ARC the power to compel commercial property owners to make income and expense information available in order to resolve outstanding grievances.

The administration believes that these State legislative reforms will enable ARC to work through every commercial parcel with attendant open writs by the end of 2004, while the one-year review period, applicable to the 2004-2005 tax roll, should enable ARC to review every new grievance on the merits and make offers where appropriate prior to the close of the final roll, thereby reducing the county's refund exposure on a going-forward basis.

CONCLUSION AND OUTLOOK

On the basis of the county's projected 2002 fiscal performance, and after an analysis of its 2003 operating budget, the three major credit rating agencies increased their respective ratings of the county's general obligation debt. Moody's Investors Service now assigns the county's general obligation debt a rating of Baa2; Standard & Poor's has placed the county's rating at BBB; and Fitch Ratings increased the county's credit rating to BBB+, one step below an A-category rating. Two of the three credit rating agencies (Standard & Poor's and Fitch Ratings) assigned a positive outlook to the county for possible future credit improvement. The rating agencies cited the following as reasons for their upgrades and changes in outlook:

- The county's 2002 financial performance;
- Its improved cash position;
- Its progress in achieving certain Multi-Year Plan initiatives, such as reducing the size of the workforce and initial reforms of the assessment and assessment review processes;
- The conservative nature of the 2003 budget;
- The strength of the county's management structure and management team;
- The quality of its monthly financial reports; and
- The continued monitoring by NIFA.

The rating agencies, however, all identified significant risks to the county's financial recovery, including:

- Delays in or the failure to implement remaining Multi-Year Plan gap closing strategies, such as labor concessions or the passage by the State Legislature of the proposed Sewer and Storm Water Authority;
- The growth in costs associated with State health and human service mandates like Medicaid;
- The substantial increase in required contributions towards the New York State Common Pension Fund due to its investment losses over the last three years;
- Rising health insurance premiums; and
- The stalled economic recovery and weak sales tax revenues.

Some of these risks are unique to Nassau County. Others are a function of a problematic economy and the burdens imposed by the State of New York on every county government. Invariably, these uncertainties will make the county's future recovery very difficult, but the current administrative team believes that its Multi-Year Financial Plan identifies strategies that can overcome these uncertainties and lead to a stronger financial outlook.

* * * * *

EXHIBIT X-1**COUNTY OF NASSAU, NEW YORK****STATEMENT OF NET ASSETS****DECEMBER 31, 2002 (Dollars in Thousands)**

	Primary Government	
	Governmental Activities	Component Units
ASSETS		
Cash and Cash Equivalents	\$ 259,218	\$ 99,443
Investments, Including Accrued Interest (Note 2)	305,068	
Student Accounts and Loans Receivable		3,978
Less Allowance for Doubtful Amounts		(1,431)
Investments - Tax Anticipation Notes (TAN) /Revenue Anticipation Notes (RAN)	178,065	
Sales Tax Receivable	86,292	
Interest Receivable	55	358
Inventories		2,109
Due from Other Governments (Note 3)	170,989	3,910
Less Allowance for Doubtful Accounts	(4,464)	
Due from Primary Government		7,442
Accounts Receivable	15,411	145,854
Less Allowance for Doubtful Accounts		(64,787)
Real Property Taxes Receivable	54,436	
Less Allowance for Doubtful Accounts	(8,772)	
Assets Whose Use is Limited		82,588
Other Receivables		292
Less Allowance for Doubtful Amounts		(31)
Tax Real Estate Held for Sale (Note 4)	6,865	
Tax Sale Certificates (Note 5)	5,326	
Due from Component Unit (Note 6)	6,163	
Property, Plant and Equipment (Note 7)	3,677,647	559,343
Less Accumulated Depreciation	(1,289,082)	(321,253)
Leasehold Acquisition Costs		1,020
Less Accumulated Amortization		(748)
Deposits Held in Custody for Others		1,758
Deposits Held by Trustees		5,762
Other Assets	16,752	7,739
Deferred Financing Costs	8,266	15,016
Less Accumulated Amortization	(690)	(2,868)
Total Assets	3,487,545	545,494
LIABILITIES		
Accounts Payable	\$ 59,229	\$ 46,590
Accrued Liabilities	147,591	15,694
Accrued Medical Assistance Liability	31,738	
Accrued Interest Payable	35,587	
Bond Anticipation Notes Payable (Note 9)	202,155	
Tax Anticipation Notes Payable (Note 9)	68,920	
Revenue Anticipation Notes Payable (Note 9)	109,145	
Deferred Bond Premium (Net of Amortization)	12,235	
Deferred Revenue	29,194	14,683
Due to Primary Government (Note 6)	-	15,245
Current Portion of Long Term Liabilities (Note 9)	459,924	10,580
Other Liabilities	27,722	38,029
Serial Bonds Payable (Notes 9 and 10)	2,469,637	328,163
Capital Lease (Note 8)	5,566	
Accrued Vacation and Sick Pay (Note 9 and 15)	355,460	46,792
Deposits Held in Custody for Others		1,758
Insurance Reserve Liability		1,533
Estimated Malpractice Liability (Notes 9 and 15)	3,013	
Estimated Tax Certiorari Payable (Notes 9 and 15)	213,905	
Estimated Liability for Litigation and Workers' Compensation (Notes 9 and 15)	248,387	2,500
Total Liabilities	4,479,408	521,567
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	146,927	80,299
Restricted:		
Statutory	(479,513)	
Special Revenue	(227,012)	
Capital Projects	78,167	4,453
Debt Service		5,762
Student Loans		741
Unrestricted (deficit)	(510,432)	(67,328)
Total Net Assets (deficit)	\$ (991,863)	\$ 23,927

See accompanying notes to financial statements.

EXHIBIT X-2

COUNTY OF NASSAU, NEW YORK

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)**

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Program Revenues			Primary Government	Component Units
		Charges for Services	Operating Grants	Capital Grants	Governmental Activities	
Primary Government:						
Legislative	\$ 5,847	\$ -	\$ -	\$ -	\$ (5,847)	\$ -
Judicial	40,974	10,514	5,067		(25,393)	
General Government	478,075	77,693	36,760	28,564	(335,058)	
Protection of Persons	556,196	19,371	6,669		(530,156)	
Health	207,803	17,521	108,546		(81,736)	
Public Works	177,418	10,182	317	6,468	(160,451)	
Recreation and parks	44,778	15,791			(28,987)	
Social Services	540,759	115,040	215,641		(210,078)	
Corrections	172,361	1,206	23,624		(147,531)	
Education	10,097	233	370		(9,494)	
Debt Service Interest	187,521	-	-	-	(187,521)	
Total Primary Government	\$ 2,421,829	\$ 267,551	\$ 396,994	\$ 35,032	(1,722,252)	
Component Units	\$ 688,643	\$ 523,563	\$ 18,935	\$ 3,113		(143,032)
General Revenues:						
Taxes (Net of Refunds):						
Property Taxes					\$ 757,481	
Sales Taxes					863,157	
Other Taxes					28,321	
Investment Income					14,609	4,302
Other Federal and State Aid					20,000	85,745
Other					20,168	30,787
Total General Revenues					1,703,736	120,834
Change in Net Assets					(18,516)	(22,198)
Net Assets - Beginning					(973,347)	46,125
Net Assets - Ending					\$ (991,863)	\$ 23,927

See accompanying notes to financial statements.

EXHIBIT X-3

COUNTY OF NASSAU, NEW YORK

**GOVERNMENTAL FUNDS
BALANCE SHEET**

FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)

<u>ASSETS AND OTHER DEBITS</u>	<u>General</u>	<u>NIFA General Fund</u>	<u>Debt Service Fund</u>	<u>Police District Fund</u>	<u>Police Headquarters Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash	\$ 160,817	\$ 681	\$ -	\$ 1,961	\$ 6,137	\$ 89,622	\$ 259,218
Investments (Note 2)	41,885			25,000	14,300	223,883	305,068
Investments - Tax Anticipation Notes (TAN) / Revenue Anticipation Notes (RAN)		178,065				-	178,065
Sales Tax Receivable		86,292					86,292
Interest Receivable		5				50	55
Due from Other Governments (Note 3)	160,973			4	1,247	8,765	170,989
Less Allowance for Doubtful Accounts	(4,464)						(4,464)
Accounts Receivable	15,411						15,411
Real Property Taxes Receivable	54,436						54,436
Less Allowance for Doubtful Accounts	(8,772)						(8,772)
Tax Real Estate Held for Sale (Note 4)	6,865						6,865
Tax Sale Certificates (Note 5)	5,326						5,326
Interfund Receivables (Note 6)	102,458	2		453	2,830	95,463	201,206
Due from Component Units (Note 6)	8,652					-	8,652
Other Assets	7,096	16	-	3,550	3,778	2,312	16,752
TOTAL ASSETS AND OTHER DEBITS	\$ 550,683	\$ 265,061	\$ -	\$ 30,968	\$ 28,292	\$ 420,095	\$ 1,295,099

See accompanying notes to financial statements.

EXHIBIT X-3**COUNTY OF NASSAU, NEW YORK****GOVERNMENTAL FUNDS****BALANCE SHEET****FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands) (concluded)**

LIABILITIES, FUND EQUITY AND OTHER CREDITS	General	NIFA General Fund	Debt Service Fund	Police District Fund	Police Headquarters Fund	Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES:							
Accounts Payable	\$ 35,050	\$ -	\$ -	\$ 575	\$ 811	\$ 22,793	\$ 59,229
Accrued Liabilities	85,340	80		25,892	18,796	17,483	147,591
Accrued Medical Assistance Liability	31,738						31,738
Bond Anticipation Notes Payable (Note 9)		178,065				24,090	202,155
Tax Anticipation Notes Payable (Note 9)	68,920						68,920
Revenue Anticipation Notes Payable (Note 9)	109,145						109,145
Deferred Revenue	30,681				664	19,548	50,893
Interfund Payables (Note 6)	26,861	86,292		2,635	2,919	82,499	201,206
Due to Component Units (Note 6)					201	2,288	2,489
Other Liabilities	24,183	-	-	497	493	2,549	27,722
Total Liabilities	411,918	264,437	-	29,599	23,884	171,250	901,088
FUND EQUITY AND OTHER CREDITS:							
Fund Balances:							
Reserved for Retirement of Temporary Financing						36,590	36,590
Reserved for State Revolving Fund						1,499	1,499
Reserved for Encumbrances	70,433			1,369	4,408	135,280	211,490
Unreserved and Designated for Ensuing Year's Budget (Note 12)						23,305	23,305
Unreserved (Note 13)	68,332	624	-	-	-	52,171	121,127
Total Fund Equity and Other Credits	138,765	624	-	1,369	4,408	248,845	394,011
Commitments and Contingencies (Note 15)							
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 550,683	\$ 265,061	\$ -	\$ 30,968	\$ 28,292	\$ 420,095	\$ 1,295,099

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 schedule.

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, 2002 (Dollars in Thousands)**

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

Total fund balances - governmental funds	\$	394,011
Revenue recorded in the Statement of Net assets is recorded as deferred revenue in the governmental funds		9,464
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net		2,388,565
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds		7,576
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds:		
Bonds and notes payable	(2,469,637)	
Other long term liabilities	(826,331)	
Current portion of long term liabilities	(459,924)	
Accrued interest payable	(35,587)	
		<u>(3,368,925)</u>
Net assets (deficit) of governmental activities	\$	<u>(991,863)</u>

See accompanying notes to financial statements.

EXHIBIT X-5

COUNTY OF NASSAU, NEW YORK

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)**

	<u>General</u>	<u>NIFA General</u>	<u>Debt Service Fund</u>	<u>Police District Fund</u>	<u>Police Headquarters Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:							
Interest and Penalties on Taxes	\$ 20,156	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,156
Unrealized Gain on Investments						12	12
Licenses and Permits	4,751						4,751
Fines and Forfeits	12,785						12,785
Interest Income	6,529	344		1		4,562	11,436
Rents and Recoveries	47,578			302	208	812	48,900
Departmental Revenue	144,323			3,612	10,581	29,135	187,651
Interdepartmental Revenue	104,558			332	467	1,336	106,693
Federal Aid	124,104				317	53,593	178,014
State Aid	191,342					33,118	224,460
State Aid from NIFA						20,000	20,000
Sales Tax	773,975	40,185					814,160
Preempted Sales Tax in Lieu of Property Taxes	48,997						48,997
Property Taxes	108,677			270,610	225,364	153,616	758,267
Payments in Lieu of Taxes	2,974			-			2,974
Special Taxes	14,351				10,791	205	25,347
Other Revenues	13,231	-	-	-	-	988	14,219
	<u>1,618,331</u>	<u>40,529</u>	<u>-</u>	<u>274,857</u>	<u>247,728</u>	<u>297,377</u>	<u>2,478,822</u>
EXPENDITURES:							
Current:							
Legislative	5,865						5,865
Judicial	39,049					855	39,904
General Administration	181,928	1,222				34,803	217,953
Protection of Persons	9,963			282,690	267,736	24,910	585,299
Health	169,065					45,034	214,099
Public Works	44,104					65,624	109,728
Recreation and Parks						60,187	60,187
Capital Outlay						48,569	48,569
Sewage Districts						27,497	27,497
Social Services	538,402					2,632	541,034
Corrections	171,289					1,053	172,342
Education	5,017					1,053	6,070
Payments for Tax Certiorari and Other Judgments	125,545						125,545
Other	116,253	-	-	-	-	-	116,253
	<u>1,406,480</u>	<u>1,222</u>	<u>-</u>	<u>282,690</u>	<u>267,736</u>	<u>312,217</u>	<u>2,270,345</u>

See accompanying notes to financial statements.

EXHIBIT X-5

COUNTY OF NASSAU, NEW YORK

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)**

	<u>General</u>	<u>NIFA General</u>	<u>Debt Service Fund</u>	<u>Police District Fund</u>	<u>Police Headquarters Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
EXPENDITURES: (continued)							
Debt Service:							
Principal	\$ -	\$ -	\$ 195,975	\$ -	\$ -	\$ 11,670	\$ 207,645
Interest			126,725			22,465	149,190
Expense of Loans	495	196				307	998
Total Debt Service	495	196	322,700			34,442	357,833
Total Expenditures	1,406,975	1,418	322,700	282,690	267,736	346,659	2,628,178
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	211,356	39,111	(322,700)	(7,833)	(20,008)	(49,282)	(149,356)
OTHER FINANCING SOURCES (USES):							
Other Financing Sources - premium						13,595	13,595
Other Financing Uses - cost of issuance						(1,396)	(1,396)
Payments to Refunding Bond Escrow Holder						(114,817)	(114,817)
Operating Transfers In		804	312,597		11,643	85,514	410,558
Operating Transfer In from NIFA	61,199			11,563	8,437	27,106	108,305
Operating Transfers In of Investment Income on Sales Tax from NIFA	2,170					613	2,783
Operating Transfers Out	(297,608)	(41,290)		(3,798)		(290,387)	(633,083)
Operating Transfers to RAN Withholding Account - NIFA		(220)					(220)
Payments to Refunded Bond Escrow Agent	(58,329)						(58,329)
Operating Transfers Out of Investment Income on Sales Tax to County						(2,783)	(2,783)
Proceeds from Borrowings						328,268	328,268
Proceeds from NIFA - Tax Certiorari and Other Judgment Borrowings	125,545						125,545
Other Sources		1,693				120	1,813
Total Other Financing Sources (Uses)	(167,023)	(39,013)	312,597	7,765	20,080	45,833	180,239
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	44,333	98	(10,103)	(68)	72	(3,449)	30,883
TOTAL FUND BALANCES AT BEGINNING OF YEAR	94,432	526	10,103	1,437	4,336	252,294	363,128
TOTAL FUND BALANCES AT END OF YEAR	\$ 138,765	\$ 624	\$ -	\$ 1,369	\$ 4,408	\$ 248,845	\$ 394,011

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, 2002 (Dollars in Thousands)**

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

Net change in fund balances - total governmental funds \$ 30,883

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 fixed assets	\$ 48,090	
Donated assets	28,564	
Depreciation expense	(109,078)	
Other	<u>(361)</u>	(32,785)

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	(225,650)	
Principal payments of bonds	264,600	
Accrued interest payable	(35,587)	
Amortized debt issuance costs	2,451	
Payment of component unit debt costs	(4,027)	
Other	<u>(4,770)</u>	(2,983)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (13,631)

Change in net assets - governmental activities \$ (18,516)

See accompanying notes to financial statements.

EXHIBIT X-7

COUNTY OF NASSAU, NEW YORK

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
GENERAL AND BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands) (Continued)**

	GENERAL FUND						MAJOR FUNDS					
							BUDGETED SPECIAL REVENUE POLICE DISTRICT FUND					
	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	Variance Over (Under)	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	\$ 15,768	\$ 15,768	\$ 20,156	\$	\$ 20,156	\$ 4,388	\$	\$	\$	\$	\$	\$
Licenses and Permits	5,286	5,286	4,751		4,751	(535)						
Fines and Forfeits	13,590	13,590	12,785		12,785	(805)						
Rents and Recoveries	39,048	39,048	47,578		47,578	8,530	410	410	302		302	(108)
Interest Income	1,623	1,623	6,529		6,529	4,906	15	15	1		1	(14)
Departmental Revenue	116,249	140,323	144,323		144,323	4,000	4,161	4,161	3,612		3,612	(549)
Interdepartmental Revenue	102,088	108,401	104,558		104,558	(3,843)	285	285	332		332	47
Federal Aid	109,836	110,522	124,104		124,104	13,582						
State Aid	217,810	218,047	191,342		191,342	(26,705)						
Sales Tax	758,932	758,932	773,975		773,975	15,043						
Preempted Sales Tax in Lieu of Property Taxes	48,997	48,997	48,997		48,997							
Property Taxes	105,502	105,502	108,677		108,677	3,175	270,610	270,610	270,610		270,610	
Payments in Lieu of Taxes	3,046	3,046	2,974		2,974	(72)						
Special Taxes	14,452	14,452	14,351		14,351	(101)						
Other Revenues	19,713	19,713	13,231		13,231	(6,482)						
Total Revenues	1,571,940	1,603,250	1,618,331		1,618,331	15,081	275,481	275,481	274,857		274,857	(624)
Expenditures:												
Current:												
Legislative	5,981	6,337	5,865	150	6,015	322						
Judicial	38,897	40,108	39,049	285	39,334	774						
General Administration	208,393	213,352	181,928	18,354	200,282	13,070						
Protection of Persons	9,565	10,978	9,963	274	10,237	741	273,480	284,268	282,690	1,369	284,059	209
Health	186,455	192,230	169,065	17,187	186,252	5,978						
Public Works	44,916	46,758	44,104	1,378	45,482	1,276						
Recreation and Parks	16	16	16	16	16							
Social Services	574,687	581,982	538,402	28,637	567,039	14,943						
Corrections	163,876	175,327	171,289	1,659	172,948	2,379						
Education	4,979	5,416	5,017	180	5,197	219						
Payments for Tax Certiorari and Other Judgements			125,545	(125,545)								
Other	122,175	119,423	116,253	2,112	118,365	1,058						
Total Current	1,359,940	1,391,927	1,406,480	(55,313)	1,351,167	40,760	273,480	284,268	282,690	1,369	284,059	209
Debt Service:												
Principal	148,936											
Interest	94,410											
Expense of Loans	701	701	495	201	696	5						
Total Debt Service	244,047	701	495	201	696	5						
Total Expenditures	1,603,987	1,392,628	1,406,975	(55,112)	1,351,863	40,765	273,480	284,268	282,690	1,369	284,059	209
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,047)	210,622	211,356	55,112	266,468	55,846	2,001	(8,787)	(7,833)	(1,369)	(9,202)	(415)
Other Financing Sources (Uses):												
Operating Transfers In		3,209				(3,209)						
Operating Transfer In from NIFA			61,199	(58,329)	2,870	2,870		11,148	11,563		11,563	415
Operating Transfers In of Investment Income	5,000	5,000	2,170		2,170	(2,830)						
Operating Transfers Out	(57,860)	(303,738)	(297,608)		(297,608)	6,130	(3,438)	(3,798)	(3,798)		(3,798)	
Payments to Refunded Bond Escrow Agent			(58,329)	58,329								
Proceeds from NIFA Tax Certiorari and Other Judgement Borrowings			125,545	(125,545)								
Total Other Financing Sources (Uses)	(52,860)	(295,529)	(167,023)	(125,545)	(292,568)	2,961	(3,438)	7,350	7,765		7,765	415
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(84,907)	(84,907)	44,333	(70,433)	(26,100)	58,807	(1,437)	(1,437)	(68)	(1,369)	(1,437)	
Fund Balances at Beginning of Year	84,907	84,907	94,432		94,432	9,525	1,437	1,437	1,437		1,437	
Fund Balances (Deficits) at End of Year	\$ -	\$ -	\$ 138,765	\$ (70,433)	\$ 68,332	\$ 68,332	\$ -	\$ -	\$ 1,369	\$ (1,369)	\$ -	\$ -

See accompanying notes to financial statements.

EXHIBIT X-7

COUNTY OF NASSAU, NEW YORK

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
GENERAL AND BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands) (Concluded)**

	MAJOR FUNDS - Continued					
	BUDGETED SPECIAL REVENUE POLICE HEADQUARTERS FUND					
	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	\$	\$	\$	\$	\$	\$
Licenses and Permits						
Fines and Forfeits						
Rents and Recoveries	400	400	208		208	(192)
Interest Income	1	1				(1)
Departmental Revenue	7,421	10,478	10,581		10,581	103
Interdepartmental Revenue	375	375	467		467	92
Federal Aid	435	435	317		317	(118)
State Aid						
Sales Tax						
Preempted Sales Tax in Lieu of Property Taxes	225,364	225,364	225,364		225,364	
Property Taxes						
Payments in Lieu of Taxes						
Special Taxes						
Other Revenues	10,000	10,400	10,791		10,791	391
Total Revenues	243,996	247,453	247,728		247,728	275
Expenditures:						
Current:						
Legislative						
Judicial						
General Administration						
Protection of Persons	261,770	275,276	267,736	4,408	272,144	3,132
Health						
Public Works						
Recreation and Parks						
Social Services						
Corrections						
Education						
Payments for Tax Certiorari and Other Judgements						
Other						
Total Current	261,770	275,276	267,736	4,408	272,144	3,132
Debt Service:						
Principal						
Interest						
Expense of Loans						
Total Debt Service						
Total Expenditures	261,770	275,276	267,736	4,408	272,144	3,132
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,774)	(27,823)	(20,008)	(4,408)	(24,416)	3,407
Other Financing Sources (Uses):						
Operating Transfers In	13,438	13,888	11,643		11,643	(2,245)
Operating Transfer In from NIFA		9,600	8,437		8,437	(1,163)
Operating Transfers In of Investment Income						
Operating Transfers Out						
Payments to Refunded Bond Escrow Agent						
Proceeds from NIFA Tax Certiorari and Other Judgement Borrowings						
Total Other Financing Sources (Uses)	13,438	23,488	20,080		20,080	(3,408)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,336)	(4,335)	72	(4,408)	(4,336)	(1)
Fund Balances at Beginning of Year	4,336	4,335	4,336		4,336	1
Fund Balances (Deficits) at End of Year	\$ -	\$ -	\$ 4,408	\$ (4,408)	\$ -	\$ -

See accompanying notes to financial statements.

EXHIBIT X-8

COUNTY OF NASSAU, NEW YORK

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
DECEMBER 31, 2002 (Dollars in Thousands)**

	<u>Agency Fund</u>
<u>ASSETS:</u>	
Cash	\$ 19,212
Investments	24,141
Due From Component Unit	<u>1,083</u>
TOTAL ASSETS	<u>\$ 44,436</u>
<u>LIABILITIES:</u>	
Accounts Payable	\$ 3,729
Other Liabilities	<u>40,707</u>
TOTAL LIABILITIES	<u>\$ 44,436</u>

See accompanying notes to financial statements.

EXHIBIT X-9**COUNTY OF NASSAU, NEW YORK**

STATEMENT OF NET ASSETS
ALL DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2002 (WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2002)
(Dollars in Thousands)

	<u>Nassau Community College</u>	<u>Nassau Health Care Corporation</u>	<u>Nassau Regional Off-Track Betting Corp.</u>	<u>Nassau County Industrial Development Agency</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 34,991	\$ 56,354	\$ 7,626	\$ 472	\$ 99,443
Student Accounts and Loans Receivable	3,978				3,978
<u>Less</u> Allowance for Doubtful Amounts	(1,431)				(1,431)
Interest Receivable	358				358
Inventories		2,109			2,109
Due from Other Governments	3,910				3,910
Due from Primary Government		7,442			7,442
Accounts Receivable		144,650	1,149	55	145,854
<u>Less</u> Allowance for Doubtful Accounts		(64,787)			(64,787)
Assets Whose Use Is limited		82,588			82,588
Other Receivables	292				292
<u>Less</u> Allowance for Doubtful Amounts	(31)				(31)
Property, Plant and Equipment	198,924	347,997	12,395	27	559,343
<u>Less</u> Accumulated Depreciation	(76,891)	(238,379)	(5,957)	(26)	(321,253)
Leasehold Acquisition Costs			1,020		1,020
<u>Less</u> Accumulated Amortization			(748)		(748)
Deposits held in custody for others	1,758				1,758
Deposits held by trustees	5,762				5,762
Other Assets		7,188	551		7,739
Deferred Financing Costs	2,602	12,414			15,016
<u>Less</u> Accumulated Amortization	(830)	(2,038)			(2,868)
Total Assets	<u>\$ 173,392</u>	<u>\$ 355,538</u>	<u>\$ 16,036</u>	<u>\$ 528</u>	<u>\$ 545,494</u>
LIABILITIES					
Accounts Payable	\$ 5,824	\$ 39,191	\$ 1,500	\$ 75	\$ 46,590
Accrued Liabilities		13,288	2,406		15,694
Deferred Revenue	13,291	1,377		15	14,683
Due To Primary Government	4,649	6,314	4,282		15,245
Current Portion of Long Term Liabilities	5,691	3,500	1,389		10,580
Other Liabilities		36,365	1,664		38,029
Serial Bonds Payable	70,228	257,935			328,163
Accrued Vacation and Sick Pay	28,220	18,572			46,792
Deposits held in custody for others	1,758				1,758
Insurance reserve liability	1,533				1,533
Estimated Liability for Litigation	2,500				2,500
Total Liabilities	<u>133,694</u>	<u>376,542</u>	<u>11,241</u>	<u>90</u>	<u>521,567</u>
NET ASSETS					
Invested in capital assets, net of related debt	47,886	27,618	4,795		80,299
Restricted	10,956				10,956
Unrestricted (deficit)	(19,144)	(48,622)		438	(67,328)
Total Net Assets (deficit)	<u>\$ 39,698</u>	<u>\$ (21,004)</u>	<u>\$ 4,795</u>	<u>\$ 438</u>	<u>\$ 23,927</u>

See accompanying notes to financial statements.

COUNTY OF NASSAU, NEW YORK

STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY
DECEMBER 31, 2002 (WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2002)
(Dollars in Thousands)

	Nassau Community College	Nassau Health Care Corporation	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Total
Expenses	\$ 144,975	\$ 476,635	\$ 65,975	\$ 1,058	\$ 688,643
Program Revenues:					
Charges for Services	34,406	425,985	62,635	537	523,563
Operating Grants and Contributions	18,935				18,935
Capital Grants and Contributions	1,916		1,197		3,113
Other Sources	1,370	29,927	1,901		33,198
Total Program Revenues	56,627	455,912	65,733	537	578,809
Net (Expenses) Program Revenues	(88,348)	(20,723)	(242)	(521)	(109,834)
General Revenues (Expenses):					
Investment Income	547	3,730	16	9	4,302
Unrestricted Federal, State and local aid	85,745				85,745
Other	(2,942)		531		(2,411)
Net General Revenues (Expenses)	83,350	3,730	547	9	87,636
Change in net assets	(4,998)	(16,993)	305	(512)	(22,198)
Net assets - beginning of year	44,696	(4,011)	4,490	950	46,125
Net assets - end of year	\$ 39,698	\$ (21,004)	\$ 4,795	\$ 438	\$ 23,927

See accompanying notes to financial statements.

COUNTY OF NASSAU, NEW YORK

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002

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.

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 29% 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 year ended August 31, 2002.
- (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. 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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 year ended December 31, 2002.
- (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 year ended December 31, 2002.

Blended Component Unit

- (e) *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.

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002**

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

NIFA is governed by seven directors, each appointed by the Governor, including one each appointed upon the recommendation of the Majority Leader of the State Senate, the Speaker of the Assembly and the State Comptroller. The Governor also designates the chairperson and vice-chairperson from among the directors.

NIFA has power under the Act to monitor and oversee the finances of Nassau County, and upon declaration of a "Control Period" as defined in the Act, additional oversight authority. NIFA 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, NIFA 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, 2004). 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 NIFA may not issue bonds or notes after 2005, other than to retire or otherwise refund its' debt. No bond of NIFA may mature later than January 31, 2036 or more than 30 years from its date of issuance.

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Nassau Community College One Education Drive Garden City, New York 11530	Nassau Regional Off-Track Betting Corp. 220 Fulton Avenue Hempstead, New York 11550
Nassau County Industrial Development Agency 1550 Franklin Avenue Mineola, New York 11501	Nassau Health Care Corporation 2201 Hempstead Turnpike East Meadow, New York 11554
Nassau County Interim Finance Authority 170 Old Country Road Suite 205 Mineola, New York 11501	

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

The 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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002**

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

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 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.

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 of Nassau.

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 countywide 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 used to account for resources received and held by the county as the agent for others. 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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**A. BASIS OF PRESENTATION (Continued)***New Accounting Standards Adopted*

In fiscal year 2002, the county adopted the following statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 34 *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*
- Statement No. 37 *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus*
- Statement No. 38 *Certain Financial Statement Disclosures*

Statement No. 34 (as amended by Statement No. 37) 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 or account group, 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 fixed 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 fixed 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, Police District Fund and Police Headquarters 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.

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 where applicable 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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002**

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

The county has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement 14. The county is therefore unable to disclose the impact GASB Statement No. 39 will have on its financial position and results of operations when such statement is adopted. The Statement is effective for financial statements for periods beginning after June 15, 2003.

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, sales taxes, and reimbursable amounts from Federal and State supported programs. 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 billed, 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 modified accrual basis of accounting for the purpose of asset and liability recognition.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**B. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)**

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

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

GASB Statement No. 35 requires that the financial statements be presented on a comprehensive entity-wide basis, reporting the College as an economic unit, rather than in the fund-group perspective previously required.

C. BUDGETS AND BUDGETARY ACCOUNTING

An appropriated budget is legally adopted for each fiscal year for the General Fund and each of the Special Revenue Funds, with the exception of NIFA 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. 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 debt service charges, and encumbrances are treated as charges to appropriations when incurred. All supplemental appropriations amending appropriated budgets as originally adopted are also provided by ordinance of the Legislature. During the fiscal year ended December 31, 2002, supplemental appropriations for the General 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):

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

Supplemental Appropriations:	
General Fund	\$ 34,519
Police District	11,148
Police Headquarters	13,507
Nonmajor Governmental	<u>11,633</u>
Total supplemental appropriations	\$ 70,807
Grant Fund appropriated budgets	<u>89,860</u>
Total supplemental appropriations and Grant Fund appropriated budgets	<u>\$ 160,667</u>

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. However, for management control purposes, budgetary control is exercised by sub-object within each object appropriation level within a departmental control center. Management may transfer within the control center and object or between fiscal quarters without approval of the Legislature.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002**

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

Short-term investments consist principally of repurchase agreements with banks and investment brokers and have maturities of three months or less. Investments are carried at cost, which approximates market, and are fully collateralized in accordance with the New York State Local Finance Law.

As of December 31, 2002, the NIFA also held Nassau County Revenue Anticipation Notes, Series 2002A (the "RANs") in the principal amount of \$109,145,000, which matured on February 28, 2003; and Nassau County Tax Anticipation Notes, Series 2002A and 2002B (together, the "TANs"), in the aggregate principal amount of \$68,920,000 and maturing in May and August 2003, respectively. The RANs were sold to NIFA at private sale, in connection with NIFA Series 2002A-1 Bond Anticipation Note issuance in July 2002. The TANs were sold to NIFA at private sale, in connection with the NIFA's 2002B-2 Bond Anticipation Note issuance in December 2002. The RANs and TANs are not considered to be marketable securities for financial reporting purposes.

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. They are also 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 fixed 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 fixed assets, if material, are stated at their fair market value as of the date of the donation.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**G. DEPRECIATION**

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

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

Nassau Community College - Depreciation on buildings, land improvements and infrastructure, and equipment is calculated using the straight line method over the assets' estimated useful lives, ranging from 5 to 50 years. Library books totaling approximately 174,000 volumes 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.

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.

H. RESERVES

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

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**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, 2002, 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 finance current period expenditures. The town receivers of taxes likewise collect real property taxes for all school districts in the county, and return to the county after June 1 any uncollected school district 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 2002 county real property taxes was \$2.386 billion. The constitutional tax margin was \$1.730 billion or approximately 73%.

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 are not available to the governmental fund type in the fiscal year for which the taxes are levied.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**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 the Community College and certain 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.

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.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Q. USE OF ESTIMATES**

A number of estimates and assumptions relating to the reporting of revenues, expenditures, assets and liabilities and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

R. INVESTMENTS – TAX ANTICIPATION NOTES & REVENUE ANTICIPATION NOTES

Tax anticipation notes and revenue anticipation notes sold by the county to NIFA are recorded as an investment in the NIFA General Fund and a liability in the county General Fund.

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, 2002, the carrying amount of the county's deposits including certificates of deposit reported as investments was approximately \$278.5 million and the bank balance was \$286.6 million. 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 - To the extent authorized by law, the county has invested in repurchase agreements and certificates of deposit with various commercial banks and investment firms as approved by the New York State Comptroller. Repurchase agreements and certificates of deposit are collateralized by obligations of the United States Government.

The investments at December 31, 2002 are categorized as either: (1) insured or registered, or securities held by the county's agent in the county's name; (2) uninsured and unregistered with securities held by the counterpart's trust department or agent in the county's name; or (3) uninsured and unregistered with securities held by the counter party, or by its trust department or agent but not in the county's name. At December 31, 2002, the carrying amount (fair value) of investments was \$329.2 million, which consisted of repurchase agreements, treasury notes and certificates of deposit all categorized as category 1.

Certain deposits and investments are pooled for cash management purposes in the Sewage Disposal District Maintenance Special Revenue Funds and in the Sewage Disposal District Capital Project Funds. Interest earned in this manner is allocated to each fund based on its pro rata share of the total amount pooled by all the funds.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002

2. DEPOSITS AND INVESTMENTS (Continued)

The following table summarizes the county's unrestricted cash and investment position at December 31, 2002:

	<u>Total</u>	Cash and Cash	
		<u>Equivalents</u>	<u>Investments</u>
(Dollars in Thousands)			
Cash	\$ 272,980	\$ 272,980	\$
Repurchase Agreements	322,562		322,562
Treasury Notes & Commercial Paper	6,547		6,547
Certificates of Deposits	<u>5,550</u>	<u>5,450</u>	<u>100</u>
Totals	<u>\$ 607,639</u>	<u>\$ 278,430</u>	<u>\$ 329,209</u>
Governmental Funds	\$ 564,286	\$ 259,218	\$ 305,068
Fiduciary Fund	<u>43,353</u>	<u>19,212</u>	<u>24,141</u>
Totals	<u>\$ 607,639</u>	<u>\$ 278,430</u>	<u>\$ 329,209</u>

An overdraft of \$337,508 in Sewer Maintenance District #3 Fund is reclassified as accounts payable. The balance of the cash overdrafts are reflected as interfund receivables/payables as follows:

Interfund Payable to	<u>Total</u>	<u>Interfund Receivable from</u>	
		<u>Sewer Disposal District #3 Maintenance</u>	<u>Sewer Disposal District #3 Construction</u>
Sewer Disposal District #1 Maintenance	\$ 706,903	\$ 706,903	\$
Sewer Disposal District #2 Maintenance	17,048,716	17,048,716	
Sewer Disposal District #1 Construction	954,660		954,660
Sewer Disposal District #2 Construction	<u>17,440,098</u>		<u>17,440,098</u>
Totals	<u>\$ 36,150,377</u>	<u>\$ 17,755,619</u>	<u>\$ 18,394,758</u>

For a complete schedule of interfund receivables/payables, see Note 6.

The county maintains a consolidated disbursement account with a financial institution on behalf of the College. At August 31, 2002, the College had a cash overdraft of \$3.2 million and the bank balance was \$1.6 million. 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.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002

2. DEPOSITS AND INVESTMENTS (Continued)

At August 31, 2002, the carrying amount (fair value) of the College's investments was \$32.7 million. These were repurchase agreements with maturities less than 3 months and were category 1.

At December 31, 2002, the carrying amount of deposits for the OTB, NHCC and NCIDA was \$7.6 million, \$114 and \$472 thousand, and the bank balance was \$7.7 million, \$99.5million and \$495.0 thousand, 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, 2002 represents aid, grants, and other amounts receivable from the State and Federal governments. The following summarizes such receivables (dollars in thousands):

Fund	Total	Federal	State/Other*
General	\$ 160,973	\$ 34,536	\$ 126,437
Police District	4		4
Police Headquarters	1,247		1,247
Nonmajor Governmental	<u>8,765</u>	<u>5,038</u>	<u>3,727</u>
Totals	<u>\$ 170,989</u>	<u>\$ 39,574</u>	<u>\$ 131,415</u>

* Includes \$9,267 of sales taxes receivable

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.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002

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. RECONCILIATION OF INTERFUND AND COMPONENT UNIT RECEIVABLES AND PAYABLES

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

The individual fund interfund receivables and Interfund Payables as of December 31, 2002 are reconciled as follows:

	General Fund	NIFA General Fund	Police District Fund	Police Headquarters Fund	Nonmajor Funds	Total
INTERFUND RECEIVABLE						
General Fund	\$	\$	\$ 309	\$	\$ 26,552	\$ 26,861
NIFA General	79,370				6,922	86,292
Police District				2,635		2,635
Police Headquarters	2,919					2,919
NonMajor Funds	20,169	2	144	195	61,989	82,499
TOTAL RECEIVABLE	<u>\$102,458</u>	<u>\$ 2</u>	<u>\$ 453</u>	<u>\$ 2,830</u>	<u>\$ 95,463</u>	<u>\$201,206</u>
INTERFUND PAYABLE						
General Fund	\$	\$ 79,370	\$	\$ 2,919	\$ 20,169	\$102,458
NIFA General					2	2
Police District	309				144	453
Police Headquarters			2,635		195	2,830
NonMajor Funds	26,552	6,922			61,989	95,463
TOTAL PAYABLE	<u>\$ 26,861</u>	<u>\$ 86,292</u>	<u>\$ 2,635</u>	<u>\$ 2,919</u>	<u>\$ 82,499</u>	<u>\$201,206</u>

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2002

6. RECONCILIATION OF INTERFUND AND COMPONENT UNIT RECEIVABLES AND PAYABLES (Continued)

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

The total amounts shown as Due to Primary Government and Due from/to Component Units at December 31, 2002 do not offset each other as they include accounts of the Nassau Community College at the end of their fiscal year on August 31, 2002. The following reconciles the December 31, 2002 amounts by carrying forward the Nassau Community College transactions affecting these accounts from September 1, 2002 through December 31, 2002.

	<u>Dollars in Thousands</u>
Net Due to Primary Government (Exhibit X-1)	<u>\$ (7,803)</u>
Nassau Community College Transactions from September 1, 2002 to December 31, 2002:	
Decrease in Due to ATF	\$ 291
Decrease in Due from Grant Fund	(110)
Decrease in Capital Chargeback	<u>376</u>
Subtotals	557
Due from Component Units - Fiduciary per Balance Sheet: (Exhibit X-8)	1,083
Net Due from Component Units - Governmental per Balance Sheet: (Exhibit X-8)	<u>6,163</u>
Net Due from Component Units per Balance Sheet (Exhibit X-1)	<u>\$ 7,803</u>

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002

7. PROPERTY, PLANT AND EQUIPMENT

Changes in capital assets excluding the Nassau Community College are summarized below (dollars in thousands):

<u>Primary Government</u>	<u>Balance, December 31, 2001*</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, December 31, 2002</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 104,213	\$ 4,030	\$	\$ 108,243
Construction in progress	215,103	40,511	33,835	221,779
Total capital assets, not being depreciated	<u>319,316</u>	<u>44,541</u>	<u>33,835</u>	<u>330,022</u>
Capital assets, being depreciated:				
Land Improvements	53,292	21,173	5,953	68,512
Buildings	952,490	41,592	2	994,080
Equipment	447,839	7,579	7,182	448,236
Infrastructure	1,835,240	1,557		1,836,797
Total capital assets, being depreciated	<u>3,288,861</u>	<u>71,901</u>	<u>13,137</u>	<u>3,347,625</u>
Total capital assets	<u>3,608,177</u>	<u>116,442</u>	<u>46,972</u>	<u>3,677,647</u>
Less accumulated depreciation:				
Land Improvements	14,386	2,807		17,193
Buildings	216,455	23,917		240,372
Equipment	221,078	27,825	6,823	242,080
Infrastructure	734,908	54,529		789,437
Total accumulated depreciation	<u>1,186,827</u>	<u>109,078</u>	<u>6,823</u>	<u>1,289,082</u>
Total capital assets, being depreciated, net	<u>2,102,034</u>	<u>(37,177)</u>	<u>6,314</u>	<u>2,058,543</u>
Governmental activities capital assets, net	<u>\$ 2,421,350</u>	<u>\$ 7,364</u>	<u>\$ 40,149</u>	<u>\$ 2,388,565</u>

* Amounts include infrastructure and capitalized building leases previously not reported.

In 1999, the county entered into an agreement with the MTA to finance mass transportation projects of Long Island Rail Road Company (“LIRR”) and the MTA (See note 15 I). This project financed LIRR rolling stock. In accordance with the agreement, in 2001 the county was granted a leasehold interest in the financing of \$140,000,000 of rolling stock for use by LIRR which is included in the county’s capital assets - equipment. The amount is being amortized over 20 years, which approximates the length of the debt maturity. The funding was provided through the county’s issuance of bonds.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expense was charged to functions of the county for the fiscal year ended December 31, 2002 as follows (dollars in thousands):

	<u>Land Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
Functions:					
Legislative	\$	\$	\$	\$	\$
Judicial	31	1,688	309		2,028
General Administration		1,071	2,946		4,017
Protection of Persons	10	1,354	4,460		5,824
Health		84	96		180
Public Works		9,899	4,381	53,913	68,193
Recreation and Parks	2,755	2,647	226	616	6,244
Social Services		452	62		514
Corrections		3,084	537		3,621
Other Expenditures/MSBA		316	14,808		15,124
Misc. Unclassified	<u>11</u>	<u>3,322</u>			<u>3,333</u>
Total Depreciation Expense	<u>\$ 2,807</u>	<u>\$ 23,917</u>	<u>\$ 27,825</u>	<u>\$ 54,529</u>	<u>\$ 109,078</u>

Sources of funding of the general fixed assets at December 31, 2002 were as follows (dollars in thousands):

Long Term Serial Bonds	\$ 2,143,250
Temporary Financing and Bond Anticipation Notes	92,816
Federal Grants	809,290
New York State Grants	125,438
General Fund Revenues	30,404
Special Revenue Funds Revenues	94,530
Gifts	29,764
Acquisitions Prior to December 31, 1985	346,698
Capitalized Lease	<u>5,457</u>
Total Funding Sources	<u>\$ 3,677,647</u>

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2002

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

General capital assets of the county by function at December 31, 2002 were as follows (dollars in thousands):

	Capital Assets
	December 31, 2002
Legislative	\$ 89
Judicial	88,379
General Administration	104,891
Protection of Persons	121,339
Health	8,491
Public Works	2,276,659
Recreation and Parks	184,162
Social Services	23,752
Corrections	189,713
Other Expenditures/MSBA	126,929
Metropolitan Transportation Authority	140,000
Misc. Unclassified	191,464
Construction Work in Progress	221,779
	<hr/>
Total	3,677,647
Less: Accumulated Depreciation	1,289,082
	<hr/>
Total Net Capital Assets	<u>\$ 2,388,565</u>

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002

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 at August 31, 2001**	Additions	Disposals	Balance at August 31, 2002
Property, Plant & Equipment not being depreciated:				
Land	\$ 2,733	\$	\$	\$ 2,733
Library *	864	7		871
Total	<u>3,597</u>	<u>7</u>	<u></u>	<u>3,604</u>
Property, Plant & Equipment being depreciated:				
Land Improvements	900	232		1,132
Infrastructure	925	284		1,209
Buildings	164,476	256		164,732
Building Improvements	21,691	510		22,201
Equipment	<u>5,485</u>	<u>606</u>	<u>45</u>	<u>6,046</u>
Total capital assets, being depreciated	<u>193,477</u>	<u>1,888</u>	<u>45</u>	<u>195,320</u>
Total capital assets	<u>197,074</u>	<u>1,895</u>	<u>45</u>	<u>198,924</u>
Less Accumulated Depreciation:				
Land Improvements	513	43		556
Infrastructure	429	53		482
Buildings	60,421	3,084		63,505
Building Improvements	6,457	1,070		7,527
Equipment	<u>4,504</u>	<u>358</u>	<u>41</u>	<u>4,821</u>
	<u>72,324</u>	<u>4,608</u>	<u>41</u>	<u>76,891</u>
Net Property, Plant & Equipment				
Being Depreciated	<u>121,153</u>	<u>(2,720)</u>	<u>4</u>	<u>118,429</u>
Property, Plant & Equipment (net)	<u>\$ 124,750</u>	<u>\$ (2,713)</u>	<u>\$ 4</u>	<u>\$ 122,033</u>

* Library items include books and audiovisual items, all of which are assigned a nominal value of \$5 per item. Periodicals and micro-forms are excluded.

** Amounts include infrastructure and capitalized building leases previously not reported.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002

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. 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, 2002 were approximately \$1.94 million.

As of December 31, 2002, 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
Governmental Activities			
Fiscal Year ending December 31:			
2003	\$ 710	\$ 1,984	\$ 2,694
2004	717	1,872	2,589
2005	725	1,664	2,389
2006	733	1,270	2,003
2007	741	1,169	1,910
2008-2012	3,836	5,537	9,373
2013-2017	4,111	3,691	7,802
2018-2022	4,435	1,292	5,727
2023-2027	2,333		2,333
Future Minimum Payments	<u>18,341</u>	<u>\$ 18,479</u>	<u>\$ 36,820</u>
Less Interest	<u>12,789</u>		
Present value of future minimum lease payments	<u>\$ 5,552</u>		

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2002

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 2002 was \$4.839 million.

As of December 31, 2002, the following future minimum rentals are provided for by the leases:

Fiscal year ending December 31:	Operating Leases (in thousands)
2003	\$5,373
2004	5,185
2005	5,326
2006	5,381
2007	5,212
2008-2012	27,507
2013-2017	25,528
2018-2022	12,535
2023-2027	3,391
2028-2032	329
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
2078-2082	66
Total	<u>\$98,794</u>

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002

9. NOTES PAYABLE AND LONG-TERM OBLIGATIONS

County of Nassau Notes Payable

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, January 1, <u>2002</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2002</u>
General Fund:				
Tax Anticipation Notes - (2.368% to 2.477% issued in 2002, maturity dates in 2003)	\$ 159,150	\$ 68,920	\$ 159,150	\$ 68,920
Revenue Anticipation Notes - (3.205% issued in 2002 maturity dates in 2003)	<u>180,920</u>	<u>109,145</u>	<u>180,920</u>	<u>109,145</u>
Total General Fund	<u>\$ 340,070</u>	<u>\$ 178,065</u>	<u>\$ 340,070</u>	<u>\$ 178,065</u>

NIFA Bond Anticipation Notes Payable

On July 2, 2002 NIFA issued \$109,145,000 Bond Anticipation Notes, Series 2002A-1 (the "2002A-1 Notes"). The Notes were issued to finance cash flow needs of Nassau County. On December 19, 2002 NIFA issued \$24,090,000 Bond Anticipation Notes, Series 2002B-1 (the "2002B-1 Notes") and \$68,920,000 Bond Anticipation Notes, Series 2002B-2 (the "2002B-2 Notes" and, together with the 2002B-1 Notes, the "2002B Notes"). The 2002B-1 Notes were issued to finance extraordinary working capital needs of the county. The 2002B-2 Notes were issued to finance cash flow needs of Nassau County. Bond anticipation notes payable are recorded at the principal amount outstanding and consist of the following:

	<u>Dollars in Thousands</u>	
	<u>Issued</u>	Balance, December 31, <u>2002</u>
Bond Anticipation Notes, Series 2002A-1	<u>\$ 109,145</u>	<u>\$ 109,145</u>

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002

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

NIFA Bond Anticipation Notes Payable (Continued)

The 2002A-1 Notes bear interest at the rate of 3% per annum, pay interest only at maturity, and matured on March 13, 2003.

	<u>Dollars in Thousands</u>	
	<u>Issued</u>	<u>Balance, December 31, 2002</u>
Bond Anticipation Notes, Series 2002B-1	\$ 24,090	\$ 24,090
Bond Anticipation Notes, Series 2002B-2	<u>68,920</u>	<u>68,920</u>
	<u>\$ 93,010</u>	<u>\$ 93,010</u>

The 2002B Notes bear interest at the rate of 2.25% per annum, pay interest only at maturity, and mature in the following amounts (in thousands) at the following dates:

May 22, 2003 (2002B-1)	\$ 24,090
May 22, 2003 (2002 B-2)	20,000
September 11, 2003 (2002B-2)	<u>48,920</u>
	<u>\$ 93,010</u>

The 2002A-1 Notes and the 2002B Notes are legally payable from the proceeds of future NIFA bonds or renewal notes, and such future issuance has been authorized. However, NIFA is permitted to apply certain other funds to the repayment of the Notes, and has repaid or plans to repay, respectively, the 2002A-1 Notes and the 2002B-2 Notes as follows. Proceeds of the Authority's 2002A-1 Note sale were used to purchase the county RANs, which are in principal amounts and bear interest rates sufficient to provide, when due, all amounts payable on the Authority 2002A-1 Notes. Proceeds of the Authority's 2002B-2 Note sale were used to purchase the county TANs, which are in principal amounts and bear interest rates sufficient to provide, when due, all amounts payable on the Authority Series 2002B-2 Notes. See Note 4 for additional description of the RANs and TANs. The county will pay principal and interest on the RANs and TANs to the Trustee, which has used and will use the funds to pay principal and interest on the 2002A-1 Notes and 2002B-2 Notes, respectively. The RANs and TANs are not pledged to the holders of the 2002A-1 Notes or the 2002B-2 Notes, but the Authority has covenanted that to the extent it receives payments on the RANs and TANs, respectively, it will apply such payments to the payment of the respective Authority notes.

Series 2002B-1 Notes will be retired from proceeds of an Authority bond issue or Authority renewal note issue in 2003.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2002

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

NIFA Bond Anticipation Notes Payable (Continued)

The county is responsible for calculating arbitrage rebate liability on notes issued by the Authority, and for paying any rebate liability determined to exist.

The following chart shows the change in the NIFA's short-term debt in 2002.

	Dollars in Thousands			
	<u>Balance, December 31, 2001</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, December 31, 2002</u>
Bond Anticipation Notes, Series 2001B-1	\$ 285,045	\$	\$ 285,045	\$
Bond Anticipation Notes, Series 2002A		109,145		109,145
Bond Anticipation Notes, Series 2002B		93,010		93,010
	<u>\$ 285,045</u>	<u>\$ 202,155</u>	<u>\$ 285,045</u>	<u>\$ 202,155</u>

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002

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

Long – Term Obligations

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

	<u>Balance, January 1, 2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, December 31, 2002</u>	<u>Due Within One Year</u>
General Long-Term Obligations					
Debt:					
General obligation County bonds - (2.90% to 11.50%, issued in 1970 through 2000, maturity dates 2003 through 2024)	\$ 1,801,104	\$	\$ 201,606	\$ 1,599,498	\$ 188,079
Sewage purpose bonds - (2.20% to 7.90%, issued in 1970 through 2000, maturity dates 2003 through 2020) - County	317,140		40,047	277,093	32,700
State Water Pollution Control Revolving Fund revenue bonds - (2.65% to 7.10%, issued in 1991 through 2002, maturity dates 2003 through 2028) - County	<u>205,390</u>	<u>102,618</u>	<u>116,978</u>	<u>191,030</u>	<u>9,940</u>
Total Serial Bonds - County	<u>2,323,634</u>	<u>102,618</u>	<u>358,631</u>	<u>2,067,621</u>	<u>230,719</u>
Sales Tax Secured Bonds, Series 2000A 4.50% to 5.625% Serial and term bonds due 2003 to 2020 - NIFA	254,720		6,980	247,740	7,290
Sales Tax Secured Bonds, Series 2001A 4% to 5.375% Serial and term bonds due 2003 to 2021 - NIFA	181,480		4,690	176,790	5,110
Sales Tax Secured Bonds, Series 2002A&B (variable rate)Term Bond Due 2022 with mandatory sinking fund redemptions 2003-2021 - NIFA	<u> </u>	<u>225,650</u>	<u> </u>	<u>225,650</u>	<u>5,045</u>
Total Serial Bonds - NIFA	<u>436,200</u>	<u>225,650</u>	<u>11,670</u>	<u>650,180</u>	<u>17,445</u>
Other:					
Deferred payroll	41,029	39,288	39,804	40,513	40,513
Accrued vacation and sick pay	423,994	20,869	64,925	379,938	24,478
Capital lease obligations	5,533	19		5,552	(14)
Estimated tax certiorari payable	400,000		75,000	325,000	111,095
Estimated liability for litigation & workers' compensation	147,500	131,234	7,484	271,250	22,863
Estimated liability for malpractice claims	<u>15,265</u>	<u>10,610</u>	<u>10,037</u>	<u>15,838</u>	<u>12,825</u>
Total Other	<u>1,033,321</u>	<u>202,020</u>	<u>197,250</u>	<u>1,038,091</u>	<u>211,760</u>
Total General Long-term Obligations	<u>\$ 3,793,155</u>	<u>\$ 530,288</u>	<u>\$ 567,551</u>	<u>\$ 3,755,892</u>	<u>\$ 459,924</u>

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002**

9. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)**Long – Term Obligations (Continued)**

Revenues from the Special Revenue Sewer Funds will be utilized to finance the debt service for the Sewage 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.

During 2002, New York State Environmental Facilities Corporation on behalf of the county issued \$102,618,000 of the State Clean Water and Drinking Water Revolving Fund Revenue Bonds with an interest rate averaging from 4.6% to 5.6%. to advance refund \$109,728,000 of outstanding 1991B,1992A,1992B,1993B, 1994D and 1998D series State Water Pollution Control Revolving Fund bonds. The net proceeds of \$114,817,239 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, 1991B, 1992A, 1992B, 1993B, 1994D and 1998D series State Water Pollution Control Revolving Fund bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide financial statements of net assets. As a result of this advance refunding the county had reduced its total debt service payments over the next 26 years by approximately \$4.9 million and had obtained an economic gain of \$8,099,525.

During 2002, NIFA issued \$58,785,000 of the 2002A variable rate term bonds to advance refund \$56,955,000 of outstanding 1993YB,1994A,1975C,1999D series and series K, M, O, Q, T, W and General Improvement bonds. The net proceeds of \$58,329,168 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. All refunded debt matured in July through October 2002. As a result, 1993YB,1994A,1975C,1999D series and series K, M, O, Q, T, W of General Improvement bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide financial statements of net assets. As a result of this advance refunding the county had increased its total debt service payments over the next 20 years by approximately \$13.9 million and had obtained an economic gain of \$318,600.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002

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

The annual requirements and sources to amortize the county General Obligation serial bonds payable as of December 31, 2002 are as follows (dollars in thousands):

Year Ending	Debt Service Requirements			Sources		
	Principal	Interest	Total	General County Budgets	Sewage District Budgets	Total
2003	\$ 230,719	\$ 107,346	\$ 338,065	\$ 271,553	\$ 66,512	\$ 338,065
2004	222,789	95,070	317,859	255,442	62,418	317,860
2005	192,611	83,554	276,165	217,034	59,131	276,165
2006	166,801	73,671	240,472	183,889	56,584	240,473
2007	151,874	65,019	216,893	163,433	53,460	216,893
2008-2012	625,218	215,168	840,386	638,112	202,274	840,386
2013-2017	351,732	78,087	429,819	331,925	97,894	429,819
2018-2022	103,662	18,416	122,078	81,521	40,556	122,077
2023-2027	21,800	1,618	23,418	14,745	8,672	23,417
2028-2032	415	12	427		427	427
Total	\$ 2,067,621	\$ 737,961	\$ 2,805,582	\$ 2,157,654	\$ 647,928	\$ 2,805,582

The county’s constitutional debt margin was approximately \$8.7 billion and total long-term obligation bonds authorized but unissued for general county and sewage district purposes were approximately \$938.8 million at December 31, 2002.

NIFA Long-Term Debt

NIFA issued \$254,720,000 of Sales Tax Secured Bonds, Series 2000A (the “2000A Bonds”), on October 25, 2000 and \$181,480,000 of Sales Tax Secured Bonds, Series 2002A (the “2001A Bonds” and, together with the 2000A Bonds, the “Bonds”), on June 27, 2001; and \$112,825,000 of Sales Tax Secured Bonds, series 2002A (the “2002A Bonds”) and \$112,825,000 Sales Tax Secured Bonds, Series 2002B (the “2002B Bonds” and together with the 2002A Bonds, the “2002A/B Bonds”) on July 10, 2002. The Bonds were issued pursuant to an Indenture (the “Indenture”) between NIFA and the United States Trust Company of New York and its successor, The Bank of New York (the “Trustee”), under which NIFA has pledged its right, title and interest in the revenues of NIFA to secure repayment of NIFA debt. The Act provides that NIFA’s pledge of its revenues represents a perfected first security interest on behalf of holders of its bonds. The lien of the Indenture on the revenues for the security of NIFA bonds is prior to all other liens thereon. NIFA does not have any significant assets or sources of funds other than Sales Tax Revenues and amounts on deposit pursuant to the Indenture. NIFA has no independent taxing power.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002

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

NIFA Long-Term Debt (Continued)

Debt Service to maturity as of December 31, 2002 is as follows (dollars in thousands):

Year Ended December 31,	Dollars in Thousands		
	Principal	Interest*	Total
2003	\$ 17,445	\$ 25,158	\$ 42,603
2004	18,220	24,547	42,767
2005	24,435	23,905	48,340
2006	24,980	23,055	48,035
2007	26,675	22,190	48,865
2008-2012	151,860	95,952	247,812
2013-2017	194,580	61,745	256,325
2018-2022	191,985	17,382	209,367
	<u>\$ 650,180</u>	<u>\$ 293,934</u>	<u>\$ 944,114</u>

* Interest on the Variable Rate Bonds is calculated at 1.5%, the interest rate in effect as of December 31, 2002. During 2002, the interest rate on the Variable Rate Bonds ranged from 0.90% to 1.80%.

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.

Interest rates on the Variable Rate Bonds are currently reset weekly by a remarketing agent at the minimum rate necessary for the bonds to have a market value equal to the principal amount. Interest rates are determined and set separately for the 2002A Bonds and the 2002B 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 Los Angeles branch, with respect to the Series 2002B Bonds. Each liquidity facility is stated to expire July 9, 2007, subject to extension or early

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002

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

NIFA Long-Term Debt (Continued)

termination. Bonds that are purchased by Dexia Credit Local or BNP Paribas and not remarketed, if any, must be repaid over a five year period. If this was to occur, annual Authority debt service expense would increase substantially.

Nassau Community College Bonds Payable

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:

	Balance, September 1, 2001	Additions	Reductions	Balance, August 31, 2002	Current Portion
Debt:					
General Obligations	\$ 50,813	\$	\$ 4,097	\$ 46,716	\$ 4,563
DASNY	30,276		1,073	29,203	1,128
Other:					
Accrued vacation and sick pay	27,031	1,189		28,220	
Insurance Reserve Liability	1,513	20		1,533	
Estimated liability for litigation	2,500			2,500	
	<u>\$112,133</u>	<u>\$ 1,209</u>	<u>\$ 5,170</u>	<u>\$108,172</u>	<u>\$ 5,691</u>
Total					

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002

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

Nassau Community College Bonds Payable (Continued)

Dormitory Authority of the State of New York ("DASNY") - The College, has entered into financing agreements with the Dormitory Authority of the State of New York (the "Authority") 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 provision of the State Education Law reciting that the State shall 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 authority bonds. The county has 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, 2002 was \$46.716 million and they are scheduled to mature from 2003 to 2022. 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, 2002, principal payments relating to the Authority and general obligation bonds are as follows:

PRINCIPAL Year Ending August 31,	<u>DASNY</u>	<u>General Obligations</u>	<u>Total</u>
2003	\$ 1,128,163	\$ 4,563,002	\$ 5,691,165
2004	1,186,386	4,564,995	5,751,381
2005	1,253,322	4,918,826	6,172,148
2006	1,320,828	4,662,774	5,983,602
2007	1,388,391	4,717,954	6,106,345
2008-2012	6,996,959	15,584,168	22,581,127
2013-2017	7,100,758	6,937,375	14,038,133
2018-2022	8,682,747	767,341	9,450,088
2023-2027	120,575		120,575
2028-2030	<u>24,863</u>		<u>24,863</u>
Total	<u>\$29,202,992</u>	<u>\$46,716,435</u>	<u>\$75,919,427</u>

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002

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

Nassau Community College Bonds Payable (Continued)

INTEREST Year Ending August 31,	<u>DASNY</u>	<u>General Obligations</u>	<u>Total</u>
2003	\$ 1,609,883	\$ 1,800,689	\$ 3,410,572
2004	1,549,070	1,618,284	3,167,354
2005	1,484,033	1,777,948	3,261,981
2006	1,414,417	1,613,875	3,028,292
2007	1,340,328	1,427,459	2,767,787
2008-2012	5,123,481	4,107,782	9,231,263
2013-2017	3,972,615	838,448	4,811,063
2018-2022	1,339,662	51,434	1,391,096
2023-2027	19,943		19,943
2028-2030	<u>1,545</u>		<u>1,545</u>
Total	<u>\$ 17,854,977</u>	<u>\$ 13,235,919</u>	<u>\$ 31,090,896</u>

Interest on the Authority and general obligation bonds ranges from 4.0% to 6.0% and 2.2% to 9.38%, respectively.

NHCC Long-Term Debt

In connection with the purchase of the county's health care facilities, effective September 29, 1999, approximately \$260 million of Nassau Health Care Corporation Health System Revenue Bonds, Series 1999 at a net discount of approximately \$2.5 million were issued. For the year ended December 31, 2002, approximately \$120 thousand of bond discount was amortized and included in interest expense. The bonds, with interest rates between 4.625% and 6.0%, mature in varying installments from 2005 through 2029.

The Series 1999 Bonds were issued (1) to provide funds to finance the purchase by NHCC of the health facilities of the county; (2) to fund a required deposit to the Debt Service Reserve Account; (3) to fund a required deposit to the Operating Reserve Account; (4) to fund capitalized interest on the Series 1999 Bonds through February 1, 2000; (5) to finance working capital for NHCC after the acquisition; and (6) to pay the costs of issuance of the Series 1999 Bonds, including the premium of the bond insurer.

The Series 1999 bonds are secured by a pledge of health care reimbursement revenues of NHCC health facilities and amounts on deposit in certain debt service reserve funds. To the extent that certain debt service reserve funds falls below its requirement, the county has agreed to restore such account to its requirement. Furthermore, the county has guaranteed the full and prompt payment of principal, sinking fund payments and interest on the Series 1999 bonds. An insurance policy has been purchased by NHCC to guarantee all debt service payments in case of default by NHCC and the county.

The Series 1999 bonds contain certain covenants, including a rate covenant. Management believes that they are in compliance with any applicable covenants.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002

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

NHCC Long-Term Debt (Continued)

The first principal payment (\$5.2 million) is due August 1, 2005. Interest payments are due semi-annually on February 1 and August 1. Included with the issue of the revenue bonds, is \$1.485 million of capital appreciation bonds maturing August 1, 2013 and having a value of \$3.232 million at maturity.

Year Ending	<u>Bonds Payable</u>	<u>Interest Payable</u>
2003		\$ 14,661
2004		14,661
2005	5,175	14,661
2006	5,415	14,421
2007	5,675	14,161
2008-2012	33,215	65,975
2013-2017	43,317	55,880
2018-2022	56,950	42,237
2023-2027	75,235	23,954
2028-2029	<u>36,500</u>	<u>3,177</u>
Subtotal	261,482	263,788
Less unaccreted bond interest	(1,457)	
Less net unamortized bond discount	<u>(2,090)</u>	
Total	<u>\$ 257,935</u>	<u>\$ 263,788</u>

10. REFINANCING OF LONG-TERM OBLIGATIONS

Prior to December 31, 2002, 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. Including those defeased in the current year ended December 31, 2002, approximately \$593.7 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

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2002

11. PENSION PLANS (Continued)

their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

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

	<u>ERS</u>	<u>PFRS</u>
2002	\$ 6,540	\$ 8,703
2001	4,673	7,204
2000	11,152	9,904

The county's contributions made to the System over the three-year period were equal to 100 percent of the contributions required for the period.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002

12. RECONCILIATION OF GAAP FUND BALANCES TO BUDGETARY BASIS

The following reconciles fund balances at December 31, 2002 as prepared on a GAAP basis to the budgetary basis of reporting (dollars in thousands):

	General Fund	Police District Fund	Police Headquarters Fund	Nonmajor Governmental Funds
Fund Balances at December 31, 2002 Prepared in accordance with GAAP	\$ 138,765	\$ 1,369	\$ 4,408	\$ 248,845
Add:				
Proceeds from NIFA Tax Certiorari and Other Judgments Borrowings	183,874			
Less:				
Encumbrances	(70,433)	(1,369)	(4,408)	(9,278)
Payments to Refunded Escrow Agent	(58,329)			
Payments for Tax Certiorari and Other Judgments	(125,545)			
Unbudgeted Grant Fund				(13,692)
Unbudgeted Capital Fund				(90,140)
Unbudgeted NIFA Capital Projects Fund				(41,133)
Unbudgeted Sewage Disposal Construction Fund				(24,138)
Unbudgeted Sewage Collection Construction Fund				(5,022)
Unbudgeted NIFA Debt Service Fund				(5,378)
Fund Balances at December 31, 2002 Prepared on the Budgetary Basis of Reporting	<u>\$ 68,332</u>	<u>\$</u>	<u>\$</u>	<u>\$ 60,064</u>

13. DESIGNATION OF UNRESERVED FUND BALANCES

Portions of the unreserved fund balances at December 31, 2002 were designated as sources of revenue in the ensuing year's operating budgets as follows (dollars in thousands):

Fund	Total Fund Balance Unreserved	Fund Balance Unreserved and Designated for Ensuing Year's Budget	Fund Balance Unreserved and Undesignated
Nonmajor Governmental Funds	<u>\$ 75,476</u>	<u>\$ 23,305</u>	<u>\$ 52,171</u>

14. POST-EMPLOYMENT BENEFITS

Health Insurance - The county provides health care benefits in accordance with New York State Health Insurance Rules and Regulations administered by New York State Department of Civil Service (the NYSHIP plan). The county's several union contracts and ordinances require the county to provide all

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002**

14. POST-EMPLOYMENT BENEFITS (Continued)

eligible enrollees with either the NYSHIP plan or other equivalent health insurance. Currently, most of the county's retirees and employees are enrolled in the NYSHIP/Empire Plan.

Under the provisions of the Empire Plan, premiums are adjusted on a prospective basis for any losses experienced by the Empire Plan. The county has the option to terminate its participation in the Empire Plan at any time without liability for its respective share of any previously incurred loss.

Substantially all employees are eligible for benefits upon retirement from the county. The county contributes 100% of the health insurance costs for all police officers and county employees who retired after December 31, 1975. However, with regard to county 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.

The county recognizes the expenditure of providing current and postretirement health care benefits in the year to which the insurance premiums apply. Empire insurance premiums are billed in advance and therefore the county has recorded a prepaid asset for these amounts at December 31, 2002. The total cost for providing health care benefits was \$137.4 million in 2002, of which approximately \$67.0 million was for retirees and approximately \$70.4 million was for active employees and other eligible individuals.

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 \$271.3 million for settlement of litigation and claims other than malpractice claims, have been recorded as a long-term liability in the government-wide financial statement of net assets. The County Attorney is of the opinion that the ultimate settlement of such claims and litigation outstanding at December 31, 2002 will not result in a material adverse effect on the county's financial position. Approximately \$15.8 million has been accrued as a liability at December 31, 2002 related to malpractice claims where the County Attorney and NHCC management can reasonably estimate the ultimate outcome. The liability for certain other asserted and unasserted malpractice claims is not estimable as of December 31, 2002. All malpractice occurrences prior to September 29, 1999 are the responsibility of the county. Subsequent occurrences are the responsibility of the NHCC.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002**

15. CONTINGENCIES AND COMMITMENTS (Continued)**B. Tax Certioraris**

In fiscal 2002, there were approximately 125,136 taxpayers' claims filed against Board of Assessors, for the incorrect determination of assessed valuation (certiorari proceedings) for the 2003 (May 1, 2002) assessment roll. During 2002 NIFA issued approximately \$16 million of bonds on behalf of the county to fund county tax certioraris judgments and settlements, bringing the total amount of such bonds outstanding for both the county and NIFA to approximately \$955.9 million. 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 \$325 million has also been recorded as a long-term liability in the government-wide financial statement of net assets.

Tax certiorari settlements are usually financed temporarily by the county's RAN's or TAN's in the General Fund. These RAN's and TAN's are then sold to NIFA which in turn issues BAN's thereafter refinancing them by bond issuances. For the year ended December 31, 2002, tax certiorari settlements were \$97.0 million and were substantially financed by \$860 thousand of NIFA bonds and \$85 million of NIFA BAN's reported in the government-wide financial statement of net assets and Governmental Funds balance sheet, respectively.

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, 2002, the audits of certain programs have not been completed. Provisions for certain expected disallowances, where considered necessary, have been made as of December 31, 2002. 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 management that adjustments, if any, would not have a material effect on the county's financial position.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002**

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

The county carries property insurance on its police helicopters and a blanket fidelity bond covering all county employees. Essentially all other risks are assumed directly by the county. The county suffered no material property losses during 2002. 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 \$408.2 million, which includes \$28.2 million for the Nassau Community College at August 31, 2002.

G. Deferred Payroll

The county has entered into agreements with the Civil Service Employees' Association ("CSEA"), the Police Benevolent Association, ("PBA"), Superior Officers Association, ("SOA"), and the Detective Association, Inc. ("DAI"), and certain Ordinance employees, to defer 10 days pay which shall be paid to the employee on separation of service at the salary rate then in effect. The amount deferred at December 31, 2002 was approximately \$17.7 million. This deferral is reported as a long-term liability in the government-wide financial statement of net assets. It represents 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, 2002 was approximately \$1.3 million and is also reported in the in the government-wide financial statement of net assets. In addition, termination pay for accumulated leave in excess of \$5,000 for CSEA 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, 2002 was approximately \$21.5 million and also is reported in the government-wide financial statement of net assets.

H. Capital Commitments

At December 31, 2002, there were capital project contract commitments of \$72.2 million.

I. MTA Commitment

The Metropolitan Transportation Authority ("MTA") paid \$121.0 million cumulatively to the county pursuant to a mass transportation funding agreements in return for the county's provision in the future of \$242.0 million for capital costs incurred by the MTA in connection with capital improvements and rolling stock. The \$121.0 million could be used by the county for any purpose and was recognized in the General Fund in years 1999 and prior. The county has authorized capital appropriations of \$242.0 million to meet its obligation which was financed by county bond issuances. As of December 31, 2002, the county has repurchased and financed \$221.0 million of

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002**

15. CONTINGENCIES AND COMMITMENTS (Continued)**I. MTA Commitment (continued)**

capital improvements and rolling stock and a \$21.0 million commitment remains.

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 the Corporation.

In consideration for the acquisition of the Health Facilities from the county, the NHCC paid the county \$82.0 million from the proceeds of Series 1999 Bonds issued on September 29, 1999 to the Corporation. The Series 1999 bonds amounted to \$259.7 million and bear interest at rates ranging between 4.60% and 6.00%. The bonds are guaranteed by the county and mature between 2005 and 2029.

17. RELATED ORGANIZATION - NASSAU COUNTY TOBACCO SETTLEMENT CORPORATION

On November 23, 1999 the Nassau County Tobacco Settlement Corporation (“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 NCTSC’s 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. 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. NCTSC is a related organization and does not meet the criteria of a component unit as defined in the Government Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*, because the county is not financially accountable. Accordingly, the financial statements are prepared on a “stand alone” basis and not included in the County of Nassau’s financial statements.

A copy of the audited financial statements can be obtained from the County Treasurer, 240 Old Country Road, Mineola, NY 11501-4820.

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2002

18. RESTATEMENT

The following table shows the beginning fund balances and net assets as of December 31, 2001 restated for the effect of implementation of GASB 34 (dollars in thousands).

Governmental fund balances at December 31, 2001	
General Fund	\$ 94,432
Special Revenue Funds	81,294
Debt Service Fund	10,121
Capital Projects Fund	<u>177,281</u>
Governmental fund balances at December 31, 2001	363,128
GASB 34 adjustments to reconcile governmental fund balances to governmental activities net assets:	
Capital Assets	3,608,177
Accumulated depreciation	(1,186,827)
Long-term Liabilities	(3,793,155)
Deferred revenue recognized	<u>35,330</u>
Governmental activities net assets as of December 31, 2001 (as restated)	<u>\$ (973,347)</u>

* * * * *

PART III

COMBINING FINANCIAL INFORMATION – GOVERNMENTAL FUNDS

EXHIBIT A-1

COUNTY OF NASSAU, NEW YORK
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 December 31, 2002
 (in thousands)

	Nonmajor Special Revenue Funds								Nonmajor Capital Projects Funds					Total
	Fire Prevention, Safety, Communication and Education Fund	County Parks and Recreation Fund	Technology Fund	NIFA Special Revenue Fund	Sewage Disposal District #1 Maintenance Fund	Sewage Disposal District #2 Maintenance Fund	Sewage Disposal District #3 Maintenance Fund	Sewage Collection District Maintenance Fund	Grant Fund	Capital Fund	NIFA Capital Projects Fund	Sewage Disposal District Construction Funds	Sewage Collection Districts Construction Fund	
ASSETS														
Cash – Unrestricted	\$ 87	\$ 109	\$	\$ 4,833	\$	\$	\$ 46	\$ 13,829	\$ 2,903	\$ 65,287	\$ 438	\$ 49	\$ 2,041	\$ 89,622
Investments	4,566					55,595	13,445		104,357		33,975	5,398	6,547	223,883
Investments - Tax Anticipation Notes (TAN)/Revenue Anticipation Notes (RAN)														-
Sales Tax Receivable														-
Interest Receivable										48			2	50
Due From Other Governments	25	263				232	35	6,606	105		1,499			8,765
Due From Component Unit														-
Interfund Receivables		1,319	7,100		950	31,316	168	18,133			29,507		6,923	95,463
Other Assets	125	510				193	207	187	1,090					2,312
TOTAL ASSETS	\$ 4,803	\$ 2,201	\$ 7,100	\$ 4,833	\$ 950	\$ 31,509	\$ 56,202	\$ 13,573	\$ 38,755	\$ 108,455	\$ 65,335	\$ 65,419	\$ 5,447	\$ 420,095
LIABILITIES AND FUND BALANCES (DEFICITS)														
Liabilities:														
Accounts Payable	\$ 37	\$ 715	\$	\$	\$ 804	\$ 2,335	\$ 285	\$ 4,989	\$ 8,943	\$	\$ 4,397	\$ 288	\$	\$ 22,793
Accrued Liabilities	171	339		4,833		497	1,231	9	206		64		10,133	17,483
Bond Anticipation Notes (BAN) payable										24,090				24,090
Deferred Revenue								19,548						19,548
Interfund Payables	2,086	26			141	2,496	32,940	421	288	7,030	48	36,884	137	82,499
Due to Component Unit	2,288													2,288
Other Liabilities	19	90				32	34		32	2,342				2,549
Total Liabilities	4,601	1,170		4,833	141	3,829	36,540	715	25,063	18,315	24,202	41,281	425	171,250
Fund Balances (Deficits):														
Reserved for Retirement of Temporary Financing									13,847		20,909	1,834		36,590
Reserved for State Revolving Fund											1,499			1,499
Reserved for Encumbrances	202	1,031				3,184	4,015	846	53,826	52,864	17,451	1,861		135,280
Unreserved and Designated for Ensuing Year's Budget					421	11,526	5,564	5,794						23,305
Unreserved			7,100		388	12,970	10,083	6,218	(40,134)	23,429	41,133	(15,721)	1,327	52,171
Total Fund Balances	202	1,031	7,100		809	27,680	19,662	12,858	13,692	90,140	41,133	24,138	5,022	248,845
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,803	\$ 2,201	\$ 7,100	\$ 4,833	\$ 950	\$ 31,509	\$ 56,202	\$ 13,573	\$ 38,755	\$ 108,455	\$ 65,335	\$ 65,419	\$ 5,447	\$ 420,095

EXHIBIT A-2

**COUNTY OF NASSAU, NEW YORK
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues Expenditures and Changes in Fund Balances
For the Year ended December 31, 2002
(in thousands)**

	Nonmajor Special Revenue Funds								Nonmajor Capital Project Funds					NIFA Debt Service Fund	Total Nonmajor Governmental Funds
	Fire Prevention, Safety, Communication and Education Fund	County Parks and Recreation Fund	Technology Fund	NIFA Special Revenue Fund	Sewage Disposal District #1 Maintenance Fund	Sewage Disposal District #2 Maintenance Fund	Sewage Disposal District #3 Maintenance Fund	Sewage Collection District Maintenance Fund	Grant Fund	Capital Fund	NIFA Capital Projects Fund	Sewage Disposal District Construction Funds	Sewage Collection Districts Construction Fund		
Revenues:															
Unrealized Gain on Investments	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Interest Income	1					18	13	11	32	2,170	1,483	531	82	221	12
Rents and Recoveries		569			15	2	11	67	148						812
Departmental Revenue	3,084	14,735				5,242	4,057	17	2,000						29,135
Interdepartmental Revenue						606	374		356						1,336
Federal Aid	70								50,716	1,795		125	887		53,593
State Aid	146								30,300	2,672					33,118
State Aid from NIFA				20,000											20,000
Property Taxes	14,195				1,357	50,827	47,947	39,290							153,616
Special Taxes		205													205
Other Revenues									988						988
Total Revenues	17,496	15,509		20,000	1,372	56,695	52,402	39,385	83,552	7,625	1,483	656	969	233	297,377
Expenditures:															
Current:															
Judicial									855						855
General Administration									34,803						34,803
Protection of Persons	19,303								5,607						24,910
Health									45,034						45,034
Public Works					197	26,894	27,809	10,724							65,624
Recreation and Parks		59,886							301						60,187
Capital Outlay										48,569					48,569
Sewage Districts											25,805	1,692			27,497
Social Services									2,632						2,632
Corrections									1,053						1,053
Education									1,053						1,053
Total Current Expenditures	19,303	59,886			197	26,894	27,809	10,724	91,338	48,569		25,805	1,692		312,217
Debt Service:															
Principal														11,670	11,670
Interest														22,465	22,465
Expense of Loans											307				307
Total Debt Service											307			34,135	34,442
Total Expenditures	19,303	59,886			197	26,894	27,809	10,724	91,338	48,569	307	25,805	1,692	34,135	346,659
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,807)	(44,377)		20,000	1,175	29,801	24,593	28,661	(7,786)	(40,944)	1,176	(25,149)	(723)	(33,902)	(49,282)
Other Financing Sources (Uses):															
Other Financing Sources - Premium												13,595			13,595
Other Financing Uses - Cost of Issuance												(1,396)			(1,396)
Payments to Refunding Bond Escrow Holder												(114,817)			(114,817)
Operating Transfers In	1,677	44,335												39,502	85,514
Operating Transfers In of Investment Income					14	482	35	82							613
Operating Transfers to RAN															
Withholding Account															
Operating Transfers Out				(20,000)	(1,077)	(21,322)	(18,593)	(27,854)			(201,301)			(240)	(290,387)
Operating Transfers Out of Investment Income									(2,170)		(531)		(82)		(2,783)
Operating Transfers In from NIFA									15,094		9,696		2,316		27,106
Other											120				120
Proceeds from Borrowings											225,650	102,618			328,268
Total Other Financing Sources (Uses)	1,677	44,335		(20,000)	(1,063)	(20,840)	(18,558)	(27,772)	12,924	24,469	9,165	2,234	39,262	45,833	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(130)	(42)			112	8,961	6,035	889	(7,786)	(28,020)	25,645	(15,984)	1,511	5,360	(3,449)
Fund Balances Beginning of Year	332	1,073	7,100		697	18,719	13,627	11,969	21,478	118,160	15,488	40,122	3,511	18	252,294
Fund Balances End of Year	\$ 202	\$ 1,031	\$ 7,100	\$ -	\$ 809	\$ 27,680	\$ 19,662	\$ 12,858	\$ 13,692	\$ 90,140	\$ 41,133	\$ 24,138	\$ 5,022	\$ 5,378	\$ 248,845

PART IV

OTHER SUPPLEMENTARY INFORMATION

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Revenues</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
<u>INTEREST AND PENALTIES ON TAXES</u>	\$ 15,768	\$ 15,768	\$ 20,156	\$	\$ 20,156	\$ 4,388
<u>LICENSES AND PERMITS</u>						
Day Camp Permits	6	6	5		5	(1)
Food Establishments	2,232	2,232	1,965		1,965	(267)
Hazardous Materials Registration Fees	538	538	839		839	301
Home Improvements	774	774	644		644	(130)
Location Permits	20	20	14		14	(6)
Manufacturing Frozen Desserts	16	16	15		15	(1)
Realty Subdivision Filing	335	335	92		92	(243)
Road Openings	228	228	207		207	(21)
Sewage Connections	100	100	96		96	(4)
Swimming Pools and Bathing Beaches	71	71	155		155	84
Temporary Residence Inspection Permit	69	69	64		64	(5)
Verification	62	62	113		113	51
Weights & Measures	556	556	292		292	(264)
X-rays, Surveys and Inspections	131	131	91		91	(40)
Cross Connections	78	78	78		78	
Water Supply Plan Review	70	70	53		53	(17)
Tattoo Parlor / Piercing			10		10	10
Lifeguard Certification			18		18	18
Total Licenses and Permits	5,286	5,286	4,751		4,751	(535)
<u>FINES AND FORFEITS</u>	13,590	13,590	12,785		12,785	(805)
<u>INTEREST, RENTS AND RECOVERIES</u>						
Coliseum & Mitchell Field Rents	641	641	631		631	(10)
Coliseum Rental	279	279	339		339	60
Coliseum Utilities	1,605	1,605	2,695		2,695	1,090
Investment Income	1,623	1,623	6,529		6,529	4,906
Recovery of Damage to County Property	350	350	418		418	68
Recovery of Property and Restaurant Tax	5,500	5,500	9,922		9,922	4,422
Recovery of Prior Year Appropriations	429	429	1,045		1,045	616
Recovery of Workers' Compensation	1,000	1,000	1,657		1,657	657
Rental of County Property	1,730	1,730	672		672	(1,058)
Rental of Voting Machines	142	142	56		56	(86)
Rental of Mitchel Field	4,447	4,447	5,309		5,309	862
Sale of County Property	100	100	815		815	715
Tobacco Settlement	21,150	21,150	2,900		2,900	(18,250)
Other Recoveries	1,675	1,675	1,754		1,754	79
Recoveries from Enterprise Funds			19,365		19,365	19,365
Total Interest, Rents and Recoveries	40,671	40,671	54,107		54,107	13,436
<u>DEPARTMENTAL REVENUE</u>						
Assessment	373	373	219		219	(154)
Board of Elections	45	45	89		89	44
CASA	3	3	3		3	
Civil Service	1,351	1,351	1,555		1,555	204
Correctional Center	313	313	188		188	(125)
County Attorney	331	331	92		92	(239)
County Clerk	7,800	7,800	11,887		11,887	4,087
County Comptroller	55	55	22		22	(33)
District Attorney			24		24	24
Drug and Alcohol Addiction	1,636	1,636	1,376		1,376	(260)

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)

	Original Budget	Modified Budget	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
DEPARTMENTAL REVENUE (Continued)						
Health						
Administration	\$ 5	\$ 5	\$ 4	\$	\$ 4	\$ (1)
Children's Early Intervention	5,204	5,204	6,625		6,625	1,421
Laboratory Research	93	93	64		64	(29)
Personal Health	10	10	2,080		2,080	2,070
Medical Examiner	11	11	15		15	4
Mental Health	1,400	1,400	857		857	(543)
Miscellaneous Receipts	1,700	1,700				(1,700)
Planning	1,354	1,354	1,163		1,163	(191)
Probation	1,853	1,853	970		970	(883)
Public Administrator	288	288	95		95	(193)
Public Works						
Administration	131	131	146		146	15
Highways and Engineering	120	120	189		189	69
Sanitation			5		5	5
Water Supply			13		13	13
Recreation & Parks						
Data Processing	540	540	606		606	66
Motor Vehicles	206	206	260		260	54
Property Management	187	187	138		138	(49)
Utilities	382	382	106		106	(276)
Senior Citizens Affairs	15	15	15		15	
Sheriff	1,000	1,000	907		907	(93)
Social Services						
Administration	40	40	45		45	5
Aid to Dependent Children	4,760	4,760	4,304		4,304	(456)
Burials	12	12	14		14	2
Children in Foster Homes	125	125	114		114	(11)
Children in Institutions	350	350	1,072		1,072	722
Division of Services			40		40	40
Home Relief	1,850	1,850	1,828		1,828	(22)
Juvenile Delinquents	95	95	83		83	(12)
Medicaid MMIS	82,072	106,146	106,431		106,431	285
Public Financial Assistance	36	36	84		84	48
Title XX	2	2	208		208	206
Treasurer	501	501	387		387	(114)
Total Departmental Revenue	116,249	140,323	144,323		144,323	4,000
INTERDEPARTMENTAL REVENUE						
Correctional Center	1,600	1,600	2,147		2,147	547
County Attorney	6,205	6,205	5,790		5,790	(415)
District Attorney	975	975	870		870	(105)
Drug and Alcohol	202	3,102	4,627		4,627	1,525
General Services						
Administration			54		54	54
Bureau of Building Operations			130		130	130
Data Processing	970	1,220	1,518		1,518	298
Motor Vehicles	319	401	315		315	(86)
Office Management Service	722	908	1,251		1,251	343
Property Management	1,455	1,818	841		841	(977)
Utilities	9,606	9,969	9,303		9,303	(666)
Mental Health	1,350	1,350	1,208		1,208	(142)
Probation	1,038	1,038	904		904	(134)
Purchasing	782	782				(782)
Public Works			64		64	64

(Continued)

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)**

	Original Budget	Modified Budget	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
INTERDEPARTMENTAL REVENUE (Continued)						
Revenues from Capital Fund	\$ 4,725	\$ 4,725	\$ 5,053	\$	\$ 5,053	\$ 328
Revenues from Debt Service						
Chargebacks	40,687	42,856	40,110		40,110	(2,746)
Revenues from Indirect Cost						
Chargebacks	30,882	30,882	29,964		29,964	(918)
Sheriff	420	420	130		130	(290)
Traffic Safety Board	150	150	156		156	6
Youth Board			123		123	123
<u>Total Interdepartmental Revenue</u>	<u>102,088</u>	<u>108,401</u>	<u>104,558</u>		<u>104,558</u>	<u>(3,843)</u>
FEDERAL AID						
Board of Elections			1,021		1,021	1,021
Correctional Center	9,305	9,305	15,776		15,776	6,471
County Attorney	225	225	177		177	(48)
Department of Investigations			3		3	3
District Attorney	28	28	26		26	(2)
Health			33		33	33
Miscellaneous General Fund Aid	210	210	79		79	(131)
Senior Citizen Affairs	4,481	5,167	4,751		4,751	(416)
Sheriff	550	550	439		439	(111)
Social Services						
Administration	4,696	4,696	3,603		3,603	(1,093)
Aid to Dependent Children	14,250	14,250	4,603		4,603	(9,647)
Children in Foster Homes	2,025	2,025	1,360		1,360	(665)
Children in Institutions	9,230	9,230	11,205		11,205	1,975
Division of Services	6,688	6,688	7,310		7,310	622
Home Energy Assistance Program	1,500	1,500	1,773		1,773	273
Juvenile Delinquents	2,701	2,701				(2,701)
Medicaid MMIS	1,000	1,000	3,488		3,488	2,488
Public Financial Assistance	20,972	20,972	21,990		21,990	1,018
Subsidized Adoptions	1,975	1,975	1,496		1,496	(479)
Title XX	30,000	30,000	44,971		44,971	14,971
<u>Total Federal Aid</u>	<u>109,836</u>	<u>110,522</u>	<u>124,104</u>		<u>124,104</u>	<u>13,582</u>
STATE AID						
Assessment	550	550	476		476	(74)
Consumer Affairs	40	40	46		46	6
Correctional Center	922	922	1,003		1,003	81
County Attorney	60	60	45		45	(15)
County Comptroller	272	272				(272)
Court Facility Aid	2,079	2,079	2,165		2,165	86
District Attorney	141	141	65		65	(76)
Drug and Alcohol Addiction	2,761	2,760	2,095		2,095	(665)
Health						
Administration	1,450	1,450	1,265		1,265	(185)
Children's Early Intervention	21,130	21,130	19,180		19,180	(1,950)
Environmental Health	1,920	1,920	1,143		1,143	(777)
Laboratory Research	1,070	1,070	1,199		1,199	129
Personal Health	3,440	3,440	2,603		2,603	(837)
Investigations			46		46	46
Medical Examiner	1,938	1,938	1,419		1,419	(519)
Mental Health						
Administration	1,537	1,537	1,210		1,210	(327)
Contractual Services	3,450	3,450	1,914		1,914	(1,536)
Direct Services	1,661	1,661	300		300	(1,361)
Education of Handicapped Children	39,240	39,240	40,786		40,786	1,546

(Continued)

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Revenues</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
STATE AID (Continued)						
Miscellaneous General Fund Aid	\$ 27,083	\$ 27,083	\$ 513	\$	\$ 513	\$ (26,570)
Probation	6,400	6,400	6,082		6,082	(318)
Public Works						
Highway & Bridge Maintenance	1,119	1,119				(1,119)
Water Supply			317		317	317
Recreation and Parks						
Property Management	469	469	651		651	182
Utilities	378	378	330		330	(48)
Senior Citizen Affairs	3,715	3,953	3,778		3,778	(175)
Sheriff	150	150	113		113	(37)
Social Services						
Administration	2,709	2,709	1,348		1,348	(1,361)
Aid to Dependent Children	7,125	7,125	9,646		9,646	2,521
Burials	75	75	7		7	(68)
Children in Foster Homes	1,215	1,215	428		428	(787)
Children in Institutions	5,990	5,990	7,407		7,407	1,417
Division of Services	5,162	5,162	5,116		5,116	(46)
Education of Handicapped Children	4,500	4,500	4,363		4,363	(137)
Home Relief	6,850	6,850	4,496		4,496	(2,354)
Juvenile Delinquents	2,161	2,161	1,024		1,024	(1,137)
Juvenile Detention Center	2,794	2,794	2,422		2,422	(372)
Medicaid MMIS	38,655	38,655	53,291		53,291	14,636
Public Financial Assistance	7,882	7,882	7,465		7,465	(417)
Subsidized Adoptions	1,900	1,900	2,023		2,023	123
Title XX	6,000	6,000	1,266		1,266	(4,734)
Veterans Service Agency	33	33	65		65	32
Nassau County Youth Board	1,784	1,784	2,231		2,231	447
<u>Total State Aid</u>	<u>217,810</u>	<u>218,047</u>	<u>191,342</u>		<u>191,342</u>	<u>(26,705)</u>
SALES TAX *	<u>758,932</u>	<u>758,932</u>	<u>773,975</u>		<u>773,975</u>	<u>15,043</u>
PREEMPTED SALES TAX IN LIEU OF PROPERTY TAXES						
Towns and City of Glen Cove*	<u>48,997</u>	<u>48,997</u>	<u>48,997</u>		<u>48,997</u>	
<u>Total Preempted Sales Tax in Lieu of Property Taxes</u>	<u>48,997</u>	<u>48,997</u>	<u>48,997</u>		<u>48,997</u>	
PROPERTY TAXES	<u>105,502</u>	<u>105,502</u>	<u>108,677</u>		<u>108,677</u>	<u>3,175</u>
PAYMENTS IN LIEU OF TAXES	<u>3,046</u>	<u>3,046</u>	<u>2,974</u>		<u>2,974</u>	<u>(72)</u>

* Paid to County \$8,622; paid to NIFA \$814,350

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. MODIFIED BUDGET
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)

	Original Budget	Modified Budget	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
<u>SPECIAL TAXES</u>						
Admission Tax - Belmont Park	\$ 70	\$ 70	\$ 34	\$	\$ 34	\$ (36)
Entertainment Tax	2,960	2,960	3,120		3,120	160
Off-Track Betting Surtax	7,468	7,468	7,452		7,452	(16)
Privilege Tax - Coin Operated Amusement Devices	380	380	42		42	(338)
Hotel-Motel Room Tax	3,574	3,574	3,703		3,703	129
<u>Total Special Taxes</u>	<u>14,452</u>	<u>14,452</u>	<u>14,351</u>		<u>14,351</u>	<u>(101)</u>
<u>OTHER REVENUES</u>						
Miscellaneous	19,713	19,713	13,231		13,231	(6,482)
<u>Total Other Revenues</u>	<u>19,713</u>	<u>19,713</u>	<u>13,231</u>		<u>13,231</u>	<u>(6,482)</u>
<u>Total Revenues</u>	<u>1,571,940</u>	<u>1,603,250</u>	<u>1,618,331</u>		<u>1,618,331</u>	<u>15,081</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Operating Transfers In		3,209				(3,209)
Transfers In - Component Unit						
Operating Transfer in from NIFA			61,199	(58,329)	2,870	2,870
Operating Transfers of Investment Income	5,000	5,000	2,170		2,170	(2,830)
Payments to Refunded Bond Escrow Agent			(58,329)	58,329		
Proceeds from NIFA for Tax Certiorari and Other Judgement Borrowings			125,545	(125,545)		
<u>Total Other Financing Sources</u>	<u>5,000</u>	<u>8,209</u>	<u>130,585</u>	<u>(125,545)</u>	<u>5,040</u>	<u>(3,169)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 1,576,940	\$ 1,611,459	* \$ 1,748,916	\$ (125,545)	\$ 1,623,371	\$ 11,912

* Total revenues and other financing sources, estimates per 2002 County budget as adopted
 Less: Budgeted opening fund balance
 Add: Supplemental appropriations
 Budget estimates, total revenues and other financing sources

\$ 1,594,940
 (18,000)
 34,519
 \$ 1,611,459

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)

<u>FUNCTIONS</u>	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual Expenditures</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
CURRENT:						
LEGISLATIVE						
Legislature						
Legislators						
Salaries	\$ 3,132	\$ 3,134	\$ 3,114	\$	\$ 3,114	\$ 20
Fringe Benefits	937	872	811		811	61
Equipment	8	73				73
General Expenses	8	8	3		3	5
Contractual Services	62	62	60		60	2
Legislative Central Staff						
Salaries	412	519	519		519	
Fringe Benefits	266	243	194		194	49
Equipment	2	15				15
General Expenses	314	342	291	15	306	36
Contractual Services	250	441	315	109	424	17
Legislative Budget Review						
Salaries	487	487	468		468	19
Fringe Benefits	55	93	89		89	4
Equipment	6	6	1	4	5	1
General Expenses	11	11				11
Contractual Services	31	31		22	22	9
Legislature Total	<u>5,981</u>	<u>6,337</u>	<u>5,865</u>	<u>150</u>	<u>6,015</u>	<u>322</u>
<u>Total Legislative</u>	<u>5,981</u>	<u>6,337</u>	<u>5,865</u>	<u>150</u>	<u>6,015</u>	<u>322</u>
JUDICIAL						
Court Administration						
Fringe Benefits	<u>2,311</u>	<u>2,311</u>	<u>2,100</u>		<u>2,100</u>	<u>211</u>
District Attorney						
Salaries	21,458	21,958	21,837		21,837	121
Fringe Benefits	4,671	5,076	5,076		5,076	
Equipment	103	103	97	3	100	3
General Expenses	470	482	463	19	482	
Contractual Services	<u>496</u>	<u>578</u>	<u>550</u>	<u>9</u>	<u>559</u>	<u>19</u>
District Attorney Total	<u>27,198</u>	<u>28,197</u>	<u>28,023</u>	<u>31</u>	<u>28,054</u>	<u>143</u>
Public Administrator						
Salaries	441	441	391		391	50
Fringe Benefits	162	162	139		139	23
Equipment	3	3				3
General Expenses	4	4	1		1	3
Contractual Services	<u>18</u>	<u>18</u>	<u>6</u>	<u>7</u>	<u>13</u>	<u>5</u>
Public Administrator Total	<u>628</u>	<u>628</u>	<u>537</u>	<u>7</u>	<u>544</u>	<u>84</u>
Sheriff						
Salaries	4,574	4,577	4,577		4,577	
Fringe Benefits	1,160	1,240	1,240		1,240	
Equipment	12	4	1		1	3
Materials and Supplies	3	3				3
General Expenses	<u>92</u>	<u>104</u>	<u>98</u>	<u>6</u>	<u>104</u>	
Sheriff Total	<u>5,841</u>	<u>5,928</u>	<u>5,916</u>	<u>6</u>	<u>5,922</u>	<u>6</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
JUDICIAL (Continued)						
Traffic and Parking Violations						
Salaries	\$ 1,475	\$ 1,475	\$ 1,392	\$	\$ 1,392	\$ 83
Fringe Benefits	375	375	355		355	20
Equipment	25	150	83	4	87	63
General Expenses	57	57	28	1	29	28
Contractual Services	987	987	615	236	851	136
Traffic and Parking Violations Total	<u>2,919</u>	<u>3,044</u>	<u>2,473</u>	<u>241</u>	<u>2,714</u>	<u>330</u>
<u>Total Judicial</u>	<u>38,897</u>	<u>40,108</u>	<u>39,049</u>	<u>285</u>	<u>39,334</u>	<u>774</u>
GENERAL ADMINISTRATION						
Assessment						
Salaries	6,763	5,863	5,663		5,663	200
Fringe Benefits	2,159	2,259	2,187		2,187	72
Equipment	48	48	12	11	23	25
General Expenses	241	241	156	81	237	4
Contractual Services	13,663	9,992	4,086	5,905	9,991	1
Assessment Total	<u>22,874</u>	<u>18,403</u>	<u>12,104</u>	<u>5,997</u>	<u>18,101</u>	<u>302</u>
Board of Assessment Review						
Salaries	394	1,370	693		693	677
Fringe Benefits	180	473	162		162	311
Equipment		15			-	15
General Expenses	9	349	8		8	341
Contractual Services	107	177		7	7	170
Board of Assessment Review Total	<u>690</u>	<u>2,384</u>	<u>863</u>	<u>7</u>	<u>870</u>	<u>1,514</u>
Board of Elections						
Administration						
Salaries	2,081	2,331	2,256		2,256	75
Fringe Benefits	920	920	673		673	247
Equipment	14	14	3	6	9	5
General Expenses	19	19	10	1	11	8
Interfund Charges		6	6		6	
General Elections						
Salaries	4,803	4,553	4,231		4,231	322
Fringe Benefits	1,932	1,731	1,240		1,240	491
Equipment	19	87	5	69	74	13
General Expenses	457	452	407	7	414	38
Contractual Services	133	305	100	29	129	176
Primary Elections						
Salaries	649	649	649		649	
General Expenses	98	30	25		25	5
Contractual Services	80	113	78	32	110	3
Board of Elections Total	<u>11,205</u>	<u>11,210</u>	<u>9,683</u>	<u>144</u>	<u>9,827</u>	<u>1,383</u>
Civil Service						
Salaries	4,067	4,067	3,506		3,506	561
Fringe Benefits	1,226	1,226	1,101		1,101	125
Equipment	12	12		2	2	10
General Expenses	309	309	68	11	79	230
Contractual Services	443	651	363	94	457	194
Interfund Charges	45	45				45
Civil Service Total	<u>6,102</u>	<u>6,310</u>	<u>5,038</u>	<u>107</u>	<u>5,145</u>	<u>1,165</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)

<u>FUNCTIONS</u>	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual Expenditures</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
GENERAL ADMINISTRATION (Continued)						
Commerce and Industry						
Contractual Services	\$ 71	\$ 71	\$	\$ 71	\$ 71	\$
Commerce and Industry Total	<u>71</u>	<u>71</u>	<u></u>	<u>71</u>	<u>71</u>	<u></u>
County Attorney						
Salaries	8,473	7,331	7,331		7,331	
Fringe Benefits	1,592	2,016	2,016		2,016	
Equipment	12	22	11	2	13	9
General Expenses	153	282	275	6	281	1
Contractual Services	7,435	7,663	3,422	3,465	6,887	776
Workman's Compensation Expense						
Fringe Benefits	14,247	17,528	17,297	177	17,474	54
County Attorney Total	<u>31,912</u>	<u>34,842</u>	<u>30,352</u>	<u>3,650</u>	<u>34,002</u>	<u>840</u>
County Clerk						
Salaries	3,692	3,692	3,575		3,575	117
Fringe Benefits	2,050	2,050	1,845		1,845	205
Equipment	40	40	16	15	31	9
General Expenses	230	230	125	87	212	18
Contractual Services	132	132		75	75	57
County Clerk Total	<u>6,144</u>	<u>6,144</u>	<u>5,561</u>	<u>177</u>	<u>5,738</u>	<u>406</u>
County Comptroller						
General						
Salaries	4,843	4,843	4,614		4,614	229
Fringe Benefits	1,778	1,778	1,673		1,673	105
Equipment	5	5	5		5	
General Expenses	49	49	46	3	49	
Contractual Services	1,226	1,326		1,350	1,350	(24)
Sales Tax Compliance						
Equipment	1	1		1	1	
General Expenses	11	11				11
County Comptroller Total	<u>7,913</u>	<u>8,013</u>	<u>6,338</u>	<u>1,354</u>	<u>7,692</u>	<u>321</u>
County Executive						
Salaries	1,554	2,044	2,020		2,020	24
Fringe Benefits	516	685	570		570	115
Equipment	27	5	1	3	4	1
General Expenses	35	57	30	8	38	19
Contractual Services	74	74	6	33	39	35
County Executive Total	<u>2,206</u>	<u>2,865</u>	<u>2,627</u>	<u>44</u>	<u>2,671</u>	<u>194</u>
County Treasurer						
Salaries	2,390	2,390	2,348		2,348	42
Fringe Benefits	634	1,091	943		943	148
Equipment	24	24	10		10	14
General Expenses	289	309	278		278	31
Contractual Services	1,194	1,122	450	672	1,122	
County Treasurer Total	<u>4,531</u>	<u>4,936</u>	<u>4,029</u>	<u>672</u>	<u>4,701</u>	<u>235</u>
Recreation and Parks						
Administration						
Salaries	960	920	893		893	27
Fringe Benefits	375	450	446		446	4
General Expenses	13	23	22	1	23	

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)

<u>FUNCTIONS</u>	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual Expenditures</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
GENERAL ADMINISTRATION (Continued)						
Property Management						
Salaries	\$ 3,077	\$ 3,312	\$ 3,312	\$	\$ 3,312	\$
Fringe Benefits	1,553	1,668	1,666		1,666	2
Equipment	332	332				332
Materials and Supplies	242	242	95	25	120	122
General Expenses	1,176	1,176	594	434	1,028	148
Contractual Services	1,511	1,511	1,012	202	1,214	297
Bureau of Building Operations						
Salaries	2,795	2,506	2,397		2,397	109
Fringe Benefits	728	883	856		856	27
Equipment	21	21	20		20	1
Supplies	142	142	86	4	90	52
General Expenses	325	325	76	28	104	221
Contractual Services	33	33	3	14	17	16
Office Management Services						
Salaries	2,392	2,318	2,296		2,296	22
Fringe Benefits	1,044	879	868		868	11
Equipment	5	5				5
Materials and Supplies	354	354	161	35	196	158
General Expenses	1,951	4,369	3,290	931	4,221	148
Contractual Services	529	431	73	356	429	2
Data Processing						
Salaries	9,071	8,578	8,443		8,443	135
Fringe Benefits	1,625	2,133	2,128		2,128	5
Materials and Supplies	31	31	1	1	2	29
General Expenses	1,696	1,496	619	541	1,160	336
Contractual Services	6,984	6,984	2,815	2,354	5,169	1,815
Energy DGS						
Fringe Benefits		6	6		6	
Motor Vehicles						
Salaries	459	503	503		503	
Fringe Benefits	349	289	267		267	22
Equipment	18	18				18
General Expenses	1,240	1,127	722	162	884	243
Interfund Charges	55	68	67		67	1
Utilities						
Utility Costs	22,619	22,619	21,106	486	21,592	1,027
Recreation and Parks Total	63,705	65,752	54,843	5,574	60,417	5,335
Housing and Intergovernmental Affairs:						
Salaries	160	160	15		15	145
Fringe Benefits	160	604	267		267	337
Housing and Intergovernmental Affairs Total	320	764	282		282	482
Labor Relations						
Contractual Services	68	68		31	31	37
Labor Relations Total	68	68		31	31	37
Management and Budgets						
Salaries	927	1,562	1,482		1,482	80
Fringe Benefits	317	437	396		396	41
Equipment	37	37	1		1	36
General Expenses	31	31	29		29	2
Contractual Services	512	457	419	38	457	
Management and Budgets Total	1,824	2,524	2,327	38	2,365	159

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)

<u>FUNCTIONS</u>	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual Expenditures</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
<u>GENERAL ADMINISTRATION (Continued)</u>						
Personnel						
Salaries	\$ 345	\$ 327	\$ 327	\$	\$ 327	\$
Fringe Benefits	131	160	143		143	17
General Expenses	3	9	2		2	7
Contractual Services	40	62	62		62	
Personnel Total	<u>519</u>	<u>558</u>	<u>534</u>		<u>534</u>	<u>24</u>
Planning						
Salaries	1,115	1,138	1,138		1,138	
Fringe Benefits	303	510	506		506	4
Equipment	2	2		2	2	
General Expenses	18	18	3	3	6	12
Contractual Services	1,518	1,386	869	269	1,138	248
Various Direct Expenses	200	200		100	100	100
Bus Shelter Maint. & Cleaning	58	58	2	54	56	2
Mass Transportation						
Pt.Lookout/Lido Beach Bus Route	120	120	60	60	120	
Metropolitan Suburban Bus Authority	5,853	5,853	5,853		5,853	
LIRR Station Maintenance	21,216	21,141	20,940		20,940	201
MTA-LIRR Operating Assistance	11,584	11,584	11,584		11,584	
Physically Challenged Transportation	4,458	4,458	4,458		4,458	
Planning Total	<u>46,445</u>	<u>46,468</u>	<u>45,413</u>	<u>488</u>	<u>45,901</u>	<u>567</u>
Purchasing						
Salaries	1,200	1,376	1,304		1,304	72
Fringe Benefits	649	649	620		620	29
Equipment	15	15	10		10	5
Purchasing Total	<u>1,864</u>	<u>2,040</u>	<u>1,934</u>		<u>1,934</u>	<u>106</u>
<u>Total General Administration</u>	<u>208,393</u>	<u>213,352</u>	<u>181,928</u>	<u>18,354</u>	<u>200,282</u>	<u>13,070</u>
<u>PROTECTION OF PERSONS</u>						
Commission on Human Rights						
Salaries	625	688	660		660	28
Fringe Benefits	393	329	309		309	20
Equipment	6	6				6
General Expenses	27	27	4	4	8	19
Contractual Services	25	25	(10)		(10)	35
Interfund Charges		390	390		390	
Commission on Human Rights Total	<u>1,076</u>	<u>1,465</u>	<u>1,353</u>	<u>4</u>	<u>1,357</u>	<u>108</u>
Commissioner of Accounts						
Salaries	198	261	254		254	7
Fringe Benefits	36	242	239		239	3
General Expenses	10	10				10
Commissioner of Accounts Total	<u>244</u>	<u>513</u>	<u>493</u>		<u>493</u>	<u>20</u>
Consumer Affairs						
Salaries	1,328	1,774	1,636		1,636	138
Fringe Benefits	598	632	632		632	
Equipment	2	2	1		1	1
General Expenses	8	8	7		7	1
Contractual Services	7	7				7
Consumer Affairs Total	<u>1,943</u>	<u>2,423</u>	<u>2,276</u>		<u>2,276</u>	<u>147</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
PROTECTION OF PERSONS (Continued)						
Medical Examiner						
Salaries	\$ 4,518	\$ 4,518	\$ 4,156	\$	\$ 4,156	\$ 362
Fringe Benefits	977	977	922		922	55
Equipment	25	26	6	2	8	18
Materials and Supplies	15	15	12	3	15	
General Expenses	345	345	281	41	322	23
Contractual Services	132	359	155	203	358	1
Interfund Charges	19	66	66		66	
Medical Examiner Total	<u>6,031</u>	<u>6,306</u>	<u>5,598</u>	<u>249</u>	<u>5,847</u>	<u>459</u>
Police						
General Expenses	27	27	6	21	27	
Police Total	<u>27</u>	<u>27</u>	<u>6</u>	<u>21</u>	<u>27</u>	
Traffic Safety Board						
Salaries	186	186	186		186	
Fringe Benefits	58	58	51		51	7
Traffic Safety Board Total	<u>244</u>	<u>244</u>	<u>237</u>		<u>237</u>	<u>7</u>
Total Protection of Persons	<u>9,565</u>	<u>10,978</u>	<u>9,963</u>	<u>274</u>	<u>10,237</u>	<u>741</u>
HEALTH						
Drug and Alcohol						
Administration						
Salaries	593	593	360		360	233
Fringe Benefits	186	405	351		351	54
Equipment	11	11		9	9	2
General Expenses	39	39	6	2	8	31
Chemical Dependency Services						
Salaries	2,584	2,584	2,362		2,362	222
Fringe Benefits	1,225	1,225	1,162		1,162	63
Equipment	19	19				19
Supplies	1,096	424	137	10	147	277
General Expenses	209	209	97	42	139	70
Contractual Services	11,832	10,132	7,688	1,809	9,497	635
Interfund Charges	1,225	5,853	5,853		5,853	
Drug and Alcohol Total	<u>19,019</u>	<u>21,494</u>	<u>18,016</u>	<u>1,872</u>	<u>19,888</u>	<u>1,606</u>
Health Department						
Administration						
Salaries	2,469	2,469	2,230		2,230	239
Fringe Benefits	554	879	859		859	20
Equipment	5	5				5
General Expenses	75	75	48	6	54	21
Contractual Services	26	26				26
Interfund Charges	240	1,040	1,040		1,040	
Environmental Health						
Salaries	5,592	6,142	5,868		5,868	274
Fringe Benefits	2,090	1,966	1,952		1,952	14
Equipment	36	36	14	14	28	8
Supplies	7	7	4		4	3
General Expenses	658	658	307	210	517	141
Contractual Services	297	297	71	60	131	166
Interfund Charges	1	205	204		204	1

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
HEALTH (Continued)						
Laboratory Research						
Salaries	\$ 2,350	\$ 2,275	\$ 2,143	\$	\$ 2,143	\$ 132
Fringe Benefits	895	815	767		767	48
Equipment	15	15	13		13	2
Supplies	458	458	288	87	375	83
General Expenses	236	236	114	73	187	49
Interfund Charges		112	112		112	
Public Health						
Salaries	2,629	2,554	2,313		2,313	241
Fringe Benefits	1,191	1,071	1,020		1,020	51
Equipment	1	1				1
Supplies	114	214	120	20	140	74
General Expenses	154	154	50	46	96	58
Contractual Services	6,214	6,114	5,672	100	5,772	342
Interfund Charges	1,000	1,095	909		909	186
Early Intervention						
Salaries	2,933	3,011	3,011		3,011	
Fringe Benefits	712	736	736		736	
General Expenses	457	457	406	3	409	48
Contractual Services	50,361	49,901	39,472	9,321	48,793	1,108
Interfund Charges	1,200	1,200	1,049		1,049	151
Health Department Total	<u>82,970</u>	<u>84,224</u>	<u>70,792</u>	<u>9,940</u>	<u>80,732</u>	<u>3,492</u>
Mental Health						
Administration						
Salaries	1,170	1,170	1,085		1,085	85
Fringe Benefits	408	415	415		415	
General Expenses	569	684	683	1	683	1
Contractual Services	918	1,299	936	363	1,299	
Interfund Charges	40	40	32		32	8
Contractual Services						
Contractual Services	4,658	3,065	2,744	321	3,066	(1)
Direct Services						
Salaries	1,817	289	97		97	192
Fringe Benefits	444	444	107		107	337
Equipment	10	10				10
General Expenses	177	177	1		1	176
Contractual Services	2,989	2,989	990	1,927	2,917	72
Education of Handicapped Children						
Other Expenses	<u>71,266</u>	<u>75,930</u>	<u>73,167</u>	<u>2,763</u>	<u>75,930</u>	
Mental Health Total	<u>84,466</u>	<u>86,512</u>	<u>80,257</u>	<u>5,375</u>	<u>85,632</u>	<u>880</u>
Total Health	<u>186,455</u>	<u>192,230</u>	<u>169,065</u>	<u>17,187</u>	<u>186,252</u>	<u>5,978</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
<u>PUBLIC WORKS</u>						
Administration						
Salaries	\$ 1,400	\$ 1,500	\$ 1,437	\$	\$ 1,437	\$ 63
Fringe Benefits	900	765	657		657	108
Equipment	1					
General Expenses	61	70	59	11	70	
Contractual Services	619	667	649	18	667	
Highway and Engineering						
Salaries	6,959	7,271	7,271		7,271	
Fringe Benefits	1,985	3,185	3,004		3,004	181
Equipment	38	18	7	4	11	7
Supplies	301	230	199	31	230	
General Expenses	17	13	6	3	9	4
Contractual Services	3,501	3,531	2,910	589	3,499	32
Utility Costs	1,221	1,420	1,411	9	1,420	
Highway and Bridge Maintenance						
Salaries	8,985	9,496	9,496		9,496	
Fringe Benefits	3,550	3,764	3,764		3,764	
Equipment	82	26	26		26	
Supplies	710	360	281	77	358	2
General Expenses	544	444	307	119	426	18
Contractual Services	265	512	362	150	512	
Utility Costs	521	499	427	72	499	
Groundwater Remediation						
Salaries	200	200	150		150	50
Fringe Benefits	43	43	31		31	12
Equipment	9	9	1		1	8
Supplies	32	32	9		9	23
General Expenses	6	6	1		1	5
Contractual Services	164	164	130	34	164	
Utility Costs	213	213	167	20	187	26
Interfund Charges	160	192	192		192	
Buildings						
Salaries	1,461	1,478	1,478		1,478	
Fringe Benefits	573	583	583		583	
Equipment	3	3				3
Supplies	3	3				3
General Expenses	14	14	6	1	7	7
Building Management						
Salaries		2	2		2	
Water Supply						
Salaries	3,783	3,583	3,391		3,391	192
Fringe Benefits	1,105	1,105	907		907	198
Equipment	19	19	13		13	6
Supplies	16	16	9		10	6
General Expenses	34	34	18	6	24	10
Contractual Services	471	471	182	202	384	87
Utility Costs	40	40	19	6	25	15
Various Direct Expenses	324	324	259	25	284	40
Interfund Charges	24	89	89		89	

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)

<u>FUNCTIONS</u>	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual Expenditures</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
<u>PUBLIC WORKS (Continued)</u>						
Sanitation						
Salaries	\$ 2,875	\$ 2,893	\$ 2,796	\$	\$ 2,796	\$ 97
Fringe Benefits	1,658	1,442	1,390		1,390	52
Equipment	1	1				1
Supplies	3	3				3
General Expenses	17	17	5		5	12
Contractual Services	5	5				5
Utility Costs		3	3		3	
Total Public Works	44,916	46,758	44,104	1,378	45,482	1,276
<u>RECREATION AND PARKS</u>						
Cultural Development						
Supplies	1	1		1	1	
Contractual Services	15	15		15	15	
Cultural Development Total	16	16		16	16	
Total Recreation and Parks	16	16		16	16	
<u>SOCIAL SERVICES</u>						
Bar Association - Public Defender	2,189	2,298	1,946	352	2,298	
CASA						
Salaries	265	265	248		248	17
Fringe Benefits	128	128	87		87	41
General Expenses	3	3				3
Contractual Services	11	11	8	3	11	
CASA Total	407	407	343	3	346	61
Legal Aid Society	3,917	3,917	3,832	85	3,917	
Minority Affairs						
Salaries	255	240	174		174	66
Fringe Benefits	67	73	69		69	4
General Expenses	5	14	1	5	6	8
Contractual Services		15	15		15	
Minority Affairs Total	327	342	259	5	264	78
Senior Citizens Affairs						
Administration						
Salaries	1,797	1,797	1,770		1,770	27
Fringe Benefits	827	950	860		860	90
Equipment	2					
Supplies	1	1	1		1	
General Expenses	42	29	26	1	27	2
Contractual Services	123	139	91	48	139	
Interfund Charges	8	8	(3)		(3)	11
Community Services						
Contractual Services	2,742	2,923	2,029	835	2,864	59
Nutrition Program						
Contractual Services	4,869	5,060	4,009	1,051	5,060	

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
SOCIAL SERVICES (Continued)						
Community Centers						
Equipment	\$ 4	\$ 1	\$ 1	\$	\$ 1	\$
Supplies	14	14	2	1	3	11
General Expenses	10	7	3	4	7	
Contractual Services	142	148	6	142	148	
Area Agency Title III						
Contractual Services	2,444	2,505	1,842	663	2,505	
Foster Grandparents Program						
General Expenses	55	5	3	1	4	1
Contractual Services	75	125	88	37	125	
Extended In-home Services						
Contractual Services	3,242	3,251	2,389	862	3,251	
SNAP (Nutrition)						
Salaries	55	55	55		55	
Fringe Benefits	14	14	12		12	2
Contractual Services	661	661	433	228	661	
TITLE IIID/CSI (Health Promotion)						
Salaries	81	81	81		81	
Fringe Benefits	25	25	18		18	7
General Expenses	68	116	63	52	115	1
TITLE IIIE (Caregivers)						
Salaries	75	136	136		136	
Fringe Benefits	25	29	29		29	
Contractual Services	468	713	249	437	686	27
Senior Citizens Affairs Total	<u>17,869</u>	<u>18,793</u>	<u>14,193</u>	<u>4,362</u>	<u>18,555</u>	<u>238</u>
Social Services Department						
Administration						
Salaries	4,422	4,422	4,232		4,232	190
Fringe Benefits	1,566	1,826	1,689		1,689	137
Equipment	6	6	5		5	1
General Expenses	385	385	191	55	246	139
Contractual Services	1,450	1,450	800	631	1,431	19
Various Direct expenses	222	222	109	113	222	
Interfund Charges	550	550	390		390	160
Public Financial Assistance						
Salaries	24,163	24,159	23,485		23,485	674
Fringe Benefits	8,582	8,692	8,259		8,259	433
Equipment	207	207	139	61	200	7
General Expenses	581	581	494	40	534	47
Contractual Services	16,532	15,674	10,186	5,483	15,669	5
Interfund Charges	1,462	646	646		646	
Division Of Services						
Salaries	14,637	14,637	13,882		13,882	755
Fringe Benefits	4,398	4,600	4,417		4,417	183
General Expenses	313	378	373	2	375	3
Contractual Services	632	632	224	301	525	107
Interfund Charges	990	990	853		853	137

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)

<u>FUNCTIONS</u>	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual Expenditures</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
<u>SOCIAL SERVICES (Continued)</u>						
Juvenile Detention Center						
Salaries	\$ 2,509	\$ 2,509	\$ 2,249	\$	\$ 2,249	\$ 260
Fringe Benefits	727	807	757		757	50
Equipment	93	93	30	6	36	57
Supplies	29	29	21	5	26	3
General Expenses	70	70	50	20	70	
Contractual Services	1,169	1,169	604	557	1,161	8
Utility Costs	88	88	81		81	7
Interfund Charges	228	228	170		170	58
Real Estate Expense						
General Expenses	12	12	11		11	1
Handicapped Children Education						
Emergency Vendor Payments	10,367	11,367	9,266	1,409	10,675	692
Physically Challenged						
Salaries	233	242	242		242	
Fringe Benefits	74	75	75		75	
Equipment	2	2	1		1	1
General Expenses	12	12	2		2	10
Contractual Services	41	34	25	6	31	3
Food Stamp Program						
Recipient Grants	25	25	1		1	24
Aid to Dependent Children						
Recipient Grants	23,500	22,250	21,503		21,503	747
Emergency Vendor Payments	5,023	5,053	5,000	53	5,053	
Home Relief						
Recipient Grants	12,500	12,500	12,500		12,500	
Emergency Vendor Payments	3,000	1,303	1,059		1,059	244
Children in Institutions						
Emergency Vendor Payments	19,946	21,176	17,708	2,203	19,911	1,265
Children in Foster Homes						
Recipient Grants	1,350	1,350	1,031		1,031	319
Purchased Services	7	7	5		5	2
Emergency Vendor Payments	180	180	176		176	4
Juvenile Delinquents						
Emergency Vendor Payments	8,555	8,555	6,491	1,169	7,660	895
Training Schools						
Emergency Vendor Payments	2,205	2,205	2,201		2,201	4
Children in Institutions - Title 4E						
Emergency Vendor Payments	3,668	3,668	1,315	1,883	3,198	470
Children in Foster Homes - Title 4E						
Recipient Grants	2,779	2,779	1,965		1,965	814
Emergency Vendor Payments	470	470	453		453	17
Subsidized Adoption						
Recipient Grants	4,500	4,500	4,288		4,288	212
Burials						
Emergency Vendor Payments	325	325	320		320	5
Medicaid						
Medicaid	296,459	311,800	311,800		311,800	
Home Energy Assistance						
Recipient Grants	1,500	1,500	1,494		1,494	6
Title-XX						
Purchased Services	58,055	50,275	36,457	8,505	44,962	5,313
Social Services Department Total	<u>540,799</u>	<u>546,715</u>	<u>509,725</u>	<u>22,502</u>	<u>532,227</u>	<u>14,488</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
SOCIAL SERVICES (Continued)						
Veterans Service Agency						
Salaries	\$ 418	\$ 544	\$ 521	\$	\$ 521	\$ 23
Fringe Benefits	117	152	146		146	6
General Expenses	<u>3</u>	<u>3</u>	<u>2</u>		<u>2</u>	<u>1</u>
Veterans Service Agency Total	<u>538</u>	<u>699</u>	<u>669</u>		<u>669</u>	<u>30</u>
Youth Board						
Salaries	671	671	635		635	36
Fringe Benefits	165	272	261		261	11
General Expenses	1	1	1		1	
Contractual Services	<u>7,804</u>	<u>7,867</u>	<u>6,538</u>	1,328	<u>7,866</u>	<u>1</u>
Youth Board Total	<u>8,641</u>	<u>8,811</u>	<u>7,435</u>	1,328	<u>8,763</u>	<u>48</u>
Total Social Services	<u>574,687</u>	<u>581,982</u>	<u>538,402</u>	28,637	<u>567,039</u>	<u>14,943</u>
CORRECTIONS						
Correctional Center						
Salaries	91,788	92,464	92,464		92,464	
Fringe Benefits	19,190	21,341	21,341		21,341	
Equipment	619	499	89	167	256	243
Supplies	3,999	3,999	3,149	311	3,460	539
General Expenses	1,869	1,996	1,719	244	1,963	33
Contractual Services	20,883	29,098	28,278	739	29,017	81
Utility Costs	<u>500</u>	<u>540</u>	<u>535</u>	5	<u>540</u>	
Correctional Center Total	<u>138,848</u>	<u>149,937</u>	<u>147,575</u>	1,466	<u>149,041</u>	<u>896</u>
Probation						
Administration						
Salaries	1,454	1,946	1,896		1,896	50
Fringe Benefits	574	826	826		826	
Equipment	14	14				14
General Expenses	29	29	15		15	14
Contractual Services	55	55	16	38	54	1
Interfund Charges	435	435	45		45	390
Criminal Division						
Salaries	10,969	10,731	10,689		10,689	42
Fringe Benefits	3,335	3,335	2,911		2,911	424
Equipment	9	9	1		1	8
General Expenses	458	458	286	129	415	43
Contractual Services	25	25		25	25	
Family Division						
Salaries	4,640	4,430	4,168		4,168	262
Fringe Benefits	1,408	1,474	1,474		1,474	
Equipment	2	2				2
General Expenses	57	57	28		28	29
Contractual Services	35	35	19	1	20	15
Parole Board						
Salaries	45	45	6		6	39
Fringe Benefits	12	12				12

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)

<u>FUNCTIONS</u>	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual Expenditures</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
<u>CORRECTIONS (Continued)</u>						
Alternatives to Incarceration						
Salaries	\$ 1,187	\$ 1,187	\$ 1,075	\$	\$ 1,075	\$ 112
Fringe Benefits	272	272	256		256	16
Equipment	1	1				1
General Expenses	12	12	3		3	9
Probation Total	<u>25,028</u>	<u>25,390</u>	<u>23,714</u>	<u>193</u>	<u>23,907</u>	<u>1,483</u>
<u>Total Corrections</u>	<u>163,876</u>	<u>175,327</u>	<u>171,289</u>	<u>1,659</u>	<u>172,948</u>	<u>2,379</u>
<u>EDUCATION</u>						
Cooperative Extension Service	200	200	200		200	
East Meadow School District	318	318	318		318	
Public Library Services	180	180		180	180	
State School Tuition	4,281	4,718	4,499		4,499	219
<u>Total Education</u>	<u>4,979</u>	<u>5,416</u>	<u>5,017</u>	<u>180</u>	<u>5,197</u>	<u>219</u>
<u>PAYMENTS FOR TAX CERTIORARI AND OTHER JUDGEMENTS</u>						
			<u>125,545</u>	<u>(125,545)</u>		
<u>OTHER EXPENDITURES</u>						
Nassau Health Care Corporation	35,167	55,169	55,124	45	55,169	
Aid to Towns and Cities	50,239	51,489	51,489		51,489	
Insurance on Buildings	940	940	600		600	340
Lido-Point Lookout Fire District	6	64	52		52	12
Miscellaneous Contractual	513	513	10	427	437	76
Specialized Legal Services	389	389	32	357	389	
NYS Association of Counties	45	45	45		45	
Rents	6,239	6,180	4,876	824	5,700	480
Reserve for Federal/State Disallowances		50	50		50	
Reserve for Contingencies	147	147		147	147	
SJK Foundation	4	4				4
Suits and Damages	1,090	3,273	3,254		3,254	19
Unallocated Salary	19,000					
Unallocated Fringe Benefits	8,396	1,160	721	312	1,033	127
<u>Total Other Expenditures</u>	<u>122,175</u>	<u>119,423</u>	<u>116,253</u>	<u>2,112</u>	<u>118,365</u>	<u>1,058</u>
<u>Total Current</u>	<u>1,359,940</u>	<u>1,391,927</u>	<u>1,406,480</u>	<u>(55,313)</u>	<u>1,351,167</u>	<u>40,760</u>
<u>DEBT SERVICE</u>						
Expense of Loans	701	701	495	201	696	5
Interest on Debt	94,410					
Debt Service Savings	(57,000)					
Principal on Bonded Debt	205,936					
<u>Total Debt Service</u>	<u>244,047</u>	<u>701</u>	<u>495</u>	<u>201</u>	<u>696</u>	<u>5</u>
<u>Total Expenditures</u>	<u>1,603,987</u>	<u>1,392,628</u>	<u>1,406,975</u>	<u>(55,112)</u>	<u>1,351,863</u>	<u>40,765</u>

(Continued)

EXHIBIT B-2

COUNTY OF NASSAU, NEW YORK

**COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
VS. TOTAL BUDGETARY AUTHORITY
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)**

FUNCTIONS	Original Budget	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
<u>OPERATING TRANSFERS OUT</u>						
Fire Commission Fund	\$	\$ 1,677	\$ 1,677	\$	\$ 1,677	\$
Debt Service Fund		243,751	243,751		243,751	
County Parks & Recreation Fund	47,860	47,860	44,335		44,335	3,525
Police Department Headquarters Fund	10,000	10,450	7,845		7,845	2,605
Total Operating Transfers Out	57,860	303,738	297,608		297,608	6,130
<u>TOTAL EXPENDITURES AND OPERATING TRANSFERS OUT</u>						
	\$ 1,661,847	\$ 1,696,366	\$ 1,704,583	\$ (55,112)	\$ 1,649,471	\$ 46,895
*Appropriations per 2002 budget as adopted						\$ 1,594,940
Outstanding encumbrances, January 1, 2002						66,907
Supplemental appropriations						34,519
Total Budgetary Authority						\$ 1,696,366

COUNTY OF NASSAU, NEW YORK

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 TOTAL BUDGETARY AUTHORITY AND ACTUAL
 NONMAJOR BUDGETED SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands) (Concluded)

	NON MAJOR FUNDS BUDGETED SPECIAL REVENUE FUNDS					
	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	\$	\$	\$	\$	\$	\$
Licenses and Permits						
Fines and Forfeits						
Rents and Recoveries	826	826	664		664	(162)
Interest Income	31	31	43		43	12
Departmental Revenue	28,155	28,155	27,135		27,135	(1,020)
Interdepartmental Revenue	866	866	980		980	114
Federal Aid	10	10	70		70	60
State Aid	225	225	146		146	(79)
Sales Tax						
Preempted Sales Tax in Lieu of Property Taxes						
Property Taxes	153,616	153,616	153,616		153,616	
Payments in Lieu of Taxes						
Special Taxes						
Other Revenues	325	325	205		205	(120)
Total Revenues	<u>184,054</u>	<u>184,054</u>	<u>182,859</u>		<u>182,859</u>	<u>(1,195)</u>
Expenditures:						
Current:						
Legislative						
Judicial						
General Administration		7,100				7,100
Protection of Persons	18,236	19,506	19,303	202	19,505	1
Health						
Public Works	86,814	90,171	65,624	8,045	73,669	16,502
Recreation and Parks	65,781	65,781	59,886	1,031	60,917	4,864
Social Services						
Corrections						
Education						
Payments for Tax Certiorari and Other Judgements						
Other						
Total Current	<u>170,831</u>	<u>182,558</u>	<u>144,813</u>	<u>9,278</u>	<u>154,091</u>	<u>28,467</u>
Debt Service:						
Principal	50,869	125				125
Interest	31,807	10,498				10,498
Expense of Loans						
Total Debt Service	<u>82,676</u>	<u>10,623</u>				<u>10,623</u>
Total Expenditures	<u>253,507</u>	<u>193,181</u>	<u>144,813</u>	<u>9,278</u>	<u>154,091</u>	<u>39,090</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(69,453)</u>	<u>(9,127)</u>	<u>38,046</u>	<u>(9,278)</u>	<u>28,768</u>	<u>37,895</u>
Other Financing Sources (Uses):						
Operating Transfers In	47,859	49,128	46,012		46,012	(3,116)
Operating Transfer In from NIFA						
Operating Transfers In of Investment Income	647	647	613		613	(34)
Operating Transfers Out		(71,958)	(68,846)		(68,846)	3,112
Payments to Refunded Bond Escrow Agent						
Proceeds from NIFA Tax Certiorari and Other Judgement Borrowings						
Total Other Financing Sources (Uses)	<u>48,506</u>	<u>(22,183)</u>	<u>(22,221)</u>		<u>(22,221)</u>	<u>(38)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(20,947)</u>	<u>(31,310)</u>	<u>15,825</u>	<u>(9,278)</u>	<u>6,547</u>	<u>37,857</u>
Fund Balances at Beginning of Year	<u>20,947</u>	<u>31,310</u>	<u>53,517</u>		<u>53,517</u>	<u>22,207</u>
Fund Balances (Deficits) at End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 69,342</u>	<u>\$ (9,278)</u>	<u>\$ 60,064</u>	<u>\$ 60,064</u>

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY AND ACTUAL
FIRE PREVENTION, SAFETY, COMMUNICATION AND EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)

	Original Budget	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Over (Under)
Revenues:						
Interest Income	\$	\$	\$ 1	\$	\$ 1	\$ 1
Departmental Revenue	3,709	3,709	3,084		3,084	(625)
Federal Aid	10	10	70		70	60
State Aid	225	225	146		146	(79)
Property Taxes	14,195	14,195	14,195		14,195	
Total Revenues	18,139	18,139	17,496		17,496	(643)
Salaries	8,103	8,028	8,028		8,028	
Fringe Benefits	1,864	1,964	1,964		1,964	
Equipment	224	50	46	4	50	
Other	8,045	9,464	9,265	198	9,463	1
Total Expenditures	18,236	19,506	19,303	202	19,505	1
Deficiency of Revenues Under Expenditures	(97)	(1,367)	(1,807)	(202)	(2,009)	(642)
Other Financing Sources:						
Operating Transfers In		1,269	1,677		1,677	408
Total Other Financing Sources		1,269	1,677		1,677	408
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(97)	(98)	(130)	(202)	(332)	(234)
Fund Balance Beginning of Year	97	98	332		332	234
Fund Balance End of Year	\$	\$	\$ 202	\$ (202)	\$	\$

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY AND ACTUAL
COUNTY PARKS AND RECREATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
<u>Revenues:</u>						
Rents and Recoveries	\$ 650	\$ 650	\$ 569	\$	\$ 569	\$ (81)
Interest Income	15	15				(15)
Departmental Revenue	15,859	15,859	14,735		14,735	(1,124)
State Aid						
Other Revenues	<u>325</u>	<u>325</u>	<u>205</u>		<u>205</u>	<u>(120)</u>
Total Revenues	<u>16,849</u>	<u>16,849</u>	<u>15,509</u>		<u>15,509</u>	<u>(1,340)</u>
<u>Expenditures:</u>						
Salaries	21,041	20,796	20,656		20,656	140
Fringe Benefits	7,908	8,236	8,071		8,071	165
Equipment	89	133	82		82	51
Other	<u>36,743</u>	<u>36,616</u>	<u>31,077</u>	<u>1,031</u>	<u>32,108</u>	<u>4,508</u>
Total Expenditures	<u>65,781</u>	<u>65,781</u>	<u>59,886</u>	<u>1,031</u>	<u>60,917</u>	<u>4,864</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(48,932)</u>	<u>(48,932)</u>	<u>(44,377)</u>	<u>(1,031)</u>	<u>(45,408)</u>	<u>3,524</u>
<u>Other Financing Sources:</u>						
Operating Transfers In	<u>47,859</u>	<u>47,859</u>	<u>44,335</u>		<u>44,335</u>	<u>(3,524)</u>
Total Other Financing Sources	<u>47,859</u>	<u>47,859</u>	<u>44,335</u>		<u>44,335</u>	<u>(3,524)</u>
Deficiency of Revenues and Other Financing Sources Under Expenditures	<u>(1,073)</u>	<u>(1,073)</u>	<u>(42)</u>	<u>(1,031)</u>	<u>(1,073)</u>	
Fund Balance Beginning of Year	<u>1,073</u>	<u>1,073</u>	<u>1,073</u>		<u>1,073</u>	
Fund Balance End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 1,031</u>	<u>\$ (1,031)</u>	<u>\$</u>	<u>\$</u>

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 TOTAL BUDGETARY AUTHORITY AND ACTUAL
 TECHNOLOGY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
<u>Revenues:</u>	\$	\$	\$	\$	\$	\$
<u>Expenditures:</u>						
Salaries		250				250
Fringe Benefits		100				100
Equipment		2,800				2,800
Other		3,950				3,950
Total Expenditures		7,100				7,100
Deficiency of Expenditures Under Revenues		(7,100)				7,100
Fund Balance Beginning of Year		7,100	7,100		7,100	
Fund Balance End of Year	\$	\$	\$ 7,100	\$	\$ 7,100	\$ 7,100

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY AND ACTUAL
SEWAGE DISPOSAL DISTRICT #1 MAINTENANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
Revenues:						
Rents and Recoveries	\$ 1	\$ 1	\$ 15	\$	\$ 15	\$ 14
Property Taxes	1,357	1,357	1,357		1,357	
Total Revenues	1,358	1,358	1,372		1,372	14
Expenditures:						
Salaries	15	15				15
Fringe Benefits	43	43	6		6	37
Other	110	213	191		191	22
Debt Service						
Principal	766					
Interest	704	290				290
Total Expenditures	1,638	561	197		197	364
Excess (Deficiency) of Revenues Over (Under) Expenditures	(280)	797	1,175		1,175	378
Other Financing Sources (Uses):						
Operating Transfer In of Investment Income	4	4	14		14	10
Operating Transfer Out		(1,077)	(1,077)		(1,077)	
Total Other Financing Sources (Uses)	4	(1,073)	(1,063)		(1,063)	10
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(276)	(276)	112		112	388
Fund Balance Beginning of Year	276	276	697		697	421
Fund Balance End of Year	\$	\$	\$ 809	\$	\$ 809	\$ 809

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY AND ACTUAL
SEWAGE DISPOSAL DISTRICT #2 MAINTENANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002 (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	\$ 75	\$ 75	\$ 2	\$	\$ 2	\$ (73)
Interest Income	7	7	18		18	11
Departmental Revenue	4,924	4,924	5,242		5,242	318
Interdepartmental Revenue	538	538	606		606	68
Property Taxes	50,827	50,827	50,827		50,827	
Total Revenues	56,371	56,371	56,695		56,695	324
Expenditures:						
Salaries	9,958	9,958	8,869		8,869	1,089
Fringe Benefits	3,509	3,509	2,927		2,927	582
Equipment	122	122	45	15	60	62
Other	21,793	23,801	15,053	3,169	18,222	5,579
Debt Service						
Principal	15,271					
Interest	12,103	4,043				4,043
Total Expenditures	62,756	41,433	26,894	3,184	30,078	11,355
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,385)	14,938	29,801	(3,184)	26,617	11,679
Other Financing Sources (Uses):						
Operating Transfer In of Investment Income	320	320	482		482	162
Operating Transfer Out		(23,572)	(21,322)		(21,322)	2,250
Total Other Financing Sources (Uses)	320	(23,252)	(20,840)		(20,840)	2,412
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(6,065)	(8,314)	8,961	(3,184)	5,777	14,091
Fund Balance Beginning of Year	6,065	8,314	18,719		18,719	10,405
Fund Balance End of Year	\$	\$	\$ 27,680	\$ (3,184)	\$ 24,496	\$ 24,496

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY AND ACTUAL
SEWAGE DISPOSAL DISTRICT #3 MAINTENANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002 (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	\$ 100	\$ 100	\$ 11	\$	\$ 11	\$ (89)
Interest Income	6	6	13		\$ 13	7
Departmental Revenue	3,663	3,663	4,057		4,057	394
Interdepartmental Revenue	328	328	374		374	46
Property Taxes	47,947	47,947	47,947		47,947	
Total Revenues	52,044	52,044	52,402		52,402	358
Expenditures:						
Salaries	11,770	11,770	10,214		10,214	1,556
Fringe Benefits	3,856	3,856	3,159		3,159	697
Equipment	87	87	20		20	67
Other	21,825	22,596	14,416	4,015	18,431	4,165
Debt Service						
Principal	13,866					
Interest	8,622	3,124				3,124
Total Expenditures	60,026	41,433	27,809	4,015	31,824	9,609
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,982)	10,611	24,593	(4,015)	20,578	9,967
Other Financing Sources (Uses):						
Operating Transfer In of Investment Income	130	130	35		35	(95)
Operating Transfer Out		(19,015)	(18,593)		(18,593)	422
Total Other Financing Sources (Uses)	130	(18,885)	(18,558)		(18,558)	327
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(7,852)	(8,274)	6,035	(4,015)	2,020	10,294
Fund Balance Beginning of Year	7,852	8,274	13,627		13,627	5,353
Fund Balance End of Year	\$	\$	\$ 19,662	\$ (4,015)	\$ 15,647	\$ 15,647

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY AND ACTUAL
SEWAGE COLLECTION DISTRICTS MAINTENANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)

	<u>Original Budget</u>	<u>Total Budgetary Authority</u>	<u>Actual</u>	<u>GAAP to Budgetary Basis Conversion</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance Over (Under)</u>
Revenues:						
Rents and Recoveries	\$	\$	\$ 67	\$	\$ 67	\$ 67
Interest Income	3	3	11		11	8
Departmental Revenue			17		17	17
Property Taxes	<u>39,290</u>	<u>39,290</u>	<u>39,290</u>	<u></u>	<u>39,290</u>	<u></u>
Total Revenues	<u>39,293</u>	<u>39,293</u>	<u>39,385</u>	<u></u>	<u>39,385</u>	<u>92</u>
Expenditures:						
Equipment	6	6				6
Other	13,720	14,195	10,724	846	11,570	2,625
Debt Service						
Principal	20,966	125				125
Interest	<u>10,378</u>	<u>3,041</u>	<u></u>	<u></u>	<u></u>	<u>3,041</u>
Total Expenditures	<u>45,070</u>	<u>17,367</u>	<u>10,724</u>	<u>846</u>	<u>11,570</u>	<u>5,797</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,777)</u>	<u>21,926</u>	<u>28,661</u>	<u>(846)</u>	<u>27,815</u>	<u>5,889</u>
Other Financing Sources (Uses):						
Operating Transfer In of Investment Income	193	193	82		82	(111)
Operating Transfer Out	<u></u>	<u>(28,294)</u>	<u>(27,854)</u>	<u></u>	<u>(27,854)</u>	<u>440</u>
Total Other Financing Sources (Uses)	<u>193</u>	<u>(28,101)</u>	<u>(27,772)</u>	<u></u>	<u>(27,772)</u>	<u>329</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(5,584)</u>	<u>(6,175)</u>	<u>889</u>	<u>(846)</u>	<u>43</u>	<u>6,218</u>
Fund Balance Beginning of Year	<u>5,584</u>	<u>6,175</u>	<u>11,969</u>	<u></u>	<u>11,969</u>	<u>5,794</u>
Fund Balance End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 12,858</u>	<u>\$ (846)</u>	<u>\$ 12,012</u>	<u>\$ 12,012</u>

COUNTY OF NASSAU, NEW YORK

**SCHEDULE OF EXPENDITURES BY COUNTY DEPARTMENTS AND OFFICES
TOTAL BUDGETARY AUTHORITY AND ACTUAL
GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2002
(INCLUDING LIFETIME ACTIVITY THROUGH DECEMBER 31, 2002) (Dollars in Thousands)**

<u>County Departments, Offices and Boards</u>	<u>Total Budgetary Authority</u>	<u>All Prior Years' Actual Expenditures</u>	<u>Remaining Budgetary Authority January 1, 2002</u>	<u>2002 Actual Expenditures</u>	<u>Remaining Budgetary Authority December 31, 2002</u>
Affirmative Action	\$ 1,240	\$ 1,139	\$ 101	\$	\$ 101
Assessment	13,000	11,363	1,637		1,637
CASA	607	481	126	29	97
Community College	21,079	12,136	8,943	1,053	7,890
Correctional Center	5,559	4,580	979	349	630
County Attorney	295	295			
County Clerk	75		75	37	38
County Comptroller	805	446	359		359
Criminal Justice Coordinating Council	47,839	41,587	6,252	1,502	4,750
Cultural Development	441	438	3		3
District Attorney	7,010	4,580	2,430	769	1,661
Drug and Alcohol	612,878	412,618	200,260	24,165	176,095
Fire Commission	79	64	15		15
General Services	415	335	80		80
Health	96,947	58,588	38,359	12,367	25,992
Housing and Inter- governmental Affairs	457,709	370,632	87,077	34,390	52,687
Human Rights	1,744	1,626	118		118
Labor	50	46	4		4
Medical Center	5,119	187	4,932		4,932
Medical Examiner	376	124	252	86	166
Mental Health	158,636	115,188	43,448	8,502	34,946
Planning	21,592	16,504	5,088	376	4,712
Police	40,047	26,472	13,575	1,765	11,810
Probation	24,171	20,636	3,535	704	2,831
Public Works	14,351	12,738	1,613		1,613
Recreation and Parks	2,800	2,046	754	301	453
Senior Citizen Affairs	55,267	51,764	3,503	1,299	2,204
Sheriff	66	55	11		11
Social Services	11,748	5,828	5,920	31	5,889
Traffic Safety Board	39,153	34,262	4,891	2,340	2,551
Veterans Services	60	60			
Women's Services	194	148	46		46
Youth Board	29,918	22,860	7,058	1,273	5,785
Total	\$ 1,671,270	\$ 1,229,826	\$ 441,444	\$ 91,338	\$ 350,106

EXHIBIT C-1**COUNTY OF NASSAU, NEW YORK****CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)**

	<u>Land</u>	<u>Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
Legislative	\$	\$	\$ 2	\$ 87	\$	\$ 89
Judicial	2,593	736	81,863	3,187		88,379
General Administration	4,030		42,904	57,957		104,891
Protection of Persons	9,115	190	51,577	60,457		121,339
Health	475		4,426	3,590		8,491
Public Works	10,797	432	382,051	60,477	1,822,902	2,276,659
Recreation and Parks	23,915	63,796	69,282	13,274	13,895	184,162
Social Services	545	2,642	18,602	1,963		23,752
Corrections			182,989	6,724		189,713
Other Expenditures/MSBA			26,409	100,520		126,929
Metropolitan Transportation Authority				140,000		140,000
Misc. Unclassified	56,773	716	133,975			191,464
Total	108,243	68,512	994,080	448,236	1,836,797	3,455,868
Less: Accumulated Depreciation		17,193	240,372	242,080	789,437	1,289,082
	\$ 108,243	\$ 51,319	\$ 753,708	\$ 206,156	\$ 1,047,360	2,166,786
Construction in Progress						221,779
Total Net Capital Assets						\$ 2,388,565

EXHIBIT C-2**COUNTY OF NASSAU, NEW YORK****SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION
DECEMBER 31, 2002 (Dollars in Thousands)**

	<u>Capital Assets</u> <u>January 1, 2002*</u>	<u>Additions</u>	<u>Deletions</u>	<u>Capital Assets</u> <u>December 31, 2002</u>
Legislative	\$ 89	\$	\$	\$ 89
Judicial	88,335	44		88,379
General Administration	77,133	28,622	864	104,891
Protection of Persons	111,994	12,669	3,324	121,339
Health	7,678	813		8,491
Public Works	2,266,362	10,974	677	2,276,659
Recreation and Parks	162,445	22,390	673	184,162
Social Services	23,498	254		23,752
Corrections	190,540	7	834	189,713
Other Expenditures/MSBA	127,892	158	1,121	126,929
Metropolitan Transportation Authority	140,000			140,000
Misc. Unclassified	197,108		5,644	191,464
Construction Work in Progress	215,103	40,511	33,835	221,779
Total	<u>3,608,177</u>	<u>116,442</u>	<u>46,972</u>	<u>3,677,647</u>
Less: Accumulated Depreciation	<u>1,186,827</u>	<u>109,078</u>	<u>6,823</u>	<u>1,289,082</u>
Total Changes in Net Capital Assets	<u>\$ 2,421,350</u>	<u>\$ 7,364</u>	<u>\$ 40,149</u>	<u>\$ 2,388,565</u>

* Amounts include Infrastructure and Capitalized Building leases previously not reported.

EXHIBIT D-1**COUNTY OF NASSAU, NEW YORK****SCHEDULE OF CHANGES IN OTHER LIABILITIES
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)**

	Balance January 1, 2002	Additions	Deductions	Balance December 31, 2002
Bid Deposits	\$ 266	\$ 111	\$ 37	\$ 340
Cash Bail	8,680	11,923	10,473	10,130
Community College Escrow	14		1	13
Contractors' Cash Bond Escrow	1,081	69	260	890
Dental Insurance	144	5,417	5,412	149
Eggers College Settlement	1,337	23		1,360
Estate Suspense Account	169	1,181	1,152	198
Federal Withholding Taxes	1,572	136,314	137,268	618
FICA Refunds	1,358	2		1,360
Flex Benefit Plan	237	492	660	69
Health Insurance	(12,138)	152,515	140,377	
Highway Deposits	747	465	448	764
Medical Assistance Pay In	1,143	762	130	1,775
Mortgage Taxes	9,517	68,632	65,790	12,359
New York City Withholding Taxes	33	648	679	2
New York State Withholding Taxes	1,871	43,698	45,401	168
Optical Insurance	137	1,474	1,509	102
Payments in Lieu of Taxes		11,670	11,290	380
Payroll Deductions	3	80,683	80,686	
Payroll Deferred Compensation	449	50,136	50,585	
Plans and Specification Deposits	42			42
Real Estate Escrow	164			164
Reimbursements	43	4		47
Retirement System	(2,152)	26,660	23,306	1,202
Social Security Taxes	1,442	115,526	116,897	71
TIAA/CREF Payroll Deductions	589	5,931	5,872	648
TIAA Escrow	101	183	210	74
Traffic Violations Clearing Account	4,242	15,489	15,156	4,575
Unclaimed Matured Bonds and Coupons	3,233	20,245	20,988	2,490
Unemployment Insurance	89	2,334	2,289	134
United States Savings Bonds	41	665	683	23
All Other Liabilities	620	105	165	560
Total Agency Fund	\$ 25,074	\$ 753,357	\$ 737,724	\$ 40,707

COUNTY OF NASSAU, NEW YORK

**SCHEDULE OF CASH IN BANKS*
ALL FUNDS OF THE PRIMARY GOVERNMENT
DECEMBER 31, 2002 (Dollars in Thousands)**

CASH BALANCES BY FUND:

General Fund	\$ 160,817
NIFA General Fund	681
Police District	1,961
Police Headquarters	6,137
Nonmajor Governmental Funds	89,622
Agency Fund	<u>19,212</u>

TOTAL CASH BALANCES BY FUNDS \$ 278,430

CASH BALANCES BY BANK:

The Bank of New York	\$ 2,513
Chase Manhattan Bank	136,707
Citibank	65,588
The Bank of New York - NIFA	67,339
Fleet Bank, N.A. - NIFA	5,504
Petty Cash	<u>779</u>

TOTAL CASH BALANCES BY BANK \$ 278,430

*See Exhibit X-11 Note 2, Deposits and Investments

PART V

STATISTICAL DATA

This section contains comprehensive statistical data for the county, and includes in some cases statistical information for the towns, cities, villages, school districts, and special districts which are not part of the county reporting entity. It is intended to provide readers of this report with a broader and more complete understanding of the county and its financial affairs than is possible from the financial statements and schedules included in the Financial Section. Many tables in this section cover several fiscal years for comparison purposes, and may present data from outside of the county's accounting records.

COUNTY OF NASSAU, NEW YORK

ALL GOVERNMENTAL FUND TYPES OF THE PRIMARY GOVERNMENT
 TOTAL EXPENDITURES(a)
 FOR THE FISCAL PERIODS ENDED IN 1993 THROUGH 2002 (Dollars in Thousands)

	2002(f)	2001	2000	1999	1998	1997	1996(b)	1995(c)	1994	1993
Governmental Funds										
Major Governmental Funds										
Legislative	\$ 5,865									
Judicial	39,049									
General Administration	183,151									
Protection of Persons	560,389									
Health	169,065									
Public Works	44,104									
Social Services	538,402									
Corrections	171,289									
Education	5,017									
Payments for Tax Certiorari and Other Judgements	125,545									
Other	116,252									
Debt Service:										
Principal	195,975									
Interest	126,725									
Cost of Issuance	691									
Total Major Governmental Funds	2,281,519									
Nonmajor Governmental Funds										
Judicial	855									
General Administration	34,803									
Protection of Persons	24,910									
Health	45,034									
Public Works	65,624									
Recreation and Parks	60,187									
Capital Outlay-General County	48,569									
Sewage Districts	27,497									
Social Services	2,632									
Corrections	1,053									
Education	1,053									
Other	307									
Debt Service:										
Interest	34,135									
Total Nonmajor Governmental Funds	346,659									
General Fund										
Legislative	\$ 5,643	\$ 5,232	\$ 5,012	\$ 5,331	\$ 4,896	\$ 5,054	\$ 1,715	\$ 2,967	\$ 2,163	
Judicial	45,752	41,671	41,184	40,294	37,396	44,782	26,079	31,121	28,126	
General Administration	179,530	171,575	164,029	160,327	154,584	134,827	79,914	94,646	85,223	
Protection of Persons	10,088	9,985	10,380	10,271	9,629	11,921	6,846	8,548	8,796	
Health	162,353	145,904	150,854	154,184	141,648	166,677	96,927	116,954	106,891	
Public Works	44,039	41,307	43,726	41,371	40,679	32,286	20,639	23,849	22,501	
Recreation and Parks	3	797	954	993	1,170	38,897	22,856	28,401	26,896	
Social Services	518,640	499,740	475,762	466,395	439,427	515,120	287,045	374,353	324,946	
Corrections	171,555	143,723	144,130	140,880	131,533	154,549	88,645	116,925	109,640	
Education	4,779	5,354	5,066	5,274	4,871	5,342	4,298	3,267	5,072	
Payments for Tax Certiorari and Other Judgments (d)	175,474	122,890	104,730	147,212	116,815					
Other	94,840	84,354	76,118	57,446	51,066	137,282	84,898	99,201	99,926	
Debt Service:										
Principal			273,573	347,624	165,080	205,384	94,546	126,026	114,555	
Interest	1,421	2,074	111,099	106,027	94,814	107,529	54,706	64,651	61,424	
Total General Fund	1,414,117	1,274,606	1,606,617	1,683,629	1,393,608	1,559,650	869,114	1,090,909	996,159	

COUNTY OF NASSAU, NEW YORK

ALL GOVERNMENTAL FUND TYPES OF THE PRIMARY GOVERNMENT

TOTAL EXPENDITURES(a)

FOR THE FISCAL PERIODS ENDED IN 1993 THROUGH 2002 (Dollars in Thousands)

	2002(f)	2001	2000	1999	1998	1997	1996(b)	1995(c)	1994	1993
Governmental Funds										
Special Revenue Funds										
Judicial		477	759	135	619	1,158	427	289	316	
General Administration		35,139	23,954	28,003	19,820	21,676	25,690	16,100	24,025	27,204
Protection of Persons		551,881	535,294	504,416	477,657	453,674	553,594	316,753	390,714	338,079
Health		40,888	45,779	33,160	39,388	38,122	43,000	34,279	39,472	39,756
Public Works		68,964	64,437	61,894	57,255	60,948	93,725	55,001	70,449	67,236
Recreation and Parks		58,639	56,124	56,979	52,978	43,456	80	37	43	18
Social Services		3,129	2,356	3,441	3,273	2,684	3,674	2,398	2,669	1,932
Corrections		344	641	318	1,006	1,307	2,704	1,284	1,871	2,174
Education		803	914	750	721	686	873	456	601	638
Debt Service:										
Principal				50,691	68,671	49,044	56,136	36,944	38,906	37,317
Interest				26,847	27,946	29,817	37,804	23,811	30,646	29,548
Cost of Issuance		86	191							
Total Special Revenue Funds		760,350	730,449	766,634	749,334	702,572	817,707	487,352	599,712	543,902
Debt Service Fund (e)										
Debt Service:										
Principal		186,383	218,747							
Interest		178,892	134,530							
Total Debt Service Fund		365,275	353,277							
Capital Projects Funds										
		246,968	136,872	185,298	177,185	221,206	249,207	131,811	120,129	340,148
Total Governmental Funds	\$	2,628,178	2,786,710	2,495,204	2,558,549	2,317,386	2,626,564	1,488,277	1,810,750	1,880,209

(a) For the periods 1993 through 1999 the debt service expenditures of the General Fund included expenditures for the debt service of the Enterprise Funds.

As of September 29, 1999, the Nassau County Medical Center, A. Holly Patterson Geriatric Center, and Nassau County health clinics were sold to the Nassau Health Care Corporation. For fiscal periods prior to the sale, expenditures for the Medical Center and Geriatric Center are reported as Enterprise Fund transactions, expenditures for the health clinics are reported in the General Fund. Subsequent to the sale, expenditures for these entities are reported as component unit transactions.

(b) 1996 data indicates expenditures for the fifteen month fiscal period ended December 31, 1996.

(c) 1995 data indicates expenditures for the nine month fiscal period ended September 30, 1995.

(d) For periods prior to 1997, payments for Tax Certiorari and Other Judgments were reported as an other financing use.

(e) In 2000, a debt service fund was established to account for debt service activity for both the County and NIFA. In previous fiscal years this activity was identified within the General Fund and Special Revenue Funds.

(f) Beginning in 2002, presentation of Governmental Fund expenditures is in conformance with the GASB 34 format.

COUNTY OF NASSAU, NEW YORK

EXHIBIT T-2

ALL GOVERNMENTAL FUND TYPES OF THE PRIMARY GOVERNMENT(a)
 TOTAL REVENUES
 FOR THE FISCAL PERIODS ENDED IN 1993 THROUGH 2002 (Dollars in Thousands)

	2002(e)	2001	2000	1999	1998	1997	1996(b)	1995(c)	1994	1993
Governmental Funds										
Major Governmental Funds										
Interest and Penalties on Taxes	\$ 20,156									
Licenses and Permits	4,751									
Fines and Forfeits	12,785									
Interest Income	6,874									
Rents and Recoveries	48,088									
Departmental Revenue	158,516									
Interdepartmental Revenue	105,357									
Federal Aid	124,421									
State Aid	191,342									
Sales Tax	814,160									
Preempted Sales Tax in Lieu of Property Taxes	48,997									
Property Taxes	604,651									
Payments in Lieu of Taxes	2,974									
Special Taxes	25,142									
Other Revenue	13,231									
Total Major Governmental Funds	2,181,445									
Nonmajor Governmental Funds										
Unrealized Gain on Investments	12									
Interest Income	4,562									
Interest, Rents and Recoveries	812									
Departmental Revenue	29,135									
Interdepartmental Revenue	1,336									
Federal Aid	53,593									
State Aid	33,118									
State Aid from NIFA	20,000									
Property Taxes	153,616									
Special Taxes	205									
Other Revenues	988									
Total Nonmajor Governmental Funds	\$ 297,377									
General Fund										
Interest and Penalties on Taxes	\$ 19,014	\$ 13,297	\$ 9,006	\$ 10,036	\$ 12,549	\$ 17,872	\$ 7,705	\$ 11,736	\$ 14,152	
Gifts and Donations		2	10				9			
Licenses and Permits	4,276	3,653	4,033	2,878	3,445	3,725	2,978	3,794	3,654	
Fines and Forfeits	11,802	9,941	9,954	8,104	8,853	9,833	6,257	5,085	5,681	
Interest, Rents and Recoveries	49,387	81,264	238,810	23,316	35,450	42,036	20,683	18,387	20,901	
Departmental Revenue	127,275	149,233	77,766	42,162	41,242	57,230	37,282	47,201	45,335	
Interdepartmental Revenue	101,196	105,289	108,545	130,435	103,476	100,311	47,908	79,126	72,651	
Federal Aid	102,767	105,153	97,908	95,685	86,399	92,442	58,651	73,560	72,928	
State Aid	189,917	185,958	170,725	178,151	176,075	268,484	125,724	159,720	147,127	
Sales Tax	762,966	756,111	720,395	678,017	655,830	794,593	437,561	578,419	556,437	
Preempted Sales Tax in Lieu of Property Taxes	43,717	42,570	37,830	37,499	38,164	42,702	25,407	32,893	32,049	
Property Taxes	145,100	72,455	68,529	73,560	81,853	170,888	89,713	123,007	99,644	
Payments in Lieu of Taxes	3,450	2,329	1,392	1,156	230	265	191	222	414	
Special Taxes(d)	8,259	5,518	9,370	3,063	3,216	10,234	7,207	9,180	9,399	
Other Revenues(d)	1,635	4,983	2,321	389	450	10,383	7,606	5,217	4,488	
Total General Fund	1,570,761	1,537,756	1,556,594	1,284,451	1,247,232	1,620,998	874,882	1,147,547	1,084,860	

COUNTY OF NASSAU, NEW YORK

ALL GOVERNMENTAL FUND TYPES OF THE PRIMARY GOVERNMENT(a)

TOTAL REVENUES

FOR THE FISCAL PERIODS ENDED IN 1993 THROUGH 2002 (Dollars in Thousands)

	2002(e)	2001	2000	1999	1998	1997	1996(b)	1995(c)	1994	1993
Governmental Funds										
Special Revenue Funds										
Interest, Rents and Recoveries		6,481	6,791	8,452	809	1,074	5,249	1,718	5,447	4,893
Departmental Revenue		36,561	32,352	30,484	30,165	26,874	20,118	12,483	13,933	17,054
Interdepartmental Revenue		2,623	2,557	2,216	2,074	3,690	6,349	5,171	5,641	5,573
Federal Aid		54,308	33,705	50,656	34,189	44,702	43,276	21,498	44,829	33,845
State Aid		62,108	52,168	21,800	35,974	24,443	38,957	36,218	22,572	37,810
State Aid from NIFA		25,167	25,000							
Sales Tax		22,128	4,721							
Property Taxes		561,484	567,606	526,345	494,711	496,224	569,330	350,290	461,342	475,658
Other Revenues		10,827	11,563	8,232	9,734	9,494	11,474	6,211	8,910	8,604
Total Special Revenue Funds		781,687	736,463	648,185	607,656	606,501	694,753	433,589	562,674	583,437
Capital Projects Funds										
Interest, Rents and Recoveries		18,109	27,992	18,997	15,787	15,499	9,316	5,526	4,550	2,834
Federal Aid		13,518	2,298	7,334	21,550	41,189	14,596	4,884	5,610	9,463
State Aid		6,932	5,337	8,422	14,363	16,260	21,763	5,110	15,630	8,194
Other Revenues		961	1,616	757	438		4,183	891	889	877
Total Capital Projects Funds		39,520	37,243	35,510	52,138	72,948	49,858	16,411	26,679	21,368
Debt Service Funds										
Interest Income		207								
Unrealized gain on investments		18	9							
Total Debt Service Funds		225	9							
Total Governmental Funds	\$ 2,478,822	\$ 2,392,193	\$ 2,311,471	\$ 2,240,289	\$ 1,944,245	\$ 1,926,681	\$ 2,365,609	\$ 1,324,882	\$ 1,736,900	\$ 1,689,665

(a) For the periods 1997 and subsequent, revenues relating to County Parks, which were previously reported in the General Fund, are reported in a special revenue fund. Effective January of 1997, the operations of the County Road Fund, which was previously accounted for as a special revenue fund, has been combined with the General Fund. Additionally, as of September 29, 1999, the Nassau County Medical Center, A. Holly Patterson Geriatric Center, and Nassau County health clinics were sold to the Nassau Health Care Corporation. For fiscal periods prior to the sale, revenues for the Medical Center and Geriatric Center are reported as Enterprise Fund transactions, revenues for the health clinics are reported in the General Fund. Subsequent to the sale, revenues for these entities are reported as component unit transactions.

(b) 1996 data indicates revenues for the fifteen month fiscal period ended December 31, 1996.

(c) 1995 data indicates revenues for the nine month fiscal period ended September 30, 1995.

(d) For fiscal periods subsequent to 1996, data for Special Taxes and Other Revenues is significantly different than prior years as a result of an accounting reclassification for most Off-track Betting Corporation activity from operating revenues to other financing sources

(e) Beginning in 2002, presentation of Governmental Fund revenues is in conformance with the GASB 34 format.

COUNTY OF NASSAU, NEW YORK

COUNTY, TOWNS, AND SPECIAL DISTRICTS(a)
 PROPERTY TAX LEVIES AND COLLECTIONS
 FOR THE YEARS ENDED IN 1993 THROUGH 2002 (Dollars in Thousands)

<u>Fiscal Year Beginning January 1</u>	<u>Total Ad Valorem or General Property Tax Levy</u>	<u>Amount Uncollected at End of Fiscal Year December 31</u>	<u>Percentage Uncollected at End of Fiscal Year December 31</u>	<u>Amount Uncollected December 31, 2002</u>	<u>Percentage Uncollected December 31, 2002</u>
2002	\$ 1,292,438	\$ 19,689	1.5234%	\$ 19,689	1.5234%
2001	1,230,980	16,465	1.3376%	1,692	0.1375%
2000	1,143,781	17,141	1.4986%	1,048	0.0916%
1999	1,080,129	16,616	1.5383%	575	0.0532%
1998	1,045,461	17,075	1.6333%	438	0.0419%
1997	1,041,785	17,990	1.7268%	385	0.0370%
1996 (b)	1,147,381	20,788	1.8118%	438	0.0382%
1995 (c)	898,328	26,865	2.9906%	349	0.0388%
1994	1,020,852	22,554	2.2093%	324	0.0317%
1993	1,013,851	22,366	2.2060%	304	0.0300%

(a) The property tax levies and collections referred to above include not only the taxes levied for County purposes, but also such taxes levied for the towns and special districts as are included in the tax rolls containing the taxes levied for County purposes.

(b) 1996 data is presented as of December 31, 1996, the end of the fifteen month 1996 fiscal period.

(c) 1995 data is presented as of September 30, 1995, the end of the nine month 1995 fiscal period.

EXHIBIT T-4**COUNTY OF NASSAU, NEW YORK****COUNTY, TOWNS AND CITIES
TAXABLE ASSESSED VALUATIONS AND EQUALIZATION RATES FOR APPLICATION
IN 2002* (Dollars in Thousands)**

	Taxable Assessed Valuation, Real Property	Taxable Assessed Valuation, Special Franchises	Total Taxable Assessed Valuation	State Equali- zation Rate	Full Valuation
Town of Hempstead	\$ 1,770,918	\$ 149,318	\$ 1,920,236	3.04 %	\$ 63,165,669
Town of North Hempstead	915,292	61,121	\$ 976,413	2.78 %	35,122,746
Town of Oyster Bay	994,948	61,353	\$ 1,056,301	2.88 %	36,677,126
City of Long Beach	75,093	8,194	\$ 83,287	3.15 %	2,644,046
City of Glen Cove	79,898	5,286	85,184	3.38 %	2,520,224
	<u>\$ 3,836,149</u>	<u>\$ 285,272</u>	<u>\$ 4,121,421</u>		<u>\$ 140,129,811</u>

* Last completed assessed valuation fixed in 2001 on which the 2002 taxes are levied.

EXHIBIT T-5**COUNTY, TOWNS AND CITIES
TOTAL TAXABLE ASSESSED AND FULL VALUATION OF TAXABLE PROPERTY
FOR THE FISCAL YEARS ENDED IN 1993 THROUGH 2002 (Dollars in Thousands)**

	Total Taxable Assessed Valuation	Average State Equalization Rate	Full Valuation
2002	\$ 4,121,421	2.94%	\$ 140,129,811
2001	4,083,060	3.24%	125,852,983
2000	4,048,032	3.51%	115,325,827
1999	4,024,225	3.97%	101,310,597
1998	4,040,053	4.04%	99,957,476
1997	4,036,444	4.18%	96,524,943
1996	4,033,259	4.20%	95,984,449
1995	4,007,308	4.21%	95,159,459
1994	4,021,168	4.31%	93,226,202
1993	4,072,452	3.73%	109,056,050

*Full valuation is determined by applying the average State equalization rate against total taxable assessed valuation as established by the County. A surge in County property values during the periods 2000 through 2002 has resulted in a decrease in the State equalization rate, thereby significantly increasing the full valuation over prior years.

COUNTY OF NASSAU, NEW YORK

COUNTY, TOWNS AND CITIES, INCORPORATED VILLAGE GOVERNMENTS
AND SPECIAL DISTRICTS
PROPERTY TAX LEVIES AND TAX RATES
FOR THE FISCAL PERIODS ENDED IN 1992 THROUGH 2001 (Dollars in Thousands)

(Tax Rates per \$100 of Assessed Valuation)

	2001		2000		1999		1998		1997	
	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range
<u>County of Nassau</u>										
General County Government (Net)	\$ 144,458	1.28/ 5.14	\$ 72,995	.73/ 3.01	\$ 70,119	.91/ 2.95	\$ 71,753	.90/ 2.91	\$ 73,527	1.19/ 2.98
Police District	272,520	8.51	258,632	8.14	221,100	6.98	228,296	7.17	228,200	7.17
Police Headquarters	131,022	1.62/ 3.65	131,022	2.02/ 3.48	127,265	2.22/ 3.40	107,627	1.81/ 2.89	108,626	2.10/ 2.9
Fire Prevention	14,946	.19/ 0.42	14,747	.23/ 0.39	13,861	.24/ .37	6,734	.11/ 0.18	6,779	.13/ .18
Community College	38,039	.47/ 1.06	35,959	.56/ 0.96	27,025	.47/ 0.72	27,435	.46/ 0.73	27,818	.54/ .74
Sewage Disposal Districts	104,805	.47/ 3.90	82,956	2.52/ 3.34	84,240	2.53/ 7.05	76,856	2.30/ 5.23	76,987	2.30/ 5.33
Sewage Collection Districts	38,192	.00/ 7.42	43,779	.24/ 9.80	43,356	0.22/ 10.07	42,679	.33/ 8.43	43,113	.18/ 6.84
Parks & Recreation			36,471	.56/ 0.97	36,523	.64/ 0.98	32,519	.55/ 0.87	32,519	.63/ .87
Total County of Nassau	743,982 (20.47)%		676,561 (19.65)%		623,489 (18.64)%		593,899 (18.03)%		597,569 (18.55)%	
<u>Town and City Governments</u>										
	161,635 (4.45)%	.01/ 21.15	190,739 (5.54)%	.22/ 73.36	183,369 (5.48)%	.25/ 71.07	187,660 (5.69)%	.25/ 69.63	185,157 (5.75)%	.29/ 68.37
<u>Incorporated Village Governments</u>										
	258,155 (7.10)%	.17/ 36.45	\$ 248,260 (7.21)%	.20/ 34.95	\$ 239,772 (7.17)%	1.10/ 32.92	\$ 232,562 (7.06)%	.04/ 32.92	\$ 228,778 (7.10)%	.04/ 33.53
School Districts	2,111,613 (58.10)%	7.02/ 93.88	1,984,885 (57.64)%	6.27/ 82.73	1,962,065 (58.66)%	5.77/ 74.20	1,949,068 (59.16)%	5.28/ 69.53	1,884,793 (58.51)%	4.99/ 68.23
<u>Special Districts</u>										
Fire	73,344	.80/ 7.05	72,091	.82/ 7.05	70,352	.73/ 6.96	69,884	.69/ 6.51	66,600	.74/ 6.51
Fire Protection	12,126	.41/ 7.05	11,480	.41/ 7.07	11,490	.41/ 6.88	11,715	.41/ 6.93	11,380	.34/ 7.96
Garbage, Refuse and Sanitary	147,420	.11/ 6.71	136,536	.11/ 6.39	134,390	.11/ 5.99	131,678	.21/ 5.99	131,190	.16/ 5.99
Lighting	11,792	.29/ 0.54	11,414	.17/ 0.54	11,719	.26/ 0.54	11,811	.27/ 0.54	12,190	.36/ .54
Park	47,546	.34/ 8.88	45,787	.36/ 8.16	45,565	.31/ 8.37	44,501	.29/ 8.65	44,939	.23/ 8.65
Parking and Improvement	32,337	.01/ 11.16	32,814	.01/ 11.20	31,332	.01/ 11.34	31,163	.01/ 11.11	29,730	.01/ 9.52
Sewage - Special	10,576	.00/ 9.37	10,174	.00/ 9.51	9,524	.00/ 10.11	9,120	.00/ 9.16	8,896	1.97/ 9.22
Water	23,772	.05/ 2.63	22,881	.05/ 2.63	21,733	.05/ 2.57	21,462	.05/ 2.45	20,282	.05/ 2.45
Total Special Districts	358,913 (9.88)%		343,177 (9.96)%		336,105 (10.05)%		331,334 (10.06)%		325,207 (10.09)%	
Totals	\$ 3,634,298 (100.00)%		\$ 3,443,622 (100.00)%		\$ 3,344,800 (100.00)%		\$ 3,294,523 (100.00)%		\$ 3,221,504 (100.00)%	

** Indicates tax rate credit.

EXHIBIT T-6

1996		1995		1994		1993		1992	
Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range
\$ 150,450	3.39/ 5.05	\$ 91,441	2.06/ 3.29	\$ 124,962	2.94/ 4.55	\$ 98,158	2.10/ 3.42	\$ 103,064	2.10/ 3.46
285,250	8.96	149,433	4.72	200,253	6.30	202,735	6.3	203,905	6.30
130,407	3.02/ 3.04	106,654	2.47/ 4.63	144,999	3.47/ 4.63	168,537	3.77/ 4.45	168,106	3.53/ 4.89
6,269	.15/ .17	3,782	.09/ .11	5,151	.12/ .14	5,025	.11/ .13		
27,818	.65/ .73	27,818	.64/ .79	27,818	.67/ .77	27,818	.62/ .74	27,818	.58/ .81
95,707	2.82/ 5.23	59,470	1.82/ 4.34	68,717	2.02/ 3.41	56,053	1.35/ 3.67	72,844	2.20/ 4.01
51,696	(.08)/ 9.24	30,951	(.00)/ 6.30	42,222	(.09)**/ 7.65	43,308	(.03)**/ 7.76	37,531	(.37)**/ 6.53
<u>747,597</u>		<u>469,549</u>		<u>614,122</u>		<u>601,634</u>		<u>613,268</u>	
(22.79)%		(16.16)%		(20.97)%		(21.21)%		(21.91)%	
180,841	.24/ <u>66.63</u>	179,564	.24/ <u>64.24</u>	162,998	.20/ <u>55.91</u>	160,639	.12/ <u>53.41</u>	155,562	.12/ <u>3.30</u>
(5.51)%		(6.18)%		(5.57)%		(5.67)%		(5.56)%	
\$ 229,109	.08/ <u>33.53</u>	\$ 219,278	.41/ <u>31.99</u>	\$ 211,749	.77/ <u>31.41</u>	\$ 202,545	.67/ <u>40.09</u>	\$ 204,962	.44/ <u>30.97</u>
(6.98)%		(7.55)%		(7.23)%		(7.14)%		(7.32)%	
1,809,572	7.32/ <u>74.79</u>	1,725,690	14.01/ <u>91.7</u>	1,641,018	16.59/ <u>90.41</u>	1,566,630	15.07/ <u>66.31</u>	1,508,672	15.61/ <u>63.98</u>
(55.17)%		(59.39)%		(56.04)%		(55.24)%		(53.91)%	
64,142	.69/ 6.51	62,502	.71/ 6.81	58,747	.59/ 10.26	54,989	.61/ 5.99	52,587	.58/ 5.99
10,591	.41/ 7.72	10,437	.26/ 7.18	9,878	.28/ 7.77	9,545	.26/ 7.77	9,131	.26/ 8.01
125,812	.12/ 5.88	125,226	.12/ 5.65	122,424	.12/ 5.29	127,840	.12/ 5.13	138,656	.10/ 6.10
11,540	.28/ .52	11,810	.27/ 0.53	11,427	.25/ .50	12,019	.36/ .50	12,639	.47/ .52
43,476	.18/ 9.78	45,391	.14/ 8.90	41,757	.11/ 9.84	46,676	.09/ 9.83	48,836	.10/ 9.84
29,643	.01/ 9.83	29,839	.01/ 9.73	28,764	.01/ 8.23	28,518	.00/ 8.24	28,741	.01/ 7.50
8,622	8.41/ 8.41	8,417	6.88/ 6.88	8,097	8.42/ 8.42	7,685	.91/ 6.92	6,520	.01/ 4.59
19,263	.05/ <u>3.97</u>	18,042	.21/ <u>3.43</u>	17,394	.21/ <u>3.24</u>	17,397	.21/ <u>2.57</u>	19,193	.30/ <u>2.50</u>
<u>313,089</u>		<u>311,664</u>		<u>298,488</u>		<u>304,669</u>		<u>316,303</u>	
(9.55)%		(10.72)%		(10.19)%		(10.74)%		(11.30)%	
<u>\$ 3,280,208</u>		<u>\$ 2,905,745</u>		<u>\$ 2,928,375</u>		<u>\$ 2,836,117</u>		<u>\$ 2,798,767</u>	
(100.00)%		(100.00)%		(100.00)%		(100.00)%		(100.00)%	

COUNTY OF NASSAU, NEW YORK

PERCENTAGE OF LONG-TERM DEBT TO TAXABLE ASSESSED VALUATION
AND LONG-TERM DEBT PER CAPITA
FOR THE YEARS ENDED IN 1991 THROUGH 2002 (Dollars in Thousands)

	Taxable Assessed Valuation	Long-Term Debt (c)	Long-Term Debt Per Capita (d)	Percentage of Long- Term Debt To Taxable Assessed Valuation
2002	4,121,421	\$2,793,720	\$2,084	67.79 %
2001	4,083,060	2,840,923	2,129	69.58 %
2000	4,048,032	2,933,401	2,263	72.46 %
1999	4,024,225	2,616,170	2,023	65.01 %
1998	4,040,053	2,443,417	1,893	60.48 %
1997	4,036,444	2,400,248	1,864	59.46 %
1996 (a)	4,033,259	2,134,465	1,660	52.92 %
1995 (b)	4,007,308	1,909,445	1,488	47.65 %
1994	4,021,168	1,927,130	1,501	47.92 %
1993	4,072,452	1,764,225	1,373	43.32 %
1992	4,099,306	1,491,735	1,160	36.39 %
1991	4,089,776	1,341,935	1,043	32.81 %

(a) 1996 data is for the fifteen month fiscal period ended December 31, 1996.

(b) 1995 data is for the nine month fiscal period ended September 30, 1995.

(c) Includes debt of Nassau Community College, a Discretely Presented Component Unit.

(d) Actual amount per capita, not expressed in thousands.

COUNTY OF NASSAU, NEW YORK

STATEMENT OF CONSTITUTIONAL DEBT MARGIN
DECEMBER 31, 2002 (Dollars in Thousands)

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

Average Full Valuation of Real Estate for the
Fiscal Years Ended in 1998 Through 2002:

2002 Full Valuation	\$ 140,129,811
2001 Full Valuation	125,852,983
2000 Full Valuation	115,091,989
1999 Full Valuation	101,427,301
1998 Full Valuation	<u>99,957,476</u>
	<u>582,459,560</u>

Average Full Valuation \$ 116,491,912

Constitutional Debt Margin:

Constitutional Limit of Total Indebtedness,
10% of Average Full Valuation \$ 11,649,191

Outstanding Indebtedness:

County Serial Bonds Payable	\$ 2,067,621
Community College Serial Bonds Payable	45,327
NIFA Serial Bonds	650,180
Tax Anticipation Notes Payable	68,920
Revenue Anticipation Notes Payable	109,145
Real Property Liabilities	9,800
Guarantees	259,735
Contract Liabilities	<u>72,176</u>

Total Outstanding Indebtedness \$ 3,282,904

Less: Constitutional Exclusions

Cash and Investments - Capital Projects Funds	145,977
Tax and Revenue Anticipation Notes Payable	<u>178,065</u>

324,042

Net Outstanding Indebtedness (25.40%) 2,958,862

Constitutional Debt Margin (74.60%) \$ 8,690,329

COUNTY OF NASSAU, NEW YORK

**ALL COMMERCIAL AND FDIC REGULATED SAVINGS BANK DEPOSITS,
NASSAU COUNTY BANKING INSTITUTIONS
FOR THE YEARS ENDED JUNE 30, 1993 THROUGH JUNE 30, 2002*
(Dollars in Thousands)**

<u>Year</u>	<u>Bank Deposits</u>
2002	\$ 38,574,000
2001	36,533,000
2000	35,297,000
1999	33,953,000
1998	32,897,000
1997	32,267,000
1996	31,925,000
1995	31,703,000
1994	31,533,000
1993	28,217,615

*Data only available through the years ended June 30, 2002.

Source: Federal Deposit Insurance Corporation.

COUNTY OF NASSAU, NEW YORK

STATEMENT OF CONSTITUTIONAL TAX MARGIN
FOR THE YEAR ENDED DECEMBER 31, 2002 (Dollars in Thousands)

(The Constitutional limit of real property taxation is 2% of the average full valuation of real estate for the five years preceding the current year.)

Average Full Valuation of Real Estate
for the Five Years Preceding the Current Year:

2001 Full Valuation	\$ 125,852,983
2000 Full Valuation	115,091,989
1999 Full Valuation	101,427,301
1998 Full Valuation	99,957,476
1997 Full Valuation	<u>96,524,943</u>
	<u>538,854,692</u>
Average Full Valuation	\$ <u>107,770,938</u>

Constitutional Tax Margin:

Constitutional Limit of Real Property Taxation, 2% of Average Full Valuation	\$ 2,155,419
<u>Add: Exclusions for Debt Service</u>	<u>230,518</u>
Net Constitutional Tax Limit	\$ 2,385,937

2000 Tax Levies:

General County Government	\$ 158,142
<u>Less: Sales Tax Allocation Credit</u>	<u>52,640</u>
Net General County Government	105,502
Police District	270,610
Police Headquarters	225,364
Fire Prevention, Safety, Communication and Education	14,195
Community College	<u>39,941</u>
Total 2001 Tax Levies which are subject to the Constitutional Tax Limit (27.48%)	<u>655,612</u>
Constitutional Tax Margin (72.52%)	\$ <u>1,730,325</u>

* Full valuation is determined by applying the average State equalization rate against assessed valuation as established by the County.

COUNTY OF NASSAU, NEW YORK

**GENERAL COUNTY GOVERNMENT, TOWNS AND CITIES
COMPUTATION OF DIRECT AND OVERLAPPING NET DEBT
FOR THE FISCAL PERIODS ENDED IN 1992 THROUGH 2001 (Dollars in Thousands) (Continued)**

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
DIRECT DEBT, COUNTY OF NASSAU:					
General Government:					
Bonds	\$ 1,853,840	\$ 2,078,842	\$ 2,035,371	\$ 1,816,509	\$ 1,738,611
Other Debt Obligations	<u> </u>	<u> </u>	<u>85,826</u>	<u>85,321</u>	<u>102,215</u>
Total	<u>1,853,840</u>	<u>2,078,842</u>	<u>2,121,197</u>	<u>1,901,830</u>	<u>1,840,826</u>
Sewage Disposal					
District #1:					
Bonds	12,280	13,123	13,460	13,639	3,271
Other Debt Obligations	<u> </u>	<u> </u>	<u>466</u>	<u>19</u>	<u>570</u>
Total	<u>12,280</u>	<u>13,123</u>	<u>13,926</u>	<u>13,658</u>	<u>3,841</u>
Sewage Collection					
District #1:					
Bonds	2,417	2,610	2,800	2,990	528
Other Debt Obligations	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>2,417</u>	<u>2,610</u>	<u>2,800</u>	<u>2,990</u>	<u>528</u>
Sewage Disposal					
District #2:					
Bonds	184,629	199,432	204,718	218,969	120,107
Other Debt Obligations	<u> </u>	<u> </u>	<u>9,140</u>	<u>4,887</u>	<u>3,988</u>
Total	<u>184,629</u>	<u>199,432</u>	<u>213,858</u>	<u>223,856</u>	<u>124,095</u>
Sewage Collection					
District #2:					
Bonds	29,999	32,539	33,785	33,244	21,671
Other Debt Obligations	<u> </u>	<u> </u>	<u>776</u>	<u>1,204</u>	<u>523</u>
Total	<u>29,999</u>	<u>32,539</u>	<u>34,561</u>	<u>34,448</u>	<u>22,194</u>
Sewage Disposal					
District #3:					
Bonds	150,347	163,986	156,852	170,400	103,818
Other Debt Obligations	<u> </u>	<u> </u>	<u>8,113</u>	<u>974</u>	<u> </u>
Total	<u>150,347</u>	<u>163,986</u>	<u>164,965</u>	<u>171,374</u>	<u>103,818</u>
Sewage Collection					
District #3:					
Bonds	139,477	156,949	169,185	187,665	202,627
Other Debt Obligations	<u>2,696</u>	<u>2,696</u>	<u>7,989</u>	<u>3</u>	<u>1,685</u>
Total	<u>142,173</u>	<u>159,645</u>	<u>177,174</u>	<u>187,668</u>	<u>204,312</u>
Total Direct Debt, County of Nassau:					
Bonds	2,372,989	2,647,481	2,616,171	2,443,416	2,190,633
Other Debt Obligations	<u>2,696</u>	<u>2,696</u>	<u>112,310</u>	<u>92,408</u>	<u>108,981</u>
Total	<u>2,375,685</u>	<u>2,650,177</u>	<u>2,728,481</u>	<u>2,535,824</u>	<u>2,299,614</u>

EXHIBIT T-11

	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>
\$	1,437,815	\$ 1,221,419	\$ 1,209,858	\$ 1,095,767	\$ 878,290
	<u>178,124</u>	<u>216,395</u>	<u>94,235</u>	<u>87,133</u>	<u>48,271</u>
	<u>1,615,939</u>	<u>1,437,814</u>	<u>1,304,093</u>	<u>1,182,900</u>	<u>926,561</u>
	4,366	4,415	4,217	4,208	4,235
	<u>158</u>	<u>144</u>	<u>420</u>	<u>56</u>	<u>14</u>
	<u>4,524</u>	<u>4,559</u>	<u>4,637</u>	<u>4,264</u>	<u>4,249</u>
	3,286	3,453	3,613	3,650	1,923
	<u> </u>	<u> </u>	<u> </u>	<u>100</u>	<u>44</u>
	<u>3,286</u>	<u>3,453</u>	<u>3,613</u>	<u>3,750</u>	<u>1,967</u>
	236,420	223,312	230,770	188,290	139,919
	<u>3,288</u>	<u>3,188</u>	<u>994</u>	<u>602</u>	<u>11,031</u>
	<u>239,708</u>	<u>226,500</u>	<u>231,764</u>	<u>188,892</u>	<u>150,950</u>
	33,334	33,520	31,727	31,297	29,221
	<u>1,358</u>	<u>690</u>	<u>2,811</u>	<u>363</u>	<u>387</u>
	<u>34,692</u>	<u>34,210</u>	<u>34,538</u>	<u>31,660</u>	<u>29,608</u>
	196,812	179,141	190,484	175,289	169,028
	<u>632</u>	<u>4,267</u>	<u>294</u>	<u>2,101</u>	<u>337</u>
	<u>197,444</u>	<u>183,408</u>	<u>190,778</u>	<u>177,390</u>	<u>169,365</u>
	222,432	244,185	256,461	265,724	269,119
	<u>536</u>	<u>381</u>	<u>2,119</u>	<u>47</u>	<u>27</u>
	<u>222,968</u>	<u>244,566</u>	<u>258,580</u>	<u>265,771</u>	<u>269,146</u>
	2,134,465	1,909,445	1,927,130	1,764,225	1,491,735
	<u>184,096</u>	<u>225,065</u>	<u>100,873</u>	<u>90,402</u>	<u>60,111</u>
	<u>2,318,561</u>	<u>2,134,510</u>	<u>2,028,003</u>	<u>1,854,627</u>	<u>1,551,846</u>

COUNTY OF NASSAU, NEW YORK

**GENERAL COUNTY GOVERNMENT, TOWNS AND CITIES
COMPUTATION OF DIRECT AND OVERLAPPING NET DEBT
FOR THE FISCAL PERIODS ENDED IN 1992 THROUGH 2001 (Dollars in Thousands) (Concluded)**

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
OVERLAPPING DEBT, TOWNS AND CITIES:					
Town of Hempstead					
Bonds	\$ 737,337	\$ 724,874	\$ 674,839	\$ 589,922	\$ 522,839
Other Debt Obligations	113,413	29,488	51,299	78,481	60,287
Less Sinking Funds	<u>(1)</u>	<u>(1,501)</u>	<u>(52)</u>	<u>(1,577)</u>	<u>(170)</u>
Total	<u>850,749</u>	<u>752,861</u>	<u>726,086</u>	<u>666,826</u>	<u>582,956</u>
Town of North Hempstead:					
Bonds	430,789	435,450	468,168	417,729	321,055
Other Debt Obligations	109,528	42,656	33,308	40,397	109,119
Less Sinking Funds	<u></u>	<u>(95)</u>	<u>(115)</u>	<u>(110)</u>	<u>(110)</u>
Total	<u>540,317</u>	<u>478,011</u>	<u>501,361</u>	<u>458,016</u>	<u>430,064</u>
Town of Oyster Bay:					
Bonds	453,624	362,325	299,429	246,737	282,546
Other Debt Obligations	106,283	115,952	101,893	74,090	74,478
Less Sinking Funds	<u></u>	<u></u>	<u>(406)</u>	<u>(355)</u>	<u></u>
Total	<u>559,907</u>	<u>478,277</u>	<u>400,916</u>	<u>320,472</u>	<u>357,024</u>
City of Glen Cove:					
Bonds	37,765	38,248	40,671	41,777	38,527
Other Debt Obligations	<u>7,377</u>	<u>5,794</u>	<u>965</u>	<u>5,644</u>	<u>4,605</u>
Total	<u>45,142</u>	<u>44,042</u>	<u>41,636</u>	<u>47,421</u>	<u>43,132</u>
City of Long Beach:					
Bonds	40,205	27,758	24,475	24,386	16,141
Other Debt Obligations	7,050	13,312	12,288	13,177	16,432
Less Sinking Funds	<u>(781)</u>	<u>(1,033)</u>	<u></u>	<u></u>	<u></u>
Total	<u>46,474</u>	<u>40,037</u>	<u>36,763</u>	<u>37,563</u>	<u>32,573</u>
Total Overlapping Debt, Towns and Cities:					
Bonds	1,699,720	1,588,655	1,507,582	1,320,551	1,181,108
Other Debt Obligations	343,651	207,202	199,753	211,789	264,921
Less Sinking Funds	<u>(782)</u>	<u>(2,629)</u>	<u>(573)</u>	<u>(2,042)</u>	<u>(280)</u>
Total	<u>2,042,589</u>	<u>1,793,228</u>	<u>1,706,762</u>	<u>1,530,298</u>	<u>1,445,749</u>
TOTAL DIRECT & OVERLAPPING NET DEBT:					
Bonds	4,072,709	4,236,136	4,123,753	3,763,967	3,371,741
Other Debt Obligations	346,347	209,898	312,063	304,197	373,902
Less Sinking Funds	<u>(782)</u>	<u>(2,629)</u>	<u>(573)</u>	<u>(2,042)</u>	<u>(280)</u>
TOTAL	<u>\$ 4,418,274</u>	<u>\$ 4,443,405</u>	<u>\$ 4,435,243</u>	<u>\$ 4,066,122</u>	<u>\$ 3,745,363</u>

EXHIBIT T-11

1996	1995	1994	1993	1992
\$ 415,691	\$ 395,577	\$ 345,989	\$ 356,025	\$ 207,816
84,041	62,706	75,716	65,488	39,355
(398)	(398)	(738)	(1,054)	(1,609)
<u>499,334</u>	<u>457,885</u>	<u>420,967</u>	<u>420,459</u>	<u>245,562</u>
251,598	282,631	294,489	328,075	223,342
113,133	41,586	28,882	33,281	44,332
(501)	(250)	(50)	(115)	(78)
<u>364,230</u>	<u>323,937</u>	<u>323,321</u>	<u>361,241</u>	<u>267,596</u>
269,613	288,498	284,171	257,531	229,018
36,275	17,434	20,408	25,440	22,590
		(35)		
<u>305,888</u>	<u>305,932</u>	<u>304,544</u>	<u>282,971</u>	<u>251,608</u>
45,520	36,216	29,155	17,901	18,922
		8,286	10,874	6,169
<u>45,520</u>	<u>36,216</u>	<u>37,441</u>	<u>28,775</u>	<u>25,091</u>
24,185	34,633	27,179	25,508	23,355
10,469	(31)	1,189	4,623	4,195
		(247)	(649)	(1,143)
<u>34,654</u>	<u>34,602</u>	<u>28,121</u>	<u>29,482</u>	<u>26,407</u>
1,006,607	1,037,555	980,983	985,040	702,453
243,918	121,696	134,481	139,706	116,641
(899)	(679)	(1,070)	(1,818)	(2,830)
<u>1,249,626</u>	<u>1,158,572</u>	<u>1,114,394</u>	<u>1,122,928</u>	<u>816,264</u>
3,141,072	2,947,000	2,908,113	2,749,265	2,194,188
428,014	346,761	235,354	230,108	176,752
(899)	(679)	(1,070)	(1,818)	(2,830)
<u>\$ 3,568,187</u>	<u>\$ 3,293,082</u>	<u>\$ 3,142,397</u>	<u>\$ 2,977,555</u>	<u>\$ 2,368,110</u>

COUNTY OF NASSAU, NEW YORK

ALL GOVERNMENTAL FUND TYPES OF THE PRIMARY GOVERNMENT
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
 LONG-TERM DEBT TO TOTAL EXPENDITURES
 FOR THE FISCAL YEARS ENDED IN 1993 THROUGH 2002 (Dollars in Thousands)

Year	Debt Service Expenditures for Long-Term Debt	Total Expenditures	Ratio of Debt Service Expenditures to Total Expenditures
2002	\$347,329	\$2,628,178	13.22%
2001	346,749	2,786,710	12.44%
2000	338,314	2,495,204	13.56%
1999	383,358	2,558,549	14.98%
1998	369,955	2,610,148	14.17%
1997	323,374	2,317,386	13.95%
1996(c)	388,790	2,626,564	14.80%
1995(d)	201,756	1,488,277	13.56%
1994	252,492	1,810,750	13.94%
1993	225,613	1,880,209	12.00%

(a) For the periods 1993 through 1999, the debt service expenditures of the General Fund included expenditures for the debt service of the Enterprise Funds.

(b) 1996 data indicates expenditures for the fifteen month fiscal period ended December 31, 1996.

(c) 1995 data indicates expenditures for the nine month fiscal period ended September 30, 1995.

COUNTY OF NASSAU, NEW YORK

DEMOGRAPHIC STATISTICS
FOR THE FISCAL YEARS ENDED IN 1993 THROUGH 2002

<u>Year</u>	<u>Population (In Thousands) (a)</u>	<u>Per Capita Personal Income (b)</u>	<u>Unemployment Rate (c)</u>
2002	1,340	\$ N.A.	4.1%
2001	1,335	N.A.	3.1%
2000	1,296	45,831	2.7%
1999	1,294	43,997	3.1%
1998	1,291	42,402	2.9%
1997	1,288	42,429	3.4%
1996	1,286	38,612	3.8%
1995	1,284	36,609	4.5%
1994	1,284	34,269	5.1%
1993	1,285	32,966	5.8%

Sources:

- (a) Long Island Lighting Company and LIPA estimates
- (b) United States Department of Commerce & Long Island Regional Planning Board.
- (c) Long Island Almanac and NIFA Official Statement

COUNTY OF NASSAU, NEW YORK

**CONSTRUCTION PERMIT DATA
 FOR THE FISCAL YEARS ENDED IN 1993 THROUGH 2002 (Dollars in Thousands)**

<u>Year</u>	<u>Value of New Construction</u>	<u>Value of Residential Construction (a)</u>	<u>Value of Commercial Construction (a)</u>	<u>Number of New Dwelling Units (b)</u>
2002	\$ 915,143	\$ 739,542	\$ 175,601	791
2001	790,527	395,040	395,487	945
2000	889,888	437,733	462,135	1,083
1999	809,066	351,584	457,481	977
1998	762,806	321,540	441,266	1,005
1997	615,414	276,904	338,509	948
1996	570,286	248,898	321,388	851
1995	584,460	236,271	348,189	896
1994	454,609	238,365	226,243	831
1993	424,417	201,301	223,116	757

(a) Data are based on construction permits issued.

(b) Actual new dwelling units, not expressed in thousands.

Sources: Nassau County Department of Assessment

EXHIBIT T-15**COUNTY OF NASSAU, NEW YORK****PRINCIPAL TAXPAYERS
DECEMBER 31, 2002 (Dollars in Thousands)**

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2002 Taxable Valuation</u>	<u>Percentage of Total Taxable Valuation</u>
Long Island Power Authority (1)	Public Utility	\$ 224,532	5.45 %
Keyspan Energy Corp.	Public Utility	103,715	2.52 %
Verizon	Public Utility	81,629	1.98 %
Long Island Water Corp.	Public Utility	20,791	0.50 %
Retail Property Trust	Shopping Mall	17,616	0.43 %
Reckson	Multi-use Buildings	16,256	0.39 %
Greater N. Y. Assoc. & NYRA	Belmont Raceway	11,182	0.27 %
Cablevision	Public Utility	10,354	0.25 %
NorthropGrumman Corp.	Aerospace Manufacturing	9,751	0.24 %
New York Water Corp.	Public Utility	8,367	0.20 %
Coliseum Plaza	Office Buildings	8,171	0.20 %
E. Q. K. Green Acres LP	Shopping Mall	7,966	0.19 %
Industrial & Research A Assoc.	Industrial Park	7,083	0.17 %
Joint Venture	Retail Stores	6,889	0.17 %
We're Associates	Office Buildings	6,711	0.16 %
Federated Department Stores	Shopping Center	6,138	0.15 %
Raceway Retail	Shopping Center	6,128	0.15 %
J. Q. I. Associates, LLC	Office Buildings	6,113	0.15 %
Hudson Resources & Sunrise Mall Assoc.	Shopping Mall	5,883	0.14 %
WS Associates	Retail Stores	5,830	0.14 %
CL-Roosevelt, LLC	Real Estate	5,230	0.13 %
Tilles Investment	Real Estate Develop Co.	5,218	0.13 %
Matterhorn USA, INC	Office Buildings	4,791	0.12 %
Corporate Property Investors	Shopping Mall	4,773	0.12 %
Fairhaven Apartments	Rental Apartments	3,913	0.09 %

(1) \$143,358 of the total taxable valuation is deeded in the name of Long Island Lighting Company.

Source: Nassau County Department of Assessment.

COUNTY OF NASSAU, NEW YORK

MISCELLANEOUS STATISTICS

December 31, 2002

Current Data:

Date of incorporation.....	1899
Form of government.....	County
Area.....	300 square miles
Population.....	1,340,289
Resident labor force.....	715,600
Number of shopping centers.....	363
Number of banking offices.....	411
Number of housing units.....	458,150
Number of telephone access lines.....	878,599
Acres of public park lands.....	15,190

Educational Information:

Number of school districts.....	56
Number of colleges.....	14
Public school enrollment.....	203,204
Number of public school classroom teachers.....	16,258

Health and Hospital Facilities:

Number of hospitals.....	13
Number of certified hospital beds.....	4669

Motor Vehicle Information:

Number of passenger vehicle registrations.....	989,230
Number of driver licenses.....	984,913

Nassau County Employees:

Number of full time employees excluding uniformed police personnel.....	10,123
Number of part time employees.....	3,739
Number of uniformed police personnel.....	2,574

Sources:

- Long Island Business News
- Nassau County Official Statements
- New York State Education Department

COUNTY OF NASSAU, NEW YORK**MAJOR NON-GOVERNMENTAL EMPLOYERS
DECEMBER 31, 2002**

<u>Employer</u>	<u>Type of Activity</u>	<u>Approximate Number of Employees</u>
North Shore-Long Island Jewish Health System	Medical Care	27,068
Catholic Health Services	Religious Institution	13,500
J. .P. Morgan Chase	Financial Institution	6,400
Waldbaum's	Supermarket	6,300
Cablevision	Cable TV Service	6,200
Winthrop-South Nassau Health System	Medical Care	6,100
Verizon	Communications	6,000
Home Depot	Merchandising	5,654
Federated Department Stores	Merchandising	5,500
Keyspan Energy	Utility	4,926
King Kullen	Supermarket	4,600
Stop & Shop	Supermarket	4,533
Pathmark	Supermarket	4,300
Long Island University	Education	4,160
Citigroup	Financial Institution	3,995
Adecco	Personnel Recruiter	3,685
J. C. Penny	Merchandising	3,455
CVS	Pharmacy	3,288
North Fork Bancorp	Financial Institution	3,101
Geico Insurance	Insurance	2,800
United Parcel Service	Mail Delivery	2,501
Estee Lauder	Cosmetics	2,500
Sears	Merchandising	2,500

Source: Newsday

COUNTY OF NASSAU, NEW YORK

ACTUAL EXPENDITURES- ALL FUNDS
 CLAIMS AND LITIGATION, INCLUDING TAX CERTIORARI
 FOR THE FISCAL PERIODS ENDED IN 1993 THROUGH 2002 (Dollars in Thousands)

<u>Period</u>	<u>Operating Expenditures</u>	<u>Bonded Expenditures</u>	<u>Total Claims and Litigation</u>
2002	\$ 2,788	\$ 125,545	\$ 128,333
2001	757	175,473	176,230
2000	433	122,890	123,323
1999	743	104,730	105,473
1998	626	147,212	147,838
1997	810	194,369	195,179
1996*	419	203,357	203,776
1995**	143	157,699	157,842
1994	156	129,013	129,169
1993	913	78,041	78,954

* Fifteen Months

** Nine Months

APPENDIX



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Thomas R. Suozzi, County Executive
And Members of the County Legislature
County of Nassau, New York

We have audited financial statements of the County of Nassau, New York, (the "County") as of and for the year ended December 31, 2002, (with the Nassau Community College for the year ended August 31, 2002) and have issued our report thereon dated May 9, 2003. We did not audit the financial statements of the Nassau Regional Off-Track Betting Corporation, the Nassau County Industrial Development Agency, and the Nassau Health Care Corporation, all discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Nassau Regional Off-Track Betting Corporation were not audited in accordance with *Government Auditing Standards*.

COMPLIANCE

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Deloitte + Touche LLP

May 9, 2003